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THE STRATEGIC IMPORTANCE OF SUPPLY CHAIN MANAGEMENT IN COMPARISON TO OTHER CRITICAL BUSINESS AREAS IN GERMAN MANUFACTURING COMPANIES

Abstract: *The paper analyses the importance of Supply Chain in comparison to other critical business areas within companies. Consulting Supply Chain literature always ultimately creates the impression that it "boosts" the company success by lower operational costs and sales growth by better performance. A quantitative literature review of the top 100 biggest German company reports gives the result that Supply Chain Management is a very important business area but customer focus, being defined as "Sales & Marketing" and the product itself (e.g. R&D) are more important for companies on a strategic level. The outcome therefore is, that there must be a good Sales & Marketing and product in the first place to ensure business success, leading to the fact the SCM can be understood as a major supportive function for manufacturing companies.*

Keywords: *Supply Chain Management, Logistics performance, Customer requirements, SCOR*

1. Introduction

Supply Chain Management (SCM) has become an important part in global business. A growing number of organizations implement Supply Chain Management because of cost saving potentials. (Werner, 2017, p. 1) Furthermore, SCM can make a difference when it comes to customer satisfaction and gaining additional sales. (Schönherr, 2016, p. 111) There are several definitions of Supply Chain Management, but a continuous similarity is that it is based on a "Value Chain" (Cheshmeh Morvari et al. 2023; Lazic et al., 2023). SCM focuses on creating "value" for the customer either with its own production or with external suppliers delivering goods or products, data or services. (Werner, 2017, p. 5) Supply Chain therefore does not focus on a single company. Instead,

the whole "end-to-end" Value Chain from supplier to customer is creating the Supply Chain network. (Templar et al., 2016). Supply Chain Management can be described as the integrated process-oriented planning and coordination of goods, information and money flow along the whole value chain from customer to raw material supplier (Kuhn & Hellingrath, 2002, p. 10).

The main goals of Supply Chain Management are: Optimization of customer focus, Synchronization of replenishment and demand, Flexibilization and demand driven production, Reduction of stocks along the Supply Chain (Kuhn & Hellingrath, 2002, p. 10).

SCM has been implemented with growing numbers in manufacturing companies around the globe over the last years. Especially in the USA it has been integrated in the company

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management and executive boards whereas in Germany it is more on Segment Management level as stated in Figure 1.
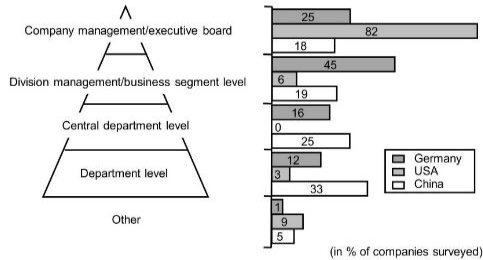

Figure 1. International Comparison of hierarchical integration of Supply Chain Manaement in manufacturing companies (Göbl & Froschmayer, 2019, p. 151)

One of the most common approaches in describing and analyzing Supply Chains is the Supply Chain Operations Reference (SCOR) Model which is developed by the Supply Chain Council (SCC). This model illustrates the span of Supply Chain networks as well as the five main Supply Chain Processes: Plan, Source, Make, Deliver and Return. By translating those processes into company departments it becomes clear that Production, Procurement, Material Management and Shipping are all related to Supply Chain. (Bernard et al., 2019) Furthermore, the SCOR Model provides a Key Performance Indicator (KPI) setup for internal and external metrics. External metrics are customer facing and the internal ones are cost relevant. (Bolstorff et al., 2007, p. 411) The relevance of internal metrics focuses on cost reduction and can therefore quantify the contribution to the company value. But when it comes to customer facing KPI it is not easy to validate the impact on company profitability. On the other hand, there have been several studies on logistics profitability pointing out that logistics performance has a bigger impact on corpo-rate profitability than logistics costs. (Göbl & Froschmayer, 2019, p. 249)

The easiest example to explain the effect of SCM or logistics on success is the availability to deliver. If a company is able to deliver goods or services, the invoice can be issued to the customer and generate positive cash flow. When the company is unable to provide the ordered goods there is no cash flow. Even worse, the customer is unhappy with the logistics service. Loss of market share can be the result. This example shows that the external customer focuses on KPIs like reliability, lead time or flexibility and they are therefore crucial for success.

