



# Developing a Used Car Importing Business Model

## Process and Sustainability

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**Abstract**

The development of a used car importing process was the main aim for this study. The development work was done for Assistor-Uuttera, a car importing company operating in Southern Finland interested in expanding their market share in the used car importing market. The main question was that what could be considered as a competitive advantage in used car importing the future, the main point of view being sustainability and responsibility. The data needed for this development work was gathered through customer and employee interviews and implemented using principles supply chain development and business process development.

As a result from the interviews, several defects from the current used car importing business model were found that caused increased risk to disruptions in the supply chain, thus causing extra costs for the company as well as lowering customer satisfaction. Solutions for the issues were found implementing the principles of supply chain development and business process development, mainly process simplification and increasing customer orientation. As a conclusion, Assistor-Uuttera shall now have an improved business model which is competitive with similar services as well as being up to date in terms of sustainability. On the basis of the new improved business model, Assistor-Uuttera can search possibilities in the future for creating a competitive edge to attract more customers and innovate in terms of further integrating sustainability and responsibility into the process.

**Keywords/tags (subjects)**

Supply chain development, Business process development, Customer orientation, Sustainability, Responsibility.

**Miscellaneous (Confidential information)**

No confidential information is presented in this thesis.

## Contents

<b>1</b>	<b>Introduction .....</b>	<b>3</b>
<b>2</b>	<b>Frame of the Resesearch.....</b>	<b>4</b>
2.1	Research questions .....	4
2.2	Research implementation .....	5
2.3	Ethics .....	8
<b>3</b>	<b>Car importing.....</b>	<b>8</b>
3.1	Used car importing process types.....	8
3.2	Used car importing statistics 2021-2023 .....	11
3.3	Costs regarding imported cars .....	13
3.4	Profitability of importing and selling used cars .....	14
<b>4</b>	<b>Process Development .....</b>	<b>15</b>
4.1	Process development methodology .....	15
4.2	Supply Chain development .....	16
4.3	Business Process Development.....	17
<b>5</b>	<b>Sustainability in Car importing .....</b>	<b>19</b>
5.1	Definitions and Corporate point of view.....	19
5.2	Environmental, Social and Governance .....	21
5.3	Standards.....	21
<b>6</b>	<b>Results and conclusion.....</b>	<b>23</b>
6.1	Current state of the car importing process.....	23
6.2	Points for improvement in the business model.....	25
6.3	Sustainability and responsibility of the used car importing process .....	26
6.4	Improved used car importing business model.....	26
<b>7</b>	<b>Discussion.....</b>	<b>29</b>
	<b>References .....</b>	<b>31</b>
	<b>Appendixes .....</b>	<b>34</b>
	Appendix 1. Imported used cars .....	34

## Figures

Figure 1.	A General Guide for Conducting Research interviews (McNamara, 2023). .....	7
Figure 2.	3PL car importing process.....	9
Figure 3.	1PL car importing process.....	10
Figure 4.	Car storage lot in Hanko harbour. (Assistor-Uuttera n.d.) .....	11

Figure 5. Imported used passenger cars 2022 (Traficom, n.d.).....	12
Figure 6. Imported used passenger cars January-April 2023 (Traficom, n.d.).....	12
Figure 7. Most imported car brands to Finland in 2021. (Netwheels 2021.) .....	13
Figure 8. Business Process improvement Framework ( Andersen, 2007, p. 5). .....	18
Figure 9. The Sustainability Puzzle (Weybrecht, 2013, p. 52).....	20
Figure 10. Current importing process and supply chain.....	24
Figure 11. Improved Used Car Importing Process. ....	27

# 1 Introduction

Importing used cars to Finland has been a steadily growing trend during the past decade as shown in Appendix 1. There may be several reasons for this, one being that even with the importing taxes added, one can get a lower mileage car with better equipment from abroad for a lower price than what a similar vehicle costs here, if such is even available. Furthermore, imported cars are usually in a higher spec than the Finnish domestic market ones. Another reason for the enormous popularity of used car importing can be traced to the Finnish car taxation system, which favours importing used cars compared to buying a new one from inland (Pantsu, 2019). The most popular countries for importing cars in 2021 were Germany and Sweden (Liikenne fakta, n.d.).

There are several companies operating in the used car importing industry, and it may be difficult for a company to keep its respective business model competitive. Thus, it is important to regularly seek for problems in the process, measure performance and implement constant development. Legislation for development regarding sustainability and responsibility is getting tighter gradually which is why it is important to implement this point of view into the process as well.

## Target and scope

The purpose of this work is to map and improve a used car importing business model, from the sustainability and process development point of view. The work is done for Assistor-Uuttera, who are keen to find out what should be improved in their used car importing business model in order to both increase their market share and sustainability of the process. Sustainability is of large importance in this work since Assistor-Uuttera names sustainability and responsibility as a top priority, offering services and products that cause minimal environmental harm, while making sure that sustainability standards are followed throughout the whole supply chain (Assistor-Uuttera n.d.).

As an end result of this work, Assistor-Uuttera shall have an improved, more sustainable business model for importing used cars which is more attractive for the customer. Furthermore, the business model shall also be suitable for further development in the future. The process of used car importing already exists for Assistor-Uuttera, so the point of this thesis is to find out possibilities for improvement. Therefore, this can be considered as qualitative research to do development work.

Assistor-Uuttera as a company in its current form was established in 2019, when two companies; Assistor and Uuttera combined their forces. The roots of this collaboration however go much deeper to several decades back. Uuttera has been serving customers from the automotive industry since 1945 and Assistor since 1966 (Assistor-Uuttera n.d.). Uuttera is also one of the founders of Suomen Vapaasatama OY in Hanko, the center of Finnish vehicle logistics (Uuttera n.d.). Assistor-Uuttera is a part of Veho Group, the key importer of Mercedes-Benz passenger cars and trucks in Nordic and Baltic countries (Veho n.d.). Assistor-Uuttera offers a variety of automotive services such as equipment installations, taxation and information services, storage and transportation services, Sales fixes and entry checks (Assistor-Uuttera n.d.).

### **Scope and limitations**

In addition to improve the process to benefit market share, possibilities for improving sustainability in the process will be studied. Demand for sustainable transport services is on the rise and with environmental legislation getting stricter, companies cannot avoid the question of sustainability anymore. Furthermore, making the business model as sustainable as possible will make it also able to withstand tighter legislation with minimal changes in the future.

Deeper market research concerning competing companies shall not be covered in this thesis. Supply chain management and business process development will be focused most on creating value to the end customer. The process as whole shall be mapped in a way to support this approach as best as possible.

## **2 Frame of the Resesearch**

### **2.1 Research questions**

This thesis will be done on the basis of 3 research questions;

- **How does Assistor-Uuttera's used car importing business model work at the moment?**
- **What do customers and employees think could be improved in the business model and its sustainability?**
- **How can we improve Assistor-Uuttera's process for future business model?**

The first question “How does Assistor-Uuttera’s used car importing business model work at the moment?” is chosen since before any development work can be made, one needs to find out how the process works in the first place.

The second question “What do customers and employees think could be improved in the business model and it’s sustainability?” is to collect customer’s and employee’s feelings on what could be developed in the process. Customers and employees are the best option for collecting this type of data since they have experienced the service and work with the business model regularly.

The question “How can we improve Assistor-Uuttera’s process for future business model?” is to seek the best possible solutions for the problems pointed out by customers and employees.

