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IMPROVEMENT OF PROFESSIONAL PROCESSES IN EUROPEAN SUBSIDIARIES – LEAN APPROACH

Case: International Group

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ABSTRACT

The purpose of this study is to define, improve and standardize current financial administrative processes of foreign subsidiaries in order to gain the most effective and transparent processes. The study attempts to answer the question: “How administration should be organized in the most efficient way between different subsidiaries and fields?” The study is based on the idea that despite the different subsidiaries and fields financial administration could be organized more efficiently and transparent in order to add value to the internal and external customers of these processes. The study was carried out in cooperation with the international case company.

In the theoretical part of the thesis the following areas will be covered; basic concept of process and lean as a process improvement theory as well as its methods; SMART-method, SWOT analysis, Gemba walking, Five S and Kaizen.

In the empirical section of the study an action research was conducted. A questionnaire was sent to persons representing different areas where financial administration had affect. Questionnaires were further analyzed and personal interviews were held. As a result, the current financial administrative processes were defined, challenges were recognized and recommendations for improvement of these processes were made. The empirical section of the study is divided into two sections, first the pilot study and second the main study. The process model built in the pilot study was tested in the selected subsidiaries of the main study.

The study indicated that as a result of significant growth of each of the selected subsidiary operations had expanded and challenges had rose. The study also indicated that financial administration processes were followed in different ways between different subsidiaries and some of the processes were not adding any value to its internal or external customers. The process model built in the pilot study was applicable to the subsidiaries of the main study taking local market habits and regulations into consideration. Further research is needed to establish whether the improvement and implementation of new financial administration processes have had an influence to these subsidiaries' other business operations such as sales.

Key words: process, process improvement, lean, transparency, subsidiary

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1 INTRODUCTION

During the hectic world of nowadays, improvement of operations and cost-efficiency is crucial for future success of business. Therefore processes should be constantly evaluated and further improved in order to maintain current market position and further to gain better market position. Especially when operations are growing, challenges which were not discovered or recognized earlier might raise and cause several kinds of challenges, which all lead to a non-cost-efficient and a non-motivated organization. Organization which lacks of cost-efficiency and motivation is not able to perform its best and therefore unable to maintain the current market position and further to gain better market position.

Lean as a methodology has been used in production based organizations already for decades. Even though lean is developed from production perspective, it can be applied also in professional organizations and processes as well as presented in this study. The application of lean methodology to professional processes makes is what makes this study particularly interesting.

Lean focuses in value adding activities of the process from the process' customer's perspective. One of the main aims of lean is to reduce and eliminate waste (muda) from the process. Lean and concepts of value adding activity and waste are presented in chapter 3.

1.1 Background

The study was conducted in a case company, international group which has history of decades. During the past decade the group was seeking better market position as well as growth. In order to reach these goals, the group established new subsidiaries in Europe and made investments in already existing European subsidiaries. The organization also slightly changed the organization structure of these already existing

subsidiaries from a more from external, contractual, organizations to internal, employee based, organizations.

Even though the group had policies regarding its financial administration processes, these policies were more or less applied differently in these European subsidiaries and their growing organizations. These policies were not supervised or controlled as long as any significant issues were not raised. Structure of the group and its subsidiaries is presented further in chapter 2. The study focused in financial administrative processes of certain of these European subsidiaries which are also further presented in the chapter 2.2. The study was conducted in two parts; first part of the study is presented in this thesis as a pilot study and the second part of the study as a main study.

Author's interest to the study rose due to challenges discovered in daily operations of the subsidiary of the pilot study from financial administration perspective. Also the management of this subsidiary in a group level had recognized certain challenges in daily operations.

1.2 Research Questions, Objectives and Scope

Research questions of the study were

1. What are current financial administrative processes in the pilot study's processes?
2. What are the specific challenges for development of the current processes for the financial administration department of the organization?
3. What are specific possibilities to improve the current financial administration processes?

And further, if the first three questions were answered

4. Are improved processes applicable to other subsidiaries?
5. Are continuous improvements needed?

The pilot study seeks to respond to first three research questions, and the fourth research question was the objective of the main study.

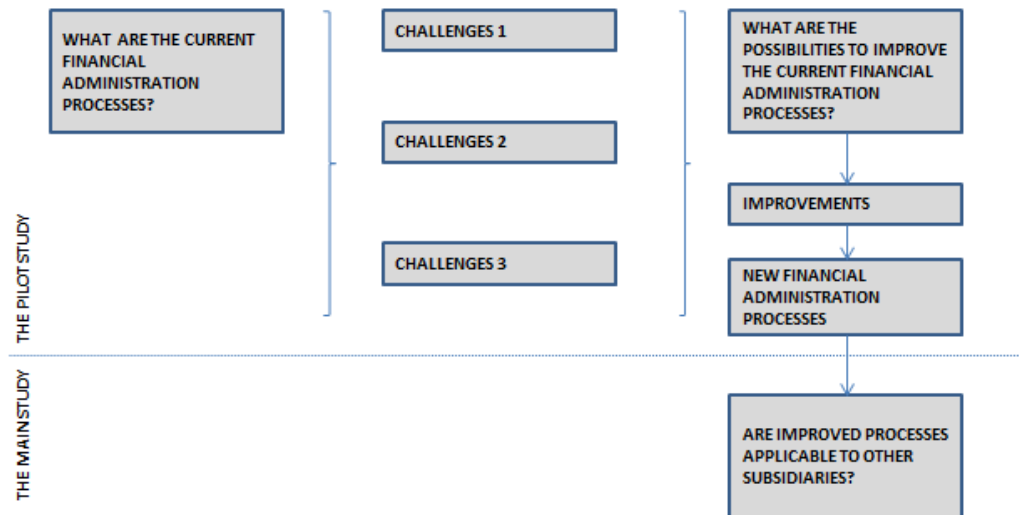


FIGURE 1. Research questions

Objective of the pilot study was to improve current financial administration processes in order to follow group policies but to take local aspects, such as local regulations and market habits, into consideration in order to have the most efficient financial administration processes from the group, local organization and customer perspective respecting local regulations. Further, the objective was also to set such financial administration processes which could further be applicable to other subsidiaries.

The object of the main study was to define if the improved financial administration processes of the pilot study would be applicable in other subsidiaries as well, taking local aspects of these subsidiaries into consideration. Further, the objective of the main study was to also have a transparent documentation and as similar as possible financial administration processes throughout the group.

Theory basis of both of the studies was based on process management. Lean was chosen as a methodology of process management. Even though lean is developed to production organizations it is applicable to process management of professional organizations as well. Both of the studies focused in financial administration processes, which could be considered as professional services towards the group, the local organization and finally the customer. Even though lean is focused in production organizations, many of the basic elements and principles of lean are well applicable to such professional processes as well, such as eliminating waste. Furthermore, even though lean is focused in customer's perspective, the study focused in internal customers of the studied processes even though the outcome of the study created benefits for the external customers of the company. Main sources of the study were basic literature of lean and lean management and were selected due to simple presentation of lean as a method and methodology.

As both of the studies were conducted in European subsidiaries of the international group, the study had also interesting elements regarding cultural aspects as several different cultures were represented in the studies. Also, as the studies involved and defined processes throughout the organization, the study had also interesting elements regarding organizational behavior. However, the methodology presented in the thesis is based purely on process management perspective.

1.3 Type of the study

The research questions were approached through an action research. In addition, surveys, personal interviews and collaboration represented the methods in order to have data. As mentioned in previous chapters, first the pilot study was conducted and second, the main study was conducted. The methods of the study were defined already in the pilot study but then further developed in the main study.

As the pilot study seeks to define current financial administration processes of France, first the current financial administration processes had to be defined. In order to define the current financial administration processes, a written questionnaire was sent to selected persons, then returned questionnaires were analyzed by the author and personal interviews were held. Written questionnaires and personal interviews represented the data of the pilot study. Collaboration between stakeholders of the financial administration processes and involved persons of France had a significant meaning to the study – without collaboration of different parties, current financial administrative processes would have not been defined well and from different perspectives. Stakeholders and involved parties are further explained in chapter 4.

Action research as a research method is presented in the figure below.

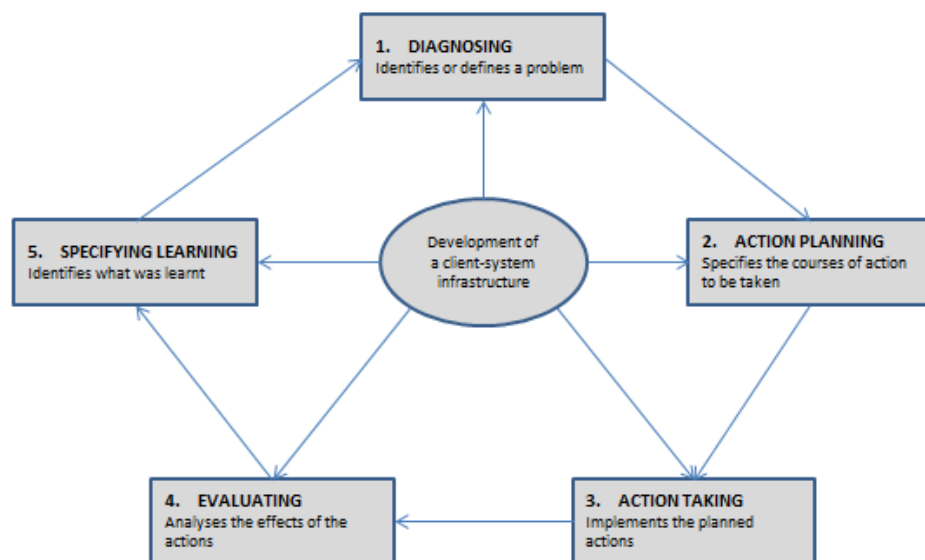


FIGURE 2. The typical process of action research (Myers 2009, 58).

In action research, first the problem is identified, second the courses of actions to be taken are planned. Following step is action taking which implements these planned

actions. Then the effects of these actions are analyzed. Finally, learning outcomes are identified.

In the figure below, research questions, used methods and tools are presented in an action research type of form.

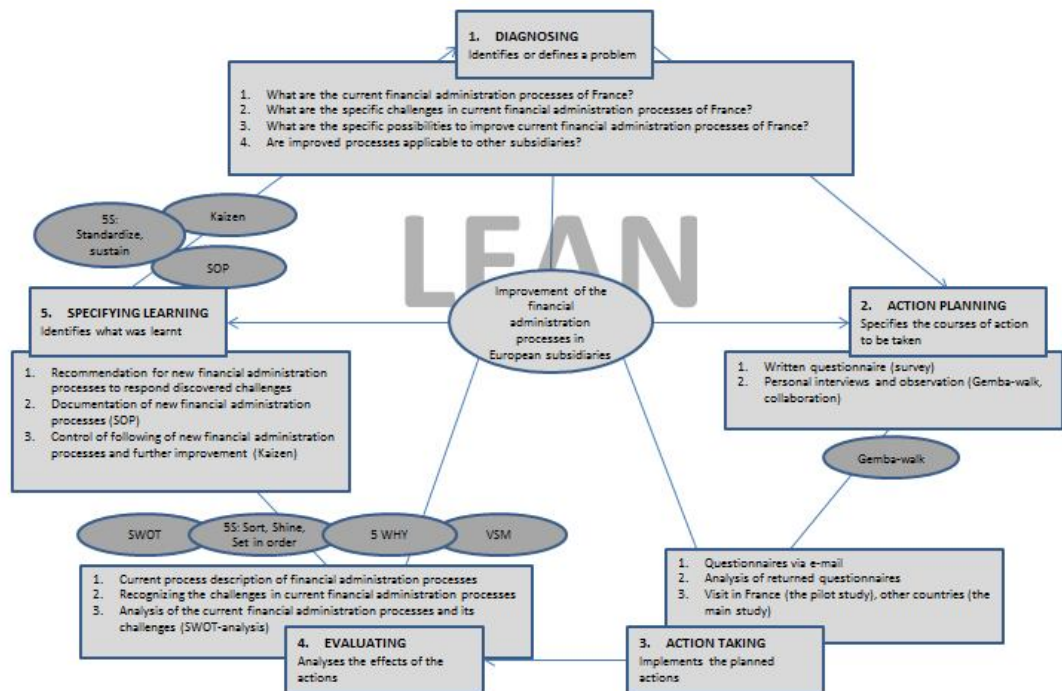


FIGURE 3. Research questions applied with methods and tools.

First in the pilot study, the problem was identified (research questions). Second step of the pilot study was to define how the problem could be solved, how research questions would be answered. After decision of these actions (written questionnaire and personal interviews representing the data basis) actions were executed. Once these actions were executed, the effects of these actions (current process description, recognized challenges and analysis of challenges through SWOT-analysis) were analyzed. Finally, based on these steps recommendations for new financial administration processes were built, documentation and control tools were issued.

1.4 Structure of the thesis

This thesis is divided into 8 chapters as described in the figure below.

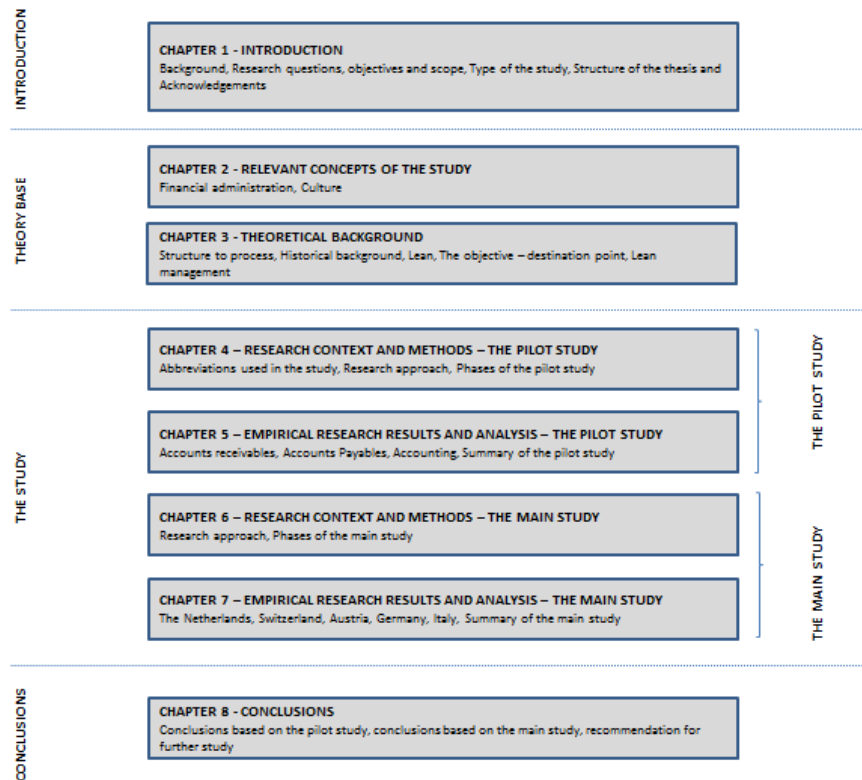


FIGURE 4. Structure of the thesis.

First chapter introduces briefly the thesis to the reader, why the study is interesting and why it was conducted. Theory bases of the thesis are presented in chapters 2 and 3. In chapter 2 relevant concepts of the study are presented as it is crucial to the reader to understand the basic terms and concepts which study focused in. Chapter 3 presents the theory base of lean and tools which were used in the study. Following chapters (4-7) represent the empirical part of the thesis, first the research context and methods of the pilot study (chapter 4) and results and analysis of the pilot study (chapter 5) and second the main study (research context and methods in chapter 6 and results and analysis in chapter 7). Finally, chapter 8 presents conclusions of the thesis and recommendations for main study.

1.5 Acknowledgements

From professional perspective, the projects of the pilot study and the main study were extremely interesting. At every step of these studies, acknowledgement of processes and effects were increased. I was also overwhelmed by the fact that while studying the theoretical background, many of the used methods and tools were described in fine terms and methods. I was already familiar with some of the concepts and terms (such as SWOT and SMART-methods) due to my background with bachelor's level studies, concept of lean and terms of Gemba walking and Kaizen I discovered during the study.

And, finally, I would like to thank especially the CEO of these subsidiaries and the Accounting Manager of the group in respecting and trusting for me to conduct the pilot study, and further to conduct the main study as well. It has been a great opportunity and deepened the level of acknowledgement. I would also like to thank all other involved directors and managers for the great support during these projects, as well as all other involved parties.

2 RELEVANT CONCEPTS OF THE STUDY

This chapter briefly introduces the relevant concepts and defines some of the basic terms of financial administration used in the study. As the study focuses on sub-processes of financial administration processes it is crucial to the reader to understand what is the whole process of financial administration and what are these specific sub processes and how these are linked into each other and together form a combination of financial administration process, as well as how other than financial administration processes have affects from and to the financial administration processes. As mentioned, the study focuses in financial administration processes of selected European subsidiaries (France – the pilot study, the Netherlands, Switzerland, Germany, Austria and Italy - the main study) and evaluates the following sub processes of financial administration in these selected subsidiaries

1. accounts receivables
2. accounts payables and
3. bookkeeping and reporting

As the study was conducted in the foreign subsidiaries of the group, the role of cultural, embedded in organizational behavior, did have an effect on the study.

Before financial administration as a concept and from the perspective of the study is presented it is crucial for the reader to understand the structure of the group; functions of the parent company and subsidiary as well as responsibilities between the parent company and the subsidiary.

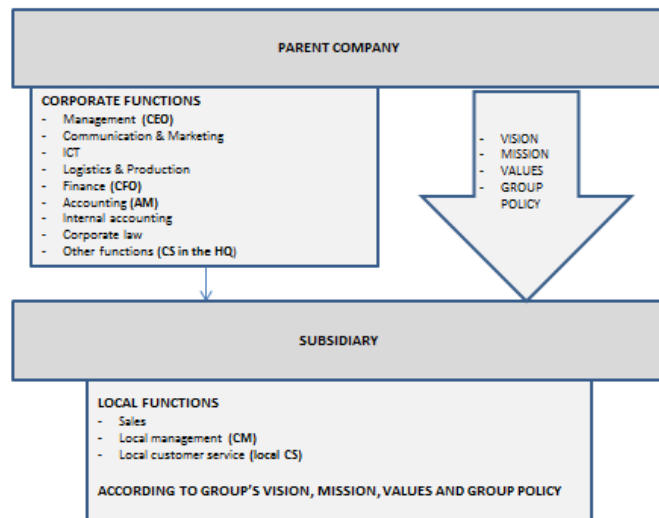


FIGURE 5. Functions of the parent company and subsidiary

As the figure 5 indicates, all other operations besides sales and related local management and customer service are taken care by the parent company. The parent company presents also the headquarters (HQ) of the group. Vision, mission and values are set in the parent company and given to subsidiaries to follow in daily operations. In addition, group policy is set and defined in the HQ and should be followed in all subsidiaries in daily and all operations. *The challenge which led to the study was that group policy was not followed or was followed differently than it was intended.*

2.1 Financial administration

The basic monetary and real processes of business are described in the figure below. The figure describes these processes on a general level and can be considered as basis knowledge for accounting and financial administration process concept.

