GLOBAL SOURCING PROJECT MANAGEMENT

Study of local implementation processes

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Master's thesis

Business Management and Entrepreneurship

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ABSTRACT

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TIIVISTELMÄ

Tämä lopputyö on tutkimus globaalien ostoprojektien hallinnasta kansainvälisessä teollisen valmistuksen yrityksessä. Työ keskittyy globaalien projektien läpivientiin paikallisella tasolla. Nämä projektit vaativat yhteistyötä sidosryhmien kanssa, niin Yrityksen, kuin toimittajien ja asiakkaidenkin kanssa.

Yritys on yleisesllä tasolla case study – tyyppinen tutkimuskohde. Luottamuksellisuus on varmistettu jättämällä yritys nimettömäksi ja jotkut osat saatetaan jättää julkistamatta. Tämä tutkimus on varmuuden vuoksi kuitenkin rakennettu niin, ettei luottamuksellisuus ole mikään ongelma.

Päätavoite tälle työlle on parantaa tietoisuutta asioista, jotka liittyvät globaalien ostoprojektien hallintaan ja onnistumiseen. Tutkimusongelmaa käsitellään pääsääntöisesti paikallistasolla yrityksessä ja tavoitteena on varmistaa globaalien ostoprojektien onnistuminen alusta loppuun asti, projetitavoitteet tehokkaasti ja suunnitelman mukaan saavuttaen.

Teoreettinen viitekehys rakentuu Strategisen oston teoriasta, Kulttuurituntemuksesta ja Projektinhallinnan teoriasta. Näistä kolmesta osa-alueesta muodostuu viitekehyksen tukijalat, jonka päälle tutkimus ja kehitysehdotukset perustuvat.

Avainsanat Strateginen osto, Globaali osto, Kulttuurituntemus, Projektinhallinta

Sivut 62 sivua + 1 liite

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ABSTRACT

This Master's thesis on Business Administration is a study about Global Sourcing Project Management in an international company that is manufacturing industrial equipment. The thesis is concentrating on local implementation of globally led sourcing projects, which include cooperation with the Case Company's internal organization, suppliers and customers as project stakeholders.

Case Company is used as a general case study resource. To avoid any confidentiality issues it is chosen to keep the company anonymous (Case Company) and some parts of the study might be ruled classified. This Master's Thesis is however concentrating on the overall issues at such general level, that confidentiality issues do not affect it.

Main objectives for this thesis is to improve theoretical knowledge on all the issues that a successful Global Sourcing Project includes and bring the theoretical knowledge into practical use for the company. Issues are mainly studied at the local plant level of the Case Company and the goal is to ensure the Global Sourcing Projects run smoothly from the beginning to the end, meeting the project targets efficiently and according to the project plan.

The theories applied for the study come from Sourcing, Cultural and Project Management theories. This gives the theoretical framework its basic pillars where the theory of the study bases on. From this theoretical framework the best suiting theories are applied as the base of the analysis and improvement suggestions for the Case Company.

Keywords Strategic Sourcing, Global Sourcing, Cultural Competence, Project Management.
Pages 62 pages + 1 appendix

CONTENTS

1 INTRODUCTION

This Master's Thesis is a developmental study, which aims for overall improvement of project management skills on strategic sourcing. It is a theoretical study, as well as at the same time, it is a development task for project process improvement.

The first half of the thesis is the theoretical part about Sourcing theory, Cross-Cultural Competence, and Project Management. These are the basic pillars for the theoretical background on Global Sourcing Project improvement and will be referred in the improvement suggestions section of the thesis. The second half of the thesis includes research and analysis about the implementation of Global Sourcing Projects and suggests improvement methods to the local level organization according to the research findings.

The objective for such Global Sourcing Projects, are to gain a total cost advantage in global range, and at the same time ensure that the long-term strategic decisions are good for the company. The primary setting in Global Sourcing Projects is to maintain or improve the quality level of current services. The cost advantage is to be gained by getting best prices from the global market, gaining advance from the economy of scale and Total Cost of Ownership. By the risk analysis, quality assurance and audit process included in the project, risk of any issues should be minimized.

The upper-level sourcing projects are driven by dedicated Global Sourcing organization. The local level project team is responsible for the implementation phase the upper-level projects. Team size and its members are depending on commodity type and scale, for each project separately. Project teams are running the administration processes besides local factories daily operations, yet requiring cooperation from each individual plant and their employees in many project related tasks. Gaining a deeper understanding of the Sourcing Projects and ensuring proper communication about the projects, is an essential thing for the whole organization and therefore one main thing of this Master's Thesis also.

The development task in this thesis is to generally improve Sourcing Project thinking in local organization and improve working processes for managing these projects. The goal is to make projects success in long-term by ensuring that the organizational strategies are met, and the projects are implemented and maintained locally in a long-term manner. Simply this thesis is a developmental task to study if there are some issues that need improving and point out these possible improvement areas. This way to ensure that the requirements of the project are full-filled and project targets are met more precisely and efficiently.

2 BACKGROUND OF GLOBAL SOURCING PROJECTS

2.1 Background of Framework

For this Master's Thesis, I want to make a clear ruling for the framework of Sourcing theory, Cross-Cultural competence, and Project Management. In this chapter, I will go into terminology and theory of global strategic sourcing, scratch the surface of cultural theories and collect some principals of project management theory. These theories I use when creating the study and improvement suggestions.

2.2 Modern Sourcing in Global Environment

2.2.1 Sourcing history and terminology

Sourcing has been existing a long time, at least as long as there has been any kind of forms of trade. More sophisticated sourcing activities could be said to be started in the ancient civilizations. With organized city structures and trade networks between citizens there needed to be either monetary or trading system for goods and services.

The oldest known written sourcing contract remained, is since 2800 BC from El-Rash Shamra (modern northern Syria). There it was described in a clay tablet how the supplier of oil is to provide 50 jars of fragrant smooth oil. In the contract there was the agreed delivery schedule; delivery every 15th of each month. Also, the compensation for the goods and service was detailed; 600 small units of grain. These commonly agreed things were clearly marked in this historical "sourcing-contract" between buyer and the supplier. (Lysons & Farrington 2006, 9.)

In our modern era, literature roughly determines procurement, purchasing, sourcing and supply chain management all terms that relate to the same thing; acquiring goods or services in agreed quality, delivery time and price. These principals have remained the same through the years. As Cavinato & Kauffman puts it, the key roles of these procurement activities are supporting business operations by ensuring supply of services and materials and save money while doing it. (Cavinato & Kauffman 2000; 35.)

The evolution towards of the global trade has been extremely fast during the last couple of decades. Terminology has evolved and the globalization has given new meanings and requirements to old terms. As there are many terms around talking more or less the same thing, I decided to do a simple chart that combines a couple of the classical terms with modern descriptions and definitions.

Term	Definition (Source)
Buyer / Procurement Professional	Individual in an organization who are chartered to lead procurement initiatives. Organization is the entity that is buying goods and services. (Keith, Kling, Manrodt & Vitasek 2016, 7.)
Buyer / Procurement Professional	In the past role was clearly efficient processing of purchase orders, but procurement professional of today must have ability to respond and react to future needs of continually reinvented organization. (Sollish & Semanik 2012, 1.)
Strategic Sourcing	Management of procurement and supply chain, used to locate, develop, qualify and employ suppliers that add maximum value for the buying organization. (Sollish & Semanik 2011, 1.)
Strategic Sourcing	Can create and maintain processes that become project management tools, which ensures projects will have a clear path to success. (Payne & William 2011, 11.)
Sourcing Strategy	The approach an organization uses to buy and manage goods and services in a spend category. Typically a sourcing strategy focuses on the highest spend categories of organization's purchases. (Keith, Kling, Manrodt & Vitasek 2016, 436.)
Procurement	Procurement is essentially the acquisition of products and services. (Investopedia, n.d.)
Procurement	Subset of supply chain management. Deals primarily with managing all aspects related to the purchased goods, materials and services into an organization. (Dominick & Lunney 2012, 11.)
Purchasing	To buy materials of the right quality, in the right quantity from the right source delivered to the right place on the right time. (Lysons & Farrington 2006, 6)
Outsourcing	The contracting or subcontracting of non-core activities (Businessdictionary.com, n.d.)
Outsourcing	Management and operations of assets/activities/people by external providers. (Cullen, Lacity & Willcocks 2014, 1.)
Total Cost of Ownership (TCO)	Total Cost of acquiring and using material and service. Methods typically track all the additional costs beyond the purchase price that are associated with the life cycle of the materials or services. (Sollish & Semanik 2012, 19.)
Total Cost of Ownership (TCO)	TCO analysis takes the net landed price and includes all other costs into calculation of Total Cost. All costs of administrative transaction costs, training, maintenance, testing, and disposal costs are included in TCO. (Keith, Kling, Manrodt & Vitasek 2016, 255.)

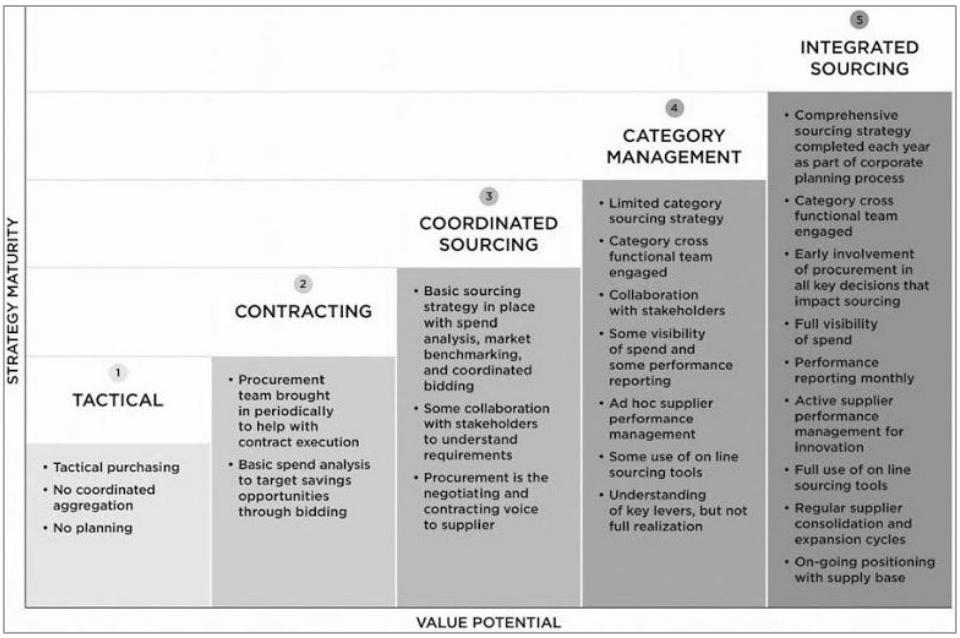
Exhibit 1. Sourcing Terminology

The role of sourcing is changing all the time. According to Keith, Kling, Manrodt & Vitasek the global recession in 2008 made procurement functions of companies as the place to do quick shaving of costs. Today things are seen again in a different manner, as procurement or sourcing are generally no longer seen only as tactical part of business. It is rather a strategic part of the company and has not only has cost-cutting goals but also has expectations of creating revenue. (Keith, Kling, Manrodt & Vitasek 2016, xviii.)

So in theory modern and efficient sourcing is not just buying product or services at cheapest agreed price, but it includes various business relations before meeting the value requirements for business to be competitive. Jonathan O'Brien describes the issue how in modern days the adding of value for businesses might be taken from of gaining lower purchase prices

or it could equally be about reducing the whole-life cost or Total Cost of Ownership (TCO). Also, other elements like mitigating price increases, reducing supply risks or securing increased collaboration and innovation from the supply chain are seen as part of modern sourcing function. (O'Brien 2015, 6.)

Keith et.al go a bit deeper to the analysis of the maturity of the modern sourcing organization. They define that sourcing organizations exist to serve the overall business. When the organization is mature enough, the sourcing function is viewed as the business enabler, not just as simple order taker or maker. They also have a method of categorizing the strategic sourcing according to the maturity of the sourcing organization. The more mature the sourcing organization, the more value potential it is able to provide for the whole company. This below exhibit illustrates how the maturity of Sourcing organization has a positive impact on firm's ability to create value across the five levels. (Keith, Kling, Manrodt & Vitasek 2016, 310-313.)



(Keith, Kling, Manrodt & Vitasek 2016, 312)

Exhibit 2. Strategic Sourcing Maturity Levels

Keith et.al believe that four primary weaknesses prevent strategic sourcing from functioning at the most efficient level in the new economy:
1. Thinking in terms of finite projects
2. Best-practice versus best-fit mentality
3. Limited emphasis on end-to-end category management philosophies
4. Failure to incorporate the concept of Sourcing Business Models
(Keith, Kling, Manrodt & Vitasek 2016, 33).

2.2.2 Global Strategic Sourcing

The Strategic Sourcing has risen importance during recent years and the world has become more global in sense of communication and logistics, therefore, a rising need for improvement on global procurement skills and process knowledge also. The global sourcing has become “not only possible but necessary” (Cavinato & Kauffman 2000, 1025).

The general requirement for strategic sourcing is to find best valued source of supply for best price, and the playground today is global. This means that suppliers may be selected beyond the organization's national borders (Sollish & Semanik 2011, 11) and should have a look-out beyond the current market (O’Brien 2015, 132). This sets new requirements for modern sourcing and procurement. According Thomas A. Cook, to meet the requirements of sourcing in today's global market, a modern purchasing managers needs to have modern skills and various new knowledge areas.

According to Cook, modern purchasing managers of today needs to;

- Speak foreign languages and learn about customs, traditions, and etiquette of foreign countries
- Work long hours, travel to multiple countries over several days
- Know how ocean carriers work, be an expert on customs laws, understand international contract law, memorize INCOTERMS, be knowledgeable about global geography
- Be able to provide information on packing, marking, and labelling globally
- Master foreign exchange information
- Try to maintain sanity when many of these requirements change every day

(Cook 2007, 6)

Assaf et.al also emphasize the importance of Global Strategic Sourcing, They are saying that as the emphasis is being placed on supply chain management and the drive for optimization of in an end-to-end value chain, the strategic purchasing has taken center stage and global sourcing has become the most popular when sourcing products. (Assaf, Bonincontro & Johnsen 2006, 5.)

Cavinato & Kauffman (2000) describe global procurement process in four clear stages. In headline level, these four stages are relatively basic steps in any sourcing process, but there are special requirements for each when operating in a global environment.

Four Stages of Global Procurement Process:
Stage 1: Data collection
- Demand, suppliers, specifications, agreements, currency, total cost.

Stage 2: Determining material valuation
- Global price level, Minimum price accepted, quality and price comparison in consistent level

Stage 3: Procurement strategy formulation and execution
- Eliminate price differences, maximizing the impact of scale, reducing the number of suppliers and re-allocating volumes

Stage 4: Nontraditional step changes
- Specification rationalization, Supplier process analysis
  (Cavinato & Kauffman 2000, 209-218)

These basic steps mentioned by Cavinato & Kaufmann gives a reality-check for any global sourcing activity. Cook still emphasizes even more that before final global sourcing decisions following issues should be verified:

1. No compromise on short-term gains for long-term ill effects
2. Information verified using multiple sources; due diligence
3. Experts are engaged
4. Uncertainties and barriers are investigated
5. Availability of qualified labor ensured
6. Determine locational and conditional infrastructural effects.
   (Cook 2007, 9)

2.2.3 Collaboration with Suppliers

"Just as our world evolved from cavemen to royal rule to a society that thrives economically with modern-day governments and corporations, the procurement function needs to challenge its traditional ways. Power has had its day. Now it is time to adapt" (Keith, Kling, Manrodt & Vitasek 2016, 32).

