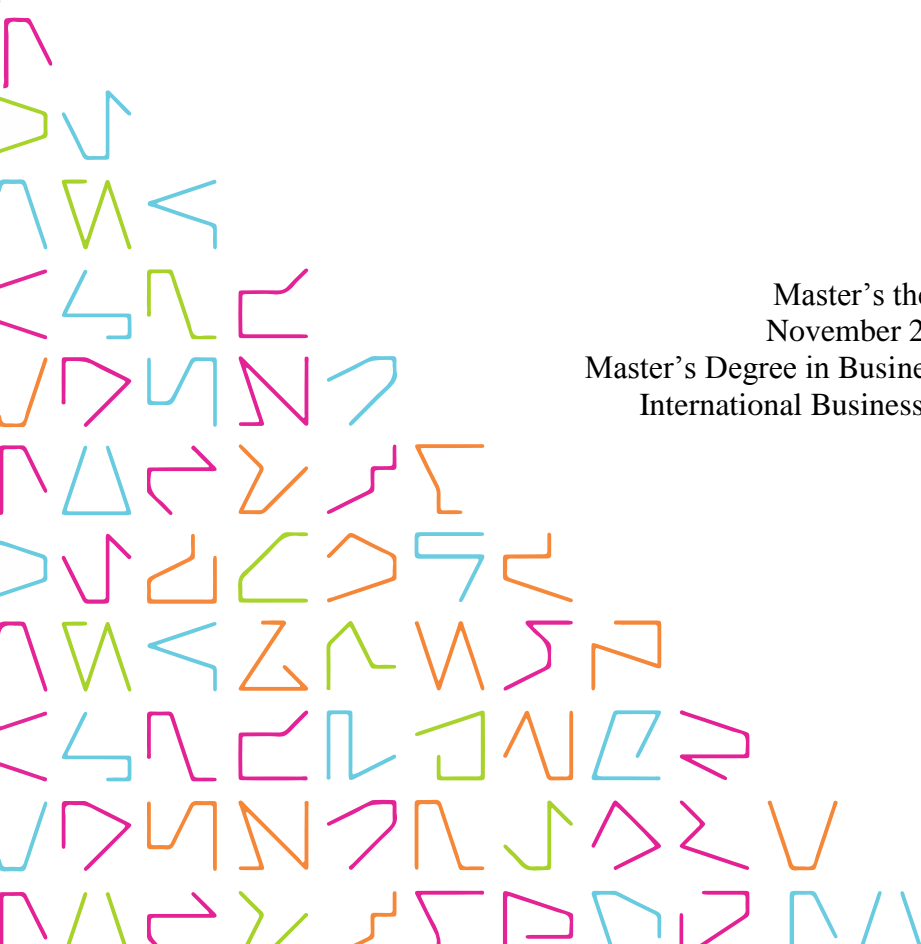


# **CHANGING A SUPPLIER IN CHINA**

## **The Case of Prima Pet Premium Group**

Heidi Lehtola

Master's thesis  
November 2018  
Master's Degree in Business Administration  
International Business Management



## ABSTRACT

Tampereen ammattikorkeakoulu  
Tampere University of Applied Sciences  
Master's Degree in Business Administration  
International Business Management

LEHTOLA HEIDI:  
Changing a Supplier in China  
The Case of Prima Pet Premium Group

Master's thesis 52 pages, appendices 5 pages  
November 2018

---

The commissioner for this thesis is Prima Pet Premium Group, the largest Finnish-owned wholesales company specialized in pet food. Thesis aimed on developing current process when a need to change supplier for an existing product or product range emerged and simultaneously pointed the need to improve collaboration with supplier to gain advantage compared to competition. Research problems and questions were about how to show actualized benefits of said improved process and company's ability to transform gradually and to become more receptive regarding change.

Main method chosen was a case study as recent history provided an excellent example for it. From May 2016 until October 2017 the company used 16 months in implementing a supplier candidate change. Through participant observation as well as analyzing existing data these qualitative methods were utilized thoroughly. Questionnaire for selected persons was conducted and results from those were refined in to recommendations regarding developing actions in the process.

The case study demonstrated that time, resources and money were wasted as activities were not streamlined. New role of Product Lifecycle Manager was suggested as a major improvement action alongside few minor but supportive proposals for improvement.

As a recommendation it was suggested to develop organizational trust in change, empower current employees more and to believe in processes. To not see suppliers as disposable units but more as a possibility to further develop collaboration in to an engaging cooperation that will profit as improved product quality. In time the collaboration can also provide a chance to implement product development with the supplier. These combined with dedicated personnel the company will further strengthen its position in the fast-changing pet food business as a trustworthy partner.

---

Key words: process, development, supplier, sourcing, pet food business

## CONTENTS

1	INTRODUCTION .....	5
1.1	Research background .....	5
1.2	Research objectives .....	6
1.3	Research questions .....	7
1.4	Structure of the thesis .....	7
2	THEORETICAL FRAMEWORK .....	9
2.1	Change management and process improvement .....	9
2.1.1	Executive support .....	10
2.1.2	User involvement .....	10
2.1.3	Experienced project manager .....	11
2.2	Strategic sourcing .....	12
2.2.1	Sourcing .....	12
2.2.2	Suppliers .....	14
3	METHODOLOGY .....	17
3.1	Data acquisition methods .....	17
3.2	Analysis method .....	18
4	BACKGROUND OVERVIEW AND CURRENT STATE ANALYSIS .....	20
4.1	Domestic overview on dog business .....	20
4.2	Company business overview .....	21
4.3	Transportation .....	22
4.3.1	Import from China .....	22
4.3.2	Increase in volumes .....	23
4.4	Conducted interviews .....	24
4.4.1	Analysing the answers .....	25
4.5	Current state analysis .....	25
4.5.1	Documents .....	26
4.5.2	Starting point .....	32
4.5.3	Selection process .....	33
4.5.4	Sample request .....	33
4.5.5	First sample analysis process .....	34
4.5.6	Second sample analysis process .....	35
4.5.7	Related issues .....	36
4.6	Process chart for case study .....	36
4.7	Timeline for case study .....	37
5	IMPROVED PROCESS .....	38
5.1	Main changes and suggestions .....	38

5.1.1	New role: Product Lifecycle Manager .....	38
5.1.2	Specifications .....	39
5.1.3	Sample preparation.....	39
5.2	Improved process flow.....	40
5.3	Timeline for the improved process .....	41
5.4	Risks.....	41
6	SUMMARY AND CONCLUSIONS.....	42
6.1	Results and recommendations.....	44
6.2	Personal reflections.....	45
	REFERENCES.....	46
	APPENDICES .....	48
	Appendix 1. Questionnaire for email interview .....	48
	Appendix 2. Current process for case study .....	49
	Appendix 3. Timeline from internal start to first real order: Case study .....	50
	Appendix 4. Improved process description .....	51
	Appendix 5. Timeline for improved process .....	52

## 1 INTRODUCTION

“Progress is impossible without change, and those who cannot change their minds cannot change anything.” (George Bernhard Shaw).

These words of the Nobel Prize winner are accurate still in the 21<sup>st</sup> century but unfortunately forgotten by many companies and their managers and CEOs. The purpose of this thesis is to ponder the reasons behind companies’ distress regarding change but also the benefits when succeeding in it. Main focus concerning change will be in process improvement and all the related steps leading to it.

The thesis will also touch on the concept of strategic sourcing as it “has turned into the rock upon which a company builds a competitive advantage” (Parniangtong 2016, 1). According to Parniangtong (2016, 5) strategic sourcing is about developing supply channels at the lowest total cost, not just the lowest purchase price and the foundation should be in building long-term, win-win relationships with key suppliers.

The thesis will demonstrate that by empowering its personnel regarding change and by defining and streamlining current processes the case company can gain competitive advantage compared to competition. Implementing new strategic sourcing activities and optimizing collaboration with international suppliers can help strengthening PPP Group’s position as market leader in the fast-evolving business around pets.

### 1.1 Research background

The case company and commissioner of this thesis is Prima Pet Premium Group (later PPP Group), a Tampere-based wholesales company founded in 1999 specializing in pet food and treats. The main owner and CEO Petri Tiitola bought the brand Hau-Hau Champion from Saarioinen in 1999 and since then the company has evolved from one-man business to an international group consisting of two subsidiaries, one own manufacturing plant and personnel of over 100 people. Group’s turnover exceeded 32 million euros in 2017 and is expected to steadily continue to grow with the renewed strategy focusing on

export and strengthening position as the biggest supplier for Suomen Osuuskauppojen Keskuskunta (SOK) and Kesko, the two biggest retail chains in Finland.

One of the disadvantages of the expeditious growth rate is the loss of attention to developing core processes. Teams have become accustomed with old habits and this combined with low turnover of personnel has set the atmosphere to almost stagnant in a sense. To change processes, one must first encounter the obstacles of changing the cultural and organizational barriers and replacing existing project management habits (Wysocki, 1).

As a member of the Sourcing and Product Quality department – starting as a product specialist and currently as a buyer – the researcher has encountered such challenges in the current processes that development is required. Since PPP Group's strategy is focusing on growth it cannot rely anymore on old habits but must embrace the need of change in mind set.

## **1.2 Research objectives**

The aim of this thesis is to set up a process by which a new supplier can be introduced and implemented in a more effective way than is possible currently. The improved process will enable the use of resources more extensively in other projects, but also in time deliver advantage compared to competitors if and when the suppliers are engaged in bilateral collaboration. Through this partnership both parties can work towards better product quality, develop more efficient ways of working together and gain financial benefits as end results in time.

Another, more far-reaching, object is to demonstrate the efficiency of a purpose-built process in a concrete manner and possibly direct the managerial mindsets towards wider use of them inside the company. As the company's strategy is directed towards strengthening its position in the markets by providing quality products through reliable partnership it needs to develop processes across functions and departments.

### **1.3 Research questions**

Having described some context regarding the hardship of change, my main research question is that can the process be defined to such lengths that real benefits can be proven? And are the benefits big enough for the process to be taken in to use?

Also, sub-questions do exist. Is the company receptive enough to see the benefits in this process? Are the thesis and the improved process description able to change the mindsets of the people in our management and convince them to start applying similar approach across functions in the company?

### **1.4 Structure of the thesis**

To be able to provide a better understanding of the thesis for the reader, here is a summary of the structure:

The current chapter gives insight to the basics of the thesis and through research objectives and problems introduces the structure as well as indicates the importance of the case study chosen.

Chapter two will provide reflection on the theories of project process improvement and strategic sourcing. The thesis will demonstrate that by concentrating on basics the company can improve its core processes and with that save money, grow its net margin and release resources more effectively for other projects.

Chapter three presents the methods by which the data has been collected, how have they been analysed and further refined for effective use. Methodologies as well as the analyses used give in-depth insight considering the case study.

In chapter four the background and current state are thoroughly analysed. It will provide a view to the pet business in Finland and the company overview regarding the Prima Pet Premium Group current standpoint. Through figures the thesis will also demonstrate how important it is to have a working process by analysing the current method through a case study.

Chapter five will present the improved process. Main focus is to present a process that will act as a living organism by evolving through company needs and work for the people and provide the ability to improve cooperation in to partnership with selected suppliers.

In chapter six the focus will be in conclusions from the whole life cycle of the process. It also includes views about the redefined and improved process as well as recommendations for the future. Personal reflection regarding the thesis process and the outcomes is presented in chapter six as well.



