

**Ecole des Hautes Etudes Commerciales**



**Master dissertation**

**Department of International Business**

**The Impact of Logistics Management on The  
Performance of an Exporting Company  
The Case of SAIDAL**

**Topic:**

**Elaborated by:**

**Yahia KERKATOU**

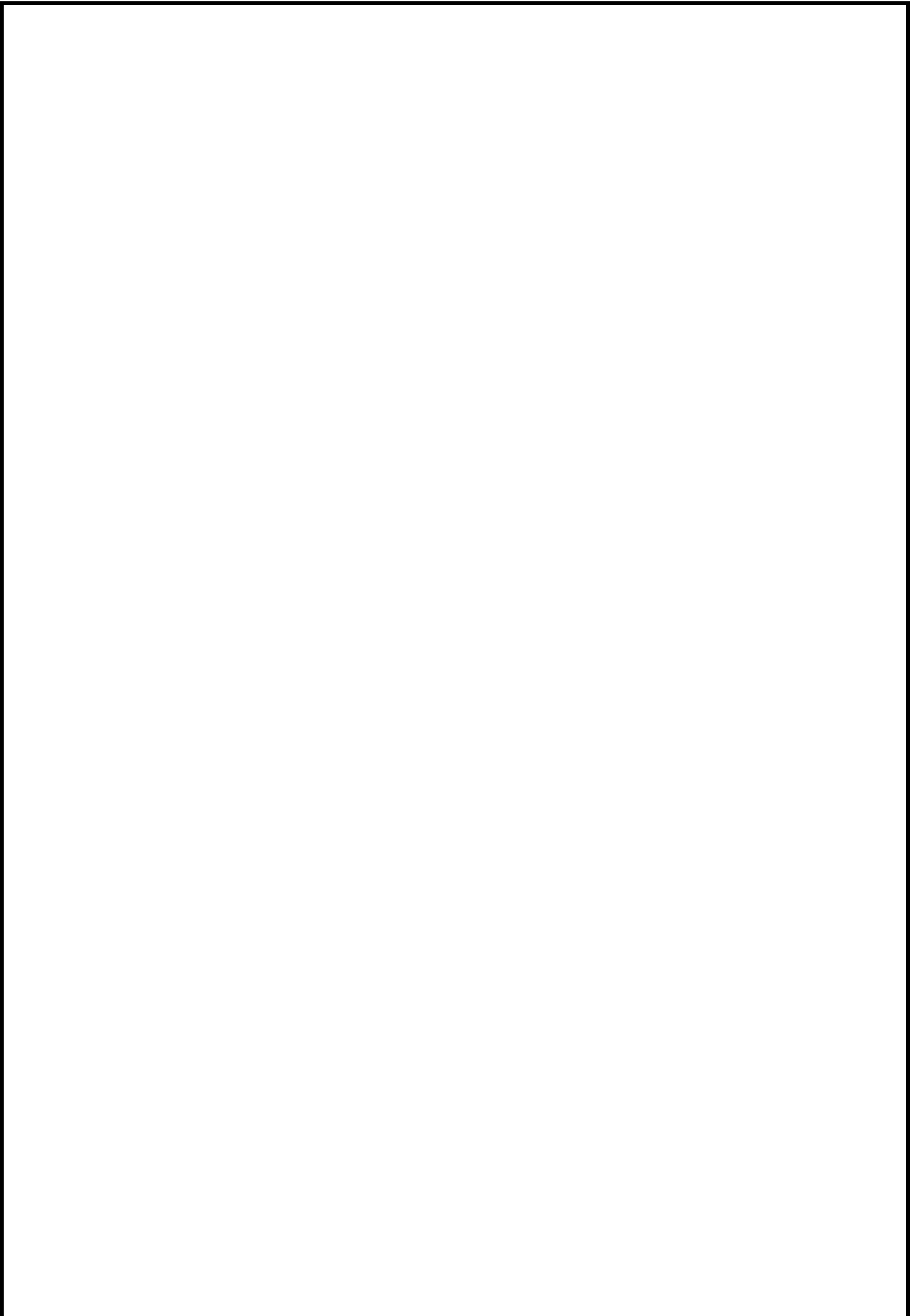
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**8<sup>th</sup> Batch**

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## ملخص:

إدارة سلاسل التوريد أو ما يسميها البعض اللوجستيات، علم تخصص فيه الأكاديميون والمهنيون، يندرج ضمن علوم الإقتصاد والتسيير، وقد جنح في بادئ الأمر تحت مظلة علم التسويق لكنه سرعان ما انفصل عنه ليصير علما قائم بذاته، تتبارى الشركات والدول لتطويره والإستفادة من تطبيقاته كما الجيوش بالأمس، حيث أدرك القادة لعسكريون أهميته قبل نظرائهم من الإقتصاديين في استغلاله كوسيلة لربح الحروب، اليوم و بغية تحقيق و خلق ميزة تنافسية يعمل الإختصاصيون على إيجاد أفضل الممارسات والنظريات التي تساعد الشركات على تعزيز مكانتها في السوق وتحقيق أعلى أداء ممكن، بالحديث عن الأداء وفي سبيل معرفة العلاقة بينه وبين إدارة سلاسل التوريد، عملنا على التخصص في أحد أهم جوانبه ألا وهو الأداء التجاري الذي يعكس نتائج يعتمد عليها الأطراف المهتمون في اتخاذ القرارات كونه يعكس صورة و درجة أداء الشركة .

وقد عمدنا من خلال عملنا هذا على دراسة تأثير اللوجستيات على مختلف مؤشرات قياس الأداء التجاري للشركة الوطنية المتخصصة في صناعة الأدوية "صيدال".

**الكلمات الأساسية:** إدارة سلاسل التوريد، الأداء التجاري، مؤشرات تجارية.

## **Abstract:**

Supply chain management, or what's known as logistics, is a field in which academics and professionals specialize, as it falls within business and management sciences, and it initially drifted under the umbrella of marketing, but soon it became a separate science, companies and countries scramble to develop it and benefit from its applications as historically, the military leaders realized its importance before their economical peers in exploiting it as a means to win wars, today and in order to achieve and create a competitive advantage, specialists are working on finding the best practices and theories that help companies enhance their position in the market and achieve the highest possible performance, speaking of performance and in order to know its relation to Supply chain management. We focused on the most important aspect, which is commercial performance, which reflects the results on which the interested parties depend in making strategic decisions, as it reflects the image of the company's performance.

This study aims to show the impact of logistics management on the various indicators of the commercial performance of the Algerian pharmaceutical group SAIDAL,

**Keys words:** logistics management, commercial performance, commercial indicators.

## **Acknowledgement:**

He who does not thank Allah does not thank people, firstly we would like to thank Allah the Almighty and most Merciful, we can never thank Allah enough for the countless bounties who blessed us with the strength and patience to accomplish this modest work,

We would like to thank our supervisor, Professor Ali HAMMOUTENE, for his invaluable advice, continuous support, your insightful feedback was priceless in formulating the research,

To our families for their everlasting support, we would also like to thank SAIDAL staff for welcoming us and sharing their knowledge with us, Finally, we thank all the people who participated closely or far in the realization of this work.

## Dedication

In the name of Allah, the most Gracious, the most Merciful, I dedicate this work for  
his sake

To the great inspirer, Prophet Mohammed peace be upon him,  
My Mother, My father, for their unpayable debts,  
My beloved brothers and sister, who encourage and support me,  
To all My friends,  
All the people in my life,  
To All the Ummah, I dedicate this research

Yahia.

## Dedication

I dedicate this "written reflection of my learning experience" for myself, who throughout all the past five years of challenges, kept insisting to develop myself and trying, trying and trying ...

To the people who believe in me more than I believe in myself, my mother & my sister,

To my father,

To my wonderful and supporting big family,

To all my friends.

Nesrine,

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### List of abbreviations:

<b>Abbreviations</b>	<b>Meanings</b>
%	per cent
°C	Celsius Degree
AFCFTA	African Continental Free Trade Area
AFNOR	Association française de normalisation
AMA	American Marketing Association
AMM	l'Autorisation de Mise sur le Marché
AQS	Algerian Qatar Steel
CAMEC	Centrale D'Achat des Médicaments, Equipements et Consommables Médicaux
CCAG	Cahier General Administrative Clauses
CI	conditioning items
CLM	Council of Logistics Management
Covid-19	Corona virus disease 2019
CSCMP	Council of Supply Chain Management Professionals
DC	distribution centres
e.g	example
GDP	Gross domestic product
GNI	Gross national income
HDI	human development index
HGVs	Heavy Goods Vehicles
HR	humidity of the air
IT	Information technology
JIT	Just in time
LAN	Local Area Network
LPI	Logistics Performance Index
M&S	Marketing & Sales
MPR	Material Requirements Planning
MPR II	manufacturing resource planning
PCA	Pharmacie centrale Algérienne/ Algerian Central Pharmacy
PL	Party Logistics
R & D	Research and development
RM	Raw Materials
S U	Sales unit
SC	Supply Chain
SCM	Supply Chain Management
SCMD	supply chain management Directorate
SNIC	National Society of Chemical Industries
U.S	United States
UK	United Kingdom
UNDP	United Nations Development Programme
WAN	Wide Area Network

## Summary

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# **Introduction**

The year 2020 was remarkably difficult, a year like no other, one for the history books, the world has seen some major changes, in all levels and life sectors caused by the fast and wide spread of the SARS-Corona Virus-2 leading to an ongoing pandemic, and the latter has devastated the global economy, all economic sectors were disposed, and logistics was no exception.

This pandemic has reached pretty much every country on the planet, what forced governments to impose lockdown measures to tackle its spread therefore, life activities stopped, but governments have excluded some professions and activity sectors that considered vital, we mention the assigning ports, transportation, and shipping ...as fundamental, hence unbounded from lockdown measures, these activities are classified under what's called "The Supply Chain Management or simply Logistics management which is a field of study that treat the processes of planning, implementing, and controlling procedures of transport and goods storage besides services related, management information flow from the beginning to the final customer in order to meet their requirements as efficient and effective as possible and that would lead to a desirable commercial and every other measure of performance, in simple terms increasing the efficiency and results of companies' operations and at the same time, strengthening their competitive position on the market.

The importance of this function was highlighted during this pandemic from replenishment of stock shelves in a local glossary store, to getting personal protection equipment, vaccines and medicines, speaking of which, the pharma sector has seen some refreshments pharma companies have seen an enormous increase in their stock values compared to pre-pandemic

In this context, the main challenge for Algerian companies remains the improvement of their competitiveness on a regional and international scale, with this in mind, companies have focused mainly on performance criteria by working on a set of variables such as cost, quality, time and service to meet the increased demands of the end customer, to meet these criteria, Algerian companies aim to adopt the SCM approach because it appears as a performance tool for the firm, hence its objective of improving service levels, reducing costs and creating value, by managing relationships, both upstream and downstream, with suppliers and customers,

As logistics and SC management denoted as crucial in the pharmaceutical industry and since the latter is witnessing an increasing development and remarkable competitiveness in Algeria, we chose SAIDAL group in our case study, which is an old actor in the field with a long experience in the local market,

The focus of the research in this dissertation is mainly on logistics and supply chain management and the relationship between logistics management practices in the company (SAIDAL group) and its commercial performance, the choice of this dissertation topic is based on a set of variables and the results of the research proposal, its importance, its originality, in Algeria are among the factors that strongly motivated our choice.

In light of this research, we tried to provide answers to this main question "How does the logistics management affect the commercial performance?"

which lead us to generates the following secondary questions:

- Is logistics management a primary activity?
- How to measure a company's commercial performance?
- What is the impact of logistics on the company's commercial performance?

And in order to answer these questions, we have claimed the following hypotheses:

H1: logistics management is considered an important function at SAIDAL

H2: commercial performance is measured by quantitative and qualitative indicators

H3: Logistics management practices helps reducing costs and therefore enhance the company's commercial performance

To affirm or deny these hypotheses, we have adopted a descriptive and analytical method, both quantitative and qualitative. we did this by analysing and interpreting some internal company documents. And we supported our study with a general questionnaire which serves us to frame and identify the bigger picture of the entire supply chain of SAIDAL group, with regard to the qualitative method we carried out a field survey through a semi-structured interview to study the impact of logistics management on commercial performance indicators and its contribution to improving it,

firstly, we based on the descriptive method that serves us to cover the theoretical aspects, through bibliographic research and a literature review from the main academic works; research papers mainly, books and other documentary sources, in regard to the other method, the analytical, we made a qualitative study based on semi-structured interviews conducted with selective signior managers in both the Marketing and sales Directorates, Supply chain directorate, we prepared for this interview by the mean of a global questionnaire to assess their supply chain management, and another one addressed to their foreign customers

Our research is divided into three (3) chapters two theoretical and the third practical structured as follows:

The first chapter treats the relation between logistics and SCM and providing a better understanding of the basic concepts and theories, establishing a solid basis to build upon the rest of the research,

In the second one, we went deeper on the performance concept, by treating the different theoretical and practical methods allowing us to have a clear understanding of the topic, and therefore choose and use the appropriate tools in the rest of the research,

Finally, the last chapter endeavour to bring together the two parts presented in this dissertation, theoretical and practical, providing elements that would help on answering to our main question, we begin with a presentation of the company in which we had the internship, then highlight their logistics management and its relation, and contribution to the commercial performance

**Chapter 01:  
Fundamentals of  
Logistics Management**

## **Chapter 1 Fundamentals of Logistics Management**

### **Introduction:**

Imagine you buy German equipment that was made in Munich, two days later they get delivered to your front door. You order fresh *Thunnus thynnus* for dinner, which was caught this morning 1,000 kilometres away, supply chain logistics makes all of this happen, it makes it affordable for consumers, profitable for companies regardless of the sector in which it develops its activities, its cycle begins from the supplier to the end customer, passing by product manufacturing, upstream and downstream storage. in a global economy

In this chapter we will try to cover the literature gaps by focusing on important concepts even though neglected in other master dissertations, there exists a lot of definitions developed over time which creates a lot of confusion to this end, and to learn a little more about the term and its content we tried to look over it from different angles, starting by linguistic evolution of the concept the very first appears of the terms, their definitions evolution, and the overlap terms, we have found that the scholars are not consenting over one definition nor term, and so are the practitioners, as students, we had this problem but we couldn't find a satisfactory answer in the previous dissertations, understanding concepts are essential to apprehend the rest of elements of this chapter, and dissertation.

The SCM is a key function for the companies' performance and a strategic element to gain competitive advantage, we will demonstrate the importance of this function for corporates, these latter in order to achieve its goals, need to adopt some decision-making dynamics from making strategic decisions to operational through tactical level strategies, and the externalization of the logistics activities is one of these strategic decisions, based on the measurement of the company's internal resources, then of comparing the advantages and disadvantages of an outsourcing operation, we will examine these activities (transport, warehousing, material handling, procurement... etc) in more details, the key activities required to facilitate the flow of a product from point of origin to point of consumption. their relation with costs generated all along the supply process,

But as the national economic environment has its unique specifications, we have thought to highlight this environment especially the situation of logistics field such as the infrastructures and law regulations and how It impact the firms' activities, by the same token we examined the pharmaceutical market and, we went throughout is differences and specification compared to other fields and the characteristics of the Algerian one to the rest of the word,

All of these by examining the main books of the field, relying on previous literature reviews, highlighting the main ideas that made major turning points in the history of supply chain management,

## **Section 1 : From logistics to SCM:**

In order to ensure a better understanding of the logistics and SCM concepts, it is necessary to review its definition, as well as to identify a brief history that allows framing its evolution and its current state.

Whether we speak about the long campaign of Alexander the Great from Macedonia to the Indus<sup>1</sup>, the conquest of Rome by Hannibal<sup>2</sup> or the war of liberation in Algeria<sup>3</sup> logistics has played a crucial role in these historical events.

### **1.1.1 The evolution of logistics:**

Logistics from Late Latin *logistica ars*, 'practical arithmetic';<sup>4</sup> As we can see this concept is attributed to logic reason and calculation.

Since ancient times, man has been planning and transporting products, not only civilians militants have been giving it much attention they seem understanding its great importance ahead of others, it became essentially a military art where the speed and accuracy in providing the necessary supplies for the forces to fight the battles, by the end of the Second European Military Confrontation where it has played a vital role, these concepts moved to the economic area owing to the achievements made in the last one, Historically, flows management were essentially concerned with internal companies' processes, aiming to optimize material, data and monetary flows. firstly defined, under the name of logistics dates back to 1935 by the American Marketing Association as "*Logistics is the various corresponding enterprise activities during material resources transfer from the production location to the consumption area, including the service process*". 1948, AMA modified this definition as "*Logistics refers to the enterprise activity expense determined by the flow process of material resources from the producer to the consumer or the consumption location*", AMA modified the definition of the logistics again that, "*So-called logistics refers to the material resources moving from production stage to consumers users and the management of the process.*", we remark three changes of the logistics definition by AMA, it is clearly seen that their logistics concept is defined from the perspective of the sale.

Although there are no differences in the ranges of the definitions before the Second European Military Confrontation, 1935 and that of post-war in 1948, the focus of the definition shifted from the movement of material resources to the management of transportation<sup>5</sup>.

the notion of logistics defined this early phase in the development of the management of flows, with logistics management, the production, purchasing and distribution were considered as a whole; they were managed as part of the total view of flows inside the firm.<sup>6</sup>

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<sup>1</sup> [Logistics - Historical development | Britannica](#), consulted March 7<sup>th</sup> 2021, at 16:05

<sup>2</sup> [The Limits of Brilliance: The Role of Supply Problems in Hannibal's Failed Italian Campaign - History of the Ancient World](#), consulted 07<sup>th</sup> March, at 17:30

<sup>3</sup> SHRADER (R), "*the first helicopter war logistics and mobility in Algeria 1954-1962*", Westport, 1999, page 163-191

<sup>4</sup> Antidote 10 dictionary.

<sup>5</sup> ZHENG (Q), "*introduction to e-commerce*", Springer, 2009, page 248

<sup>6</sup> ESTAMPE (D), "*supply chain performance and evaluation models*", published by ISTE Ltd and John Wiley & Sons, Inc, 2014, page 01

Before this time Physical distribution which is the coordination of activities associated with physically delivering products to the marketplace, was arising as an area of study and practice, in this stage, we should refer to the contributions of Fred (E)1922. Clark in his book Principles of Marketing, indicating the need to pay attention to the functions of transportation and storage, two years after that he issued a book entitled "Readings in Marketing, a chapter is devoted to material distribution, this is a picture of one of a dozens of books in the field of marketing and those interested in logistics activities,<sup>7</sup> then the concept of physical distribution was expanded to include physical supply to become business logistics, this function although it represented a high percentage of total costs for firms, therefore, a promising area where they can compete, it was neglected by other functions for these reasons it was developed as a separate function within the company's organisation.

in 1973, James L. Heskett introduces a sophisticated concept of logistics in which he incorporated into him the concept of utility creation inspired by the concept of value creation, in an article published 1977, he refers with interest to the level of consumer service and considers supply as a field to achieve optimization, as long as it seeks to achieve two opposing objectives, namely the level of service at the lowest cost, as result of his great influence in this field, since 1986 the CLM has been re-examining its definition of logistics CLM Council of Logistics Management which is called now the Council of Supply Chain Management Professionals (CSCMP), in 1986 defined logistics management as "*The process of planning, implementing, and controlling the efficient, cost effective flow and storage of raw materials, in process inventory, finished good, and related information flow from point-of origin to point-of-consumption for the purpose of conforming to customer requirements*", despite the fact that this definition was a reference in literatures in the years that follows it neglected the reverse logistics, did not address logistics as a part of the whole operation, in the other side the definition by the AFNOR, it is somewhat different, "*Logistics is a function whose purpose is the satisfaction of expressed or hidden needs, at the best possible economic conditions for the company and for a level of service determined. Logistics involves several jobs and know-how that contribute to the management and control of flows information and resources.*" "Standard AFNOR X 50-600"<sup>8</sup> As for the current definition of supply, it appears on the website of the CSCMP, "*The process of planning, implementing, and controlling procedures for the efficient and effective transportation and storage of goods including services, and related information from the point of origin to the point of consumption for the purpose of conforming to customer requirements. This definition includes inbound, outbound, internal, and external movements*"<sup>9</sup>

### **1.1.2 The major phases of logistics evolution:**

There are several classifications for the logistics development phases in the literature as it's been gradually developing, here we rely on the four periodisation typology and coordinated

<sup>7</sup> أ. عمر(ق)، "إدارة شبكة التوريد مدخل نظري"، دراسات اقتصادية العدد وجانفي 2010، العدد 14، ص-74-53

<sup>8</sup> RAHAL (F), "Supply Chain Management", course for the second master year, 2020

<sup>9</sup> cscmp-glossary, "Supply chain management" terms and glossary updated 2013, page 117

between the different categorisations adopted by several authors like G.Patché, T.Sauvage and Andrzej, Graham C. Stevens<sup>10</sup>:

- Stage one: applies to the time of the 1950s and prior where it proves its utility in the military field, Albeit a couple of authors this time started looking at exchanging one expense for another, for example, transportation costs with stock expenses and explored the advantages to the firm of getting the correct merchandise to the perfect spot at the perfect time<sup>11</sup>, These activities were not related to one single goal, but separated within the company's structure; each sphere was a separate department. <sup>12</sup>
- Stage two: 50s and 60s companies in this period focused their interest in the concept of customer service due to the profitability that it generated for the companies<sup>13</sup>, as this concept later became the cornerstone of the supply endeavour, Physical distribution starts to arise as a space of study and practice, which is the coordination of more than one action related with actually providing items to the commercial centre, production and purchasing were not considered in this concept, where there were initials to include them in other notion "procurement and materials management", due to the evolution of Marketing in the USA and Europe, professionals included distribution as a primary function in the marketing mix
- Stage three:70s to 80s the widely spread of Material Requirements Planning MPR, what becomes later manufacturing resource planning MPR II, and Just in time JIT in manufacturing<sup>14</sup> helped and consolidated the necessity of integrating logistics operations and highlighted the relation with other functions of the companies, all logistics operations started to be considered as a whole, as a system.
- Stage four: 1990 till today, although we have some integration and use of different IT solutions like bare codes JIT... in his period information technologies becomes more and more critical tools making it possible to integrate different supply operations and helping to make quick and precise decision to increase productivity, the LAN and WAN networks helped in the expansion of logistics management beyond the company itself to the customers of customer and suppliers of the Supplier,

When the production and distribution points were included in the management of flows, the concept of logistics has seen an evolution that led to new orientations from a company-centered into a global approach *"This marked a turning point in supply chain management: from this time onward, all the partners in the chain were taken into account. They were no longer seen as being independent of each other, but rather as needing to learn to coordinate and synchronize their activities."*<sup>15</sup>

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<sup>10</sup> STEVENS(G), "Integrating the Supply Chains," International Journal of Physical Distribution and Materials Management, 1989, Vol. 8, No. 8, pp3-8.

<sup>11</sup> BALLOU(R), Op.cit Iss 4 pp. 332 - 348,

<sup>12</sup> SZYMONIK, (A), "Logistics and Supply Chain Management", 2012, pages 07 to 10

<sup>13</sup> أ. عمر، Op.cit

<sup>14</sup> KEE-HUNG (L), CHENG (T.C.E), "Just-in-Time Logistics", Gower,2009, page 9

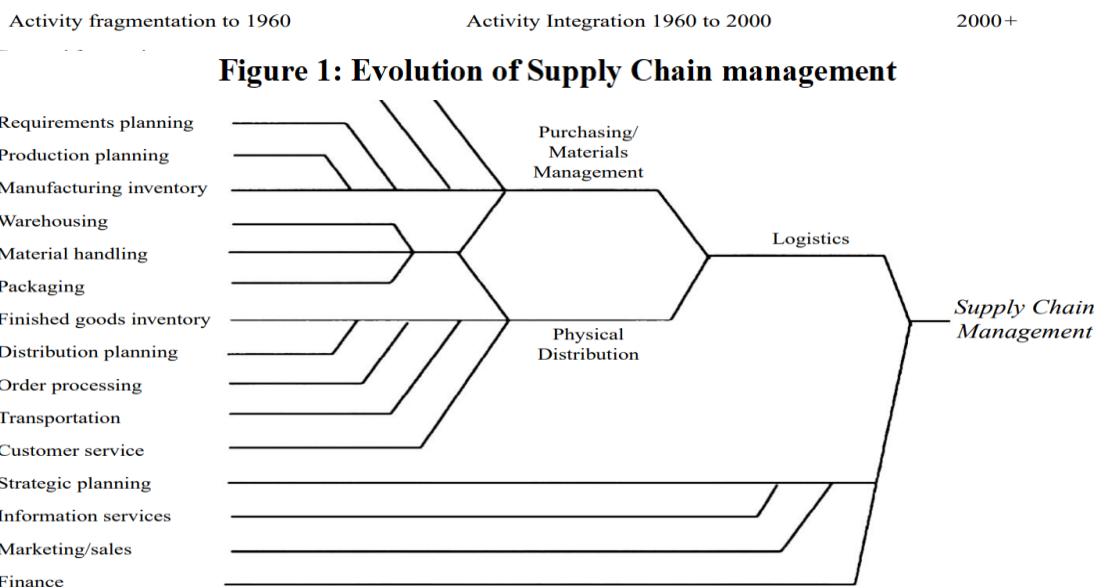
<sup>15</sup> ESTAMPE (D), Op.cit, p1.

### **1.1.3 Evolution of the SCM Definitions, functions and areas covered**

Supply chain management has become one of the most important topics in various fields of business and economy<sup>16</sup> where it started to overlap the logistics term, from where we stand, we see that SCM is a broader concept than logistics', the latter is essentially a planning orientation and framework that looks for creating one plan for the flow of products and information over a business. Supply chain management works upon this framework to build links and co-ordination through the processes of other entities (suppliers, customers, and the organisation)<sup>17</sup>

This SCM term is flooding over the logistics' since so numerous in different business fields accept it. The origin of the name seems a mystery and exactly what is SCM, some are saying that it is a satisfaction of the activity integration promise implied in early definitions while others think it is a new and striking idea, despite the popularity of the term Supply Chain Management, both in academia and practice, there remains considerable confusion as to its meaning, some authors define SCM in operational terms involving the flow of materials and products, some view it as a management philosophy, and some view it in terms of a management process, authors have even used SCM differently within the same article: as a form of integrated systems between vertical integration and separate identities on one hand, and as a management philosophy on the other hand.<sup>18</sup>

in this sage we point out that the definition of "supply chain" seems to be more common across authors than the definition of "supply chain management" as Mentzer (and al) have remarked, we also include their definition that involved different levels of the SC intricacy which we will examine later in details: "*Supply chain is defined as a set of three or more*



Source: Ronald (H), Op.cit pp 332-348

<sup>16</sup> ROSS (F), "*Competing Through Supply Chain Management*", New York, NY: Chapman & Hall, 1998, page 247

<sup>17</sup> MARTIN (C), "*Logistics & Supply Chain Management*, Pearson, 4<sup>th</sup> Edition, 2009 page 2.

<sup>18</sup> MENTZER(J) (and al), "*defining supply chain management*", JOURNAL OF BUSINESS LOGISTICS, Vol.22, No. 2, 2001, page 1-25

*entities (organizations or individuals) directly involved in the upstream and downstream flows of products, services, finances, and/or information from a source to a customer”*.<sup>19</sup>

### **1.1.3.1 The future of SCM:**

Ongoing advances, basically connected with Industry 4.0, are inciting critical disturbances in the SCM field to foster new business strategy models. Quite possibly the most encouraging of these ITs are blockchains. Blockchain innovation firstly showed up in the bitcoin setting. It works in an appropriated information structure peer-to-peer network transaction. Blocks are connected by cryptographic hashes and every one of their nodes has a copy, the transactions records are considered virtually immutable.