There are two possible strategic company goals for generating success: differentiation and cost leadership. When it comes to cost leading strategy, the logistics costs play a major role for the company, as they will have a bigger percentage of total costs than in differentiation strategy. Of course, the logistics performance should be on a decent level, but it is not necessarily the main focus. This strategy aims to higher sales volume by lowest prices within the market. Companies are able to generate addition sales by adding customer value with the differentiation strategy. Examples are logistics services by carriers such as same day delivery or Vendor Managed Inventory. (Schönherr, 2016, p. 112)

Literature review on the contribution of SCM on a company's success gives the result that there is a correlation between logistics performance and success. But this does not mean that better logistics performance is rewarded by the customer with higher prices or higher sales in any case. (Schönherr, 2016, p. 111) Good logistics processes increase the agility in company processes, the market success and therefore the commercial success of businesses. Weber and Dehler verify that high logistics performance contributes to customer satisfactions resulting in customer loyalty and gaining new customers. (Weber & Dehler, 2001) According to Wiendahl the improvement of logistics performance enhances the market position of a businesses. (Wiendahl, 2011, p. 184)

Analyses show that besides logistics, there are plenty of other important customer requirements such as quality and price.

(Nyhuis & Wiendahl, 2012, p. 2) One of the most common research projects was made by "Ballou" in the 90s in the plastic and furniture industry proving that logistics parameters like meeting the promised delivery date or order accuracy have been even more important than e.g. pricing which is presented in Figure 2. (Göbl & Froschmayer, 2019, p. 49)

Office systems and furniture industry		
Description	mean (std. dev.)	Marketing mix component
Ability of manufacturer to meet promised delivery date	6.5 (0.8)	Logistics
Accuracy in filling orders	6.3 (0.8)	Logistics
Overall manufacturing and design quality relative to price	6.2 (0.9)	Product
Competitiveness of price	6.1 (1.0)	Price
Advance notice on shipping delays	6.1 (1.0)	Logistics
Timely response to request for assistance from manufacturer's representatives	6.1 (0.9)	Promotion
Action in response to customer service complaints	6.0 (1.0)	Logistics
Order cycle consistency (small variability)	5.9 (1.1)	Logistics
Accuracy of manufacturer in forecasting estimated shipping dates	5.9 (1.0)	Logistics
Overall aesthetics and finish	5.9 (0.9)	Product
Continuity (non-obsolescence of products)	5.9 (1.0)	Product
Manufacturer's willingness to accept returns of damaged products	5.9 (1.0)	Logistics
Length of promised lead time for quick-ship orders	5.8 (1.2)	Logistics
Completeness of contract orders	5.8 (1.1)	Logistics
Completeness of quick-ship orders	5.8 (1.1)	Logistics
Realistic, consistent pricing policy	5.8 (1.1)	Price

Figure 2. Importance of customer requirements in selective industries (Göbl & Froschmayer, 2019, p. 49)

Especially in today's companies there are structured ways of rating suppliers, showing that also customer service, competency of contact person or financial stability are of importance. (Werner 2017, p. 191) Also, the differentiation between private and organizational buying plays an important role for customer requirements. (Foscht & Swoboda 2011, p. 13) Aspects like dynamic market or life cycle time of the product are influencing the sales volume. (Nyhuis et al., 2013).

This means that companies need to carefully review and understand customer requirements and needs. "Only if it is clear what objectives logistics pursues for internal and external customers to achieve competitive advantages (effectiveness), action can be taken to enhance the efficiency of the logistics system." (Göbl & Froschmayer, 2019, p. 41) To find a correlation between logistics performance and additional company value, the Supply Chain Valuedriver Decomposition (SCVD) Model has been invented. This model provides a structured system to evaluate logistics performance to the Economic Value Added (EVA). (Sennheiser, 2008, p. 76) But this approach is only focused on logistics parameters, not customer requirements. If the quality of the product is not sufficient or the price is above customer expectations, the logistics performance cannot change the customer's purchasing decision anymore.