## 2 THEORETICAL FRAMEWORK

Continuous improvement and thrive to embrace change are vital for companies wanting to perform well and grow. According to Kotter (1995) the change process goes through series of phases that usually require considerable amount of time and they need to be followed in a hierarchical method. Even though the phases can be considered practical they might meet too much resistance amongst employees due to the said hierarchy (Vuorinen, 2013, 147).

As employees need to be included in the change the case study will demonstrate that PPP Group needs to focus on two major theories and dedicate considerable efforts in them to continue to satisfy all stakeholders and customers.

### 2.1 Change management and process improvement

Murthy (2007, 22) portrays change management as a process through which company can have tangible results in either avoiding unnecessary risks, saving in costs or obtaining benefits (figure 1.)

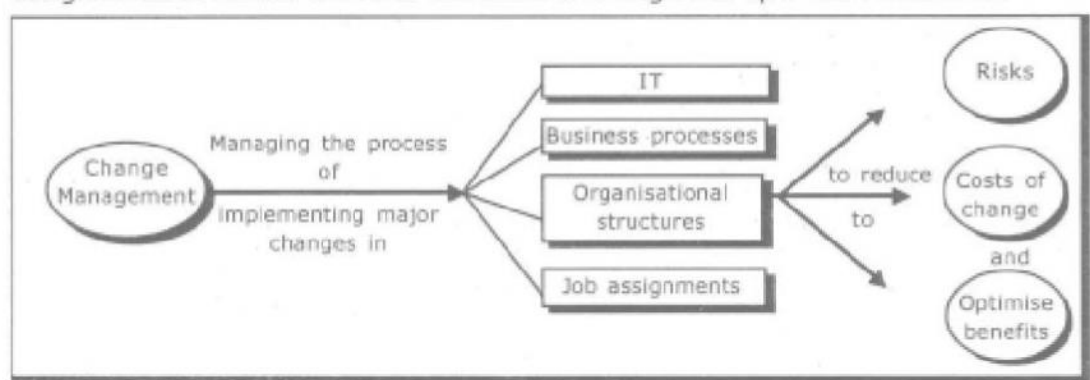


FIGURE 1. Definition of change management (Murthy 2007, 22)

According to Standish Group's "Chaos Report", referred by Robert K. Wysocki (2004, 3) there are 10 reasons for project success. In the order of importance, here are the three first of them:

- Executive support
- User involvement
- Experienced project manager.

As all three of the above mentioned are related to people, last two mainly to employees, it is evident that PPP Group needs to practise better employee deployment and unleash underlying potential. When conducted poorly the change will only create work overload and organizational chaos that will only lead to aggressive cynicism described by Eric Abrahamson (2000) and therefore to succeed one needs to manage all three steps.

### **2.1.1 Executive support**

Susaan Straus pointed that executives with little or no interest at all in putting abstract ideas into operation have no sense of “how”, instead of “what” or “what if” (Power, 2010). As “how” is the driving force of change it is clear that the management needs to empower those with the needed attitude. Since they quite often also “understand the people aspects enough” (Power, 2010) executives or management boards cannot look the other way anymore.

According to Wysocki (2004, 3) the executive management must have a stake in the outcome in order to support the change and to endorse the results. Without those all attempts to change will eventually fail and cultural barriers stay as before.

### **2.1.2 User involvement**

When considering stakeholders, they are not only the customers, or the ones investing money in the company but also the people working in the company. In many cases fear of change is considered the root cause of failure (Power, 2012) and for this reason the organizational culture should be changed towards deeper involvement of personnel.

According to Kotter and Schlesinger’s re-published article (2008) from 1979 they claim that nothing is more difficult than carry out change, especially one that involves or affects

employees, no matter how rational or positive the change might be. They collected four most common reasons for the resist of changes that managers should be aware of:

- Parochial self-interest
- Misunderstanding and lack of trust
- Different assessments
- Low tolerance of change.

As all four are related to emotions, not all having the same information across organization or fear of having the needs skills after the change it is vital that the change and its reasons as well as implications are thoroughly explained in detail to all. Kotter and Schlesinger point out that educating people about changes in beforehand is one of the most common ways to overcome resistance as well as involving the employees and negotiating with them where possible (1979/2008).

### **2.1.3 Experienced project manager**

To make employees understand that change is a process and not an event requires a skilful person to handle the change. Artto, Martinsuo and Kujala (2011, 212) claim that the greatest expectations are usually held for the project manager who should have the needed abilities to optimize resources and solve problems in a timely manner. They also point that regardless the title this role is “person in charge” and should therefore be able to balance between competing expectations but still be able to fulfil the objectives placed on them.

When considering the needed skills, the list is endless with characteristics such as flexible, practical and committed. But to summarize Artto et al. (2011, 212) say that in the role of project manager they should handle both people and business. The summary of the requirements is presented in figure 2.

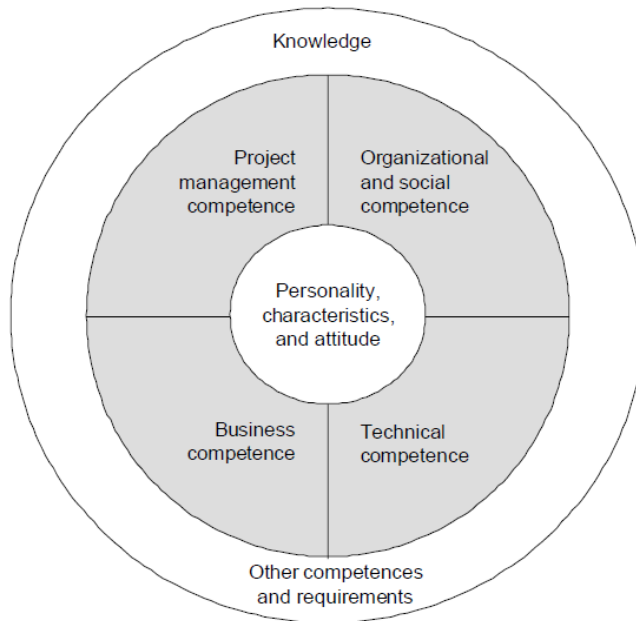


FIGURE 2. The competence areas of a project manager (Artto et al. 2011, 212)

## 2.2 Strategic sourcing

The word “strategy” originates from the Greek word *stratēgos*, meaning “the art of general”, thus having a military aspect in the beginning (Merriam&Webster). Since 1960s, when business strategies started emerging and becoming more frequent as the field of study, the term became more utilized among economical vocabulary. In this thesis I will focus on strategies concerning sourcing activities and suppliers as they are the most consequential parts regarding the competitive issues in PPP Group.

### 2.2.1 Sourcing

The old saying of “growth is acquired through sales but profit through sourcing” is still very much valid to this date. It holds no value to sell unless you acquire the items with less. According to Iloranta and Muhonen-Pajunen (2015, 25) wise choices in sourcing and supply chains have influences in all the elements of competitiveness and profitability, such as costs, margin, turnover, inventory, agility, reputation, company image and strategic positioning. They state (2015, 27-29) that since internal processes claim 20% of the

resources and external 80% it would take a change in vision to stand out from the usual mindset of sourcing departmental way of thinking.

Parniangtong refers strategic sourcing as a forcing cause for a company to concentrate its most time and energy on strategic purchases that can provide advantages in quality, speed or cost effectiveness (2016, 2). According to Iloranta and Muhonen-Pajunen (2015, 25) through visioning strategy as a continuous learning and optimizing process the company can and should focus on what do they really want and how do they perceive their standing in the competition (figure 3).

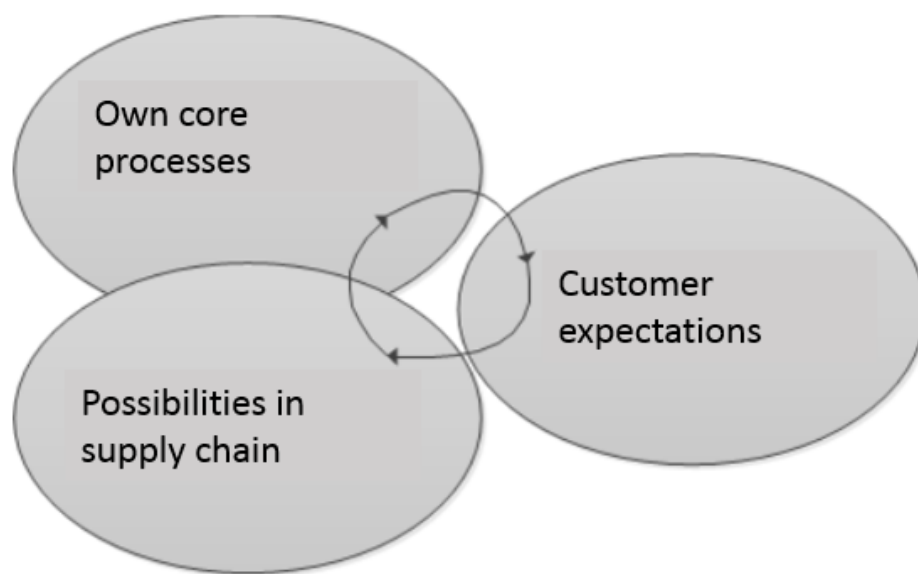


FIGURE 3. Possibilities in supply chain is one of the three essential competitive advantages (Iloranta and Pajunen-Muhonen 2015, 25)

Kraljic (1983) presented that all sourced items do not hold the same strategic value and should therefore be viewed in different ways. His portfolio can be used as a tool where based on the impact on profit or the risk in supply items can be positioned (figure 4). This will furthermore present the link between sourcing and strategy and where most focus must be set from the company point of view.



FIGURE 4. Kraljic portfolio (Kraljic 1983)

When considering PPP Group's suppliers in China versus the items sourced from them all fields in the matrix are valid but not considered thoroughly when decisions about suppliers are determined. Changes in 1<sup>st</sup> and 2<sup>nd</sup> suppliers are done mostly based on prices and this will be viewed in more detail in chapter 4 about the case study.

### 2.2.2 Suppliers

If companies are not able to manage their supplier relationships they will without a doubt be managed by them (Weele 2005, 158). According to Weele (2005, 158) the reasons for suppliers not having their customer's best interest in heart is due to few underlying trends in managing the relationships and also reasons behind slack in costs and prices.

From Weele's list the three main reasons affecting PPP Group in Chinese markets are price increases passed to the next in line, overspecification and mechanistic competitive bidding (Weele 2005, 158).

### *Price increases passed on to the next in line*

In this the whole chain will pass on their own expenses to the next one in prices and cost. The suppliers in China have been forced to face the raises in wages and social costs as labour there gets more expensive very fast. Also, the changes in raw material prices are automatically generated to increased prices for which the customers can try to contest with official supplier agreements.

### *Overspecification*

By making the specifications too tight companies tie their own hands down. On the other hand, Finnish legislation for managing the information in the packing materials for items meant for eating are extremely regulated so in this issue PPP Group is struggling like all other companies.

### *Mechanistic competitive bidding amongst a fixed group of suppliers*

When conducted regularly the suppliers already know they are played against each other and genuine relationship is not being formed. This also consumes a lot of time as the bidding rounds can be two or even three rounds before being finalized.