Even though blockchain innovation applications arose with bitcoins, the current applications have the potential to disturb unique, customary ventures, in view of the decentralization rule, in which delegates can be wiped out, the brilliant agreement is a fundamental blockchain application that works in a computerized way to transfer assets when a determined condition is satisfied, along these lines, shrewd agreements are reconfiguring a few business models, wherein producers and customers can exchange without a go-between. Subsequently, blockchain decentralization and disintermediation highlights can prompt disturbance and pushing SCM advancement furthermore, reconfiguration in the IT era<sup>20</sup>.

### **1.1.4 Relationship between logistics and SCM:**

Given 40 years of foundation with a wide idea for logistics, what precisely is SCM to its defenders (Unionists)? There have been efforts to recognize logistics from SCM, pronouncing logistics to be a subset of SCM. lately, the CSCMP, which is the first organization of supply chain practitioners, and academics, has defined SCM as: *“Supply Chain Management encompasses the planning and management of all activities involved in sourcing and procurement, conversion, and all Logistics Management activities. Importantly, it also includes coordination and collaboration with channel partners, which can be suppliers, intermediaries, third-party service providers, and customers. In essence, Supply Chain Management integrates supply and demand management within and across companies”*. Whereas, CSCMP defines logistics to be: *“Logistics management is that part of SCM that plans, implements, and controls the efficient forward and reverse flow and storage of goods... (check the definition mentioned above)* In these two definitions, first note that procurement (purchasing) and conversion (production) are now explicitly included in the field of managing material flows. Second, Assertion on coordination, collaboration and relationship building among channel parts that are missing from logistics management. Put another way, SCM can be seen as having three aspects. Activity, Process administration, inter-functional assortment, and inter-organizational coordination.

The four points of view were initially determined by the authors during discussions about logistics versus SCM during 1999, the four perspectives cover all potential ways the two fields might be organized: logistics equals SCM (re-labelling), logistics subsumes SCM

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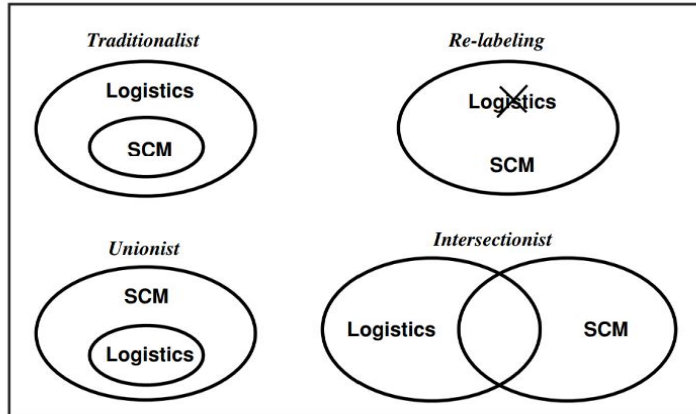
<sup>19</sup> MENTZER(J) (and al), Op.cit pp 1-25

<sup>20</sup> MACIEL (M) (and all), *“Blockchain and supply chain management integration: a systematic review of the literature”*, Supply Chain Management: An International Journal, Vol. 26 No. 5, 2019, pp. 417-422.

(traditionalist), logistics is subsumed by SCM (unionist), or logistics and SCM overlay partially (intersectionist).<sup>21</sup>

In the end, we say that there is a need for scholars and practitioners to unify terminologies and definitions in order to unify their outcomes and results

**Figure 1 : The four perspectives of the logistics-SCM relationship:**



Source: Larson(P) (and al), Op.cit, pp 1-24

**1.1.5 levels of supply chain intricacy:**

in the last definition by Mentzer and others, we can recognize three levels of supply chain intricacy “Direct supply chain,” “extended supply chain,” and an “ultimate supply chain.” illustrated in figure 3 below:

**Figure 2 : Types of channel relationships**

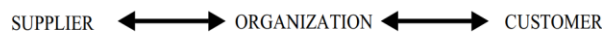


FIGURE 1a - DIRECT SUPPLY CHAIN



FIGURE 1b - EXTENDED SUPPLY CHAIN

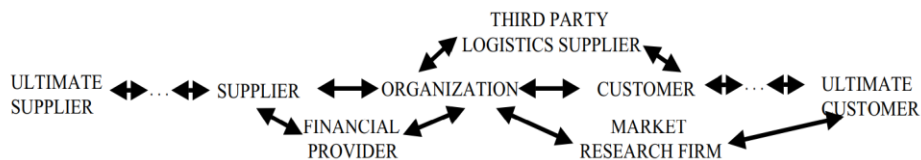


FIGURE 1c - ULTIMATE SUPPLY CHAIN

Source: MENTZER(J) (and al), Op.cit p 1-25

<sup>21</sup> LARSON(P), (and al) “perspectives on logistics vs. scm: a survey of scm professionals” journal of business logistics, Vol. 28, No. 1, 2007 pp 1-24

A direct supply chain consists of a company, a supplier, and a customer involved in the upstream and/or downstream flows of products, services, finances, and/or information (Figure 3a). An extended supply chain includes suppliers of the immediate supplier and customers of the immediate customer, all involved in the upstream and/or downstream flows of products, services, finances, and/or information (Figure 3b). An ultimate supply chain includes all the organizations involved in all the upstream and downstream flows of products, services, finances, and information from the ultimate supplier to the ultimate customer. Figure 3c illustrates the complexity that ultimate supply chains can reach. In this example, a third-party financial provider may be providing financing, assuming some of the risks, and offering financial advice; a third-party logistics (3PL) provider is performing the logistics activities between two of the companies, and a market research firm is providing information about the ultimate customer to a company well back up the supply chain. This very briefly illustrates some of the many functions that complex supply chains can and do perform.<sup>22</sup>

### **1.1.6 The importance of SCM:**

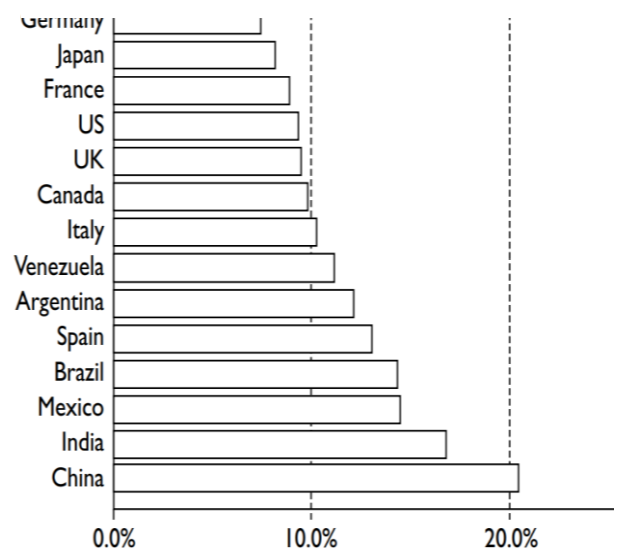
Through the different definitions we mentioned above we can see clearly the importance of this function for companies, the national and global economy

#### **1.1.6.1 Importance for national economies:**

A study in the UK indicated that about a third of the employers were related to logistics activities. Where in another study was able to present similar data at a country level, which indicated that for major economies logistics represented somewhere between 8 and 21 per GDP of that country which demonstrated that for significant economies coordination addressed from 8-21% for every GDP of that country<sup>23</sup>

Globally the logistics industry costs jumped from 6.9 in 2010 to 9.3 trillion U.S. dollars in 2019<sup>24</sup>, after highlighting the importance of logistics in the economies of a set of countries then in a global perspective, we would like to illustrate its weight between different industries where it represented 46% of sales turnover in cement industry, while it was 12% for health suppliers<sup>25</sup>

**Figure 3 Logistics costs ratio of GDP for a set of selected countries**



Source: Ibid., p10

<sup>22</sup> MENTZER(J) (and al), Op.cit p 1-25

<sup>23</sup> RUSHTON and all, "The handbook of logistics and distribution management: understanding the supply chain", Kogan page, 2016, page 10.

<sup>24</sup> **Logistics industry- global costs 2019 | Statista**, Mar 12, 2021, consulted: April 21th 2021, at 09:46.

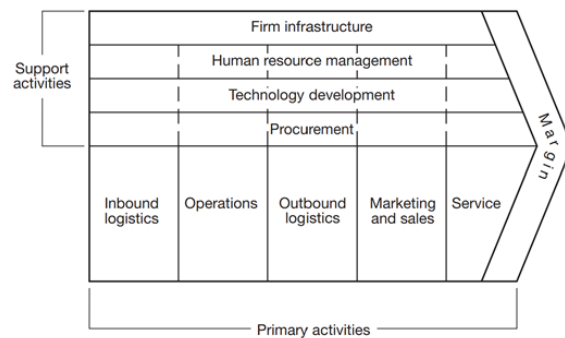
<sup>25</sup> RUSHTON (A), and al, Op.cit p 10

### 1.1.6.2 Importance for companies

#### prospective:

The primary activities within Michael Porter's value chain are used to provide a company with a competitive advantage in any one of the five activities so it has an advantage in the industry in which it operates, in general, the analysis was meant for companies that manufacture goods. But almost any company can use the value chain analysis laid out by Porter even if they don't have all the components.<sup>26</sup>, as we can see clearly that logistics is a prior activity for companies to gain competitive advantages

**Figure 4: Value chain**



**Source:** Porter (M), "Competitive Advantage", The Free Press, 1985, p.33

### 1.1.7 The externalisation of logistics activities

#### 1.1.7.1 The reasons for outsourcing

The decision-making analysis of an outsourcing process consists first of all of measuring the company's internal resources, then of comparing the advantages and disadvantages of an outsourcing operation,

The choice to outsourcing is a strategic decision, long matured, which induces many effects in the organization of the company and the future conditions of its activity, this decision is generally based on the successive consideration of three rules

Relation with the core business: the central decision condition for outsourcing is based on the distinction between activities that are part of the "core business" and those that are not, all activities that do not fall within the "core business" can be outsourced.

The level of performance: When the level of performance of an activity carried out internally is inferior to that of the best service providers on the market, it is recommended to outsource it. The use of expert service providers makes it possible to reduce costs, improve performance.

The level of transaction costs: Outsourcing generally reduces production costs by taking advantage of the economies of scale achieved by service providers. On the other hand, outsourcing operations often generate high transaction costs.

#### 1.1.7.2 Different types of external logistics providers:

- 1PL (First-Party Logistics)  
Any organization that transports products straightforwardly starting with one area

<sup>26</sup> [What Are the Primary Activities of Michael Porter's Value Chain? \(investopedia.com\)](https://www.investopedia.com/terms/v/value-chain.asp) consulted: June 8<sup>th</sup> 2021 at 01:24.

then onto the other – or which needs products to be delivered from A to B point can be classed as a 1PL.<sup>27</sup>

- 2PL (Second-Party Logistics)

2PL, or second-party logistics provider, is an organization that claims resources, for example, boats, aeroplane, HGVs and utilizes them to move products for different organizations, transportation lines, aircraft and haulage organizations would fall into this class, in like manner organizations that work warehousing and storage spaces.<sup>28</sup>

It is here the oldest form, the most classic outsourcing, transport being the most outsourced logistics activity<sup>29</sup>

- The 3PL type of service

consists, for a company, in subcontracting part of its logistics, with a service provider who is not content only to carry out this function, but also to plan it, to establish the link with the other logistical activities of the company, the 3PL carries out its service with its own means, without calling on the help of a service provider external, otherwise, it no longer corresponds to a 3PL type of service, but becomes a form more advanced outsourcing, another type of service, It should be noted that in its most developed form, the 3PL, in addition to the traditional services of transport and storage, offers services ranging from handling operations in addition to the management of administrative operations, advice on IT management systems (tracking and tracing systems), as well as customs brokerage services, international shipping services etc.

- 4th Party Logistics Provider:

who don't just audit and advise the company, but coordinate, in the long term, logistical actors and manage, efficiently, the chain at any time if the need arises, the role of the 4PL, is transversal, consists in ensuring the management and coherence of the services of the various subcontracting companies by controlling the flow of information related to it.

- The 5PL: execution software integrators

In a final evolution, the term fifth party Logistics Provider (5PL), is used to designate an external service provider that coordinates the activities of subcontracting companies and who designs new logistics solutions based on information systems and appropriate technologies to improve supply chain performance in fact very close to the 4PL, the 5PL can also be characterized by their almost non-existent physical facilities<sup>30</sup>

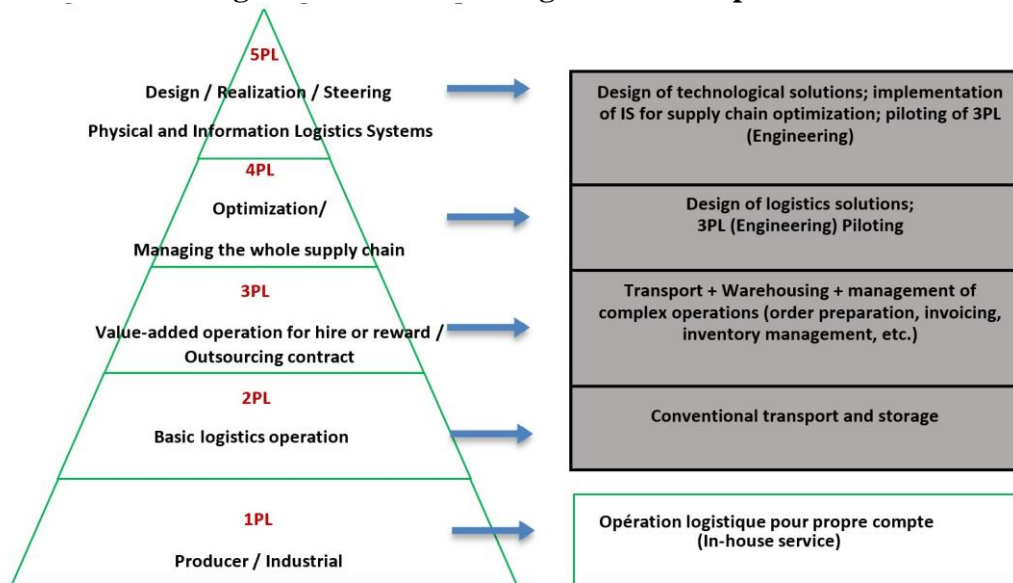
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<sup>27</sup> **3PL, 4PL & 5PL – What's the Difference? | Hemisphere Freight (HFS) ([hemisphere-freight.com](http://hemisphere-freight.com))**, consulted : June 5, 2021 at 12 :03

<sup>28</sup> ARIF(J): L'externalisation des activités logistiques, vers la mise au point d'un outil d'aide à la décision, PhD thesis, 2016, p 47

<sup>29</sup> Ibid.,p47

<sup>30</sup> Ibid, p48

**Figure 5: Evolution of logistics service providers**

Source: ARIF(J): Op.cit, p 49

### 1.1.8 Logistics Flows:

- Physical flows** (also known as material or inventory flows) cover the entire process and activities of logistics systems, though, to explore the concept of physical flows systematically, the major components of logistics systems can be categorized into five functional areas: Network design, Information, Transportation, Inventory, Warehousing, material handling, and packaging, considering these areas, physical flow is involved with the transportation and warehousing, material handling, and packaging<sup>31</sup>.
- Information flow:** innovations precisely in IT are changing the jobs of business players like never before. IT is perhaps the biggest influencer. In a powerful retail distribution channel, proficient data goes through three primary players: suppliers (producers or wholesalers), retailers, and purchasers. The result is a close relationship among these players fully intent on estimating the requirements of each Party<sup>32</sup>
- Money flow Capital**

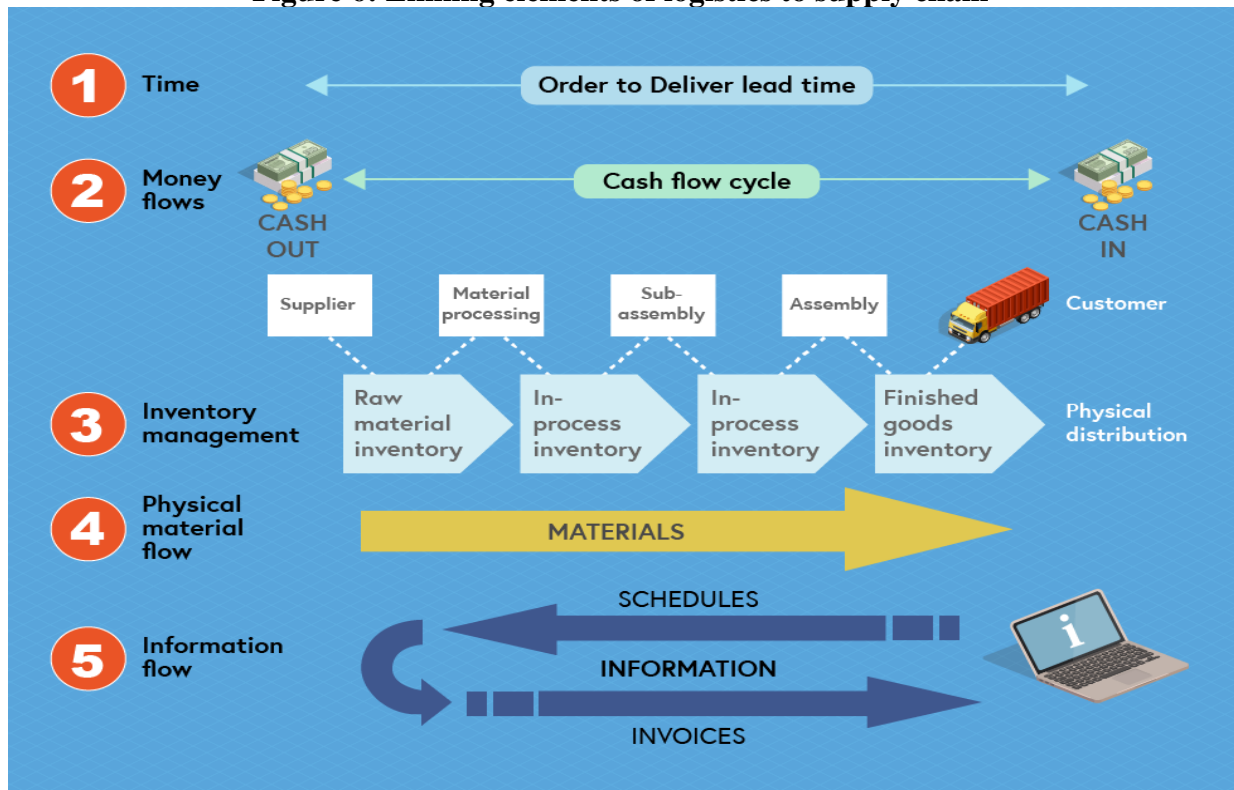
Or as called cash flow, is a return to be paid for crude materials and items and subsequently it is in opposition to material stream. Typically, the cash stream is behind the material stream. What's more, significant capital is involved with the logistics chain. Capital is restricted in the products kept up in distribution centres and linking terminals.

<sup>31</sup>FARAHANI(R) (and al), "Logistics Operations and Management Concepts and Models", Elsevier, 2011, p11

<sup>32</sup> Ibid, p 270

figure 05 illustrates some key elements of a supply chain, including the main flows: Money flows, Physical material flows, Information flows, in addition to the time factor.

**Figure 6: Linking elements of logistics to supply chain**



Source: <https://www.futurelearn.com>, consulted: June 2ed 2021 at: 08:25.

### **1.1.9 Key logistics activities:**

Outlined below are the key activities required to facilitate the flow of a product from point of origin to point of consumption. All of these activities may be considered part of the overall logistics process starting by:

- Customer service components can be divided into three classifications that reflect the nature and timing of the specific service requirements; before, through and after delivery of the product,
- Demand forecasting/planning is our second process in the list; there are many types of demand forecasts: marketing forecasts based on promotions, pricing, competition...etc. manufacturing forecasts and planning based on marketing's sales demand forecasts and inventory status, logistics typically get engaged with determining as far as what amount ought to be requested from its providers (by purchasing), and the quantity of finished product should be shipped or held in each market,
- Reverse logistics consists of taking back products that the customer does not want or that he wants to have repaired, or treating industrial waste, packaging, unusable

products, The importance of this type is, first of all, to minimize the environmental impact and the associated costs<sup>33</sup>

- Logistics communications: are becoming increasingly automated, complex, and rapid. logistics interfaces with a wide array of functions and organizations in its communication processes, communication must occur between the different parties from the inside of the organization to its suppliers, intermediaries down to customers,
- Material handling: is a broad area that encompasses virtually all aspects of all movements of raw materials, work in process, or finished goods within a plant or warehouse, because an organization incurs costs without adding value each time an item moves or is handled, a primary objective of materials management is to eliminate handling wherever possible, that includes minimizing travel distance, bottlenecks, inventory levels, and loss due to waste, mishandling, pilferage, and damage. Thus, by carefully analysing material flows, materials management can save the organization significant amounts of money,
- Procurement the function of a firm of acquiring all the supplies needed for production and support. The concept is that all procurement is channelled through one department that guarantees that appropriate discounts and bulk buying advantages are obtained and to keep all purchasing under budgetary control<sup>34</sup> ‘Procurement’ and ‘purchasing’ are often taken to mean the same thing. Usually, though, purchasing refers to the actual buying, while procurement has a broader meaning. It can include different types of acquisition (purchasing, rental, contracting, and so on) as well as the associated work of selecting suppliers, negotiating, agreeing terms, expediting, monitoring supplier performance, materials handling, transport, warehousing and receiving goods from suppliers.<sup>35</sup>
- Transportation a key logistics activity is to provide for the movement of materials and goods from point of origin to point of consumption, and perhaps to its ultimate point of disposal as well, transportation involves the selection of the model (e.g., air, rail, water, truck, or pipeline), the routing of the shipment, assuring of compliance with regulations in the region of the country where the shipment is occurring, and selection of the carrier. It is frequently the largest single cost among logistics activities.<sup>36</sup>
- Warehousing: A warehouse is any location where stocks of material are held on their journey through supply chains, as well as storage, warehouses can be used for several other activities<sup>37</sup> then we have inventory management: as for many firms it is better to adopt a hybrid system of both types of approaches, ‘the push and the pull’, push system is traditional where inventory replenishment is used to forecast future demand.

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<sup>33</sup> MEDAN(P), GARATACAP(A), “*Logistique et Supply Chain management*“, Dunod Paris, 2008, P.12

<sup>34</sup> LOWE(D), “*Dictionary of Transport and Logistics*”,2002 p 189

<sup>35</sup> WATERS (D) “*Logistics An Introduction to Supply Chain Management*”, published Donald PALGRAVE MACMILLAN,2003, p 228

<sup>36</sup> LAMBERT and al, “*Fundamentals of logistics*” McGraw-Hill,1998, pp 15-21

<sup>37</sup> WATERS (D), Op.cit p 283

A pull system is built to order, where the actual demand for a product is used to 'pull' the product over the system <sup>38</sup>.

Each company adapts a type of logistics or several types appropriate to its activity, these types whose importance is major for the proper functioning of a business cannot be neglected because each type is associated with another and play an essential role in controlling costs, the common objective of all these logistics is to achieve the desired level of performance ensure their availability at a lower cost<sup>39</sup>

### **1.1.10 Logistics costs**

All these logistics activities generate costs during the process, every one of the main expense classes from client support, transportation, warehousing, procurement and the other activities, <sup>40</sup>while the costs are linked to activities their values defer from activity sector to another, the cost and service trade-offs within any logistics structure will, of course, vary from one company to another depending on the role the company plays within the supply chain as a whole, the following major costs and their associated trade-offs may need to be considered and assessed:

- **Production costs.** These will vary according to the type of production process or system used and the type of product manufactured. Make-to-stock or make-to-order will also be relevant. Factories may be 'focused' on one or two specific types of products or may make a large range of different products. Different distribution structures may be required to support different types of products, the effect on primary transport costs will be very relevant.
  - **Packaging costs.** These are mainly concerned with the trade-off between the type of packaging and the handling and transport costs. The type of load unitization will also be important.
  - **Information systems costs.** These cover a wide area from order receipt to management information systems. The type of distribution centres network will affect many of these costs.
- Planning for Logistics
- **Lost sales costs.** These might occur because of inadequate customer service and are very relevant in the context of the proximity of the distribution centres to the customer, together with the reliability and speed of service.
  - **Inventory costs.** These include the cost of capital tied up in inventory as well as the cost of obsolescence, etc. They have a fundamental relationship with the distribution centres network in terms of the number of stockholding points and the hierarchy of stockholding according to DC type.

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<sup>38</sup> RUSHTON and all, Op.cit, pp217-220

<sup>39</sup> PIMOR (Y), FENDER(M) : logistique Production. Distribution. Soutien, Edition DUNOD, 5ème édition, Paris 2008, p4-5

<sup>40</sup>LAMBERT and al, Op.cit, p22.

- **Transport costs.** The number and location of sites within the distribution structure, and the associated throughputs significantly affect transport costs. Both primary transport and final delivery costs are affected by DC numbers and location.
- **Warehousing costs.** These costs vary according to the type of storage and handling systems used, together with the volume and throughput at the site. The size and type of site will thus be important, as will the location<sup>41</sup>

### **1.1.11 The decisions levels in SCM**

In supply chain decision-making architecture can be structured in three levels, generally characterized by the decision-making dynamics: strategic level (or long-term decisions: defining means and objectives), tactical level (medium-term decisions defining actions to be implemented) and operational level (short-term decisions consisting in the implementation of actions and their follow-up).

- **The strategic level:** this level, also called Strategic management or Strategic planning by relates to the definition of investment policies, management and design of the logistics network or to the reconfiguration of a network These decisions are guided by the implementation of financial and commercial objectives and aim to define the profile of the partners, the location of the infrastructures, the capacity required by logistics delivery entity.

Such decisions may also relate to the opening or closure of production sites and/or warehouses, the acquisition of technological goods and new equipment, and the development of transport networks. The problems can be approached from other angles, such as the choice of the type of production management - manufacturing on order, manufacturing on inventory, or the choice of efficient strategies in the management of transport capacity associated with logistics processes throughout the chain

- **The tactical level:** this level is applied to deploy the strategy decided by the company Once the strategic decisions have set the direction for the configuration of the network of partners, the tactical decisions (horizon: a few weeks to a few months) are concerned with the realization of the medium-term plans in order to plan globally the activities to be carried out within each company. These include the processes of supply, production/inventory management, distribution, and interest in rationalizing them as much as possible with regard to the objectives defined by the company strategy, three main planning issues are to be considered: upstream planning consisting of programming purchases and organizing the routing of raw materials/components and their storage, the planning of stocks and the transfer of materials between production units, as well as downstream planning dealing with the organization of product deliveries to satisfy customer requests.<sup>42</sup>

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<sup>41</sup> RUSHTON and all, Op.cit, p 126

<sup>42</sup> MILLER (T), "*Hierarchical operations and supply chain planning*", Springer, 2001, p5.