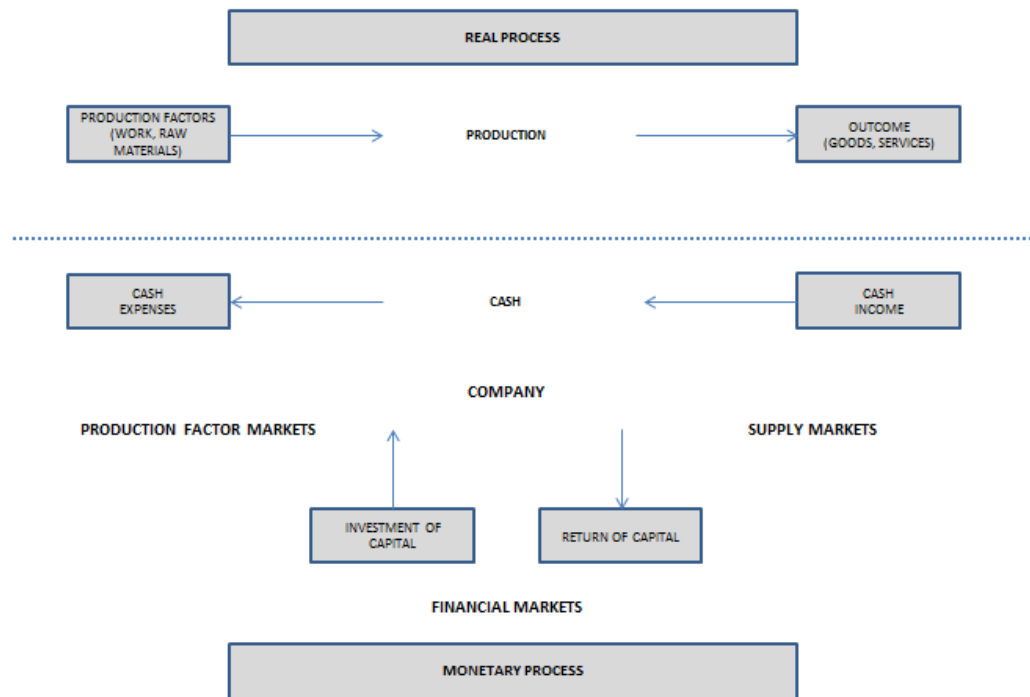


FIGURE 6. Monetary and real processes of companies (Vierros 2009).

Financial process of a company can be divided into real process (above the line) and monetary process (below the line). Real process includes all production factors (work, raw materials) and outcome of the production (goods and services). Monetary process includes cash flow, income (from outcomes of the production) and expenses (costs of the production and distribution of the outcomes). In addition the monetary process includes also pure financial activities (return of investments, dividends). (Vierros 2009).

If the basis process description of financial process of a company is considered from the study's perspective, from the subsidiary's perspective, real process consist the purchase of the goods which are sold to customers of the subsidiary and monetary process consists of the income received from these customers and the expenses of these. In the light of this basic process description, the focus of this study is in monetary process.

The figure below presents the financial administration process from the study's perspective in the light of the basic financial process of companies.

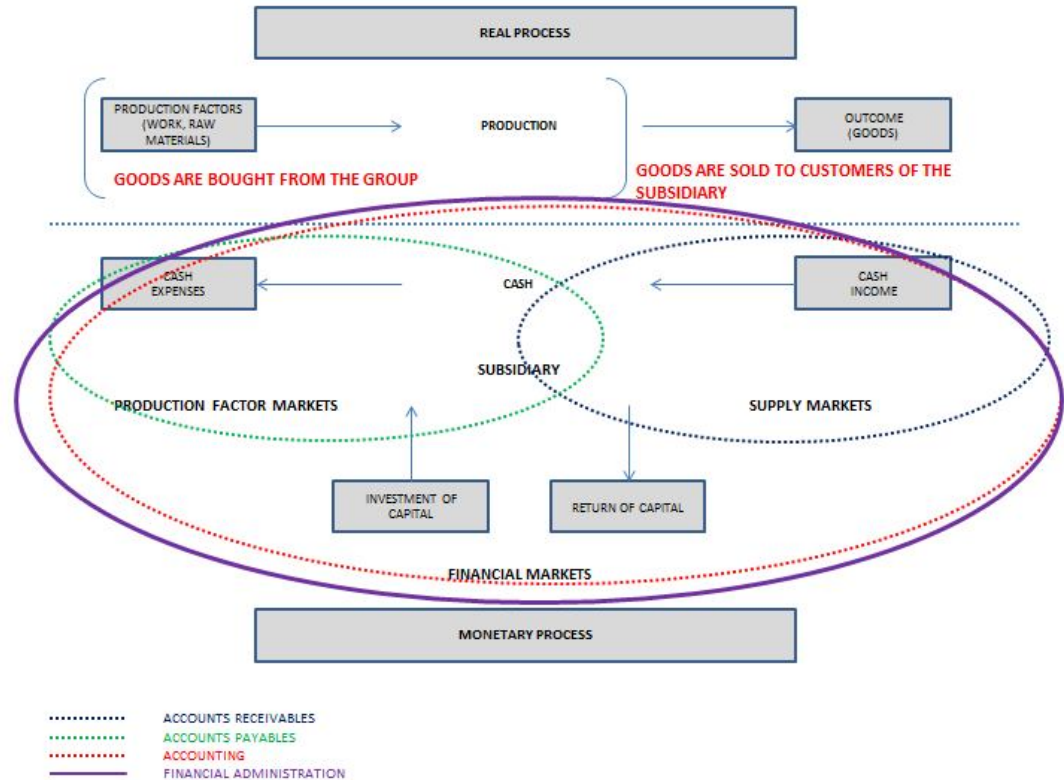


FIGURE 7. Financial process of companies – applied to the study.

As the figure above indicates, the focus of the study is in monetary processes. As described earlier in the beginning of chapter 2, subsidiaries are responsible of selling goods to local customers and all local management and customer service related functions regarding these sales. Finance and accounting are provided by the HQ as described in the same chapter. However, following group policies regarding finance and accounting on a daily operational level is under responsibility of the local subsidiary.

The figure indicates the elements of the study

1. accounts receivables
2. accounts payables
3. and accounting

forming all together (and with some other elements) together a concept of financial administration.

2.1.1 Accounts receivable

Accounts receivable as a term means a claim which is payable against the services or goods provided by the company. (Bragg 2010, 180.)

In the study, accounts receivables meant the accounts receivables subsidiaries had from their customers. Even though accounts receivables as a definition is rather simple, there are several elements which have affects from and to accounts receivables. Figure below indicates the concept of accounts receivables from the study's perspective and elements studied in the pilot study (solid line) and in the main study (dotted line). The figure also presents other non-financial administration areas which have affects to accounts receivables but are not part of the financial administration process.

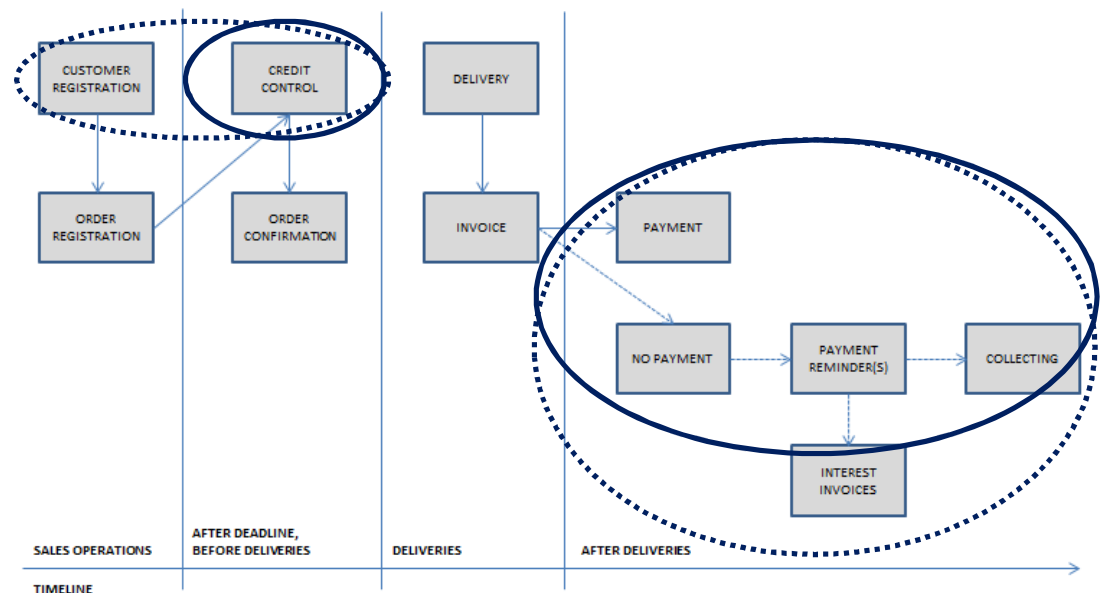


FIGURE 8. Accounts receivables concept from the study's perspective.

In the pilot study, the focus was on credit management and payment related areas; different methods of payments and booking of received payments as well as payments which were not received and led to payment reminders or eventually to collecting.

2.1.2 Account payable

Account payable is a term that means obligation which is owed to suppliers as from the products or services is bought from the suppliers. The term of account payable includes typically also the payment to the supplier within one year as well as other steps of the process until the invoice from the supplier is received. (Bragg 2002, 193.) In the study, accounts payable meant the account payable subsidiaries had to their suppliers, internal (group companies) and external of services bought regarding the operations of the subsidiary, i.e. purchases and other variable costs, rent, phone and other fixed costs. Accounts payable has also impacts from and to other processes; however impacts are not as significant as in accounts receivables. The focus of the pilot and the main study is indicated as a solid red line.

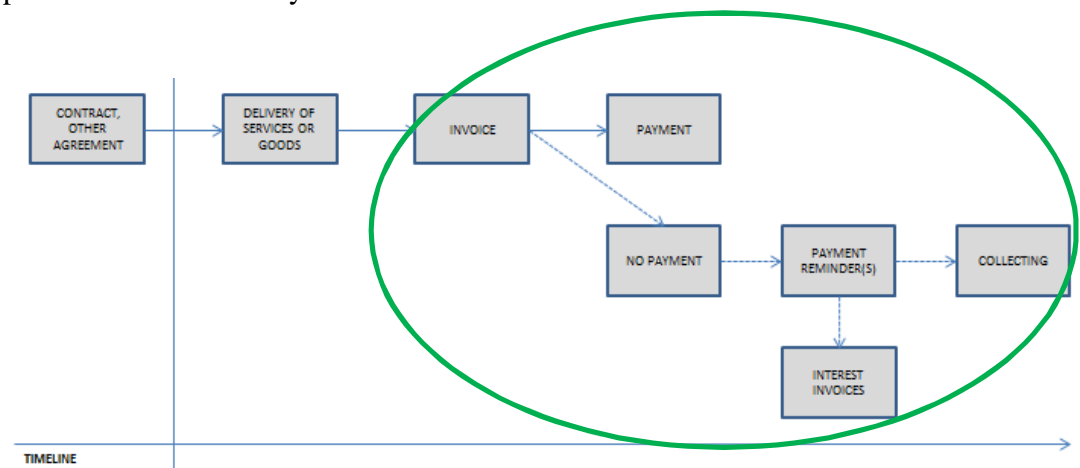


FIGURE 9. The concept of accounts payable from the study's perspective.

In the pilot study the focus was in receiving and payment of invoices. In the main study the receipt and handling of the invoice (before payment) were more deeply studied.

2.1.3 Bookkeeping and accounting

Bookkeeping as a term means the recording of financial transactions of the company. (Thukaram 2005, 2.) Accounting as a term means an information system that in addition to the tracking of the financial transactions, to accumulate, classify, summarize and report the financial transactions of the company in order to present the financial state of the company. This information is presented in a form of financial statements, which is further reported to management for decision making. (Minars 2003, 1.)

From the perspective of the study, bookkeeping meant recording of the financial transaction of subsidiaries, such as salaries, bank costs, and accruals and other related costs or income which were not representing accounts receivables or payable. Accounting on the other hand means in this study, the reporting of figures provided from bookkeeping to internal (group and the management) and external (tax authorities, other statutory institutions) parties. It is crucial for the reader to understand the difference of bookkeeping and accounting from study's perspective. As bookkeeping includes only recording of other financial transactions besides transactions related to accounts receivables and payable while accounting represents reporting based on bookkeeping.

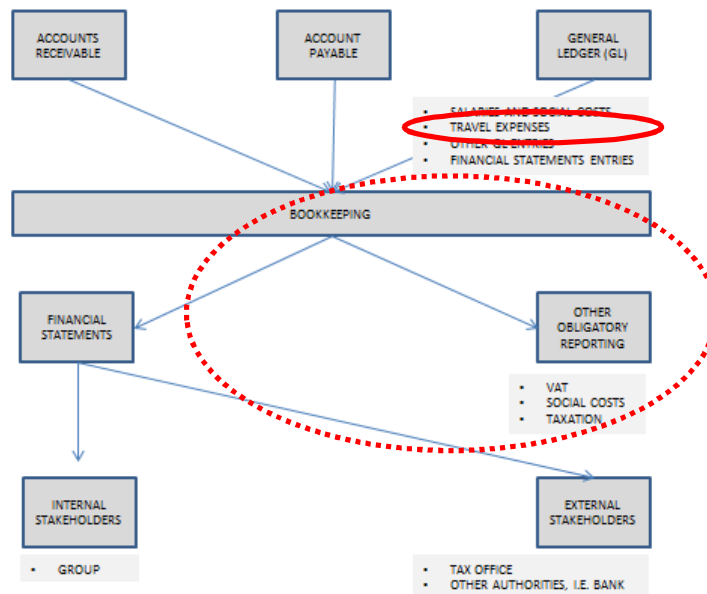


Figure 10. Accounting process from the study’s perspective.

The pilot and main studies focused in travel expenses (solid line), in addition the pilot study and part of the main study (Italy) focused also in process of bookkeeping (where and when financial transactions are recorder, dotted line). Even though the focus was not in accounting neither in the pilot study nor in the main study, it was crucial that all related processes (accounts receivables, accounts payable and further whole bookkeeping) were as efficient as possible in order to produce reporting from accounting to the group with more strict schedule, which was one of the objective of these studies.

2.2 Culture

Culture has a significant impact on the external and internal environment of an organization. However, even though the study covered subsidiaries in several countries as indicated in the figure 11, each different from each other, the study did not focus on the cultural aspects, even though a deep analysis of cultural differences

and the relative effects of the cultural differences would have provided a whole new dimension to the study.

According to Räsänen (2015) society or its culture, in the forms of religion and behavior, are factors effecting an organization operating in the European context. These factors can be seen in relation to how work conducted in different cultures and how it should be managed in order to gain best results with them. (Räsänen 2015.)

A Dutch researcher Mr. Geert Hofstede can be considered as a founder of comparative intercultural research. Mr. Hofstede has created a six dimension model which gives an overview of affecting elements of the culture. These six dimensions are power distance, individualism, masculinity, uncertainty avoidance, long term orientation and indulgence – and as mentioned each of these have affects in the behavior. (The Hofstede Center 2015).

The figure below represents all studied subsidiaries in one overview – as the figure indicates, different countries were represented in the study and therefore different cultures had affects to the study in a process level (for example how to conduct interviews, how to approach) and implementation level (how and by whom implementation of new processes must be conducted). However, as the study did not focus on cultural aspects and affects more deeply but just to give the reader an overview of which kinds of dimensions cultural aspects had.

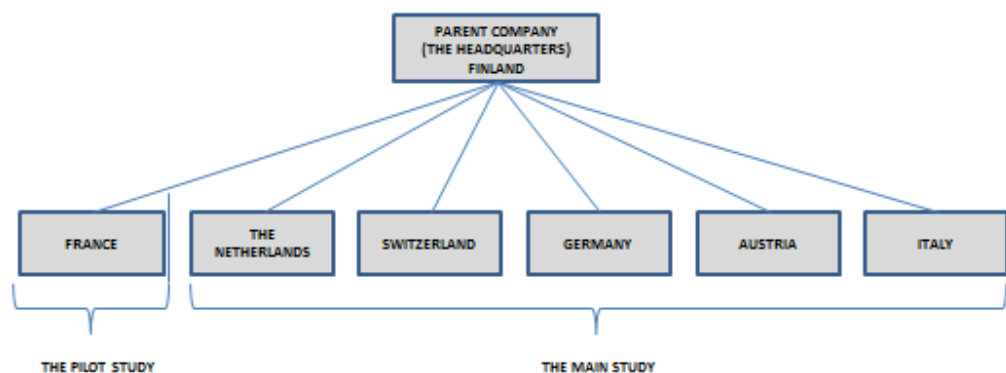


FIGURE 11. Subsidiaries of the study.

3 THEORETICAL BACKGROUND

The theoretical background of the study is presented in this chapter. Different theories of process improvement and evaluation were discussed by the author with several persons. Based on these discussions for example ISO9001 standard did not seem to fit but it courage author to seek other theories, and then Lean was discovered. Despite the fact that lean was intended to production processes, it seemed correct choice and applicable to professional processes as well. As the group does not have intention to tie itself into a certain method (lean management) lean and its tools were applied to the study with rather flexible way.

The chapter begins with concept of process, further the theory base of the study, lean, and its basic terms are introduced. Following an introduction of different tools of process improvement which were used and/or applied in the study (SMART-method, SWOT-analysis, Gemba walking, Five S, Kaizen and PDCA).

3.1 From structure to process

In order to understand the study and why a process focus is important for any improvement projects (as this study was), it is crucial for the reader to understand what has led to a more process oriented focus in this study. The basic concept of process, the relevant term of customer (external and internal), and the success criterions of process are introduced.

3.1.1 Changing world, the change of paradigm from structure to process

Before following the subchapters, it is necessary for the reader to understand two important facts. First, most of the process improvement theories and models are created in the US and Japan for much larger organizations. And second, most of the

process improvement theories and models are created to industrial production organizations. Even though the case company is not a large US or Japan based and the processes under study (financial administration processes) are not industrial production processes, process improvement theory can be applied to the study as well as these theories are applicable also to other countries and for smaller organizations, as well as to other types of processes, not only industrial production processes.

3.1.2 Criterion 1: Organization versus structure

The relationship between the part and the whole is more balanced in the new paradigm according to Raynus (2011, 5). Even though part presents to the understanding of the whole, at the same time the part can only be understood by understanding the whole. Parts can be further analyzed and evaluated only by understanding the dynamics of the whole. (Raynus 2011, 5-6.) From the study's perspective it is crucial to understand parts, the elements, of the studied processes individually but also the whole process including these elements. For example accounts receivables have such a significant impact from and to other processes (also in financial administration processes) that it is crucial to understand the process of accounts receivables as one element and in addition the whole process of financial administration where accounts receivables represents only one element. If this is not understood, improving of processes might fail if the links and affects are not understood from both element (accounts receivables) and process (financial administration) perspectives.

3.1.3 Criterion 2: Process Focus

In order to focus on processes, the term of process should be first clearly defined. Process itself has to be identified, how the process interacts and what it delivers as well as which skills are necessary for each process and how well these processes are

performing. Then processes should be measured effectively and managed by these facts. (Raynus 2011, 5-6.)

As the old traditional paradigm focuses fundamentally on the organizational structure, the new paradigm focuses primarily on the processes. In the new paradigm, an organization can be considered more as a display and a manifestation of the underlying process. (Raynus 2011, 6.) For the study, process focus is crucial perspective, as one of the objectives of the study was to unify *processes* in all selected subsidiaries. If the focus would have been in organization instead of process, unifying of processes would have been very challenging. Also the objective was that despite of changes in organizations processes would be followed, so as Raynus (2011,6) states the organization only displays the set and defined processes.

3.1.4 The concept of process

Following subchapters introduces briefly definition of process in general, external and internal customer as well as key terms of the process as well as the criterion of success of a project. Definition of process is crucial in order to understand the study, as mentioned in the previous chapter – the study focused in improving processes of the selected subsidiaries. Also the terms of customer, internal and external, are crucial according to the methodology of lean – processes should finally add value for the customer. In order to measure the success and relevance of the study, success criteria of process are further crucial to understand.