Weele (2005, 163) contemplates that by reviewing supplier contracts, making the competitive bidding by analysing suppliers in more depth and by optimizing the supplier relationship and value chain mapping companies could get better results from their suppliers.

### *Supplier contracts*

PPP Group does have valid supplier agreements where prices, shipping terms and also service level performance as well as quality issues are agreed. In this the biggest obstacle is in culture as these agreements do not tend to hold any real value for Chinese suppliers.

### *Competitive bidding*

Weele (2005, 163) suggests first analysing the supply market and also view new supplier candidates through a market research. After the selection few of them are asked for proposals and then start the negotiations where the suppliers are challenged to give also ideas for further improvement for future reference (2005, 163).

PPP Group has used for two years now a well-known Chinese agent to perform the supplier candidate search for them. Competitive bidding is still in use but more analysing and focusing on the real costs instead of item prices needs to be implemented. This is still somewhat under development and is part of the empirical case study in chapter four.

### *Optimizing the supplier relationship and value chain mapping*

With previous steps taken the company would result in a performance-based supplier contract and there would be solid ground for continuous improvement that would benefit both parties. This would result in improvement of quality, reduced prices and better lead times as the supplier would be taken into consideration by the customer.

PPP Group has not conducted analysing based search for suppliers nor optimized the relationships with any of the suppliers. All are under competitive bidding rounds every other year based on the item category and supplier selections are made based on the item prices.

By engaging suppliers and showing how valuable they are can in time result in better service and extend to reducing uncertainties in business process, e.g. delivery times and quality (Hsu, 2008). Trust is seen as a multidimensional construct and presented as a fundamental asset in long-term supplier relationship (Laureano Paiva, 2014)



### 3 METHODOLOGY

This chapter introduces an overview of the different methods that were chosen to collect data. It will also provide insight on how the collected data was analysed. According to Kothari (2004, 7-8) research methodology is a systematic way to solve the research problem whereas research methods are the techniques to conduct the research.

#### 3.1 Data acquisition methods

This thesis is conducted in a qualitative manner as the case study is collected and analysed primarily in nonquantitative manner consisting of textual materials like documents that reflect human experiences and reflect as interpretations (Saldana 2011, 3-4). Taylor, Bogdan and DeVault describe qualitative methods as something that produces descriptive data (2016, 18). As qualitative research can allow more flexible means to gathering data it can lead the results to appear more realistic and make the data potentially richer (Walle 2015, 10-11).

There is said to be three essential features for a qualitative study, such as topic, data collection method and - primarily gathered from fieldwork - source of data (Yin 2011, 51). In real life these will not happen sequentially but very much in parallel sense like the case study in chapter five will demonstrate.

The case study is a commonly used method among business economists and it can be seen as an approach also using qualitative data (Mills, Durepos & Wiebe 2010, 66). According to Mills and al. (2010, xxxii) case study's characteristics include focus on interrelationships, analysis of the relationships between studied entities and explicit purpose of using those insights. The case study will demonstrate that all of the mentioned characteristics have major role in presenting both the current state analysis as well as the proposal for the improved process model.

As qualitative research is seen as a method to understand phenomena, participant observation is one of the key practises (DeWalt & DeWalt 2011, 13). When conducting a case study research in a company with an active role in the core processes the researcher as an

employee has first-hand knowledge of the inconveniences met daily. DeWalt and DeWalt (2011, 19) believe that participant observation enhances the data obtained as well as the interpretation of the obtained data. As such participatory observation is both a method as well as tool for analysing the data.

Semi-structured interviews are executed for both an international packaging material supplier who has a long-term relationship with PPP Group as well as company's Chinese agent assisting in several tasks from scouting new suppliers to performing factory audits at suppliers' premises in China. With semi-structured interview researcher can have more versatility and multidimensional approaches in gaining data (Galletta 2013, 24). Asynchronous in style due to different time zones in question the online interview is usually conducted via e-mail (Meho 2006, 1284).

As the researcher is considered a primary research instrument in participatory observation they have to consider their own biases like motives for the research (Yin 2011, 123). As the case study is quintessentially based on personal motivation thriving from professional contemplation no physical tool performs better in the fieldwork.

### **3.2 Analysis method**

Data for this thesis has been collected mainly from various company documentations and through participatory observation. The researcher has an active role in the process analysed and improved in the case study section. Both deductive and inductive approaches assist in analysing the collected data as well as allow developing theory from it (Saunders, Lewis & Thornhill 2009, 480). As interpretation has major role in the aforementioned deductivism it will give meaning to the collected data (Yin 2011, 207).

Process modelling for the new improved process can be utilized as a way to analyse the results. As both process modelling and process improvement have been adopted as key methods for performance improvement in organizations the case study could not be described without them (Martinsuo & Blomqvist 2010, 4). To understand all factors affecting the performance of a process the activities must be monitored and evaluated systematically from the required data (Martinsuo & Blomqvist 2010, 4).

For presenting current state as well as the improved process a variation of network activity was created. Artto et al. (2011, 103) state that in many situations more specific information about activities and relationships between them is required than Gantt chart can provide. As activity network uses generalized principles and show interdependencies this is best suited for this thesis. To be able to show figures for management there were also timelines drawn for both old and new process. By comparing these processes, the nodes in current state can be attempted to mend as the process is considered to be a continuous improvement, a living organism,

As shown in figure 5 the cycle of analysing data is nonlinear process (Yin 2011, 178). Two-way arrows point how the phases go back and forth and not all phases are attended equally (Yin 2011, 179).

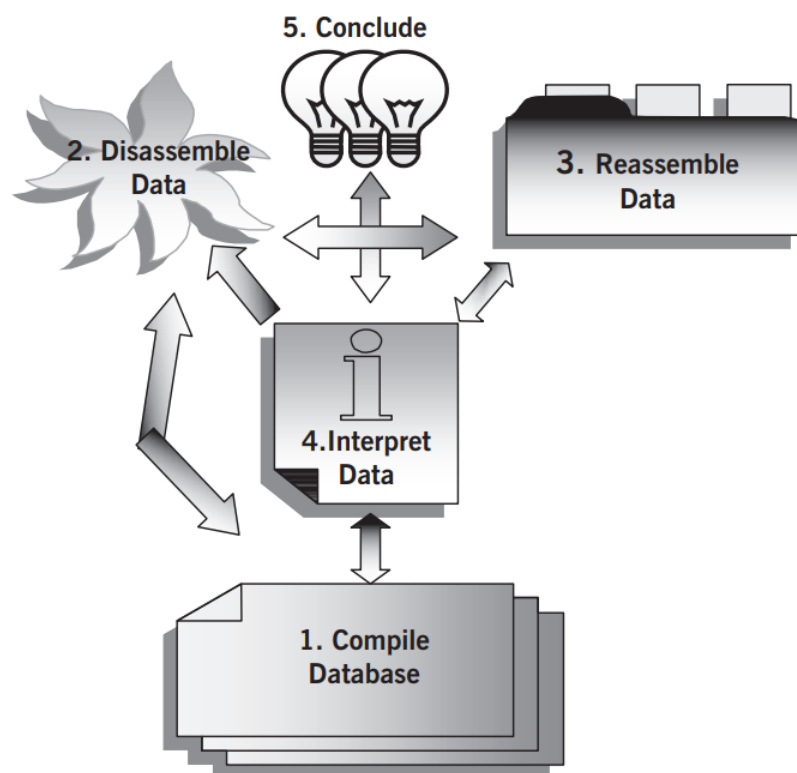


FIGURE 5. Five phases of analysis and their interactions

## 4 BACKGROUND OVERVIEW AND CURRENT STATE ANALYSIS

This chapter provides background for the case study as well as the current state analysis of the process in use at PPP Group when changing supplier for an existing product.

### 4.1 Domestic overview on dog business

According to a Statistics Finland's blog writer Tuomas Parikka the number of dogs in Finland has risen over 11% in the past four years and was approximately 700,000 in 2016 (Statistics Finland, 2018). It is a valid assumption that the number has increased since then in the past two years as Kennelliitto as well as the official rescue dog associations report of continuous growth with their registrations. According to Global PETS article the dog population in Finland was more than 780,000 in 2017 (Global PETS 2018, figure 6).



FIGURE 6. Dog population in Nordic countries (Global PETS 2018).

Simultaneously the pet business has become a billion-euro business in Finland (Toikka 2017). The prices of the dogs have doubled and owners' awareness and concern over the

welfare of the dog considering insurances, food, accessories and hobbies can be seen in the increasing numbers of money spent per dog a year. Even though there already are some domestic manufacturers majority of the consumer items like pet food, treats and chew bones are imported.

Global value of the pet industry in 2017 was over 100 billion euros whereas Nordic countries were considered to hold 1,7 billion euros. Finland's CAGR (Compound annual growth rate) between 2012-2017 was 28,2% (Global PETS 2018, figure 7).



FIGURE 7. Industry value and growth rate in Nordic countries (Global PETS 2018)

The biggest retailer in pet business in Finland is Musti ja Mirri with a turnover over 100 million euros in 2017. Even though originally grounded in Tampere, Finland, it is currently under Swedish ownership.

## 4.2 Company business overview

Prima Pet Premium Group is the biggest Finnish-owned importer and distributor of pet food, treats and accessories in Finland. In 2017 PPP Group's turnover was over 32 million euros and profit 1 million euros in 2017. Even though turnover has steadily risen the profit has decreased ever since 2014 due to multiple reasons.

The number of employees has continued to grow partly due to the newly established subsidiary in Sweden as well as the own manufacturing plant acquisition in 2016 but also due to organizational requirements and business expansion. The changing trends in sales regarding the increase in direct deliveries from supplier to biggest retailer customers and overall challenges when expanding business have had effects regarding personnel across functions.

The wet food plant provided great opportunities but was also time consuming before the production was set in such state that continuous and guaranteed deliveries were possible. The possibility to determine product range and variety proved out to be challenging and needed cooperation across functions as it included the recipes, marketing efforts and overall product management to handle logistics to own warehouse, Finnish customers and for Swedish subsidiary usage.

Swedish subsidiary consists of six people and has been operating for two years. Their major target is to gain more market share in the largest Swedish chain retailers like ICA and Coop and that way grow PPP Group's sales in Sweden. Their logistics and sourcing are handled by export coordinator located in Finland, in same team in Sourcing & Logistics as the researcher. Therefore, the process concerns also their product management as the same suppliers are being used for their deliveries.

### **4.3 Transportation**

To be able to demonstrate the need to improve processes and cooperation in general with the Chinese suppliers it is crucial to understand all related issues and one of the most important is time.

#### **4.3.1 Import from China**

PPP Group has signed supplier agreements with all their suppliers in which also issues regarding production time and shipment are being agreed. For production there is a 60-day time limit in which the order must be produced, inspected by China Inspection and Quarantine (CIQ) and delivered to the port of departure. With the current forwarder PPP

Group has an agreement that from ports of Qingdao and Shanghai to the port of Helsinki the shipment takes 45 days.

In total this makes 105 days when PPP Group has little to no possibilities at all to control the quality of the materials regarding the regulated components like size and packing. Once the shipment arrives in PPP Group warehouse all that is left is the inspection of the shipment and possible complaint in case of problems. During this 105-day timespan new orders have most likely been placed to the supplier due to the demands mentioned earlier concerning SCM Best Practices-tool. In the worst-case scenario PPP Group would not be able to react before the third order and in this case two orders would already have been paid in full but without any possibility to sell items forward.