## **2.2 Research implementation**

To create a solid knowledge base, three themes of theory will be discussed. They were chosen since they are relevant in this study. Information for this knowledge base is found from websites of different car importing companies that have their own ways of completing the process, logistics literature concerning supply chain development and business process development as well as literature concerning corporate sustainability and responsibility.

First in the process of implementing the actual research is mapping the used car importing process. To achieve this, the staff of Assistor-Uuttera were interviewed through Microsoft Teams, including the SCM manager, key account manager, head of sales and marketing, SCM specialist as well as the head of operations. All these people were contacted through email to give them reasonable reaction time. There was also a customer interview from Veho group.

Online interviews in Teams were chosen as the best suitable option because of the distance between me and the staff of Assistor-Uuttera and because it gives the best possibility for versatile answers and relaxed conversation through talking directly with the other person. Creating an online questionnaire was considered as the best way at first but it proved to be surprisingly difficult to formulate a good enough questionnaire to motivate the receiver to answer to it. Additionally, the concern of not being able to utilize such brief answers in this work resulted in abandoning the option in the process mapping phase.

There were a couple of base questions for this interview which were handed over to the interviewees alongside the email:

- What does the used car importing process look like step by step at the moment?
- What could be improved in the process to make it more attractive to the end customer?
- How does sustainability show in the used car importing process and how could it be developed?

The number of base questions was kept little, since conversations tend to become more relaxed as you get the first impressions of the person you are doing the interview with. Once the interview becomes more relaxed, you start to get a lot more conversation in the interview and more material to utilize in the work. The teams interviews were recorded as text using the function from the application so that the main focus could be on the interview itself and instead of making notes separately.

The material received from the interview was then gone through to create a summary; what were the bottlenecks that were raised up by several interviewees, and what were the most popular suggestions for improvement regarding the process itself as well as developing the sustainability of the process.

### **Interview methods**

There are several ways of conducting an interview, and their suitability for each case is individual. Personal face to face interview is considered as the most common method. It allows the interviewer to concentrate on one person at a time making it less stressful than group interviews, but the interviewee may still find the situation stressful in terms of making a good impression. Phone interviews is probably the least common way of interviewing since the interviewer might find it hard to stay in track of thought with the interviewee. When using this method, it may be a good idea to make notes which helps to build a picture of the interview afterwards. Group or panel interviews could be considered as the most stressful option, since the interviewees might find themselves under pressure from not only the interviewer but also each other. Eye contact is crucial, and it should be individual when the interviewee is answering a question. Video interview is the most



advanced option since it combines the aspect of having personal contact similar to traditional interviews without the costs and process of arranging one. This method also eliminates the problems caused by long distance between the parties of the interview (Chitra Reddy, n.d.). In this case, video interview was the best option because the long distance between me and the premises of Assistor-Utterra and the possibility of having personal contact via video footage. The interviews were planned to last one hour to get as much information out of them as possible, which proved to be just enough.

There are 3 types of interviews in terms of structure: unstructured, semi structured, and structured interview. In a structured interview, there is the same question base for all interviewees, and the questions are always asked in the same order. An unstructured interview on the other hand is the direct opposite, since the topics that must be covered can be written down as a checklist, but the rest of the interview is completely free form. A semi structured interview is a combination of these two, where there can be both free form questions and answers and pre-defined questions. (Bhat, n.d.). In this case, the interview form can be best described as a semi-structured interview since there is a list of questions but there might also be additional free form ones if needed. A general guide for interviews by McNamara (2023) presented in figure 1 was used as help to make sure that the interviews for this research would fulfill their purpose.



Figure 1. A General Guide for Conducting Research interviews (McNamara, 2023).

## 2.3 Ethics

While completing a bachelor's thesis, the ethical principles for students must be followed in the process. The principles listed by The Student Affairs Board (2018, p. 11.) are;

1. My goal is to learn, grow, and develop the expertise needed in the professional tasks of my field I will practice and develop my skills as a professional and responsible worker throughout my studies.
2. I will act according to the principles of sustainable development.
3. I will take care of my studying abilities and promote team spirit as well as encourage others to act similarly.
4. I will encourage and develop my learning as well as acting similarly towards others
5. I will give value to other people's work as well as acting honestly. So
6. I shall give value to the work and respect the working hours of the school staff. So
7. I will act as a positive example to other students
8. I will act sustainably and appropriately respecting others in my actions, including actions in social media.
9. I will promote equality and act in such a way towards all cultures.

These ethical principles set the basics in terms of ethics for this work. For instance, the transcripts from the interviews conducted are considered as classified since they contain information about the company's processes. It was therefore important to make sure that the information files were kept in a secure storage location, and they would not be included in the public part of this paper. The information received from the interviews play a major role in terms of data in this work. Therefore, in order for the solutions to be feasible, they must be developed according to the data received in the process mapping phase and the data must be used as-is, without altering it in any way.

## 3 Car importing

### 3.1 Used car importing process types

Used car importing process goes through customer needs and each case is individual, but there is still a certain frame on which the process goes despite the individual requirements.

The buyer, either a company or an individual, lists their requirements for the car they want to buy. Price, make and model, mileage, and the number of optional extras for instance. The company undertakes research, finding vehicles from abroad that fit the customers' requirements. The number

of vehicles found is often dependent on how difficult it is to find cars in the customer desired spec. After the suitable vehicles have been found, the customer is then handed a list of the cars found. According to the customer's decision on which vehicle is the most suitable for them, the company will then buy the car and handle the transportation to Finland through subcontractors (Auto-Saksasta, n.d.). A Process map of such 3PL operation is described in figure 2 below.

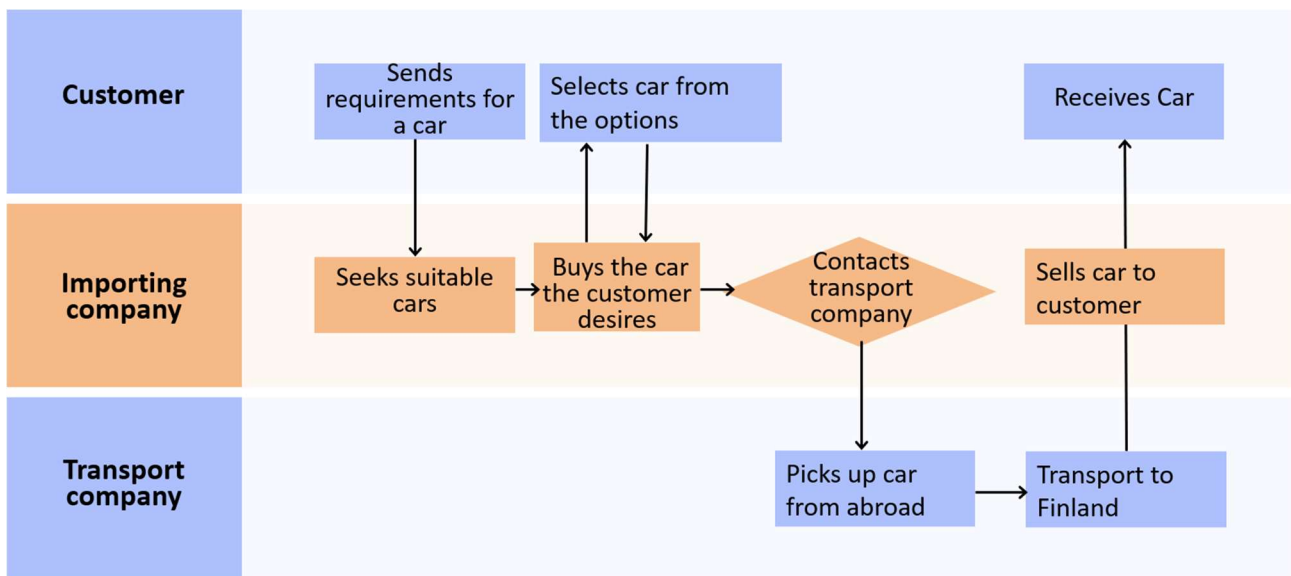


Figure 2. 3PL car importing process.