3.1.4.1 Process in general

According to Hobbs (2011, 167.) the lean definition of a process is very specific: a physical location where a logical grouping of labor or machine resources performs a sequential series of work tasks necessary to convert raw material into a finished product in order to increase the value of raw material. Process is a repeatable

manifestation of the process outcome. Elements of process (tasks, actions, steps) should be established for describing and defining the purpose and outcome of the process. (Aartsengel & Kurtoglu 2013, 26). The study focused in processes of financial administration (accounts receivables, accounts payables and accounting). Each of these processes were studied step by step and actions of different parties (such as financial administration, customer service etc.) were taken into consideration and evaluation in the study. The outcomes of these processes were crucial for internal customers and stakeholders of these processes and finally to external customers.

3.1.4.2 External and internal customer

Due to the fact that all crucial decisions during the first phases of process improvement are made by customers and stakeholders of the process, it is crucial to identify customers and stakeholders of the process in the very beginning of the project. Identifying of customers and stakeholders ties the project with the people or functions, which are then further affected by the project outcome. (Aartsengel & Kurtoglu 2013, 33.) The study focused in internal customers, and was conducted together with internal stakeholders. However, as the aim of lean management is to add value to customers of the process, the outcome of the study must add value to the external customer of each of the studied subsidiaries.

According to Aartsengel & Kurtoglu (2013, 34) ongoing identifying process includes three steps

1. Create a list of customers and stakeholders
2. Identify aspects of their relationship with the project and
3. Categorize each identified customer and stakeholder.

As described in figure 13 Phases of the pilot study in chapter 4, in the very beginning of the study a list of customers and stakeholders were defined.

Customers of each process improvement project are either external or internal. Concepts of external and internal customers are described by Smith (2007, 29), external customers are external of the company while internal customers can be considered as activities and communication between the employees and the company.

External customers are usually consumers or others who pay for the project outcomes while internal customers are individuals who will use the result or produced information during several stages of the project. External stakeholders are usually not part of the business itself but have another agenda for successful project. (Aartsengel & Kurtoglu 2013, 35.) According to Furterer (2016, 18) each process does not always interface directly with an external customer of the company, but will have internal customers.

As the study focused in processes of financial administration and as the aim was to improve these processes, the study focused only in internal customers, such as local customer service and country manager and management in the HQ. Even though the focus of the study was in internal customers (to produce the most efficient process), the aim was to serve the external customer the most efficient. The external customers were considered in decision making; customers of each of the studied subsidiaries (process of accounts receivables), external suppliers (process of accounts payable) and local accounting agencies and local authorities (process of accounting). Aartsengel & Kurtoglu (2013, 37) have described an example of stakeholders and interests of stakeholders in the table below.

As mentioned, the focus in this study was in internal stakeholders. These stakeholders were defined at the beginning of the study. Stakeholders of the pilot study are described in table 12 Stakeholders of decisions and processes in chapter 4.

TABLE 1. Project stakeholders list

| STAKEHOLDER | STAKEHOLDER INTEREST |
|---------------------------|--|
| CEO | Alignment with enterprise business intended strategy |
| Financial controller | Alignment with enterprise business budget |
| Health and safety officer | Alignment with health and safety |
| Quality officer | Alignment with quality standards |
| Regulatory body | Compliance with regulations |
| Industry body | Compliance with codes of practices |
| ... | ... |

3.1.4.3 The success criteria of the project

Despite how the success criteria of the process improvement project is defined, eventually the project should affect at least to one of three types

1. Increased revenue
2. Reduced costs
3. Improved product or service (Aartsengel & Kurtoglu 2013, 44).

In this study we are focusing on reducing the cost (more efficient process, employee costs) and improve the service (more efficient, more transparent) of financial administration processes to internal customers which finally leads to more efficient customer service to external customers.

3.2 Historical background

This chapter describes briefly the meaning and effects of continuous change of world from process perspective as well as process control in general. Even though analyzing and improving processes is not a new concept, the fact that processes can be

considered important for future success is rather interesting. Companies are facing more challenges in their operating markets and competition is tough nowadays, therefore each process which is not performing as well as it could, it could be considered as a threat or a risk to the company. As described further in chapter 5, already the pilot study revealed that challenges found from the current processes were affecting also to the satisfaction of final customers (external customers of France) due to poor performance.

Most of the tools and methods which are used for process improvement, such as flowcharts and control charts, have been used for a long period of time already. Process focus is getting stronger due to the combination of elements which have impacted the business world over the last several years. In order to successfully change the existing process, it is crucial to understand how and why a current situation has developed. (Smith 2007, 1-2.)

The table below indicates the change of business world from competition, customers, processes, technology and workforce perspective at 1970, 1985 and 2005 and the impact on processes.

TABLE 2. Business Trends over Time (Smith 2007, 12).

| TOPIC | 1970 | 1985 | 2005 | IMPACT ON PROCESS |
|-------------|---|--|---|--|
| Competition | Local/regional Smaller competitors | National/becoming global | Global Larger competitors | Must have processes capable of standing up to the best, well-capitalized companies in the world |
| Customers | Take whatever you give them. Limited choices. Prefer "made in USA" | Standards increasing Demand higher quality products and services | Very demanding Loyal to whoever is currently the best | Processes must be able to deliver excellent quality at efficient quality at efficient prices just to meet customer needs |
| Processes | Functional focus | Recognizing need to integrate automation TQM generates focus on process improvement | Processes seen as enablers Cross-functional focus Technology driven | Companies recognize there are many problems that cannot be solved functionally |
| Technology | Mainframes Focus on power | Desktops Focus on speed | Mobility Focus on access | An enabler only if processes are flowing smoothly to begin with |
| Workforce | Stable, with long term employees Experts on narrow range of tasks | Dynamic Increasing diversity Increasing breadth of knowledge needed | Mobile and diverse Premium on thinking versus simply doing Telecommuting/Working remotely | Processes must be well-documented to avoid losing institutional knowledge whenever an employee leaves |

In order to succeed in the business world of today it is crucial for the companies to understand new realities and expectations of customers and workforce (Smith 2007, 12). As the table indicates, customers are more demanding, while considering the study, this has effects of financial administration processes as well – it is not enough that the product sold to the customer by the subsidiary is satisfying; all other related services should also be performed at high-level. For example, if process of payment reminders (accounts receivables process) is executed poorly customer might receive too many or too few payment reminders which eventually could cause challenges if and when customers get upset.

During the past decades process thinking has developed (Smith 2007, 14-25). According to Smith (2007, 14) the development can be divided into four waves of Business Process Management (Total Quality Management, Business Process Re-engineering, Process-Oriented Organization Design and Process Based Competition). As mentioned in previous chapters, *process thinking* is crucial for the study as the study focused in improving of processes of financial administration. However, the process thinking and these methods are usually meant to be applied to production and manufacturing instead of professional services. However, these principles, methods and tools are applicable for professional services as well. Lean as a methodology is described in following subchapters and how the study applied lean in professional services.

3.3 Lean

This chapter introduces lean-theory, the historical background of lean as well as the focus of lean (customer perspective, concept of waste and Value Stream Mapping). It is important to understand the lean-theory, history of the theory as well as the focus of lean well first and then how it was applied to professional services.

3.3.1 Historical background of lean

There are several difference process control- and quality methods, such as ISO:9000-standards, Six Sigma and Lean. For the study, lean methodology was selected for theoretical background. As the management did not want to tie processes and the group to a certain theory or process control method, ISO-standards were not applicable in the study. As mentioned in the introduction chapter, the basic elements of lean and the purpose of lean were applicable to the study.

Lean was created in Japan, based on perceptions made of functions of Toyota car factory. Toyota Production System (TPS) was developed over the past 50 years at Toyota, using the writings of Henry Ford as basis. TPS pursues to defeat waste (muda) from production processes. Just-In-Time production, where nothing is produced until specific customer demand for is the ideal approach of TPS. Even though the roots of lean are deep in the shop floor, the principles and the tools are adequate for other processes, such as administrative, technical and professional as well. (Mann 2010, 271.) The concept of waste was crucial for the study and different forms of waste (muda) are explained further in this chapter. Even though TPS is for production processes, waste can be found from professional processes as well as the study indicates.

3.3.2 Lean: focus on value-adding activities

Lean as a methodology focuses on value-adding activities of processes. Following subchapters presents key aspects; customer perspective, concept of waste and Value Stream Mapping. Even though functionality of professional processes (financial administration processes in the study) are not improving the product itself, it has an impact in adding value to the customer (external customer in the study; the final customer of the subsidiary) due to the fact that tasks, actions related to the process (for example payment reminders) are executed in a proper way.

3.3.2.1 Customer perspective

Lean is more of a mindset, a way of viewing the world. Lean focuses in smooth process flows, executing of only value adding activities and further removing all other activities which does not add value, is considered waste. In lean management the value is defined by customer's perspective (Raynus 2011, 96). According to Aartsengel & Kurtoglu (2013, 17) a lean business activity is a business activity that is effective, efficient and flexible or adaptable. This is exactly where the study focused in, smooth process flows (in each sub process (accounts receivables, accounts payable and accounting) of financial administration) and executing only value adding activities of these processes. The study also eliminated activities which did not add any value to the customer but created challenges to internal customers as well as waste (such as overlapping tasks locally and in the HQ).

Borris (2012, 26-27) introduces the 5 principles of lean; principles are gathered to the table below

TABLE 3. Five principles of lean

| PRINCIPLE | MEANING |
|-----------------------|--|
| Value | Value is something that adds either to a process or the level of a customer's satisfaction |
| Value stream | Represents every step of the company process from the beginning to the end. |
| Make the product flow | The product flow should move smoothly through each step of the process |
| Pull | Customer demand |
| Strive for perfection | Goal of every process of improvement |

Principles of lean are to add value either to the process or increase customer satisfaction. To have value stream from the beginning to the end of the process the product flow should further flow smoothly from the beginning to the end and everything should be produced based on customer demand. Finally, improvement of

processes should strive for perfection. (Borris 2012, 6-7). In this study, *value* increases customer satisfaction (to both internal and finally to external customers), *value stream* (for example process of accounts receivables) from beginning (customer registration) to the end of the process (payment, collecting) should flow smoothly (no challenges). Even though the study was not conducted from external customer's demand, the external customer's demand however was one of the reasons for the study – to serve the external customer the best with the most efficient administrative processes. The aim of the study to have the most efficient processes of financial administration, *strove to perfection*.

3.3.2.2 Concept of waste

According to Carreira (2005, 49), one of the cornerstones of the lean philosophy is waste elimination. Borris (2012, 98) describes waiting as one of the biggest wastes which affects every step. Borris (2012, 135) describes the seven forms of waste following

1. Transporting
2. Inventory
3. Movement
4. Waiting
5. Overproduction
6. Over processing
7. Defects

In this study, concept of waste was crucial as stated before already, the table below presents example of the types of waste found from the process of accounts receivables in the pilot study.

TABLE 4. Forms of waste applied to the pilot study.

| 7 WASTE | APPLIED TO THE PILOT STUDY PROCESS OF ACCOUNTS RECEIVABLES CHECK AS A PAYMENT METHOD |
|-----------------|---|
| TRANSPORTING | RE-SENDING CHECKS FROM LOCAL OFFICE TO LOCAL ACCOUNTING AGENCY FOR DEPOSIT |
| INVENTORY | STORING OF RECEIPT CHECK AT LOCAL OFFICE |
| MOVEMENT | RE-SENDING CHECKS FROM LOCAL OFFICE TO LOCAL ACCOUNTING AGENCY FOR DEPOSIT |
| WAITING | RE-SENDING CHECKS FROM LOCAL OFFICE TO LOCAL ACCOUNTING AGENCY FOR DEPOSIT |
| OVERPRODUCTION | N/A |
| OVER PROCESSING | REGISTERING INFORMATION OF RECEIPT CHECK IN SEVERAL LOCATIONS |
| DEFECTS | PAYMENT REMINDERS ISSUED AND SENT TO CUSTOMERS WHO ALREADY HAD SENT THEIR CHECK BUT WHICH WAS NOT DEPOSITED YET |

As an example, check as a payment method part of the process of accounts receivables in the pilot study indicated several forms of waste. As checks were sent by some customers first to the local office and then further to local accounting agency, checks were transported first to the local office, then stored and registered and further sent to local accounting agency for deposit – the process indicated too much of transportation and movement, un-necessary inventory of checks at the local office, waiting of the deposit to the bank account of France, over processing while checks were registered to a file at the local office and local accounting agency and finally at administration department in the HQ and finally, in some cases payment reminders were issued to customers who had sent their checks to the local office but not deposited to bank account of France.

3.3.2.3 Value stream mapping (VSM)

Lean focuses on the value stream, the string of activities and work which are required in order to produce a product or provide a service. Even though it is similar to a linear process flow map, it has own unique symbols and data. The basis for lean method is to understand how the value stream is organized, how work is performed, which of

the work is value added and which of the work does not add value, and eventually what happens to products and services and information while flow through the value stream. (Raynus 2011, 97.) A process flow is crucial to be defined in order to achieve defined targets. The mapping of all activities and steps of the process is called Value Stream Mapping (VSM). (Pienert 2010, 234.) Value stream mapping was important for the success of the study, in order to define the current process and eliminate the waste and further to improve the process. For example in the pilot study accounts receivables – check as a payment method, first the study defined how the process of check payment was organized (where customers sent their checks) and then how the work was performed (all the parties that were involved in handling of checks and what was their role in the process). By mapping these (FIGURE 15 Process chart of current process of check) to a process chart stated clearly and visually what was the current process. In the study each step of work was evaluated if it added value to the process (payment by check) or not. The study revealed that part of the work conducted in the current process did not add any value to internal (shareholders) or external (customers) parties. The study also indicated what happened to the information during the process (which part of the information was collected and followed by several parties but not shared). In order to achieve targets of the study (define the current process and identify possible challenges in the current process and to improve the process) value stream mapping was crucial.

Using tools of lean methodology organization is able to eliminate waste from processes. However, behind every improvement process there is strong resistance and organizational culture and beliefs which consider processes should not be changed from one reason or another. (Raynus 2011, 97.) Resistance is usually due to the fact that change is seen as a threat against routines and fear to respond to new demands which might have affects to for example the employee's status or earnings (Armstrong 2008, 148). As defined in the earlier paragraph value stream mapping identified what was the current process and defined work which did not add any value to the process, which was considered as a waste. As the study focused in organizations which were working the way they were for a long time it was crucial to

take the possible resistance into consideration as well. Therefore all the steps of the study, all the participants of the study and especially the implementation were carefully planned and executed as described further in chapter 4.

3.4 The objective – destination point

Definition of destination and related key terms (vision/mission, goal, objective and task) are briefly described in the beginning of following subchapters. Then relevant tools of lean (SMART, SWOT, Gemba walking, Five S, Kaizen and PDCA/PDSA) are briefly introduced.

3.4.1 Importance of definition of destination – from "up-to-down"

Defining the destination point is crucial to reach the destination. If the definition of objective fails, most likely the improvement will fail as well. Objectives can be considered as a direction in improving. Usually objectives are derived through some type of assessment where current level of performance is compared to the desired level of performance. The gap between these levels of performances can be defined through SWOT analysis. (Raynus 2011, 136-137.) SWOT analysis was used in the study in order to compare the current processes to the recommended processes.

Ensuring successful execution of what is important a top-down-mythology is recommended to be followed as it binds all parts of the organization together all the way from mission/vision level to the action plan/tasks levels (Raynus 2011, 139). For the study this was important especially in financial administrative processes of subsidiaries as even though the work is conducted locally in these subsidiaries, the process must follow group's policy (mission, goal and objectives) also at subsidiary level. Financial administrative processes have to be defined so that all local regulations are taken into consideration together with local market habits but also in

the way that the policy of the group is followed. In subsidiaries local regulations and market habits were familiar but to bind them together with the group policy it was crucial that the implementation of new processes was planned carefully as described further.

Raynus gives also a similar example of the elements which has to be considered in top-down-mythology. Raynus' example below is concerning public facilities.

Mission -> To corporately manage public facilities

Goal -> Sound management of public resources

Objective -> Distribute funding for services in an equitable manner across the entire agency

Task -> Define those services that will be subject to a consistent allocation process.

It is crucial for the organization to understand the relevance of instructions in order to all follow the same mission and vision (Smith 2007, 29-30). In addition it is crucial for a manager to ensure that all members of organization are achieving high levels of performance. In order to do so, they need to understand what is expected, that organization works together in order to meet expectation as well as that all the necessary support for meeting the expectations is given. (Armstrong 2008, 101-102.) In the study one of the challenges was the lack of written instructions of the processes and how the processes should have been performed in order to follow group policy but to respect local regulations and market habits.

3.4.2 SMART-method

In some cases it might be applicable to follow a set of criteria for creating objectives. The SMART-criteria can assist in setting stages for good performance measures. (Raynus 2011, 139.)

TABLE 5. Definition of the SMART-criteria (Raynus 2011, 139.)

| S | M | A | R | T |
|--|--|--|--|--|
| Provide clear direction on what actions must be taken, easy to understand. | Quantifiable and verifiable measurement. | Realistic given organizational capabilities. | Focused on outcome, not the method by which you get there. | Set around some reasonable time frame. |

In the study, objectives were defined through a SMART-method. For example in the pilot study accounts receivables – payment reminders as indicated below

TABLE 6. An example of definition of the SMART-criteria in the pilot study: Process of payment reminders.

| S | M | A | R | T |
|---|-------------------------------------|---|--|---|
| The process divided based on degrees of the payment reminders. - Actions to be taken at each degree (and by whom) - Actions in the following step (and by whom) | Number of issued payment reminders. | Responsibilities in the headquarters and on a subsidiary level. | How many payment reminders are issued. | Deadline for the process from the first degree of payment reminder to the last. |

The objective of improving the process of payment reminders was to handle the process of accounts receivables more efficient. First the clear direction was provided – what is the process of payment reminders, which are the steps through the process and what actions needs to be taken and by whom from the first step of the process to last. Then to measure the process (number of issued payment reminders), provide the organizational capabilities (who is involved in the process and how) following the outcome of the process (how many payment reminders were issued) and finally to give a proper deadline for the process (deadlines from the first step of the process to the last step of it).

3.4.3 SWOT

After the objectives are identified it is recommended to conduct a strength-weakness-opportunities-threats analysis (SWOT analysis) in order to evaluate recommendations (Muralidharan 2015, 20). For each studied process, objectives were identified and in order to achieve the objectives SWOT analysis was used in order to define if the recommended process responded to the challenges identified in current processes.

3.4.3.1 SWOT Analysis

SWOT analysis is a technique for focusing an individual's or a group's attention on strengths, weaknesses, opportunities and threats (Murray-Webster 2010, 88).

Muralidharan (2015, 20-21) gives an example of SWOT analysis in the table below.

Muralidharan (2015, 21) emphasizes that in SWOT analysis for setting strategic direction, understanding the key customer, market, and operational conditions are input.

TABLE 7. SWOT Analysis (Muralidharan 2015, 20-21.)

| | |
|------------------------------------|---|
| STRENGTHS | WEAKNESSES |
| Experience and expertise | Lack of experience |
| Financial position | Lack of trained personnel |
| Capital raising capacity | Inability to cope with newer technologies |
| Industrial contacts | Inability to raise huge investments |
| Foreign collaborations | Inability to forecast market trends |
| OPPORTUNITIES | THREATS |
| Emerging technologies | Competitors |
| New products with new markets | Poor state of economy |
| New processes with better features | Outdated processes and technology |
| Special financing schemes | Unprofessional management skills |
| Government and other incentives | New products and services |

As mentioned earlier, SWOT analysis was used to evaluate the strengths and weaknesses and opportunities and threats of the current process and in order to evaluate if the recommended process would respond to the challenges identified from

the current processes. SWOT analysis of processes of the study can be found from appendices.