Keith et.al are saying that the procurement function needs to challenge its traditional ways of thinking in procurement. They are emphasizing that today's most efficient purchasing organizations are the ones that are the most adaptable, and realizing that in a modern era of procurement most strategic sourcing decisions will not be negotiated but architected. By this, they mean that sourcing activities should concentrate more on optimizing supplier relations and encourage innovations with mutual benefit, rather than concentrate on aggressively pushing win-lose situation. They claim that this kind of attitude on procurement should lead into a situation where suppliers are seen as sustainable sources of mutual competitive advantage rather, than the necessary evil that needs control. (Keith, Kling, Manrodt & Vitasek 2016, 32)

Supply Chain Resource Cooperative (SCRC) also recognized similar thing about modern supplier collaboration. They even expand this modern requirement to whole supply chain. As it is said on SCRC website; "The shift

in business today is clearly towards more collaboration between all members of the supply chain." In the website there is also a poll referred that is conducted by Purchasing Magazine, where merely 53% of respondents said they are utilizing supplier development and only small fraction are in very deep cooperative relationship with suppliers. According to SCRC this signifies a great opportunity for companies to focus on in the future. (Supply Chain Resource Cooperative 2011)

Supply Chain Quarterly (SCQ) presented "Six steps to successful supply chain collaboration". These steps are the results of 2008 annual Customer and Channel Management survey, conducted by McKinsey & Company.

(McKinsley & Company survey - Supply Chain Quarterly, 2012)

Exhibit 3. Six Key Steps to Successful Collaborations

In 2010 version of the same survey where was noted that 80% of the survey participants were involved at least in one collaboration initiative, some had even ten different collaborative initiatives running in parallel. Only 20% of these collaboration efforts gave good results. This can be interpreted so that many organizations are already doing collaborative actions within the supply chain, but not many of these actions are very fruitful for the business in the long term. As they put it in SCQ the remaining 80% are more than just lost opportunities to add value. "If companies can't make collaborations work, they will not only fail to achieve the potential benefits that supply chain collaboration can provide, but they will also risk destroying the enthusiasm for further attempts, both inside their own organizations and with their trading partners." (Supply Chain Quarterly, 2012.)

From a critical point of view Chung and Wang refer to Hofstede, who argues that participants of collaborative actions are likely to organize leadership methods, which are familiar to them. There is also case studies of Hofstede et.al (2004) confirming this argument; in 20 case studies, they

noticed that when managing collaborative actions between organizations, locally suitable leadership model organization are often used. This study of Hofstede would indicate that companies are doing collaborative efforts on by their own traditional rules, but the results seem not to be very satisfactory. This brings again to the fact that sometimes challenging the traditional methods are required. (Chung & William 2006, 119-120.)

In below exhibit from Harvard Business School Publishing is presented steps how good results in supply chain collaboration have been achieved already in 2004. These six distinct steps have been recognized at companies Toyota and Honda. This was from the time when Toyota and Honda were building a supply chain for car manufacturing in North America. The basic idea with these major car manufacturers that they gave their new vendors first small orders to begin with and expected them to meet certain cost, quality, and delivery parameters. If the suppliers managed well, Toyota and Honda awarded them with larger contracts and started collaboratively teaching the suppliers to their business methods. (Harvard Business Review, 2004.)

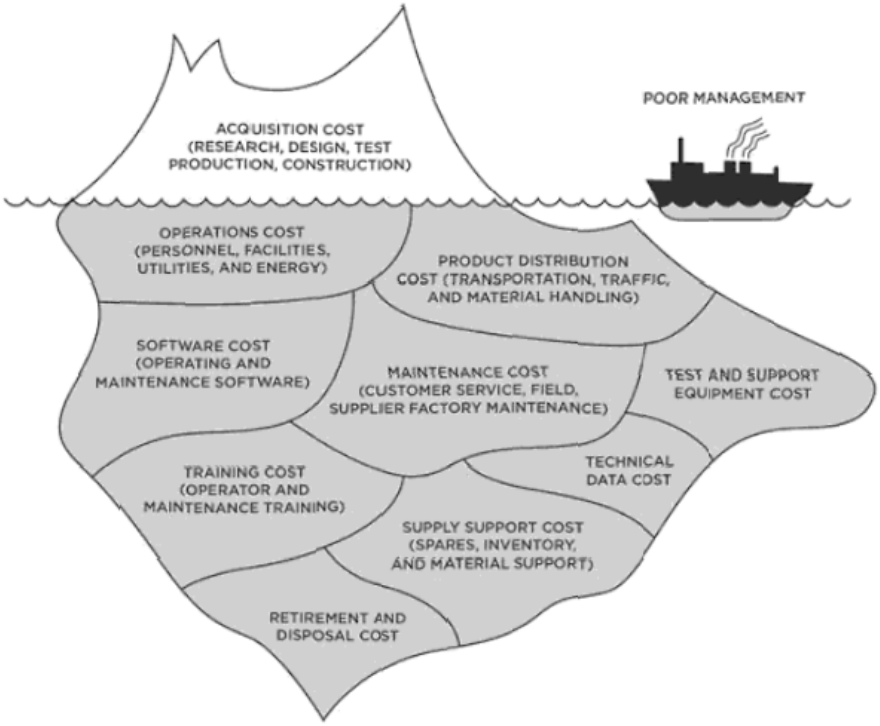
(Harward Busines School Publishing Corporation 2004)

Exhibit 4. The Supplier-Partnering Hierarchy

2.2.4 Total Cost of Ownership

Total Cost of Ownership (TCO) is a calculation method intended to help buyers and owners determine the direct and indirect costs of purchased goods or services. History of TCO goes to 1980's and IT-industry, where it started being a tool for vendors in the industry to proof their competitiveness. "Competitors of IBM, for instance, used TCO analysis to argue that an IBM computing environment was an overly expensive ownership proposition" (Business-case-analysis, 2016).

Keith et.al visualize TCO in a case of the business acquisition with a traditional iceberg exhibit. The acquisition cost is only the tip of the iceberg and below the surface are the hidden costs of buying a large industrial asset. Even if they refer to a large company acquisition, more or less the same basic costs burden Strategic Sourcing of goods or services as well.



Source: University of Tennessee Performance-Based Logistics courseware

(Keith, Kling, Manrodt & Vitasek 2016, 256)

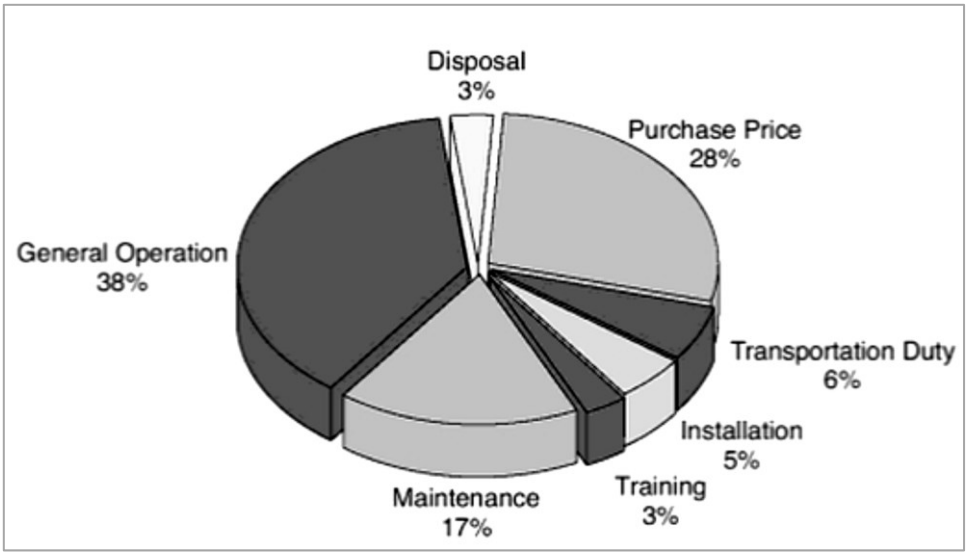
Exhibit 5. Total Cost of Ownership (TCO) iceberg

The total cost of ownership is identifying cost considerations beyond the traditional net price, transport and tooling costs. According to Monczka et.al TCO analysis requires first of all a total cost definition from the business unit that includes various cost components associated with a purchase item. In many cases, this even includes costs associated with late delivery, poor quality, or other forms of supplier nonperformance. (Monczka, Handfield, Giunipero & Patterson 2011, 427.)

Total Cost of Ownership (TCO) approach to sourcing, needs relatively well functioning procurement function with good cross-functional cooperation with related business units. Well managed database of sourcing data and requirements is also an essential aspect of TCO analysis. Many times small companies are not capable of handling procurement metrics so well that TCO would be even considered. Not many middle sized companies have such sophisticated procurement systems nor have the metrics to develop a Total Cost of Ownership model. (Group50, 2016.)

Analysis and follow-up on TCO might seem to need resources and many time it would require massive change in perspective towards sourcing and supply chain. TCO is therefore not the easiest method to take into consideration when thinking of procurement for the company. Nevertheless there are signs that TCO is growing attention among various modern businesses as it is seen to have an overall positive effect on value creation for the company. Das puts it in his book that TCO approach is slowly but steadily spreading among firms entertaining long-term, collaborative partnerships with their suppliers and is mainly used in strategic alliances, both as selection and as a performance measurement and reward mechanism. (Das 2011, 178.)

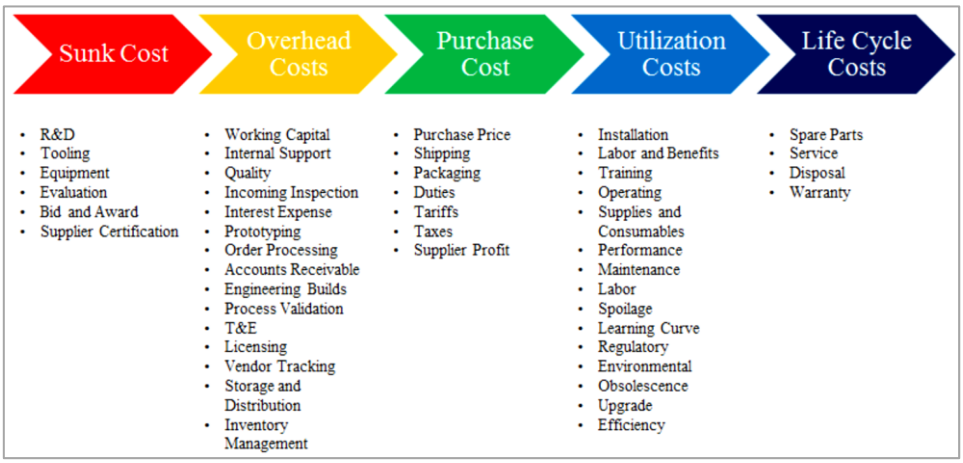
Sollish & Semanik (2012) illustrates as a pie graph a typical Total Cost breakdown in capital equipment There is seven different sections on this chart; Disposal, Purchase Price, Transportation duty, Installation, Training, Maintenance and General Operation. According to Sollish & Semanik General Operations generate the biggest share of costs, Purchase Price is the second biggest by roughly ¼ share of the total cost. This is naturally not the same thing in the manufacturing industry, but it gives the rough idea of the wideness of the Total Cost thinking.



(Sollish & Semanik 2012, 19)

Exhibit 6. Total Cost of Ownership Buildup

Much more common approach among buyers is to look into purchase price adding the shipping and delivery requirements to the cost calculation. At the same time, there are some critical issues neglected, that are eating out operating profit of the company in the long run. As Group50 consultants continue on the TCO; “They (buyers) might pay attention to a vendor that is particularly bad, but don’t have the ability to define and measure the nuances of cost. This failure to do so can consume significant amounts of operating profit over the lifecycle of a product or a component. In some cases, the purchase price can be as little as 20% of the Total Cost of Ownership.” (Group50, 2016.)



(Group50, 2015)

Exhibit 7. Total Cost of Ownership Model

2.3 **Cross-Cultural Competence**

"Culture is more often a source of conflict than of synergy. Cultural differences are a nuisance at best and often a disaster." This quote from Geert Hofstede, respected professor in field of cultural knowledge, indicates that cultural issues can be a real challenge in any cooperation. (Economist 2008.)

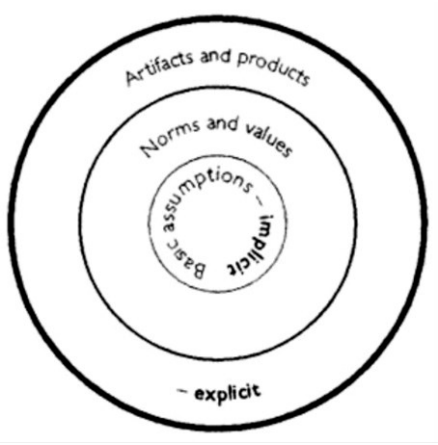
In this chapter, I briefly present couple of common cultural theories. They are presented in no meaningful order and they might have common viewpoints with each other. In any case, cross-cultural issues are good to notice and at least consider when building understanding and cooperation, in personal and organizational level. From these theories, some are pointed out and referred at the research section of the thesis.

2.3.1 Intercultural knowledge

Trompenaars & Hamden-Turner (1997) have been studying cultural issues between persons and within organizations of various companies for a long time. As their study and writings have a base for many future studies, it is good to introduce it at least briefly. How cultural issues effect on company management, they have results from 15 years of study. During this time over they have done over 1000 cross-cultural training programs in 20 countries and did a research in 30 multinational companies, working in 50 different countries have been collected as research material ending with database of around 30 000 participants.

On their own words, their book attempt to do three things;

- Forget that there is “one best way” of managing and organizing
- Gain better understanding on own culture and cultural differences
- Give some cultural insights into the “global” versus “local” dilemma facing international organizations
  (Trompenaars & Hampden-Turner 1997, 2)



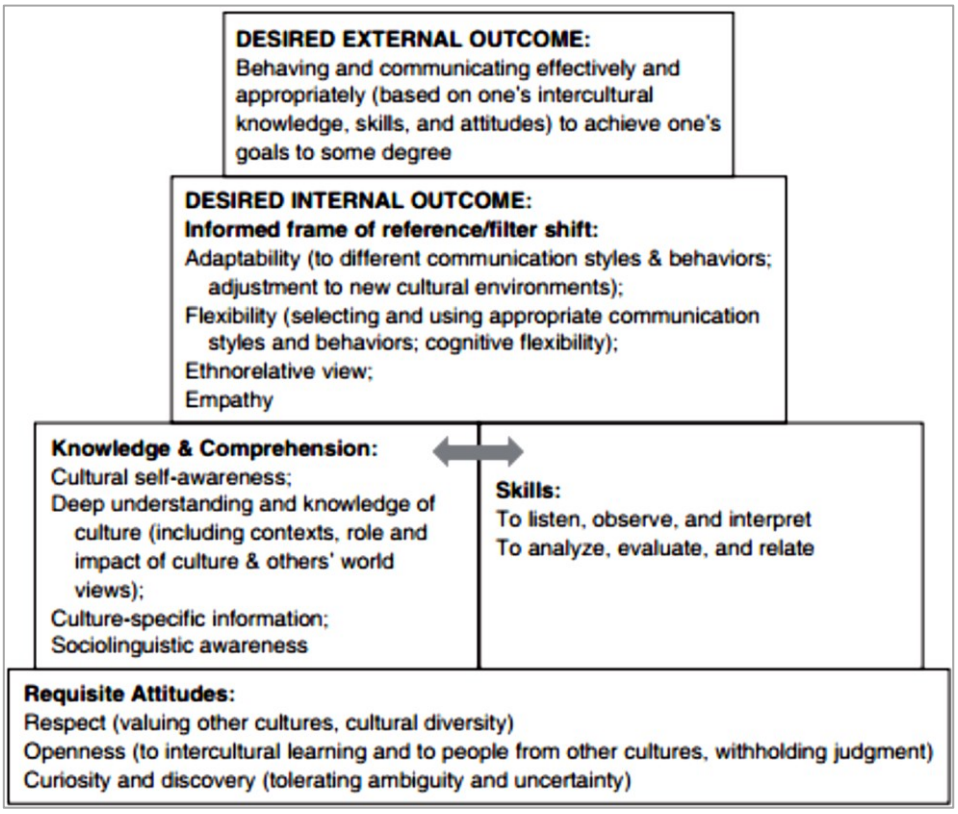
(Trompenaars & Hampden-Turner 1997, 22)

Exhibit 8. A Model of Culture

Outer layer:	Artifacts and products First assumption, the observable reality - The external symbols of a deeper level of culture.
Middle layer:	Norms and values Norms are the mutual sense of "right" and "wrong", values determine the definition of “good” and “bad”.
The Core:	Basic assumptions Human strive for survival - Organized ways for human to survive in their environment most effectively, reason for existence. (Trompenaars & Hampden-Turner 1997, 21-24)

Edward T. Hall presents different contrasting poles of cultures, high context and low context sides. He emphasizes how there is always different type of reactions and attitudes towards different issues depending on the context and the culture. According to Hall attention should be paid to cultures through the actions of others. For example if people are late for meetings, it may be because they are from a polychromic culture where human interaction is valued over time and material things, not because they are disrespectful or lazy. As it is put on the Changingmind.org –website by site editor David Straker; “When you understand the personal, national or organizational culture, then you can seek to align with them and hence gain greater influence." (Changingminds, 2015.)