When it comes to setting up a Supply Chain strategy, the KPIs such as lead time or product availability need to be defined first. Sales expertise and industry experience is needed to define customer requirements. (Windt & Wittekindt, 2003, p. 109) A standardized approach of defining a Supply Chain strategy with a KPI set up by benchmarking is

provided by the SCC in the SCOR model. (Bolstorff et al., 2007, p. 49) But the SCOR model lacks customer requirements because the only focus is on the benchmark with other companies. The "law" of diminishing marginal utility describes that there is only little specific range where customers recognize and reward performance with additional sales. If the quality of a product is bad and the company doesn't improve the quality sufficiently, there won't be any effect in sales. The same happens when the quality is already on a high standard but would be further improved, there won't be any addition to sales also. (Pfohl, 2016, p. 95) (Windt & Wittekindt, 2003, p. 109) Therefore, each customer requirement needs to be checked and validated if it really delivers additional value which is recognized by the customer.

2. Methodology

Based on the literature review, it becomes clear that there are several strategic business areas besides Supply Chain Management that contribute to companies' success. The EVA which is used in the Supply Chain Value Driver Decomposition Model by Sennheiser, as well as SCOR model illustrate that contribution is either on revenue by higher sales squantity for example or earnings by reduction of costs. Both models only focus on Supply Chain KPI. Different analysis like those of Ballou and Nyhius/Wiendal show that different other customer requirements are also very relevant to sales besides logistics performance. According to Nyhuis and Wiendal Product Quality and Price are more important purchase criteria than delivery performance or lead time. (Nyhuis & Wiendahl, 2012, p. 2)

Especially in the purchase of capital goods, the company top management plays a decisive role. According to Foscht (2011), the top management takes 83% of final decisions when it comes to procurement. (Foscht, Swoboda, 2011, p. 289) Therefore, personal relationships play a crucial role in customer retention and the quality of the sales force is

very important. To evaluate the importance and prioritization of the different strategic parameters the following research question will be answered by an inductive quantitative content analysis. Also, two assumptions will be evaluated:

What is the strategic importance of Supply Chain Management compared

to other critical business areas?

Assumption 1:

Supply Chain Management is a very important strategic business area for Companies

Assumption 2:

Sales & Marketing and Product innovation, quality, design is more important than Supply Chain Management

The basis content for this literature analysis are the annual business reports of the biggest German companies, which are divided into economic sectors. These sectors are officially defined by the EU enterprise concept in structural business statistics in the year 2018. In 2021 there were 3.4 million registered companies in Germany, gaining a total sales volume of 7,790 billion Euro. (Statistisches Bundesamt, 2023b) The biggest 100 companiesaccount for 2,664 billion Euro, accounting for 34% of total revenue.

Furthermore, this paper analysis the development of sales and earnings of the top 100 companies with regards to a correlation to the defined strategic parameters. About 30% of total sales of German companies and therefore the biggest amount, is generated by the industrial sector (also considered as manufacturing industry), led by the automotive and mechanical engineering industry. The manufacturing of motor vehicles and trailers gained a turnover of 459 million Euro in 2020. The manufacturing of machinery and equipment gained a turnover of 267 million Euro in 2020. Also, the manufacturing of food products is considered to the manufacturing economic sector (Statistisches Bundesamt, 2023c).

According to the sales volume, the top five largest companies in Germany are Volkswagen, Daimler, Allianz, Schwarz Dienstleistungen and BMW. A closer look to the sample size of the top 100 companies in comparison to all companies in Germany shows, that with 43%, there is a higher proportion of manufacturing company sales than for all companies. This is justified by the high proportion of large automotive companies within the top 100. The economic sector of trading for example also accounts for around 30% within the total German sales but contains a high number of smaller companies. Figure 3 illustrates the proportion of manufacturing company sales within the top 100 and for all companies in Germany in 2018. In 2021 there were 217,000 manufacturing enterprises listed in Germany accounting for only 6% of the total number of companies which was 3,4 million. (Statistisches Bundesamt, 2023b)
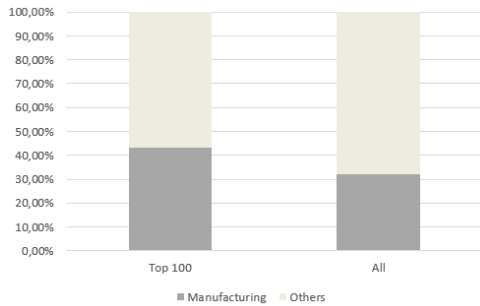