Depending on the importing company, they may also have their own in-house transporting equipment and personnel with which the car is transported to Finland. In this option, the logistics operation can be classified as a first party logistics operation since the whole process is handled by the company itself (Autokari n.d.). A simplified process map of a 1PL importing process is described in figure 3 below.

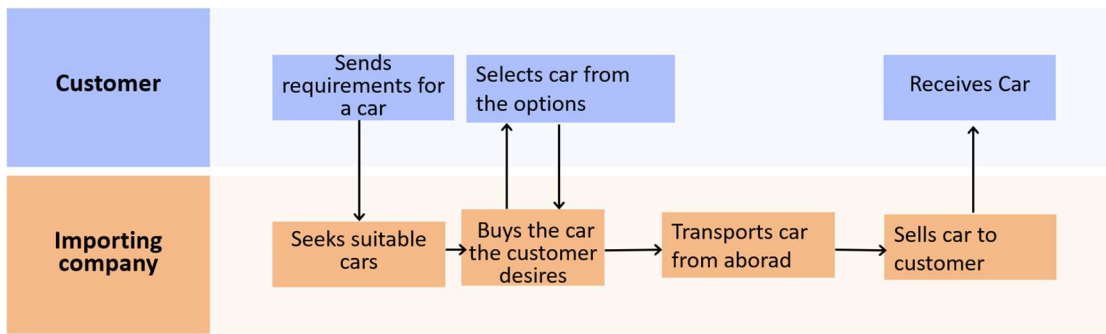


Figure 3. 1PL car importing process.

One option is the way Assistor-Uuttera operates now. The company contacts their supplier for transportation services, which picks the car up from the country of origin and transports it to the harbor. The shipping company ships it to Finland, after which the car is transported by a Finnish transportation company to the end customer. The service offered by Assistor-Uuttera is for customers who have already bought the car they want abroad, meaning that Assistor-Uuttera does not buy the cars, they only handle the transportation for them. (Assistor-Uuttera n.d.). Outsourcing parts of the process may be more suitable for companies handling a large volume of vehicles yearly, whereas in-house operations are more suitable for smaller companies. A detailed process map of Assistor-Uuttera's used car importing process is shown in figure 10.

At the end of the process, the customer will pay the price for the car listed in the quote they have received beforehand. The final price of the car imported includes all the fees that the company has paid for importing the car, including the profit margin, fuel, and other travel costs as well as registration. In some cases, the customer may also have access to some additional services such as tow hook installation or block heater installations, since a block heater is in most cases missing from the car due to the climate differences between Scandinavia and Central or southern Europe. In the case of Assistor-Uuttera, the additional services considering the optional extras of cars is done with their own Assix brand offering tailored services to make the car suit each individual customer. The principle of Assix is that the customer receives the car tailored to them, is of good quality and with no defects as well as being delivered on time at the price agreed beforehand (Assistor-Uuttera n.d.). Cars waiting for their new owners in Finland are stored in Hanko harbor area, as shown in figure 4.



Figure 4. Car storage lot in Hanko harbour (Assistor-Uuttera n.d.).

### 3.2 Used car importing statistics 2021-2023

In 2022, the number of cars imported which run on alternative fuels such as ethanol, biogas, fully electric and hybrids surpassed the amount of diesel cars imported. Plug-in hybrids and fully electric cars imported were 31% and 21%, whereas the amount of petrol and diesel cars were 26% and 22% of all used cars imported. The report by Traficom (n.d.) demonstrates that the rising demand of cars running on alternative fuels does not only affect new cars but also the used car market, as shown in figure 5.

Imported used passenger cars by Driving power. Passenger cars total, Total, 2022.

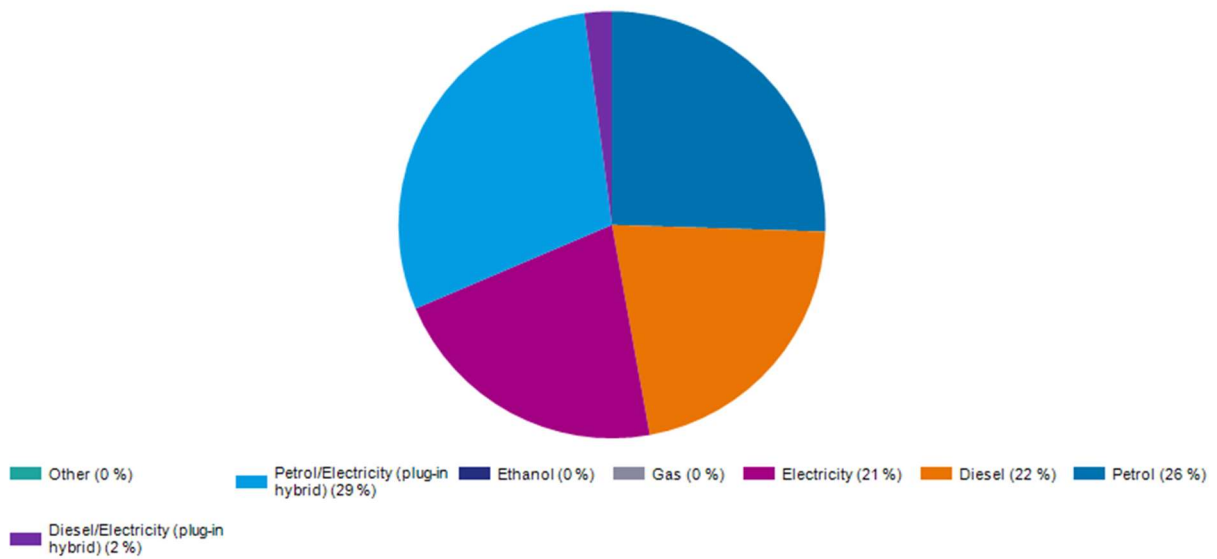


Figure 5. Imported used passenger cars 2022 (Traficom, n.d.).

Used cars importing statistics from January to April of 2023 show that there has been more electric cars alone imported to Finland than Diesel cars, as shown in figure 6 below.

Imported used passenger cars by Driving power. Passenger cars total, Total, 2023.