Another respected professor or Cultural Competence is Darla Deardorff. When reaching for cultural comprehension Deardorff mentions self-awareness, deep cultural knowledge and sociolinguistic awareness to be the main things. As for needed skills Deardorff emphasis listening, observing, evaluating, analyzing, interpreting and relating to be important for gaining intercultural competence. Eventually, by Deardorff’s model one reaches certain level of intercultural skills and competence and by this is better able to continue behaving and communicate in an intercultural environment. On Deardorff’s model the intercultural competence is built-up as indicated in below pyramid.



(Deardorff 2006, 254)

Exhibit 9. Pyramid Model of Intercultural Competence

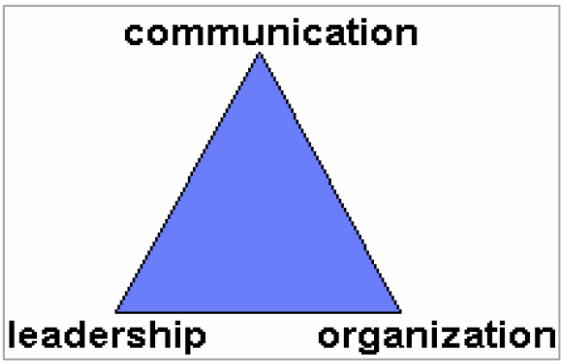
Whether the situation is political, organizational or transnational, cultural competence and manners are surely aiding the cooperation and communication in any situation. Nevertheless, it is not a 100% guarantee that just cultural competence solves any issues but you need to build up the relationship. A good and realistic reminder of this comes from Keith et.al; “Cultural compatibility alone does not suffice. Just because you are culturally compatible does not mean you inherently have a trusting relationship.” (Keith et.al 2016, 328). I would say Cultural Competence is not a solution, but it is an important tool for gaining good one.

2.3.2 Organizational culture

“If we can identify and compare categories of culture that affect organisations, this will help us understand the cultural differences that must be managed in international business.”
(Trompenaars & Hampden-Turner 1997, 26)

John Mole concentrates even a bit deeper to roles and reasons behind the organizational and corporate cultures. He presents this simple triangle of the root pillars where any company culture bases on. As he puts it in his book Mind Your Manners; “So what determines how people behave and how they interact? In what way do they differ from company to company

and country to country? And, most important, which differences get in the way of working effectively together?

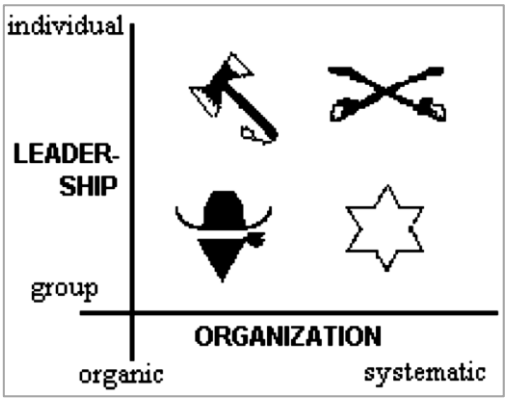


(Mole 2003, 9)

Exhibit 10. The Culture Triangle

All cultures have strong roots in national and historical differences, but as the world is more and more global, the corporation's working environment is more and more important. Mole goes through a deep analysis on various issues affecting company cultural and the working environment, but basically He's saying that corporate cultures are determined by the interaction of parent culture, technology and the external environment. Mole is saying that these organizational behavior methods are never static and can therefore be directed (Mole 2003, 9)

Mole emphasizes the issue a bit humoristic, by using Wild West mythology as an example. The chart show roughly where each type of organizational culture is standing on comparison between organic vs. systematic organization and individualistic vs. group-orientated leadership



(Mole. 2003; 30)

Exhibit 11. Mole's Organization and Leadership dimensions

Mole's dimensions, and short descriptions for each:

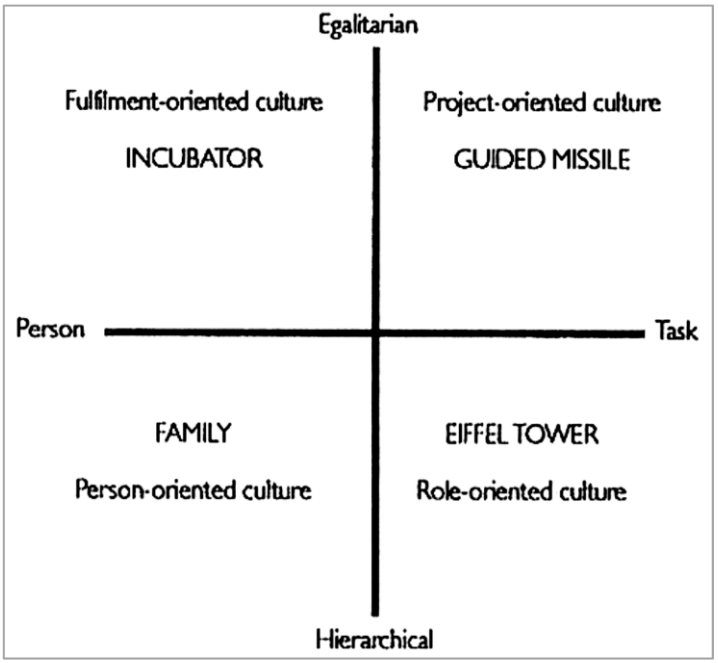
Indians Inc. (axe)
- Organic organization,
- Individual leadership,
- Led by a hereditary chief,
- Organization depends on tradition, precedent, folk memory, and an intricate network of tribal relationships.
- The archetype is a family company.

Cavalry Corp. (swords)
- Systematic organization,
- Individual leadership,
- Led by a commander after system of ranks,
- Legally sanctioned and centralized authority
- Organization is based on procedures, manuals, and a formal system of training.
- The archetype is a multinational company.

Outlaws SA (black hat)
- Organic organization,
- Group leadership,
- Leader may emerge for the moment but in constant danger to be shot in the back.
- Organization is fluid, spontaneous, expedient and based on personal relationships between the members, who act as they see fit.
- The archetype is a new creative or high-tech partnership.

Posse plc (star)
- Systematic organization.
- Group leadership.
- Elected sheriff whose tenure depends on group support and his or her performance
- Well-organized and legally sanctioned group of specialists with well-defined targets.
- The archetype is a large accounting or consulting firm.
  (Mole 2003, 30)

Mole roughly points out different type of organizations in four genres. Even if realistically business world is quite complex, there is some basic rules easily recognizable in these groups of Mole. Trompenaars & Hampden Turner then again takes this kind of comparison to levels of person vs. task and equality vs. hierarchy. According to them this enables to define four types of corporate culture with different type of behavior. (Trompenaars & Hampden-Turner 1997, 158.)



(Trompenaars & Hampden-Turner 1997, 159)

Exhibit 12. Corporate images

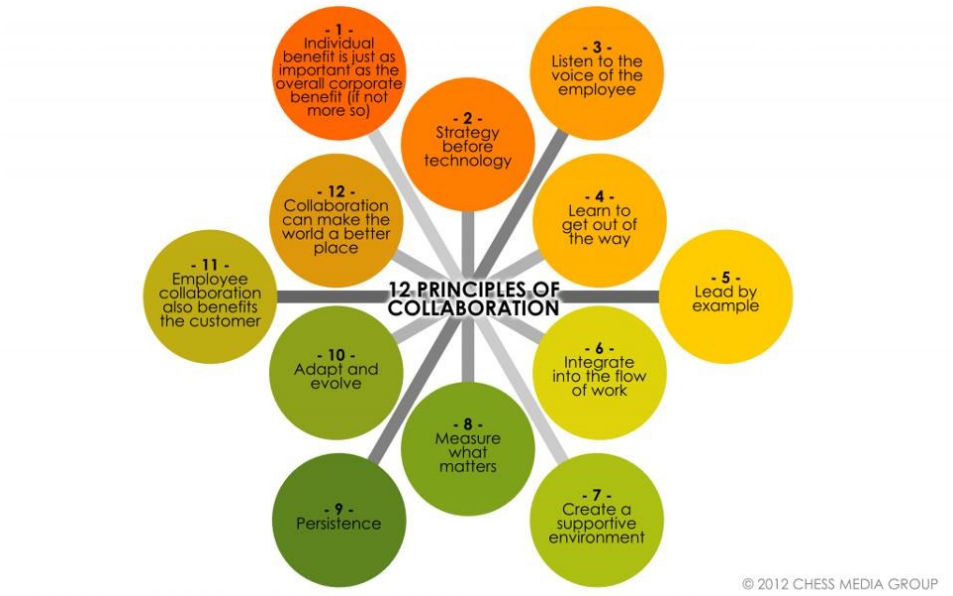
Trompenaars & Hampden-Turner are saying that in practice the presented ideal images are many times mixed and overlaid. “This separation, though, is useful for exploring the basis of each type in terms of how employees learn, change, resolve conflicts, reward, motivate and so on. Why, for example, do norms and procedures which seem to work so well in one culture lose their effectiveness in another?” (Trompenaars & Hampden-Turner 1997, 158).

A bit more modern thinking in creating a successful organizational behavior comes from Jacob Morgan, who compares organizational solutions to a game of chess. In chess there multiple patterns of correct or incorrect solutions. Choosing the correct ones time after time brings some grandmasters always to the top.

Morgan claims that there are 12 success factors for collaborative organizations: Individual benefit vs corporate benefit

1. Strategy before technology
2. Listen to the voice of employee
3. Learn to get out of the way
4. Lead by example
5. Integrate into the flow of work
6. Create a supportive environment
7. Measure what matters
8. Persistence
9. Adapt and evolve
10. Employee collaboration also benefits the customer
11. Collaboration can make the world a better place

(Morgan, 2013)



(Morgan, 2013)

Exhibit 13. 12 Princibles of Collaboration

2.4 **Project Management - theory and practice**

To get to the basic idea of Project Management, I will present common points of Project Management and concentrate a bit on issues that are important from the viewpoint of global sourcing. Project Management is widely known term across various areas of life. It is widely used across small civil-works at home, all the way to international happenings involving thousands of people. From this very wide starting-point to start explaining what Project Management generally is and how it is theorized or well-practiced, it is good to the take a look of the definition of the concept first.

2.4.1 Project Management in general

In theoretical literature, the term project is often referred to British Standard BS 6079, where project is mentioned to be set of coordinated activities with starting and finishing points. These activities are undertaken either by an individual or organisation to meet specific performance objectives within defined schedule, cost and performance settings.

Even though the term and sometimes the work process of a project in general is relatively standardized, the characteristics and outcome can be very different and unique for every project. As PMBOK® points out; “Every project creates a unique product, service, or result. The outcome of the project may be tangible or intangible. Although repetitive elements may be present in some project deliverables and activities, this repetition does not change the fundamental, unique characteristics of the project work.” (PMI 2013, 3.)

To define what Project Management is and what it does require to manage Projects well, there are various theoretical approaches explaining the concept. James Taylor describes a theoretical approach for the issue as he mentions a project management to be an art of managing relatively short-term efforts, having a finite beginning and ending points as well as customer-specified criteria and general budget. (Taylor 2006, 3.)

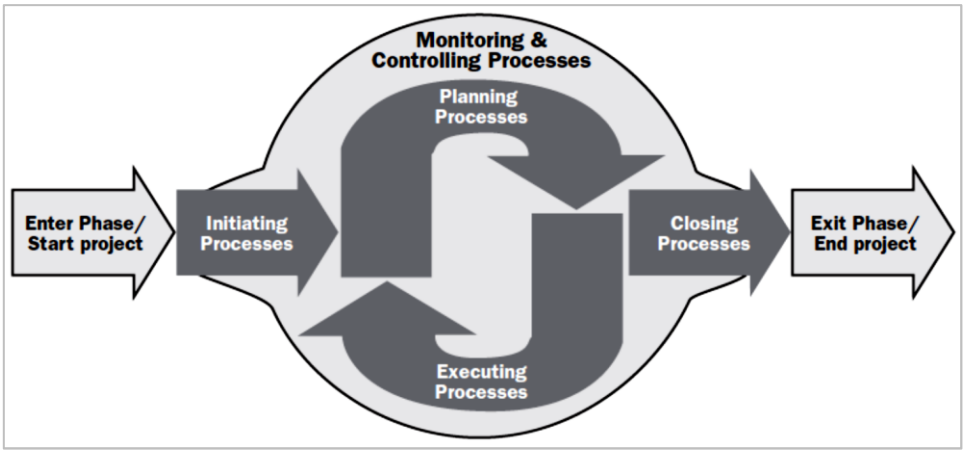
Taylor in that sense touches also the definition of Project, but brings the issue to a bit more practical level. There is also this relatively simple description of Project Lifecycle in Taylor's book that applies for good Project Management:
1st Define the project – create the concept
2nd Develop the project – appoint the team and create the plan
3rd Implement – execute work requirements and monitor
4th Terminate – review, accept and transfer responsibility
(Taylor 2006, 132.)

Gary Richardson well explains why Project Management is so deeply studied and practiced art, especially in business. He says that higher levels of organization often have motivation to implement formal project initiatives, because the typical goal of the high level is to ensure that the undertakings are delivered on time with the desired output. (Richardson 2010, 18.)

- According Richardson, well managed project also benefits at the macro level of the organization in following issues:It is possible to customize the project work to fit the operational style
- It is proactively informing executive management of project
- Ensures that project team has project documents in timely manner
- Ensures that critical tasks and deadlines are met
  (Richardson 2010, 18.)