Figure 3. Proportion of Sales by Economic Ectors

The main assumption for this research is, that strategic importance of a certain business area results in number of citations in the annual reports of the company. For the data analysis the software MAXQDA was used for coding and counting of different codes. In total more than 30,000 codes have been targeted in the annual company reports. The main codes were first set based on the literature review providing the following:

- Price
- Product
- Supply Chain

- Service
- Brand
- Customer Focus
- Sustainability
- Technology

The main codes are split into sub codes related to the main codes in terms of wording and sense to validate their affiliation, e.g.

Volkswagen describes its procurements strategy in detail where codes for the main code "Supply Chain" are targeted: "Im Rahmen eines gemeinsamen Zielsystems für die Konzernkomponente und die Beschaffung wurden die wesentlichen Steuerungsgrößen der Beschaffung überarbeitet." (Volkswagen AG, 2019, p. 153) Translation: „Within the framework of a joint target system for the Group component and **procurement**, the key **procurement** control parameters were revised." Within the qualitative review of the top 100 company reports thirtytwo reports were either not published or not useable due to missing information. Therefore, sixtyeight reports are the basis for further research.

According to the main codes there are several sub-codes which either fit in terms of wording such us "Productquality" to "Product" but also account to the business area such as "Procurement" to "Supply Chain". As an example, the relevant sub codes for Supply Chain Management are shown in Table 1.

Table 1. Sub Codes for Supply Chain Management

German word	English word
Beschaffung	*Operational Buying*
Einkauf	*Procurement*
Logistik	*Logsitics*
Produktionsstandorte	*Production Site*
Produktionsstätten	*Production Plant*
Produktionsanlagen	*Production Facility*
Produktion	*Production*
Produktivität	*Productivity*
Lieferanten	*Supplier*
Lieferkette	*Supply Chain*
Auslieferungen	*Shipping*
Lieferung	*Delivery*
Lieferketten	*Supply Chains*

3. Results

The figure 4 illustrates the priority of strategic factors as the result of the annual report content analysis.

As the focus of this publication is on the manufacturing sector, the company reports were divided into manufacturing companies and "others" such as trading companies, healthcare or energy. The result for manufacturing companies is presented in the figure 5.

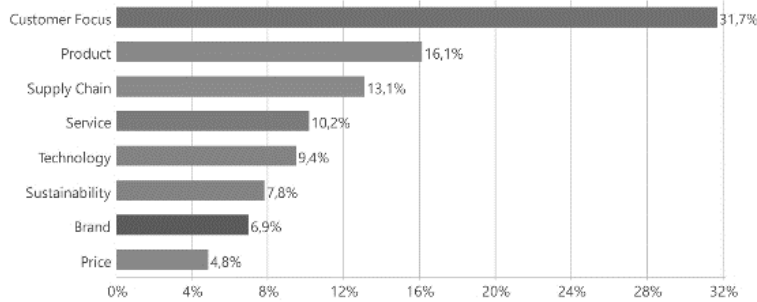The result for other companies illustrates the figure 6.
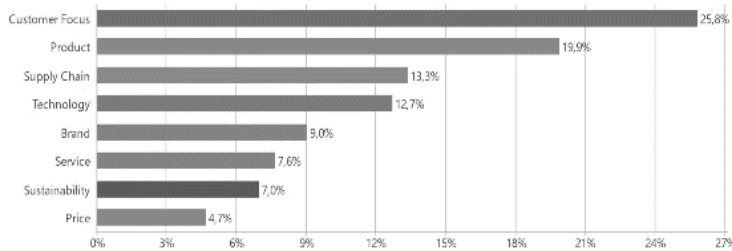
Figure 4. Strategic Factors in Top 100 Companies