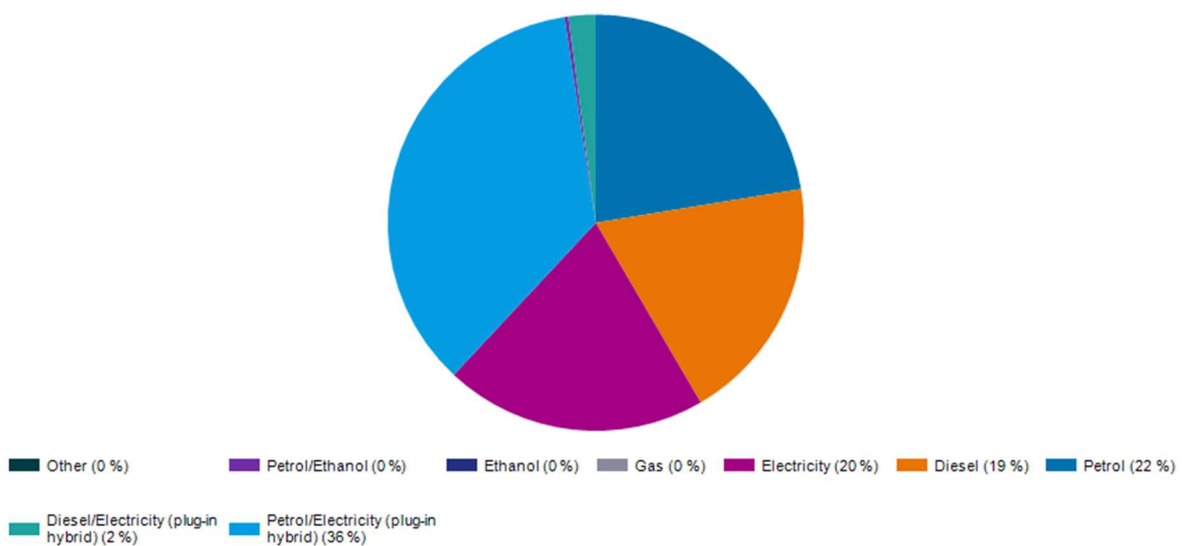


Figure 6. Imported used passenger cars January-April 2023 (Traficom, n.d.).

Figure 7 shows that luxury brands such as BMW and Mercedes-Benz are one of the most common brands of cars imported (Netwheels 2021). This tells that customers willing to have their car imported from abroad often have more personalized needs compared to someone who buys their car from Finland. Cars are for some people more than just a form of transport and is more of a reflection of the owner's personality and lifestyle (McGeevor 2009, 33).

Make	Amount	Change from previous year (%)
Mercedes-Benz	3662	14.7%
Volvo	2593	-0.6%
BMW	2139	-3.1%
Volkswagen	1734	-9.3%
Toyota	1108	36.6%
Audi	1037	-15.1%
Mitsubishi	763	27.0%
Skoda	530	42.5%
Ford	488	0.2%
Tesla	386	196.9%

Figure 7. Most imported car brands to Finland in 2021 (Netwheels 2021.).

### 3.3 Costs regarding imported cars

When a car is imported to Finland despite the fuel it runs on, it is subject to taxation. Veronmaksajat (n.d.) states that the import tax for a specific vehicle correlates with its tailpipe emissions. In case the emissions information is not available for the vehicle, the import tax is calculated based on overall mass and fuel type. The only type of cars that are tax free are fully electric cars first registered after 1.10.2021. Veronmaksajat (n.d.) also addresses that calculating the import tax for a vehicle also includes a thorough price research on the similar types of vehicles that are on the road in Finland. The research includes points such as mileage and optional extras on the car.

If the car is imported from outside the EU, in addition to the aforementioned import tax the car is also subject to customs and value added tax. The amount of these costs are decided by the Finnish customs and tax administration. Veronmaksajat (n.d.) states that the customs fee is based on the estimated value of the car, which is;

- 10% for passenger cars
- 10% for RV's
- 10% for vans with engine displacement less than 2500cm<sup>3</sup>
- 22% for vans with engine displacement over 2500cm<sup>3</sup>

### **3.4 Profitability of importing and selling used cars**

As with every successful business process, a used car importing process must create profit in order for it to keep running and be feasible for further investment. Selling new and used cars as a process may be similar on the surface, but the risks are different.

The profit margins on car sales are much smaller than the average consumer might think. In new cars, the average profit margin for the dealer is 8-13% from the cars list price. One might think that getting 2400€ profit for selling a new car costing 30 000€ is more than enough for running the business and keeping it profitable. In reality, the profit margin must be able to cover the costs of selling the car such as supply chain costs to the dealership, as well as technical work to the car for sales preparation, and this is before the negotiation of discount with the customer. In some cases, the dealer may sell the car for less than what they paid for it, and compensate for the loss with aftersales services, spare parts sales, service contracts and so on (Cooper, 2019).

Some used car dealers may have better profit margins than new car dealers, but there also more risks. If a car is bought by the dealership at 12 000€ and sold to the next owner at 16 000€, the profit of 4000€ sounds more than enough. This sum however does not tell how much work had to be done to the car to get it into resale condition. Some cars might only need a good wash and paint detailing, but others might have a required new tires, an oil change or some other technical work in addition to cosmetic enhancement. Some motors might also have an extended warranty on them, which is also costly for the dealer. This is the reason why two seemingly identical might have different asking prices (Cooper, 2019).



## 4 Process Development

### 4.1 Process development methodology

Process improvement can be considered as a natural occurrence. People will always have a desire to achieve better things in the future than what they have in present day. It's the same phenomenon that led people to travel space and explore new continents. (Andresen, 2007, p. 2).

He points out that process improvement in general can be constructed from 4 steps;

- **Identify current problems.** This can be done with mapping the process. As a result, one should have found out points in need of development in the process.
- **Plan improvement actions.** In this step a detailed action plan is created to solve problems identified in the previous phase. The action plan should include for instance details on how to stop the process temporarily for the development work without affecting other processes severely.
- **Execute changes.** In this step the planned improvement actions are put to practice, when it can be seen that how they work out. It might be wise to do the implementation gradually, to spot any improvement points that don't work out as planned.
- **Review performance.** In this step, the performance of the improved process is monitored as a whole to see if it works out as planned.

In addition to these steps, there should also exist a plan for continuous improvement to spot and solve problems as they appear. As presented by Frevvoblog (n.d.), this can be done for example through the PDCA cycle for which there are also four steps;

- Plan. Once the problem has been spotted, a plan should be created to solve it
- Do. Execute the plan for improvement, step by step.
- Check. Monitor the process to see if the improvement actions work out as planned.
- Act. Implement the improvement actions in full scale before moving on to the next improvement project.

A process can be defined as a series of actions taken to achieve a result. The phenomenon is found in business, manufacturing or it can be a natural case. In business, the result desired to achieve is often planned, whereas in natural occurrences this might not be the case (Cambridge, n.d.). Process development as a concept is versatile. In this case, process development from logistics and business point of view will be considered.

## 4.2 Supply Chain development

Process development of a logistics process can also be called development of a supply chain. The functionality of a supply chain depends on its flow. The point of a supply chain is to provide the best possible availability of products with as low logistics costs as possible. There are several principles regarding supply chain development;

- Process simplification
- Reducing lead times
- Real-time communication
- Joint planning
- Eliminating waste and errors
- System integration between members of the supply chain
- Customer orientation
- Transparency
- Flexibility
- Reliability

The key in a well-functioning supply chain is flexibility. Each customer has their individual needs from the service, and thus the supply chain flexible to be able to react to these different needs. A flexible supply chain is also able to react to unexpected changes and disruptions in a standardized manner. Supply chain development must consider aspects of customer service, demand flow and logistics. Through examining these, a picture can be created on what service level each customer group wants. Moreover, the cost of customer service must be calculated to maximize efficiency (Ritvanen, 2011, p.137).

Improved supply chain management resulting from supply chain development means shorter lead times, which in turn guarantees a more satisfied customer. A shorter lead time also helps to balance out the difference between supply and demand, optimizing stock and thus optimizing warehousing costs.