### *ISO-standardized sea containers*

Most shipments from China are carried out in sea containers that are based on American container standard and therefore their measures are Anglo-Saxon, such as foot and inch. 20' Standard container is 20 feet in length, eight feet in width and 8,5 feet in height while 40' Standard the length increases into 40 feet and 40' High-cube also has an increased height of 9,5 feet (GlobalSpec.com). The 20' container can include ten pieces of 120\*100 cm pallets and both 40' containers 22 pallets in the same size.

All shipments are measured yearly in TEU's where one TEU is 20 Foot Equivalent unit (LogisticsGlossary.com) and in similar manner 40' container is then equivalent to 2 TEUs. Most port statistics and their capacity are indicated in TEUs.

#### **4.3.2 Increase in volumes**

Increase in volumes can be viewed both in value and quantity. Number of orders has been growing constantly but in value there was a plunge in as PPP Group had excess stock and due to demand from management to lower the stock value more 20' containers were ordered. In reality this meant more frequent orders (figure 8), but they held less in value. As the figures for 2018 are from end of September the trend in growth of both orders and TEUs is noticeable.

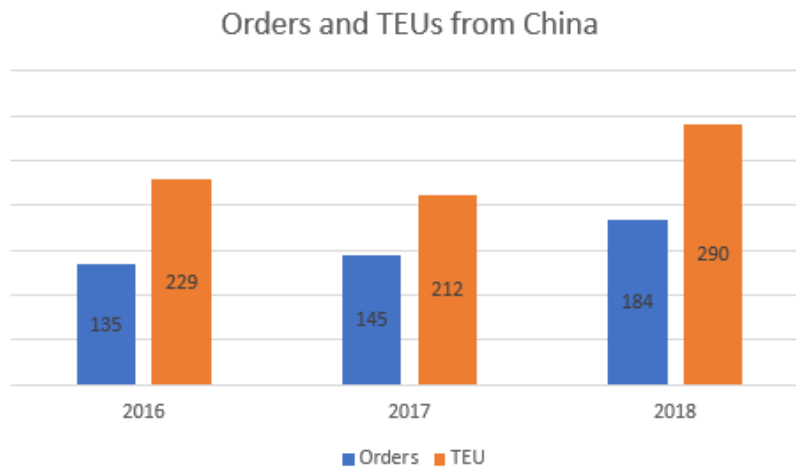


FIGURE 8. Change in orders and shipments

In value the share of edible items imported from China compared to all purchases from rest of the world (ROW) follows the trend in orders (figure 9). There is a visible fall in 2017 but the same steep increase can be seen in 2018.

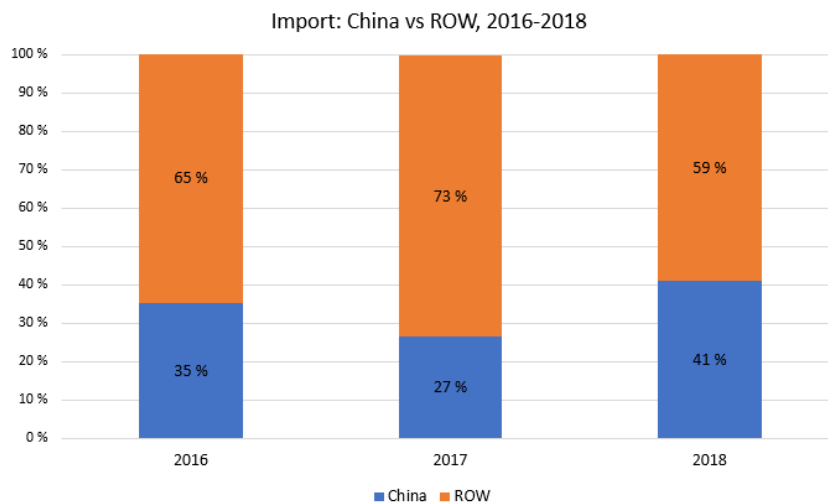


FIGURE 9. Import from China in value compared to ROW purchases

#### 4.4 Conducted interviews

For the thesis the researcher conducted a small structured questionnaire by e-mail which was sent to the Chinese agent used in mapping the supplier candidates in China as well as to the Chinese packing material supplier. Both are considered strategically important



partners and their views are respected and appreciated widely and even though the researcher has met both many times it was not possible to arrange a face-to-face meeting this time. Their willingness to take part was requested before sending the questions and they also gave their permission to use their names when analyzing the answers.

Questionnaire is presented in Appendix 1.

#### **4.4.1 Analysing the answers**

Even though the questionnaire was general in style both gave their replies with a view to their own specific field. Yet there were similarities and extremely valuable points and suggestions on what to consider when changing suppliers.

Ms Vicky Lee, PPP Group's local agent in China, suggested that when considering the supplier change it would be profitable to provide them with physical samples instead of only relying on specification sheet with pictures and written guidelines. She also recommended having approved samples with confirmed prices before placing orders as a way to avoid misunderstanding.

Mr Leo Xie, Managing Director in IPS Lando, regarded issues from packing material availability point-of-view. He considered the current process's transparency being an advantage to all parties involved also when considering the pricing. Like Ms Lee also he commented on the samples and about their testing to make sure they meet the specifications and therefore also meet the requirements of the packing. Trial packing at the supplier premises could provide a possibility for all parties involved a chance to ensure success from the start.

### **4.5 Current state analysis**

For the case study one supplier change from the recent history was chosen as it clearly demonstrates the problems in the current process. As the improved process is meant for changing supplier to a new one with an existing product this implementation proved out to be good candidate for the case study.

### 4.5.1 Documents

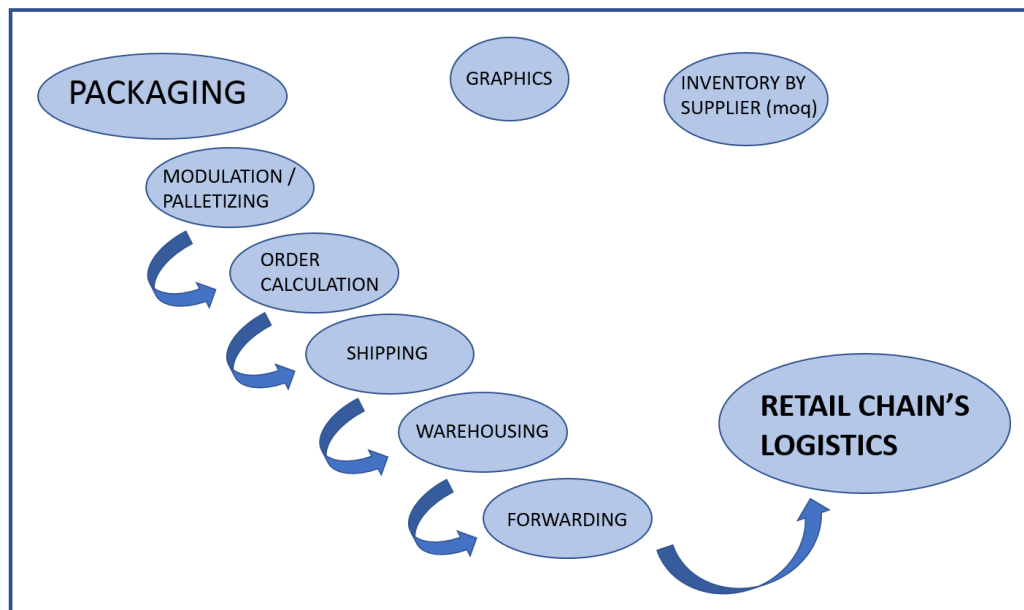
There are documents that have been created for regulation, guidance or comparative reasons. Their significance can best be viewed when interrelations are shown and explained in detail. This also assists in understanding the importance of the correctness of the basic measure, the product.

#### *Specification sheet*

Most of the product sample analysis is done comparing figures to the specification sheet, an excel-based document that holds all product related information. This sheet is provided to the supplier as a formula based on which they need to produce the item as it also has the required ingredients listed with their quantities, i.e. the recipe of the item as well as the measurements like weight, length and thickness.

Pet food and all edible items in Finland are extremely regulated and monitored by Evira, Finnish Food and Safety Authority, and they also run tests to each shipment that arrives to Finnish borders, by sea or air. By train it is not yet possible to import pet items as Evira has no organization in Lappeenranta which is the point of crossing the border. Therefore, it is vital that the items contain the ingredients mentioned in the packaging.

The external measures are as important due to all considerable logistical reasons. The packaging is designed so that it simultaneously can include in it the descriptive items and function effectively when considering the placement in the stores. This causes the packaging and the measures to act as non-exchangeable due to its waterfall-effect on (picture 1).

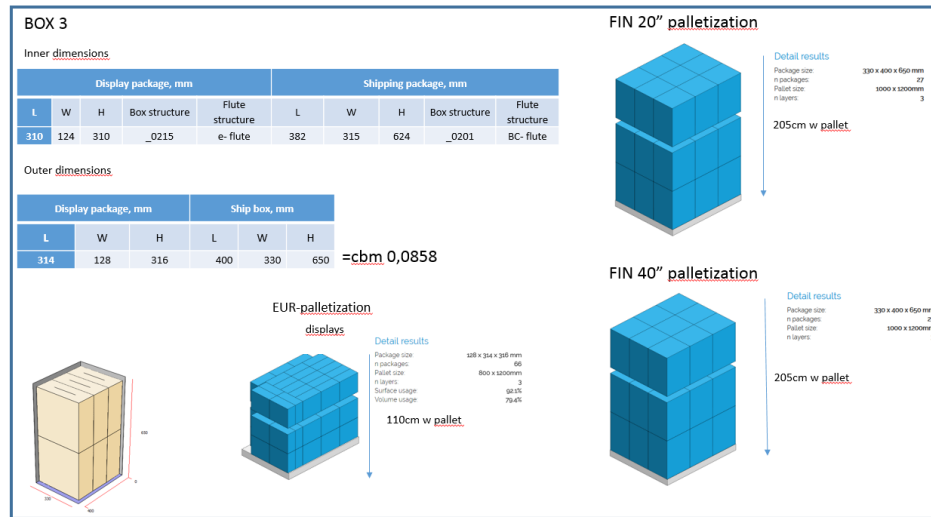


PICTURE 1. Waterfall effect

### Modulation

Modulation is one of PPP Group's self-developed packing and shipping style. There are currently 22 different module boxes that characteristically provide most efficient way for shipping items. This is specifically used for importing edible items from China as they are the most expensive regarding shipping and time.

The basic measure is bag which is then fitted into the next level item, a sales unit box or directly to the third level measure, shipping box. The sales unit of the item is the quantitative measure which is resold and therefore also holds certain limitations from sales point-of-view. Shipping boxes are then positioned to the wooden pallets in size 1200 \* 1000 mm varying in height depending if shipment is 20" or 40" sea container. Picture 2 shows the proportions in Module 3.



PICTURE 2. Module 3 measures and proportions

## Order calculation

Modulation provides the basic information to buyers as the sales unit, shipping box and both container quantities are maintained in the Enterprise Resource Planning-tool (ERP) by the product specialist. Should there be changes it is vital to keep correct data as all calculations (sales, margin, order quantities etc.) are based on it. Through ERP the quantities per pallet are migrated to electronic order tool called SCM Best Practices and based on the pre-set rules of ordering the buyer then is able to place a correct order to the supplier.