Figure 5. Strategic Factors for Manufacturing Companies
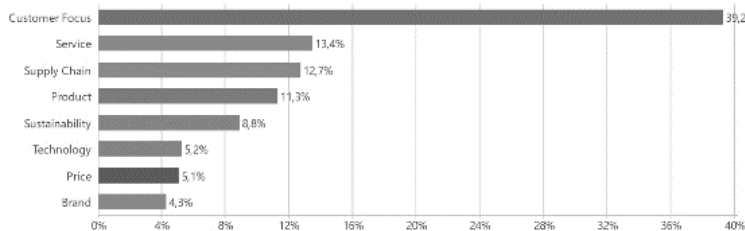
Figure 6. Strategic Factors for Other Companies

Customer Focus is by far the most important factor and therefore business value driver. In the annual reports, the sub codes "customers" and customer" were mentioned very often. Also sub codes like "customer satisfaction" or "customer requirements" appear to be of high relevance. Therefore, it can be concluded that sales and market focus play a very important

and strategic role. Werner (2017) defines the competency of the salesperson as a relevant factor for supplier selection and evaluation. The personal contact to sales is one component of customer buying process. (Foscht & Swoboda, 2011, p. 334) According to Windt & Wittekindt (2003) sales expertise and industry experience of the sales team is

fundamental to define and meet customer requirements. Understanding customer and market needs is the basis and starting point for company's strategic orien-tation. Even more surprising that this important factor is neither named from Göbl and Forschmayer (2019) research nor in Nyhuis and Wiendahl (2012).

The fact that customer focus and understanding customer needs is fundamental, became clear to the Lean-philosophy decades ago and has been mentioned already by Mahatma Gandhi:

„A customer is the most important visitor on our premises. He is not dependent on us. We are dependent on him. He is not an interruption of our work. He is the purpose of it. He is not an outsider of our business. He is part of it. We are not doing him a favor by serving him. He is doing us a favor by giving us the opportunity to do so." (Bertagnolli, 2018, p. 17)

Understanding the customer as the starting point of company's strategy the customer requirements need to be "translated" into the strategic parameters. Examples of customer needs are "New exciting products" resulting in "Product-Development" or "High Product Variants" resulting in "Flexible Production". (Bertagnolli, 2018, p. 18) Especially for the Supply Chain strategy it is very important that the customer requirements are exactly determined as there is a direct link between cost and performance. Most models expect higher logistics costs with growing logistics service, e.g. better delivery performance results in higher stocks. (Pfohl, 2016, p. 90; Seeck, 2010, p. 11) This conflict of objectives is one of the most common task of today's Supply Chain Management. Therefore, there are also critical references stating that it can be a disadvantage to rely only on the sales team when it comes to defining logistics performance metrics. The sales team's incentive is to generate sales and not cost saving in first place, so it is very beneficial to directly get in contact with customers when defining external strategic parameters. (Seeck, 2010, pp. 2–3)

The comparison between manufacturing companies with other business sectors gives the result that customer focus is much stronger within other business sectors. Looking to the second most important strategic factor the product itself is more important for manufacturing companies than service for other businesses. Defining production companies also as "manufacturing sector" the manufactured product itself plays a very important role. Sub codings like "Product development" or "Product Design" are frequent namings in annual reports of manufacturing companies. For companies from the wholesale or energy sector the product is mostly replaceable, and service is more important, e.g. if you buy electricity from supplier A or B – the product stays the same but the customer service can be a success factor and distinguishing feature. This example illustrates that when balancing different strategic factors against each other, the business sector is of utmost importance. This is one possibility why Göbl and Forschmayer (2019) and Nyhuis and Wiendahl (2012) do not count Service or Sales to the top strategic factors. Here the automotive and furniture industry have been analyzed. Nevertheless, it can be challenged if a bigger focus on service could push sales and result in higher turnover.

To generate higher customer satisfaction, product characteristics and business relationship plays a very important role. Topics like trust and period in the business relationship can make a difference and lead to higher customer loyalty. (Foscht & Swoboda, 2011, p. 254)

In the overall result as well as for both business sectors, Supply Chain Management is the third most important strategic relevant factor for businesses. Having defined "Pro-duction", "Procurement" or "logistics" as part of Supply Chain Management those Sub-Codes have been detected often by MAXQDA analysis and represent the importance of Supply Chain Management for companies. Comparing this result to Göpfert 2017, who rates the importance of SCM on

different industry sectors, it demonstrates that SCM is relevant for mostly every business sector. The comparison of the data analysis shows that for manufacturing businesses the factor is 13.3% and for other business sectors 12.7%. According to Göpfert, SCM is very important for automotive and raw material suppliers, which both are defined as manufacturing companies.