3.4.3.2 Solving the problems (5Ws)

In a lean environment, the classic response is to ask why the problem exists and what has caused the problem. It is crucial to understand that lean does not solve problems; it reveals problems in order to eliminate causes of problems and further improve the process. (Mann 2010, 163.)

According to Mann (2010, 168) in order to define the problem and find causes of problems, some steps are crucial to be followed despite the type of the process

- Step 1: Identify and define the problem
- Step 2: Quarantine the problem and take other immediate remedial actions
- Step 3: Identify root cause analysis
- Step 4: Conduct root cause analysis
- Step 5: Identify root cause solutions, assess them, and test the preferred alternative
- Step 6: Implement the root cause solution
- Step 7: Monitor and revise the solution as indicated by performance data.

Asking whys five times can be considered as a basic method of cause analysis. Each question leads to the following question and in turn goes deeper to the cause until the root cause is defined. (Thompson 2014, 25.) 5 whys were used in the study in order to define the root of the challenge – for example one challenge in the pilot study accounts receivables – checks as a payment method

1. We sent a payment reminder to a customer who had already sent the payment by check.
2. Why? Because customer had sent check to office 1 which re-sends the check further for deposit.
3. Why? Customers choose the place to send their checks by themselves.

4. Why? Habit created over the time.

And to apply the steps

- Step 1: Checks are sent by customers to several places.
- Step 2: Discover where and why customers send their payments by checks to several places.
- Step 3: Habit of customer.
- Step 4: No verifiable reason for customer to choose where payment by check is sent to.
- Step 5: Solution to send check only one place. Tested as some of the customers already sent their checks to the final place.
- Step 6: Letter to customers informing where payments by checks should be sent to.
- Step 7: Internal instructions and control at accounts receivables regarding checks that are sent to other places.

3.4.3.3 Meaning of problem solving

In a lean environment, it can be considered that everyone has two responsibilities. Running business on a day-to-day basis and continuously improving the business. (Mann 2010, 169.) Discovering and further eliminating problems can be considered as a key element in lean (Mann 2010, 157-158.)

3.4.4 Gemba walking

Mann (2010, 268) describes Gemba as a rough translation from Japanese as the real place. Gemba walking benefits the organization in two ways, first to allow managers to rather quickly identify problems and second to foster alignment of goals by demonstrating the importance of the metrics to all the associates. (Ade Asefesco MCIPS MBA 2013, 131.)

3.4.4.1 The practical implementation

The principle of Gemba walking is rather simple, go to the place, look at the process, and talk with the people. For example in a call center, Gemba would be the call center floor and workstations, in manufacturing Gemba would be the floor. (Mann 2010, 123.) Gemba walk was a very important element of the study, as the current process would have not been identified well if Gemba walk would not have been conducted. In the pilot study for example in accounts receivables and check as a payment method it was crucial to see where customer sends the check, how the check was handled in the first place and what were the further actions with the check. Without Gemba walk some steps of the process (for example how checks were listed in an additional, not shared excel file) would not have been discovered.

3.4.4.2 Organizational knowledge

Communication between the management and rest of the organization is crucial from change perspective. (Schipper & Swets 2012, 53.) Raynus (2011, 103) describes organizational knowledge which could be considered as one perspective of organizational intelligence. The quality of understanding as well as impartiality of actions of the organization can be significantly improved while combining wisdom and experiences of individuals through dialogues and collaboration. The capacity of organizational knowledge can be considered as a basis for working efficiently in a world of change. (Raynus 2011, 103.) For the study, the organizational knowledge was a very important aspect – as each participant of the process represented an organizational knowledge. The study defined how each participant contributed to the process and why the involvement was either important or not important for the success of the process. For understanding the importance of the organizational knowledge was important also for success of implementing new processes – each participant knew they had involved in the improvement process and their contribution

and knowledge were taken into consideration in the improvement. This was especially important due to cultural differences as well.

3.4.5 Five S (Sort, shine, set in order, standardize, sustain)

Different authors use different terms of five S as indicated below. Even though these terms are developed for industrial production, terms can be applied to service and professional organizations as well.

According to Gilpatrick & Furlong (2004, 62) these five steps are crucial to remove waste from the process. Five S according to Gilpatrick & Furlong (2004, 62) are

- Sort, Shine, Set in order, Standardize and Sustain.

Muralidharan (2015, 366-367) describes five S as a tool for systematic follow-up of processes and improvement. These Japanese words are Seiri (Sort), Seiton (Shine), Seiso (Set in order), Seiketsu (Standardize) and Shitsuke (Sustain).

TABLE 8. Five S (Muralidharan 2015, 366-367.)

| SEIRI | SEITON | SEISO | SEIKETSU | SHITSUKE |
|--|----------------------|---------------------------|--|---|
| Separate not necessary elements from the necessary elements of the work. | Put things in order. | Keep the workplace clean. | Maintain neatness and cleanliness in the organization. | Instill the ability of doing things the way they are supposed to be done. |

The method of five S considers that no effective and quality work can be done without a clean and safe environment and behavioral rules according to Raynus (2011, 98). First three S represents actions at the workplace, while the last two are focusing in sustaining and progress of actions. It is further recommended that implementation of these 5S would be conducted in a carefully selected pilot, and then further spread to others step by step. (Raynus 2011, 98.)

As indicated in the FIGURE 3 (Research questions applied with methods and tools) five S were used in the fourth and fifth steps – evaluation (sort, shine and set in order) and specifying learning (standardize and sustain)

1. Define the current processes and challenges of the current processes (Sort)
2. Improve the current process (Shine)
3. Recommendation for the new process (Set in order)
4. Instructions of the new process (Standardize)
5. Follow the new process and further improve (Sustain)

3.4.6 Kaizen

Kaizen continuous improvement as a concept is introduced briefly in following subchapters, first Kaizen in general, following Standard Operating Procedure (SOP), Kaizen management, as well as Kaizen versus innovation.

3.4.6.1 Kaizen in general

Kaizen is a Japanese word for continuous improvement. (Douglas 2010, 24.) Kaizen continuous improvement can be considered as a basis of Japanese management. The concept has gained worldwide acknowledgement in improving ongoing products and processes, it was introduced by Masaoki Imai of Japan. Following Kaizen concept, all areas of life deserves to be continually improved. From organizational perspective Kaizen involves both the managers and the employees in the process of ongoing improvement. Following Kaizen, processes should be evaluated and improved every day. (Muralidharan 2015, 365.) In the study, Kaizen as a concept is recognized at the fifth step – specifying learning, control of the new processes and further and continuous improvement of these new processes.

3.4.6.2 Standard Operating Procedure (SOP)

Following Kaizen, there are two major components of managers, to maintain and further to improve standards of processes. It is crucial that organization is committed to follow the standards; however management has an important role in order to provide standards for organizing through policies, rules, directives and procedures. It is critical that standards are followed, and if not, to find the reasons and to react to the discrepancy, for example by increasing discipline or to adjust and improve standards. (Muralidharan 2015, 365.)

3.4.6.3 Kaizen management

The meaning of Kaizen in an organization can be described from top to bottom; the table below introduces the meaning of Kaizen in organization from different levels according to Muralidharan (2015, 365-366).

The Kaizen management can be applied to the study as well – from top management to down as in the table below. First top management has to be determined to introduce Kaizen (continuous improvement) as a corporate strategy, provide necessary support and direction for it and establish policy for Kaizen (SOP), control Kaizen's success (control of SOP) and build systems and procedures to support Kaizen (files created to use in improved processes). Middle management and supervisors (country managers) has to implement Kaizen (SOP) to employees, explain and train employees so they can follow the Kaizen (SOP). Finally the workers (employees, participants of each process) must follow Kaizen (SOP).

TABLE 40. Meaning of Kaizen (2015, 365-366).

| |
|---|
| TOP MANAGEMENT |
| Be determined to introduce Kaizen as a corporate strategy |
| Provide support and direction for Kaizen by allocating resources |
| Establish policy for Kaizen and cross-functional goals |
| Realize Kaizen goals through police deployment and audits |
| Build systems, procedures, and structures conducive to Kaizen |
| MIDDLE MANAGEMENT |
| Deploy and implement Kaizen goals as directed by top management |
| Use Kaizen in functional capabilities |
| Establish, maintain, and upgrade standards |
| Make employees Kaizen conscious through intensive training programs |
| Help employees develop skills and tools for problem solving |
| SUPERVISORS |
| Use Kaizen in functional roles |
| Formulate plans for Kaizen and provide guidance to workers |
| Improve communication with workers and sustain high morale |
| Support small-group activities and the individual suggestion system |
| Introduce discipline in the workplace |
| Provide Kaizen suggestions |
| WORKERS |
| Engage in Kaizen through the suggestion system and small-group activities |
| Practice discipline in the workshop |
| Engage in continuous self-development to become better problem solvers |
| Enhance skills and job performance expertise with cross-education |

3.4.6.4 Kaizen versus. Innovation

Even though maintenance and improvement of the standards can be considered as main objectives, the improvement can be divided into two concepts; Kaizen and innovation. While Kaizen signifies small improvements as a result of ongoing efforts, innovation involves radical improvement as a result of a significant investment in for example new technology and/or equipment. (Muralidharan 2015, 366.) The study focused only in Kaizen, innovation would have meant for example investment in new IT programs or equipment which could have been used in order to improve the processes. As the financial administrative processes did not require and were not intended to do any such investments, the focus was on Kaizen and innovation in this meaning was not taken into consideration.

3.4.7 Continuous improvement PDCA -> PDSA

As presented in earlier chapters, ongoing process improvement is crucial for the business as well as its future.

Dr. W. Edwards Deming has given a classic advice for organizations to continuous improvement, Plan, Do, Check (or reflect) and Act (or adjust) (Mann 2010, xvi-xvii). Nowadays this advice can also be presented as Plan, Do, Study and Act (Aartsengel & Kurtoglu 2013, 28).

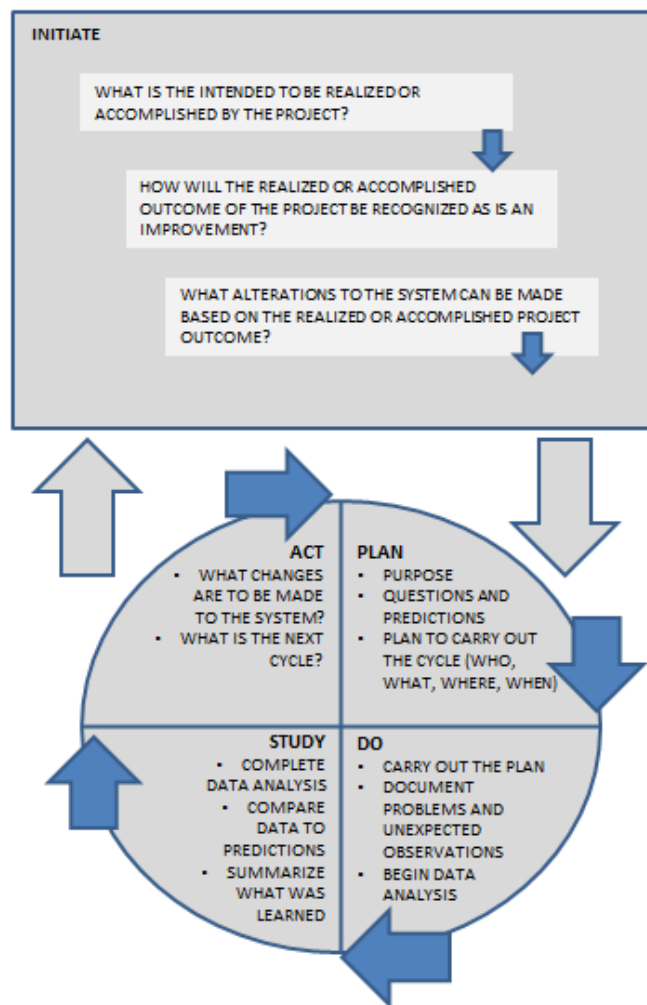


FIGURE 12. Plan, Do, Study, Act (Aartsengel & Kurtoglu 2013, 28).

These phases were used in the study – following FIGURE 3 (Research questions applied with methods and tools) second step, action planning (Plan) to action taking (Do), evaluating (Study) and further specifying learning (Act).

3.5 Lean management

Following subchapters describes briefly lean management as a concept, lean management in general, mass production versus lean production management as well as visual controls of lean management.

3.5.1 Lean management in general

Lean management can be executed in several ways and forms; there are no correct or incorrect ways of executing of lean management. In the ideal cases, organizations have followed Deming's PDCA (or PDSA) advices and as a result improved processes and eliminated waste from processes. (Mann 2010, xvi.) As briefly explained earlier, the concept of waste was crucial for the reader to understand in order to understand the study, in the study waste represents all the actions and activities which were taken in current processes but which did not add any value to these processes. Overlapping operations and non-value adding steps in the process both representing the lost time (which did not add any value to neither internal nor external customer) were the waste on the study.

Discipline, daily practices and tools are basis of the lean management system. In lean management, the process focus is the crucial factor of success. (Mann 2010, 7.) Even though lean is developed for production industry, it can be applied to professional services as well as mentioned earlier. In the study, the lean perspective – *the process* focus was crucial.

3.5.2 Lean management

Even though the roots of lean management is in manufacturing, the concept and principles can be applied to other processes as well, such as administrative, technical and professional processes (Mann 2010,205).

As described, lean principles and tool are applicable to other processes, such as office processes as well. However, challenge of lean in office processes might be that the resistance of increased accountability which is conducted through standardizing of performance and productivity. (Mann 2010, 117)

In lean management the results certainly matter, however it is the approach of achieving the results that varies from conventional methods of management due to the focus on the process itself and the results. While improving the process, also results are expected to improve as well. (Mann 2010, 11.) This was also crucial approach for the study as stated in the previous paragraph.

3.5.3 Mass production vs. Lean production management

The main differences between mass production and lean production management are described in the table below according to Mann (2010, 18.). Even though lean is developed for production industry and mass production can be understood easier from production industry perspective than professional services perspective, it is important for the reader to understand what the differences between mass production and lean production are. Current processes represented more mass production type of way to work instead of lean production, and this was one reason these first challenges were recognized (which eventually led to the study).

TABLE 9. Difference in Habits and Practices Between Batch and Lean Culture (Mann 2010, 18).

| MASS PRODUCTION | LEAN PRODUCTION |
|---|---|
| Personally Focused Work Practices | Process Focused Work Practices |
| Independent | Interdependent, closely linked |
| Self-paced and breaks | Process-packed work, time as a discipline |
| "Leave me alone" | "I work as part of a team" |
| "I get my own parts and supplies" | In-and-out-cycle work are separated and standardized |
| "We do whatever it takes to get the job done; I know whom I can rely on at crunch time" | There's a defined process or procedure for pretty much everything: follow the process |
| "I define my own methods" | Methods and procedures are standardized |
| Results are the focus, do whatever it takes | Process focus is the path to consistent results |
| "Improvement is someone else's job; it's not my responsibility" | Improvement is the job of everyone |
| "Maintenance takes care of the equipment when it breaks; it's not my responsible" | Taking care of the equipment to minimize unplanned downtime is routine |
| Managed by the pay or bonus system | Managed by performance to expectations |

For the study, mass production represents the current process – processes and practices in each process were more personally focused and independent which was clearly recognized in the main study; even though the group policy was the same the study revealed that like each of the subsidiary had their own mass production of process (the France “mass production”, the Netherlands “mass production” etc.). In the new processes the focus turned into process perspective from independent perspective – each of these subsidiaries had the same basis and guidelines regarding the processes (local regulations and market habits taken into consideration), everything is standardized, and everyone has to follow the same rules.

Well and persistently implemented lean management assists in bringing the basis of stability to lean production conversions, the basis on which ongoing improvements can be built. When lean management can be considered “the way we do things around

here”, benefits can be extensive. (Mann 2010, 35.) This was seen in the study as well, for example in the pilot study accounts receivables – payment reminders, when the focus was in the process and the process was recommended to improve, benefits followed; number of payment reminders decreased.

Also, standardized work in a leader level is a basis for continuity of a lean management. As according to lean management, supervisors create standardized processes so that the organizational processes are not dependent on who is completing the process. Several benefits can be achieved through this approach; however there are two significant benefits in the approach. Continuity of basic practices across changes represents the first significant benefit of the approach. The second, perhaps more significant benefit is leader standardized work. The second benefit enables the organization to raise the game of the existing leadership resources or contrary highlight those who are not able to make transition. (Mann 2010, 54.)

Lean is an improvement system. Methods of lean underline processes which are not performing as expected as well as those processes and highlights things which should be improved. A central theme of lean management’s emphasis on process focus is the comparison between the expected performance and actual performance. (Mann 2010, 54.) In the study, standardized work (SOP as an outcome) was a valuable result, the processes which were not performing as expected (current processes) were studied and further *improved* from *process* perspective.

3.5.4 Visual controls

Mann (2010, 272) describes visual controls as a variety of approaches that make the status of a process visible at a glance. Visual controls include several types of material, such as production-tracking charts, audit forms and signs. As lean can be applied also to administrative processes as well, visual controls in this study are different than in production. While in production visual controls could be for example production-tracking charts and audit forms and signs, in financial administration a file of payment reminders can be seen as an visual control – from the file of payment

reminders the number of issued payment reminders can be seen and supervisors are also able to follow if the process is followed (are payment reminders sent every twice a week, is local customer service contacting customers and writing feedback to the file). All the elements of visual controls (for example the file of payment reminders, the file of customer whose deliveries are blocked from credit reasons) are defined in the Standard Operating Procedures (SOP), which as mentioned several times could be considered one of the most important outcome of the study.

4 RESEARCH CONTEXT AND METHODS – THE PILOT STUDY

This chapter introduces the research approach and methods used in the study. In order to answer research questions, methods were chosen carefully. It was important to involve local organizations in order to define the current processes and roles of each participant and in order to successfully improve the current processes and eliminate discovered challenges. Principles and methods and tools of lean were applied, used methods and tools (Gemba walk, SMART method, SWOT analysis and Standard Operating Procedures) are explained in the theory part and further described how these were used in the study. In this study stakeholders are defined as person(s) who were involved in the evaluation processes as well as person(s) who were responsible deciding and implementing the processes. Before introducing the research approach and methods, relevant abbreviations are presented to the reader. The glossary of terms follows the table of contents.

4.1 Abbreviations used in the study

Abbreviations used in the study are presented in the table below.

TABLE 10. Abbreviations used in the study.

| ABBREVIATION | MEANING |
|--------------|---|
| CEO | Chief of Executive Offices of studied subsidiaries |
| AM | Accounting Manager of the group |
| CFO | Chief of Financial Officer |
| FAM | Financial Administration department in the headquarters |
| LAA | Local Accounting Agency |
| AA | Accounting Assistant |
| CS | Customer service |

4.2 Research approach

As described in the introduction chapter, the research approach of the pilot study was action research. In addition the study included surveys, personal interviews and collaboration. As introduced in the introduction chapter, research questions were following

1. What are current financial administrative processes in the pilot study's processes?
2. What are the specific challenges for development of the current processes for the financial administration department of the organization?
3. What are specific possibilities to improve the current the processes?

And further, if the first three questions were answered

4. Are improved processes applicable to other subsidiaries?
5. Are continuous improvements needed?

It was important to choose methods for the pilot study so that these questions could be answered. The purpose of the study was to find out the current financial administrative processes, define challenges from the current financial administration processes and further to study if the current financial administrative processes could be improved. The current financial administrative processes were defined, challenges were found and recommendations for improvement were made.