- **The operational level:** decisions have a more limited scope in space and time (decisions on the day or on the week), decisions consist of taking the actions planned at the tactical level, that concern the scheduling of activities, the adjustment of plans in more than 50 functions according to the risks and disturbances observed during controls and performance measures. distinguishes among operational decisions those dealing with priority management, flow balancing, short-term inventory management, and scheduling logistics activities in warehouses or associated with vehicle routing<sup>43</sup>

## **Section 2 Logistics and Pharmaceutical industries:**

The Algerian pharmaceutical industry is one of the fastest-growing sectors of Algerian economy but the medicines we take suffer from serious ills: they are neither transported nor stored the way they should be. Pharmaceutical companies face issues related to choosing and working with the right logistics partners and designing the right system of transportation.

### **1.2.1 Logistics in Algeria:**

Firstly, it is important to mention that qualities of business environment and risks in the Mediterranean area and therefore Algeria are somewhat unique in relation to those of other regions, this distinction comes from the diverse business culture and individuals' perspective... etc<sup>44</sup>, it is also worth mentioning that the characteristics of risk in the Mediterranean region are slightly different from those of other regions

In an interview published in the 'Liberté' newspaper, KHELIFA.K speaking about the Algerian logistics situation when he mentions that the national economy suffers losses due to the additional costs in the field of imports: 5-6 billion dollars per year. it draws up an uncompromising state of logistics in Algeria. He points to the huge lag in this area compared to those of other states in the region, which reduces the competitiveness of the national economy, replying to the questions: "How important is the supply chain in Algeria?" he pointed to some key concepts in logistics such as the importance of SCM in reducing costs by applying some tools and philosophies as like JIT and Pull approach, he claims that in Algeria we still practising old approaches 'the push approach', As long as our country is still undeveloped, in terms of logistics organization of physical and information flows, then he answered the second question "Can we have an order of magnitude of the costs of transporting the products in relation to the overall invoice?" by referring to the high coast range of transportation in Algeria that reached 35% of the total costs while the global average is 16% which drive 5 to 6 billion US dollars loses per year

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<sup>43</sup> ARIF(J): Op.cit, p 55

<sup>44</sup> MOSLEMI (A)(and al), "Risks in emerging markets: logistics services in the Mediterranean region", Maritime Business Review,2016,pp 253- 272

### 1.2.2 The Logistics Performance Index:

By the same token, we examined the international Logistics Performance Index (LPI) that provides insights into the drivers of overall logistics performance. To unbundle the survey results, it is necessary to refer to the domestic LPI. This section is based on the domestic LPI, where surveyed logistics professionals assess the logistics environments in countries where they work. It contains more detailed information on countries' logistics environments, processes, and institutions and looks at the logistics constraints within countries, not just at gateways such as ports or borders. It analyses countries by four major determinants of overall logistics performance: infrastructure, services, border procedures, and supply chain reliability. data are from the 2018 survey.

In view of an overall study of worldwide cargo forwarders and express transporters, the Logistics Performance Index is a benchmarking tool created by the World Bank that demonstrates the performance of logistics in a set of national economies. Taking into consideration examinations across 167 nations, the record can assist nations with distinguishing difficulties and openings and improve their logistics performance. Dependable logistics is key to incorporate worldwide value chains, and highlight trad openings for development, The capacity to interface with the worldwide logistics network relies upon a nation's infrastructures, exchange measures, service markets, Government and the private stakeholders in many emergent nations ought to improve these regions—or face the enormous and developing expenses of rejection, and that includes Algeria as we are going to discover, some of the important results of this 6<sup>th</sup> edition, “Connecting to Compete, a report summarizing the findings from the new dataset for the Logistics Performance Index (LPI) and its component indicators” include:

The gaps in logistics performance between the latest and highest performers still exist, Supply chain reliability and service quality are strongly linked to logistics performance. Infrastructure and trade facilitation initiatives are always important in guaranteeing access to gateways for most emerging countries

**Table 1: Algeria's LPI results for 2018 compared with the highest performer 'Germany'**

Economy	LPI rank			LPI score			% of highest performer	Customs		Infrastructure		International shipments		Logistics quality and competence		Tracking and tracing		Timeliness	
	Rank	Lower bound	Upper bound	Score	Lower bound	Upper bound		Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score
	Germany	1	1	1	4.20	4.16		4.25	100.0	1	4.09	1	4.37	4	3.86	1	4.31	2	4.24
Algeria	117	85	143	2.45	2.21	2.69	45.2	138	2.13	96	2.42	122	2.39	113	2.39	103	2.60	124	2.76

**Source:** FRANÇOIS (A) (and al), “Connecting to Compete 2018 Trade Logistics in the Global Economy the Logistics Performance Index and Its Indicators”, The World Bank, 2018, p 44,47.

Algeria was ranked the 117 in the LPI rank with a score of 2.45 the equivalent of 45,2% compared to the highest performer 'Germany', for customs performance it ranked 138/160 countries studied, while the for the infrastructure ranked 96 out of 160 countries included in

the study, meanwhile ranking 122, 113, for international shipment, logistics quality, tracking and tracing indexes respectively.

This research provides useful insight for container shipping company managers and supply chain companies and can assist them in better understanding the risks in their operations and in differentiating their efforts on mitigating risks. The research recommends that managers in both types of companies collaborate to continually monitor and control the common risk factors. In this respect, participation in regular meetings with customers and, more importantly, a system of continual risk management analysis could be the best solutions to tackle this issue. These practices will help the managers on both sides to improve the decision-making process and increase the companies' agility and robustness to better cope with the risks. Some risks are more important than others and could cause unwanted chains of events. These risks should be identified and controlled through a chain effective analysis to ensure that every aspect of these risks has been clarified and controlled. This could be discussed in future research. It is also worth mentioning that the characteristics of risk in the Mediterranean region are slightly different from those of other regions. This difference stems from the different business culture and people's point of view. In this region, business owners have a different sensitivity to risk compared to their North or West European counterparts. For instance, in many western countries, the risk of "Using different communication channels in the supply chain and consequently increasing the time of information transmission" may be evaluated as a high-scale risk because time is a main factor in transportation services. However, as the results of this study showed, the abovementioned risk is evaluated in the Mediterranean region as a low-scale risk factor and held very little importance for those respondents

### **1.2.3 Future projects to help improve the logistics situation**

The new map of the port of DjenDjen is starting to take shape, on the eve of the start of structuring projects. This is the effective launch of works on the container transshipment terminal, the first stone of which was laid on MAY 18, 2014 by the Minister of Transport, and the imminent start of construction of the AQS (Algerian Qatar Steel). These projects will be supported by the recent start of works on the DjenDjen / EI Eulma port motorway with access to sub-Saharan countries, as well as the forthcoming development of a dry port near the port, which will absorb a significant volume of shipments. Add to this, the approval of the new runway at Ferhat Abbas airport, which has resumed its air activities, will allow complementarity in multimodal transport in the Jijel region, all these combined elements will raise the wilaya in the years to come among the most dynamic wilayas in the country. It is clear that human and material resources must be mobilized and well planned to allow perfect management of these investments through the existing potential in the field and the contribution of the university and the various institutes in the region,

- **Construction of a container terminal**

The transshipment terminal project is the construction of a large central wharf with a new quay parallel to the west quay and an extension of the existing mixed wharf (250 ML). In this case, the latter would have more than 78 hectares and the works to be carried out are structured:

west quay with a length of 804 m, based at -17 m, an east quay with a length of 308 m, founded at -14 m, a north quay with a length of 434 m, founded at -17 m.

- **Silk road**

Algeria signed, on October 2020, an agreement for economic collaboration with the Chinese Agency for International Cooperation for Development, on a visit by a delegation from the Central Committee of the Chinese Communist Party, which can be considered “an Algerian first step within the new Chinese Silk Road”, or what is known as the “Road and Belt” initiative, it is expected that China will have a hand in the building of the largest port in Algeria, which is the central port of Hamdania, near Cherchell, in the state of Tipaza, for 6 billion dollars.<sup>45</sup>

### **1.2.4 Pharmaceutical market:**

#### **1.2.4.1 The global pharmaceutical market**

The worldwide drug market surpassed 1,27 tr USD revenue in 2020<sup>46</sup>, The US market stays dominant, with 45% of the world market, far in front of the primary European (Germany, France, Italy, United Kingdom and Spain), which accomplish 15.7% of the portion of the overall industry, Japan (7.1%) and arising nations (China and Brazil), 10.4%

#### **1.2.4.2 The Algerian pharmaceutical market; specifics and characteristics**

Algeria was classified as "high" in the human development index HDI published by the UNDP, <sup>47</sup> ranking 82nd out of 189 and a population of around 43 million in 2018 and an annual growth rate of 1.8% Algeria holds the first position in the populace size in the Maghreb and the second place in North Africa and a stable average age at 27.5 years, and a high life expectation average of 76.3 years, and these are important indicators to understand the market besides, the economic and regulatory context impacts the on the pharmaceuticals sector too, in particular on imports with the continued pressure on the quantities imported, as well as on the prices of pharmaceutical products<sup>48</sup>.

The Algerian economy is dependent on hydrocarbons, therefore starting from 2014 the national economy suffered from the fluctuation and the significant decrease of oil, it was subject to two constraints: the fall in the price of hydrocarbons on the world market and a consequent drop in the production and sale of oil and gas, and these are other specifications of the Algerian pharmaceutical market/ environment

Exporting is considered difficult in reason of low prices which prevents Algeria from becoming an export centre, there are difficulties in attracting corporate investments multinationals for high-value drugs, The majority of local manufacturers focus on simple technologies due to low prices, which prevents R & D investments, Emergence of a new

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<sup>45</sup> **Algeria's First Step Within The Chinese New Silk Road – الشروق أونلاين (echoroukonline.com)** consulted February 20<sup>th</sup> 2021, at 13:44.

<sup>46</sup> **Global pharmaceutical industry - statistics & facts | Statista**, consolidated: June 8<sup>th</sup> 2021

<sup>47</sup> **<http://hdr.undp.org/sites/default/files/hdr2019.pdf>**

<sup>48</sup> **<http://www.santenews-dz.com/fr/wp-content/uploads/2019/03/Etude-IOVIA.pdf>** consulted March 3<sup>th</sup> 2021 at 16:30

middle class ready to spend more on their health, strict and stiff policies on the pricing of drugs and hard procedures to on drug cost, Strong pressure on drug price

Algeria maintains a steady growth of 6.6% to reach 4.1 billion dollars in 2021, making it the third-largest market in the region,

### **Prices in Algeria are among the lowest:**

While Algeria's tariff policy aims to improve local manufacturing, benchmark pricing and cost reduction have lowered prices, government controls overpricing, the crucial competitiveness in the field especially by multinational corporates, Algeria has a high local production and could be a regional centre for manufacturing; current exports are insignificant

Export activities are insignificant and limited to a few players local pharmaceutical companies (like SAIDAL our case study, Biopharm which has sales in Egypt).

This is partly because companies are focusing on the national market, but also reflects the difficulties linked to profitability in the expansion of local manufacturing

prices in Algeria are among the lowest, which could affect export potential Lower prices for products in Algeria would limit their ability to receive good prices in other regions

The Algerian pharmaceutical industry is ready to become the local leader with the potential to reach 4.1 billion US dollars by the end of this year, logistics management is critical because it maintains the complex network relationship between medicals manufacturers and other partners. Medicals need some specific treatment a certain degree of temperature to be maintained, warehousing and distribution ensuring no consequence on product quality. Although the storage conditions are maintained, the distribution environment can affect, particularly when a medicine is shipped between various climatic zones.

#### **1.2.4.3 Future insights / latest events that could impact the field in the future**

Establishing African Medicines Agency under this treaty<sup>49</sup> as a specialized agency of the African Union with a set of goals like strengthen the ability of States parties and regional economic groups to the regulation of medical products to improve access to good quality products, safe and effective medical across the continent.

A new project among others is been prepared to lunch soon: The Anti-Covid Vaccine "Sputnik V" will be produced in Algeria, by the SAIDAL Public Group in partnership with the Russian laboratory, from next September, announced the Minister of the Pharmaceutical Industry,<sup>50</sup>

#### **1.2.5 Specificities of distribution logistics in the pharmaceutical sector:**

The pharmaceutical industry is facing unparalleled challenges impacting the business: globalization, economic pricing policy, government controls over pricing and fast advancing

<sup>49</sup> مرسوم رئاسي رقم 167-21 مؤرخ في 13 رمضان عام 1442 الموافق 25 أبريل سنة 2021، يتضمن التصديق على المعاهدة المؤسسة لوكالة الأدوية الإفريقية، المعتمدة بأديس أبابا (اثيوبيا)، في 11 فبراير سنة 2019.

<sup>50</sup> **Le vaccin anti-Covid "Sputnik V" sera produit en Algérie à partir de septembre (aps.dz)**, consulted : March 22th at 14 :16.

technology...etc, Logistics is regarded as a crucial part of the pharmaceutical industry since the activities are highly sensitive to quality and time-bound, pharmaceutical products need temperature-controlled storage and distribution under strict regulatory control. In course of time, the industry has given importance to logistics by focusing on supply chain and logistic level activities such as delivering the product to the end-customer at the right time, right place, in a secure form and at a competitive operational cost.<sup>51</sup>

We are talking today about distribution logistics adapted for products the latter require special treatment given the complexity of the product and the level of quality that must be guaranteed to consumers, compared to other segments, they have traditionally been more focused on service, “cold chain” management, regulatory compliance and supply chain security than pure logistics costs, but SCDigest research has shown companies in these sectors are focusing more heavily on supply chain management generally and logistics cost specifically than in the past<sup>52</sup>.

- **Dispatch and transport:**

The transport of pharmaceutical products requires the skills and know-how of a specialized carrier because these products are sensitive and fragile and must be maintained in a strict temperature range, materials and pharmaceutical products should be transported in such a way that their integrity is not impaired and that storage conditions are maintained, the dispatch and transport of materials and pharmaceutical products should be carried out only after receipt of a delivery order. The receipt of the delivery order and the dispatch of the goods must be documented, the outside container should offer adequate protection from all external influences and should be indelibly and clearly labelled Product recall, there should be a procedure to recall from the market, promptly and effectively

- **Storage of pharmaceuticals:**

Monitoring of air, light and temperature and relative humidity are in pharmaceutical warehouses, because the storage of these products outside the specified temperature ranges can affect their quality and efficiency,

Storage requirements: Stock rotation and control, periodic stock reconciliation should be performed by comparing the actual and recorded stocks,

- **Characteristic of a pharmaceutical warehouse:**

A pharmaceutical warehouse must be well located, well arranged, tidy, clean and well secured to ensure: Easy and efficient management, good drug conservation, the safety of staff and stores stored,

- **Pharmaceutical packaging:**

Conditioning a pharmaceutical form requires a paramount study of containing-content compatibility.

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<sup>51</sup>[https://www.who.int/medicines/areas/quality\\_safety/quality\\_assurance/GoodDistributionPracticesTRS957Annex5.pdf](https://www.who.int/medicines/areas/quality_safety/quality_assurance/GoodDistributionPracticesTRS957Annex5.pdf) consulted: May 18<sup>th</sup> 2021 at 09:14

<sup>52</sup>[http://www.scdigest.com/assets/reps/scdigest\\_logistics\\_cost\\_survey\\_2006.pdf](http://www.scdigest.com/assets/reps/scdigest_logistics_cost_survey_2006.pdf) consulted: June 4<sup>th</sup> 2021, at 14:55.

Terms of temperature and humidity:

-25 °C at ambient relative humidity of the air HR; -40 °C at ambient HR; -40 °C at 75% HR.

Passing to the packaging which is more important for this type of product. It is composed of a box and a notice and a primary conditioning

- **Personnel:** At each storage site there should be an adequate number of qualified personnel to achieve pharmaceutical quality assurance objectives. National regulations on qualifications should be followed, all personnel should receive proper training in relation to good storage practice, regulations, procedures and safety
- **Returned goods:** including recalled goods, should be handled in accordance with approved procedures and records should be maintained, pharmaceuticals returned from patients to the pharmacy should not be taken back as stock, but should be destroyed.

#### **1.2.5.1 Constraints related to pharmaceutical logistics:**

The pharmaceutical industry's supply chain is facing multiple it has become more and more complex and is now subject to difficulties, many specific constraints in the following we will see two types of constraints: internal constraints and external.

- **Internal constraints:**

Respect for the cold chain, traceability, compliance with good production and distribution practices, transport and storage conditions, the safety stock of finished products, compliance with international standards, batch production, expiry times of products

- **External constraints:**

The regulation of the prices of the drug, the pricing system, marketing authorisation (l'**Autorisation de Mise sur le Marché** (AMM), Regulation of advertising and marketing companions, increased competition with generic placing on the market, strong competition with multinational companies.

#### **1.2.5.2 Importance of adopting SCM practices:**

Due to products specification and conditioning, and of the sector in general adopting SCM practices is crucial for the following advantages

- **Customer targeting:** Customer-based diversification from primary wholesalers to retailers, providers and consumer presents opportunities for manufacturers to lower overall supply chain costs and gain visibility to real-time demand.
- **Inventory cost:** SCM practices reduces materials inventory from 40 per cent to 25 per cent, which is much lower than the industry's average.
- **Raw material supply:** SCM practices enable the industry to procure materials from a reasonable number of suppliers to reduce the risk factors and the company can get shifted to a single-window system.
- **Cost reduction:** Successful adoption of SCM practices allows the companies to gain bargaining power and reduce prices by five to ten per cent.

- **Service quality:** Efficient SCM not only helps in reducing the number of transporters but also reduce the delivery time.
- **Customer Service:** the evolution of new comprehensive supply chain dissolving the intermediation of wholesalers and distributors reduce the cost for the customer by developing lower- cost-service channel.
- **Security:** Software for supply management provides a web-based solution with an integrated database.
- **Productivity measures:** Buying decision power will continue to change with shifting in treatment strategies requiring more agile, tiered marketing and nonrevenue product fulfilment.
- **Asset management:** Shrinking timeframes and price pressures require adopting of innovative sales distribution methods for marketing.
- **Channel Management:** New channel opportunities paired with the increasing role of PBMs and disease management programs could present a ripe-for-picking time to address channel costs and performance for both nonrevenue and revenue business streams.

### **Conclusion:**

Despite logistics and SCM is a new function and research field compared to other company's functions, today it has become one of the main functions and one of the fields where companies and countries compete to gain a competitive advantage, it is important to the point that makes Professor Hau Lee announce *"The battle to dominate the market will not be a battle of companies, but of logistical chains"*.

As we have seen in this chapter there is no doubt that logistics has a relation with the company's 'well-being' or what is known as performance, that we will explore in more details, in the next chapter.

**Chapter 02:**  
**Commercial Performance**  
**Measurement**

## **Chapter 2 : Commercial Performance Measurement**

### **Introduction**

Operation management practices have drastically changed and evolved in organizations in recent years due to the challenges imposed by the business environment especially after the economic impact of Covid-19 on world trade as a whole, which lead organizations to look for alternatives in the strategic operational management, particularly, logistics management, and to track and evaluate the impact of the strategic decisions in terms of logistics, performance measurement remains necessary.

the role of performance appears crucial, many researchers have been concerned with the influence of a particular parameter on the performance of an organization, as the improvement of performance is the final goal for any company.

To this end, we are focusing in our dissertation on the impact of supply chain and logistics management evoked in the first chapter, on performance, particularly commercial performance, while organizational managers must focus their attention and resources on supply chain functions such as logistics, their primary concern remains improved performance.

In all sectors including the pharmaceutical industry sector, managers work to improve commercial performance in terms of sales and market share growth and most importantly to ensure customer satisfaction.

Understanding the concept of performance, in particular commercial Performance, is the guiding thread of this chapter, where we go in the first section to see the different concepts of performance, its different typologies as well as the measurement process. Commercial performance is the subject of the second part, its definition, measurement, tools and various indicators on which we intend to carry out our practical case.

## **Section 1 : General concepts of performance**

To better understand the concept of the performance of the company which is quite complex and multidimensional, this section contains definitions proposed in an evolutionary way by some authors, as well as performance characteristics, typology, we evoked in the end of this section, the different aspects of the performance measurement process.

### **2.1.1 Definition of the performance concept:**

According to BOURGUIGNON (A): "*in terms of management, performance is the achievement of organizational objectives*"<sup>53</sup>

For KHEMAKHEM (A): "*the performance of a responsibility center (workshop, department, unit, company, branch,) refers to the efficiency and productivity in which this responsibility center has achieved the objectives it had accepted*"<sup>54</sup>.

all models offering a representation of the concept of performance lead to the same conclusion: is a concept (or a construct) difficult to grasp because of its multiple dimensions.

The concept of performance is commonly used both in the literature and in organizational circles to denote a certain level of excellence. It remains, however, relatively ambiguous and rarely explicitly defined as it is very overused in everyday language and in a variety of fields. Moreover, although it is widely used, there is no unanimity around a precise definition and measurement; these depend, in fact, on the objective, the perspective of analysis chosen as well as the field of interest of its user<sup>55</sup>

its widely used in all areas of management, terms such as performance management, performance measures, performance evaluation and performance estimation are included. more recently this concept is mobilized in the management literature to evaluate the company's implementation of announced sustainable development strategies<sup>56</sup>

for companies, the slogan is now very clear and well defined: it is necessary to perform in order to guarantee the survival and sustainability of its organization, and to increase its competitive advantage, at a time when competition is intensifying, globalization and the internationalization of markets are particularly prevalent.<sup>57</sup>

Performance can be defined for a company as the level of achievement of results in relation to the efforts undertaken and the resources consumed. It relies heavily on the notions of efficiency and effectiveness.

Verboncu I on the terms effectiveness and efficiency believes that "if the effectiveness implies the existence of several effects, in causal relation with the efforts performed for their

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<sup>53</sup> BOURGUIGNON(A), "*Définir la performance : une simple question de vocabulaire en performance et ressources humaines* ", éditions Economica, Paris, 1996, p.20.

<sup>54</sup> KHEMAKHEM(A) : "*La dynamique du contrôle de gestion*", éditions Dunod, Paris, 1992, p.311.

<sup>55</sup> STEPHANE (J), « *Management de la performance : des concepts aux outils* »,2011.

<sup>56</sup> RENAUD (A), BERLAND (N), « *Mesure de la performance globale des entreprises* », France,2007,p.2.

<sup>57</sup> ISSOR(Z). "*La performance de l'entreprise : un concept complexe aux multiples dimensions.*" Projectics/Proyética/Projectique ,2017, p.93-103.

obtaining, the efficiency consists in performing of the objectives and executing of the managerial tasks in pre-established temporal and qualitative condition" .

The terms rentability and profitability place us within the context of evaluation of the companies and their performances. The first refers to the performance linked to a certain level of performed investment (return on capital invested), while the second refers to the absolute capacity of the company to generate a profit. So, the term profitability is the capacity to obtain enough incomes (profits) in order to attract and keep the invested capital within the company.

In general, Performance refers to four main concepts:<sup>58</sup>

- **the result of the action:** Performance is then the result measured by indicators.
- **Success:** performance leads to a positive result.
- **Action:** Performance refers to both the results and the actions taken to achieve them, i.e., a process.
- **Capacity:** performance then refers to potential. "

### **2.1.2 The evolution of the performance's concept definition:**

the evolution of the meaning of this concept so complex, according to the literature study, there are four periods in terms of defining performance:<sup>59</sup>

#### **2.1.2.1 Defining performance over time:**

Yachtman and Seashore (1967) define performance as the ability to exploit the enterprise environment and scarce resources to purchase its essential function. They proposed criteria for assessing performance are: turnover production costs, productivity, growth, important management, market penetration.

Duncan (1973) defines performance considering the following criteria: productivity, efficiency, satisfaction, suppleness, development, survival.

Klein (1976) defines performance as a subjective notion, and retaining enterprise performance highlights six indicators: adding value, return on capital employed, intangible asset growth, the variation of assets, cover the operating needs of working capital, indebtedness at the time compared with self-financing capacity. He also considers that the performance of a company is characterized by:

- Sustained investment policy, but often well adapted to fluctuations in demand;

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<sup>58</sup> [Chapitre 1-Définition et management de la performance \(institut-numerique.org\)](http://institut-numerique.org) (consulted : June 13<sup>rd</sup> 2021 at 20:43 )

<sup>59</sup> PINTEA (M.O), & ACHIM (M.V). "Performance, an evolving concept" Annals of the University of Craiova, Economic Sciences Series 2 (2010), p.4.

- Good command of production costs; Efficient management of operating funds which translates especially in high efficiency of capital employed;
- Good financial balance.

#### **2.1.2.2 Defining performance according to level of achievement of objectives;**

the performance is "the achievement of organizational objectives regardless of the nature and variety" .

Didier Noyer (2002) considers that performance is to "achieve the goals that you have given in convergence with the company guidelines" and that performance is not simply finding a product but rather is the result of a comparison result and objective.

#### **2.1.2.3 Defining performance based on productivity and enterprise efficiency;**

According to (Niculescu, 1999): "a state of competitiveness of the company, reached a level of effectiveness and efficiency (productivity) that it provides a sustainable market presence" .

performance is an unstable equilibrium between efficiency and productivity. A company registers theoretically performance when it is at once productive and effective.

#### **2.1.2.4 Defining performance based on value creation:**

We can say that the performance of a company revolves around everything that contributes to improving the value-cost torque and thus tends towards maximizing the net creation of value.

In these circumstances a company can create two types of values: an external and an internal value:

- External value implies that the company has a market value greater or less than the carrying amount of assets they hold. The difference between the market value of an asset and its carrying amount is given by the perception of actors (buyers) from the market. Increase or decrease in value can't be influenced by internal decisions within the enterprise, but the specific market conditions.
- Internal value assumes that the company creates economic value added, so a positive net value after paying all factors of production. So according to the stakeholders' theory the company needs to create value for all the groups of interest.

So, a successful company is the one that:

- Challenges its competitors in terms of rapidity and quality of service
- Creates value while meeting market requirements.
- Able to put in place good performance indicators to establish adequate development strategies.

The study of performance within a company can take place on two axes:

- the internal performance that involves assessing the degree of achievement of objectives, to identify causes to define future actions and coordinate the actions of each actor in order to Converge to the same goal,
- external performance: in order to inform partners on major balances through financial analysis.

### **2.1.3 Characteristics of performance:**

in general, the characteristics of the performance can be cited as follows:

- **it depends on an objective to be achieved.** , "is efficient, everything that, and only that, contributes to achieving the goals."
- **it is subjective because it depends on the perception of the one who defines it;**
- **it is difficult to observe and measure directly.** It cannot therefore be understood – as is often seen – as a one-dimensional concept measured with a single indicator: **it can be considered as a construct, observable and representable using several indicators.**

“This diversity of views exists for any activity. Plurality disciplines and fields that are interested in performance each proposes in its own language, a way of naming, describing and explaining this notion. According to the author, in economics, we study efficiency, whereas in management sciences, we talk about performance indicators of which the profitability indicator is the best known.”<sup>60</sup>

### **2.1.4 Typology of performance:**

In the literature, the most recurrent typology of performance distinguishes the followings:

#### **2.1.4.1 Financial and Economic performance:**

which are in line with the traditional vision of performance and corresponds to the objective of maximizing economic and financial profitability.

- **Financial performance:**

each company is obliged to submit documents summarizing the accounting year each year, required by law, thus allowing its financial performance to be measured.