Nevertheless, it plays a very important role at wholesales branch as well. (Göpfert et al., 2017, p. 6) However, understanding that SCM plays a very important role it can be concluded that it has different strategic goals. The second most important result of the annual report analysis rates "Service" for business like wholesales higher than for manufacturing businesses, where it was "product". Therefore, the customer facing goals of SCM are more relevant within service-related companies rather than cost driven strategies for manufacturing companies. This assumption is supported by Seeck 2010, who distinguishes between logistics services and logistics costs. For both businesses automotive and wholesales, logistics costs are very relevant, but only for wholesales also logistics performance is very important. (Seeck, 2010, p. 31)

It can be concluded at this point that Product/Service and Sales is more important than SCM, meaning when product quality or product design does not meet customer re-quirements the Supply Chain parameters like fast delivery or production flexibility do not turn the scales. This finding is different to the main research of Göbl and Forschmayer (2019) and Nyhuis/Wiendahl (2012) where logistics and Price have been rated very high. The possible reasons for this may be that the research has been made some years ago and in very selective industries. Also, the different customer requirements in recent research are on very detailed level and are not consolidated to main categories. Nevertheless, Supply Chain Management can generate higher sales revenue but has serious impact on assets and operational costs. (Sennheiser, 2008, p. 81) Strategic stock management is an example for this: Having the right product in stock can increase sales by higher product availability and equally save costs by lower assets. In some cases, 10% increase, while simultaneously reducing stocks by 10% has been possible. (Abels, 2001, p. 783) This balancing act is only possible by clear understanding and definition of external market requirements which result in different Supply Chain strategies for the stock management. Even mor important is that logistics costs normally rise with higher logistics performance (Pfohl, 2016, p. 90) But the marginal utility declines with higher performance. (Nyhuis et al., 2013) The customer facing and internal facing KPIs are well structured and described in the SCOR model.

Level 1 Metrics	Performance Attributes				
	Customer-Facing			Internal-Facing	
	Reliabilty	Responsiveness	Flexibility	Cost	Assets
Perfect Order Fulfillment	✔				
Order Fulfillment Cycle Time		✔			
Upside Supply Chain Flexibility			✔		
Upside Supply Chain Adaptability			✔		
Downside Supply Chain Adaptability			✔		
Supply Chain Management Cost				✔	
Cost of Goods Sold				✔	
Cash-to-Cash Cycle Time					✔
Return on Supply Chain Fixed Assets					✔
Return on Working Capital					✔

Figure 7. SCOR KPI Metrics (Bolstorff et al. 2007, p. 411)

Rank five in the overall result of the data analysis is "technology". For manufacturing companies it is even rank four, so more important than service for example. New technology developments like Industry 4.0, Machine Learning, Big Data or Internet of things are only a few examples showing that technology impacts all business areas in companies. A research from 2014 from Dr. Bange and Nikolai illustrates that companies are using Big Data for example already in almost every business area and are planning to increase the investments especially for Sales and Customer service. (Bange, 2014, p. 27) Hence, it can be understood as a relevant support function for other business areas as well as a product as its own.

In terms of SCM, technology can support in calculating optimized stock levels and material flow as well as live tracking of deliveries. (Bange, 2014, p. 34) Big automotive companies like Volkswagen focus on product technology according to sustainability development – especially the trend to lower carbon emissions by electric vehicles. (Volgswagen AG 2019, p. 158) Furthermore IT-technology is of huge importance for pro-duction and services reducing costs and improve product quality. (Volkswagen AG 2019, p. 153) Digital transformation is a driver of process automation in production companies with the goal of cost reduction in logistics and production. The Dr. Oetker Group for example is launching different projects to implement modern machines and production robotic systems for efficiency improvement.