PMBOK® defines project management as the application of knowledge, skills, tools, and techniques to the activities in the project." The book continues how the project requirements are accomplished through the appropriate project management processes, which are categorized into five Process Groups;
- Initiating,
- Planning,
- Executing,
- Monitoring/Controlling and
- Closing.
  (PMI 2013, 5)

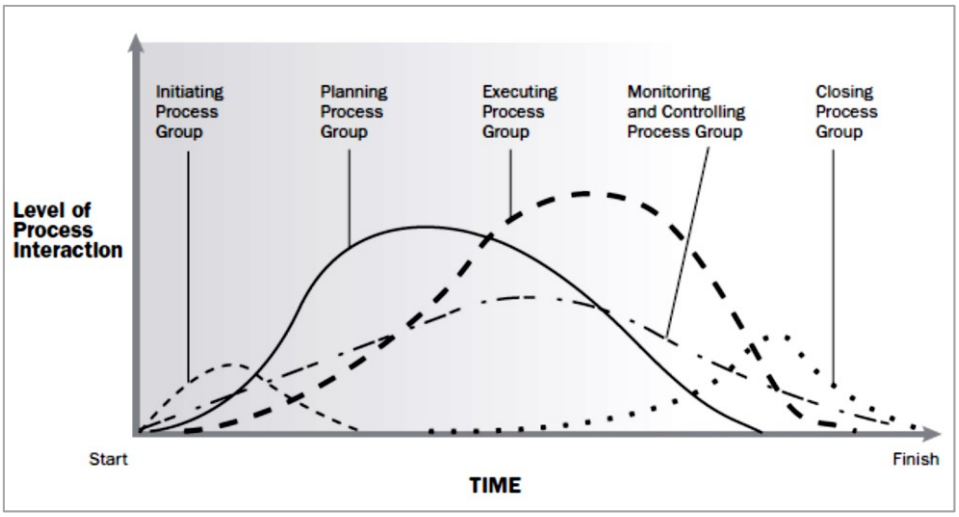
The exhibit from PMBOK® visually show the same five process groups with their interactive role during the project.



(PMI 2013, 50.)

Exhibit 14. Project Management Process Groups

The timescale of Process Groups interactions is clearly indicated in PMI presentation. This presentation shows the level of Process Group overlap at various times. If the project is divided into phases, the Process Groups interact within each phase.



(PMI 2013, 51.)

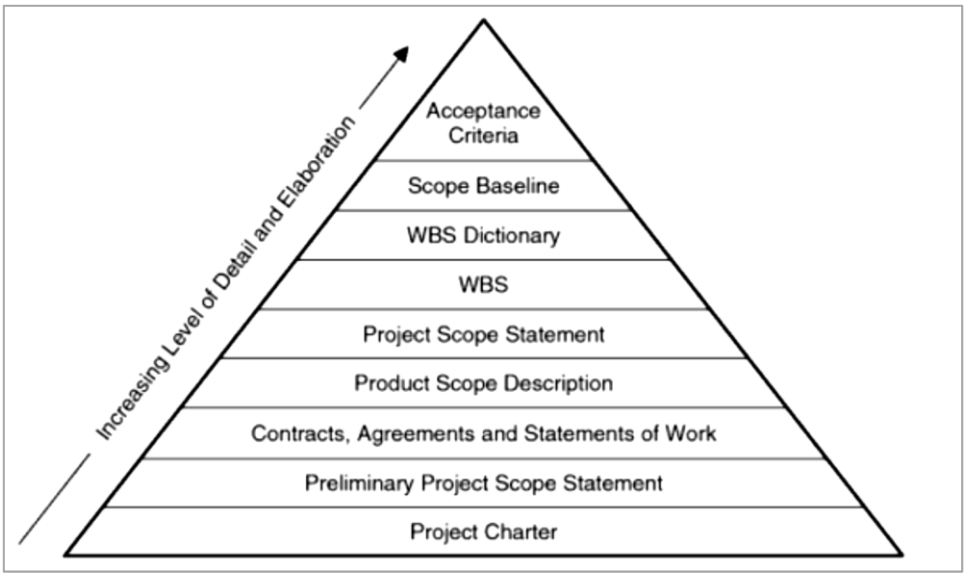
Exhibit 15. Process Groups Interact in a Phase or Project

2.4.2 Project Planning

"The plan is nothing. Planning is everything"

An important point, for project management also, lays between the lines of the quote from Dwight D. Eisenhover. The project planning should be constant and evolving process that goes along for the whole time of any project.

When planning a project, one of the first things to generally understand is the scope of the upcoming project. One visually nice way of looking at project scope is this pyramid model from Eric S. Norman. This is very clear way to show what kind of process steps there is when defining the scope of a project. It helps to understand the elements of project scope and what amount of detail is needed when "building the pyramid".



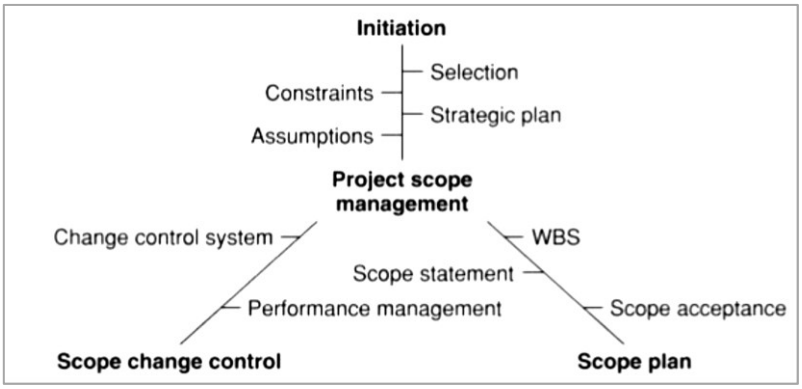
(Norman 2011, 44.)

Exhibit 16. Project Scope Definition and Elaboration

When planning a project, one of the first things to generally understand is the scope of the upcoming project. One visually nice way of looking at project scope is this pyramid model from Eric S. Norman. This is a very clear way to show what kind of process steps there is when defining the scope of a project. It helps to understand the elements of project scope and what amount of detail is needed when "building the pyramid".

Harvey Maylor also emphasizes that the planning phase is an essential part of any project and it is very important when building the project scope well. As mentioned, the project plan should be flexible enough, giving an opportunity for the constant planning process. The plan should be modified and updated the original according to the upcoming needs for the project to succeed. Having said that, the plan still needs to give clear limits and definition for the project, its activities, and responsibilities, even

if there is moving space within the project plan. Maylor mentions that the project scope management has an important role when setting the project limitations and definition. (Maylor 2010, 101.)



(Maylor 2010, 101)

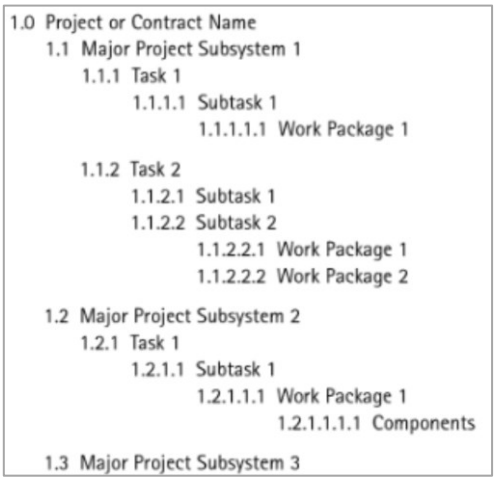
Exhibit 17. Elements of scope management

According to Maylor there is three approaches for project planning;

- Claim we know everything – "painting by numbers". Repeatable project that can be revised afterwards and processes fine-tuned accordingly for the next project.
- Acknowledge we know nothing – "wishful thinking". Planning by setting basic milestones in the beginning and hope that these are met while project running.
- Both of the above. The nearer the point, the more we know about it, "Rolling wave planning". Knowledge gains as getting closer to milestone and the project; people and resources determine the timeframe.

  (Maylor 2010, 104-105.)

Work Breakdown Structure (WBS) is one of the commonly recognized elements of Project planning. It aids the Project Manager and the Project Team to structure and organizes the phases of the project and the take the phases into a detailed plan. As Taylor well puts it in short "WBS is a formalized way of reducing the project into successively lower levels of greater details" (Taylor 2006, 80).

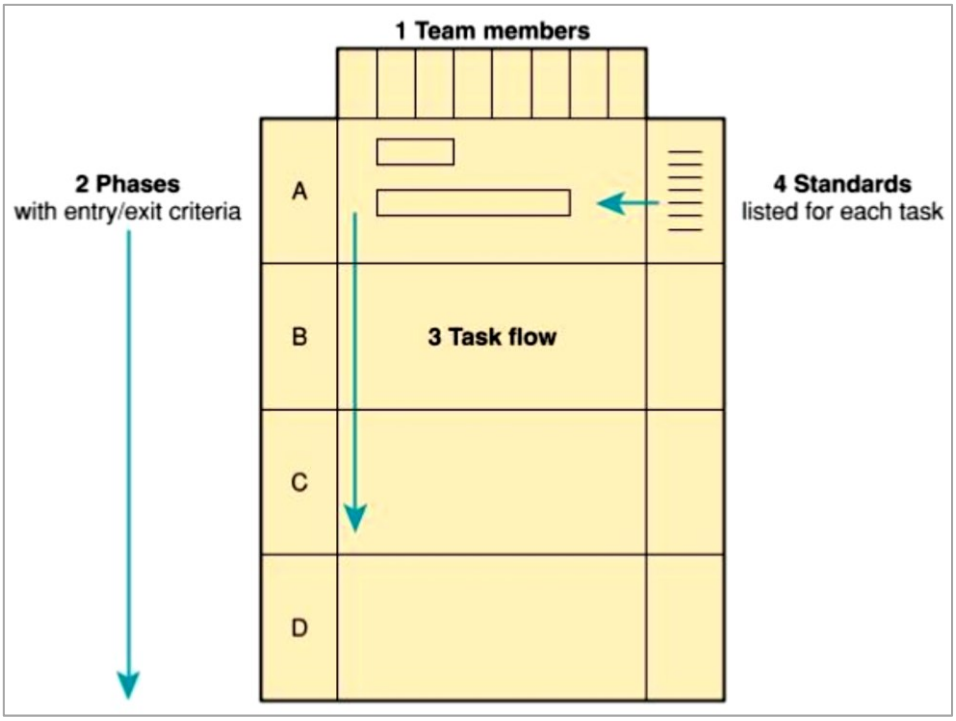


(Taylor 2006, 81.)

Exhibit 18. Intended WBS format

Simply said WBS is a planning tool that can help Project Managers to construct the whole project planning phase. With the output of the same tool, anybody can see in quick presentation and simple format what the project contains, when it is going to happen and how it is going to be implemented.

Another useful tool is a four fields mapping or deployment flow chart (FFM/DFC) introduces by Maylor. This basic flow chart/planning tool gives the opportunity to plan and share responsibilities in relatively simple format, for all project team members.



(Maylor 2010, 116.)

Exhibit 19. Four fields map/deployment flow chart

The flow chart is relating to four information fields:

1. The team members
2. The logical phases of activity
3. Tasks to be performed including decision made
4. The standards that apply to each task
   (Maylor 2010, 116.)

Basically, in this flow chart presented by Taylor, the phases run from A -> D in the left column, and at the same time project team is visible on the upper corner. The logic in the flow chart is so that while you move from phase A to phase B, all pre-agreed tasks needs to be fulfilled. By this the project moves from the beginning to the end, fulfilling each pre-agreed step. There are certain entry and exit criteria at each phase to ensure that the project does not move on without the team approval. No phase can be completed until the causes are identified and all errors have been corrected. (Maylor 2010, 116-118.)

This kind of Flow Chart -thinking could be seen as a sophisticated gate model of project management. It is not the conventional way of project planning as traditionally project activities just proceed at some point of time, regardless the criteria or approvals. (Maylor 2010, 118.)

2.4.3 Project Manager and -Team

One of the key points for a successful project is choosing a good Project Manager (PM) and a motivated team supporting the manager. Projects are temporary by nature, and normally with a tight schedule. At the same time usually need cross-departmental cooperation and communication with various people with various working cultures and/ or mindsets. Therefore choosing and educating the Project Manager for the project in hands always a critical part of any project.

Traditionally project managers have been those who are the most experienced on the matter in hands and at the same time respectful in the sense of directing. “Project managers are often perceived by their staff as mentors – those who have ‘been there, done that’”. One of the first advocates of CADD (Computer-aided design and drafting) project management, Stephen M. Benz describes that the project manager needs to assist and direct the project team for executing a successful project. It will not happen without monitoring and follow-up. (Benz 1998; 25-30.)

Some key duties and responsibilities of PM

- Project control
- Project administration
- Financial control
- Client relations
- Business development
- Design production
- Team management
- Quality assurance

(Benz 1998, 25-30.)

A bit more modern view for PM role comes from Cynthia Snyder, who has done a guide for PMBOK®. She notes that at the heart of the project is the project manager. “The project manager is the hub of communication, planning, execution, and control for the project” (Snyder 2013, 14).

Snyder describes some of the key responsibilities of a PM as follows:

- Documenting the project
- Leading the team in progressively elaborating the requirements
- Leading the team in developing supporting documents for the project
- Identifying the approach for carrying out the project work
- Maintaining performance consistent with the project baselines
- Managing change
- Communicating and managing team members + other stakeholders
- Reporting project status
- Managing risk

(Snyder 2013, 14-15.)

Roland and Frances Bee summarize the key requirements of a Project Leader as in the following table chart. These Characteristics are generally needed for any project manager regardless of the project type. From the description you can see more detailed knowledge and expertise descriptions that are preferred for these characteristics.

Characteristic	Description
Situationally competent	Sufficient knowledge and expertise in the subject area of the project.
Task-focused	Clear focus on project objectives. Sees main responsibility as delivering the project results. Good manager of time and priorities.
Flexible	Able to deal with the requirements of the different phases of the project; and to respond to the differing needs of the key stakeholders.
Networker	Identifies and develops constructive working relationships with all stakeholders.
Empowering leader	Provides the framework and supports the team in managing its own processes.
Process-skilled	Appropriate knowledge and skills for the planning, monitoring, and control of the project.
Overviewer	Concentrates more on the overview than on the day-to-day, delegating the management of routine project processes.
Resilient	Deals well with uncertainty and bounces back from setbacks.
Forceful facilitator	Facilitates the team in managing the project: – but is willing and able to challenge approaches and decisions – is skilled in handling conflict – is skilled in giving and receiving constructive feedback.

(Bee & Bee 1997, 47.)

Exhibit 20. Key Characteristics of a Project Leader

Barry Posner – professor of organizational behavior – wrote a report about the relationship of problems on project management and skills needed to cope with them. For this report, there was done a rather large survey (900 Project Managers in the US) by Posner among experienced project management professional. By the results of the Posner survey, there can be allocated eight categories that are the biggest challenges on project management, or problems most often encountered in project management as Taylor presents them. (Taylor 2006, 12-17.)

Encountered problems on Project Management (Posner survey):

1. Inadequate Resources
2. Unrealistic Schedules
3. Unclear Goals and Senior Executive Direction
4. Uncommitted Team Members
5. Inadequate Planning
6. Communication Breakdowns
7. Goals and Resource Changes
8. Interdepartmental Conflicts
   (Taylor 2006, 13.)

From the results, you can do correlation that what kind of problems are to be faced and if some of the skills that are needed in Project Management. Many of the skills mentioned in the Posner report and Taylor's book are the same or similar to ones that Bee & Bee (1997) indicates as required characteristics in their book.

Communication	Communication breakdowns
Organizational	Inadequate planning, insufficient resources
Team Building	Uncommitted team members, weak interdepartmental interaction and support
Leadership	Unclear goals and senior executive direction, interpersonal conflicts
Coping	Handling changes
Technical	Meeting unrealistic schedules

(Taylor 2006, 16 - Reprinted from Merredith & Mantel 1995)

Exhibit 21. The relationship of problem management skills and problems

PMBOK® mentions following management skills needed to coordinate and harmonize the project team toward accomplishing the objectives:

- Facilitate consensus toward project objectives
- Influence people to support the project
- Negotiate agreements to satisfy the project needs,
- Modify organizational behaviour to accept the project outcomes
  (PMI 2013, 408.)