## Shipping

Shipment for the items is booked from the forwarder and the base unit depends on the ordered number of pallets. 20" container includes 10 pallets in size 1200 \* 1000 mm and 40" container includes 22 of the similar pallets. 40" container, especially High Cube (HC), allows slightly higher palletization and therefore the size becomes even more relevant issue.

## Warehousing / forwarding

For warehousing the modulation is important in both inbound and outbound logistics. Once forwarder informs of incoming shipment the in-house logistics has to be taken into

consideration and shelving planned base on pallet size. Outbound logistics is as important as the sales unit is always the sold and shipped quantity and materials have to be re-palletized when sending forward. All outbound shipments use standardized EUR-pallet in Finland and when modulation is executed it is utmost vital to consider how sales unit boxes fit into EUR-pallets.

### Retail chain's logistics

SOK and Kesko are the two biggest retail chains in Finland and also PPP Group's two biggest customers. In combined their share of total sales has been increasing when viewing only edible items imported from China.

In Treat-category Kesko's share has been on the rise from 2016 whereas SOK's has been decreasing some (figure 10). In Chew bone-category the increase in share of total sales follow the pattern of Treats but in this category SOK is visibly bigger in their share (figure 11).

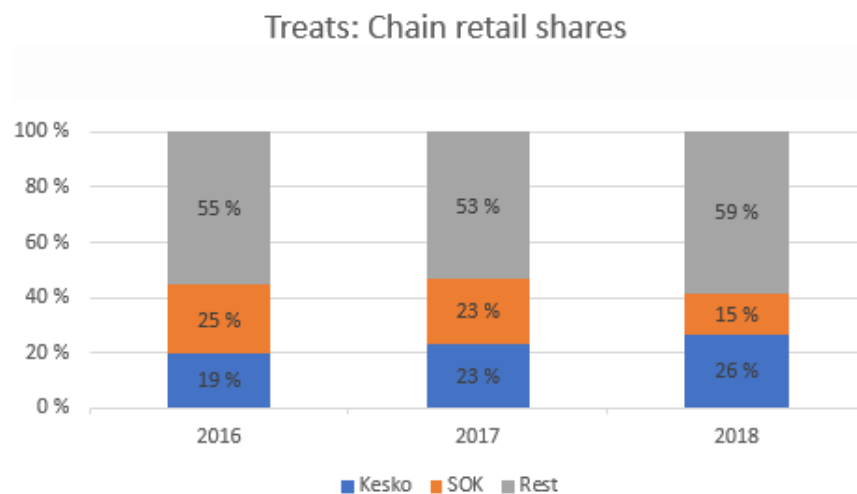


FIGURE 10. Chain retail shares of total sales in Treat-category

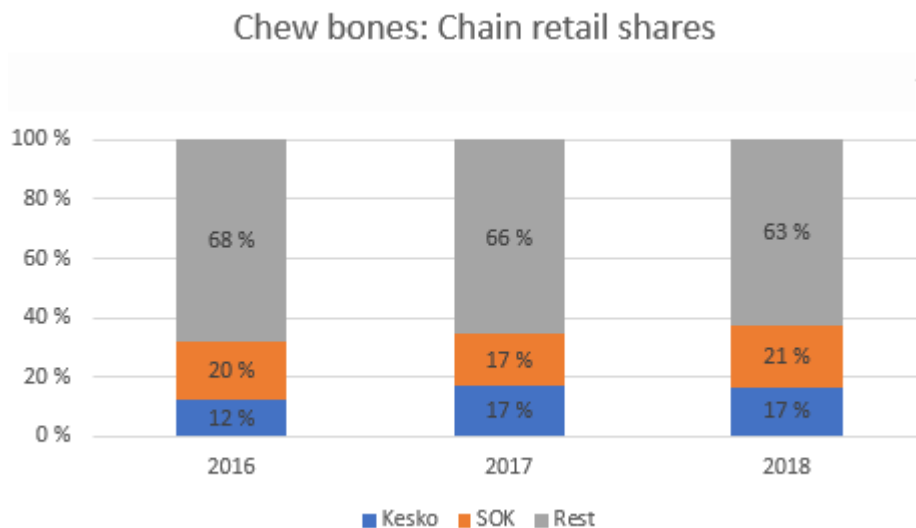


FIGURE 11. Chain retails shares of total sales in Chew bone-category

Both have top class inbound logistic systems and SOK's newest warehouse complex in Sipoo is state of art. As incoming shipments are handled by robotics including measuring the pallets against pre-announced measures by their suppliers like PPP Group there cannot be significant, if any, changes them.

Central chain retailers also require their suppliers to fill detailed product information to web-based database called Synkka. Synkka is maintained by GS1 Finland, part of the global GS1-organization which is a non-profit and impartial standardization provider. From Synkka chain retailers can obtain information about measures, ingredients, palletization and multiple other factors used in their daily activities like maintaining correct data in their shelves for the end customers in the form of item price and the price per kilogram.

## Graphics

Even though separate as such from the chain of logistics one cannot diminish the importance of marketing and graphics. They are one of the most important selling points and can share information, conscious or subconscious, to the end customer. Part of marketing is also placing the legally mandatory texts like ingredients to the graphics, usually to the back of the packing. PPP Group's marketing team of 12 people handle yearly over 250 graphic designs and unnecessary changes should be avoided. In case of changes in

the product's packaging it can take even 4-8 weeks to finalize the graphics and provide them to the packing material supplier used in China.

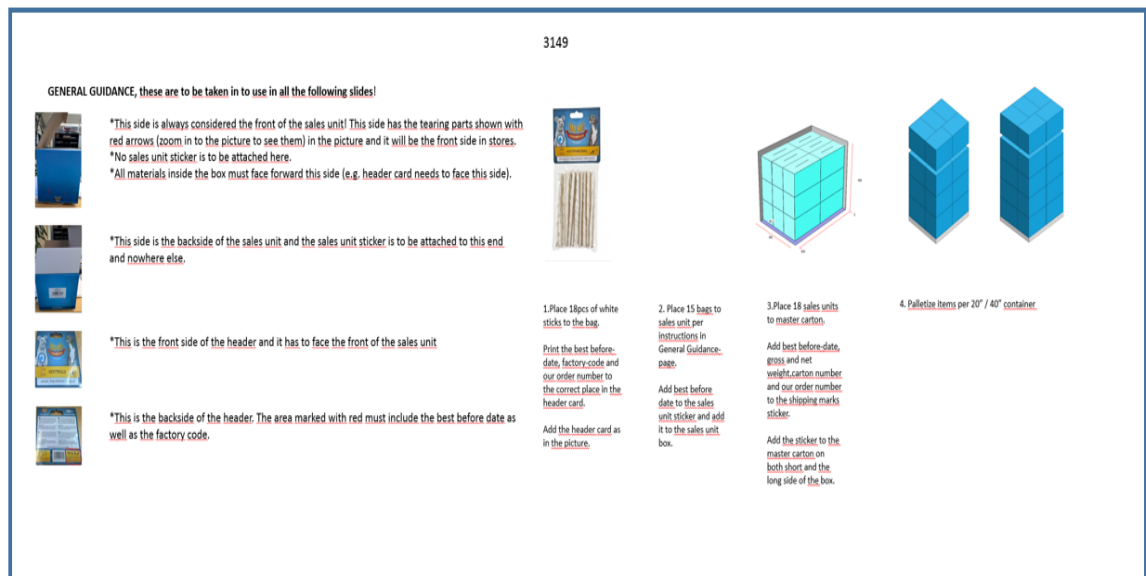
### *Packing material supplier in China*

PPP Group has been cooperating with their Chinese packing material supplier IPS Lando for over five years and they are considered as a strategically important partner. Finalized graphics are sent to them and they coordinate all packing materials from bags to pallets to each supplier in China. For each new graphic they create a printing plate and each item has a specified minimum order quantity that PPP Group is committed to order or pay in case of balance left after production of item in question is finished. For these inventories PPP Group should always consider thoroughly before changing any of the previously set measures.

### *Packing guidance*

As the researcher first started as a product specialist in PPP Group the company was in the midst of implementing two new suppliers in China. Since the long-standing supplier had failed to provide availability of critical items it was vital to have the new suppliers functioning urgently.

Packing guidance was considered to be the most efficient way to share product specific details regarding all packing issues. It contains both generic explanation about terms used as well as a picture by picture explanation on how each item is placed in each level of packing, up until palletization depending on the container used in each order (picture 3).



PICTURE 3. Packing guidance

#### 4.5.2 Starting point

In 2015 PPP Group's long-standing chew bone supplier began to show symptoms of insuperable obstacles in meeting the rising needs of shipments. Production was delayed continuously and in few months' safety stock levels at PPP Group's warehouse were down to zero and distribution was impossible. At the end of 2015 the company had been able to find two new suppliers, but the case demonstrated the need of multiple suppliers when highest-selling items are in question.

In May 2016 the CEO Petri Tiitola wanted to start the search for new suppliers as a co-operation with an external agent, Vicky Lee. Mrs Lee had been helping in several issues already earlier and was familiar with the company. She attended a meeting where Mr Tiitola together with sourcing manager and product specialist - the researcher - looked over all the requirements a supplier would have to meet to be able to ship to a country in European Union as well as the targeted prices for the items.

Already mid-June the agent had four supplier candidates and six other prospects, and she started to ask for the item requirements and specifications from the product specialist who provided a detailed list of existing items and their specification sheets.



### 4.5.3 Selection process

From the preliminary list of ten supplier candidates five were chosen to proceed with. From them the agent requested initial samples based on the list provided by the product specialist and once samples were received they were analysed against the specification sheets. Simultaneously the newly appointed sourcing manager had started to sift through the provided price lists from the supplier candidates as well as their overall ability to handle continuously growing business of PPP Group.

At this point no contact had been made between PPP Group and the supplier candidates. Once the preparatory price comparisons were finalized and the selection was narrowed to three suppliers the sourcing director then personally contacted all supplier candidates by email. From this point on the actual price negotiations started and final decisions were made in the end of December 2016 when two suppliers were selected as PPP Group suppliers.

### 4.5.4 Sample request

After the approval email by the sourcing manager to the newly selected suppliers the product specialist started to go through the specification sheets. At that time the chew bone product range consisted of 53 different chew bones and they were split between three brands: Hau-Hau Champion Premium, Planet Pet Society and PrimaDog. Both new suppliers were either 1<sup>st</sup> or 2<sup>nd</sup> suppliers to selected items and the specification sheets were gathered in a zip-file and were sent beginning of February 2017. Chinese New Year was celebrated during that time, but communication started regardless immediately as the supplier valued their selection to be the supplier in high regard.

The company in this case study was chosen as 1<sup>st</sup> supplier for 21 products and as 2<sup>nd</sup> supplier to 32 products. Specification sheets were carefully explained and the selection between 1<sup>st</sup> and 2<sup>nd</sup> supplier items made clear by both sourcing manager in the annex of the approval email and the product specialist in her initial email. Nevertheless, the first batch of samples received 20<sup>th</sup> March were only for the 2<sup>nd</sup> supplier products so explanatory email was needed, and the supplier began the sample production also for the 1<sup>st</sup> supplier items. Already at this point there were some mistakes found in the specification

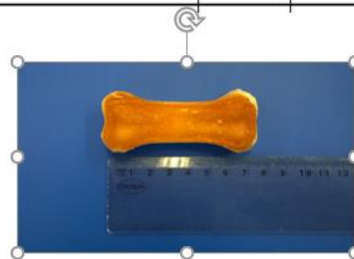
sheets by the supplier and they also commented on the strict tolerances in the measurements being difficult to meet. By the end of March all the samples for both selections were received and the product specialist was able to start to analyse them.