Different methods were used in order to gain these results

- Survey to the main participants of the process
- Personal interviews, Gemba walk and collaboration
- SMART method
- SWOT analysis
- Value Stream Mapping
- Standardizing Operating Procedures
- Kaizen

As briefly mentioned in the previous subchapter, methods of the pilot study were chosen carefully. As mentioned in the chapter 2.2 Culture – there are more or less hierarchical cultures, which have affects to how the organization displays and how different persons are involved and participate in the organization. Even though the research does not introduce the cultural and organizational theory background, these two had elements that had to be taken into consideration. For example, in a high hierarchical culture it is important how the participants were involved in the study and from organizational behavior aspect it was important that each participant was involved in the pilot study. If these elements would not have been taken into consideration in choosing methods, the pilot study could have failed – if processes would have been evaluated and studied only from the headquarters' perspective, part of the current processes and reason why the current processes were performed as they were would have not been found. Even though the current processes could have been defined on some level and challenges could have been found the implementation of the improved processes would have failed – the participants would have considered that they were not involved in the study which affected directly in their daily work.

The pilot study was conducted in group's French subsidiary (France). The study was conducted in late 2013 and beginning of 2014. Organization structure of the group was defined in the introduction chapter. Organizational structure of France had significantly changed during the past year before the study was conducted. Organizational structure was changed from external organization to internal organization in order to gain better position in the French market and to increase operational efficiencies. At the time of the study, France had more than ten employees to take care of core operations. Country manager (CM), customer service (CS) and sales agents together formed the local organization. France also had two fixed offices and a registered domicile. Both of fixed offices had one CS. Support operations, such as administration and IT were provided from the headquarters. The study focused and approached research questions from financial administration perspective.

The study was conducted through 10 well-planned phases as described in the figure below. The figure describes phase by phase

1. first the action
2. second the used tool and finally
3. the result and or the outcome of the phase.

The methodology of used tools (such as SWOT analysis, Gemba walking, 5S) was presented in the theoretical part of the study as well as the term of the final outcome (Standardized Operational Procedures, SOP) was defined. Each phase is described in following chapters. The planning part of the study, where the phases were defined, followed PDSA-model's first step, *Plan*.

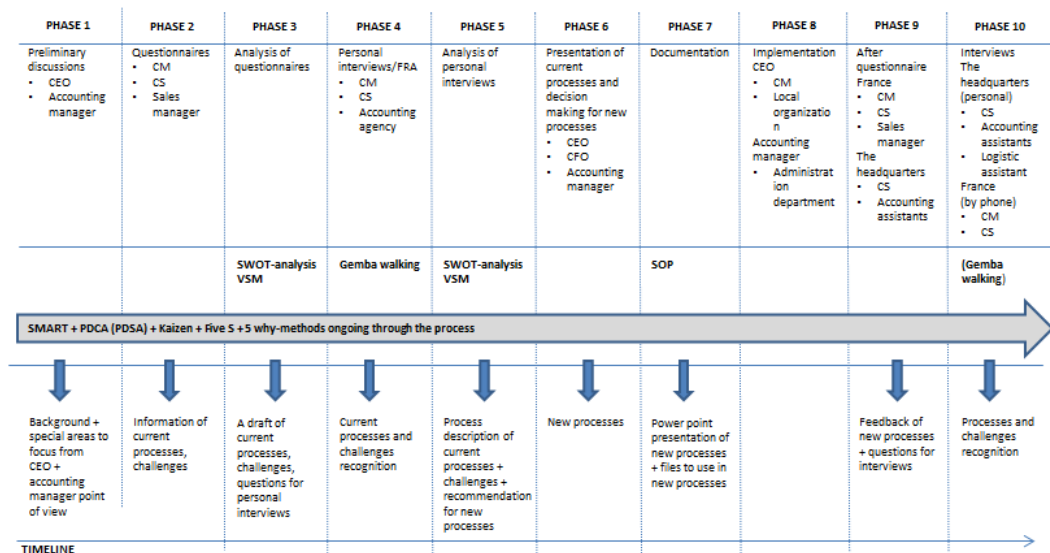


FIGURE 13. Phases of the pilot study.

4.3 Phase 1 – Preliminary discussions

Preliminary discussions represented the first phase of the study. As the study focused on the operations from a financial administration perspective, the preliminary discussions were conducted with CEO of France and group's AM, which were stakeholders of focal processes. CEO had the final responsibility of operations of France and group's AM was responsible of financial administration and reporting on

a group level. Following SMART-method, direction of the project was set. During the phase 1, also principles of Kaizen were applied, as it was important to define all the stakeholders of the project, and it was considered crucial to involve stakeholders from different levels of organization.

The aim of preliminary discussions was to have background (CEO) and expectations as well as to know if there were any areas which' especially had raised concerns and had to be focused in.

4.4 Phases 2 and 3 – Questionnaires and analysis of questionnaires

In order to gain full support and involvement from the local organization to the study, CEO represented the study and its goals to CM of France. As France is a high hierarchical culture, it was crucial that the CEO as supervisor of the CM introduced the study. In addition, before questionnaires were sent to stakeholders, CEO sent an e-mail to all stakeholders in order to inform of the study and to emphasize importance of the study.

Questionnaires represented the second step of the study. In order to define current processes and recognize possible challenges it was crucial to understand how processes were working from different aspects. As mentioned in the introduction of this chapter, stakeholder meant also person(s) involved in studied operations from operational level. It was crucial to consider carefully representation of stakeholders in the study to involve and further to have the best overview of current processes and challenges. Therefore it was crucial to involve each of selected stakeholders in the study.

TABLE 11. Receivers of questionnaires of the pilot study.

| STAKEHOLDER | FIELD OF RESPONSIBILITY | POINT OF VIEW |
|--------------------------|--|----------------------------------|
| Country Manager (France) | Local operational management | Local management |
| Sales Manager (France) | Local sales management and key account | Local sales and sales management |
| CS (France) | Local customer service | Customer service |

CM represented local operational management and evaluated current processes from local management perspective, based on management experiences and feedback from customers and employees.

Sales Manager represented local sales and sales management and evaluated current processes from local sales and sales management perspective, based on sales management experiences and feedback from customers and colleagues.

CS represented the local customer service level and evaluated current processes from daily work perspective, based on own experiences and feedback from sales representatives and customers.

Questions were drawn from concerns and challenges perspective based on preliminary discussions, phase 1. Therefore the questions for representors of local organization were focused in accounts receivables, covering areas of payment methods, information flow and collecting.

Questionnaires were sent via e-mail to each stakeholder with two week time to respond. Sent questionnaires can be found from appendices. Returned questionnaires were analyzed, a draft of current processes was drawn, and additional questions rose.

Analysis of returned questionnaires indicated already certain challenges from local organization's perspective. The first step of 5Whys was applied in this stage, the problem was identified and the root cause of the problem was defined. Following identification of the problem SWOT-analysis was used as a tool in analyzing of the draft of the current process description. Also in order to visualize the process, value stream mapping (VSM) was considered as a useful tool in describing the process and

its steps. As a result of analysis of returned questionnaires and a draft of current process description together with aspects from preliminary discussions, additional questions were written as a basis for personal interviews. The draft of each of the studied current processes is introduced in following chapter as a part of the research result. SWOT analysis of the current processes versus recommended processes can be found from appendices.

4.5 Phase 4 and 5 - Personal interviews and analysis of personal interviews

As described in the theory part it is important to go to the place of action, Gemba walking. Therefore personal interviews were held in France, representatives of local organization were interviewed in the local office. In addition a meeting with local accounting agency was scheduled.

Based on additional questions, which were basis for personal interviews, an estimation of interview time was made. It was crucial to reserve enough time to go additional questions through as well as to discuss other topics if raised during interviews. Also in order to emphasize the importance of local involvement, interviews also gave the local organization the possibility to share feedback. Personal interviews were held only with the interviewee in order to eliminate effects of other attendees to interviewee's answers and feedback. Memos of each interview can be found from appendices (confidential appendices 4, 7, 10-14).

Interviews were further analyzed and current process description was drawn following next steps of 5Whys (quarantine the problem, identify and conduct root cause analysis and identify root cause solutions). Current process descriptions are introduced in the following chapter together with the results of the research. Also at this first two phases of 5S were used *sort* (Seiri) and *shine* (Seiton). Challenges were recognized from current processes (introduced in following chapter together with results) and recommendation for new processes were built based on group's policies but to take local feedback, habits and regulations into account. Current process descriptions as well as recommendation for new processes were

analyzed by using SWOT-analysis. SWOT-analysis of the pilot study can be found from appendices (Appendix 5). Value stream mapping (VSM) was crucial tool in describing the current processes and its steps as well as in describing recommended processes and steps of them.

4.6 Phase 6 - Presentation of current processes and decision making for new processes

Defined and evaluated processes had three stakeholders as indicated in the table below.

TABLE 12. Stakeholders of decisions and processes.

| STAKEHOLDER | FIELD OF RESPONSIBILITY |
|--------------------|------------------------------------|
| CEO | Final responsibility of operations |
| Accounting Manager | Accounting and reporting to group |
| CFO | Finance, credit management |

Current processes, challenges in current processes and recommendation for new processes were presented to each stakeholder separately through the power point presentation. Deadline for the presentation was defined before personal interviews were held and it was one month after personal interviews. Each stakeholder made decisions for new processes under their responsibilities. Each stakeholder gave also comments and remarks regarding current processes, challenges of current processes and recommendations. As further introduced challenges were discovered from the current processes, however the study also introduced that the current processes could be improved in order to defect these discovered challenges. These were recorded to the power point presentation, which was basis for following phase, documentation.

4.7 Phase 7 - Documentation

Standard Operating Procedure, SOP, as mentioned in the theory part has a significant role in process improvement. Therefore also in this study, SOP, the documentation represented a significant role. The aim of the documentation was to ensure that decided processes (introduced in the following chapter) were followed, clear and transparent.

4.8 Phase 8 - Implementation

In addition to documentation, following 5Whys step 6, implementation of new processes, represented significant role in the study. Poor implementation could eliminate effects of new processes or cause resisting among stakeholders and the rest of the involved organization. Following Kaizen's up to down-principle it was crucial that implementation of new, improved processes to local organization was executed by CEO, representing the highest authority in France. Furthermore it was crucial that implementation to administration department was executed by group's AM, representing supervisor in administration department.

4.9 Phase 9 and 10 – Follow up questionnaire and interviews

In order to define if new processes were executed as intended and in order to recognize if new processes had responded and eliminated recognized challenges and if any new challenges had risen, a follow up questionnaire was conducted as following 5Whys' step 7 (monitor and revise the solution as indicated by performance data). These phases also represented *standardize* (Seiketsu) and *sustain* (Shitsuke) according to 5S.

The focus of follow up questionnaire was to study if new processes responded to challenges recognized in current processes and if new processes truly had improved the processes from each stakeholder's perspective. The follow up questionnaires and followed interviews indicated that these processes were improved from different stakeholder's perspective.

The follow up questionnaire was sent to same stakeholders than the first questionnaire. In addition, follow up questionnaire was sent also to CS in the headquarters and two accounting assistants in the headquarters.

TABLE 13. Receivers of after questionnaires of the pilot study.

| STAKEHOLDER | RESPONSIBILITY | POINT OF VIEW |
|-----------------------------|---|--|
| Country Manager (France) | Local operational management | Local management |
| Sales Manager (France) | Local sales management and key account | Local sales and sales management |
| CS (France) | Local customer service | Customer service |
| CS in the headquarters | Customer service, support for the local customer service | Customer service |
| Accounting Assistant 1 | Accounts Receivables | Accounts Receivables |
| Accounting Assistant 2 | Accounts Payables and travel expenses | Accounts Payables and travel expenses |

Questions of follow up questionnaires were divided into 4 parts from financial administration perspective: accounts receivables, accounts payables, accounting and other administrative functions. Follow up questionnaires were analyzed as well and additional questions were written for basis of the interviews. As questionnaires were sent to stakeholders in the headquarters, stakeholders in the headquarters were interviewed first personally in the headquarters. Gemba walking was executed only in the headquarters. Feedback and remarks from personal interviews were noted in interviews of selected stakeholders in France. Stakeholders were selected so that they would represent different areas and responsibilities of financial administrative processes. Selected stakeholders in France were then interviewed by phone meetings,

following lean principles – this was considered to eliminate waste in travelling time which also created cost savings.

Based on follow up questionnaires and interviews, an analysis of new processes was executed and further recommendations were presented to stakeholders. Decisions were made; the power point presentation was updated and further implemented by CEO and group's AM.

5 EMPIRICAL RESEARCH RESULTS AND ANALYSIS – THE PILOT STUDY

This chapter introduces results of the empirical research of the pilot study. The chapter is divided into three different subchapters from financial administration perspective

- accounts receivables (5.1)
- accounts payables and (5.2)
- bookkeeping and reporting (5.3)

Some of the results of the pilot study, such as internal measurements and evaluations, are not presented in this study due to confidential content of these results.

5.1 Accounts Receivables

Accounts receivables can be considered as a wide concept including several processes and having affect from and to other processes. In order to understand processes the study focused in, it is crucial to understand the whole concept of accounts receivables and affects from and to other processes.

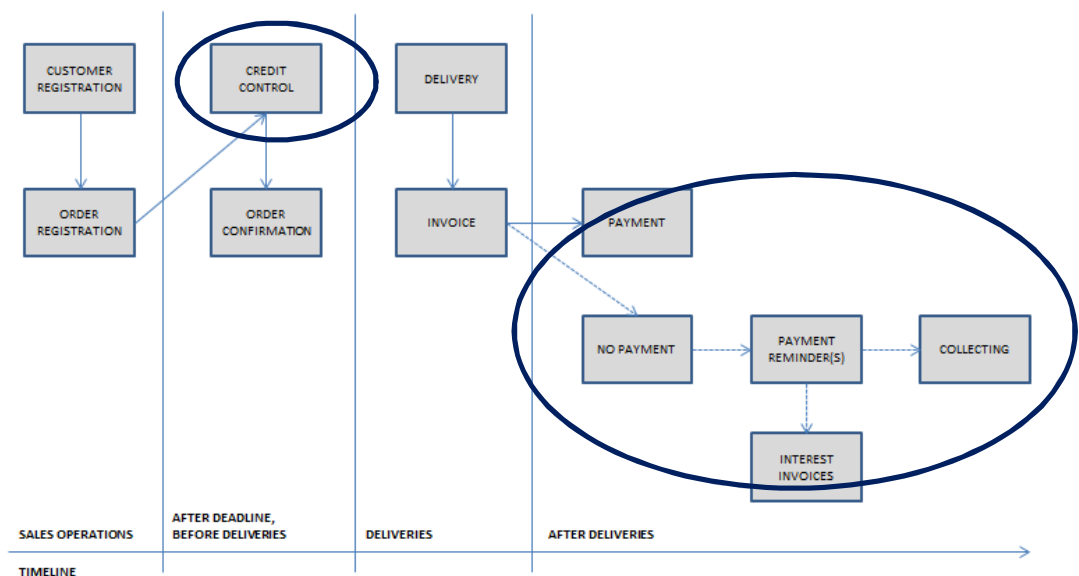


FIGURE 14. Concept of accounts receivables.

Credit management, registration of payments, payment reminders, interest invoices and collecting are crucial parts of accounts receivables. However, customer details and deliveries have a significant impact to accounts receivables. The pilot study focused on

- payment methods (5.1.1)
- credit management and delivery block codes (5.1.2)
- payment reminders and collecting (5.1.3) as well as
- information flow of accounts receivables (5.1.4)

5.1.1 Payment methods

France offered three types of payment methods to its customers, payment by check (5.1.1.1), draft (5.1.1.2) and bank transfer (5.1.1.3). The study revealed that especially the process of payment by check had significant challenges, payment by drafts had minor challenges and payment by bank transfer had only some challenges.

5.1.1.1 Payment by check

Based on questionnaires and interviews a process description of current process of payment by check was drawn.

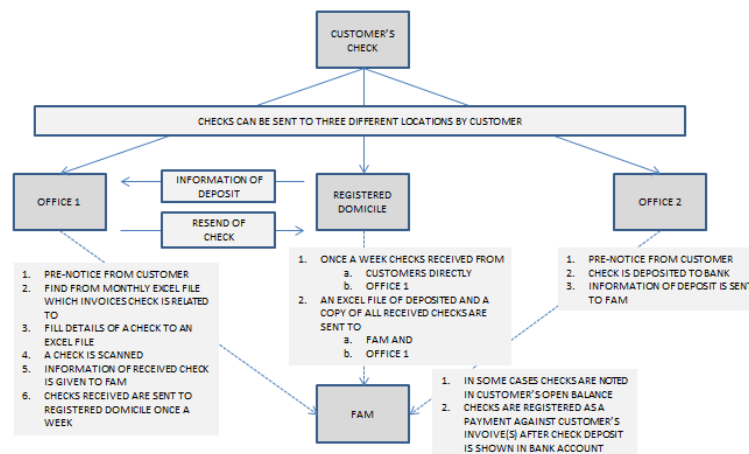


FIGURE 15. Process chart of current process of payment by check.

As the process chart indicates, customers sent their checks to three different locations, either to office 1 or office 2 or to registered domicile of France. Some customers gave also a pre notice of sent checks to offices 1 and 2.

If check was sent to office 1, CS controlled the received check, which invoices the received check was corresponding, filled details of received check to an excel file, scanned the check and informed FAM of the received check. Received checks were then sent to registered domicile of France once a week as office 1 did not have the authority to deposit received checks.

If check was sent to office 2, check was deposited to bank account on its due date and information of received and deposited check was shared only at the moment of deposit to FAM.

If check was sent to registered domicile of France by customer or from office 1, received checks were deposited twice a week respecting due date of received checks. Information of received and deposited checks was shared at the moment of deposit.

Once checks were deposited and information of deposited checks were shared to administration department in the headquarters, checks were booked as a payment against customer's invoice(s) at the moment deposit was shown in France's bank account.

The study revealed that the process of payment by check had several challenges due to the fact that customers were able to choose where they sent their checks. This had affects in the deposit time and handling of checks. In addition challenges were recognized also in cases if check was lost and with checks which had due date in the future.

Challenges regarding deposit of received checks rose especially if checks were sent to office 1. As office 1 had to re-send all received checks and re-send was arranged only once a week, this meant a maximum delay of two weeks for the deposit. As a consequence, customers who had sent their checks to the office 1 could have received payment reminders even though they had sent their check. Obviously this raised challenges from cash management perspective as checks were not deposited at the moment of receipt. Also risk that check would be lost in mail doubled as the same check was sent through mail twice, first by customer to office 1 and second by CS from office 1 to the registered domicile of France.

As the study recognized, checks were handled in different locations as well, an excel file of received checks was issued at the office 1 and at the registered domicile of France. Also if check was sent to office 1, CS searched manually corresponding invoices against received checks, which did not create any additional value to the process, but only double work as the FAM controlled all checks and which invoices received checks were issued against at the moment checks were booked as a payment to customer's account.

If check was lost it was difficult to track the reason why check had been lost, for example if it was lost in mail, stolen by any internal or external parties or if customer sent the check in the first place. This was recognized only at the moment customer had received payment reminder and claimed that check was already sent. However, usually in these kinds of situations customers did not remember where the check had been sent, which complicated the tracking of the lost check.

As checks were booked as a payment against customer's invoice(s) at the moment of deposit, and information of received checks with future due date was only shared if check was received to office 1, customer's account indicated false balance and payment reminders might have been sent to customer even though check was already given by the customer.

In order to respond to recognized challenges, it was recommended to instruct customers to send their checks to one place, the registered domicile of France.