(Dr. August Oetker KG, p. 34)

For companies outside of the manufacturing sector, technology is the "product" itself. Setting up the 5G network in Germany is one of the most important trends for the Deutsche Telekom for example. (Deutsche Telekom AG 2019, p. 38). The Deutsche Telekom defines customer experience and technology as two of the biggest future growth drivers. (Deutsche Telekom AG 2019, p. 36) The availability of information in real time has become a standard in today's business and is a result of IT-technology development. In research, it is less important for customers than product or logistics performance but still of medium relevance. (Nyhuis & Wiendahl, 2012, p. 2) During the quantitative analysis of the annual reports, each manufacturing company has been rated according to annual revenue change between the years 2018 and 2019 for analyzing the different impacting factors of business areas.

Figure 8 illustrates the resultes for Manufacturing companies with sales growth.

Figure 9 illustrates the resultes for Manufacturing companies with sales decrease.

The result does not show a surprise for first two factors but rank three is already "Technology" for manufacturing companies that gained more sales against previous year. The biggest difference in the ranking is branding with a gap of 4,8% between the two distinguishing characteristics. None of the previous literature has indicated branding as an influencing factor on sales volume of companies.
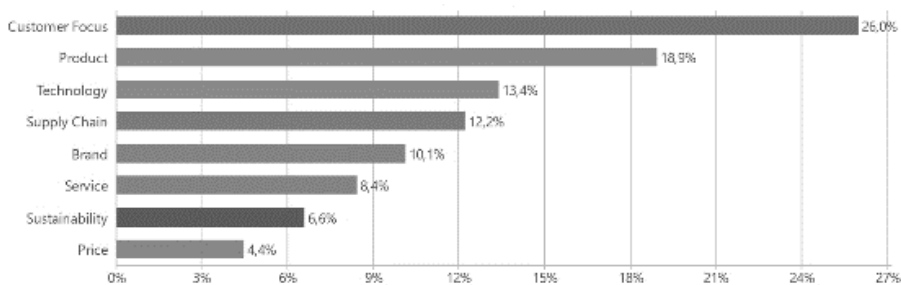

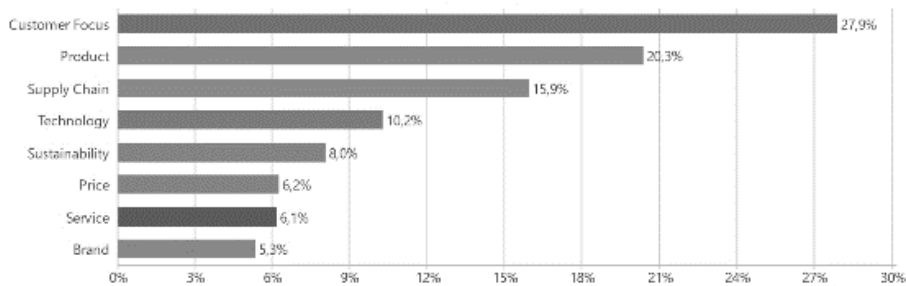**Figure 8**. Manufacturing Companies with Sales Growth

Figure 9. Manufacturing Companies with Sales Decrease

For the Dr. Oetker group the brand strategy is important enough to implement a "House of brands" to focus on brand strategy and coordinate the international processes by brand-teams. (Dr. August Oetker KG, p. 34) However, different analysis show that branding has an enormous effect on customer behavior. One of the bestknown experiment on branding was conducted by CocaCola and Pepsi. First, the test persons had to rate the taste of CocaCola in a blind tasting where both drinks were nearly ranked the same: Pepsi 51% and Coca-Cola 44%. Second, the test persons had to rank the taste with knowledge of the branding. The result was totally different with Coca-Cola being ranked with 65% and Pepsi 23%. This experiment illustrates the power of branding and the enormous effect on sales. The judgment and perception about the whole product is heavily influenced by the brand experience and anticipation about the product attributes. Even the human sense is influenced by this, striving for consistency. (Foscht & Swoboda, 2011, p. 109)

The lowest ranking in the quantitative content analysis has the business area "price". Even for non industry companies such as wholesales business pricing has little importance. Especially in automotive industry the "willingness to pay" is decreasing. (Rennemann 2007, p. 31) Customers demanding higher individualization features of products and innovation rate of market competitors is becoming faster but rising costs for processes and extra service cannot result in price increase directly. (Rennemann 2007, p. 55) In regard to organizational buying there are several other parameters of interests besides pricing such as product strategy, communication, service or stable and reliable supply. (Rennemann 2007, p. 77) Therefore it can be concluded that other business areas than pricing have a bigger impact on company's success than pricing.