#### 4.5.5 First sample analysis process

Analysing the samples was conducted in very methodological way. Each item was measured with a tape measure and weighed first as a whole chew bone. In case the chew bone had meat either inside or outside the chew bone the meat was removed wholly and then the separate items were also measured likewise. In the specification sheets the sample measures were placed accordingly and then differences were calculated while taking into consideration the pre-set tolerances (table 1).

TABLE 1. Specification sheet with measurement comparisons

					Supplier	Comments
Product name						
Product structure	Rawhide pressed to bone shape with piece of chicken jerky on top					
Product code						
Product GTIN						
	Dimensions	Value	Tolerances	Unit	Over	
Size	Width smallest	23	± 2	mm	19	Within tolerance
	Width largest	30	± 2	mm	29	Within tolerance
	Length	80	± 2	mm	80	In tolerance
	Height	14	± 2	mm	17-20	Over the tolerance
Weight	Total	28	± 3	g	28	Within tolerance
	Chicken	5	± 2	g	5	Within tolerance



The sample analysis results were categorized in each item specification sheet per value as in figure 12.

	In / within tolerance, <b>ok</b>
	below/over tolerance but less than 10%, <b>ok</b>
	below/over tolerance more than 10%, <b>not ok</b>

FIGURE 12. Sample analysing result categories

After each item was analysed the product specialist compiled overall results in an excel item by item. It was predetermined that all items under “not ok” would need another set of samples and therefore the compilation clearly indicated the results to the supplier (table 2).

TABLE 2. Compilation of sample analysis

Company X, 1st supplier items				Company X, 2nd supplier items			
OK	NOT OK	NO SAMPLE		OK	NOT OK	NO SAMPLE	
3149	3174	5726		3388	3026	5728	
3445	3175	10050		3389	3390	10048	
5414	3392			3393	3391	40394	
	5408			3394	3395		
	5409			10034	3415		
	5410			10035	5404		
	5411			10036	5405		
	5412			10038	5406		
	5413			10040	5727		
	5725			10041	10037		
	10033			40393	10039		
	10049			40395	10047		
	10051				40390		
	10052				40391		
	10053				40392		
	10054				40396		
					40397		

Like the table shows the majority of the items were not ok or sample was not available and therefore new set of samples was needed. Only 14,3 % of the 1<sup>st</sup> supplier samples and 37,5% of the 2<sup>nd</sup> supplier samples were ok whereas 85,7% of the 1<sup>st</sup> supplier samples and 62,5% of the 2<sup>nd</sup> supplier samples were either not ok or missing totally. As pre-determined rules in the electronic order tool SCM Best Practices used in PPP Group for order planning require more variability in the items and in their order quantities there was no possibility to place an order after this analysis.

#### 4.5.6 Second sample analysis process

Once the results and the need of second samples was thoroughly explained to the supplier they agreed on sending new samples. However, they criticized the tolerances again claiming them to be unreasonable as most chew bones are manual labour. They wanted to add

more leeway, but it would have more than doubled the tolerances from  $\pm 2$ -3mm to  $\pm 5$ -8mm and was therefore not an option due to packing related reasons.

New samples were sent 6<sup>th</sup> June, but it was not received until 10<sup>th</sup> July due to international courier-related issues. New product specialist took over the second analysis round and found the samples more preferable, but the ingredient analysing took some time. Once the samples were approved the discussion of the already agreed prices of items took over as the supplier claimed that producing of them would be more expensive as more raw materials are needed. This delayed the implementation of the supplier even further as no real orders were possible to send them and only three campaign item orders were placed for them to produce. First real order took place on 16<sup>th</sup> October 2017, 16 months after the supplier mapping had started.

#### **4.5.7 Related issues**

Even though the first samples were not all approved and the process was not finished PPP Group decided to place first order to the supplier to demonstrate their commitment in doing business with the supplier. The first order included one completely new item and two existing items that were required in new packing quantity. The decision was made with clear knowledge of the risks it included as the two existing items were not approved during the first sample round.

#### **4.6 Process chart for case study**

Current process is described in Appendix 2. It demonstrates the outlines of the process and the generalized order of actions. The days spent were not added to the chart as some actions were repeated during the process, e.g. steps 3 to 5 were replicated as the samples were not approved.

#### **4.7 Timeline for case study**

A timeline was created to show the linear progress of the process and it is presented in Appendix 3. Some managerial actions were not possible to describe in the process or describe in the text as they hold confidential information and are not shared with the researcher. Therefore, timeline was found to be an important and descriptive form of sharing consumption of time in relation to the process chart.

## **5 IMPROVED PROCESS**

Since the researcher has been an active participant in daily activities with the Chinese suppliers acting as both a product specialist as well as a buyer they hold extremely deep knowledge of both the problems as well as the potential seen in possible cooperation. The proposal for the improved process will be significantly different from the current and includes such changes that previously mentioned executive support and user involvement are required if actual results are wanted.

Improved process description is presented in Appendix 4.

### **5.1 Main changes and suggestions**

Analysis of current state demonstrated the most problematic occurrences in the process. Correctness of the specifications, sample preparing, and price negotiations delayed consecutive actions and led the process to last for 16 months.

#### **5.1.1 New role: Product Lifecycle Manager**

The most significant change in the improved process description is a totally new role in Prima Pet Premium Group's organization, Product Lifecycle Manager (PLM). This will have effect in the existing roles and responsibilities but after transition time he/she will play a major role in implementing new suppliers more effectively and time-consuming as well as oversee the whole lifecycle of product management.

The product management has been a challenge for PPP Group as such for some time. As the role would not be necessary in the supplier mapping related issues as a full-time resource he/she could have a broader role as an interface between organizational departments and continue developing internal cooperation in all product related stages.

### **5.1.2 Specifications**

As described previously the product is the basic measure. PPP Group has to focus on product specifications and make sure they are correct in each specific field established in the excel. To have valid and on-time specifications will save time significantly as there is no need to question inner processes and having to validate them to the supplier.

For the case study the total quantity of products was only 53 but as the total amount of edible items imported from China is currently over 200 and increasing every year it is evident that documentation must be in place. The effect of the correctness is multiplied when the number of orders is considered in relation.

### **5.1.3 Sample preparation**

Even though specifications are one part of getting valid samples they do not hold all the needed values. Written information or a picture cannot indicate other factual information, such as scent, feel or texture and in these products these values are as critical as measure and weight. Sending samples of edible items to China is near to impossible as their customs clearance demands such documentation that the process would become extremely burdensome.

Solution for this is to arrange adequate sample reserve to the local agent in China. Mrs Lee commented on her replies to the questionnaire that suppliers have hoped for these and as she would be able to present physical samples when mapping out the supplier candidates the process would progress faster. Naturally PPP Group would need to provide the local agent with enough resources to arrange such reserve, but this would be a one-time investment as the samples would not cost, only the space for the products.

With this arrangement suppliers would be able to present their own samples already in the first meeting and later on communication about the samples with the product specialist would be much easier and time consuming.

## 5.2 Improved process flow

In the new process the Head of Sourcing gives a notification to the PLM about the need gathers from the up-to-date item specifications the needed ones, advises the local agent in China with all the details and then the search for the supplier starts. After initial round of mapping the agent visits candidates and with the physical sample storage she provides the possibility to see and feel the desired items to ensure candidates would have all needed information for their quotation.

Based on the supplier candidate feedback regarding their ability to produce requested items the top selection is then presented to the Head of Sourcing for final analysis. Price being just one of the elements alongside quality, overall company performance and their willingness for future collaboration and product development PPP Group will have strong capability to make sustainable choices from the variety of candidates. PLM and the local agent make sure that all needed details are in place for effective decision making.

Once the supplier is selected the choice is presented to the supplier in question as well as the PLM who will contact the supplier and request production samples for a selected range from the category in question. Simultaneously a face-to-face meeting is requested to take place at the supplier's premises where Head of Sourcing, PLM and the agent would attend from PPP Group's side. Together they will have the possibility to check production, meet the supplier contacts for the daily business and start establishing the collaboration. As PLM has detailed information about the product category, specifications and the logistics they will be able to provide assistance if there are any open issues regarding the items production and shipment. They will also issue a request for production samples for the whole product range for the category in question for the product specialist to inspect.

Product specialist carries a thorough inspection on the samples and provides a detailed analysis of them to PLM and Head of Sourcing. There can be a pre-determined percentage of approved samples and once that limit is met the Supplier Agreement can be signed and first order can then be placed for the new supplier. As agreed already in the current process the local agent will perform factory audit during the first production and after this twice a year like agreed in the agreement



### **5.3 Timeline for the improved process**

Timeline for the improved process is much more open and shows clearly the effects of the streamlined activities. By strengthening their own processes regarding documentation and internal communication Prima Pet Premium Group will become more agile in the fast-moving world of pet products.

The role of the Product Lifecycle Manager will save time and resources significantly as the main issues are considered from the start and with her/his knowledge of the daily operations the most problematic instances in the current process can be avoided. Where the case study showed time spent almost eight months for internal issues like pricing and pre-analysis without approved samples the improved process cuts time spent on this for few weeks.

The process should always be about the basic measure, product, with the well-being of the animals in mind and therefore the quality needs to be highest possible. With the improved process the product is the top priority, but PLM secures also financial advantage to PPP Group as the role will expedite the process and decrease time spent from 16 months to less than five months. In addition to that quality control can be secured more actively as the resources can be utilized to their max. The contribution of the Head of Sourcing can also be focused more effectively as PLM and product specialist attend to details and thoroughly prepare the presentations in their own tasks.

### **5.4 Risks**

The improved process holds some risks. Internal communication about the required steps as well as the readiness to responsibility will take time to be processed by all participants. Mostly the risks include overall attitude towards change as the company has been struggling with the implications of the extremely fast growth. Possibility to be more agile should be in the best interest for a company in this scale and the process provides the opportunity for it.

## 6 SUMMARY AND CONCLUSIONS

The foundation for this thesis has been the serious lack of processes in conducting operational actions when changing supplier for existing items in Prima Pet Premium Group. Some mid-level actions have been carried out methodologically, but they have concerned mainly pricing comparisons and bidding templates and as such have had less to none to do with operative issues.

The case study was existing when the writing of this thesis took place. From May 2016 until October 2017 the researcher was in the focal point as PPP Group wanted to implement a new supplier for a specific product category. As a large part of actions belonged to the product specialist's field of expertise but no guidance existed for the execution of them it was mandatory to make comprehensive notes of each step for future reference. There was also necessity feigned as liberty to create new ways, terms and calculations to have the ability to conduct analysis and also certify the results to the supplier about the samples.

The objective of the thesis was to demonstrate through the case study's problems the possibility to save time, resources and money by bringing into use an improved process. In the new process the roles and actions are streamlined so that each participant's core competence can be exploited, and responsibility is shared. With the new approach PPP Group will be able to implement development strategies faster with the supplier as the foundation for cooperation is built more systematically and faster.