Project Manager should set up a core Project Team for each project. This team is a set-up of professional individuals who are motivated to run the project smoothly to its goal. The team should naturally be strongly involved in planning and running the project as planned from the very beginning to the very end of the project. When the core team is assembled early in the conceptual phase of the project the planning and scope development can be easier. What Taylor is actually saying is, that too often there are separate people planning the project and doing the actual project work. He claims that it would be the best to have this Core Project Team also tasked to do the actual project work. After all, they have the best understanding of requirements, resources, costs and schedules. According to Taylor it is crucial to define the core team as early as possible and identify those who will remain executing project team members and for how long time or to which parts of the project. (Taylor, J. 2006; 164.)

2.4.4 Stakeholder management

In theoretical literature, the ideology about the importance of stakeholders has been well recognized throughout a couple of decades. Even so, it seems that only in recent years it has been recognized that Stakeholder Management has a key role in running a successful project. As Maylor puts it; “Their (stakeholders) importance has only recently been realized and methods for the management of expectations and perceptions developed” (Maylor 2010, 29).

Stakeholders as a term, are a conceptual issue to many areas such as business management, organizational management, law as well as project management. In this section will be explained what a stakeholder means for project management and how to best manage stakeholders. Basically, in Project Management theory the concept of Stakeholders includes all persons or groups that are affected by the project somehow. Whether a key person or a group that just needs general information can be categorized as a stakeholder for the project. Robert Buttrick defines Project Stakeholders relatively widely when saying: “Stakeholders are those who are affected by the project. All those involved in the project are, therefore, stakeholders” (Buttrick, R. 1997; 245).

Simplifying stakeholders as a homogenous group, which is linked to a project somehow, hides a risk. This procedure might grow the group of stakeholders too large and uncontrollable which easily causes unreasonable challenges for the project. So the generalization of Buttrick has the right idea behind, but the definition of project stakeholder needs focusing. In PMBOK® the term stakeholder is explained a bit in more detail as “an individual, group, or organization who may affect, be affected by, or perceive itself to be affected by a decision, activity, or outcome of a project“. In fact in PMBOK® is the same idea behind as Buttrick has, but it goes a bit deeper on the levels of interest, involvement, and actions of a project stakeholder. According to PMBOK® stakeholders may be actively

involved in the project or have interests that may be affected by the performance of the project. (PMI 2013; 30.)

Identifying the project stakeholders:

- Identify the people, groups, or organizations involved in
- Analyse whether they could impact or be impacted by a decision, activity, or outcome of the project
- Document the relevant information regarding their interests, involvement, interdependencies, influence, and potential impact on project success.
  (PMI 2013, 393.)

These identifying and management actions naturally aim to better identify the appropriate focus for each Stakeholder. In starting phases of any project management should be able to identify the stakeholders as well as possible with a possibility for update the specs. It is critical for project success to identify and analyze stakeholders early in the project. All the individual expectations, importance, and influence are important. This initial assessment should be reviewed constantly during the project. (PMI 2013, 394.)

At this early point of stakeholder analysis is important to realize that the status and requirements of the project's stakeholders might change during the project. This is why this stakeholder management should not be considered only as a technical step in starting phase of the project but it should be seen as an evolving part of the strategic planning and long-term management of any successful project management. Pernille Eskerod and Anna Lund Jepsen recommend that the project stakeholder management plan should be adjusted as changes occur. Another challenge according to Pernille & Jepsen is that it is most likely impossible to make a stakeholder analysis including all relevant details in the project formation phase. They claim that the stakeholders will not be completely aware of their preferences at this time. (Pernille & Jepsen 2013, 66.)

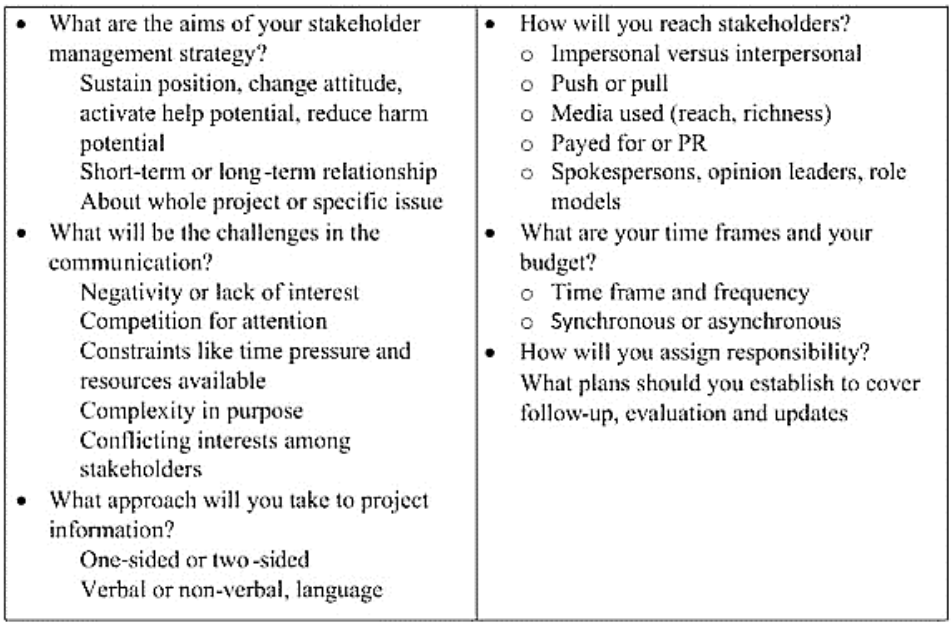
Richard Perrin puts it quite well; "The real deal is to know and understand your stakeholders, determine their needs, respect and understand their hot buttons, and simply listen what they are telling you." According to Perrin, the important thing is, therefore, to use the appropriate tool to record and understand the needs of each stakeholder. In practice, this means that after identifying the project stakeholders, it is time to listen to them and plan how to manage the communication and full-fill their needs. Managing stakeholders is very widely said, but fundamentally you need to know how to deal and communicate with each stakeholder as efficient as possible. (Perrin 2008, 94.)

You can and should benefit from the deep stakeholder analysis of needs, interests, and potential impact on project success – this has been done in the earlier when identifying the stakeholders. If - for example –

communication with your key stakeholder requires certain telecommunication equipment, you need to be prepared for that. Sometimes managing stakeholders might need investments, so the planning is good to do in the earliest phase of the project as possible – and this should be included in the Stakeholder management plan.

"The stakeholder management plan is more detailed than the stakeholder engagement assessment matrix. Stakeholder management plans can be formatted many different ways and may include a variety of different pieces of information as necessary" (Roeder 2013, 27).

In the following chart Eskerod and Jepsen summarize quite well what to consider in the stakeholder management plan. They have been able to pull out and crystallize very practical things that are all good to be considered in planning phase of the stakeholder management



- What are the aims of your stakeholder management strategy?
  - Sustain position, change attitude, activate help potential, reduce harm potential
  - Short-term or long-term relationship
  - About whole project or specific issue
- What will be the challenges in the communication?
  - Negativity or lack of interest
  - Competition for attention
  - Constraints like time pressure and resources available
  - Complexity in purpose
  - Conflicting interests among stakeholders
- What approach will you take to project information?
  - One-sided or two-sided
  - Verbal or non-verbal, language
- How will you reach stakeholders?
  - Impersonal versus interpersonal
  - Push or pull
  - Media used (reach, richness)
  - Payed for or PR
  - Spokespersons, opinion leaders, role models
- What are your time frames and your budget?
  - Time frame and frequency
  - Synchronous or asynchronous
- How will you assign responsibility?

What plans should you establish to cover follow-up, evaluation and updates

(Eskerod & Jepsen 2013, 70)

Exhibit 22. What to consider in the stakeholder management plan

Eskerod and Jepsen remind that there is a risk to over- or under-do stakeholder engagement. They write an interesting point about overdoing stakeholder engagement; "Too much stakeholder involvement may hamper the project start, unnecessarily increase complexity, create expectations that are impossible or difficult to fulfill and be very tiresome for the stakeholders involved – including the project team" (Eskerod & Jepsen 2013, 48).

For stakeholder management should be should be included the communication plan as well. Now days there is plenty of tools available for creating various communication methods with stakeholders, but the main things are to consider what should be communicated and how with each stakeholder group.

Key things for stakeholder communication plan:
- What is the message you need each stakeholder to receive
- With what methods to communicate with each stakeholder
- Frequency of communication is important, depends of the stakeholder
- Aim to see thing from stakeholder perspective, if possible ask their opinion
- List and mark what kind of info each stakeholder should be receiving
- On headline level, keep track of the communications with stakeholders
  (Buttrick 1997, 247.)

3 QUALITATIVE RESEARCH FOR HOT-TOPICS

"Motivation: Since you have a goal, there must be some problem that you are trying to solve. Explain this problem. What people in the real world are affected by the problem that concerns you? It is best if your grandmother understands this section" (Bærentzen, A. 2006; 1)

Goal for the thesis is to improve Sourcing Project Management skills and processes so that the results would benefit all parties included. Main aim for the related research is to find issues where to concentrate on improvement work, and by the results of research suggest improvement methods. Especially this Thesis concentrates on the local level implementation of the Global Sourcing Projects.

In this following chapter is clarified:
- Research objective and limitation
- Research assumptions, plan, description
- The results of the research

3.1 **Research background**

3.1.1 Objective

In recent years there have been multiple Global Sourcing Projects running simultaneously at Case Company. Some of these projects are part of the research subject on this thesis, but generally speaking this Thesis is not concentrating on any project in such specific details and all of the Global Sourcing Projects are originated and managed from upper level by Global Sourcing team. Objective of the study is to find out the "Hot-Topics" on Global Sourcing Projects implementation at the local level.
Local implementation is the responsibility of local project teams by the lead of local sourcing. From the aspect of goals and project management,

these projects have lots of similarities. Then again, when comparing contents, requirements and timetables of each Sourcing Project, there is still lot of variation in the Case Company.

To get a general and an all-inclusive viewpoint for this study, the research needed to be brought to a certain level of theoretical approach as well as the study needs to be limited to few clear objectives. The objective for this thesis is to find out the most challenging parts of the Global Sourcing Projects and suggest improvement solutions for local implementation and management of the projects by this make the projects more clear and successful.

Phases of the study research roughly

1. Problem research
- Study the issues in Sourcing Projects management processes
- Point out the most common topics / issues

2. Find solutions to found issues,
- Apply theories from theoretical framework
- Suggest realistic and applicable tools,

3. Visualize the Sourcing Project process chart
- After analysis of the whole study research and the Hot-Topics
- Editable process chart, as the status is now and to use for future

3.1.2 Limitations

Before the research I analysed the potential limitations for this study. These are the things that could come up as issues during the research process, and avoiding these issues should be considered all the way during the study process.

Potential limitation in the focus of the study:
- How well am I able to crystallize and generalise the problems
- How to suggest theory based, but realistically usable solutions
- “Theory vs. Real Life”, the result should be practical enough

3.2 **Research study**

3.2.1 Assumption of Topics

As explained there has been many Global Sourcing Projects on-going recently in the Case Company. There has been lots of internal discussions ongoing around the topic also. The research for this thesis started with making notes from these general discussions.

These discussions soon became the basic assumptions for this research, issues that needs investigating whether they exist or not and how they impact in practical level.

Below is listed some of these generally discussed issues;

- Non-efficient work-time usage
  - Should be investigated better and create a proper method to analyse
  - Work being too much putting out the small fires around
  - Daily work time goes too much to handling daily issues
  - Not enough time to concentrate on project targets

- Inadequate resources to run projects
  - Multiple new projects at the same
  - Schedules are layering on same weeks
  - Using the same tight resources
  - Lack of information of work that should be done
  - Not enough clear methods how to do things and what is expected
  - Each project has different kind of methods to handle data
  - Information shattered around and difficult to find or keep track in

- Unclear responsibility areas
  - Who is leading which project
  - How to define each point where the line of responsibility areas goes
  - Communication between departments inadequate
  - Information lost (Effective problem solving program)
  - Project items lost (Effective problem solving program)

- Difference between goals / objectives of departments
  - Matrix organization's challenges
  - Each department is reporting to each department's managers
  - Common goals between the departments not agreed clearly

This list is based on notes of perception and discussions on running projects as well as general discussions and employee feedback. Some of these matters are already improvement areas with local management lead, some need deeper analysis. These mentioned issues came to be to assumptions for my study.

To study if these assumptions exist or not, the research needed to be set to scientifically approvable format. For this I used some commonly recognized research study methods. By these methods I made the study results applicable for Master's Thesis level of research.

3.2.2 Research Plan

I planned this research so that first I will interview some key persons around Case Company's Global Sourcing team. After that I planned to do transcriptions of the interviews and gather a simplified comparison listing from those results and analyzing the results of those interviews. After that, it is time to concentrate on the Local project teams.

For local issues, I will organize local level workshops, 1st with the management team and 2nd with local departments. One aim was to be discovering if the assumptions were real and if there was something to be discovered, that was not in the study as assumption, but even more importantly, I wanted to find out what are the most commonly repeated issues, those issues that seems to be most bothering all teams on all levels of these Global Sourcing Projects. For these issues, I eventually wanted to find solutions and improvement suggestions by the help of the theoretical framework.

3.2.3 Description

The main methods used for the study:

- Interviews, discussions
- Focus Group Workshops
- Perception, document studies etc.

With the Assumptions in mind, I created a list of questions that would be good to be discussed and opinions recorded of some key persons in Global Sourcing Projects. I wanted to concentrate a bit more detail on Sourcing issues and have the interview with the project leading sourcing personnel. I planned to have 5-8 interviewees with the persons that had important Project roles, mainly in global functions globally. These persons were either Global Procurement Project Managers or data analysts. The interview topics were reviewed and structurally optimized with Professor Levonen of HAMK.

The structure of interview questions were planned so that it could be followed in all interviews. This way I could get more generalized data out of the interviews. I ended up having following structure and questions for the interviews. The interview was planned to be about 30-45min, answers either in writing or by conversation. The interview can be recorded "nameless" or with given personal info, it is up to the interviewee to decide.

Topics of interview for Global Sourcing:

- Background
- Global Sourcing Project definition
- History and role in Case Company's Sourcing Projects
- Biggest challenges on these Projects
- In what areas would you concentrate
- Success stories
- Key points for successful Sourcing Project

The interview sessions were all, with the permission of the interviewee, recorded in audio for smoother discussion and easier notes gathering for later. Afterward the interviews were either fully or partly transcribed to text. After that, I transported the interview data into an easily manageable format. Interview answers were simplified / shortened into an excel chart where the answers were in a nutshell and the comparison and analysis between the answers was easier to do.

The chart itself was really simple, the principal as follows:

	Interview1 (IV1)	Interview2 (IV2)	Interview3 (IV3) ...
Question1 (Q1)	- Key point1 IV1 Q1 - Key point2 IV1 Q1 - ...	- Key point1 IV2 Q1 - Key point2 IV2 Q1 - ...	- Key point1 IV3 Q1 - Key point2 IV3 Q1 - ...
Question2 (Q2)	- Key point1 IV1 Q2 - Key point2 IV1 Q2 - ...	- Key point1 IV2 Q2 - Key point2 IV2 Q2 - ...	- Key point1 IV3 Q2 - Key point2 IV3 Q2 - ...
Question3 (Q3) ...	- Key point1 IV1 Q3 - Key point2 IV1 Q3 - ...	- Key point1 IV2 Q3 - Key point2 IV2 Q3 - ...	- Key point1 IV3 Q3 - Key point2 IV3 Q3 - ...