Evaluation of Assumptions:

A1: Supply Chain Management is a very important strategic business area for companies.

According to the quantitative analysis Supply Chain Management is one of the three most important business areas within Germany biggest companies. For manufacturing is plays a slightly more important role than for other economic sectors. The top three sub-codes for Supply Chain Management are "Production", "Supplier" and "logistics". By the high number of references within the annual company report it can be concluded that Supply Chain Management is a very important strategic business area for companies.

A2: Sales & Marketing and Product innovation, quality, design is more important than Supply Chain Management.

It can be concluded that for all companies, customer focus is more important than Supply Chain Management. For Manufacturing companies, the product is more important than SCM but for "other" economic sector service is more important, and product is ranked behind SCM. Furthermore, the strategic component "technology" is more

important as Supply Chain Management within manufacturing companies reporting sales growth compared to those companies with sales decrease where SCM stays on third place.

4. Summary and interpretation of results

According to the literature research a growing number of companies implement Supply Chain Management because it has become a success factor in businesses due to its cost saving potentials (Werner, 2017, p. 1) as well as gaining additional sales by better meeting customer requirements. (Schönherr, 2016, p. 111) The main difference between logistics and Supply Chain Management is the focus: logistics focusses more on the physical flow of material whereas SCM focusses on the holistic "end-to-end" approach which therefore also includes the strategic planning, procurement, production, and customer relationship management. (Sennheiser, 2008, p. 19) Hence, it can be said that logistics is one part of Supply Chain Management. The literature research gives the result that there is mainly a proven positive impact of SCM to company success which is cost related. There are models like the SCVD available, describing the impact of increased Supply Chain performance on higher sales or lower assets. (Sennheiser, 2008, p. 81) Savings by less inventory for example can be identified rather easy in the financial figures. An impact on sales by better Supply Chain performance to meet customer requirements is rarely described and even less determined by data in research. A data analysis in the finish market gives the result that there is no statistical evidence for growth within companies performing well in logistics compared to others. (Töyli, et al, 2008, p.73) Furthermore, the measurement of the performance of the Supply Chain is not standardized and there are many different Supply Chain indicators leading to different results when comparing company performance at the end.

Based on the literature review it was not clear how important Supply Chain Management is compared to other business areas on a **strategic level**. Consulting Supply Chain literature always ultimately creates the impression that it "boosts" the company success. By the the quantitative literature research using MAXQDA software the overall result is a basic requirement of Supply Chain performance resulting in less sales by no competitive performance. For new products and markets on the other hand it can gain sales. When starting this scientific work, the outcome in this clarity was not foreseen. The limitation of this result is, that the research is based on German market and manufacturing companies in specific. Other markets which are not as mature regarding Supply Chain Management could provide other results due to less availability of goods for example.

Finally, there is room for further research regarding the different influencing factors on sales within companies. As a result of this paper there is a sales push by good supply chain performance for new products and customers. Furthermore, experts say that the quality for the product needs to be in perfect condition. The task would be therefore, to investigate for further selling points in detail and if or how these relate to each other.

5. Conclusion

The results of the quantitative content analysis of annual company reports of the biggest German companies show that there are several other critical business areas besides Supply Chain Management that contribute to companies success. The split between manufacturing and other business sectors gives the interesting result that especially service is of major importance in sectors outside manufacturing companies, whereas branding is of little interest. Nevertheless, the focus in manufacturing companies on sales increase shows that a bigger focus on branding and service can be beneficial.

The answer to the research question of "how big is the contribution of SCM compared to other business areas?", is that customer focus (Sales & Marketing) and product are more important that SCM for manufacturing companies. Hence, SCM is ranked number three out of eight, followed by different less important topics like pricing, branding or service.

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