Added value is one of the key things in customer service, and so it is also in supply chain management. All logistics functions within the supply chain must provide added value to the customer (Ritvanen, 2011, p. 138). Things adding value could be, for example, optimizing distribution, handling returns or in this particular case the most important aspect, optimizing sustainability.

### 4.3 Business Process Development

A supply chain can be developed also through business process development. This means taking into consideration the targets of reengineering a business process, which are;

- Process simplification
- Waste elimination
- Minimizing lead times
- Reducing costs
- Eliminating too similar processes to avoid double work
- Adding value to customer
- Automation

According to Andersen (2007), business process development is driven by several factors. First being that the performance of a process shows a trend of decreasing over time, unless there are some external forces to keep it up, meaning maintenance and development. He points out that there is also the point of competition, if a company does not develop through its processes, there is often a competitive company that does and therefore outperforms. He also points out that customers today are spoiled with choice and quality, so expectations rise all the time which also applies pressure in terms of process development. Things that satisfied customers in previous years are unlikely to perform similarly today.

While working on these aspects in a business process, question of outsourcing is present. Outsourcing means giving certain stages of a process for another company to handle. This is often done to achieve cost savings and seen as a possibility for the company to focus more on its core competence. In order for outsourcing to be successful, the costs of outsourced activity and in-house produced activity must be determined and compared (Ritvanen, 2011, p. 143). In the view of all that has been mentioned so far, the feasibility of outsourcing is case dependent.

Despite the option of cost savings, outsourcing may also be considered as a risk in some cases. When outsourcing an activity, a company also agrees on not developing in the area of the outsourced activity. This decline in competence might lead to a situation where the company is unable to determine whether the activity is done as well and as cost-effectively as possible, according to the core company's standards (Ritvanen, 2011, p. 143).

Things to find out about the possible service provider and the service they offer are their ability to communicate and cooperate, reliability, experience and competence in the area, flexibility, speed, quality of service, reputation as well as price and capacity (Ritvanen, 2011, p. 47). In addition to risks considering decline of competence in outsourcing, the risk of data leaks is also possible. This is why the aforementioned points are of great importance in order for the outsourcing activity to fulfill its purpose (Ritvanen, 2011, p. 143).

As presented by (Andersen, 2007, p. 2-3), there is a general framework for improving a business process, consisting of all the crucial aspects in order for business process improvement to be successful;

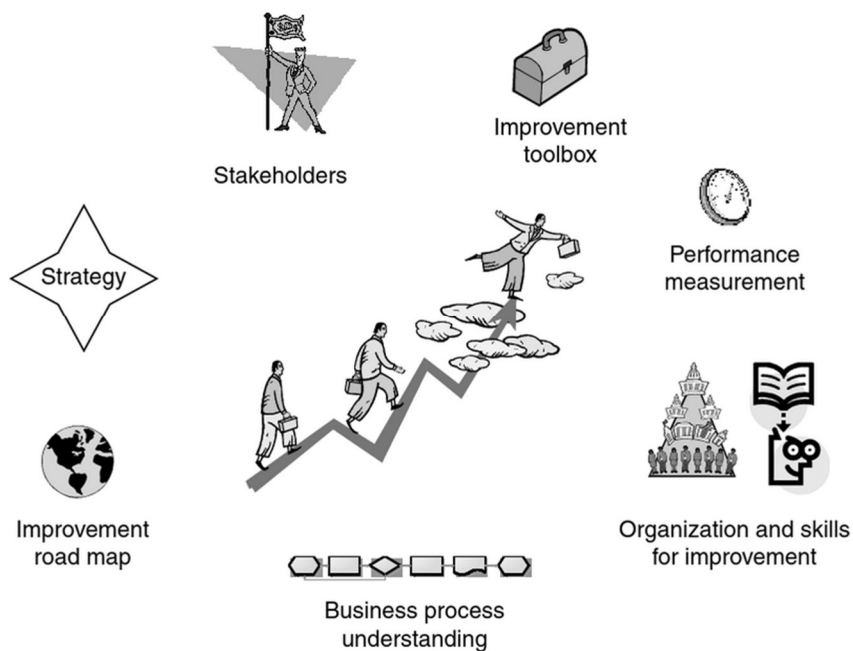


Figure 8. Business Process improvement Framework ( Andersen, 2007, p. 5).

Stakeholders are included in this figure since they affect the company's strategy strongly. They give the definition for in which areas the company should perform better. A thorough understanding of the process in need of development is always crucial in order for the improvement actions to be effective (Andersen, 2007, p. 5).

Performance measurement is needed to understand which business processes need to be developed in the first place. Improvement road map acts as a game plan, typically including all the processes that need to be developed and details for the more immediate development projects. On the top lays the organizational structure and skills to support the development (Andersen, 2007, p. 5).

## 5 Sustainability in Car importing

### 5.1 Definitions and Corporate point of view

“Earth provides enough to satisfy every man’s need, but not every man’s greed” -Mahatma Gandhi (Goodreads, n.d.).

Sustainability is meeting the needs of the present without compromising the ability of future generations to meet their own needs (United Nations Brundtland Commission, 1987).

The sustainable development goals defined by UN are;

- Poverty elimination
- Hunger elimination
- High level in health
- Education of high quality
- High equality of genders
- Widespread access to sanitation and clean water
- Clean and affordable sources of energy
- Economic growth through ethically decent work
- Innovation of infrastructure and industry
- Minimization of inequalities
- Maximize sustainability in communities and cities
- Responsible production and consumption of goods
- Take action in climate protection
- Protection of life underwater
- Protection of life on land
- Develop strong institutions on principles peace and justice
- General partnerships for common development

Sustainability in business can be best pictured as a puzzle. Each company has their own approach to sustainability, and the core idea sits in the middle of the puzzle. The sustainability strategy acts

as a core for all areas in the company to start forming their own activities accordingly, forming the puzzle one by one. Entrepreneurship, economics, and organizational behavior are the corner pieces of the puzzle, whereas accounting, marketing, finance, operations and information management are inbetween acting as bonds to keep the puzzle together (Weybrecht, 2013, p. 52).

<p><b>Entrepreneurship</b> Identifying and exploring new business solutions both inside and outside an organization.</p>	<p><b>Accounting</b> Building systems, establishing sustainability targets and objectives, and providing sustainability information to influence decision-making.</p>	<p><b>Economics</b> Helping to understand the larger environment in which business works and which business influences. Exploring mechanisms to allow companies to internalize costs to society and optimize contributions to economic and social development.</p>
<p><b>Finance</b> Plays a key role in sending signals to companies that can enable them to invest in longer-term opportunities; and requires them to responsibly and effectively manage their economic, environmental, and social impacts.</p>	<p><b>Strategy</b> Ensures the right approach is taken for a particular company, and that it is implemented as a real organized effort that mobilizes the whole company.</p>	<p><b>Marketing</b> Designing and promoting more sustainable options and inspiring change.</p>
<p><b>Ethics</b> Without good management, strong corporate governance, ethical behavior, and open and transparent relationships with stakeholders, sustainability issues, policies, and goals can go nowhere.</p>	<p><b>Operations</b> Taking responsibility for all the impacts, both social and environmental, across the lifecycle of a company's products and services.</p>	<p><b>Organizational behavior</b> Translating sustainability policy into action and creating a work environment where sustainability is embedded in the culture of the company and every aspect of the employee lifecycle from recruitment to retirement.</p>

Figure 9. The Sustainability Puzzle (Weybrecht, 2013, p. 52).