Exhibit 23. : Interview data chart

After I did this excel chart analysis of the transcripts of the interviews, I picked-up the most important issues to be the base for the Local Focus Group Workshops. After interview analysis, I started planning the local focus group workshops. In these workshops, the idea was to sum-up the interview results of the Global Sourcing Team and start the discussions with the local teams and brainstorming for improvement. Based on the global team interviews described earlier, there was found 5-6 different problematic themes that needed deeper analysis with local workshops. Basically, I picked-up these issues and gathered that data as a base for Workshops with local focus groups. Focus Group Workshops separated to six different sessions. Workshop sessions were started with the Management Workshop and after that the Team Workshops, as separate sessions for each department involved in the Sourcing Project.

Management Workshop included the members of the local management team of each department. In this session there was these global team's interview result presented to management and idea was to critically discuss about local experiences compared to those interview results. There was a possibility for local managers to comment on any of the issues and

generally risen from the Global Sourcing Projects and at the same time point out general local issues, challenges and find out general improvement ideas to improve Sourcing Project Management. This gave the possibility for each department's manager to get familiar with the general issues and share ideas with different department's managers. This prepares managers for the next step, the Team Workshops.

After the Management Workshop there was Team Workshops organized for each department individually. These Workshops included all different departments that have been involved meaningfully in Case Company's Global Sourcing Projects. The discussion frame for these workshops was the same as in Management Workshop, but the goal was to get a bit deeper into details and practical issues with each department. The Team Workshop results were also gathered in written format and eventually noted in same simplified cards as management workshop. That way the results could be used in future analysis for the study.

3.2.4 Research Findings

After going through all the notes from the interviews and the workshops, I transformed this data into usable material for the research analysis. It was basically done by making shortened versions on the long notes or interviews, containing only the very core issue from the data in hands. This was done in excel format so that I could have all data in one place. I started the analysis by comparing the interview and workshop results to assumptions. This I quickly noticed not to give very clear results or actually it left too many issues open and without "bigger picture". Therefore, as the analysis went further, I had to figure out a better way to gather and analyze all data and get some overview of the situation.

Basically, I wanted to get an idea how many times some topics came up on the sessions with interviewees and/or workshops. At this point I started reworking the data for the analysis from a bit different angle. I tried couple of methods from post-it notes and mind maps to presentations without good success. Only after I used excel chart to collect all interview data in the same place, the data was easy enough to handle, manage and play around so that I was I able to really invent a proper technique for research analysis. This method of inserting all data to excel gave also a possibility to put the data in such a format that it was possible to have visual charts. By this method I found altogether over 100 topics to roughly categorize into four different categories and got clear picture on the research results.

I wanted to set-up a system that set the results to following four categories and their themes. The topics raising most discussion by category. With an ideal link to theoretical framework for future improvement suggestions.

Category 1: Upper level project
- Global project issues
- Management and justification related

Category 2: Local Project Management
- Local implementation related
- Project management related

Category 3: Project teamwork
- Communication, Information sharing
- Targets and objectives

Category 4: Resources
- Personnel resources related
- Training and competence

After categorizing the research answers to these themes, I created a simple coloring ranking system with color codes (G/Y/R) and set the answers to excel chart.

Color codes:
Positive feedback, green tag (G)
Neutral comment, yellow tag (Y)
Improvement needed, red tag (R)

	Focus group1 (FG1)	G	Y	R	Focus group2 (FG2)	G	Y	R
Category1 (C1)	FG1 Answer1 to C1		x		FG2 Answer1 to C1	x		
	FG1 Answer2 to C1	x			FG2 Answe2 to C1			x
Category2 (C2)	FG1 Answer1 to C2			x	FG2 Answer1 to C2			x
	FG1 Answer2 to C2		x		FG2 Answe2 to C2		x	

Exhibit 24. Research analysis chart

The example of the research analysis chart shows how the categorizing happened. I created this tool for this analysis and with expanded chart I categorized all the assumptions, interview results and workshop sessions in four earlier mentioned categories, by each topic and each Focus Group.

Category 1: Upper level management	topics	tag	% per
positive feedback	8	Green	27 %
neutral comment	8	Yellow	27 %
improvement needed	14	Red	47 %
C1 TOPICS	30		100 %
Category 2: Local Project management	topics	tag	% per
positive feedback	1	Green	5 %
neutral comment	6	Yellow	27 %
improvement needed	15	Red	68 %
C2 TOPICS	22		100 %
Category 3: Project Teamwork	topics	tag	% per
positive feedback	1	Green	4 %
neutral comment	9	Yellow	35 %
improvement needed	16	Red	62 %
C3 TOPICS	26		100 %
Category 4: Resources	topics	tag	% per
positive feedback	2	Green	5 %
neutral comment	13	Yellow	33 %
improvement needed	25	Red	63 %
C4 TOPICS	40		100 %
TOTAL TOPICS	118		

Exhibit 25. All topics by category

This categorization gave possibility to analyze the overall result by each category and get a clear overview of each Focus Group's opinions, as well as compare to pre-research "Assumptions" on the findings. Next I will go through category by category and present what kind of results my deeper analysis on each category or topic gave.

Category 1: Upper level management

This was a category that concentrated on topics that were related to upper level management and justification issues. Topics gathered under this category were mainly related to issues that are between global and local organization.

Category 1 had two pre-assumptions for research:

- Multiple global projects → overlapping schedules (Y)
- Lack of information → expectations and targets unclear (R)

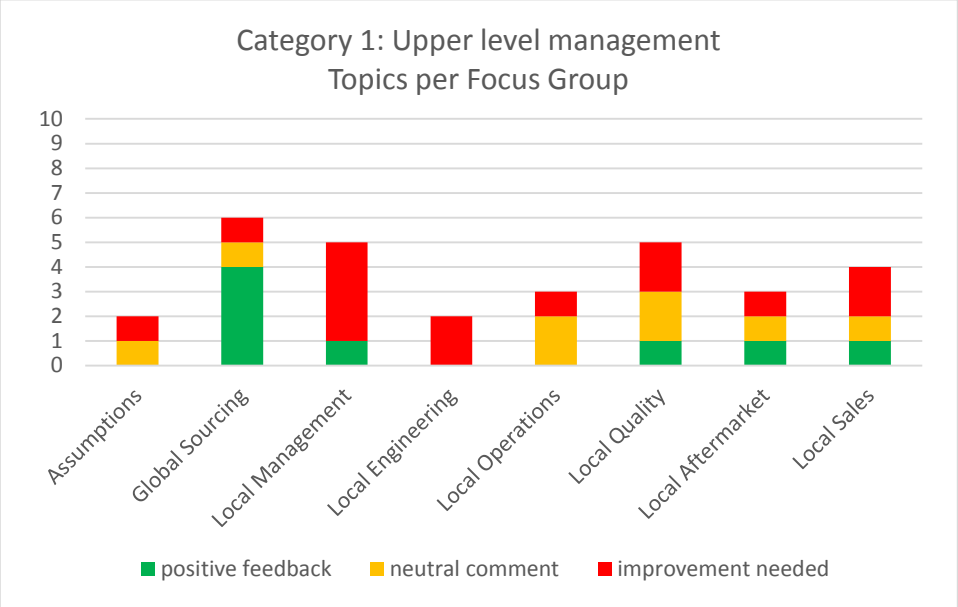


Exhibit 26. Upper level management topics

Even with only a few assumptions of topics for this category, there was a lot of discussions arisen around the topic within the Interviews and Focus Groups. Clearly most positive opinion on Category 1 was at Global Sourcing. Then again, the unique interviews were done for Global Sourcing team members so they had more specified questions towards the projects also. This might've be one reason why there is more stress on Global Sourcing answers in this category.

From all Focus Groups, Local Management workshop pointed out the most improvement requirements for Category 1. It is somewhat alarming to notice that local top management had so many suggestions for improvement or negative comments on Global Sourcing Projects. Also Local Quality and Local Sales rose many topics on this category, but in average they were with more neutral approach. Other Focus groups shattered a bit more on their answers.

All-in-all there was quite many discussion topics ranked with red tag in this category, roughly every second answer was a note of improvement need.

Main topics on Category 1, to be improved (red tags);
- Goals alignment, global and local business requirements
- More clear budget agreement and goals would
- Motivating all different departments is challenging
- Local vs. Global benefit not always aligned
- Critical business knowledge given out too easily
- Hidden costs -> Total Cost of Ownership
- Project running without stakeholder approval

In Category 1 the assumptions vs. research results were quite far off from each other. In other words there was much more topics risen on research per Focus Group than the assumption was before the research.

Hot-Topics on Category 1: Upper level project
- Management level project justification and responsibility
- Total costs analysis and risk analysis

Category 2: Local Project Management

This category was collecting topics related to local level of Sourcing Project Management. Topics in this category are already quite practical things related to actual local implementation of these sourcing projects assigned by the Global Sourcing team.

Category 2 had four pre-assumptions:
- Matrix organization → Targets and goals not to project success (R)
- Who is leading projects? → Global and local boundaries (R)
- Lines of responsibility and accountability within projects (R)
- Reporting requirements unclear (R)

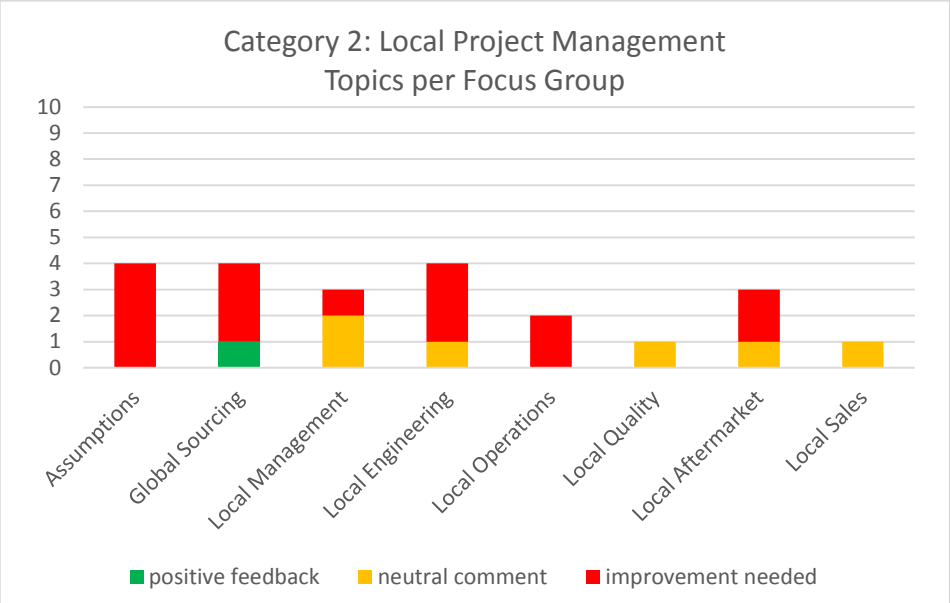


Exhibit 27. Local Project Management topics

Category 2 had four topics coming from assumptions before the research, and they were all red tag -topics. This meant that the presumption was, that there are areas requiring attention in this category. According to the research, the presumption was somewhat correct. From the research results can be found at least seven different topics that were risen to discussion, with an improvement need (red tag).

Main topics on Category 2, to be improved (red tags);

- Blurred accountability at local level
- Lack of stakeholder involvement
- More clear project planning and follow-up needed
- Gate type of project thinking; action steps, approval steps etc.
- More focus on special features of each commodity
- Long project times are causing issues
- Stakeholders freezing the projects, clear approvals needed earlier

For improvement on Global Sourcing Project's local implementation, this category with process level topics needs special concentration. From this category can be found the topics to be tackled by improving the project process management methods at the local level, and following issues are topics generally that require most attention and improvement.

Hot-Topics on Category 2: Local Project Management

- Sourcing Project's process control, discipline and repeatability
- Personal accountability, project responsibility

Category 3: Project Teamwork

Category 3 topics were communication and team-work related in Global Sourcing Projects. Topics attached to this category in the research were mainly about teamwork challenges, issues in information chain or goals and objectives setting with the team members.

Category 3 had four pre-assumptions:

- Status is difficult to track, who knows? (R)
- Communication between departments inadequate (R)
- Information is shatter around (R)
- Common goals between the departments not defined / agreed (R)

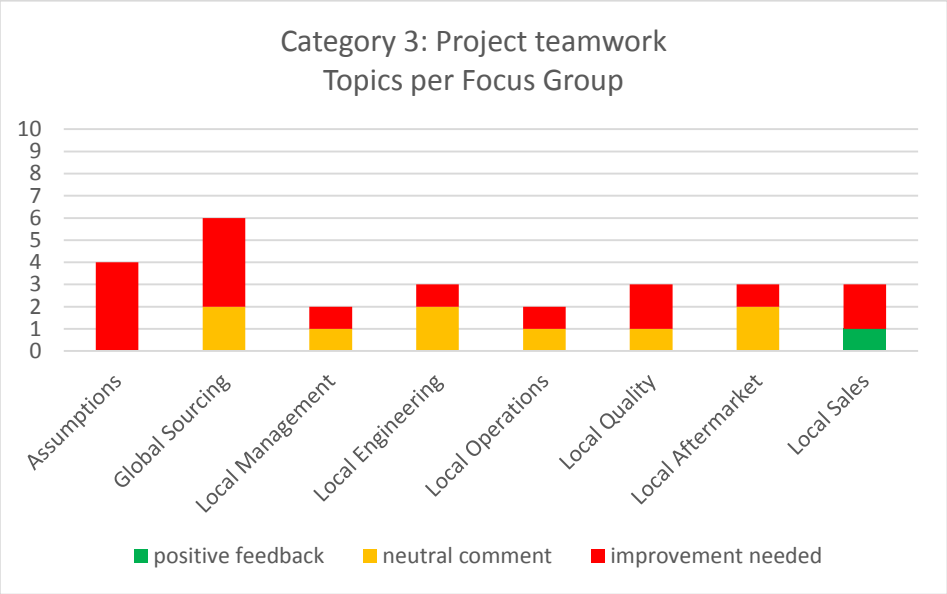


Exhibit 28. Project teamwork topics

From the research I picked-up eight different topics with improvement need. Some of these topics are the same or similar to assumptions, and some of them totally new.

Main topics on Category 3, to be improved (red tags);

- Team work / team communication inadequate, information chain
- Too little shared information, blurry image on projects
- Unclear project status always an issue
- Clear change notice important -> communicate to customers
- Communication with suppliers should be planned better
- Cross-functional teamwork is essential
- Proactive approach from whole team is essential
- Less projects with better concentration would be better

First, there was 16 red tags in this category, from which I combined eight above-mentioned general topics. All these red tags -topics on Category 3 can be set to two even more generalized main themes, which I now rise as two Hot-Topics of this category.

Hot-Topics in Category 3: Project Teamwork
- Communication sufficiency and availability of project information
- Cross-functional concentration, cooperation and motivation

Category 3 is the one that causes the most miss-understanding and general roadblocks, therefore should be concentrated in a certain way. Mainly theoretical framework of Project Management and Cultural issues will guide to improvement methods.

Category 4: Resources

In this category I gathered all the topics that were related to resources on sourcing projects. Main themes on these topics were related to specifications and requirements as well as supplier audits and qualification. Also, all human resources related topics were set to this category.