According to Capon, et al measures of financial performance take a variety of forms. These measures differ from each other on several dimensions, and many issues concern the choice of which particular financial measure to employ. For example, measures may be absolute (e.g., sales, profit), return-based (e.g., profit/sales, profit/capital, profit/equity), internal (e.g., profit/sales), external (e.g., market value of the firm), a level for a single period (e.g. one year), a mean or a growth rate over several years or a variability (e.g. standard deviation) about a mean or a trend.<sup>61</sup>

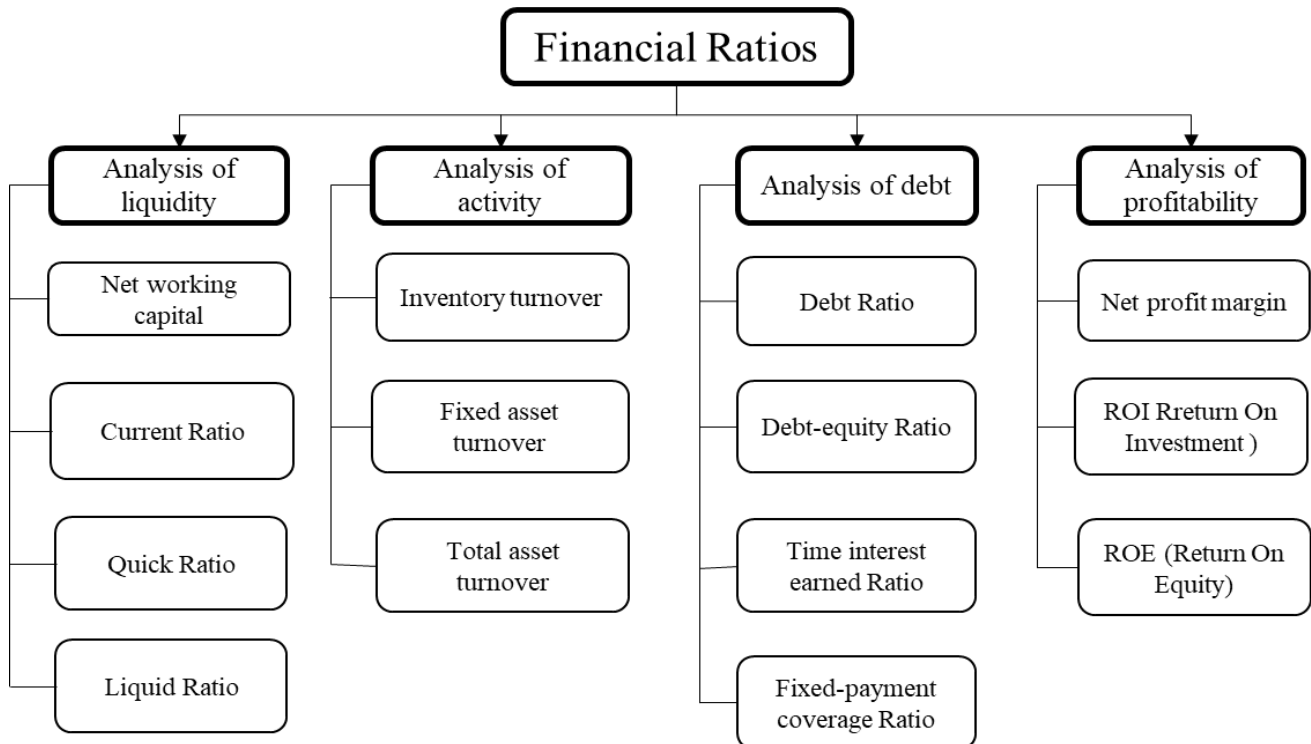
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<sup>60</sup> BOUAMAMA, (M), *"Nouveaux défis du système de mesure de la performance : cas des tableaux de bord."* PhD diss., Université de Bordeaux, 2015.

<sup>61</sup> <https://repository.up.ac.za/bitstream/handle/2263/27648/05chapter4.pdf> , (consulted : June 11<sup>th</sup> 2021 at 20:12).

The following scheme shows the different ratios that are often used to measure financial performance:

**Figure 7: financial performance measurement ratios**



**Source:** established by the students

- **Economic performance:**

it is a question of measuring the components of the competitiveness of the company: price competitiveness and non-price competitiveness.

Price competitiveness: refers to the ability of a product to attract customers at the expense of competing products because of its price. Its measurement makes it possible to situate the company's position on the market in relation to its competitors.

Non-price competitiveness: refers to the ability of a product to attract customers at the expense of competing products due to price-independent elements. It is obtained thanks to elements such as product quality, innovation, service, design...

#### 2.1.4.2. Social (human) performance:

social performance is often defined as the ratio between its social effort and the attitude of its employees. However, this dimension of the performance is difficult to measure quantitatively. It is also defined as the of satisfaction achieved by the individual participating in the life of the organization, Among the many social indicators, we can mention: the amount of remuneration, the number of accidents at work, occupational diseases...

#### 2.1.4.3. Organizational performance:

It is a question of measuring the performance of the company at the level of the quality of production, flexibility, deadlines, according to P. Drucker, Organizational performance is characterized by two fundamental indicators:<sup>62</sup>

- **Effectiveness**, which is concerned with the degree of achievement of objectives (maximum efficiency when all the targeted or assigned objectives have been achieved);
- **Efficiency** which corresponds to the ratio between the results obtained and all the means implemented to obtain them (generally the numerator and the denominator of this ratio are monetarily valued to allow the aggregation of elements); an organization becomes more efficient when it improves its results using identical means.

#### 2.1.4.4. Societal performance:

indicates the company's commitment in the environmental, humanitarian and cultural fields. Corporate social responsibility (CSR) tools can be used to assess the level of corporate performance.<sup>63</sup>

#### 2.1.4.5. Strategic performance:

Also called long-term performance, guarantees sustainability, incorporates maintaining distance from competitors and uses a system of excellence as a measurement indicator.

The factors necessary for its realization are among others: the growth of the activities, a well thought out strategy, a dynamic corporate culture, a strong motivation of the members of the organization or a system of will aiming for the long term, the capacity of the organization to create value for its customers, the quality of the management and the product for the customers, the control of the environment.

#### 2.1.4.6. Competitive performance:

perhaps both the exploitation of existing potential (which allows a favorable position to be maintained) and the development of new forms of competitive advantages in anticipation/construction of the rules of the game that will prevail in the future.

#### 2.1.4.7. Commercial performance:

also called marketing performance, is linked to the satisfaction of the company's customers. It seems difficult to clearly separate commercial performance from the different types of performance already developed. The reason is that these different types of performance are somehow proportional to why any business exists, that is, customer satisfaction, even if the priorities of objectives and actions differ according to the type of performance preferred, the goal generally pursued by any company is to satisfy the needs of customers in order to make a profit<sup>64</sup>

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<sup>62</sup> \*[LA NOTION DE PERFORMANCE \(education.fr\)](http://LA NOTION DE PERFORMANCE (education.fr)) (consulted on May 12<sup>th</sup> 2021 at 15 :04)

<sup>63</sup> [La performance de l'entreprise - \(sabbar.fr\)](http://La performance de l'entreprise - (sabbar.fr)) (consulted : June 12<sup>th</sup> 2021 at 12 :44)

<sup>64</sup> \*[LA NOTION DE PERFORMANCE \(education.fr\)](http://LA NOTION DE PERFORMANCE (education.fr)) (consulted on May 12<sup>th</sup> 2021 at 18 :22)

commercial performance is measured by three indicators; a universal indicator, turnover (in value, in principle excluding tax); two more composite indicators: market share (in value, in default in volume) which requires knowing the global market, customer loyalty which only applies to cases where the customer relationship can be recurring.<sup>65</sup>

### **2.1.5 Performance measurement:**

The exploration of the concept of performance ultimately leads to a more general questioning of the evaluation methodology; what are the indicators of measurements? and what measurement tools are used by companies to measure their performance?

KnemaKhem (A) tried to answer the question "What is performance measurement?"<sup>66</sup>:

He believes that performance measurement is "a system of control techniques designed to

- ensure that achievements of the various responsibility centers of an enterprise comply with the rules established for each of them,
- to apply positive or negative sanctions whether achievements shifted significantly from the chosen rules"

Measuring the performance of a company is mainly to compare the results achieved with the desired results; In order to do this, certain criteria have been used;

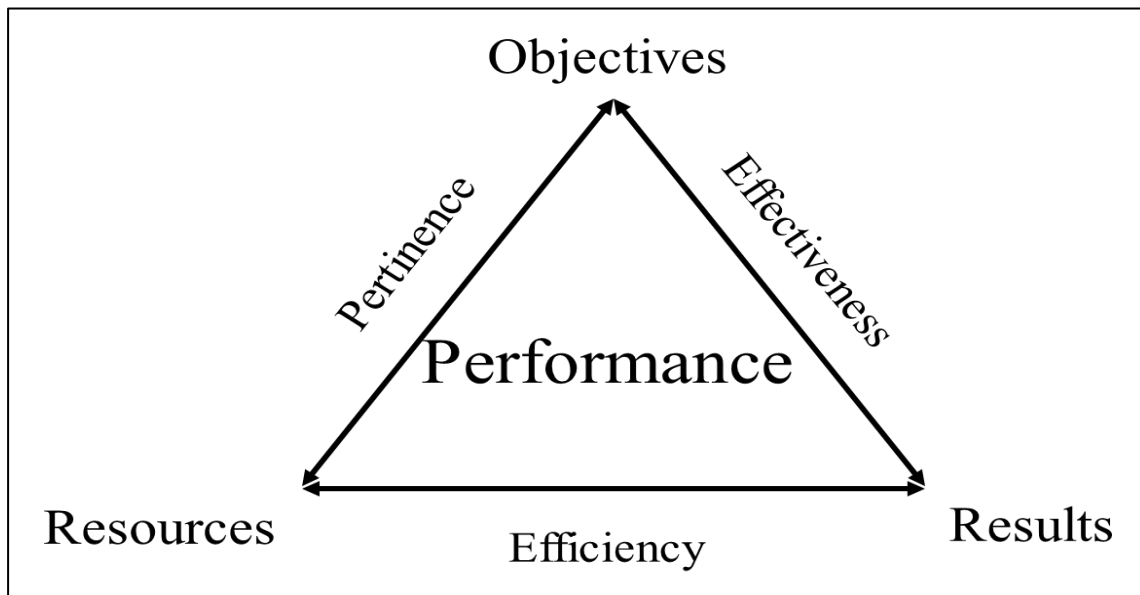
- It serves as a starting point for planning and forecasting in the company;
- It supports the formulation of management strategies, methods and practices, with a view to the implementation of the objectives for which the company was created
- It provides a basis for the evaluation of performance (result, production, yield, productivity...) of the company and in order to make an objective judgment on efficiency and the effectiveness with which the company carries out its tasks.
- It allows for the review of decisions taken at the enterprise level. When it comes to long-term decisions, sometimes it even makes it possible to question the company's strategic choices;
- the greater the degree of achievement of the performance index is high will be the bonuses distributed to staff and more the possibility for the company to obtain more resources;
- The level of performance is reflected in the amount of the company's development funds.

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<sup>65</sup> \*[LA NOTION DE PERFORMANCE \(education.fr\)](http://LA NOTION DE PERFORMANCE (education.fr)) (consulted on June 12<sup>th</sup> 2021 at 18 :22).

<sup>66</sup> PINTEA (M.O), & ACHIM (M.V). "Performance, an evolving concept" Annals of the University of Craiova, Economic Sciences Series 2 (2010), p.8.

Figure 8: Performance triangle



**Source:** Fournier, Catherine, and al. "Tension entre indicateurs de production et indicateurs de sécurité. Le cas de la certification d'une entreprise tunisienne." *Activités* 8.8-1 (2011) p.27

### **2.1.5.1 The importance of measuring the performance:**

Performance measurement is essential for fostering organizational improvement, the significance of having an effective performance measurement process has only grown as businesses large and small realize that long-term success depends on reaching goals with limited failure in today's highly competitive business world.

The importance of performance measurement isn't always easy to justify, but it's necessary for performance improvement in the long run.

Effective performance measurement helps companies identify their strengths and weaknesses, top high performers, areas for improvement, and helps set benchmarks with historical data.

and if the company proceeds to measure its performance, it is thus for these purposes which can be summarized as follows:<sup>67</sup>

- **Measure to improve:**

performance measurement must allow the company to identify the internal or external factors that influence the course of its activities, but also it allows to identify critical areas of opportunities and threats and to identify the levers for improvement, the performance

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<sup>67</sup> MONVOISIN, (C) : « *L'évaluation de la performance dans les organisations culturelles non lucratives* », mémoire de Master Contrôle de Gestion, Audit Interne et Management de la Performance, Rouen Business School, 2012, p.19.

measurement approach, and the establishment of a battery of indicators, however relevant they may be for the evaluation phase, therefore represent only the first step in a broader process of managing the activity.

- **Measure to innovate:**

we measure performance to learn: in order to develop process control and capitalize on a sustainable competitive advantage, this makes it possible to identify threats and opportunities, so that we can act later, reducing the former and exploiting the latter.

- **Measure to communicate:**

performance is the seal of the contract that binds the stakeholders of the organization to each other; its objective is to provide them with decision-support tools to renew, or break, their commitment to the structure. The performance evaluation system must allow the use of a common language for the stakeholders to whom it is addressed to simplify interactions between them.

### **2.1.6 Performance indicators:**

"All the literature will define a performance indicator as information to help an individual or more generally collective actor to lead the course of an action towards the achievement of an objective or to enable it to evaluate its outcome"<sup>68</sup>

The performance indicator is constructed by the actor, in relation to the type of action he leads and the objectives he pursues. It is only useful in relation to an action to be piloted (to be launched, adjusted, evaluated), so it is closely linked to a specific operational action process.

It must correspond to an objective, whether it measures the achievement of this objective (result indicator) or whether it informs about the smooth progress of an action aimed at achieving this objective (management indicator).

A performance indicator is a quantified data that measures the effectiveness of all or part of a process or system, in relation to a standard, plan or objective that has been determined and accepted, as part of an overall strategy.<sup>69</sup>

An indicator is expressed as part of an overall strategy. It is necessary to check the consistency of all the indicators, used at all levels, in the company.<sup>70</sup>

Setting up the performance indicators consists of creating a list of indicators corresponding to specific objectives in order to indicate to all employees what they must do to participate in the achievement of the general strategy.

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<sup>68</sup> **Chapitre 1-Définition et management de la performance (institut-numerique.org)** (consulted May 3<sup>rd</sup> 2021 at 11:32)

<sup>69</sup> COURTOIS (A),(and al) : « *gestion de production , éditions d'organisation* », Paris ,2003,p.361.

<sup>70</sup> *Ibid*, p.362.

To measure the performance of an organization, performance indicators must be compared:

- over time by comparing with values from previous years,
- spatially by comparing with the values of different geographical areas and/or with the values of other organizations in the same sector (competitors).

#### **2.1.6.1 The nature of the indicators:**

Indicators may be of several types:

- Activity indicator: this is the measure of the volume of the organization's activity expressed in units.
- Means indicator: this is the measurement of the availability, allocation, level of consumption of human, material, financial resources for example for a service activity (costs relating to each activity)
- results indicators: whether or not the objectives set in the plan have been reached, and the progress made.

#### **2.1.6.2 Types of performance indicators:**

The different types of performance indicators are as follows :<sup>71</sup>

- **Advanced indicators:**

These indicators reflect real economic activity in advance. They make it possible to anticipate changes in economic trends.

- **Coincident indicators:**

These are the most followed indicators that assess actual activity at the time of their publication. These statistics track activity as a whole. They allow the measurement of performance at a given moment. They are less complex to analyze than the first type of indicators.

- **Delayed indicators:**

These indicators are based on past data and are therefore easier to calculate. They allow measuring past activity. These indicators confirm or deny an economic trend. Their publications have a direct impact on market economics.

#### **2.1.6.3 the criteria for choosing performance indicators**

similarly, that the objectives of a process are required to be SMART (Specific, Measurable, Achievable, Realistic, and Time-bound), the indicators on which they depend must also be following certain specificity, so when choosing the indicators, it is necessary to respect certain criteria and rules:

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<sup>71</sup> TOUAMI ,(S) , « *L'impact de la Logistique sur la performance d'une entreprise d'importation* », mémoire de Master en affaires internationales , EHEC, Alger , 2016 , p.55.

- **An indicator must be relevant:**<sup>72</sup>

**specific**, i.e., related to an objective and must allow the results actually obtained to be measured in relation to the objective to which it refers.

**representative**, in other words, it must give a Substantial account of the expected result. Associated with other indicators

- **An indicator must be practical:**

**clearly stated**, in simple and understandable language.

**Available**, it must be produced on time, i.e., the time required to collect the data must be compatible with the performance monitoring schedule and to highlight the changes in its value from one period to the next

**Of a reasonable cost**, i.e., compatible with the benefits expected from its use. Its development must take into account the means available.

- **An indicator must be quantifiable:** encrypted, reliable and verifiable.

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<sup>72</sup> Union européenne, « *suivi de la performance et choix des indicateurs* », 2009.

## **Section 2 Commercial performance:**

to frame our main focus through this research, as we are more particularly interested in this next section about the commercial performance of the company, its determinants, levers as well as the role of its measurement and its various indicators.

### **2.2.1 Definition:**

According to GABILLIE (P), the commercial performance is:

"The art of being present with the right interlocutor at the right time, with a relevant offer, which allows the establishment of long-lasting and profitable business relationships for the company in a context of constant search for excellence in service".

therefore, the performance of a company can be defined as the capacity of a company to satisfy its consumers by using its available means. and being efficient means optimizing the resources used to achieve a given result. This requires the determination of different levers that could be exploited to increase the commercial performance of the company.

### **2.2.2 The determinants of commercial performance**

Here we deal with the elements that generally determine commercial performance, and those that allow it to be evaluated, namely the commercial performance indicators.

Several factors can contribute to commercial performance, however, the components that have a direct influence on it are:<sup>73</sup>

#### **2.2.2.1 Quality of service:**

The quality of the service or product is one of the essential elements of the attractiveness of an offer. It encompasses characteristics of a product or service that affect its ability to satisfy expressed needs, so it has a direct impact on customer satisfaction.

#### **2.2.2.2 Production capacity:**

It's the quantity of product offered by the company to meet local (international \_for an exportation company\_) demand during a given period.

#### **2.2.2.3 The diversity of the offer:**

In order to increase sales volume, it is necessary to influence consumer by offering a diversified product ranges , it is a policy that was put in place in order to be able to meet the needs of the various market segments of the company and which has a direct impact on the customer satisfaction and therefore on the volume of sales.

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<sup>73</sup> AMRANI (R) & AMRANI (E) , « *la mesure de la performance commerciale d'une entreprise* », master dissertation in strategic management ,Tizi-Ouzou university ,2017,p.48.

#### **2.2.2.4 The financial capacity of resellers:**

Which refers to the financial means available to resellers of a product or service, to ensure the proper functioning of their activities. This is the essential element for the acquisition of the logistics necessary for the operation of the distribution. It has an influence on almost all commercial performance indicators.

#### **2.2.2.5 The extent of the distribution network:**

Product availability is a key element in customer satisfaction and furthermore has an undeniable influence on commercial performance.

So, the larger the network, the more likely the company has to reach the maximum number of consumers who will be able to judge the quality of the product according to their needs and expectations. The number of resellers also has a direct impact on the overall sales of the network.

### **2.2.3 The levers of commercial performance:**

There are several levers to improve the commercial performance of the company which are as follows:<sup>74</sup>

#### **2.2.3.1 Knowledge and control of the market**

It is about knowing and understanding the factors that affect the company's results, and above all, to know how to exploit this knowledge in order to produce more value in the future. This step is vital for the company, because it allows to specify the assumptions on which the strategy will be based.

#### **2.2.3.2 the differentiation of competition**

This strategy will allow the company to be more attractive and sell more, because it consists on attracting more customers and build loyalty.

(Identify the differences that make the company special, identify the internal strengths to be maintained and weaknesses to be addressed to make the company more attractive, etc.)

#### **2.2.3.3 Constant evaluation of commercial activity**

Measurement is the essential fuel for the proper functioning of any commercial system. There can be no objectives without tools of measurement, nor performance without measurement. The company must be able to measure the effectiveness of the commercial activity and track all the key aspects of its commercial performance. (Assessing the customer base, measuring performance of the sales action, etc.).

The company must have a measurement system that is simple, reliable, relevant and above all, quickly providing the data requested.

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<sup>74</sup> MEDJEKANE ,(C) & MEZHOUD ,(D) , « *Enjeu de la maîtrise des opérations d'achat à l'international de médicaments dans l'amélioration de la performance commerciale de l'entreprise* » ,Master dissertation in international affairs,EHEC,Algiers,2019 ,P.78.

#### **2.2.3.4 Identification of growth opportunities**

The segmentation and analysis of the company's customer base are sources of important information that must be considered and examined in conjunction with the Market data . They help identify the company's growth potential. (Fix the priority axes of development, act on the levers that promote customer loyalty, etc.)

#### **2.2.3.5 Orientation of commercial action**

The company's commercial policy is the operational translation of the commercial strategy. (Set the company's commercial objectives, identify targets to be approached or developed, etc.). By quantifying things, the company clarifies its ambition, makes its choices, gives a sense of action and puts efforts on priorities.

#### **2.2.3.6 Set the individual contribution**

The management system helps define, motivate, monitor and evaluate the individual work of sales force. It is the engine of commercial activity. The setting of objectives alone is not enough for the company to achieve results or to be performant, the management of the sales force is essential at this level too.

#### **2.2.3.7 Strengthen the influence of sales force**

A salesperson's power to influence depends on his or her competence (knowledge) and motivation. The key competencies of a salesperson differ according to the type of sales and the type of products sold, the level of the interlocutors, the environment of work, etc. It is important for the company to be able to identify and develop the key skills of their sales force to increase their power of influence in the market.

#### **2.2.3.8 Management of sales force**

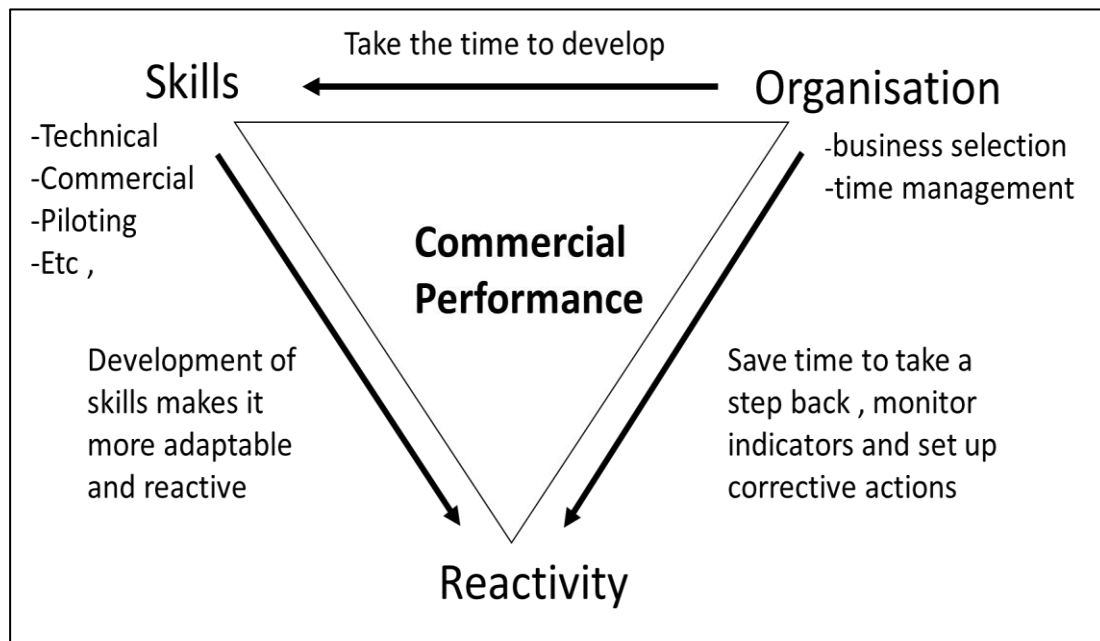
Managerial habit is measured by the manager's ability to use all the sources of power at his disposal to manage his team. He must learn to articulate and elicit them in order to increase his ability to influence his team and focus energies on the priorities of the company. (Identification of motivation drivers, improve interpersonal communication to mobilize teams to work, etc.).

#### **2.2.3.9 Build a team dynamic**

A team dynamic reinforces the motivation, the energy deployed, the intelligence and the competence of each team member (Development of sales skills, making lasting changes in sales behavior, etc.).

A team dynamic is created through a series of steps and the manager must drive this development to bring the team to maturity.

Figure 9 levers of commercial performance



Source: established by us

#### **2.2.4 The role of commercial performance measurement:**

The evaluation of commercial performance has the following interest:

- Check that the objectives have been achieved;
- provide new information that led to the variation in results and explain the differences studied;
- helps improving communication within the group;
- Allows the company to orient its actions and especially reactivate the process in case of problem.
- The evaluation allows the company to control and follow the evolution of its sales. The latter is essential in the establishment of sales forecasts.

**The frequency of the assessment may vary depending on the importance the company attaches to it: it can be daily, weekly, monthly, quarterly or annually.**

#### **2.2.5 Measurement tools of commercial performance:**

In order to achieve results, there are two common ways to evaluate and measure the commercial performance, which are: dashboards and indicators;

##### **2.2.5.1 Measurement based on dashboard:**

"The dashboard is based on the notion of indicators rather than information; it is a way of measuring the performance of a company.

It's a system composed of indicators, built and organized for a specific purpose: realize the mission and objectives of its holder "

The dashboard shows the non-financial objectives that the company must achieve in order to achieve its financial objectives.

Each department and function in the company has its own dashboard and the appropriate indicators.

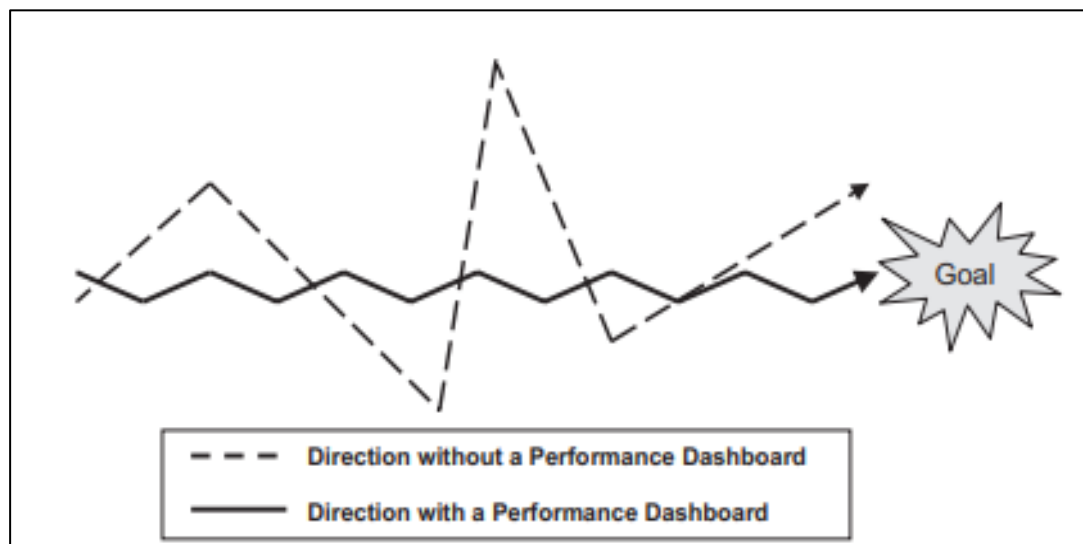
### Performance Dashboards:<sup>75</sup>

In short, what organizations really need is a performance dashboard that translates the organization's strategy into objectives, metrics, initiatives, and tasks customized to each group and individual in the organization. It provides timely information and insights that enable business users to improve decisions, optimize processes and plans, and work proactively. A performance dashboard is really a performance management system. It communicates strategic objectives and enables businesspeople to measure, monitor, and manage the key activities and processes needed to achieve their goals.