As for the secondary objectives on convincing the company to believe in purpose-built processes, continue developing them and more importantly trust in them even through difficult stages is still open. There are some on-going development plans to further refining some phases in communication about the packaging graphics globally, so the trend is promising as those have started before publishing this thesis.

Those objectives were rotated as research questions and sub-questions:

- Can the process be defined to such lengths that real benefits can be proven?
- Are the benefits big enough for the process to be taken in to use?
- Is the company receptive enough to see the benefits in this process?

- Am I able to change the mindsets of the people in our management and convince them to start applying similar approach across functions in the company.

Theories about change management challenges were wide but to narrow them to frame Prima Pet Premium Group was quite hard as the company struggles so collectively with believing in change. As a change should always start and end with the people working for the company, it is easily forgotten in an environment where decision making is going back and forth, and departments are being seen as their own entities instead of them working together. More effective deployment of employees is possible if processes are better implemented and the implementation is easier when leadership is credible.

Leadership would have been a possibility as one aspect in the theory section but that would have required more thorough understanding via personnel questionnaire and personal experience of leading that change management was chosen as the main theory.

Strategic sourcing was selected as theory due to it acting like an umbrella for the purchasing activities of a company. Due to Prima Pet Premium Group being a wholesaler it is vital for business to find new strategies and improve own processes to gain advantage in relation to competitors. As competition becomes harder every year the obtained advantages like close cooperation with an international supplier can affect company's positioning in the markets positively. If said collaboration can be furthermore developed into win-win situation for both associates the benefits can become even more significant through improved quality, shorter delivery times and confidential product development. But if the supplier has to worry about their position and end up defending their validity through competitive bidding without any real engagement from the customer it is only natural that we never get real commitment and actual benefits.

The thesis was conducted in a qualitative manner and as it was about a real case study that was also the main method used. Participant observation and analysis of existing data were a natural selection as the case study was about improving existing ways of working and most of the components fell on the product specialist's field. Acting as product specialist during the case study the researcher was able to explore the possibilities and examine the results obtained and in due time all findings were iterated and refined in to the improved process description.

Through experience the interviews conducted as questionnaires were targeted for the two specific contacts from the beginning. Having trustworthy and respectful relations with Mrs Lee as well as Mr Xie already before the thesis their views gave insight and excellent suggestions for improvement that are visible in the suggested process chart. E.g. the change proposal regarding sample storage for Mrs Lee in a location convenient to her will speed up the implementation process of new suppliers as the actual item is always more descriptive than words and pictures.

## **6.1 Results and recommendations**

The results of the case study were shown as two separate process charts as well as two timelines showing time spent in each activity. From the current process and its timeline, the cause and effect were visible, and suggestions based on professional experience were drawn. Those suggestions were brought to the improved process description and even though the timeline for the new process is still speculative as the process has not been taken into use it still manages to point out which nodes could be streamlined.

In addition to the previously mentioned internal issues like pricing the second most time-consuming step was the sample approval phase that took over 6 months' time to finish. Even though certain activities are not interrelated they will still cumulate to the total time consumed in the process and have to therefore be organized better in the future.

The biggest change for the process, for the company and for the mindsets is the new role of Product Lifecycle Manager. To implement this will require more vision to see the benefits in the future as it simultaneously takes over some tasks from current roles in organization. But as the waterfall effect showed the consequences of possible errors in product lifecycle it is vital for the company to embrace the change instead of continue taking unnecessary risks in implementing possibly unreliable suppliers. Another strong recommendation is to not place the role under any existing department as that would be seen as ownership of sorts. To be able to succeed and bring actual results it would be profitable to establish a totally new department where the role as a platform between departments could be more easily be seen.

To consider this process as a living organism that can be updated, improved and further refined for better use is possibly how the benefits are best shown. To not see it as a threat instead a possibility for the company to keep on evolving and providing top quality pet products also in the future.

## **6.2 Personal reflections**

When the writing of this thesis started the outcome was thought to be somewhat different and the end results also surprised myself. Acting in two different roles during the whole process first as a product specialist and later as a buyer I had an excellent opportunity to complement the original ideas and considerations and then compiling the findings into the improved process chart.

As a firm believer in processes I feared letting my own views and past experiences influence too much on the outcome. I had many official and unofficial conversations around the concept and some readings mentioned in the Theoretical framework chapter helped me in refining my thoughts from theory to practise.

For me the improved process description has been from the start what I hope it to be for the company as well, a living organism. I let it live and show me where it needed to be taken and the journey was a great experience. One that I could not have predicted nor managed on my own without the help of my team in Sourcing & Product Quality or the support from my spouse and family.

## REFERENCES

- Abrahamson, E. 2000. Change without pain. Harvard Business Review. Read 17.7.2018 <https://hbr.org/2000/07/change-without-pain>
- Artto, K., Martinsuo, M. & Kujala, J. 2011. Project Business. 1st Edition. Helsinki: Karlos Artto, Miia Martinsuo and Jaakko Kujala.
- DeWalt, K., DeWalt, B. 2011. Participant Observation: A Guide for Fieldworkers. Lanham: AltaMira Press.
- Galletta, A. 2013. Mastering the Semi-Structured Interview and Beyond: From Research Design to Analysis and Publication. 1<sup>st</sup> Edition. New York: New York University Press.
- Global PETS. 2018. Nordic countries: Facts & Figures. <https://globalpets.commu-nity/article/nordic-countries-facts-figures-0>
- GlobalSpec. ISO Containers information. [https://www.globalspec.com/learnmore/material\\_handling\\_packaging\\_equipment/material\\_handling\\_equipment/iso\\_containers](https://www.globalspec.com/learnmore/material_handling_packaging_equipment/material_handling_equipment/iso_containers)
- Hsu, C-C. 2007. Information sharing, buyer-supplier relationships, and firm performance: A multi-region analysis. Emerald Group Publishing Limited. Read 12<sup>th</sup> August. <https://www.emeraldinsight.com.elib.tamk.fi/doi/full/10.1108/09600030810875391>
- Iloranta, K. & Pajunen-Muhonen, H. 2015. Hankintojen johtaminen. Ostamisesta toimittajamarkkinoiden hallintaan. 4th Edition. Helsinki: Tietosanoma Oy.
- Kothari, C.R. 2004. Research Methodology: Methods & Techniques. 3<sup>rd</sup> Edition. New Delhi: New Age International (P) Limited, Publishers.
- Kotter, J. & Schlesinger, L. 1979 / 2008 Choosing Strategies for Change. Harvard Business Review. Read 12.6.2018 <https://hbr.org/2008/07/choosing-strategies-for-change?autocomplete=true>
- Kotter, J. 1995. Leading Change: Why Transformation Efforts Fail. Harvard Business Review. Read 18.7.2018. <https://hbr.org/1995/05/leading-change-why-transformation-efforts-fail-2>
- Laureano Paiva, E. 2014. Supply chain planning and trust: two sides of the same coin. Emerald Group Publishing Limited. Read 12<sup>th</sup> August. <https://www.emeraldinsight.com.elib.tamk.fi/doi/full/10.1108/IMDS-07-2013-0324>
- LogisticsGlossary. TEU. <https://www.logisticsglossary.com/term/teu/>
- Lysons, K. & Farrington, B. 2006. Purchasing and Supply Chain Management. 7<sup>th</sup> Edition. Harlow: Pearson Education Limited.
- Martinsuo, M. & Blomqvist, M. 2010. Process Modeling for Improved Process. Teaching material 2010/1. Espoo: Aalto University, School of Science and Technology.

Meho, L. 2006. E-Mail Interviewing in Qualitative Research: A Methodological Discussion. *Journal of the American society for information science and technology* 69 (10), 1284-1295.

Merriam&Webster dictionary. Definition of strategy. Read 30<sup>th</sup> June. <https://www.merriam-webster.com/dictionary/strategy>

Murthy, C.S.V. 2007. *Change Management*. 1<sup>st</sup> Edition. Mumbai: Himalaya Publishing House Pvt. Ltd.

Parniangtong, S. 2016. *Supply Management: Strategic Sourcing*. eBook. Singapore: Springer Science&Business Media. Accessed 2<sup>nd</sup> July 2018.

Power, B. 2010. The Right CEO Personality for Process Improvement. *Harvard Business Review*. Read 25.7.2018 <https://hbr.org/2010/11/the-right-ceo-personality-for>

Power, B. 2012. Understanding Fear of Process Improvement. *Harvard Business Review*. Read 20.7.2018 <https://hbr.org/2012/09/understanding-fear-of-process-improvement>

Saldana, J. 2011. *Fundamentals of Qualitative Research: Understanding Qualitative Research*. 1<sup>st</sup> Edition. New York: Oxford University Press, Inc.

Taylor S., Bogdan R. & DeVault M. 2016. *Introduction to Qualitative Research Methods: A Guidebook and Resource*. 4<sup>th</sup> Edition. New Jersey: John Wiley & Sons, Inc.

Saunders, M., Lewis P. & Thornhill A. 2009. *Research Methods for Business Students*. 5<sup>th</sup> Edition. Harlow: Pearson Education Limited.

Statistics Finland. 2018. Suomessa on noin 700 000 koira. Published 9th Apr 2018. Read/printed 26.9.2018. <http://www.stat.fi/tietotrendit/blogit/2018/suomessa-noin-700-000-koira/>

Toikka, V. 2017. Koiriin kulutetaan Suomessa miljardi euroa vuodessa. Read 25.9.2018. <https://op.media/teemat/trendit-ja-ilmiot/koiriin-kulutetaan-suomessa-miljardi-euroa-vuodessa-0f027b85c04c456c96ae1310015f14ee>

Vuorinen, T. 2013. *Strategiakirja: 20 työkalua*. 1<sup>st</sup> edition. Helsinki: Talentum.

Weele, A.J. van 2005. *Purchasing & Supply Chain Management: Analysis, Strategy, Planning and Practice*. 4<sup>th</sup> Edition. London: Thomson Learning.

Wysocki, R. 2004. *Project Management Process Improvement*. London: Artech House. Accessed 3<sup>rd</sup> July 2018.

Yin, R. 2011. *Qualitative Research from Start to Finish*. New York: The Guilford Press.

## APPENDICES

### Appendix 1. Questionnaire for email interview

1. What do you see as positive in the current process?
2. Do you get feedback from the final suppliers how things could be done more efficiently?
3. What could be done better from your perspective?
4. How could PPP Group gain more understanding about the problems? Is it a cultural problem?
5. Any ideas about progress in all steps from your point of view?
6. Any other thoughts on the issue?

Thank you very much in advance.