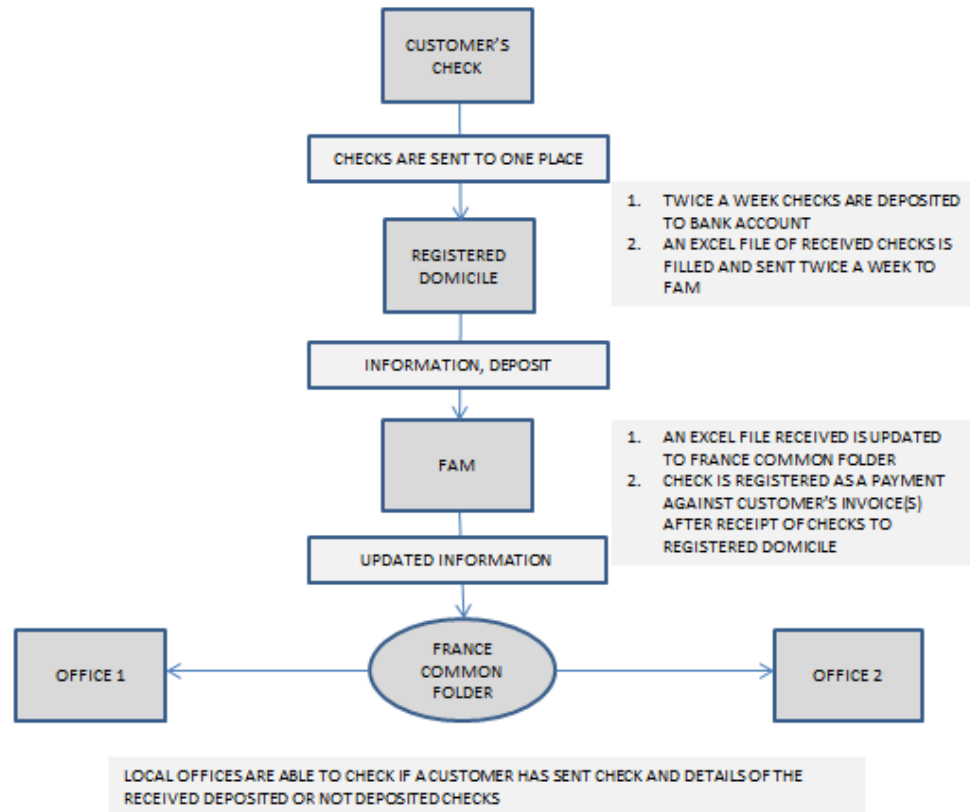


FIGURE 16. Process chart of recommendation of a new process of payment by check.

Therefore all checks would be handled at the same time, office 2 would save the time of check deposit and office 1 would save time of scanning and re-sending the check and updating the received check to excel file as well as to search which invoices check was issued against to. In addition, it was recommended to book received checks as a payment against customer's invoice(s) at the moment of receipt despite the due date. And further, information of received checks would be shared through France's common folder where both local offices had access.

5.1.1.2 Payment by draft

Based on questionnaires and interviews, a process chart of payment by drafts was drawn as well.

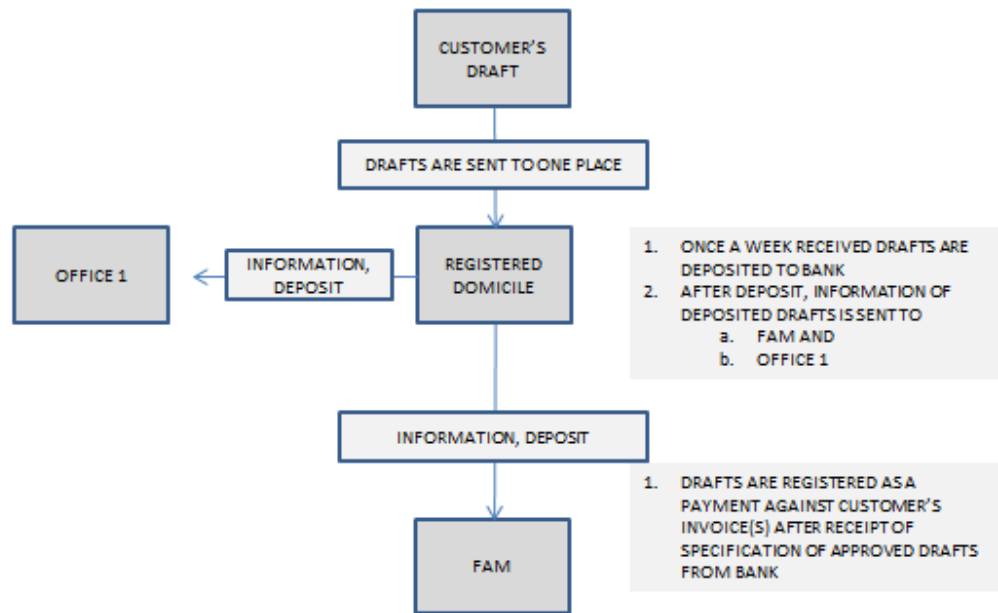


FIGURE 17. Process chart of current process of payment by drafts.

Drafts were sent to registered domicile of France by customers. Information of received drafts was given by the registered domicile of France to office 1 and FAM.

The study revealed that the same information was sent to office 1 and financial administration department in Finland via e-mail at the moment of deposit. In case office 1 needed to check if customer's draft had been received, CS had to search received file from e-mail. As office 2 did not receive any information of received drafts, CS had to ask from FAM if draft was received or not.

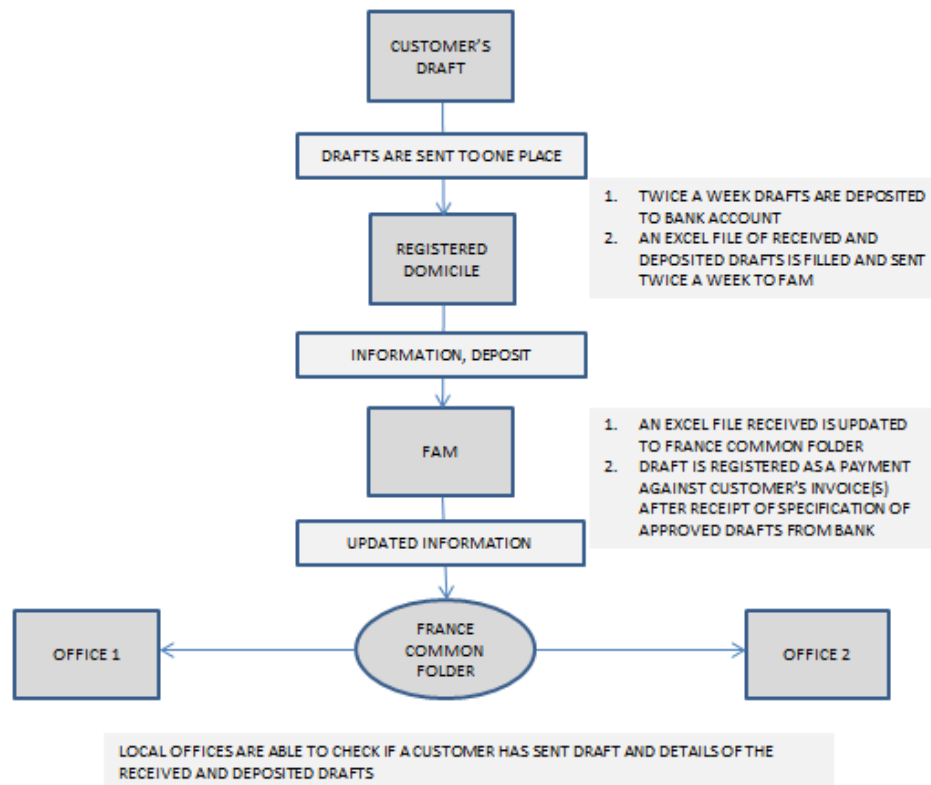


FIGURE 18. Process chart of recommendation of a new process of payment by drafts.

In order to share all information regarding customer payments, received checks and drafts, through one channel and at the same time to both offices 1 and 2, it was recommended to share the information of received drafts also in France common folder.

5.1.1.3 Payment by bank transfer

Bank transfer was also provided to customers as a payment method. The study revealed that mostly neither offices 1 and 2 nor CS' were not involved in bank transfers. However, the study revealed that payment by bank transfer had some challenges. Most of the customers did not write any reference details to their payment, which created challenges in recognizing the customer and invoices customer was paying. Even though offices 1 and 2 or CS' were not involved in

payments by bank transfers, some customers sent their specification of payment to office 1 or 2, which then forwarded the received information to administration department in the headquarters.

It was recommended to instruct customers to give required reference in their payment and sent their payment specifications to the registered domicile of France.

5.1.2 Credit management

Credit management contains control and decision of credit limits and delivery block codes from credit reasons. Delivery block code prevents deliveries to customers whom cannot be delivered due to credit reasons, such as negative payment behavior or other negative indication of customer's financial status.

The study revealed that even though credit management is a crucial part of financial administration process and even though delivery block codes have a significant effect on deliveries, the process of credit management was not clear and further the reasons for delivery block codes were not clear. Even though questionnaires indicated that delivery block codes were clear, during personal interviews was revealed that reasons for delivery block codes were not clear and further, how and from which reasons delivery block codes could be removed were not clear. In addition, the study revealed that information of customers whose deliveries were blocked due to credit reasons was not shared on a regular basis. Information was shared through e-mail and by a new excel file each time.

In order to response challenges, a process chart was drawn of group's credit management process and it was recommended to introduce and explain it to the France.

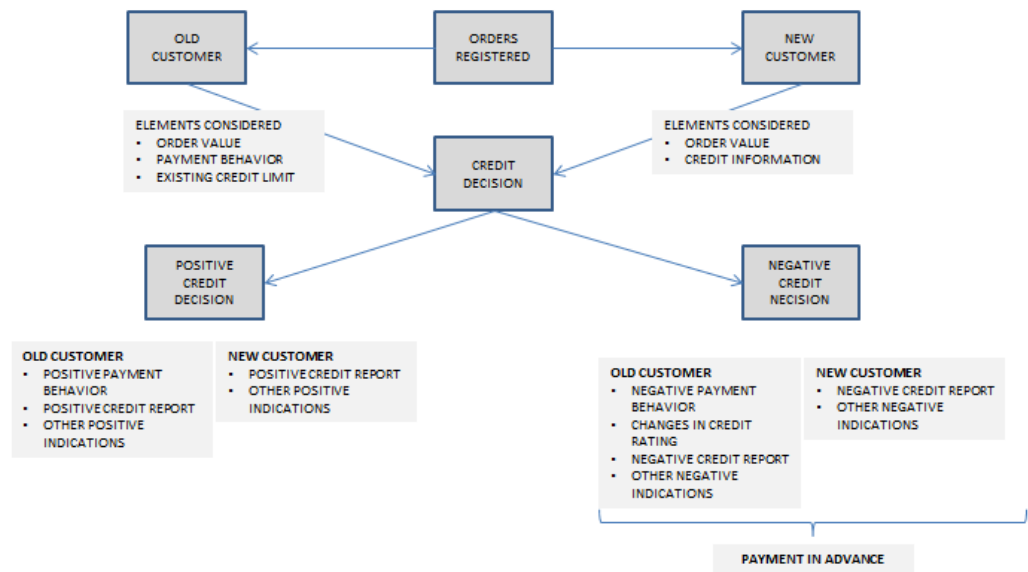


FIGURE 19. Process chart of credit management process.

Also, delivery block codes were recommended to introduce to France together with reasons and conditions of removing delivery block codes. In addition, it was recommended to issue one excel file per season regarding customers whose deliveries were blocked due to credit reasons and to share and update the file through one channel, France common folder, in order to provide updated information at the same time to both offices 1 and 2 and CS’.

TABLE 14. Explanation of delivery block codes.

| A-CODE | B-CODE | C-CODE | D-CODE | D2-CODE | D3-CODE |
|---|--|---|--|---|---|
| Registered automatic after a new customer is created | Registered if customer's credit limit has exceeded, customer has slight delays in payments or other slight problems Also registered after 3 rd payment reminder | Registered for customers who are required to arrange payment in advance | Registered if more serious problems in payments or credit information Might cause cancellation for the next season | Registered if customer is passed to collecting agency | Registered if customer is no longer active; shop is closed or sold, customer is in bankruptcy |
| Indicates missing or incomplete details | Indicates slight problems | | Indicates serious problems | | |
| Will be removed after all required details are received and credit has been checked | Will be removed after customer has arranged payment | Will be removed after payment has been received for the time of paid delivery | Removal under case by case consideration | Removal under case by case consideration | Removal under case by case consideration |

5.1.3 Payment reminders and collecting

The study revealed that payment reminders and collecting were one of the most challenging part of the pilot study.

Payment reminders were issued at administration department in the headquarters, then divided and sent via e-mail to CS to offices 1 and 2 based on their internal responsibilities via e-mail. An excel list of issued payment reminders was issued and sent in addition to actual payment reminders. CS' in offices 1 and 2 then printed received payment reminders and either sent them direct to customers, to responsible sales agent or contacted the customer by phone. Based on feedback of customer contact, feedback was forwarded to FAM for further actions. However, feedback was rarely received to the FAM.

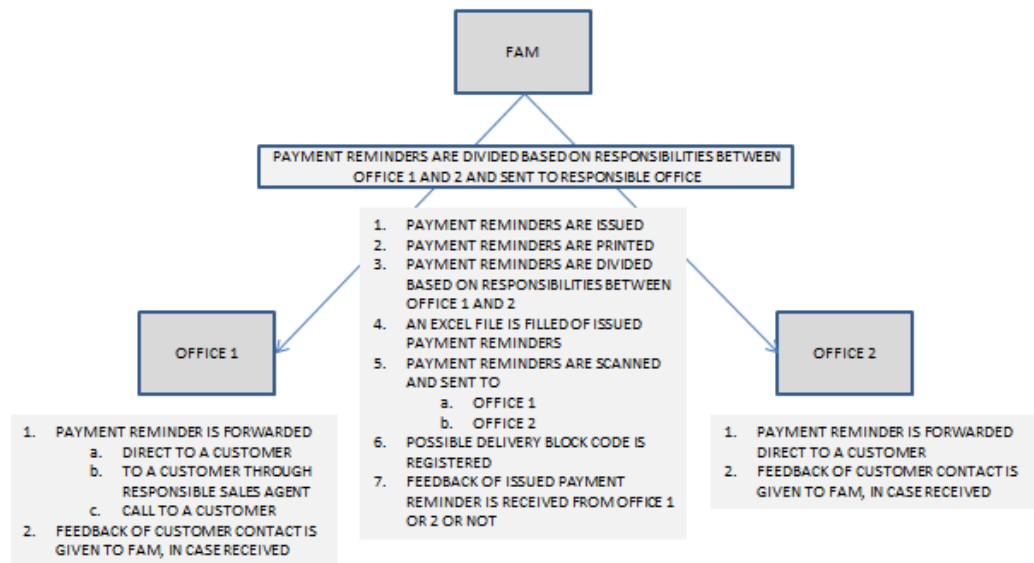


FIGURE 20. Process chart of current payment reminder process.

The study revealed that CS' in both offices used significant time in handling of payment reminders. In addition the study revealed that all payment reminders were not sent to customers and feedback was rarely received, therefore the time invested in

the process was not creating any value to the process itself. In addition, the process was also against group's policy.

In order to response challenges, the process of payment reminders was recommended to change to follow group's policy. Based on questionnaires and interviews, personal involvement of local organization was crucial and common in the French market. Therefore information of issued and sent payment reminders was recommended to share through France common-folder. As the personal involvement was considered crucial and local organization considered that it was crucial to have comments before proceeding with payment reminders, it was decided to set up certain deadlines when information had to be checked by local organization and in order to receive feedback, it was also recommended to set up a deadline for the feedback.

TABLE 15. Recommendation for a new process of payment reminders

| |
|--|
| 1. PAYMENT REMINDERS ARE SENT <u>DIRECTLY TO CUSTOMERS BY FAM IN THE HQ</u> <ul style="list-style-type: none">• PAYMENT REMINDERS ARE ISSUED TWICE A MONTH• 1ST AND 2ND PAYMENT REMINDER TO CUSTOMER• 3RD PAYMENT REMINDER TO CUSTOMER + B-CODE IS REGISTERED |
| 2. FAM IN THE HQ SHARES A LIST OF ISSUED PAYMENT REMINDERS THROUGH FRANCE COMMON-FOLDER IN <u>ONE EXCEL FILE</u> |
| 3. NOMINATED CS-PERSON CHECKS THE FILE ON A REGULAR BASIS AND INFORMS RESPONSIBLE SALES AGENTS EACH FRIDAY FOR PERSONAL CUSTOMER CONTACT |
| 4. RESPONSIBLE SALES AGENT UPDATES THE SITUATION TO NOMINATED CS-PERSON BY FOLLOWING WEDNESDAY 15:00 (16:00 FINNISH TIME) <ul style="list-style-type: none">• WITH EXACT INFO ABOUT THE PAYMENT ADDED TO THE EXCEL FILE |

Study also revealed that customers who had not paid their invoice(s) were not allowed to be sent to collecting agency before approval from local organization. For the approval, feedback was crucial, however as the feedback was missing and eventually was received after several weeks of the date when payment reminders were issued, it created challenges, as new payment reminders were issued and eventually many customers had payment reminders for more than 3rd or 4th degree.

As the collecting process did not follow group's policy and feedback was rarely received and approval for customers who had not paid their invoice(s) to send to collecting agency was received very late from local organization, it was recommended and further decided to follow group's policy. It was also decided to share information of customers at collecting agency through France common-folder.

5.1.4 Information flow of accounts receivables

Information flow of accounts receivables in the pilot study includes all information regarding customer's payments, such as information of received checks and drafts, information of customer's current account balance, account statement of customer, information of customers who have a delivery block code, payment reminders to customers and customers at collecting agency.

The study revealed that information flow regarding accounts receivables was based on customer contact to CS in local offices 1 or 2 directly or through responsible sales agent. Once CS had received the request, CS contacted FAM in order to response to the request.

As already covered in previous chapters, information of received checks and drafts was shared in different ways and through e-mail, which created challenges also from information flow perspective.

If customer requested account balance or account statement, CS had to contact FAM through e-mail, who then either checked customer's balance from accounts receivables program or printed the account statement from the accounts receivables program and scanned and forwarded the account statement to CS via e-mail. From process perspective, this created challenge as CS' were not able to access to the program in order to see customer's balance or to print customer's account statement. Customer had to wait until CS received requested details from FAM.

As also covered in previous chapters, information of payment reminders were shared through e-mail. Information of customers at collecting agency was not shared at all.

In order to response challenges and to provide information through one channel, it was recommended and decided to establish a common-folder for France. Through common-folder information of

- Received checks and drafts
- Issued payment reminder
- Customers at collecting agency
- Customers with delivery block codes

was shared of accounts receivables. This also responded to possible challenge of sudden absences and holiday periods in order to have access for information.

In addition it was recommended and decided to give access to accounts receivables program to CS'. This was arranged by building a menu of accounts receivables program to the program CS' were using. CS' were then able to see customer's balance and print account statement for customer by themselves.

5.1.5 Summary Accounts Receivables

As a summary of accounts receivables, as operations of France had grown significantly and organizational structure had changed, there were more payments to handle and more parties involved. Challenges were not in as significant role until operations grew.

The table below indicates as a summary significant challenges and response of recommended new processes to challenges.