Briefly, a performance dashboard lets businesspeople:

- **Monitor** critical business processes and activities using metrics that trigger alerts when performance falls below predefined targets.
- **Analyze** the root cause of problems by exploring relevant and timely information from multiple perspectives at various levels of detail.
- **Manage** people and processes to improve decisions, optimize performance, and steer the organization in the right direction.

*Dashboards and scorecards are visual display mechanisms in a performance management system that graphically communicate performance at a glance. The primary difference between the two is that dashboards monitor the performance of operational processes whereas scorecards chart progress toward achieving strategic goals.*



**Source:** WAYNE (E), “Performance Dashboards: Measuring, Monitoring, and Managing Your Business”, 2nd Edition, (2010) p.7.

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<sup>75</sup> WAYNE, (E) , “Performance Dashboards: Measuring, Monitoring, and Managing Your Business” , 2nd Edition,(2010),p.4.

### **2.2.5.2 Measurement based on indicators:**

Indicators are important in an assessment; in that they provide precise information for the manager. However, this technique of evaluation by indicators has limitations for its use; because some indicators do not provide enough information for adequate decision making.

### **2.2.6 Commercial performance indicators:**

Commercial performance indicators are measures that represent the progress and weaknesses of a company, it is therefore essential to choose directly indicators that will help correct the present situation and plan for the future.

Several indicators are proposed today to measure sales performance. There are two types of indicators: quantitative indicators and qualitative indicators:

#### **2.2.6.1 Quantitative indicators:**

They are measurement tools or criteria for assessing commercial performance at a given time. They take the quantitative form which makes it possible to follow a parameter in a management process.

- **The volume indicators:**

They come in two forms: volume indicators by quantity, case of **sales volume** and volume indicators by value, case of **turnover**.

Performance is assessed in this case through the difference between the forecast and the actual achievements. A forecast that is higher than the achievements indicates that the objectives have not been achieved; otherwise, it will be called a sales evaluation and therefore a good commercial performance. The formula is as follows:

$$\text{Performance (P)} = \text{Actual (achievements)} - \text{Forecast}$$

$P \leq 0$ , we talk about poor performance.

$P \geq 0$ , we talk about good performance.

- **The turnover:**

The Turnover is the total sales made during a commercial year.

It represents the commercial success of the company. In contrast to the quantities sold, the impact of the prices is remarkable in the calculation of the turnover, so its evolution is linked to two components: the quantity sold and the prices charged by the company.

Performance in this case is always measured by comparing the projected turnover ~~forecast~~ (in relation to sales forecasts) and the turnover achieved (apprehend with the achievements).

The formula is as follows:

$$\text{Sales} = \text{Quantity sold} \times \text{Unit price}$$

○ **Market share:**

"A market share represents the percentage of sales made by a company for a given product or service compared to all of its competitors"<sup>76</sup>

the market share is calculated by comparing the quantities sold by a firm to all the sales of the competitors on the market during the same period (generally a year). It is expressed as a percentage of the actual market.

The relative market share aims to appreciate the position of a firm directly compared to competitors. Two modes of calculation are used:<sup>77</sup>

- relationship between the company's market share and the average market share of all competitors;

- relationship between the company's market share and the most important competitor's market share on the market and second if the firm is considered a leader.

○ **The commercial margin:**

The commercial margin is the ratio between the purchase price of the goods and their selling price. This data makes it possible to have a vision of the profitability of the company by analyzing the cost price of the products sold. It allows a company to position itself compared to its competitors.<sup>78</sup>

The commercial margin is calculated as follows:

$$\text{Commercial Margin} = \text{Turnover excluding Tax} - \text{Purchase Cost of Goods Sold}$$

With:

$$\text{Cost of purchase of goods sold} = \text{Purchasing of goods} + \text{Variation in stocks (Initial stock - Final stock)}$$

○ **Number of customers:**

This type of performance represents the competitive capacity of the company and its various marketing strategies, to gain new customers the company has to do prospecting. And to do this, the company must improve its lines of communication with its loyal customers and with potential customers.

<sup>76</sup> DEBOISLANDELLE (H) « *Dictionnaire de gestion, vocabulaire, concepts et outils* »: édition Economica, Paris, 1998, PP .318-319.

<sup>77</sup> BOUKELMOUNE (A), « *Essai d'analyse du Supply Chain Management et son impact sur la performance commerciale d'une entreprise agroalimentaire* », Master dissertation in management & entrepreneurship, EHEC, Algiers, 2017, p.53.

<sup>78</sup> **Marge commerciale : définition, calcul simple, taux de marge (journaldunet.fr)** , (consulted : June 18<sup>th</sup> 2021 at 9 :54)

- **Commercial profitability:**

the profitability of a company is the ratio between on the one hand, the results obtained by the company and on the other hand, the means used to achieve this result.

Commercial profitability is generally determined by the ratio:

$$\text{Commercial Profitability} = (\text{Net Result} * 100) / \text{Turnover}$$

We then determine the margin rate of the company, which allows to estimate the future result of the company according to the variation of its volume of activity measured by turnover.

- **Profitability indicators**

They include profit and return on investment:

Profit: it is the difference between total revenue and total expenses generated for the realization of these revenues, during a given period.

$$\text{Profit} = \text{Total revenues} - \text{Total expenses}$$

- Profit  $\leq$  0, we talk about bad performance.

- Profit  $\geq$  0, we talk about good performance.

Return on Investments:

The sale of goods or services requires some investments in storage, transportation, production or other aspects. The capital invested in the realization of the product or service must be profitable, otherwise we will not be able to talk about performance.

### 2.2.6.2 **Qualitative indicators:**

Among the qualitative performance indicators of the commercial concept:

They are generally obtained through the use of statistical treatments (of quantitative nature), and generally presents the satisfaction and attitude characteristics of the customer towards the company or its products (company's image).

- **Brand image:**

"The image is a set of representations, both affective and rational, subjective and objective, in the name of a company, a profession, a brand, a product which connote it in the spirit of a person or group of people".<sup>79</sup>

- **Customer satisfaction:**

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<sup>79</sup> MOULINIER, (R) : « *les techniques de ventes, les éditions d'organisation* », 5e édition, Paris, 1998, P.158.

According to Kotler and others, “satisfaction is the feeling of a customer’s resulting from a judgment comparing a product’s performance to their expectations”.

therefore, the measurement of customer satisfaction is an action to maintain a strong and lasting relationship, this indicator is very important for the sales manager.

And to better satisfy its customers, The company must carry out a set of procedures:

- Establishment of a commercial quality plan; including satisfaction surveys with customers.
- Immediate processing of all customers complaints;
- Strengthening the pace of relationship with the most important customers,
- Development, through information, of the processing of information relating to each customer and its exploitation by the company;

- **Customer expectations:**

Even before getting in touch with the organization, most customers have varying expectations of the level and quality of service that should be offered. These expectations may not be in line with actual achievements. And to avoid consumer dissatisfaction, the company must determine customer expectations, as it indicates customers what are the levels and the quality of service, they are entitled to expect so that their expectations are more in line with reality. For this it is required to carry out satisfaction surveys.

### **Conclusion:**

Through this present chapter, we found that performance is a complex term, and that it is often confused with different notions but despite its complexity it remains measurable using a set of determinants and indicators that we have previously mentioned. We have also been able to emphasize that:

- The measurement of performance plays a key role. It consists in studying and analyzing: objectives, means and results and assess its evolution
- The concept Performance is multidimensional and ambiguous; it translates effectively and efficiency.
- Good performance management ensures balanced, optimal performance and sustainable company.
- Commercial performance is measured according to two aspects, quantitative and qualitative.

according to the theoretical interpretation of the two concepts, namely: logistics management and commercial performance, the latter reflects the ambition and success of the company and we note that it has a relationship with logistics management and that can be direct or indirect. The empirical study of this interaction within the pharmaceutical company "SAIDAL Group" will be presented in the next chapter to determine their dependence in order to confirm or refuse our hypotheses.

**Chapter 03:**  
**The Impact of Logistics on**  
**the Commercial**  
**Performance**

## **Chapter 3 : The impact of logistics on the commercial performance**

### **Introduction:**

In this chapter we will introduce SAIDAL Group, its Marketing and Sales Directorate including Export departments, and its Supply Chain Directorate in which we carried out our internship. we will also take a look at the group's achievements through the board's latest assessment, of the years 2015- 2019.

We made an overview of the logistics chain, inbound to outbound logistics starting from procurement process to the exporting ...

we will also do a historical overview of the group's exports and identify the constraints they face and then we will talk about the process of an export operation

### **Section 1 SAIDAL Group Presentation**

#### **3.1.1 General overview of SAIDAL**

##### **3.1.1.1 SAIDAL's missions**

SAIDAL's primary mission is to provide patients with a rich and diverse range of quality medicines and contribute to improving accessibility to treatment through the adoption of a tariff policy that is affordable by large sections of society.

Also, as a public company it is working to support public health policy in the development of the pharmaceutical industry by investing in projects that would cover the needs of the population.<sup>80</sup>

SAIDAL is a joint-stock company with a capital of 2,500,000,000 Algerian dinars, Where the state held the 80% of the capital and the 20% is held by the institutional and individual investors through the Stock exchange after it was restructured in 1998 and entered the Algerian stock exchange.

SAIDAL is developing, producing and selling human pharmaceutical products.

The strategic objective of the SAIDAL Group is to consolidate its leading position in the production of generic medicines and to contribute to the achievement of the national pharmaceutical policy implemented by the public authorities.<sup>81</sup>

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<sup>80</sup> **Notre mission (saidalgroup.dz)**, consulted: (February 24th 2021 at 12:44).

<sup>81</sup> Ibid,

### **3.1.1.2 History of the SAIDAL group**

The Algerian Central Pharmacy (PCA) was created in 1969 by a presidential ordinance entrusting it with the mission of ensuring the state's monopoly on the importation, manufacture and marketing of pharmaceutical products for the use of human medicine.

After the restructuring of the Algerian Central Pharmacy, it was established as a National Pharmaceutical Production Company by Decree No. 82-16, promulgated on April 24, 1982.

Its heritage was made up of the production units of Algiers. The Medea Antibiotic Project, which belonged to the SNIC (National Society of Chemical Industries), which had carried out it, was officially integrated in 1988

The National Pharmaceutical Production Company's mission was to ensure a monopoly on the production and distribution of medicines, assimilated and reactive products, with the objective of supplying the Algerian market sufficiently and regularly. Following the restructuring of the company, the SAIDAL Pharmaceutical Production Company was born in 1985.

In 1989, following the implementation of the economic reforms, SAIDAL became a Public Economic Enterprise with management autonomy and was chosen among the first national companies to become a joint stock company.

In 1993, a change was made to the company's status, allowing it to participate in any industrial or commercial operations that could be linked to the social purpose by the creation of new companies or subsidiaries.

In 1994, SAIDAL had to revise its organizational plan in order to reduce the deterioration of its condition. In 1995, SAIDAL had to put in a system to perfect its sales force in the context of the economy of in late 1995 and early 1996, the company found that the only customer was the public sector (PHARM) but for better dispersion and availability of its products, the company was able to implement a strategy of diversifying the distribution network of the private sector (wholesalers)

In 1997, SAIDAL signed several Partnership Memorandums of Understanding aimed at reducing the bill for import-only currencies. During this year, it implemented a restructuring plan that resulted in its transformation into the Industrial Group on February 2, 1998.

### 3.1.1.3 Social domination:

Public Economic Enterprise, Joint-stock company, Pharmaceutical Production EPE/SPA, SAIDAL is referred to after modification of its statutes dated 02 February 1998 (notarial act 085/97), Public Economic Enterprise, Company by Shares, Industrial Group SAIDAL EPE/SPA/GIS.

**Table 2 :Defining card of the company**

<b>Head office address:</b>	<b>The company's head office is in: Wilaya Road No. 11, BP 141, Dar El Beida, Algiers.</b>
<b>Legal form:</b>	<b>SAIDAL is a public and private company: 80% public and 20% private. Created as a joint stock company, it is governed by Algerian commercial law.</b>
<b>Social capital:</b>	<b>The share capital is estimated at 2,500,000,000 DA.</b>
<b>Staff:</b>	<b>THE total number of agents in SAIDAL, all subsidiaries combined, is 3,094 (2019).</b>
<b>Production capacity:</b>	<b>A capacity of more than 140 million sales units.</b>
<b>Production subsidiaries:</b>	<b>Antibiotical;</b>
	<b>Biotic;</b>
	<b>Pharmal.</b>

**Source:** Official website: [New tab \(SAIDALgroup.dz\)](http://New%20tab%20(SAIDALgroup.dz)), consulted: 07<sup>th</sup> April 2021, at 11:54

## **Section 2 : Import and export processes:**

### **3.2.1 Procurement process**

The series of procedures and processes that are essential to get products from requisition to purchase order and invoice approval.

These are the important stages in the procurement process flow taken by Direction of SCM:

#### **Needs Recognition**

By treating the inputs from other departments that shows:

the state of stocks available, Guidance notes, Annual / monthly production plans and others

#### **Purchase Requisition**

Making plans by the procurement team help to fulfil an existing need. It comprises key information that is required to procure the right goods, like:

The needed amounts of every product after comparing with the objectives ...

#### **Requisition review**

Then the director of SCM with the collaboration of the procurement manager double-check if there is a genuine need for the requested goods Adjust total requirements based on monthly coverage (review downwards or upwards) Validate the central procurement plan, then determine:

- The mode of transportation: land, sea or air.
- Incoterms by supplier group.
- Choice of transport companies.
- Manage booking and lining.

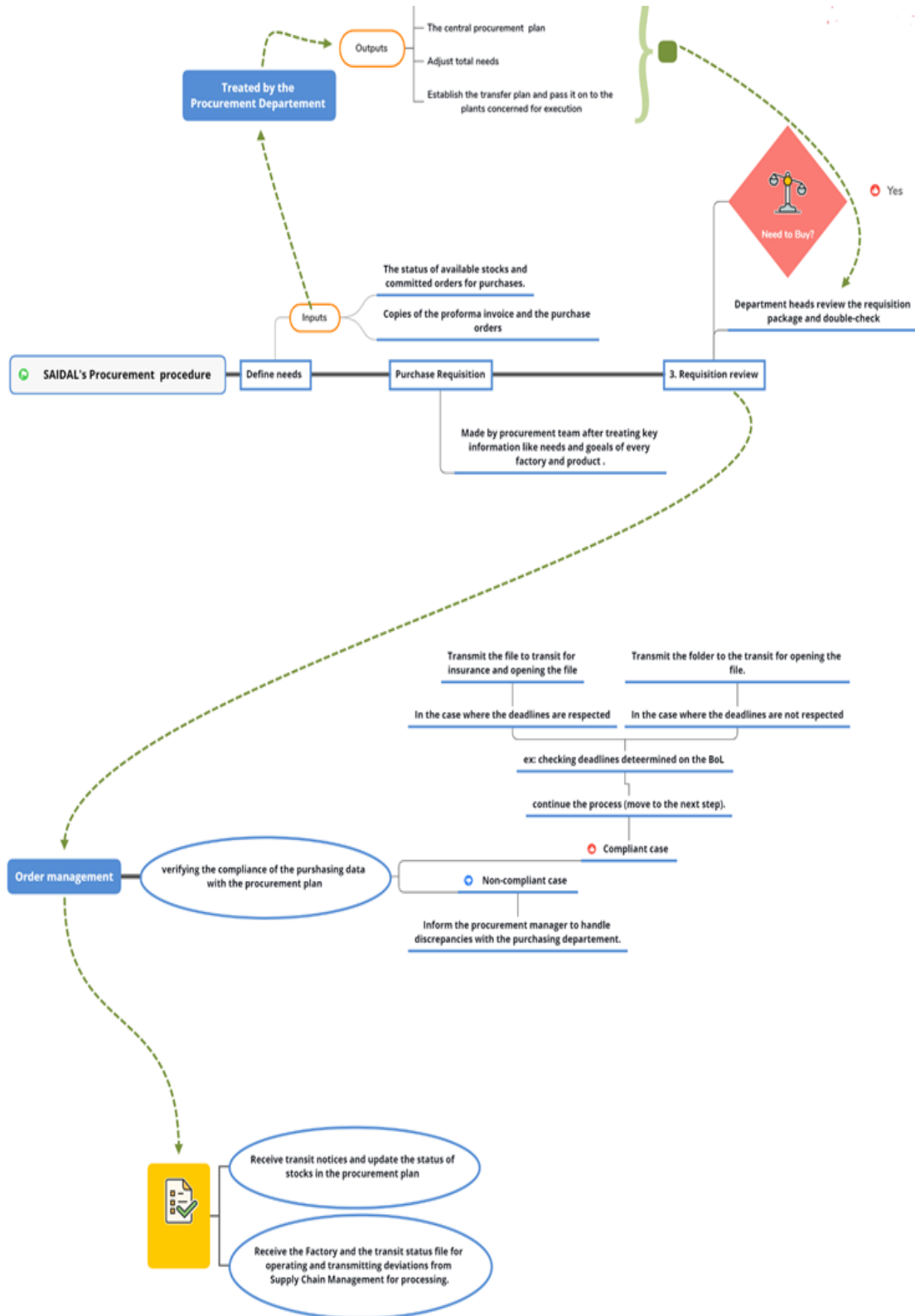
#### **Order management**

Procurement department receive from purchasing department:

- Copies of the proforma invoice and purchase order to verify compliance with the following data in the procurement plan (quantities; delivery times; address; payment mode and incoterms):
  - Compliant case: continue the process (move to the next step).
  - Non-compliant case: inform the procurement manager to handle discrepancies with the purchasing management.
- A domiciled file, for transit deposit and codification (for follow-up) - The package list detailing the items
- Receive transit notifications to update inventory status in the procurement plan for processing
- Coordinating receipts and dispatching of goods with the factories concerned

- Establishing the synthesis of non-compliances related to the control of the receipt of orders and/or transit and transmitting it to the supply chain management department for processing.

**Figure 11 Procurement Process**



Sou

Source: Established by us from internal documents

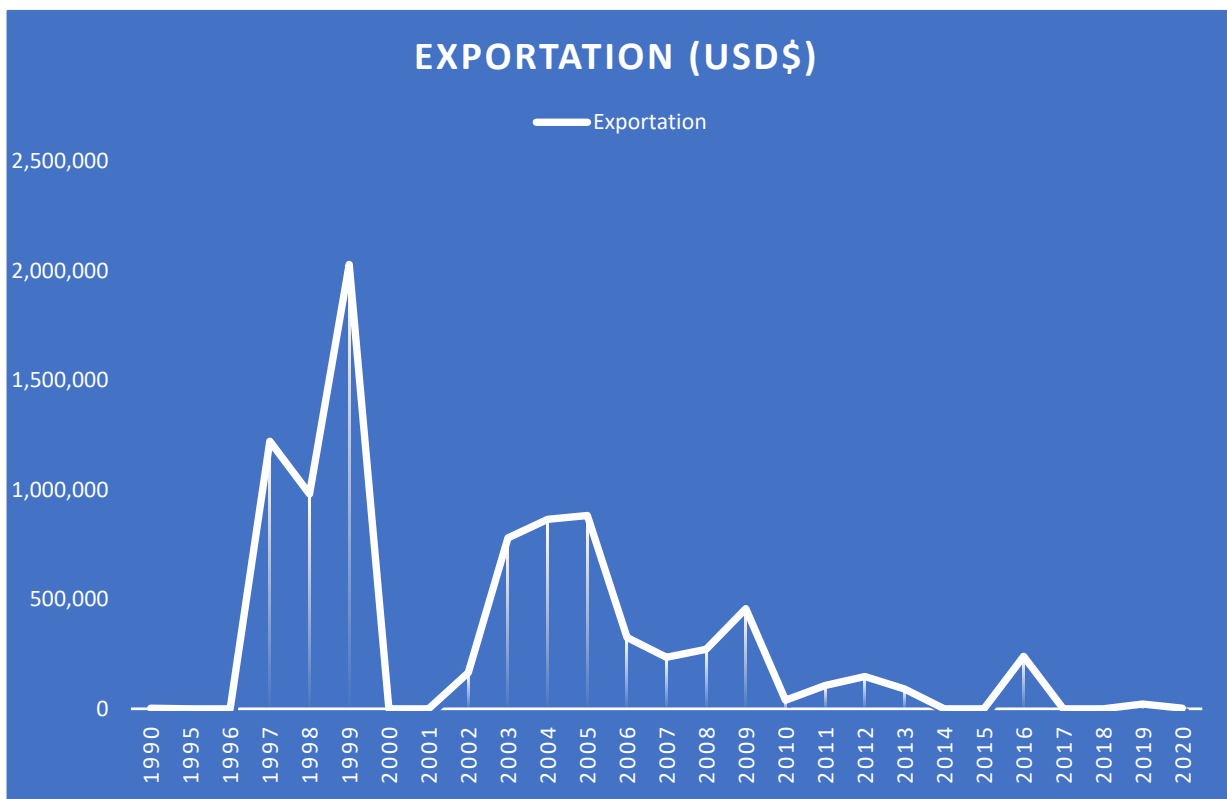
### 3.2.2 An exporting operation processes:

After gaining potential for experience in pharmaceutical production, the SAIDAL Group began exporting in the 1990s, with the first exports targeting Maghreb countries, namely:

- Libya for finished products for an amount of 450,000 F.F.
- Tunisia for finished products for an amount of 720,000 F.F.
- Morocco for raw materials for an amount of 220,000 F.F. In 1995, the group focused on meeting local market demand.

Exports resumed in an irregular manner from 1997 on and the total amount of exporting is as follows:

**Figure 12: the value of exports turnover since the beginning**



**Source:** established by us according to internal documents

Comment: SAIDAL has started exporting operation with significant amounts to various clients from Africa, Asia even Europe, but instead of evolving they retreated, to a point the amounts are insignificant these last 10 years, today we have seen some strategic changes and the responsible are setting new internationalisation plans to reach the goal of 10% of company's turnover in the coming five years.

In this section we will present an export operation between SAIDAL and the CENTRALE D’ACHAT DES MÉDICAMENTS, EQUIPEMENTS ET CONSOMMABLES MÉDICAUX (CAMEC) of REPUBLIQUE ISLAMIQUE DE MAURITANIE which took place in 2020, through the presentation of Mauritanian and the process of the operation of export.

Before proceeding with the presentation of the export operation we will do a SWOT analysis of the SAIDAL group that will allow us to:

- Identify human and financial resources in line with the group's export strategy;
- To make an internal diagnosis and to identify the strengths and weaknesses of the group;
- To make an external diagnosis and identify opportunities and threats.

### 3.2.2.1 SWOT analysis:

In the following table we will carry out an internal and external diagnosis of the SAIDAL group

**Figure 13: SAIDAL SWOT Analysis.**

Forces	Weaknesses
<ul style="list-style-type: none"> <li>-Modern strategic management iso 9001 reference certification.<sup>82</sup></li> <li>-Modernization of production tools.<sup>83</sup></li> <li>-large range of products.</li> <li>-Relationship with world-renowned partners.<sup>84</sup></li> <li>-Regular participation in national and international fairs and congresses.</li> <li>-Large access to sources of supply for materials and diversification of purchases.</li> <li>-Good relations with the economic managers of the embassies.</li> </ul>	<ul style="list-style-type: none"> <li>-Notoriety and reputation of the company.<sup>85</sup></li> <li>-insufficient responsiveness to external competitors.</li> <li>-The availability of products.<sup>86</sup></li> <li>-performance of communication equipment.</li> <li>-dependency of the export direction to the sales department.</li> <li>-non focus on the export operation on the organizational level over the past years</li> <li>-the non-exploitation of the whole African market</li> <li>-the small team of export department i</li> </ul>

<sup>82</sup> *Rapport du conseil administratif de saidal, 2019*

<sup>83</sup> *Ibid*

<sup>84</sup> **Nos partenaires (saidalgroup.dz)** (consulted: March 25<sup>th</sup> 2021 at 10:35)

<sup>85</sup> *Ibid.,.*

<sup>86</sup> *Op.cit conseil administratif*

Opportunities	Threats
<p>-Pharmaceutical sector has high profitability<sup>8788</sup>.</p> <p>-Generic market remains buoyant for a long time.</p> <p>-Africa’s pharmaceutical market can expect strong growth<sup>89</sup></p> <p>-Developing countries' generic policy.</p> <p>External growth through partnerships and equity investments.</p> <p>-Real need of the domestic market and growing demand for medicines.</p> <p>-A growing local market and the continental</p> <p>-The AfCFTA great opportunities <sup>90</sup></p> <p>-Algeria maintains regular growth of 6.6%<sup>91</sup></p>	<p>-Internationally renowned competitors and their presence in the foreign market.</p> <p>-In-house implementation of a large laboratory, which would disturb the external development strategy of any pharmaceutical laboratory.</p> <p>-No economic activity favourable to export abroad.</p> <p>-Limits on the ability of the state-owned company to manipulate funds</p> <p>-Currency exchanges.</p>

**Source: established by us according to internal documents**

### **3.1.1.4 The process of promoting SAIDAL’s products internationally:**

THE promotion of SAIDAL's products is done through three steps:

- **Visit to the embassies of accredited countries in Algeria:**

The aim is to promote and present the SAIDAL company and its products through: prospectuses, product range.

To look for reliable partnership opportunities.

- **Market identification and selection:**

The aim is to identify the market and the potential country for possible exports and to select the market corresponding to the SAIDAL range taking into account the studies carried out in advance.

- **Market analysis and country information collection:**

Economic and political environment; Regulation and international trade; Location;

Transportation and communication; Sociocultural environment.

<sup>87</sup> **Top pharma companies gross margin ranking 2019 | Statista** consulted: 9<sup>th</sup> April 2021 at 09:35.

<sup>88</sup> **Pharmaceutical industry gets high on fat profits - BBC News** consulted 9<sup>th</sup> April 2021 at 11:20.

<sup>89</sup> HOLT(T)(and al), “Africa: A continent of opportunity for pharma and patients”, McKinsey Global Institute, April 2015.

<sup>90</sup> **African Continental Free Trade Area: Challenges and Opportunities of Tariff Reductions | UNCTAD**

<sup>91</sup> Etude-IQVIA L’UNOP *La politique tarifaire en Algérie*, 2018

This year the export team is using new strategies for export by putting the Market component at the centre of our activities; exploration, economic diplomacy and partnership, this approach will allow SAIDAL to get out of an old logic of tendering and one shot with a few private clients. Trending towards the African continent, the latter imports 80% of the medicines it consumes, and thus make the most of the opportunities offered by the afCFTA.

- **Presentation of Mauritania**

We begin our case study with the presentation of Mauritania, which is the country to which the transaction took place.

Mauritania, country on the Atlantic coast of Africa. Mauritania forms a geographic and cultural bridge between the North African Maghrib and the westernmost portion of Sub-Saharan Africa. Culturally it forms a transitional zone between the Arab-Amazigh (Berber) populations of North Africa and the African peoples in the region to the south of the Tropic of Cancer known as the Sudan.