Category 4 had two pre-assumptions:
- Same tight resources are used in many projects (Y)
- Daily work time goes too much to daily issues (R)

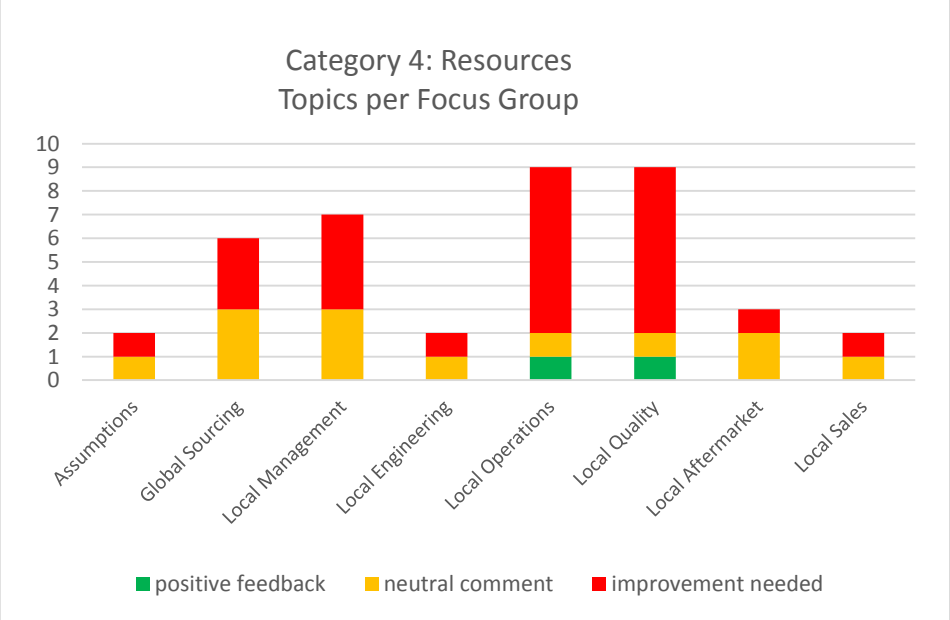


Exhibit 29. Resources topics

The findings on this category then again was a bit surprising, and it is clearly noticeable that there was a big difference between assumptions and research findings. A lot of discussions rose on topics related to

requirements, specifications, and drawings. Mainly this discussion was criticism that the specifications are not up-to-date or sufficient.

Qualification process, supplier audits and human resources to do all these things were also a Hot-Topics on this category. Especially operations and quality had many issues and improvement suggestions in their mind related to supplier audits and quality approval.

Main topics on Category 4, to be improved (red tags);
- Qualification process, lacking SQEs and resource for audit
- Drawings / specification availability
- Specification accuracy to real-life components
- Supplier pre-qualification / audits should be done better
- Actual and information on requirements, available in beforehand
- Approval process should be more clear
- Quality check take time
- New part's follow-up to production
- Required service level / packing instructions
- Long term follow-up on process capability
- Component criticality requirements review (Aftermarket)
- Quality risk = image risk

This was the category that rose the most discussion over-all. At the same time, there was most improvement suggestions/requirements in this category. There was 25 red tags on overall 40 topics. The red tags shattered a bit on topics, but three quite clear themes were able to rise as Hot-Topics.

Hot-Topics in Category 4: Resources
- Specification / Requirements accuracy for Suppliers
- Supplier Process Capability / Quality Audit
- Resources and process on quality checking for new parts

3.3 Research result summary

After various internal and external discussions, six different interviews and separate local workshops, there is a relatively good scope of the study results for the research analysis. In this chapter, I will summarize the findings and crystallize the main points for improvement.

First I want to go through what were the results in a wider sense. Below are the results by category are visible in a chart mode showing all Focus Groups results summarized for each separate category. This tells, in brief, the distribution between different categories and what categories had the most topics of improvement need to rise to further discussion.

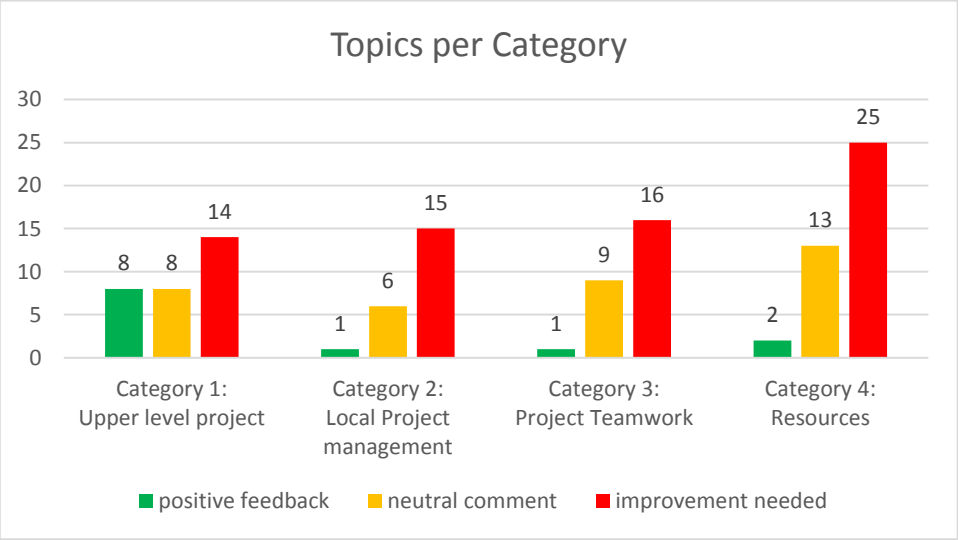
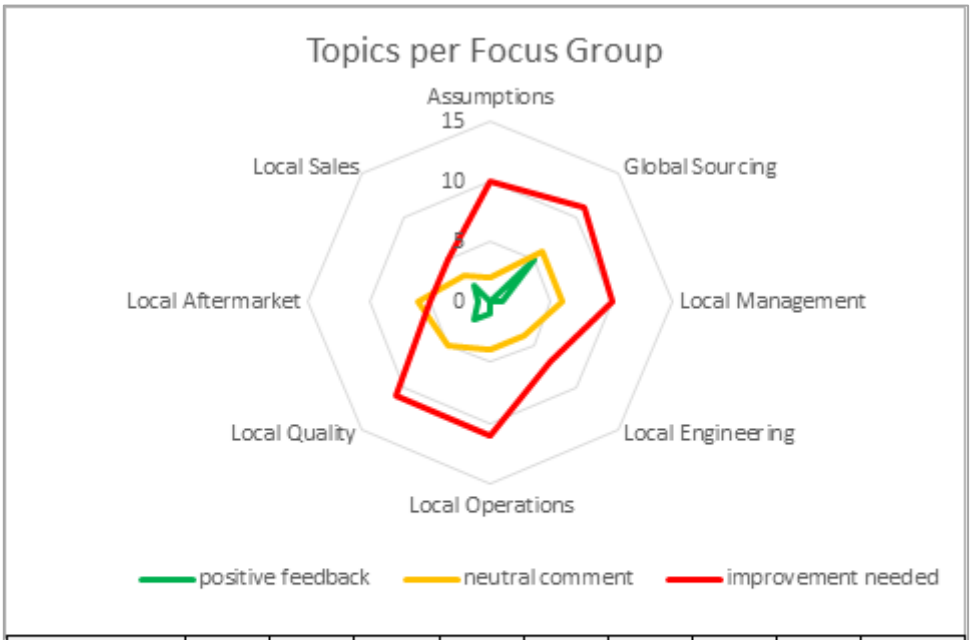


Exhibit 30. Overall topics per category

Clearly, the most topics were risen in Category 4: Resources. Even thought there might be overlapping topics between the Focus Groups, this clearly indicates that the most discussion rose on this category. There are many general issues there that are critical for successful Sourcing Projects.

Categories 1-3 rose also good discussion and many very important points for improvement. Especially for local implementation of Global Sourcing Projects, the critically important categories are Category 2: Local Project Management and Category 3: Project Teamwork. From the results of these categories can be found many good improvement ideas for better future.

Another cross-check is also interesting to do and visualize; how did different Focus Groups react to this research overall. For this, I first summarized risen topics and their tags, after this compared the results categorized by each of the Focus Groups. Below is the visual radar-chart of this comparison and the same data in an excel chart.



Focus groups vs topic tags	AS	GS	LM	LE	LO	LQ	LA	LS	Total
G	0	5	1	0	1	2	1	2	12
Y	2	6	6	4	4	5	6	3	36
R	10	11	10	7	11	11	5	5	70
Total	12	22	17	11	16	18	12	10	118

Exhibit 31. Topics per Focus Group

The assumptions (AS) were basically only improvement ideas with a red tag. There were only a couple of neutral topics, but they were “business as usual“, with kind of neutral mentions about their existence. Overlapping schedules and combined resources, not a real improvement need. No positive feedback as an assumption, so the starting point for the research was a bit negative.

Altogether most topics were risen by Global Sourcing (GS). Interesting to notice that GS had the most positive topics, and relatively many neutral tags as well. A little emphasis on topics might be coming from cultural issues and from the fact that the topic was Global Sourcing projects. Global Sourcing team seems to have much more topics to rise about the projects and averagely more positive image on the projects as well. Local management (LM) was really active in the discussion. Many improvement ideas came in that workshop, with healthy criticism on some of the issues. LM had clearly better vision about Global Sourcing Projects with more neutral or positive attitude towards the sides of these projects than other local Focus Groups.

Most improvement ideas had Local Operations (LO) and Local Quality (LQ). Especially resources and project management were the categories that rose the most improvement topics from these Focus Groups. Local Engineering (LE), Local Aftermarket (LA) and Local Sales (LS) had the least topics risen to the discussion. It might be that these groups do not feel that they have so much touching point on the Global Sourcing Projects, and this

eventually affects the results of this research in this way. This is relatively hypothetical interpretation of the results.

As a final summary, all the Hot-Topics from the research:

- Management level project justification and responsibility
- Total costs analysis and risk analysis
- Sourcing Project's process control, discipline and repeatability
- Personal accountability, project responsibility
- Communication sufficiency and availability of project information
- Cross-functional concentration, cooperation and motivation
- Specification / Requirements accuracy for Suppliers
- Supplier Process Capability / Quality Audit
- Resources and process on quality checking for new parts

The improvement suggestions will be for these Hot-Topics from the research. At this point it is good to remind that any of these Hot-Topics are so critical issues that they can ruin the whole Global Sourcing Project success at the local level, therefore very important issues all to concentrate on the future improvement.

4 IMPROVEMENT SUGGESTIONS

First of all, I would like to tackle all the Hot-Topics that was found out in the research by suggesting improvement methods. On improvement suggestions, I will concentrate on the issues that I noticed rising from research results. The improvement suggestions will be mirroring the Theoretical Framework and within that framework, should be found the practical solutions for improvement also. Mainly these improvement suggestions are more or less open ideas, that to work should be continued in the future within the Case Company.

For theoretical improvement solutions, I go through a couple of Hot-topic examples and suggest improvement based on the theoretical framework. As a practical example, I do suggest a project mapping chart, which could gather and links all the relevant data and documents to one place. For the example I use Maylor's Flow Chart (Maylor 2010) combined with capability for general Work Breakdown Structure (WBS). This kind of tool could be used for improvement. In the appendix part, I present a draft of a project planning example. In that chart, I will present how the Hot-Topics could be tackled with suggestion of improvement tool. This is the chart that I refer as Flow Chart in this Thesis.

4.1 Find solutions to Hot-Topics

- **Hot-topic: Management level project justification and responsibility**

In project management theory there is good tips for this. For example, creating a Project Charter should clarify this. Developing project charter is "developing a document that formally authorizes the existence of a project and provides the project manager with the authority to apply organizational resources to project activities" (PMI 2013, 63).

Be sure to do the charter and its details well in advance to get it for upper level management for approval. Get an agreement in writing from the management. All comments and worries for the goals of the project to be brought into the discussion in well beforehand.

➔ In Flow Chart; Management Justification

- **Hot-topic: Total costs analysis and risk analysis**

Total Cost / Risk analysis is easily a combination of many opinions. To minimize any risk on a project, the analysis should be clearly done by the project team, with the mind-set on project goals. It is all parties benefit to do a proper analysis, and done by project team it is forced to be made as it is best for the project.

New supplier price	Old supplier price
0,80 €	1,50 €

Sunk Costs	EUR	Overhead costs	EUR	Purchase Cost	EUR	Utilization cost	EUR	Life Cycle	EUR
R&D	200	Internal support	50	Purchase Price	4000	Installation	50	Warranty	10
Tooling	500	Quality inspection	100	Shipping	20	Traning, Opera	20	Service, Sparep	50
Equipment	50	Prototyping	30	Packaging	30	Spoilage	20		
Bid and Award	0	Order Processing	20	Duties, Tariffs,	5	Learning Curve	50		
Supplier Certifica	100	Process Validation				Extra work	20		
		Vendor Tracking							
		Storage and Distribution							
		Inventory							
	850		200		4055		160		60

Volume of			Total Cost difference
5000	5 325,00 €	Total Cost	
	1,07 €	per volume	- 0,44 €

Exhibit 32. Simplified example of TOC calculation

Here I present a very much simplified example of one approach to Total Cost of Ownership calculation. This is based on example of Group50 (2015) on theoretical framework on this Thesis. This is naturally not the best way for calculation of Total Cost in every case, but something like this would help on the risk avoidance and understanding the Total Cost for the Case Company.

The cost parameters and requirements for the TCO calculation needs to be coming clearly from the Project team and the cost analysis / risk analysis should be one clear approval phase for a sourcing project.

➔ In Flow Chart; Total Cost Analysis

- **Hot-topic: Process control, discipline and repeatability**

This topic is more to do with commonly agreed methods of working and doing project work. Theoretically main thing is that there is clear process for project management and it is followed in all projects by all project managers.

➔ Flow Chart in total

- **Hot-Topic: Personal accountability, project responsibility**

There should be clearly named project team and the responsibilities clearly indicated per each person. This project team should be fully authorized to do the work in the scope of the project (Project Charter) and given full justification from their managers and leaders. Team build-up should be part of the conceptual phase of the project, and actually the core project team should be the same people as is planning the project. (Taylor 2006, 164.)

➔ In Flow Chart; Project Team and Responsibilities

- **Hot-Topic: Communication and availability of project information**

To tackle this issue of insufficient communication and general information availability, the key thing is to concentrate on project stakeholder communication planning. Stakeholder communication is one critical element of stakeholder management, and there is a lot of theoretical support available for this issue. For example Buttrick's (1997) key things to consider for stakeholder communication plan, are presented at theoretical framework; Message, methods, frequency, perspective and tracking.

➔ In Flow Chart; Stakeholder Communication Plan

- **Hot-Topic: Cross-functional cooperation and motivation**

Goals alignment for the whole project team and all stakeholder required for cooperation is partly management level issue, but also a cross-cultural team work issue. Motivation in many cases is not just an objective related issue, but also a purely personal and relationship related thing. Cultural understanding and organizational competence give good opportunities for achieving the goals.

According to Deardorff, intercultural competence starts from respect, openness, and curiosity. From these features, it is good to build up a setting example by the project manager. This will influence the whole project team and therefore the whole project result will be better and by intercultural competence the result builds-up as the desired external outcome. (Deardorff 2016, 254)

- **Hot-Topic: Specification / Requirements accuracy for Suppliers**

Technical approval and data accuracy issues are something that cannot be directly tackled by the theoretical framework of this Thesis, but the processes of handling them surely can be improved. Taking data accuracy check and approval as a clear gate phase for the project, it is possible to save a lot of time and lost resources at a later point of a sourcing project. Sourcing data accuracy and technical requirements are absolutely critical issues for any sourcing project in manufacturing industry, and if this data is inaccurate or insufficient the project is surely going wrong from the first steps onwards.