Best regards,

**Heidi Lehtola**

Buyer

**Prima Pet Premium Oy**

Teollisuustie 9

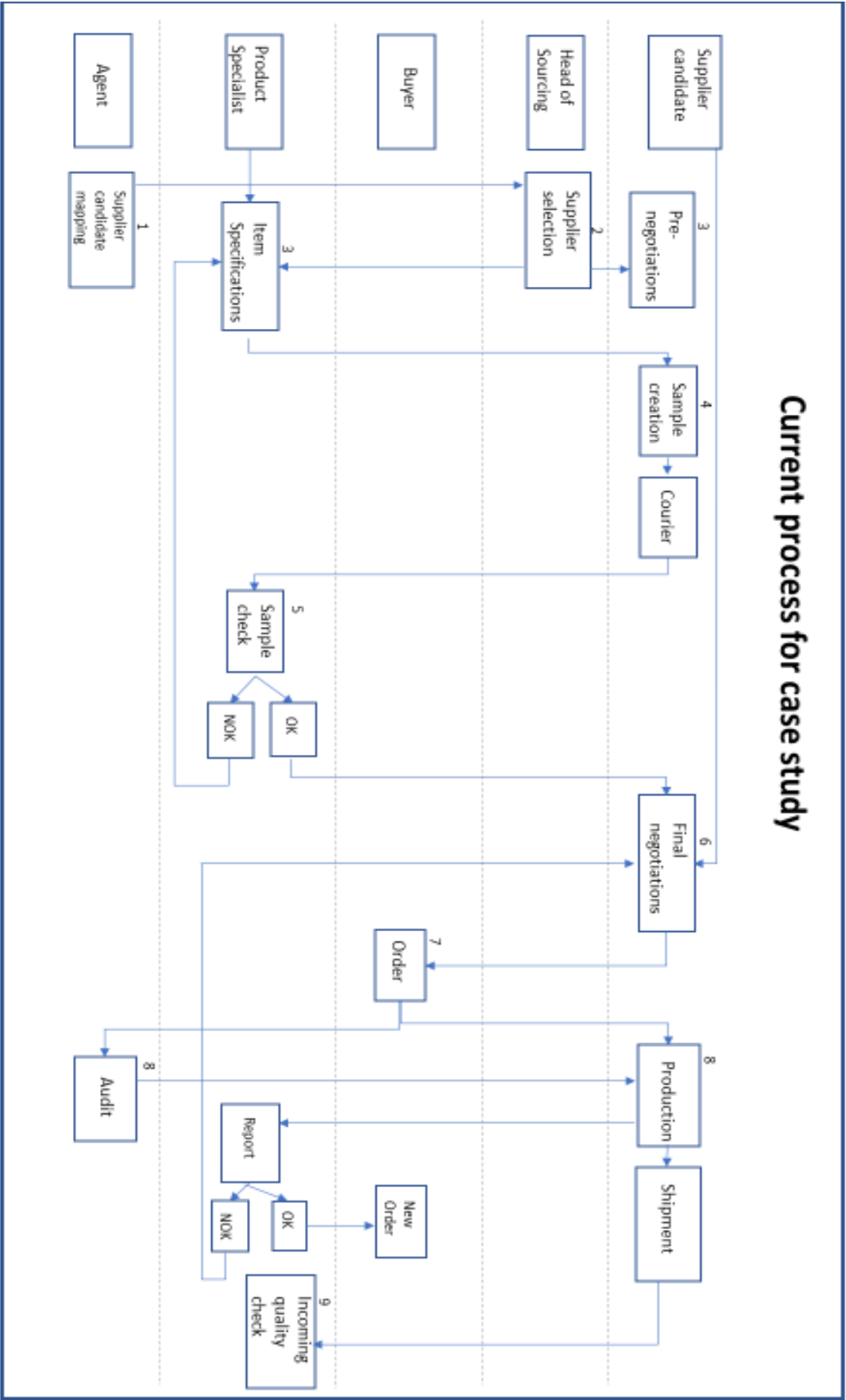
FI-33330 Tampere

Tel: +358 50 487 6140

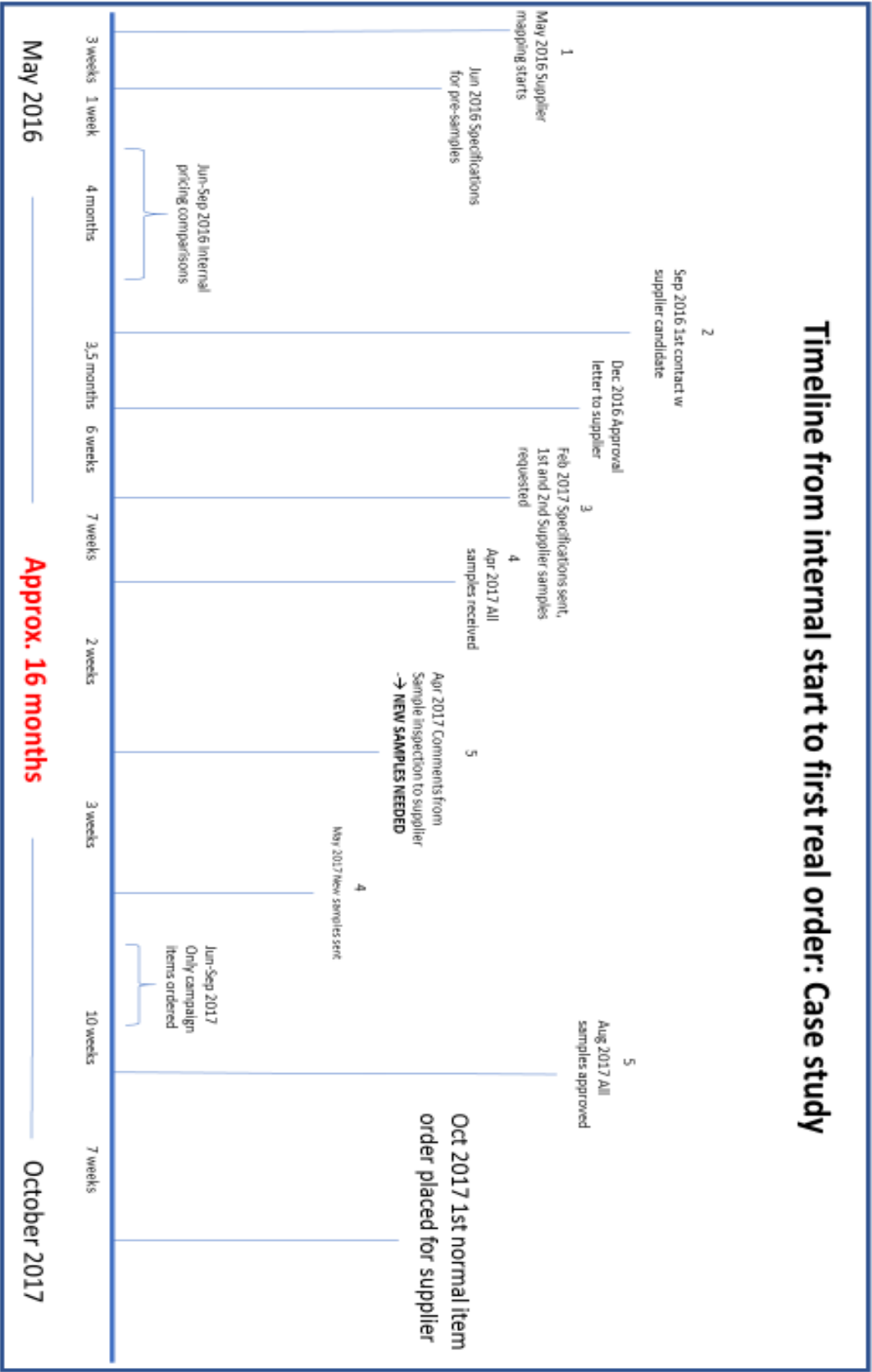
[heidi.lehtola@primapetpremium.fi](mailto:heidi.lehtola@primapetpremium.fi)



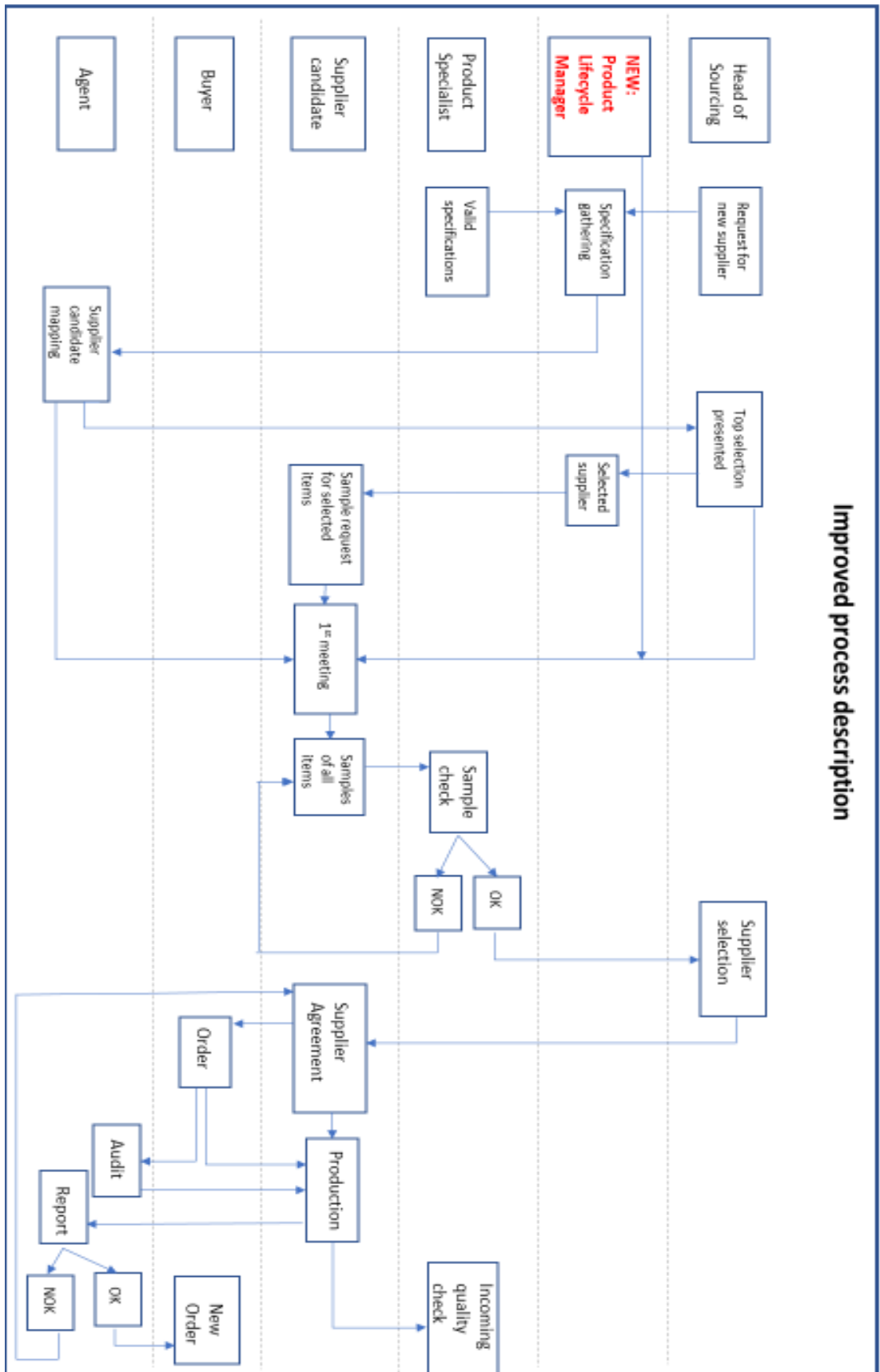
Appendix 2. Current process for case study



Appendix 3. Timeline from internal start to first real order: Case study



# Appendix 4. Improved process description



Appendix 5. Timeline for improved process