Mauritania is a large around 1.03 million sq. km and population of 4.4 million, resource-rich country with a per capita gross national income (GNI) of US\$1,120 (2016).

Transhumance and semi-nomadic livestockraising dominate rural life, with productive irrigated agriculture concentrated along the Senegal River.

Natural resource wealth (iron ore, gold, crudeoil, and natural gas) boosted per capita gross domestic product (GDP) to US\$1,138 in 2016, up from US\$700 in 2007, lifting Mauritania into the ranks of lower-middle-income countries (LMIC)<sup>92</sup>

GDP was increasing since 2015, went from 3.1% in 2017 to 3.6% in 2018. This increase was driven by strong activity in the telecom, transport... and primary sectors, The retrogradation of the global economy in 2020 consequence of the COVID-19 pandemic affected the real GDP in Mauritania to drop to 3.6% in 2020, after growing 5.9% in 2019. The budget deficit of 4.1% of GDP in 2020, after being in surplus the year before,<sup>93</sup>



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<sup>92</sup> [Mauritania Economic Outlook | African Development Bank - Building today, a better Africa tomorrow \(afdb.org\)](https://www.afdb.org/en/news-and-events/story/mauritania-economic-outlook-2020)

<sup>93</sup> [Mauritania Overview \(worldbank.org\)](https://data.worldbank.org/country/ma)

**Table 3: Foreign Trade in Mauritania**

Foreign Trade	2015	2016	2017	2018	2019
<b>Imports (Million USD)</b>	<b>2,053</b>	<b>2 500</b>	<b>2 729</b>	<b>2,664</b>	<b>2,874</b>
<b>Exports (Million USD)</b>	<b>1,502</b>	<b>1 480</b>	<b>1 855</b>	<b>2 330</b>	<b>2,480</b>

Source: World Trade Organisation (WTO)

• **Pharmaceutical Market**

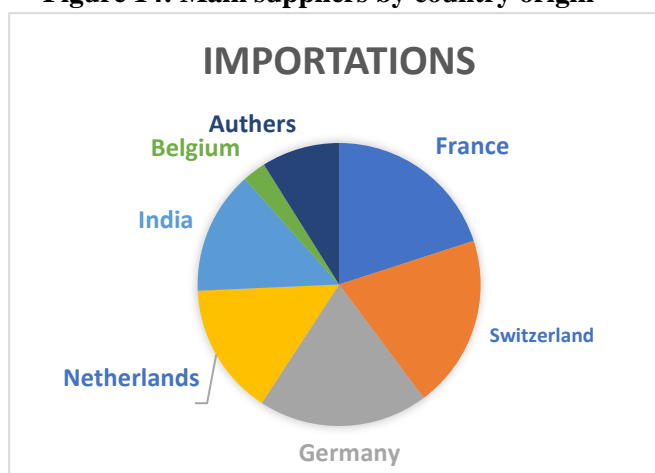
Annual growth in the total value of the pharmaceutical product market 12%. (2009)

Annual growth rate of the market value of generic pharmaceuticals 15% (2009)<sup>94</sup>

Top suppliers of pharmaceuticals to Mauritania in 2019(thousand US\$):

- France 20% (198)
- Switzerland 19.8% (196)
- Germany 19.4% (192)
- Netherlands 15.1% (149)
- India 14.1% (139)
- Belgium 2.68% (26)
- Japan 2.21% (21)
- USA 1.54% (15.2)
- Korea 1.45% (14.3)
- Spain (9.13)<sup>95</sup>

**Figure 14: Main suppliers by country origin**



Source: trendeconomy.com

CAMEC buys mainly by international tender to get the best and fastest supplies of medicines, It can also exceptionally, in the event of an urgent stock outage, for example,

direct purchases of medicines. The heaviness of signatures public procurement sometimes significantly lengthens the time frames to sign the purchase orders.

The country's public procurement rule requires any contract worth more than 10 million UM to be signed Department of Health. If CAMEC can buy and plan for its needs,

it is led in its supplies by the receivables of its customers which prevent it from pre-financing the 30% those international supplier's demand.<sup>96</sup>

**Figure 15: History of SAIDAL's exporting to Mauritania**

Year	2011	2012	2019	2020
<b>Value DZD</b>	<b>1 159 424,00</b>	<b>1 159 424,00</b>	<b>2 658 738,60</b>	<b>290 754,05</b>

Source: Internal document of the company.

<sup>94</sup> World Health Organisation report 'Profil du Secteur Pharmaceutique de Pays MAURITANIA ,

<sup>95</sup> **Mauritania | Imports and Exports | World | Pharmaceutical goods specified in Note 4 to this Chapter | Value (US\$) and Value Growth, YoY (%) | 2010 - 2019 (trendeconomy.com)**

<sup>96</sup> VERS UN MARCHÉ MAGHRÉBIN DU MÉDICAMENT IPEMED

## 3.2.3 The exportation processes SAIDAL launched

### 3.2.4 its first exports to Mauritania

through international tenders from Mauritanian Central drug purchase, equipment and medical consumes (CAMEC) purchasing power plant from 2011, SAIDAL interested in this international tender, withdrew the logbook.

AAOIO: 01/2020/CAMEC This Tender Notice follows CAMEC's Contract Pass Forecast Plan, published on THE CAMEC website (www.camec.mr) on February 10, 2020, for 500 items equivalent to: 4. 346. 835 euros where SAIDAL was able to provide 19 product that meet the demand specifications mentioned in that logbook, while The CAMEC accepted 1 product for a total value of 1 159 424,00 DZD (1 920,00 Euros) and that represent 0.044% of the total tender in value.

- **Downloading the logbook:**

This document written in French made up of 368 pages, divided into three main parts and seven sections and finally other annexes where they mention all the specification for of their need to the companies who want to participate in this tender (see appendices N1)

I Passing Supply Contracts and Related Services

II procurement conditions of supplies

III Third part Market

- Section 0. Notice of Call for Offers (AAO)
- Section I Instructions to Candidates (IC) –
- Section II: Special Settlement of the Call of Offers (PRAO) –
- Section III. Submission Forms –
- Section V: Cahier General Administrative Clauses (CCAG) –
- Section VI. Specific Administrative Clauses (CCAP) –
- Section VII. Market Forms

ANNEXES.<sup>97</sup>

The specifications of the products such as:

The technical characteristics of each product; Type of conditioning;  
Guarantee; Shipping mode (air, sea, or land) and others...

In this operation SAIDAL studied the general clauses constituting the specifications (guarantee, all merchandise, incoterm, insurance, transport, payment method, ... Etc.), technical characteristics and quality of products such as (quality of service, delivery, storage, after-sales service, product quality, ... etc.) required by the ANP.

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<sup>97</sup> DOSSIER D'APPEL D'OFFRES INTERNATIONAL OUVERT N°01/2020/CAMEC

After completing the product selection, the SAIDAL group completes the mission sheets for each product requested. He must also fill out the information sheet concerning the company:

- The name and origin of the company;
- Address;
- Phone, fax, e-mail;
- Trade registry number;
- Bank details.

### • Notification

After participating in the tender comes the notification. (See appendix N02)

The SAIDAL group was shortlisted during an auction session of the AAOIOo: 01/2020/CAMEC tender, a market notification document Purchase order

“Bon de commande N 00000092” which contains 01 item selected from 19 products submitted by SAIDAL for an amount 1 920 euros.

### • Signing the contract

SAIDAL had signed a contract with the CAMEC for the export of medicines to Mauritania. For it to commit to be its supplier according to prices, clauses and conditions determined by the market.

### • The receipt of the purchase order

The SAIDAL Group received the purchase order N00000092, the latter will follow a payment guarantee in the case of bank transfer, it includes the following:

- The quantity of products 4 000; -Sale price 1 920;
- Payment method: Bank transfer to BMCI AGENCE ENTREPRISE NOUAKCHOTT
- Regiment reference: VAT 19%; -Payment terms;
- The requested information;

Supplies will be delivered to CAMEC: rue 1-143 zone artisanal SEBKHA, Nouakchott, Mauritania.

### • Pro forma bill

The director of the CAMEC requires that the pro forma invoice be sent to him for the selected items. So SAIDAL sent the pro forma invoice N 01 /2020, it contains the following:

- Detail of goods;
- Company name;
- Company status (supplier);
- Company status (customer);
- Address of the headquarters of both companies;
- Country of origin;
- Sale price;
- Payment method;
- Total quantity;
- Bank account number;
- Incoterm (DAP);
- The insurance rate;
- The amount of freight;
- The signature;
- Delivery time.

### Delivery condition

SAIDAL puts a list of original documents associated with delivery as follows:

- Certificate of origin;
- Delivery slip;
- Package list;
- Insurance certificate;
- The commercial invoice in five copies.

- **Production**

After receiving the purchase order, the head of the export department share the necessary information with other departments to trigger the production process in accordance with the packaging conditions, such as producing boxes, and delivery times.

The head of exports send the lists of products specifications and requirements to the planning department where they examine all the specs, and to insure the feasibility of the demand by checking the internal resources from raw materials to the capacity to deliver the products at the right time and conditions, next step is the assembly with the heads of production facilities, where they discuss the production planning and came out with what they call the 'Validated Production Plan', and therefore the production process begins, when final products are meeting the requirements and got certified, they work on satisfying the other packaging and conditioning,

- **Shipment:**

Final products are stored in warehouse, ready to be moved, here the dispatch department make the necessary actions to move it to the port, by calling the transport service provider.

- **Customs clearance:**

at this point the Transit department works on the necessary papers and actions in collaboration with costumes to examine products and load on board of the ship.

- **Trucking:**

the officer in charge of this mission makes sure of following the cargo all the way to its final destination.

- **The reception at the customer's home**

It is done in three stages:

Temporary reception; Quality control; Final reception.

- **Payment method:**

SAIDAL works with three payment methods which are: Stand-by SBLC, bank remittance (remise bancaire) and international bank transfer (wire transfer).

In this operation SAIDAL and the CAMEC used the bank transfer and it is given by the latter to its transfer bank a certain amount for the benefit of a beneficiary (SAIDAL) domiciled with another foreign bank (CPA), usually in the country of the supplier (Algeria).

Payment will be made according to the rules of the CAMEC. The payment of invoices will be made within 60 days, 50% of the total amount will be paid on order and the other 50% will follow.

### **Import and Export constraints:**

Import and Export constraints within the SAIDAL group are not limited to competition, through working sessions, we have been able to identify a number of constraints that are as follows:

- An information system that is not very efficient due to the slowness of information exchange
- Ineffective communication policy for the promotion of SAIDAL products internationally.
- An internal policy based on the satisfaction of the national market and which gives little importance to exports, despite the existence of a dedicated export service;
- Product costs are higher than those of their competitors;
- The export department responsible for delivery activities in addition to the tasks dedicated to it, it also handles the translation of labels and the development of cost and sales prices, while in the internal market this task belongs to the marketing department, and thus assumes all the losses;
- The promotion of products internationally is done only through participation in fairs and tenders, and not through market exploration;
- The political instability and insecurity of some countries, which were potential markets for the SAIDAL group, do not allow the development of business with these same countries such as: Yemen, Iraq and Libya.

In addition to other constraints related mainly to logistics:

- Lack of foreign partners to ensure an effective distribution policy;
- A slow customs clearance procedure, which involves additional costs;
- The high cost of transporting medicines to export
- delay in the delivery of the merchandise due to the bad climate conditions, which led to the immobilization of the goods at the port of Algiers and which costs about 80 000 DA;
- other indirect issues:
  - o the pandemic: the covid-19 pandemic has affected the global economy, especially the pharmaceutical sector, where countries turned to be conservative, this situation affected the import and export operations as a consequence, replenishment with raw materials has become a major defeat for SAIDAL,
  - o the global logistics chain was affected as well, as results the containers rent prices has risen to unprecedented levels, the total costs has doubled even quadrupled.

**Section 3 : The influence of supply logistics on the commercial performance of the SAIDAL company**

In this section we will analyse quantitatively the commercial performance of the SAIDAL group over the last five years using collected and attributed data, then we will highlight some disruptions experienced by the group SAIDAL as well as their causes and consequences on some quantitative indicators of commercial performance, and we will end up with a qualitative study through global survey dedicated to different departments allowed us to better understand the Supply chain management of the company, an interview guide to strengthen our study where we asked questions with direct relation to our topic, finally we made another survey to the company’s foreign customers to evaluate their satisfaction concerning the delivery of merchandise, these three add a qualitative aspect. .

The analysis of SAIDAL’s commercial performance through the different quantitative and qualitative indicators that we have seen in theory is as follows:

**3.3.1 Quantitative Study:**

**3.3.1.1 Market share**

The SAIDAL industrial group has experienced in recent years a fierce competition on the national market, the fact that has led to its decline in terms of market shares, the monitoring and market research department within the sales and marketing directorate in El HARRACH (Algiers) holds the various turnovers of direct and indirect competitors including the global market shares.

**Table 4: Market share**

labs	Market share (%)				
	2016	2017	2018	2019	2020
<b>SANOFI</b>	<b>13,16</b>	<b>13,17</b>	<b>12,3</b>	<b>13.1</b>	<b>13.9</b>
<b>EL KENDI</b>	<b>6,56</b>	<b>7,32</b>	<b>7,8</b>	<b>7.4</b>	<b>7.6</b>
<b>NOVO NORDISK</b>	<b>6,74</b>	<b>6,87</b>	<b>7,0</b>	<b>7.3</b>	<b>7.7</b>
<b>SAIDAL</b>	<b>2,91</b>	<b>2,44</b>	<b>2,3</b>	<b>2,3</b>	<b>2.3</b>

Source: Made by us from the “les rapports du conseil d’administration” (2015-2019)

**Comment:**

The table above represents the market shares in % of the three national leaders in the pharmaceutical industry (SANOFI, NOVO NORDISK and EL KENDI), recorded over the last 5 years (2016, 2017, 2018, 2019, 2020), as well as those of SAIDAL which is ranked 7th in 2016, 9th in 2017 and 13th in 2018, 2019 and 2020. Its rate of evolution tends to fall by 0.47% and 0.18% respectively and has remained constant since 2018.

Through its turnover, SANOFI has maintained its position as a leader with a fairly high percentage, while the 2nd and 3rd place turned between NOVO NORDISK and EL KENDI

**Interpretation:** The first cause which led to a relatively lower market share of SAIDAL than those of the national leaders despite a similarity between the quantities sold is the submission of the SAIDAL group to a price fixing of unit sales of these products which is imposed by the State, these prices are considered low relative to competitors.<sup>9899</sup>, besides, SAIDAL’s societal aspect which aims to improve accessibility to treatment through the adoption of a tariff policy that is affordable by large sections of society .

**3.3.1.2 Turnover:**

The turnover is key indicator for measuring the company’s commercial performance, so we wanted to highlight the SAIDAL sales achievement of 2018 in comparison to 2019 then we carried on globally for the analysis of the last five years.

**Table 1: SAIDAL sales achievement of 2019 compared to 2018.**

Turnover	2018	2019	Rate of evolution 2018/2019
Sales volume (1000SU)	104 867	100 925	-3,76%
Value(1000DZD)	9 627 669	8 680 696	-9,84%

Source : rapport de conseil administration 2019.

**Comment:** it's remarkable that the SAIDAL sales (in volume and in value) has decreased in 2019 comparing to the previous year.

In terms of objectives, the results reported by the board of directors show that the achievement rate of the value objectives is 74,67%, and the achievement rate of the quantitative objectives is 84,00%, as shown. the following table, which represents SAIDAL’s sales and the objectives of 2018.

**Table 5: SAIDAL sales compared to target**

Turnover	Achievement 2018	Goal 2018	Achievement rate (%)
Amount (1000SU)	104 867	112 103	93.55%
Value (1000DA)	9 627 669	10 840 170	88.81%

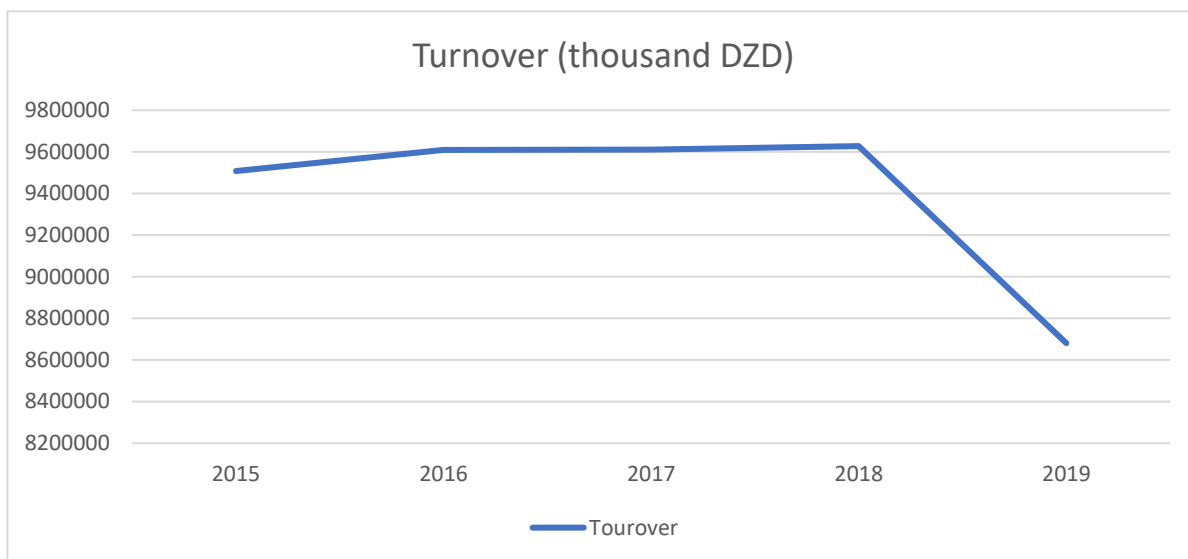
Source: Rapports du conseil d’administration 2018

<sup>98</sup> **Notre mission (saidalgroup.dz)** consulted April 2<sup>nd</sup>, 2021, at 11:30.

<sup>99</sup> BOUKHARI(M), ‘performance et restructuration : le cas saidal’, les cahiers du CREAD n°101-2012, pp 99-122.

**Comment:** SAIDAL’s turnover in 2018 was 9,627,669 thousand DZD from the corresponding volume of 104,867 thousand SU, an 88.81% realization of the target in value. and 93.55% in quantity.

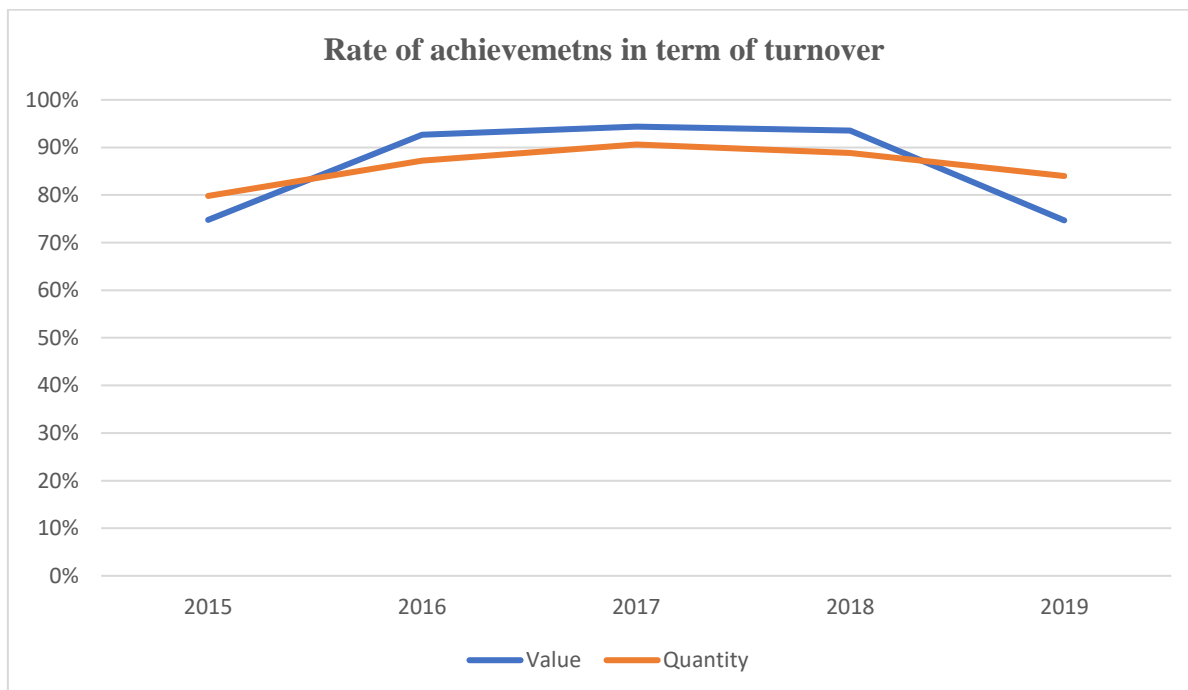
**Figure 16: SAIDAL group’s turnover in terms of value for the past 5 years**



**Source:** Made by us from the “les rapports du conseil d’administration” (2015-2019)

**Comment:** as the graph shows, SAIDAL has recorded a slight increase in value for the period [2015-2018] but there was a sharp decline for the year 2019.

**Figure 17: evolution of accomplishment rate for the last five years in terms of turnover.**



**Source:** Made by us from the “les rapports du conseil d’administration” (2015-2019)

**Comment:** The figure above shows the evolution of SAIDAL's achievement's rate of turnover over the last five years in quantity and value, where we can see that rates vary between 75% to 94%.

The rate of goals achievement of turnover in value increased in 2016 compared to 2015 to reach 94% as a highest rate which remains constant until 2018 to record a considerable decrease in 2019.

### 3.3.1.3 Net income:

**Table 6: Net income over the last 5 years.**

Year	2015	2016	2017	2018	2019
<b>Net income thousand DZD</b>	<b>1,143,818</b>	<b>1,614,727</b>	<b>1 433 341</b>	<b>1 292 124</b>	<b>806 029</b>
<b>Evolution</b>	<b>-22.60%</b>	<b>37.7%</b>	<b>-11,23%</b>	<b>-09,85 %</b>	<b>-37.62</b>
<b>Achievement Rate</b>	<b>-</b>	<b>72.6%</b>	<b>98,12%</b>	<b>67, 18 %</b>	<b>52,57%</b>

Source: Made by us from “les rapports du conseil d’administration” (2015-2019)

### Comment:

2015: the net income recorded a decrease of 22.60% due to an increase of 16.53% of the consumption and downwards of the inventory change.

2016: compared to net income for the 2015 financial year due to an improvement in sales, a sharp increase in the change in inventory, the recovery on non-payments and provision, as well as the increase in the recovery on loss of value and provision.

2017: This result is mainly due to the decrease in stock due to the production stoppage of the EI Harrach site.

2018: This result is mainly due to the increase in purchases consumed, staff charges and ending endowments.

The increase in depreciation endowments is due to the entry into operation of the El Harrach site.

In addition, it is worth noting the sharp rise in stock change, due to rising production

2019: The decline in the result is mainly due to:

- the decline in turnover (-9.84%, i.e. (946,975 thousand);
- the increase in staff charges (+ 05.47%, or + 174 432 thousand DA) on one hand, and the decline in Operational Products on the other (-40.31%, i.e., 460 527 thousand DA)

In addition, there is a sharp rise in stock change (+ 591.24%, i.e., + 80 8,179 thousand DA) from 206 569 thousand DA at 31/12/2018 to 1 014 748 thousand DA at 51/12/2019.

**As we can see clearly that the logistics operations affecting directly the company's net income and therefore the commercial performance.**

### 3.3.1.4 The commercial profitability of the company

It is the relationship between, on the one hand, the results obtained by the company, on the other hand, the means used to achieve this result.

**Table 7 Commercial Profitability from 2015 to 2019.**

Year	2015	2016	2017	2018	2019
<b>Commercial viability.</b>	<b>12%</b>	<b>16.8%</b>	<b>14.92%</b>	<b>13.42%</b>	<b>9.29%</b>

**Source:** Established by us from the “les rapports du conseil d’administration” (2015-2019)

**Comment:**

we notice a continues decrease in the commercial profitability ratio of SAIDAL after it made a considerable increase roughly a half billion DZD in 2016 more than the previous fiscal year in 2015.

the decrease in 2017 compared 2016 is mainly due to the decline in stock due to the suspension of production of the EI Harrach factory.

in 2018 compared to fiscal year 2017, among the main causes of this decrease:

- A decrease in net income of DA 132,866 thousand more proportionally than the increase in turnover of 42,487 thousand of DA.

As for 2019 the drop is mainly due to increase in stuff charges and a decline in sales of some products such as anti-inflammatory drugs due to the covid-19 pandemic.

**General analysis of the commercial performance:**

Throughout the previous tables and analysis, it is clear that the thrust of indicators is negative and therefore SAIDAL isn't well performing, by examining the annual goals rates of achievement never reached 100% or more but it was changing withing an acceptable rate of 80%, we should single out the year 2019 where the net income decreased by 50% compared to the year 2016 and an achievement rate reached 53%, as for the market share we noticed that they have lost significant parts and ranks [parts these two decades ] however if we ranked pharma companies in terms of market share SAIDAL fell to 13th place in ...

According to the data collected we found out that logistics activities have a significant role in these final results, in fact we judged that it had a direct impact were in relation to logistics, and that persuade us to investigate on this matter, therefore conducting a qualitative research is our next section

### 3.3.1.5 Complementary analysis

**The company's brand image**

In order to compete with drug lobbies who, want to maintain the monopoly, SAIDAL pays particular attention to its brand image. It tries to strengthen its position as producer of generic drugs in Algeria, forge a good brand image, improve the quality of its products and the quality of services and strengthen the perception of its customers.

## **Customer Satisfaction**

In order to meet the requirements of its customers and improve the quality-of-service SAIDAL has put a set of provisions and procedures among them:

Listen to customers and deal with their complaints immediately

Keep the most important customers and strengthen the pace of the relationship with them by increasing the number of visits, exceptional offers ...

The SAIDAL group suffered frequent stock shortages particularly in 2018

According to the law (20/80) of stock management that there are stocks more important than others and that must be managed with accuracy and at the least cost. The cost savings for this purpose may be high, this concept concerns class "A" products which represent 80% of the total consumption values and are much more important if we refer to the indicators of commercial performance, hence the need for the presence of an influence of the optimisation of purchasing operations on these various indicators. The degree of this influence will be explored through recent challenges along this supply chain.

In relation to our topic we wanted to explore a non-explored side which is the foreign customer satisfaction we will analyse this in more details later.

### **3.3.2 Commercial Performance and logistics: Qualitative Study**

#### **Presentation of the methodological framework of the qualitative study and analysis of the results:**

In order to achieve our research objective and respond to our problematic, we considered useful to conduct a qualitative field study, we worked on a perceptual analysis, based on semi-directive questions exclusively addressed to SAIDAL's managers, as we made questionnaires contains various types of questions as like Likert-type questions thus expressing opinions and attitudes regarding a set of variables.