Sustainable actions in car importing from the customer point of view seem to show more in the choice of car rather than analyzing the whole importing process, as shown in figure 5 stating that the number of cars imported using alternative fuels is on the rise. Moreover, over 59% of respondents to a survey hosted by K-auto believe that the main reasons for choosing a fully electric car are sustainability and responsibility (K-auto, n.d.).

## 5.2 Environmental, Social and Governance

ESG or environmental, social and governance criteria is a term used to define how a certain company is acting in terms of non-financial indicators, ethics, and sustainability. The role of this criteria is to assure a company's accountability on environmental and social impacts, such as carbon footprint (Mathis 2022).

Environmental criteria include air and water quality, deforestation, biodiversity, carbon footprint, performance in energy usage, pollution, and waste management as well as depletion of natural resources (Mathis 2022).

Social criteria concern customer satisfaction, data protection policy, employee engagement, employee equity and diversity, health and safety, labor standards, human rights, amount of funding given to support undeveloped communities and community relations meaning that how the company affects its local community (Mathis 2022).

Governance factors exist to map how the company manages itself, focusing on transparency, organization management and industry best practices. These factors include company leadership and board composition, donations and political lobbying, corruption and bribery, tax strategy, executive policies, and compensation as well as whistleblower programs, which make possible for individuals to report possible violations (Mathis 2022).

Integrating ESG to the car importing business is as important as integrating it to any other business area. Sustainable investing can help achieve to improved financial returns with minimized risks. Moreover, it can also widen a company's perspective in terms of recognizing new possibilities for generating revenue (Weybrecht, 2013, p. 189). To make sustainable investments possible, ESG information should be spread to investors and corporations and ensure that both have access to ESG information and the skills to interpret it (Weybrecht, 2013, p. 190).

## 5.3 Standards

Assistor-Uuttera has strong perks in terms of quality and environment standards since they are certified for ISO9001, ISO14001 and ISO45001 standards. Regarding implementing sustainability to

car importing, ISO14001 is the most relevant since it is an environmental management standard (Assistor-Uuttera, n.d.).

ISO14001 gives minimum requirements for a company's environmental management system (Sadiq, Hayat, 2019, p. 13). There are some key points which define what is needed to meet the requirements of this standard, such as:

- Top management must have a well-developed environmental policy documented and approved that reflects the company's status and vision as an environmentally responsible organization.
- The defined environmental management system policy must be available to all employees and distributed with a communication form best suitable for the company, such as email, video messages, training sessions or several of these.
- The environmental management system policy must be checked at regular intervals by top management to ensure its relevance and make updates if needed.

A practical example of an environmental policy could be the following; environmental risks must be assessed in all business practices and daily operations to avoid pollution, according to local environmental legislation. Collaboration with suppliers is needed to ensure good communication regarding sustainable procurement of raw materials and maximizing the sustainability of the supply chain. Continuous product improvement must be done in collaboration with suppliers to maximize the environmental responsibility of the product base. Processes in production must be built to the equivalent standard with the product base to ensure that all operations are in the same level regarding sustainability (Sadiq, Hayat, 2019, p. 13-14).

While a company is setting targets and objectives regarding sustainability in accordance with the ISO14001 standard, there are a couple of things that must be considered;

- EMS policy: environmental management system policy must reflect top management's commitment and strategy in sustainable operations.
- Significant environmental aspects: This includes the company's own environmental aspects and also the environmental effects of the supplier base.
- Legislation and other requirements: The organization is most likely subject to some legislation and requirements concerning environmental effects. These requirements can be used to build a relevant list of objectives.
- Technological and financial aspects: The organization must assess the technological possibilities and financial viability to ensure achievability of the set EMS objectives.



- Business and operational requirements set by interested parties: Other parties such as possible business partners and investors may have their own requirements regarding sustainability, which should be taken into account when building a list of EMS objectives. (Sadiq, Hayat, 2019, p. 15.)

## **6 Results and conclusion**

As a result of the interviews conducted in the process mapping phase, defects were found in the process that most likely are the cause why the concept isn't as attractive to the customer as it could be. The assignment was to find out what should be offered additional services that would make the used car importing service more attractive to the customer, both in terms of services regarding the car itself as well as sustainability and responsibility in the supply chain as a whole. The results of the interviews can be best shown by sorting them by the themes of the interview questions. At the end of this main heading, the new improved business model for Assistor-Utterera is presented.

### **6.1 Current state of the car importing process**

In a nutshell, Assistor-Utterera's current importing process contains 5 members in the supply chain as presented in figure 10.

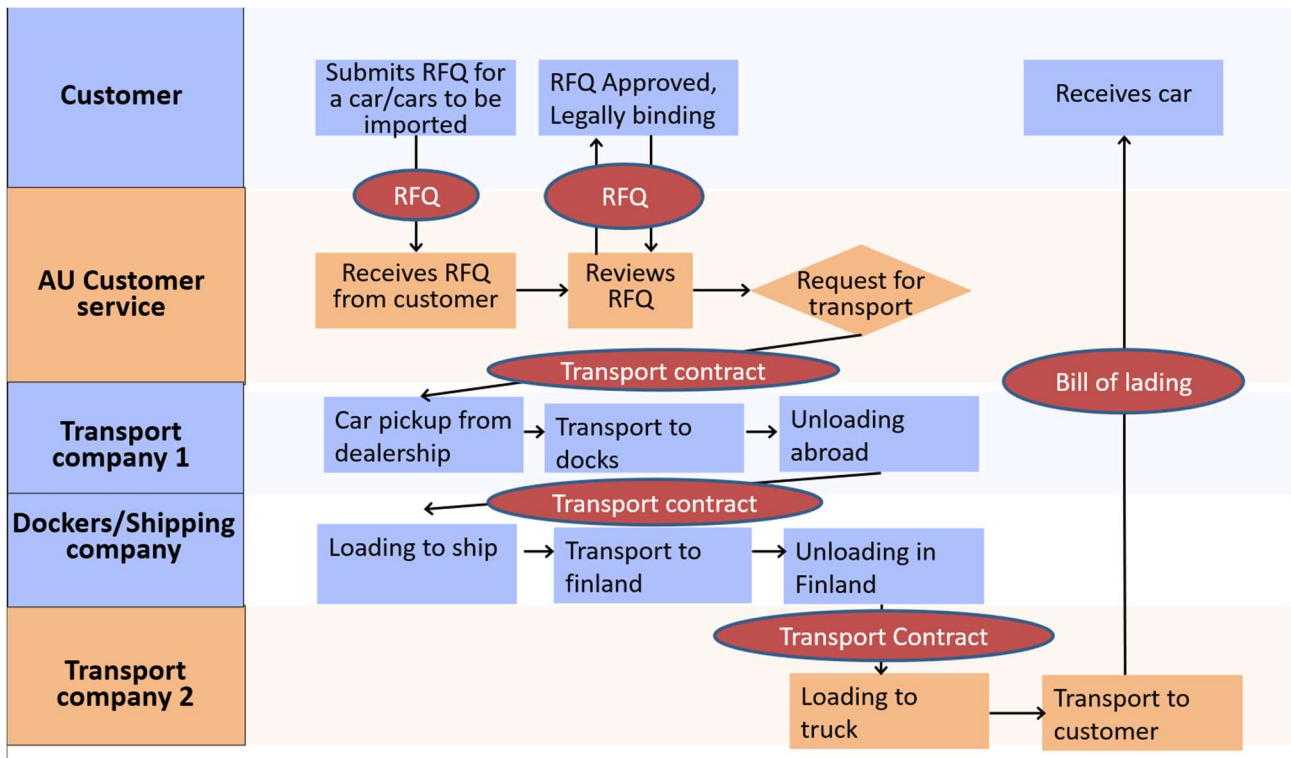


Figure 10. Current importing process and supply chain.