TABLE 16. A summary of significant challenges in current processes of accounts receivables and recommendation for new processes.

| | CHALLENGE IN CURRENT PROCESS | RECOMMENDATION FOR A NEW PROCESS |
|--------------------------------|--|---|
| PAYMENT METHODS | <p>Checks were sent to several locations Information of checks was shared via e-mail to several persons Information of drafts was shared via e-mail to several persons</p> | <p>Checks were sent to one location Information of checks is shared at common-folder Information of drafts is shared at common-folder</p> |
| CREDIT MANAGEMENT | <p>Process of credit management was not clear Delivery block codes were not clear No information of delivery block codes on a regular basis</p> | <p>Process chart and introduction List of delivery block codes and introduction A file of delivery block codes at common-folder</p> |
| PAYMENT METHODS AND COLLECTING | <p>All payment reminders were scanned and sent via e-mail Feedback was not received on a regular basis Approval of local organization before collecting agency</p> | <p>An excel file of payment reminders is shared at common-folder Deadlines for feedback, update to common-folder 4th payment reminder starts collecting</p> |
| INFORMATION FLOW | <p>Request of customer's balance through e-mail from HQ Request of customer's account statement through e-mail from HQ</p> | <p>Access to AR-program</p> |

As indicated in previous chapters, the study revealed many challenges regarding accounts receivables. Due to involvement and strong support of the local organization, it was possible to recommend new processes, which would follow group's policies and take local habits into account, in order to create the most efficient process for all parties and serve the external customers (customers of France) the best. All this was gained through using different types of theory basics, such as Kaizen, Gemba walking and SWOT analysis and as a result Standard Operating Procedures, SOP, was built. The leading principle of lean, eliminating waste, was crucial to the study. The study recognized waste well from processes and further eliminated the waste which led to more efficient process from both internal and external customers. Waste was recognized in many forms, such as overlapping operations, activities and tasks.

5.2 Accounts Payables

Even though accounts payables can be considered important process of financial administration, it does not have as wide affects from and to other processes than accounts receivables. Figure below describes elements of accounts payables.

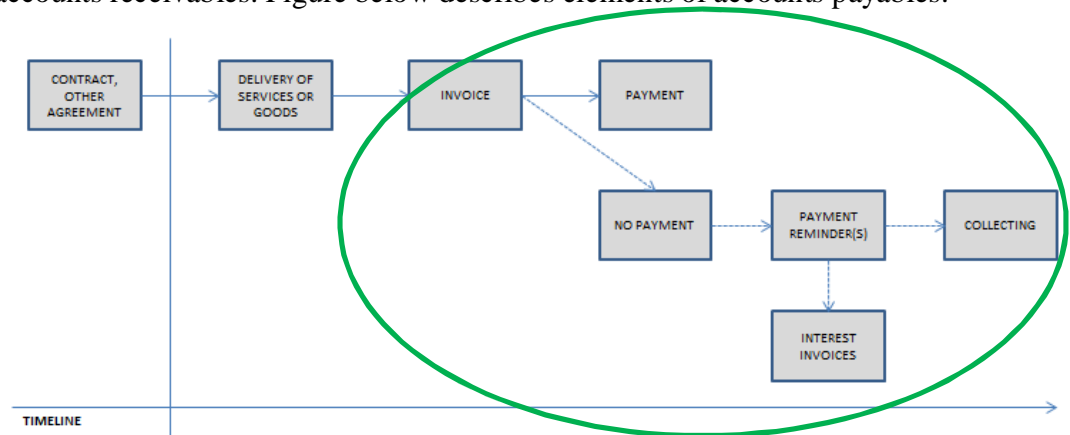


FIGURE 21. Concept of accounts payables.

The pilot study focused only in where supplier invoices were sent and payment of supplier invoices.

The study revealed that suppliers sent their invoices to several places. Study also indicated that payments of supplier invoices were arranged through the registered domicile of France.

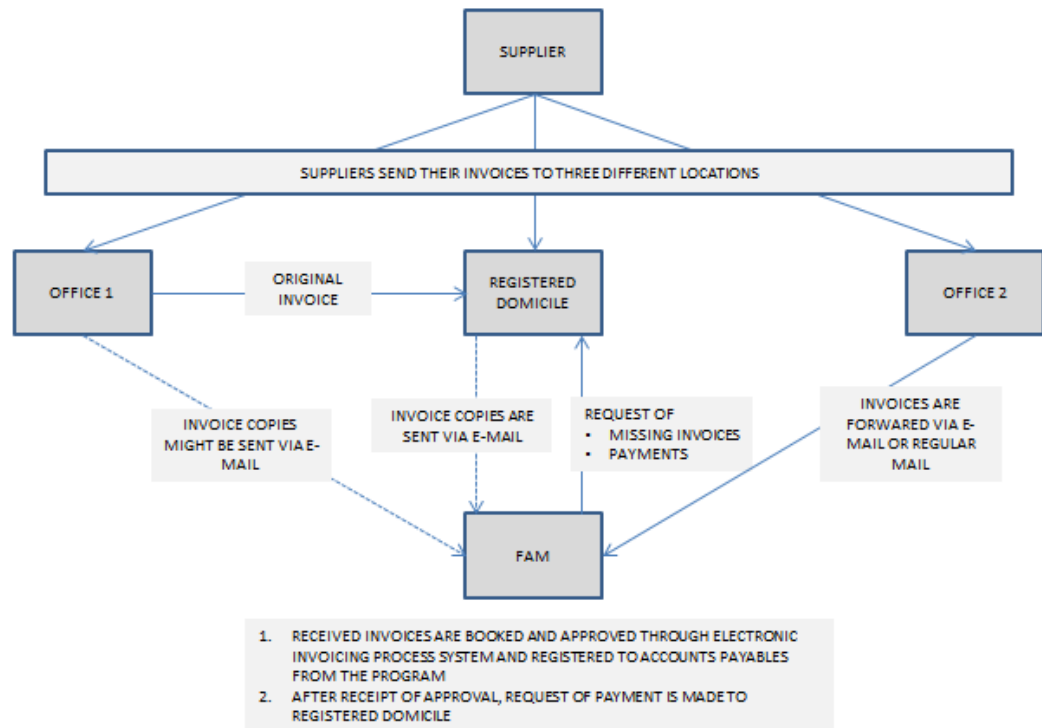


FIGURE 22. Process chart of current process of accounts payables.

As the chart indicates, supplier invoices were sent to several places and eventually all supplier invoices had to be in original at the registered domicile of France due to taxation reasons, and in administration department in the headquarters due to prompt account payables. The study revealed challenges in receiving of invoices in original to the registered domicile of France and through e-mail to administration department in the headquarters. The study also revealed that it was rather time-consuming to request the registered domicile of France to arrange payment against supplier invoices.

In order to response challenges regarding receipt of invoices it was recommended to inform suppliers to send their invoices only to the registered domicile of France. It was also recommended that the registered domicile of France would scan received invoices twice a week to FAM.

As indicated in the process chart, payments were arranged in the registered domicile of France based on request from FAM. As the request through e-mail took almost the same time than arranging the payment it was recommended to arrange payment direct from administration department in the headquarters, if this would respect local regulations. Based on meeting with local accounting agency, local regulations did not prevent payments which would be arranged from FAM.

As a summary, as operations grew significantly and the organizational structure changed, subsidiary's cost structure changed as well and the number of received supplier invoices increased significantly. Therefore as the table below indicates current processes were turned into too heavy process and time was used in sending invoices via e-mails and requesting payments through e-mails.

TABLE 17. A summary of significant challenges of current processes of accounts payable and recommendations for new processes.

| | CHALLENGE IN CURRENT PROCESS | RECOMMENDATION FOR A NEW PROCESS |
|------------------------------|--|---|
| RECEIPT OF SUPPLIER INVOICES | <p>Invoices were sent to several locations</p> <p>Some original invoices were challenging to receive to the registered domicile of France</p> <p>Copies of invoices which were debited automatic from France's bank account were challenging to receive to financial administration department in the headquarters</p> | <p>Invoices should be sent to one place</p> <p>All originals should be sent to the registered domicile of France and the registered domicile of France shares copies of all received invoices on a regular basis to financial administration department in the headquarters</p> |
| PAYMENT OF SUPPLIER INVOICES | <p>Payments were requested to be arranged from registered domicile of France by financial administration department in the headquarters</p> | <p>Payments would be arranged direct from the financial administration department in the headquarters</p> |

As the challenges revealed by the study were recognized, recommendations for new processes were built in order to improve the studied accounts payables process to be more efficient for internal and external customers (external suppliers of France). The basic principle of lean, eliminating waste, had a significant impact in recommendations as the recommendations eliminated un-necessary and overlapping phases of conducted work. As a result of these evaluations and recommendations for new processes, Standard Operations Procedures were built.

5.3 Accounting

Accounting forms a wide concept, which has many elements which all affect finally to bookkeeping and reporting to internal and external stakeholders. Figure below describes the concept of accounting.

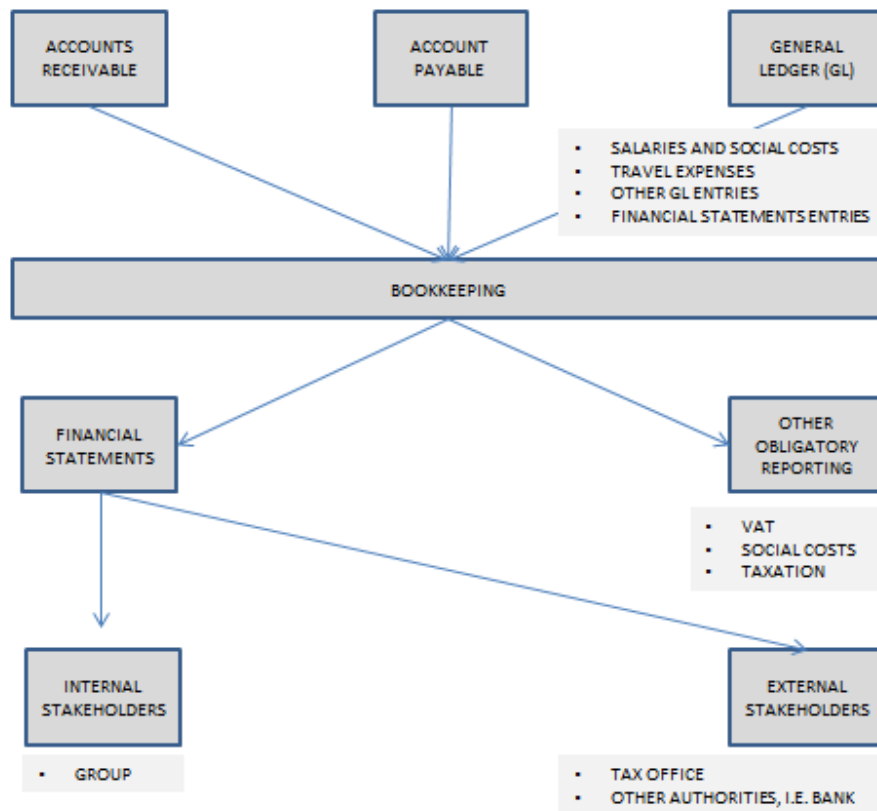


FIGURE 23. Concept of accounting.

Even though accounting is a wide concept, the pilot study focused only in

- travel expenses France's employees (5.3.1) and
- bookkeeping and reporting processes (5.3.2)

5.3.1 Travel expenses

Questionnaires did not include questions of travel expenses. The process of travel expenses was discovered through accountant in the headquarters, CS in office 1 and discussions with local accounting agency.

The study revealed that each employee of France sent their expenses to CS in office 1. CS controlled that each receipt existed, after control of CS CM approved and requested payment against travel expenses. Original travel expenses, travel expense sheet and original receipts, were sent to the registered domicile of France where from travel expenses were scanned to FAM. Travel expenses were controlled and booked in FAM and in the registered domicile of France.

The study revealed that travel expenses were controlled receipt by receipt by three different parties, which caused waste of time. Even though CS controlled travel expenses, expenses had to be controlled again due to taxation reasons. And further even though the registered domicile of France controlled travel expenses from taxation perspective, travel expenses had to be controlled again also from group policy's perspective. In addition to triple control, travel expenses were booked to general ledger in the registered domicile of France and in FAM.

In order to respond challenges and avoid triple control of travel expenses, it was recommended and further decided to issue a group form for travel expenses together with instructions. In addition it was recommended that travel expenses were sent by employees of France direct to administration department in the headquarters. Administration department would control received travel expenses according to local tax regulations and group policy and arrange payment based on CM's and CEO's approval. Travel expenses were further recommended to book only in the administration department in the headquarters; details of entries were given to the registered domicile of France.

5.3.2 Bookkeeping and reporting

Bookkeeping was executed in the registered domicile of France and in FAM. Each entry was registered in the registered domicile of France and in administration department in the headquarters. On a quarterly basis balances between the registered domicile in France and FAM were compared and controlled, possible differences were found and solved. The registered domicile of France was responsible of issuing the official bookkeeping of France, official balance sheet book and reporting to authorities. FAM was responsible of providing reporting to the group.

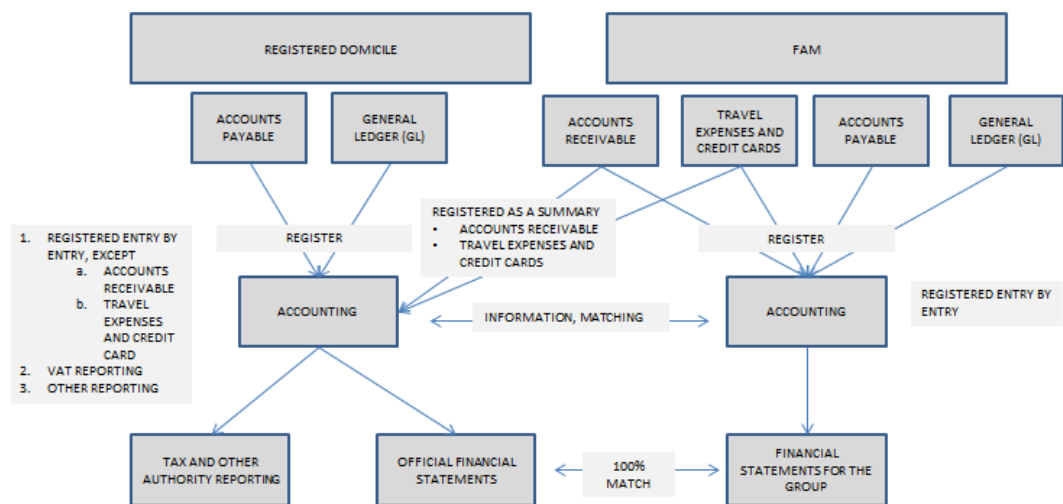


FIGURE 24. Process chart of current process of bookkeeping and reporting.

The study focused in the opportunity to execute all entries in administration department in the headquarters according to local Accounting Act and other local regulations. The study discovered the possibility for executing all entries in administration department in the headquarters and providing data of entries through an excel file to the registered domicile of France. The registered domicile of France would then import the data from the excel file to their bookkeeping program in order to provide official balance sheet book and other obligatory reporting.

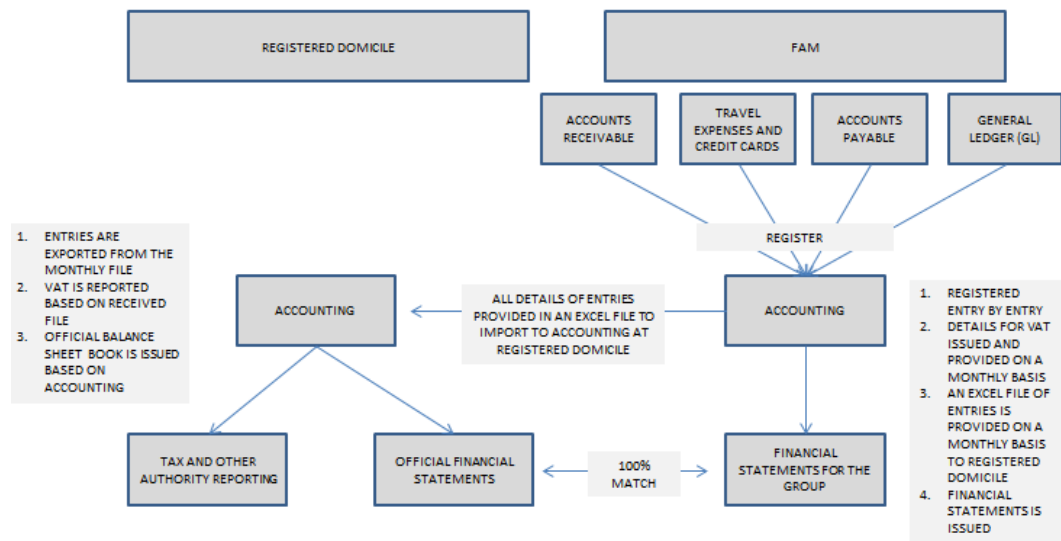


FIGURE 25. Process chart of recommendation for a new process of bookkeeping and reporting.

As the study discovered that it was possible to execute entries in FAM and import data for registered domicile of France for reporting it was recommended to do so. As a result entries would not be executed in two places, overlapping work would be eliminated which could create also cost savings.

5.3.3 Summary accounting

As a summary, as all operations were increased as stated in earlier chapters, also documents in bookkeeping had increased. Handling of travel expenses and overlapping operations between the registered domicile of France and FAM created challenges, which were responded through recommendation for new processes.

TABLE 18. A summary of significant challenges of bookkeeping and reporting and recommendations for new processes.

| | CHALLENGE IN CURRENT PROCESS | RECOMMENDATION FOR A NEW PROCESS |
|----------------------------------|---|---|
| TRAVEL EXPENSES AND CREDIT CARDS | <p>Sent for 1st receipt by receipt control to CS in office 1.</p> <p>Re-sent via mail to registered domicile of France for control from taxation point of view.</p> <p>Scan and re-sent via e-mail to financial administration department in the headquarters for control from group policy's point of view.</p> <p>Entries of travel expenses were executed to general ledger in the registered domicile of France and in financial administration department in the headquarters.</p> | <p>Travel expenses should be sent direct to financial administration department in the headquarters for control from taxation and group policy's point of view.</p> <p>Entries of travel expenses should be executed to general ledger in financial administration department in the headquarters. Details of entries would be shared to the registered domicile of France.</p> |
| BOOKKEEPING | <p>All entries were executed in the registered domicile of France and financial administration department in the headquarters.</p> | <p>All entries would be executed in the financial administration department in the headquarters and exported via excel file to registered domicile of France</p> |

Especially in the process evaluation of travel expenses and credit cards Gemba walking represented a significant tool. The fact that travel expenses were controlled by three different persons weren't raised from questionnaires, only at the moment of personal interviews in France. In case Gemba walking would not have been conducted, travel expenses might be controlled by three persons nowadays.

5.4 Summary of the Pilot study

As a summary, the pilot study revealed many challenges in current processes. It indicated that it is crucial to follow and control daily processes on a regular basis and especially if organizational structure changes and business operations grow significantly.

The pilot study was a success from whole group's perspective and created savings for the subsidiary and for the group as well as improved the level of the external customer service. In addition a clear presentation of subsidiary's processes was built and shared through the common-folder. Based on the success of the pilot study, management decided to expand the study to other European subsidiaries as well.

As described earlier, the methods and tools of lean (Gemba walking, SWOT analysis, 5S, SOP etc.) described in the theory part were used in the main study as well in order to eliminate waste and to create Standardized Operational Procedures (SOP). One crucial part was to take advantage of the results of the pilot study for conducting more wide study, the main study.

6 RESEARCH CONTEXT AND METHODS – THE MAIN STUDY

6.1 Research approach

As mentioned in the previous chapter, based on the success of the pilot study, study was decided to execute in other European subsidiaries as well. The aim of the main study was to define current processes in these subsidiaries, recognize possible challenges and improve processes in order to gain the most efficient processes for all stakeholders as well as in order to harmonize practices and processes between different subsidiaries. Even though transparent processes were one target of the main study, local regulations and variations were taken into consideration.

Recommendations and decisions of new processes regarding the pilot study were already considered so that processes could be implemented in other subsidiaries as well, however each subsidiary had to be studied carefully in order to gain the best result also from local organization's perspective.