#### **3.3.2.1 Customer satisfaction section:**

In this questionnaire we intend to analyse the customer satisfaction regarding the SAIDAL products and services associated especially towards the logistics', if there are any remarks and information,

We reached out three foreign customers, while we received one reply that we have attached in the appendices. (See appendix N 04)

### **3.3.3 Questionnaire for the different departments:**

In this part, we examined the major questions in the whole Supply chain, the supervisor has helped by defusing every part to the officers in charge,

This questionnaire is composed of open-ended questions nominal questions, ordinal questions... their objectives are to collect as much information as possible, to better understand the overall logistics function and to prepare for the interview with senior managers

### **3.3.4 Presentation of the interview guide:**

In order to carry out this dissertation, we made a qualitative study with a semi-directive, face-to-face with senior managers in the directorates of SCM and M&S.

During this interview, we asked the interviewee to express himself freely and spontaneously but only about the subject treated in our questions, we promise them of total confidentiality and for this reason, in order to obtain a complementary result to our quantitative study, which aims to determine the relationship between the logistics management of SAIDAL group and its commercial performance. (see appendix N 05)

We used the Ubiquitous IO methodology, this type of transcription removes repetitions, language errors, hesitations and appended remarks.

### **3.3.5 Objectives of this qualitative study:**

The main purpose of this survey is to determine the impact of logistics management on the commercial performance results of the SAIDAL group, but also other secondary objectives such as:

- Explain the logistics processes of SAIDAL group;
- Measure the commercial performance of the company through its indicators
- Highlight the contribution of SCM on the optimisation of the commercial performance of the company
- Determine the importance of logistics management on the progress of the importing and exporting activities of the company and the main obstacles faced .

### **3.3.6 Period of investigation**

Our investigation took place during the month of May to June 2021. We carried out the data collection in two weeks, the processing and analysis of the results in three weeks.

### **3.3.7 The choice of interviewees**

The selection of people to be interviewed is important, we opted for a suitable selection to meet the main objective of the study, in fact, we interviewed six people:

The Transit Department, where they manage and carry out the various stages related to the customs procedures,

The procurement Department: responsible for replenishment, sourcing, contracts negotiation...

And the head of procurement department: where we asked them the same questions and received close responses.

The dispatch department: they manage to distribute final products to the distribution centres and the production sites according to the need of each, and that guarantee the availability of products and the well going of selling process.

The head of SCM: responsible for the management of this directorate

The head commercial department: responsible for managing sales and marketing operations

### **3.3.8 The conduct of the interview**

Date and location: our interviews took place on Thursday, May 27<sup>th</sup>, at the level of the Marketing and sales department situated in El Harrach, And on the 2<sup>nd</sup>, 6<sup>th</sup> and 7<sup>th</sup> of June, 21 at the level of the “Supply Chain Directorate” (Gué de Constantine),

Duration: We asked for half an hour each, but we spend more or less according to each interviewee we spent sufficient time with each interviewee, approximately :50 minutes at the planning department, 40 minutes with the transit manager, 1 hours at the procurement department and 15 minutes with the commercial manager 10 minutes with head of SCM.

### **3.3.9 Interpretation and processing of the data collected:**

Analysis of the upstream logistics: For procurement logistics to be in line with the needs of the downstream customer, it must be competitive, flexible and proactive, this requires continuous analysis and management of the logistics process, a clear and consistent understanding of the physical and information flows associated with managing the risks involved to ensure the effective management of supply logistics.

The researcher  
(Question):

**Int Q I.1: What is your role in SAIDAL Group?**

The interviewees  
(Answers)

- A:(The programming & planning department, P&PD):  
*“Responsible for preparing a production forecast for the year (N+1) for all the sites of the SAIDAL group according to the sales forecast (N+1) made by the Sales and Marketing department, the production forecast should take into consideration on: the production capacity of the different workshops, and the stock levels (31/12/2021), to validate the production plan, this readjusted plan must be sent to the sites to divide it (in monthly objectives (11 months/August for maintenance); each site has a target to be achieved monthly, as there is a reward “a collective performance reward” for those who can make it.*

*These monthly objectives are made in relation to:*

- *Product rotation (market dynamics), Stock hedge (average of 3 months of production), Availability in Raw Materials (RM) /conditioning items (CI),*

*to schedule a monthly production plan, coordination meetings are held with the sites and SDA (supply and demand adequacy) with the M&S D and the production sites managers.*

*To cover the need for common RM, transfers must be made (no favouring from one site to another)*

- *A monthly Supply plan is made according to shipping times because the quantity of RM decreases (reported need) compared to the time of reshipment of the material*
- *the purchasing department: is in charge of the part (incoterm/supplier(plan/supplier))*

### **Analysis:**

Understanding its process of operation and that of its partners is essential for having a global vision and to undertake improvements for the future, we preferred go deeper here to describe planning of the production and therefore the logistics process of the company, the tactical decisions made here will effect directly the whole logistics later in order to do so they base on two main criteria: the market forecast and the firms capacities, these decisions are made due to a constructive collaboration between all departments' managers and we consider it as proof of good flow of information and coordination withing the company, we mention also the physical flows exchange strategy of the group between the different sites and warehouses where they manage to divide and supply each one to guarantee the continuity of production activity, we can remark another good sign , the HR management is taken into consideration by giving motivational rewards,

The replenishment process starts from the P&PD where they take into consideration the stock condition and the time needed to replenishment, providing a one-month security stock, during this process all the departments interfere each one according to its role.

- (Purchasing & Replenishment Department): *“our major role is to: provide our production sites with the RM / CI for the manufacture of finished products”*
- (Dispatch department): *“we provide distribution centres with final products, and ensure the smooth course of the selling process by collaborating with other departments on the replenishment, planning, production...”*
- (Transit department): *“...we are occupying all the transport and customs process from our sites to different transhipment points...” “we are responsible for all the customs procedures, the transport, from our sites to different transhipment points”*

In this short answer the purchasing manager mentioned the role of his department, where we had treated the whole procurement process earlier in more details, and the flowchart above (Figure 10 p.69) represents a recap of this process, to get more details about the ingoing processes, we asked the following questions:

**GQ1.1 Do you have a vision of your supply chain?**

If Yes, how far do you control the flow of information and the flow of products?

A:   Yes “Market need, expression of need, product launch, supply, receipt of purchase, transformation of material into Final Products, and sale of product”,

According to this answer they are aware of necessity to control and manage the supply chain in a global manner and the coordination between the different players during the process from the suppliers to final customers, the following questions will help for a more specific answer and better vision,

The researcher  
(Question):

**Int Q I.2) Among the flows of information, physical, financial and administrative, where do the elements that hinder the smooth running of purchase-supply operations usually come from?**

The interviewees  
(Answers)

*"The elements that generally hinder supplies are external and we can mention the changes in regulations that suddenly occur, without allowing the company to adapt to the changes"*

*"Within the group, we always take into account the shipping times, processing time of files, and the response time of the supplier. Any delay in the latter is due to administrative flows..., briefly, it is clear that the majority of complications concern administrative flows” in the other hand the "Many difficulties arise from poor management of administrative flows, ...."*

**Analysis:**

In general, external factors have the greatest influence on the smooth running of logistics operations; mainly part of the administrative flows, the complications of these flows impact the other flows as well as the good continuity of the upstream process such as delays in delivery caused by delays in agreement by the Ministry of Industry, finance and also delay in the allocation of import licenses, etc.

Physical and financial flows do not run major risks and do not generally hinder the continuity of the process.

The researcher  
(Question):

**Int Q I. 3: How do you set, track and improve logistics performance goals?**

The interviewees  
(Answers)

*“Our objectives in terms of logistics performance are to have RM at a lower cost and in the shortest time, and to have a material in line with our specificities”*

*“The measurement of logistics performance objectives is done according to indices, but for the moment it is done without footprint, and the company aims for improvements in terms of software that affects the supply chain from upstream to downstream.”*

*“The SC department is working in collaboration with (IT) department, on-introducing an internal software that will allow them to identify the weak link of their supply chain in relation to the parameters (delay / price / approval of the suppliers, the failure of the supplier in the documentation),*

*In addition, they estimate: “the rate of achievement of the objectives in terms of logistical performance can reach 80% as a maximum”*

### **Analysis:**

setting and measuring the achievement of objectives is a necessity to make an organization work effectively, the goal is to seek continuous improvement to achieve a high level of performance, objectives should reflect the company's strategy and be measurable, they must also be monitored, corrective actions must be triggered in case the of nonconformity.

at the IT department ( Information Systems Management) the software engineers are working to create computer software that allows a faster and flexible information exchange (information flow), Monitoring of objectives is a necessity to ensure the internal knowledge of the results, to boost the staff to work effectively, the decision of making their own software has some benefits , less expensive compared to external software with training charges included, but in the other hand it has negative effects too, it takes long time to create and to adjust it until reaching satisfactory level and that's a waste ,the firm has to deal with,

working without indicators leave the company dealing with countless difficulties, no precise tools to measure improvements, sometimes toward unspecified goals, according to the answer: **GQI.9 and II.6** the logistics activities hasn't evolved, and that's a serious issue that the firm should take into consideration, knowing that it is an important cause for the loss of market share where the customers prefer pharmaceutical companies with delivery services.

The researcher  
(Question):

**Q Int I-3-a: Rate of achievement of these production objectives**

The interviewees  
(Answers)

Rate of achievement of production targets is

*“80%”, “95%” to “100%”*

### Analysis:

The objectives must be relevant, accepted by all parties, clear and unambiguous, properly documented and well known of all levels of the hierarchy, we have remarked a high level of flexibility towards these goals where there is not a precise common objectives, this gives the employees the freedom to make suitable decisions to every case but the directorates should have common goals for different levels, to unify efforts and ensure best results, these estimated achievements are high levelled, but as we can see that there is no unified answer, and that's mainly due to inexistence of logistics measurement tools, we claim that there should be some serious procedures to set, follow and improve the logistics costs in general .

The researcher (Question): **Int QI.4 How are the costs distributed in relation to logistics activities? Can you mention some logistical costs?**

The interviewee (Answer) *A: "logistical costs are the following and they are distributed by the level of importance for the group as follows: firstly, storage then transport, package conditioning and other costs like (Stockouts, raw material and finished products stocks damages..."*

The researcher (Question): **Int QI.5: How much do logistics costs represent in relation to turnover?**

The interviewee (Answer) *"Logistics costs represent 20% of turnover.*

- *the analysis of logistics costs implies the obtaining of a software (intranet), the slow internet in the country prevents*
- *the process of analysis of costs which implies the non-control of these costs by the companies.*
- *Algerian productive companies do not operate by intranet, which make it impossible to know and control all the costs".*

### Analysis:

This estimation based on experience show that SAIDAL is in a good ratio compared to industrial companies, but in regards to pharma sector in the global we consider it a high ratio <sup>100</sup>101 ... where it represents about 2% of sales, or 7-8% of the cost of goods sold, less than what we found in other industries <sup>102</sup>

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<sup>100</sup> **The Cost Structure of Pharmaceutical Companies, Retail Level | Download Table (researchgate.net)**

<sup>101</sup> **Defining the concept of fair pricing for medicines | The BMJ**

<sup>102</sup>[https://www.mckinsey.com/~media/mckinsey/dotcom/client\\_service/operations/pdfs/lean\\_and\\_mean-how\\_does\\_your\\_supply\\_chain\\_shape\\_up.ashx](https://www.mckinsey.com/~media/mckinsey/dotcom/client_service/operations/pdfs/lean_and_mean-how_does_your_supply_chain_shape_up.ashx)

The researcher  
(Question):

**Int QI.6: How do you minimize costs and lead times?**

The interviewees  
(Answers)

*A: "We proceed by negotiating costs with different transport providers for medium and short-term planning according to the nature of the product."*

### **Analysis:**

Negotiations between SAIDAL and different airlines and shipping companies, and the price negotiations with suppliers is the main strategy by the company to reduce costs, but we have to point to a key issue: in order to minimize its purchase costs, as well as good short- and medium-term planning depending on the nature of the product, storage and delivery times are treated according to the sensitivity and expiry dates of the raw materials,

as for the packaging items, they do not represent any problem, according to answers for the questions **GQ 3,10**. we can see that there are many procedures have been taken into consideration aiming for the same final result minimizing time and cost / Transport practices that focus on reducing costs, accuracy of receptions, timeliness and environmental, are key factors to ensure reliable modes of supply

The researcher  
(Question):

**Int QI.7: What troubleshooting procedures put in place to avoid disruption of the supply chain when something unexpected happens?**

The interviewees  
(Answers)

*"High-cost emergency purchases"*

*"Safety stocks covering 1 month at least"*

### **Analysis:**

In documents updated regularly that specifies all the rules of the relationship, and signed by the partners before the first delivery, to avoid misunderstandings and clarify expectations and responsibilities, but SAIDAL is not following these procedures according to this answer and answer of **GQ 1.18** which states that SAIDAL do not make contracts with stakeholders, as a consequence, they are facing repetitive disruptions of their supply chain.

The researcher  
(Question):

**Int Q I.8: How can you evaluate the different stakeholders in the logistics chain? + 9What is the method and criteria that you take into account when choosing suppliers?**

The interviewees  
(Answers)

*"It is necessary to choose, not only the suppliers and the forwarders, but also the customers, these actors are evaluated in relation to their contribution to our chain, the suppliers, for example, are evaluated according to indicators of costs and delays, the freight forwarders for their effectiveness in the customs clearance procedure"*

*“The mode of transport is chosen according to different criteria including the volume of goods, their sensitivity, the cost of transport, the delivery time and the service for example: the choice of the shipping company, to optimize the delivery times of goods”*

## **Analysis:**

In the context of the customer/supplier relationship, identification of needs and expectations is vital to reduce response times and achieve customer satisfaction

according to answers **GQ I 10 to 17**, we perceive many actions taken by SAIDAL to lower the cost as we can see that they are flexible in every operation but that's not the only criteria they should rely on, transportation practices that focus on reducing costs, the accuracy of receipts, the respect of deadlines and the environment changes, are key factors in ensuring reliable modes of supply, for this end we judge important for SAIDAL to conduct contracts with the different partners particularly the transport service providers 1PL type (first party providers) because clearly defined liability and delegation limits contribute to reducing the risk of conflict, and situations where descriptive of written and regularly updated functions where the responsibilities and delegations of each are well defined.

## **II Commercial performance:**

The researcher (Question): **Int Q II 1: Is commercial performance measured in your company? If Yes, on the basis of what criteria do you evaluate the commercial performance of your company?**

The interviewees (Answers) A: *“Yes, the commercial performance of a company is the achievement of commercial objectives in a way that relates to the means used to achieve them, the turnover, market share and others represent good indicators that we rely on in our measurements”*

## **Analysis:**

according to this answer SAIDAL we figured out that SAIDAL is measuring its performance using different indicators such as the turnover, market shares and others to measure its commercial performance while This measurement technique *\_by indicators\_* presents limits for its use; because some indicators do not give enough information for adequate decision-making, It is therefore necessary for the managers to group these indicators that complement each other, making it a dashboard.

The researcher (Question): **Int Q II2+3 How often is commercial performance measured within your company? And What indicators do you use to track and measure commercial performance within your company?**

The interviewees (Answers) *“Commercial performance at the level of SAIDAL is evaluated on the basis of activities following the pre-established monthly objectives, this assessment is done through a number of commercial indicators, such as: Sales, Production, achievement rates ...”*

### **Analysis:**

At SAIDAL they do measure commercial performance according to the objectives they set, using some indicators we have already based our quantitative study in the section 2 above, such as: Production and sales achievements, and we judge it insufficient to have a clear and reliable measurement comparing to the tools and methodologies we have seen in the theoretical chapter, and in relation to logistics we have seen in the analysis above, that in this company they are not mastering their supply chain and the logistics costs.

The researcher (Question): **Int Q III.1+2: What is the contribution of the Supply Chain management approach to the commercial performance of your company?**

The interviewees (Answers) *“The impact of the planning process on commercial performance is: Positive: because everything that the S&M directorate asks for it is included in the production plan.*

*Negative: when there are planning gaps (for example: delay in shipment of RM ...) it will negatively impact the sales (production out of order), non-availability of finished products leads to turnover decrease”*

*“The SCM and the commercial performance are closely related, because logistics plays an important role in reducing costs, and it increases the satisfaction rate of partners and improves the competitiveness of the company”*

### **Analysis:**

these answers reveal a high awareness of the managers to the importance of SCM to the company's performance, but the application to develop this function remains poor in comparison to what the business require today, so in order to assess the contribution of the SCM on the commercial performance it is necessary to measure the logistics performance which isn't the case in SAIDAL's case.

The researcher  
(Question):

**Int Q III.3 does logistics performance has an impact on the company's turnover?**

The interviewees  
(Answers)

*A: "Logistics performance plays an important role in increasing sales (turnover) because when logistics is well managed, the company is better supplied, better distributed, operates dynamically and carries out its activities effectively and efficiently"*

### Analysis:

this answer supports the answer of the question that logistics costs represent a high percentage of turnover is mainly due to ineffective logistics management .and this impacts directly Analysis: this answer support the answer of the question that logistics costs represent a high percentage of turnover is mainly due to ineffective logistics management.

The researcher  
(Question):

**Int Q III.5 What strategic decisions your company has made to improve its chain logistics to optimize its commercial performance?**

The interviewees  
(Answers)

*A: "The company aims to regain all lost market shares and to conquering the market shares of other competitors.*

*To do this: the company is working on setting strategic objectives such as:*

*1- renovation (product range development)*

*2-investment in R&D centres (normally 50% of turnover in R&D) to guarantee the sustainability of the company.*

*3-partnership with major laboratories in the pharmaceutical industry.*

### Analysis:

we mention here the creation of the SCM department, an independent one with its own facility, which is a new strategic decision, and they are still working to establish a solid foundation to how to manage it the best way to evolve this function.

The researcher  
(Question):

**Int Q IV.1+2: What are the risks associated with a supply chain in international trade?**

The interviewees  
(Answers)

*"Monopolisation of transport companies (lines), laws and regulations"*

*"The strong position of RM suppliers what gives them the privilege, and puts us in a dependency situation, and that create risks for the company"*

**Analysis:** in addition to these answers, we found other answerers like the costumes clearance procedures often creates risks in both importing and exporting operations, and the LPI we have talked about in the first chapter ranks Algeria in the 117<sup>th</sup> place over 167 countries covered by this study, and it reached a better ranking (96) in terms of infrastructures, but a lower rank and for logistics quality and competence score, and that with no doubt create risks for the company.

### **Customer satisfaction:**

in order to know whether the logistics of distribution of SAIDAL responds effectively to the demands of its foreign customers, and contributes to improving its commercial performance, we made a customer satisfaction survey, where we treated question mainly related to logistics, meanwhile the number of customers and the exportation operations are insignificant and the company is working to improve its strategies of investing and internationalisation, we found that customers are somewhat satisfied with the overall performance of SAIDAL but they are somewhat dissatisfied with the availability and the range of products and that's may be the reason why they would prefer to deal with other suppliers than SAIDAL, there has been no failures during the delivery of products ; products are delivered on time respecting the schedule and the customer is very satisfied about this matter which is an attractive aspects besides the prices that SAIDAL offer, and they didn't need any support service due to the respect of all requirements mentioned on the call tender by SAIDAL, and that's include the billing, necessary paper transfer and the product quality.

they are somewhat dissatisfied with the availability of products and we can understand that by checking the last order (Mauritania case study) where they call for plus than 500 range of products but SADAL provided only 4, as the head of export said,

### **Synthesis:**

The information collected through the questionnaire and the semi-directive interview allowed us to draw the following observations:

- 1- external factors have the greatest influence on the smooth running of logistics operations, mainly part of the administrative flows and consistent changes in regulations and laws. Physical and financial flows do not run major risks and do not generally hinder the continuity of the process.
- 2- Logistics performance is not measured by SAIDAL group through specific indicators, this can be considered as an obstacle to decision making process and impacts negatively the company's performance and therefore the achievement of its desired objectives in terms of logistics, production. and directly impacts the effectiveness and efficiency of SAIDAL's whole logistics process.
- 3- The creation of a new SCM department, which implies that the functions and tools of SCM are managed irregularly, as a consequence:
  - Unavailability of a measurement system of the logistics performance

- none mastery of different logistics costs.

Even though we notice that the department is working on improving this function,

- 4- The different departments of SAIDAL encounter multiple problems in information flows circulation, we noticed that they are still depending on phone calls, emails...as communication tools... while trying to develop new information and communication system.
- 5- Troubleshooting measurement is limited to high-cost emergency purchases, and dependence on foreign suppliers which causes complications in the upstream process in case of external problems.
- 6- Slow customs clearance procedures impact the procurement process specifically the arrival time of the merchandises at production sites as well as exporting operations.
- 7- The commercial performance is measured in SAIDAL through few indicators, that can't provide a clear vision and a reliable assessment, although they do measure the organizational performance using Norton & Kaplan scoreboard.
- 8- The SAIDAL group products are with reduced prices, this is one of the causes of inefficiency compared to turnover.
- 9- During the internship we found out that SAIDAL is suffering from Frequent stock-outs and stock interruptions, which increases production costs, this directly affect the commercial performance of the company.
- 10- Not maintaining contact with foreign customers limits the measurement of commercial performance on the qualitative aspect.

From the elements discussed during this chapter, we were able, to analyze SAIDAL's import and export operations, extract the various limitations and constraints that SAIDAL faces during these operations which are mainly due to logistics practices in one hand, and to get a general idea of the supply chain of SAIDAL group, and the evaluation of its commercial performance through quantitative and qualitative indicators on the other hand.

To this end, we have interpreted these indicators and the impact of the logistics management on their evolutions, this led us to note that the commercial performance of SAIDAL is moderately good but can be improved, because the rate of achievement of the objectives set by the company is acceptable on all indicators as for its evolution it is generally in decline compared to all indicators especially in year 2019

The different results collected during our interviews carried out with the different managers of the company, allowed us to reveal the consequent impact of logistics management practices on SAIDAL's commercial performance.

### **Recommendations:**

- The establishment of a coordination system between units and supply services by setting up an information network that allows them to respond effectively to its needs.
- Set up a computerized document archiving organization to facilitate the search for information and modernize the SCM Directorate through the acquisition of IT tools.
- Permanent contacts with its potential suppliers, allows the company to reduce the risks of supply disruption.

# **Conclusion**

## Conclusion

Logistics or what's known as the back bone of the economy and companies, plays a fundamental role for business success, and to achieve their goals there should be plans elaborated respecting strategic, practical an operational level, besides, many factors are involved in creating an effective logistics strategy, such as planning, operations management and performance measurement in one part of the following functions: purchasing & procurement, production and distribution.

Mastering of the supply chain represent a considerable competitive advantage, which offers companies the opportunity to increase their sales and market share, and position its self locally and therefore in the global market and generally improve their commercial performance.

At the beginning this function was developed by marketers, by the time it was developed as a separate function within the company and became an academic discipline as well, during this journey many ideas were introduced and so the perceptions and definitions, today academics and experts are solicited to unify their efforts and contribute to achieve better results in this scope, it witnessed huge advance lately due to IT developments application on the field, what gave it more importance for companies seeking competitive advantages,

The concept of commercial performance and its measurement is now more than ever one of the main problematics in business and its improvement becomes an ultimate objective for the majority of companies in all sectors and activity fields.

But it remains a complex term with different meanings (effectiveness, efficiency...), However, a set of quantitative indicators, namely sales volume, turnover, market share, and other qualitative indicators, namely customer satisfaction and the brand image, make it possible to reduce this complexity and help measuring a company's commercial performance for different purposes, interestingly to determine the impact of a variable 'logistics management' on this performance results,

With the intention of finding answers to our main question: "How does the logistics management effect the commercial performance?"

we have decided to carry out both a quantitative and qualitative studies, first; we started by describing the import and export operations in an attempt to analyse the whole logistics chain and to meet the research condition for our major "international business", then we determined the impact of logistics on these operations, and the obstacles and constraints faced mainly due to logistics.

We analysed SAIDAL's commercial performance through quantitative and qualitative indicators, the measurement based on the last five years financial results, and the impact of logistics on these results, we remarked a strong association between the logistics obstacles and the low performance of the company.

our work was largely inspired by a qualitative methodology based on a semi-directive interview with senior managers starting by the heads of SCM and Commercial directorates of SAIDAL, all ahead with Planning and Programming, Transit, Purchase and Procurement, and Dispatch managers and as well as some sub-managers in both Directorates. And we strengthen this study with a general questionnaire addressing a set of topics related to the

logistics management in more details, we also opted for a customer satisfaction questionnaire where we contacted five foreign customers based in Africa and MENA regions, but we have received one reply, and the results have shown how distribution logistics works and its influence on exporting operation related to turnover and commercial performance in general

The First hypothesis which dictates that logistics management is considered an important function at SAIDAL

We came to a conclusion that SAIDAL isn't giving much consideration to this function throughout the analysis of different variables, since it represents a high rate to the total costs, even though there were no procedures to improve this function, this is an alarming indicator that says a lot about SAIDAL's point of view on its SC management, they have few measuring tools such as the stock evaluation, but not sufficient to assess its performance, and no plans and strategies to develop during this past five years, but lately SAIDAL is giving more attention we can mention for example the recent creation of an independent directorate for SCM, that's working to improve this function and create new solutions, which confirms our hypothesis only partially.

Second hypothesis: commercial performance is measured by quantitative and qualitative indicators

Commercial performance is measured by SAIDAL, using some indicators that only provides an overview, inaccurate of the actual commercial performance, these indicators differ according to the objectives of the company but commonly it is based on quantitative indicators to follow the proper functioning of the sales of the company, these indicators are insufficient to measure a company's commercial performance, in addition to some qualitative notions like customer satisfaction. So, we confirm partially this hypothesis.

Third hypothesis: Logistics management practices helps reducing costs and therefore enhance the company's commercial performance

we have seen that the functioning of SAIDAL's supply chain depends initially on the commercial objectives set by the marketing & sales directorate, starting with the production planning until the distribution of finished products to national and international customers, the commercial decline resulting from the analysis of SAIDAL's commercial Indicators allows us to note that it is due to a weak management of stocks, a lack of an effective communication system that hinders the flow of information internally and externally, the dependence of foreign suppliers in raw materials, the absence of measurement of logistics performance, all this has led to a lack of control of logistics costs without forgetting that these costs represent a significant percentage of turnover, which impacts the other quantitative indicators of commercial performance, all these findings lead to confirm our third hypothesis

Despite the efforts we have made to carry out our work, we feel that we have not been able to identify the whole problematic, mainly due to health situation caused by Covid-19 which reduced the chance for us to be sufficiently present at the company, we also have met many other difficulties and constraints that limited our study, especially those related to the inability to calculate some indicators due to the lack of cost accounting or the lack of necessary sources and the lack of software packages were also obstacles to our research

Not forgetting to mention that the safety policies set up by SAIDAL harden the task of conducting a regular internship and therefore the problem we referred before the information collection

Finally, we want other research to enrich ours and discover other facet about the logistics management of pharmaceutical companies in Algeria while offering the following themes:

- 1- The impact of logistics performance measurement on the improvement of the commercial strategy of SAIDAL group.
- 2- Practices of reverse logistics in the Algerian pharmaceutical industries.