The process in its modern stage achieves its goal, the customer receives the car. The customer service of Assistor-Utterra receives the order and makes a transport request to the partner companies they have a transport contract with. Trucking company 1 picks up the cars assigned to be transported and delivers them to the harbor to be exported. The cars are then moved into the ship individually and shipped to Finland. When the ship arrives to its destination, the cars are driven out of the vessel and moved to temporary storage lots in the harbor. Trucking company 2 then picks up the cars from the harbor and delivers them to their new owners in Finland. The promise is to have the car from the order handling phase delivered to the Finnish harbor in 2 weeks.

However, the interviews revealed that there has been struggles to keep up with the transportation promise given to the customer, failing to deliver the car in 2 weeks. This indicates that there is room for optimization in lead times, which respectively leads to problems existing in the supply chain. If the promise of lead time to the customer is broken many times enough, the customer will start to look for a suitable service elsewhere. This is a big problem, especially considering that there are similar services available offered by competitors.

A problem that frequently popped up in the current process was the risk of damage. There were several cases given as an example where the customer received the car and notified of some damage that wasn't reported beforehand. The seller of the car was sure that the damage did not exist in the country of origin, so Assistor-Uuttera was deemed responsible for the damage and thus was the entity responsible for the repair costs. This is problematic in terms of profitability, especially if the damaged part of the car must be replaced and can't be painted or otherwise repaired. The risk of damage increases every time the car must be moved during the transportation process, so the solution for this can be found in supply chain management.

There were also experienced problems with availability, with the customer not getting the service when needed. This inevitably leads to the customer seeking the service from elsewhere. Moreover, people that had previously used Assistor-Uuttera's used car importing services had experienced service signaling ignorance and having unclear responsibilities, leading to unnecessary increases in lead time. This leads to bad customer experience, and thus scares away potential new customers.

Assistor-Uuttera has several additional services available which can be done in the supply chain of the cars, such as polishing, painting, block heater or tow hook installations. Additionally, Assistor-Uuttera also as a service for handling paperwork of imported cars, including taxation and registration meaning that the customer receives the car ready for the Finnish roads. As it turns out though, the demand for services regarding the physical condition and equipment of the cars has been nonexistent, with the only services having some demand being the registration and taxation services.

## **6.2 Points for improvement in the business model**

In a nutshell, the main problems in the current concept are:

1. The process is too slow. Competitors have similar services offering much shorter lead times.
2. The process is too expensive. The weakness in the current supply chain is having too many members, each having their own profit margins and thus killing the profitability for Assistor-Uuttera.
3. Communication problems. The presence of ignorance from customer experiences could be because of unclear responsibilities, this resulting to the needed information not reaching the needed persons.

The principles of supply chain management that could be best implemented to Assistor-Uuttera's supply chain are process simplification, flexibility, real time communication, reducing lead times, and adding customer orientation.

### **6.3 Sustainability and responsibility of the used car importing process**

Regarding improvement suggestions from the employees and customers, the interviews revealed that the demand for individual additional services regarding sustainability and responsibility does not exist at the moment. Therefore, focusing on them before developing the supply chain is not advisable since it increases the pricing of the service from its current state.

Assistor-Uuttera has been certified for certificates such as ISO14001 and ISO45001, giving standards for environmental management and occupational health and safety. This shows that the company has put effort to sustainability and responsibility. Assistor-Uuttera can focus on fulfilling the European corporate sustainability reporting standards, which get stricter gradually. Being a part of the Veho Group, the functions of Assistor-Uuttera are already included in the first Veho Group sustainability report published in spring 2022. Therefore, developments regarding the used car importing process must be done according to Veho Group's standards regarding sustainability and responsibility, making sure that the rules are clear throughout the supply chain and being followed.

### **6.4 Improved used car importing business model**

Customer orientation and real time communication go hand in hand and help to create a pleasant experience from the service. This can be achieved by dedicating clear roles for personnel in the used car importing process. This way any potential problems that the customer might face can be solved as quickly as possible, without adding unnecessary lead time.

The solutions for the new business model from supply chain development are process simplification, minimizing lead time, flexibility, and customer orientation. Process simplification for Assistor-Uuttera's used car importing process could be done through supplier base optimization. The current process has several phases where the cars must be unloaded from the truck and then loaded back again to be shipped or for further road transportation with another truck. This creates lead

time and increases the risk of damage to the cars occurring during transit. The solution would be to find out the possibilities from the current supplier base for offering a door-to-door transport of the imported vehicles or seeking a new supplier for the service altogether. The improved process could be described visually as in figure 11 below:

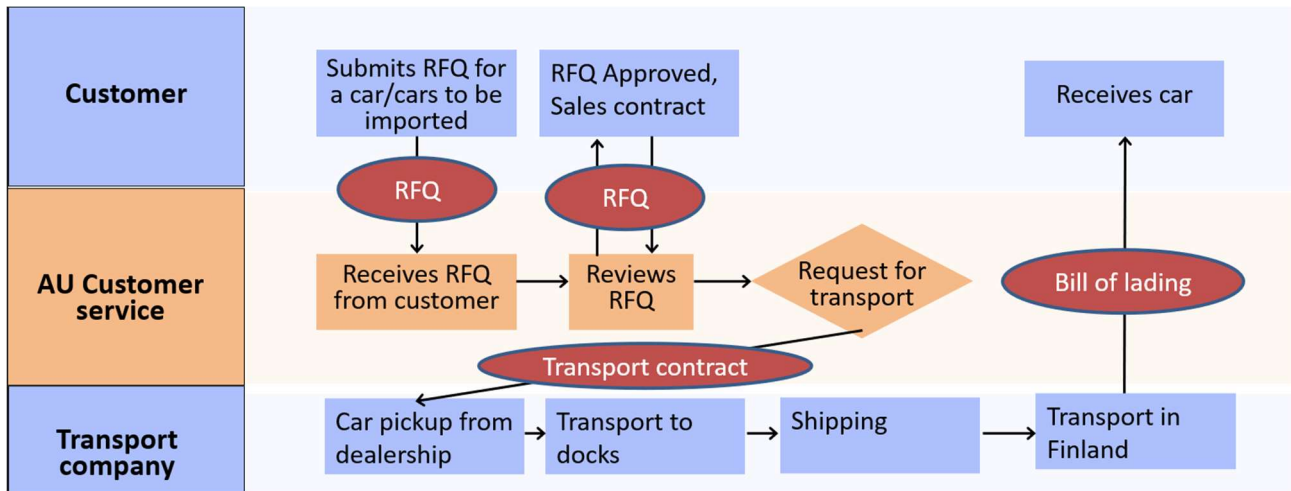


Figure 11. Improved Used Car Importing Process.

The improved process has most importantly supplier reduction implemented, referring to business process development principles avoid double work and cost reduction. With supplier reduction for transportation services contract management is made easier, there are less transactions, possibilities for automation are increased as well as from sustainability point of view, the need of paper documents are reduced. If the process is standardized, Assistor-Uuttera could seek solutions in the future for automating RFQ handling. To ensure availability of the service, Assistor-Uuttera should also have Plan B suppliers regarding transportation in the form of car transport companies working through private contractors. While this may not be the best option handling large volumes, it ensures availability for the customer. With good availability comes good customer experience, and with good customer experience new customers are attracted.