Problems encountered when specs insufficient,
- Pricing gets wrong
- Impossible to manufacture correct parts
- Impossible to require the required level
- Insufficient details drives the supplier to go where easiest / cheapest
- Quality suffers, time is wasted, extra work needed, costs are rising

➔ in Flow Chart; Component Scope

- **Hot-Topic: Supplier Process Capability / Quality Audit**

One of the most critical issues in this research was the overall quality of suppliers chosen to Global Sourcing projects. The overall feeling on biggest failures was that the process capability of chosen suppliers was nowhere near the required level of quality. In this process quality department's support is essential. When auditing the suppliers, especially new ones, there should be absolutely tight rules for approval / rejection. This is pure risk mitigation for the future.

A clear and trustworthy Supplier Audit process globally was notified as an insufficient element of the Sourcing Projects. There should be a clear process for supplier audits and a critical step with approval required in Flow Chart. If supplier is not approved, the project should freeze immediately, otherwise the cost will be faced in the future. On the other hand all investigations about future possibilities on collaborative supplier cooperation could be emphasized at this audit process (see theoretical framework).

➔ In Flow Chart; Supplier Audit

4.2 Visualize Process Description

For clarification of the whole process of Global Sourcing Project at the Case Company, I wanted to do a visual process description. For this draw rough diagram and explain verbally all the Phases for the Global Sourcing Projects in Case Company. This was something that, to my knowledge, was not done at the Case Company before this.

The diagram I built up by combining theoretical framework issues from project management and sourcing theory as well as the research results and my experience at the Case Company. I tried to be as general as possible, still describing the Case Company's processes as well as possible.

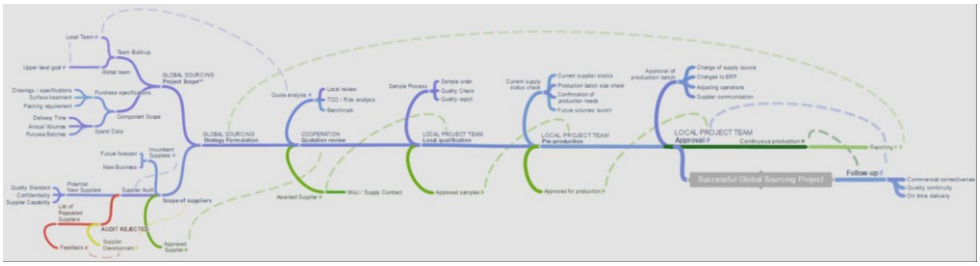


Exhibit 33. Project Process Visualization

Divivided on 5 major phases:
Phase 1: Global Sourcing Strategy formulation
Phase 2: Quotation Review
Phase 3: Local qualification
Phase 4: Pre-production
Phase 5: Approval

For the printout of Master's Thesis there is only screen captures of the online Coggle -presentation. The online presentation is public for the-time being, It will bee editable work-file for the Case Company, so the structure will have some changes and additions since writing this report. Nevertheless the basic structure and phases of Case Company's Global Sourcing projects remains the same from local level point of view.

Phase 1: Global Sourcing Strategy formulation

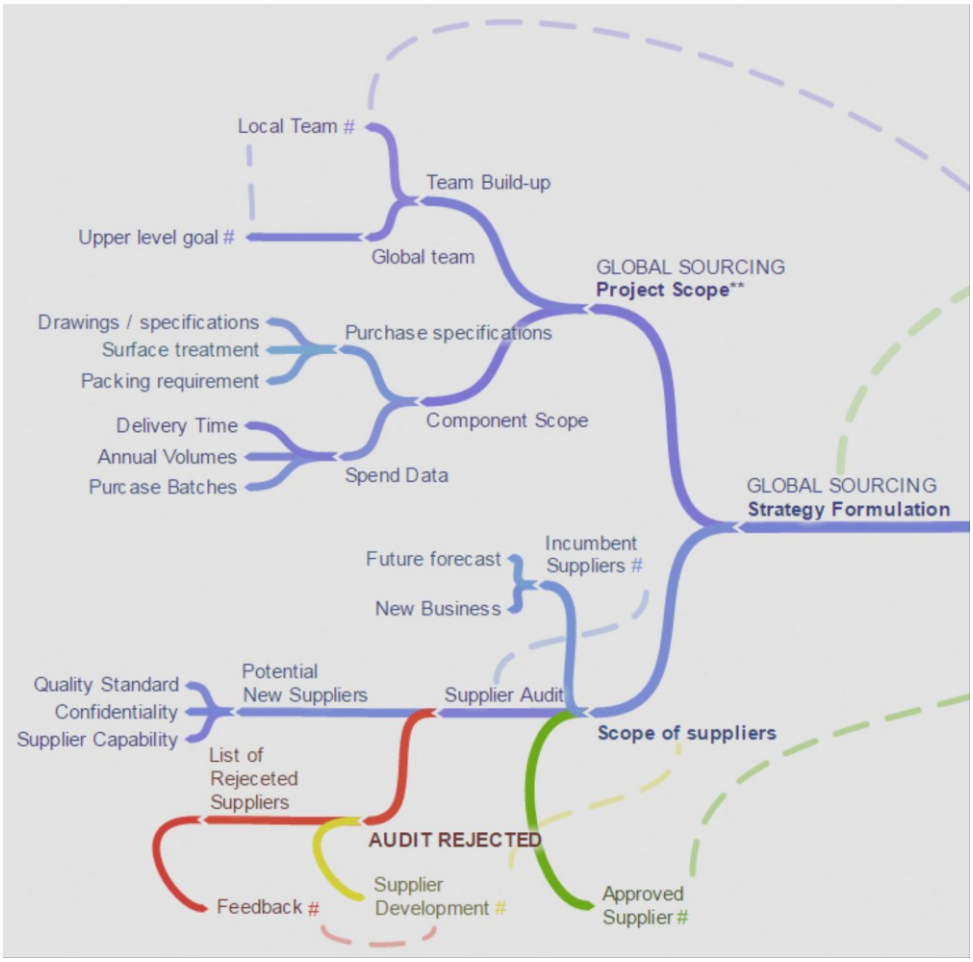


Exhibit 34. Phase1: Global Sourcing formulating strategy

The Upper level strategy is formulated by Global Sourcing in Phase 1. Here the commodities are structured, purchase requirements gathered and supplier base for the project formulated. Local team assistance is needed in confirming purchase specifications and spend data as well as commenting and giving input on supplier base analysis. At this point also the local Project team is build-up and should start its work already. Also, the supplier base is gone through in this phase. After this phase, the suppliers should be approved for going forward with the project.

Phases 2-4: Quotation analysis, qualification & pre-production

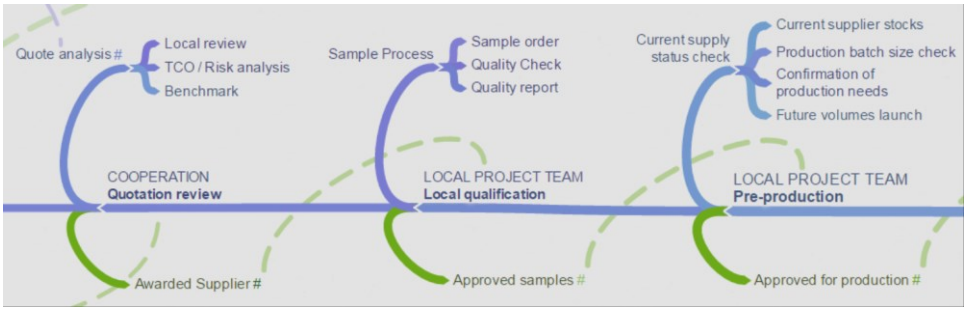


Exhibit 35. Phases 2-4: Quotation analysis, qualification & pre-production

In Phase 2 quotation requests are to be sent out for approved suppliers. After receiving the bids, they will be analyzed and compared. Local Team support is needed in quote analysis, evaluation of the realism of the bids and the suppliers giving the bids. Awarding the suppliers is done in cooperation and common approval from global local teams. Total of Cost calculations should be done latest at this point of the project.

After the cost calculations are approved, the awarded suppliers will receive sample orders. This phase 3 is already Local project team's responsibility. When commonly decided, some samples are ordered from awarded suppliers. When the samples arrive, local qualification process has own steps for approval / rejecting the samples. Before going to next phase, there should be a written approval of the part from quality department to project team and approved supplier.

Phase 4 comes after samples are approved. The main point of this phase is to test supplier's process capability to manufacture a production sized batch of goods. Latest at this phase it is important to check and confirm the current supplier's manufacturing status, stocks, and open orders as well as current stock at the own warehouse and the future needs of these products in the Case Company. The pre-production batch size needs to be adjusted according to the future needs of the product.

Phase 5: Approval, closing and follow-up

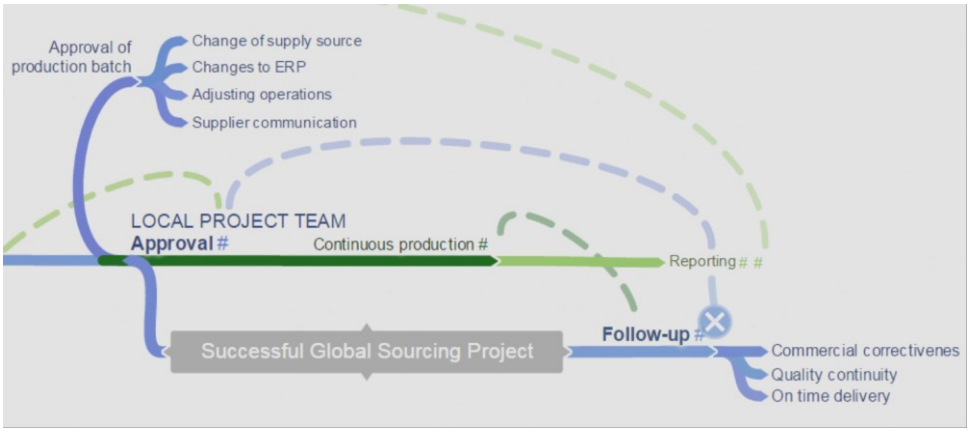


Exhibit 36. Phase 5: Approval, closing and follow-up

In this final phase of the Sourcing Project, there is the production approval given for new supplier of this product. After this the changes to ERP are to be made so that in the future all orders will be going to the new approved supplier. It is important to remember that there needs to be continuous follow-up for the ramp-up and reporting to Global Sourcing Team.

After this phase the project will be closed and standardized to production. Delivery time, quality and price follow-up will continue as is planned / to be agreed contractually within the project setting. Generally speaking, this is the end point of Global Sourcing Project and the product / supplier is moved from strategic process to operational process under.

5 FREE-WORD SUMMARY AND CLOSING

This Master's Thesis was a knowledge jump into the theoretical world of practical work. It was interesting to go study theoretical framework and compare that to the practical work of the Case Company. This thesis was a constantly evolving learning process, which was giving new perspective to the studied issues from the beginning to the end of the thesis.

When going through the theoretical framework, it was interesting to go through different theories since 20 years, see the theoretical part's change and modernization during that time. The world is changing constantly and so should the thinking change accordingly. Global Strategic Sourcing it is important to stay alert and sensitive for the changes in this fast changing world.

The research study on the Case Company shows that lots of improvement work is still to be done on the Sourcing Projects. Many similar type of issues and improvement needs rose from different sides of the company, but somehow these issues seem to be overall and repeating. The more related to sourcing project work, the more complaints. Frankly said the results were not very uplifting, actually the result of the research was quite alarming.

The way I see it that there is lot of potential for improvement work available for Case Company. Aligning goals, improving communication, clarifying the processes and responsibilities are some of the main issues found in the research. These sound relatively common problems and at the same time simple to fix, but in a multinational global corporation, these issues are sometimes really hard to get a proper grip on and fix for the long-term.

After all, this study leaves many issues open for improvement. There is some rough suggestions of improvement methods presented, but just as guidelines for the future discussions. The rough theoretical framework is presented in this thesis just for the "heads-up". Only with deeper dive into the world of theory and practical concentration to all the deep details of each section, the theory section can be well piggybacked.

From here, therefore, are various possibilities to continue for the Case Company. The long term success comes only with the correct conation or directed effort of the people's will to concentrate on the found areas needing improvement. I am sure that, as the Global Sourcing Projects continue at the Case Company, so does the discussion of improvement requirements. The problematic issues have been now acknowledged, suggestions for improvement presented, and now it is only with proper motivation and genuine will for improvement that there will be seen changes for better.

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Appendix 1

Global Sourcing Projects - Local Implementation Flow Chart *Porposal example for Thesis*	APPROVAL GATE EXAMPLES	GS	LM	LPM	TM1	TM2	TM3	TM4	TM5	TM6	FLOW TASK EXAMPLES	GS = Global Sourcing LM = Local Management LPM = Local Project Manager TMX = Team Memeber X -> Hot-Topics
Phase 1 : Strategy Formulation		SUM	SUM	**SUM**						CM	Start-up meeting (SUM)	
		DPC		**DPC**							Develop project charter (DPC)	
		IS	IS	**IS**							Identify Stakeholders (IS)	
	PROJECT CHARTER	**PCA**	**PCA**	**PCA**						**PCA**	**Project Charter Approval (PCA)**	-> Management Justification
		DPT	DPT	**DPT**							Develop Project Team (DPT)	-> Project Team and Responsibilities
		PSM	PSM	**PSM**	PSM	PSM	PSM	PSM	PSM		Plan Stakeholder Management (PSM)	
		PCom		**PCom**							Plan Communications (PCom)	-> Communication Plan
		Sch	Sch	**Sch**	Sch	Sch	Sch	Sch	Sch		Develop Schedule (Sch)	
--> Project Scope		PS		**PS**							Plan scope (PS)	
		SC	SC	**SC**	SC	SC		SC			Scope of components (SC)	-> Component scope
--> Supplier Scope		SS		**SS**				SS	SS		Scope of Suppliers (SS)	-> Supplier Audit
				DA							Define activities (DA)	
	PROJECT SCOPE	**PSA**	**PSA**	**PSA**			**PSA**	**PSA**	**PSA**		**Project Scope Approval (PSA)**	
Phase 2 : Request for Porposal (RFP)		RFP		**RFP**							Send out Request for Porposal (RFP)	
		EC		**EC**							Estimate Costs, Determine Budget (EC)	
		TCR		**TCR**		TCR	TCR		TCR		Total Cost review (TCR)	-> Total Cost Analysis
		CM	CM	**CM**						CM	Plan Cost Management (CM)	
	TOTAL COST OF OWNERSHIP	**TCO**	**TCO**	**TCO**						**TCO**	**Total cost of Ownership approval (TCA)**	
Phase 3: Local Qualification				**QM**			QM	QM			Plan Quality management (QM)	
				PM					PM	PM	Plan Procurement management (PM)	
				SO					SO		Sample Order (SO)	
							PQA	PQA			Perform Quality Assurance (PQA)	
								REP			Report of findings (REP)	
Phase 4 : Pre-Production				**PO**					PO		Purchase Order (PO)	
							PQA	PQA			Perform Quality Assurance (PQA)	
								REP			Report of findings (REP)	
	QUALITY APPROVAL		**QA**	**QA**			**QA**	**QA**	**QA**		**Quality approval (QA)**	
Phase 5: Approval		RtS		**RtS**				RtS			Report to Supplier (RtS)	
				ERP	ERP				ERP		Changes to Enterpr.Resource Plan. (ERP)	
--> Continuous Production				**AO**					AO		Adjusting operations (AO)	
--> Follow-up		CC		**CC**							Commercial Correctiveness (CC)	
				QC				QC			Quality continuity (QC)	
				OTD			OTD				On-time delivery (OTD)	
		REP		**REP**							Reporting	