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# **Appendices**

**Appendix N (01): Dossier d'appel d'offres internationales**

***DOSSIER D'APPEL D'OFFRES  
INTERNATIONAL OUVERT N°01/2020/CAMEC***

**Pour l'acquisition de Médicaments, Consommables  
Médicaux et Réactifs de laboratoires**

**CAMEC**

Rue 1-143 Zone Artisanale - Sebkha

BP: 5545 Nouakchott-Mauritanie

TEL: (222) 45 29 66 64

FAX: (222) 45 29 66 72

E-mail : [secretcion@camec.mr](mailto:secretcion@camec.mr)

02/05/2020

## Appendix (02): Bon de commande.

Republique Islamique de Mauritanie  
Nouakchott - Rossoyenne - Jallouli  
Ministère de la Santé  
Centrale d'Achat des Médicaments  
Equipements et Consommables Médicaux

الجمهورية الإسلامية الموريتانية  
نواكشوط - احياء - جلال  
وزارة الصحة  
مركزية شراء الادوية والاجهزة  
والمستلزمات الطبية

الرقم القياسي: 10 SEPT 2020

00000092 CAMECIMS  
VISA \_\_\_\_\_ DIRCOM  
VISA \_\_\_\_\_ CONTROLE INTERNE

### Bon de commande \*

NUMERO	REFERENCE	FOURNISSEUR	LIVRAISON		
GBC200065	GIMAC/CF23/2020	SAIDAL			

Item	Désignation	Qté	Cond.	PU en / EURO	Mt HT / EURO
1	Acide Acetyl Salicylique 100mg Blister B/30	4000	B/30	0,4800	1 920 0000

Total : EURO 1 920,00

Arrêté le présent Bon de commande à la somme Mille neuf cent vingt Euro

- Produits au 24 de leur durée de vie (durée inférieure à 24 mois) ou au 2/3 (durée supérieure ou égale à 3 ans)

- Veuillez accompagner les livraisons avec factures, connaissance (ou AWBLTA), assurance, certificat d'analyse, étiquette de collage et certificat d'origine

**Le Directeur des appros et des Agences**  


**Le Directeur Général**  


Amatissou  
- DAF  
- SC  
- CHRONO

شركة بشارتس ميل مخطط رقم: 1-370 260 000 - هاتف: 45 29 66 64 - فاكس: 45 29 66 72 - (222) 45 29 66 72 - البريد الإلكتروني: www.camecims.rh  
Société Nationale du Capital de: 1 370 260 000 LMR - E-mail: www.camecims@camecims.rh - Site web: www.camecims.rh  
Tél: (222) 45 29 66 64 Fax: (222) 45 29 66 72 001 0545 Nouakchott - Mauritanie

## Appendix (03): Customer Satisfaction questionnaire

Dans le cadre de notre thèse de Master en affaires internationales à l'EHEC et afin de savoir si la logistique de distribution de SAIDAL répond efficacement aux exigences de ses clients, et contribue à améliorer sa performance commerciale, veuillez répondre aux questions suivantes.

**Observation : S'il vous plaît mettre une croix (X) dans la case appropriée.**

Nom du costumier (raison sociale) : .....

Pays de pratique de la profession : .....

<i>Dans quelle mesure avez-vous été satisfait de chacun des éléments suivants ?</i>		<i>Très satisfait</i>	<i>Plutôt satisfait</i>	<i>neutre</i>	<i>Plutôt insatisfait</i>	<i>Très insatisfait</i>	<i>Ne sais pas/non applicable</i>
<b>Service de transport</b>							
1	<i>Planning ou temps de transit (selon ce qui s'applique à vous)</i>						
2	<i>Respect de l'horaire ou Cohérence des temps de transit (selon ce qui s'applique à vous)</i>						
3	<i>Des mesures correctives ont été prises lorsqu'une panne de service s'est produite</i>						
<b>Produits</b>							
5	<i>Dans quelle mesure avez-vous été satisfait de chacun des éléments suivants ?</i>						
6	<i>Disponibilité du produit désiré</i>						
7	<i>Disponibilité d'informations sur l'état des produits commandés</i>						
8	<i>La qualité des produits en termes d'efficacité, de sécurité, de qualité (microbiologique, physico-chimique)</i>						
9	<i>Mesures correctives prises si les produits ne répondaient pas à vos besoins</i>						
10	<i>Dans quelle mesure avez-vous été satisfait de la performance globale de (SAIDAL) dans ce domaine ?</i>						
<b>Service d'appui</b> (SAIDAL) <i>Lorsque vous communiquez avec vous pour des questions et des demandes concernant l'état des expéditions, les engagements de service et les solutions logistiques</i>							
12	<i>Efficacité du service d'appui de résoudre les problèmes</i>						
13	<i>Précision de l'information fournie par les représentants du soutien aux services</i>						
14	<i>Rapidité des représentants du soutien au service pour résoudre les problèmes</i>						
15	<i>Courtoisie et professionnalisme des représentants du service d'appui</i>						
16	<i>Dans quelle mesure avez-vous été satisfait de la performance globale de (SAIDAL) dans ce domaine ?</i>						

Dans quelle mesure avez-vous été satisfait de chacun des éléments suivants ?	Très satisfait	Plutôt satisfait	Neutre	Plutôt insatisfait	Très insatisfait	Ne sais pas/non applicable
------------------------------------------------------------------------------	----------------	------------------	--------	--------------------	------------------	----------------------------

<b>Facturation</b>						
Précision des factures de fret						
Précision des factures de service/accessoires supplémentaires						
Mesures correctives prises en cas d'erreur de facturation						
Dans quelle mesure avez-vous été satisfait de la performance globale de (SAIDAL) dans ce domaine ?						

<b>Perte et dommages de fret</b>						
Efficacité des services de prévention des pertes et des dommages de fret						
Règlement rapide des réclamations pour perte de fret et dommages						
Accessibilité et réactivité de l'équipe de prévention des pertes et des dommages de fret						
Dans quelle mesure avez-vous été satisfait de la performance globale de (SAIDAL) dans ce domaine ?						

### **Globalement**

Par rapport à d'autres fournisseurs pharmaceutiques, comment évaluez-vous SAIDAL ?

Je préfère collaborer avec SAIDAL	
SAIDAL est légèrement mieux que les autres sociétés pharmaceutiques	
La performance de SAIDAL est à peu près la même que celle des autres fournisseurs pharmaceutiques	
(SAIDAL) est légèrement pire que les autres fournisseurs	
Je préfère de collaborer avec d'autres fournisseurs quand c'est possible	

Dans l'ensemble, dans quelle mesure avez-vous été satisfait de SAIDAL ?	Très satisfait	Plutôt satisfait	Neutre	Plutôt insatisfait	Très insatisfait	Ne sais pas/non applicable

Veillez citer les 3 critères les plus importants lorsqu'il s'agit d'une société pharmaceutique :


Quel aspect (s) du mix de SAIDAL trouvez-vous le plus attrayant ?

Prix	
Disponibilité des produits	
Qualité des services logistiques	
La diversité de la gamme	
Autres (s'il vous plaît mentionner la raison ici)	

D'autres commentaires concernant SAIDAL et ses perspectives d'avenir s'il vous plaît?

--

**Merci pour votre aimable et précieuse coopération !  
La fin.**

## Appendix (04): General questionnaire

### Questionnaire pour la direction de la SCM :

Prière de répondre sur ce questionnaire qui est principalement développé dans le cadre d'un projet de fin de cycle master qui porte sur « l'impact du management de la logistique sur la performance d'une entreprise exportatrice » utilisé afin de découvrir les activités logistiques de l'établissement pour avoir plus d'informations détaillées, nous vous remercions de bien vouloir consacrer un quart d'heure pour répondre.

### 1/la logistique de l'approvisionnements :

**1. Avez-vous une vision de votre chaîne d'approvisionnement ?**

- Oui  
 Non

**Si oui, jusqu'où maîtrisez-vous le flux d'information et le flux produit ?**

Besoin du marché, expression du besoin lancement de produit, l'approvisionnement, réception de l'achat, transformation de la matière en PF et vente de produit

**2. Combien d'intermédiaires existe-t-il avant l'arrivée du produit dans l'entreprise ?**

Ça implique plusieurs intervenants entre autre le département approvisionnement et le département de transit .

**3. Quel est le mode d'organisation de la logistique de l'établissement pour les approvisionnements ?**

- Flux tendus  
 Synchrones  
 Stocks  
 Magasin avancé  
 Autre, lequel ?.....

.....

**4. Quelle est la fréquence de l'approvisionnement ?**

- Hebdomadaire  
 Mensuelle  
 Trimestrielle  
 Autre, précisez ?.....

**5. Qu'est-ce que prenez-vous en compte dans vos stratégies d'approvisionnement ?**

- la dimension géopolitique  
 le prix  
 Autre : la demande du marché (rotation du produit sur le marché )

**6. L'entreprise envisage-t-elle un développement de l'approvisionnement ?**

- Oui

Non

Pourquoi ? afin de mettre à la disposition des unités de production , les MP et AC , le département homologation dont la mission est de faire une prospection de nouveaux sources d'approvisionnement améliorer l'approvisionnement (qualité,prix,délais )

**7. Les délais sont-ils contractuels ?**

Oui

Non

**Si oui, sont-ils établis par catégorie de produits ?**

Oui

Non

**Si oui, précisez quels sont les délais entre la commande et la livraison:**

pour ce qui est de délais cela varie d'un article à un autre , ils sont inscrits dans le contrat fournisseur acheteur.

**8. Quelles sont les quantités moyennes d'un approvisionnement ?**

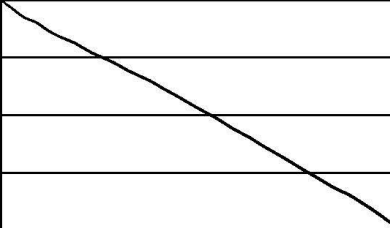
C'est des quantités qui couvrent 4 mois de production .

**9. La logistique de l'activité d'approvisionnement a-t-elle évolué ?**

Oui

Non

Si oui, précisez les tendances : (↑ ou ↓)

	Approvisionnement
Fréquences	
Quantités moyenne	
Délais	
Distances	

**10. L'activité de transport d'approvisionnement est-elle sous-traitée ?**

	Approvisionnements
Totalement Nature des prestations : - Uniquement le transport - Activités logistiques - Totalité de la logistique	T D L <span style="float: right;">X</span>
Partiellement Circonstances : - Courtes distances - Longues distances - Parcours terminaux	PT <span style="float: right;">X</span>
Prestataire unique	
Plusieurs prestataires : - Selon le mode - Selon les distances - Selon les délais - Selon les volumes	SM <span style="float: right;">X</span>

Pourquoi ces choix ? Vu l'activité de l'entreprise est dédiée à la production pharmaceutique .

**11. Quels sont les critères de sélection des intermédiaires ? (entourer la bonne réponse)**

	Degré d'importance		
	1	2	3
Rapidité et garantie des délais d'acheminement	1	2	3
Respect des horaires de ramassage ou de distribution	1	2	3
Disponibilité immédiate	1	2	3
Traçabilité (possibilité d'être informé en permanence sur l'état et le lieu où se trouve la marchandise)	1	2	3
Disponibilité en stockage	1	2	3
Prix	1	2	3
Simplicité tarifaire / coût de gestion de l'information comptable	1	2	3

Autres, précisez : la conformité de la matière première par rapport aux exigences spécifiées.....

**12. Dans le cas où le transport n'est pas sous-traité, de quel matériel dispose en propre l'établissement ?**

- |                                                         |                                                     |
|---------------------------------------------------------|-----------------------------------------------------|
| <input checked="" type="checkbox"/> Camionnettes        | <input checked="" type="checkbox"/> Remorques       |
| <input checked="" type="checkbox"/> Péniches            | <input checked="" type="checkbox"/> Caisses mobiles |
| <input checked="" type="checkbox"/> Camions de x tonnes | <input checked="" type="checkbox"/> Semi-remorques  |
| <input checked="" type="checkbox"/> Wagons              | <input checked="" type="checkbox"/> Conteneurs      |

.....  
.....

**3/la logistique de distribution à l'export :**

**1. Combien d'intermédiaires existent-ils après la sortie du produit de l'entreprise ?**

Il existe 03 intermédiaires :

- Les sites
- Les centres de distribution
- Les grossistes

**2. Quel est le mode d'organisation de la logistique de l'établissement pour les livraisons ?**

- Flux tendus
- Synchrones
- Stocks
- Magasin avancé
- Autre, lequel ? .....

**3. Quelle est la fréquence de livraison ?**

- Mensuelle
- Trimestrielle
- Autre, précisez : selon la demande, par bon de commande.

**4. L'entreprise envisage-t-elle un développement de son activité de livraison à l'étranger ?**

- Oui
- Non

Pourquoi ? Expansion et développement des richesses

**5. Quelles sont les quantités moyennes d'une livraison ?**

Quantités insignifiantes

**6. La logistique de l'activité à l'export a-t-elle évolué ?**

- Oui
- Non

Si oui, en termes de quoi ? : (↑ ou ↓)

	Livraison
Fréquences	
Quantités moyenne	
Délais	

Distances	
-----------	--

**7. L'activité de transport de livraison est-elle sous-traitée ?**

	Livraisons
Totalement	
Nature des prestations :	
- Uniquement le transport	
- Activités logistiques	
- Totalité de la logistique	TDL X
Partiellement	
Circonstances :	
- Courtes distances	
- Longues distances	
- Parcours terminaux	
Prestataire unique	
Plusieurs prestataires :	X
- Selon le mode	
- Selon les distances	
- Selon les délais	
- Selon les volumes	X

**Pourquoi ces choix ?** La logistique avale ne peut être internalisée pour des raisons liées à la stratégie et aux volumes des expéditions qui restent assez faibles, tous les exportateurs algériens doivent procéder avec des transporteurs et/ou armateurs et des distributeurs externes, Internaliser a un coût exorbitant.

**8. Quels sont les critères de sélection des intermédiaires ? (entourer la bonne réponse)**

	Degré d'importance		
Rapidité et garantie des délais d'acheminement	1	2	3
Respect des horaires de ramassage ou de distribution	1	2	3
Disponibilité immédiate	1	2	3
Traçabilité (possibilité d'être informé en permanence sur l'état et le lieu où se trouve la marchandise)	1	2	3
Prix	1	2	3
Simplicité tarifaire / coût de gestion de l'information comptable	1	2	3

**Autres, Précisez :** .....

.....

.....

**9. Quel est le mode de transport utilisé pour ces flux ? (en %)**

Livraisons Internationales	Routier	Ferroviaire	Maritime	Aérien
%			65%	35%

**10. Ce mode varie-t-il ?**

	Livraisons Export
Selon le type de produit	X
Selon les quantités	X
Selon les distances	
Selon les fréquences	
Selon les couts	
Selon le délai	X

Pour d'autres raisons ?.....

**11. Comment gérez-vous vos flux d'informations de transport aval ?**

A travers une plateforme informatique qui contient les information mise-à-jour-à-jourée élaboré par nos informaticiens.

**12. Comment avez-vous été mis en relation avec les prestataires logistiques et transporteurs ?**

- |                                                                   |                                                   |
|-------------------------------------------------------------------|---------------------------------------------------|
| <input type="checkbox"/> Appel d'offre                            | <input type="checkbox"/> Réseaux de connaissances |
| <input checked="" type="checkbox"/> Prestataire(s) régulier(s)    | <input type="checkbox"/> Salons professionnels    |
| <input type="checkbox"/> Par l'intermédiaire d'un commissionnaire | <input type="checkbox"/> Autres, précisez :       |

**13. Quelle relation développez-vous avec eux ?**

- Contrats ponctuels
- Alliances
- Contrats renouvelables
- Contrats de longue durée
- Autres, précisez : Pas de contrats, chaque situation .....

1. Quelles sont les régions vers lesquelles l'entreprise exporte directement ?  
Toutes les exportations sont transportées par des entreprises qui font des embarquements aux portes d'Europe.....

2. Quelles sont les principaux obstacles de la logistique de distribution que rencontre l'établissement à l'étranger ?

.....  
.....

**Merci pour votre aimable et précieuse coopération !**

**La fin.**

## Appendix (05) : Interview guide

**Interview topic:** The impact of logistics on the performance of an exporting company.

**Case:** SAIDAL GROUP

**Date and place of the interview:** The .../.../.... At the SCM department level

First of all, I would like to thank you for the time given to carry out this interview, the purpose of my study is to analyze the impact of logistics on the performance of an exporting company, during this interview we will ask some questions relating to the role of logistics in an export company and its impact on its commercial performance.

### **I. The saidal group's supply chain:**

- 1) What is your role at GROUPE SAIDAL?
- 2) Among the flows of information, physical, financial, where do the elements that delay the smooth running of purchase-supply operations generally come from?
- 3) How do you set, track and improve logistics performance goals?
  - a. Rate of achievement of these objectives?
- 4) How are the costs distributed in relation to logistics activities? Can you mention some logistical costs?
- 5) How much do all logistics costs represent in relation to turnover?
- 6) How do you proceed to minimize costs and lead times?
- 7) What troubleshooting procedures are in place to avoid disruption of the supply chain when something unexpected happens?
- 8) How can you evaluate the different players in groupe SAIDAL's supply chain?
- 9) What is the method and criteria that you take into account when choosing suppliers?

~~10) On what basis do you choose the mode of transport of raw materials and packaging articles?~~

## **II. Commercial performance**

1) Is business performance measured in your business?

If Yes

- 2) On the basis of what criteria do you evaluate the commercial performance of your company?
- 3) How often is business performance measured within your company?
- 4) What indicators do you use to track and measure business performance within your company?

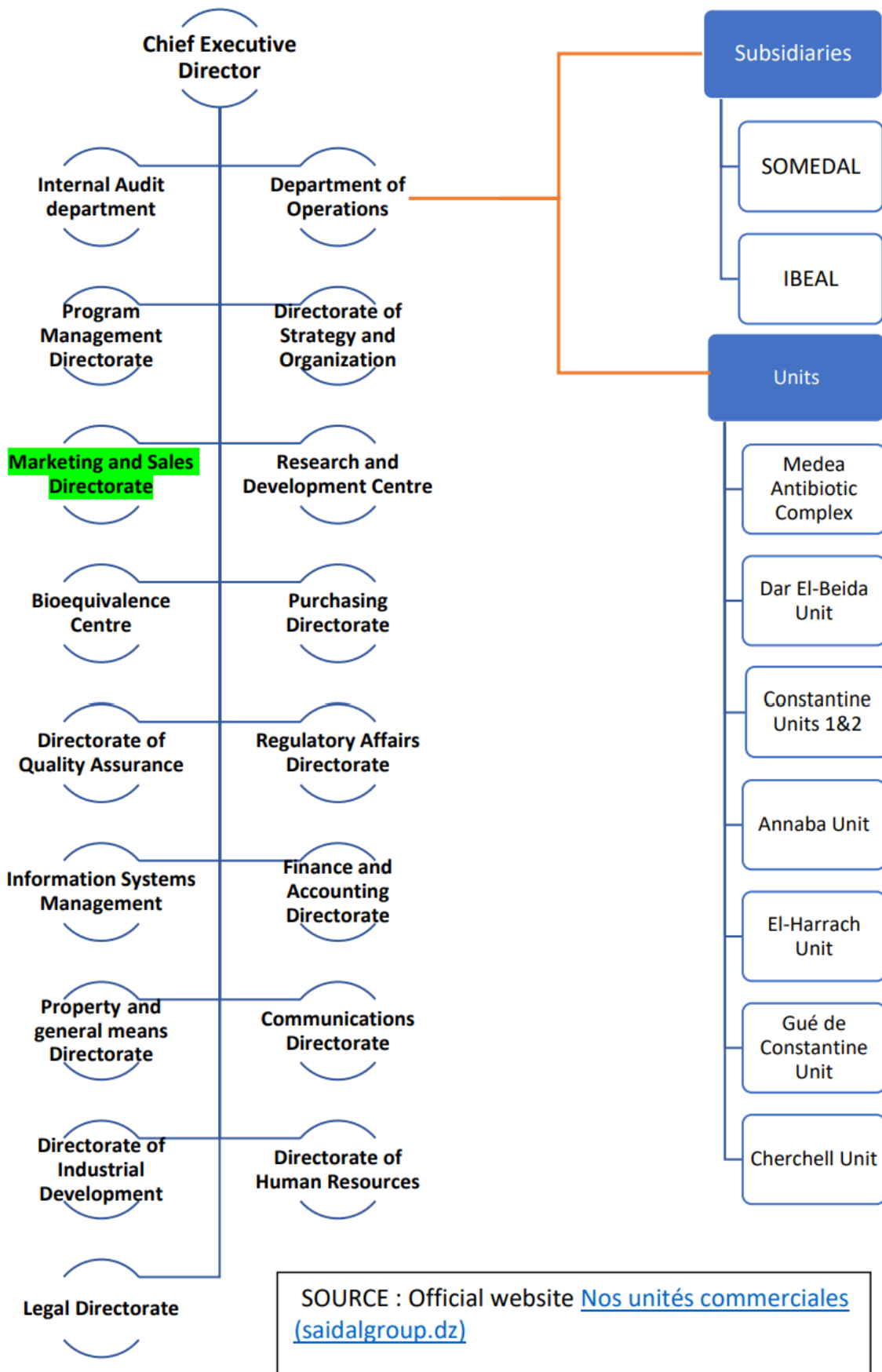
## **III. The contribution of the Supply Chain approach to improving business performance**

- 1) What is the contribution of the Supply Chain management approach to the commercial performance of your company?
- 2) Do you consider that Supply Chain Management is necessary or essential to maintain a competitive advantage?
- 3) Does logistics performance have an impact on the company's turnover?
- 4) Do logistics costs affect the company's commercial performance? How?
- 5) What strategic decisions does your company make to improve its supply chain to optimize its business performance?
- 6) On all the activities of the Supply Chain, where do the main causes of sales generally come from?

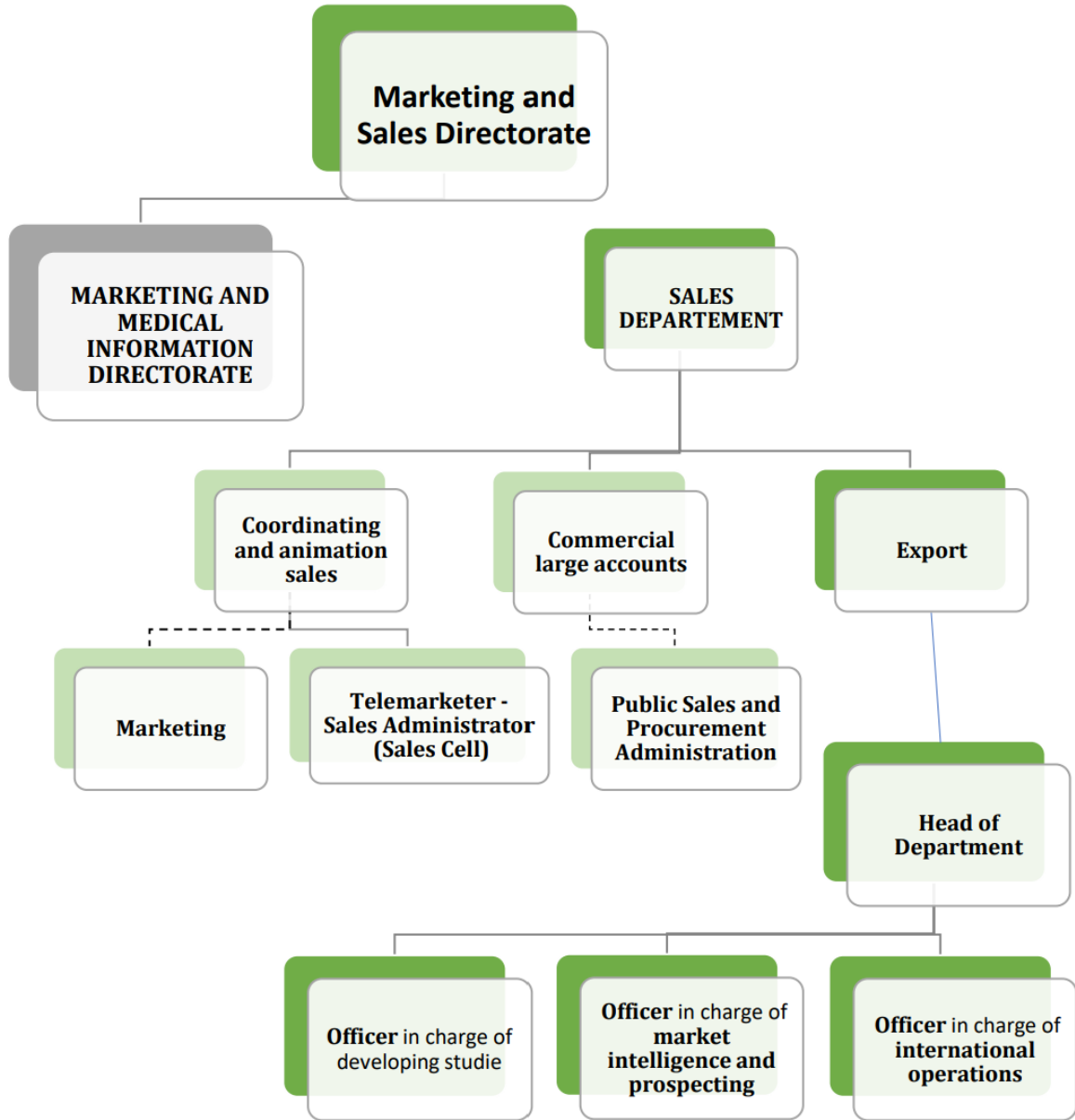
## **IV. The obstacles and risks of the international supply chain:**

- 1) What are the risks associated with a supply chain in international trade?
- 2) Do you think that domestic regulations and laws are a major obstacle to logistics in international trade?

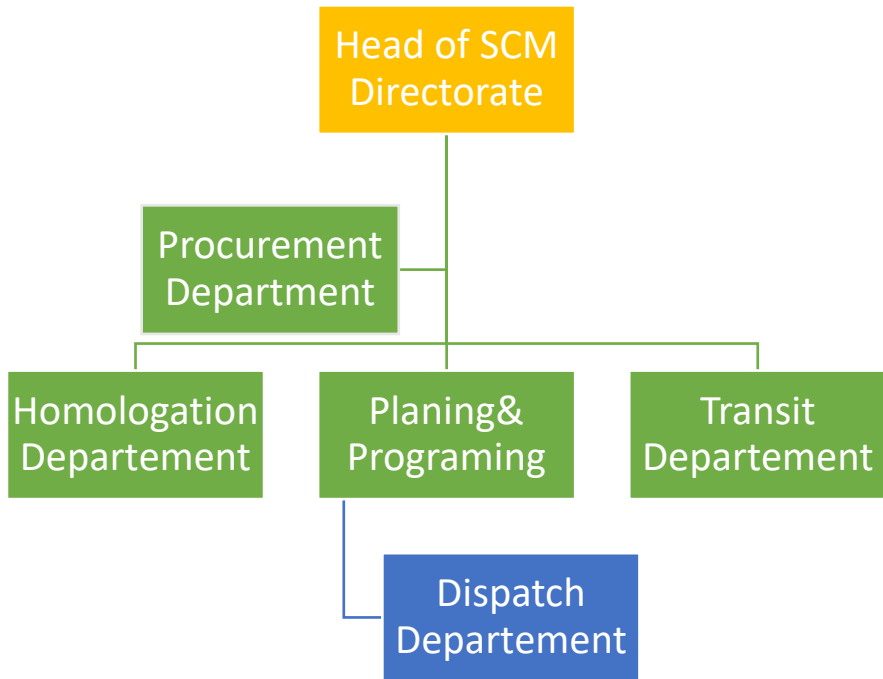
Appendix (07) : organisational chart, of the company.



**Appendix (08): Marketing and Sales Directorate organizational chart**



**Appendix (09): Organizational chart SCM Directorate.**



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