As discussed in the knowledge base, the profit margins in importing and selling used cars is often on thin ice because of the wear and tear used motors tend to have. This has a direct impact in the supply chain as well. If the profit margin is already thin for the seller and there are too many members in the supply chain cutting their own share, the profitability of the process is eliminated very quickly. Moreover, used car dealerships often have their own in-house services for minor paint

fixes and accessory installations matching their respective standards, so the similar services offered in the supply chain might not be as desirable due to the risk of doing too much work, creating costs, and thus killing the profit.

The relevancy of offering additional services in the car importing process at its current state is very little. The results from the interviews show that the problems exist in the process itself, rather than the lack of additional services repelling customers. It is of great importance to seek possibilities for implementing the aforementioned improvement suggestions regarding the supply chain to simplify the process, reduce lead times and make it more attractive to the end customer. Customers create revenue and revenue creates capital which can be invested into seeking a new competitive edge, both in terms of service portfolio and sustainability. The focus now should now be shifted into developing the core competence, rather than adding services to a process with room for optimization. The principles taken from the knowledge base for developing the business model are illustrated in figure 12 below.

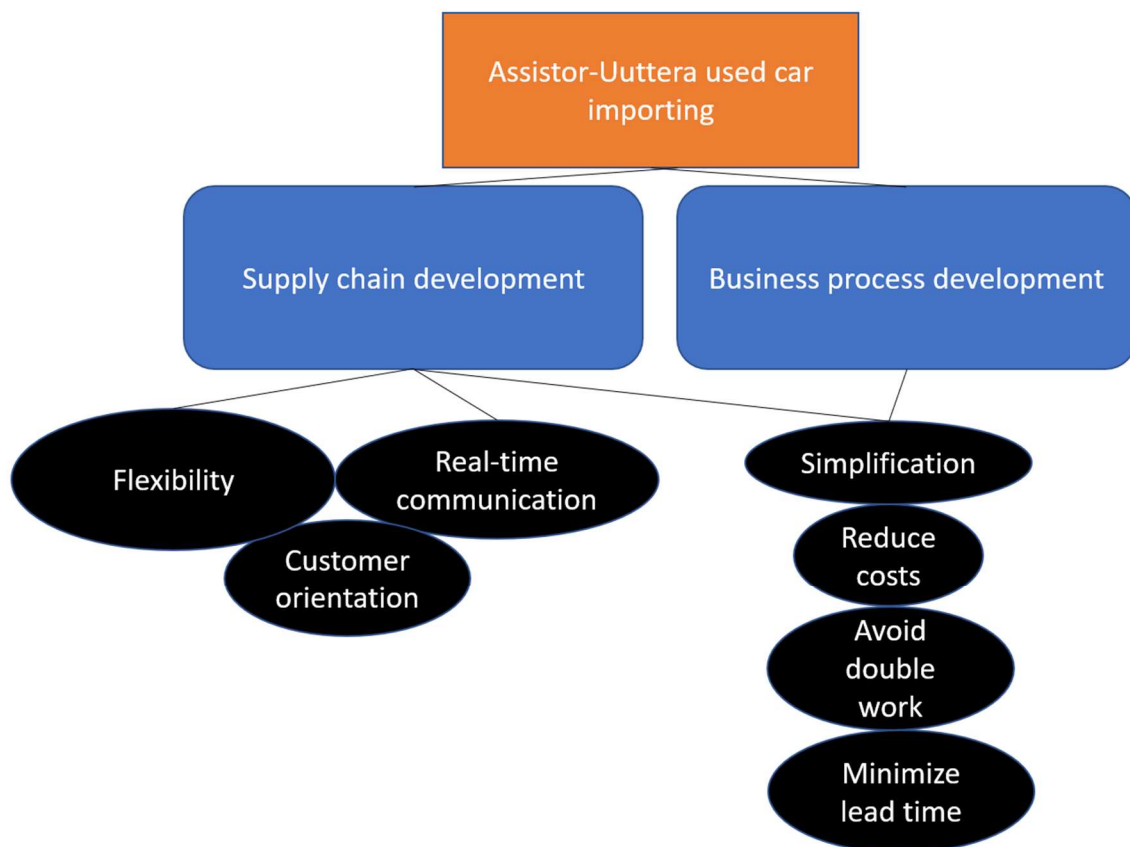


Figure 12. Improvement principles for the business model.

## 7 Discussion

The solution for Assistor-Uuttera is to simplify the process of used car importing, reduce lead times and improve availability. The possible spots where room for lead time optimization can be found exist in the road transportation phases abroad and inland. Currently there are two separate lead times that could be eliminated; between road transportation abroad and shipping, where the cars are unloaded from the truck and then loaded again to the ship and the second being between harbor storage and transportation to customer. With this simplification, contract management is made significantly easier. The goal of this work was to improve the process itself as well as develop the sustainability and responsibility aspects of it. The used car importing process was developed through business process development and supply chain management, creating a better base process for Assistor-Uuttera to start investing into.

The reliability and ethics of this work was implemented according to the standards set by the JAMK student affairs board. All information received in the research phase was used to benefit the goals of this work only and expressed in a manner where the individual answers of each interviewee cannot be traced to one another. The files containing this information was kept secure in the cloud storage system provided by JAMK.

Things that could have been done better include offering more information in the knowledge base, for instance getting to more detail with the EU corporate sustainability reporting directive since the relevance of it in this work was significant. The standards itself provide guidelines on which to develop the process, and when combined with the development suggestions listed give a clear path on which direction the business model should be developed.

All in all, the developments proposed in this work focus making major changes in the process and supply chain, abandoning the development of the additional service portfolio, or developing sustainability and responsibility in the current business model altogether. The investments to the current process are of very little relevance since it proved to be unattractive to the customer. To ensure future success of the business model the process must be first developed into a state where it attracts customers, according to corporate sustainability standards set by the EU. After the business model starts creating revenue through customers and volume, further investments in creating a competitive edge and innovating in sustainability and responsibility can be made. Things that

can help create a competitive edge in the future for instance could be offering the customer emissions free transport options when the price range becomes feasible to the improved business model, as well as giving the customer an individual detailed view on how the emissions of their specific transport are formed and thus increase the interaction between customers and Assistor-Uttera in pinpointing problems in the process. The similar steps can be implemented to the concept of offering additional service portfolio, first to implement the development suggestions considering the process and supply chain, after which the relevance of such services can be studied again. It is better to innovate into a business process that has properties of attracting customers in the first place, rather than to invest in something that struggles doing so.



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## Appendixes

### Appendix 1. Imported used cars

<u>Year</u>	<u>Passenger cars</u>	<u>Vans</u>
2000	2 229	
2001	1 925	
2002	4 709	
2003	31 944	873
2004	31 381	2 994
2005	29 728	1 498
2006	27 625	1 465
2007	21 999	1 540
2008	22 580	2 041
2009	22 595	1 977
2010	30 141	1 744
2011	27 745	1 657
2012	23 478	1 455
2013	21 674	1 289
2014	19 047	1 444
2015	21 862	2 012
2016	24 711	2 569
2017	29 374	3 524
2018	39 690	4 503
2019	45 912	5 035
2020	43 904	4 878
2021	45 367	4 463
2022	41 403	3 212