Main study was also conducted following same phases than the pilot study (questionnaire, personal interviews, current process description together with challenges and recommendation and finally decision of new processes and implementation of them), therefore these phases are not further described.

As the pilot study focused only in certain areas of administrative functions, the main study expanded the field of study.

Main study was conducted in subsidiaries of the Netherlands, Switzerland, Germany, Austria and Italy. Each of the selected European subsidiaries had different organizational structure. The Netherlands and Switzerland had both less than 5 employees and also 1 showroom and 1 office. Germany had more than 10 employees and in addition few external sales agents, Germany also had several showrooms. Austria had less than 5 employees and 1 showroom. Italy had also less than 5

employees and 1 office. Each of these subsidiaries had a country manager (CM) and local customer service (CS), rest of the employees was sales personnel, internal sales agents.

6.2 Questionnaire

As in the pilot study, questionnaires represented the first step of the study in the main study as well. The aim of questionnaires was to define current processes, find possible challenges from current processes and further to define if the process model built in the pilot study would be suitable. Following principles of the pilot study, involvement of each stakeholder was crucial in the main study as well.

TABLE 19. Receivers of questionnaires of the main study.

| STAKEHOLDER | FIELD OF RESPONSIBILITY | POINT OF VIEW |
|---|--|--|
| Country Manager | Local operational management | Local management |
| Sales Personnel, internal (only in Germany) | Local sales and sales management and key account | Local sales and sales management |
| CS | Local customer service | Customer service |
| CS in the headquarters | Customer service, support for local customer service | Customer service |
| Accounting assistant or relevant | Accounts receivables | Accounts receivables |
| Accounting assistant or relevant | Accounts payables and travel expenses and credit cards | Accounts payables and travel expenses and credit cards |
| Accountant | Bookkeeping and reporting to the group | Bookkeeping and reporting to the group, administrative |
| Accounting agency | Local financial reporting to authorities | Local regulations and rules |

Questionnaires were sent to CM, and local CS representing same areas of responsibilities and perspectives as in the pilot study. In addition, questionnaires were sent also to local accounting agency, CS in the headquarters, accounting assistant(s) and accountant in the headquarters.

Local accounting agency represented the local regulations perspective. CS in the headquarters represented the headquarters perspective of customer service and support of local CS'. Accounting assistant(s) represented accounts receivables and accounts payables on concrete level of work in the headquarters.

Accountant represented the bookkeeping and reporting perspective as well as administrative perspective in general.

6.3 Personal interviews

Following the structure of the pilot study, personal interviews represented the second step of the main study. As in the pilot study, returned questionnaires were analyzed and additional questions regarding current processes were written and some challenges were recognized regarding current processes. Questionnaires were also analyzed from process model perspective, if returned questionnaires had clear indications of if process model of the pilot study would be suitable or not. Personal interviews were held in the headquarters and local offices and local accounting agencies. First interviews were held in the headquarters in order to have the headquarters' perspective taken into consideration before interviewing the local organization.

6.4 Current process description

Following the structure of the pilot study, based on questionnaires and personal interviews, current process description was analyzed and drawn and challenges were recognized by using the same methods. As in the pilot study, deadlines for presentations were decided before personal interviews were held. Deadlines followed the time frame of the pilot study, approximately during one month after personal

interviews. Current process description was presented to each stakeholder of the group together with recommendations for improvement of processes.

TABLE 2 Stakeholders of decisions of the main study.

| STAKEHOLDER | FIELD OF RESPONSIBILITY |
|--------------------|------------------------------------|
| CEO | Final responsibility of operations |
| Accounting Manager | Accounting and reporting to group |
| CFO | Finance, credit management |

Recommendations responded to recognized challenges and were built by respecting the process model built in the pilot study in order to gain harmonized and transparent processes in and between subsidiaries but to take local regulations and specialties into account. As a result, Standardized Operational Procedures (SOP) were created.

6.5 Implementation

Implementation represented significant part of the main study as well and followed Kaizen's principle of top to down. Introduction of new processes was executed by the CEO, first to CM and further to other employees of the subsidiary.

6.6 Follow up questionnaire and interviews

As process improvement should be ongoing, in order to evaluate if new processes were responding to challenges and to discover new challenges, it was decided to execute after questionnaire and interviews for subsidiaries in the main study as well. However, in order to measure and evaluate properly processes, new processes should have been working at least one season before after questionnaire. At the moment this thesis was conducted, after questionnaires were sent only for the first subsidiaries which were part of the main study.

7 EMPIRICAL RESEARCH RESULTS AND ANALYSIS – THE MAIN STUDY

As briefly introduced in research approach of the main study, the main study expanded the field of the study. The field of the study was expanded in order to cover functions of the financial administration, which had effects for sales. This chapter is divided into five subchapters representing each of the studied subsidiaries

- The Netherlands (7.1)
- Switzerland (7.2)
- Germany (7.3)
- Austria (7.4) and
- Italy (7.5)

Some of the results of the main study, such as internal measurements and evaluations, are not presented in this study due to confidential content of these results.

As the field of the study expanded in each of the studied subsidiaries of the main study, following subchapters introduces the studied elements and focuses in the new elements these studies brought into discussion. Each of the following subchapters are further divided into three subchapters from process aspect (accounts receivables, accounts payables and accounting) and finally a summary of the studied subsidiary.

7.1 The Netherlands

The Netherlands had less than 10 employees consisting of the CM, local CS and sales organization. The Netherlands had one office and one showroom.

7.1.1 Accounts receivables

As described in the pilot study, accounts receivables can be considered as a wide concept including several processes and having affect from and to other processes. The definition and effects of accounts receivables were the same in the main study.

However, the main study expanded the field of study in order to gain wider view.

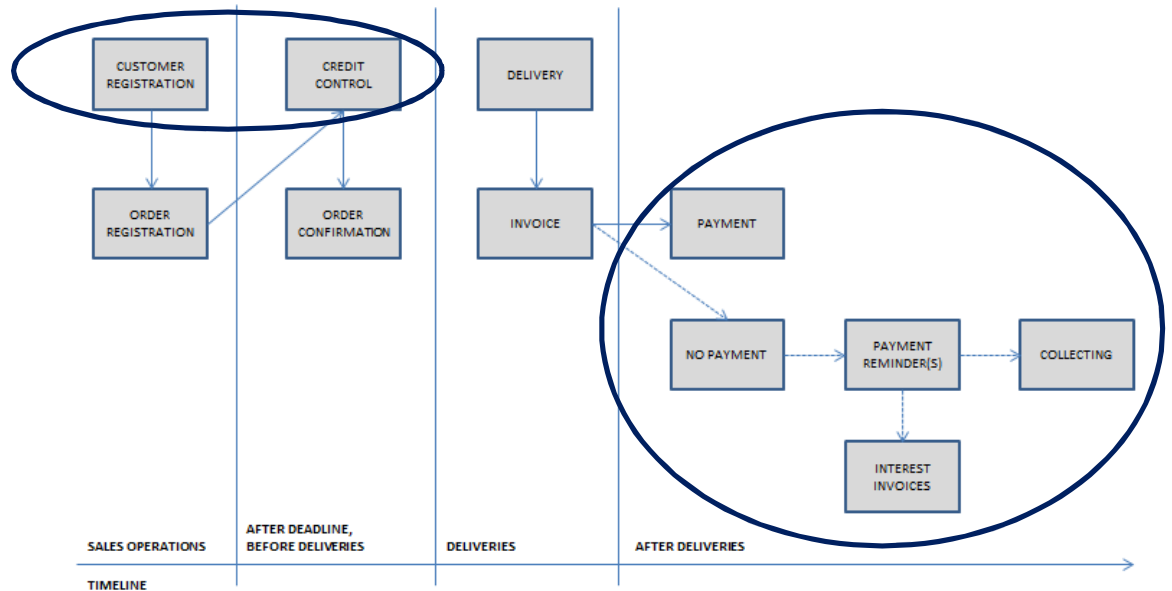


FIGURE 26. Concept of the process of accounts receivables in the main study.

The pilot study focused in payment methods, credit management, payment reminders and collecting and information flow of accounts receivables. The main study expanded the field to cover also customer registration, credit notes and interest invoicing. Studied elements are divided into each subchapter

- accounts receivables in general (7.1.1.1)
- registration of a new customer (7.1.1.2)
- payment methods (7.1.1.3)
- credit notes (7.1.1.4)
- payment reminders, interest invoicing and collecting (7.1.1.5)
- credit management and delivery block codes (7.1.1.6)
- information flows of accounts receivables (7.1.1.7)

7.1.1.1 Accounts receivables in general

As mentioned in the previous chapter, understanding of the whole process of accounts receivables is crucial. As all stakeholders, i.e. local sales organization, local customer service, customer service and support in the headquarters and local management were involved or responsible of processes which had direct or in-direct effects to account receivables it was crucial to discover if the process of accounts receivables in general was understood.

Even though returned questionnaires indicated that accounts receivables process in general was understood, answers to other questions regarding accounts receivables and challenges which were pointed out by accounting assistants in the headquarters, indicated that the process was not completely understood. Questionnaires and interviews at the headquarters revealed that especially effects of customer registration were not understood and how different elements were linked together.

In order to respond challenges regarding accounts receivables in general, it was recommended to introduce the process of accounts receivables in general and elements of the process.

7.1.1.2 Registration of a new customer

As registration of a new customer and customer details are the basis and first step from accounts receivables perspective, it was crucial part of accounts receivables. Based on registered customer details order was input to the system, delivery was arranged based on order details, invoice was issued based on customer details and order. As customer details include customer's name, address, VAT-code and payment term and invoice is issued based on customer details, from accounts receivables perspective it is crucial that for example customer's name and address details are correct and correct payment term is chosen.

Customers were registered to the system either by local CS or CS in the headquarters.

The study indicated that there were no challenges in customer registration in the Netherlands. However, in order to avoid any challenges in the future it was recommended to document and introduce required information and fields to fill-in in order to open a new customer. As responsibilities of customer registration were already stated, it was recommended to state clearly the responsibilities in customer registration process.

7.1.1.3 Payment methods

Subsidiaries of the main study offered their customers different payment methods and terms based on group's policy. In order to serve customers the best in each market, country and market based habit have been taken into consideration in selection of payment methods. The main study studied each of provided payment methods of these subsidiaries. The Netherlands provided two payment methods to its customers; bank transfer and payment in advance.

7.1.1.3.1 Bank transfer

Each subsidiary provided bank transfers as payment methods to their customers. Bank transfers were booked against customer's invoice(s) based on receipt of bank transfer to subsidiary's bank account.

Questionnaires and interviews revealed that payment by bank transfers had challenges in the Netherlands due to change of cash discount policy customers deducted their cash discount in a wrong way.

In order to respond challenges in the Netherlands, it was recommended and further decided to follow the situation of deduction of cash discounts if it would start to follow new policy or not.

7.1.1.3.2 Payment in advance

Each subsidiary offered and required payment in advance for and from certain customers. Payment in advance could have been selected by the responsible sales agent following customer's request or under own consideration. In addition from certain customers only accepted payment term was payment in advance due to credit reasons; negative credit report or negative payment behavior.

The main study revealed that especially payment in advance had challenges. In the Netherlands in some cases goods were released for delivery before payment was received. In addition the study revealed that it was not clear that customer's payment method was able to change to payment in advance during the season due to negative payment behavior. Also, in all subsidiaries it was revealed that group's policy of cancelling the order of customer who was required to pay in advance but did not respect the set timeline, was not clear.

In order to respond challenges it was recommended to document and introduce principles and policies of customers who are required to pay in advance and to precise information of payment in advance-customers between accounts receivables and warehouse.

7.1.1.4 Credit notes

Credit notes were taken to the study as in some cases credit notes have a significant role from financial administration perspective. Credit notes were issued by logistics department upon controlled and approved credit note request from responsible CS; either local CS or CS in the headquarters depending on the subsidiary.

In the Netherlands, credit notes had challenges mostly due to lack of information in customer returns, definition of credit/return reason codes and slight delays in issuance of credit notes after controlled and approved request was sent to logistics department.

As credit note process is a significant part of subsidiaries' processes, a new tool for credit notes was under construction at the moment of study. The new tool should respond to challenges of credit notes. Regarding challenges discovered in Switzerland and Germany it was recommended to clarify responsibilities through a table of responsibilities. Further in Austria forwarding of all received mail was underlined from credit note perspective as well. In Italy it was recommended and further decided to clarify that customers were responsible to arrange payment against invoice(s) even though there was a pending credit note request, customer returns as an exception. As if customer had returned part or whole order, credit notes were automatic issued at the moment goods were received to warehouse.

7.1.1.5 Payment reminders and collecting and interest invoices

Payment reminders were issued and sent twice a month direct to customers in all subsidiaries. 1st and 2nd payment reminders were issued and sent direct to customers by FAM. 3rd payment reminder was sent to collecting agency's payment reminder service and B-code was registered in order to prevent further deliveries to customer until customer had paid due invoices. 4th payment reminder started the actual collecting process in collecting agency and D2-code was registered, which prevented deliveries and order registration.

As payment reminders are sensitive process from sales, sales management and customer service perspective, processes of payment reminders were carefully analyzed.

Challenges were recognized in payment reminder process. In the Netherlands was discovered that payment reminders were not sent to buying organizations and local involvement was under only one person's responsibility. A list of payment reminders was issued; however, the list was shared only through e-mail which caused

challenges during holidays and absences. In addition, the texts of payment reminders were in English language.

In order to respond challenges it was recommended to share information of issued payment reminders through subsidiaries' common folders. Issued payment reminders were recommended to list to the file from 1st payment reminder in the Netherlands. Also it was recommended to set-up timelines for customer contacts in subsidiaries where personal customer contacts were considered crucial, such as in the Netherlands. In order to serve customers with reliable way and respecting local regulations payment reminders of the Netherlands were controlled at local accounting agency and text in payment reminders was updated and translated into Dutch.

Following group's policy, interest invoices should have been issued on a quarterly basis for customers who had arranged their payment(s) after due date. A separate invoice was issued regarding interests by FAM and invoice was sent to customers direct by FAM. The study revealed several challenges in interest invoicing.

In the Netherlands interest invoices had never been issued or sent to customers.

It was recommended to follow group's policy and to issue interest invoices by administration department and to share the information to sales organization through subsidiaries' common folders. The process was also introduced to local organizations in order to have knowledge of the process at local level. Table of responsibilities clarified also responsibilities of interest invoices, which were presented to local organizations.

7.1.1.6 Credit management and delivery block codes

Credit management and delivery block codes were also a part of the main study. There were no challenges of credit management in the Netherlands.

The study revealed that in the Netherlands reasons for delivery block codes were not clear. Also information of customers whose deliveries were blocked due to credit reasons was not shared on a regular basis in these subsidiaries.

It was recommended to introduce the whole process of credit management, possibility to change customer's credit status during the season and reasons of delivery block codes as well as to share information regarding customers whose deliveries were blocked due to credit reasons through subsidiaries' common folders.

7.1.1.7 Information flows

Information flow of accounts receivables was studied in the main study as well. Information flow of accounts receivables as a concept follows the description presented in the chapter of the pilot study.

The study revealed challenges in information flow. In the Netherlands it was discovered that information regarding payment reminders, customers at collecting agency and customers who had delivery block codes was not shared on a regular basis. In addition, in the Netherlands involvement in accounts receivables on a local level was only under responsibility of one employee, which caused challenges during holidays and absences.

It was recommended to follow process model of the pilot study, to share information of payment reminders, customers at collecting agency and customers whose deliveries had been blocked through subsidiaries' common folders. Further, table of responsibilities clarified responsibilities for contacts regarding accounts receivables.

7.1.2 Accounts payable

In the main study, accounts payables focused in receipt of supplier invoices, handling of supplier invoices and payment of supplier invoices. Accounts payables included both internal and external invoices related to subsidiaries' operations.

In the Netherlands suppliers sent their invoices to the local office where from they were scanned on a daily basis to the headquarters for processing. There were no challenges in receipt of supplier invoices.

Supplier invoices were handled in the headquarters through electronic invoice processing program. Received invoices were scanned to the program, entries were executed, first control was conducted by relevant responsible, informative flow was sent to local CM and finally invoices were approved by CEO of the subsidiary.

Handling of supplier invoices had challenges based on the main study. In the Netherlands most of the supplier invoices were sent to CEO for approval through CS in the headquarters, which added one additional handler for the invoice. In addition based on the main study, it was stated that invoices were approved too late. However, local organization did not have information of late approval of invoices. In order to check if invoices were approved with a significant delay, a study was conducted of the approval. The study indicated that there were not significant delays in approving of invoices.

It was recommended to arrange the handling process of supplier invoices as simply as possible, in Netherlands not to send all invoices through CS in the headquarters as the involvement did not add any value to the process; CS in the headquarters did not control or kept statistics of any of received invoices.

Supplier invoices were paid after receipt of approval through the electronic invoice processing program. Payments were arranged in FAM through subsidiaries' online

banking. The study did not recognize any specific challenges regarding payment of supplier invoices in the Netherlands.

However, as invoices were already approved through the electronic invoice processing program and approved invoices were transferred to accounts payables to bookkeeping program, it was studied if it were possible to arrange payments direct through accounts payables program instead of manually at subsidiaries' online banking systems.

It was recommended to arrange payments for all external supplier invoices through accounts payables-program.

7.1.3 Accounting

Accounting chapter of the main study includes basic areas of accounting, bookkeeping and reporting and travel expenses and credit cards as in the pilot study.

As mentioned in the chapter of the pilot study, bookkeeping and reporting is expected to be handled within stricter schedule in the future. Therefore in addition to the studied areas in the pilot study, the main study also studied possibilities to arrange bookkeeping and reporting with a stricter schedule.

In the Netherlands, the study revealed that accountant in the headquarters had a minor doubt if reporting could be provided with a stricter schedule. However, based on questionnaire and interview with the local accounting agency, it was discovered that reporting with a stricter schedule would be possible with well-in-advance planning and informing of the schedule.

In the main study, travel expenses were taken into questionnaires as the pilot study already indicated challenges in the travel expense process.

In the Netherlands it was discovered that travel expenses were handled through one local CS, who controlled that all receipts existed and further provided received travel expenses to FAM. The form of travel expenses in the Netherlands did not specify costs to accommodation, restaurant, travel, car and others as in other subsidiaries which made the approval process less efficient to the CEO of these subsidiaries.

It was recommended to issue an official form of travel expenses which could be used in all subsidiaries. The recommended official travel expense and credit card form (excel) would contain 3 sheets; first sheet to fill-in by the employee, second sheet to present an example of filled travel expenses and third sheet containing travel expense policy together with instructions of the policy. It was also recommended that each employee would send their travel expense files via e-mail to responsible CM for approval and further questions, accountant in the headquarters as a copy. Written approval of responsible CM was required in order to arrange the payment.

7.1.4 Summary of the Netherlands

The Netherlands represented the first subsidiary of the main study. The research methods (questionnaire, Gemba-walk, interviews, collaboration) followed the pilot study and same tools (SWOT, Five S, Five Whys, VSM) were used in the main study.

In the study, the current processes of financial administration (accounts receivables, accounts payables and accounting) were defined and specific challenges were found. The Netherlands expanded the field of the study from the pilot study. The main new fields under study were

- Knowledge of accounts receivables in general
- The effect of customer details in accounts receivables
- The effect of credit notes in accounts receivables
- Interest invoicing
- Payment of supplier invoices

- Reporting of bookkeeping

In the Netherlands, the main found specific challenges were

- Accounts receivables
 - o Poor understanding of the whole concept and process of accounts receivables
 - o Challenges in customer discounts
 - o Payment in advance
 - o Payment reminders
 - o Interest invoices
 - o Information flow
- Accounts payables
 - o Handling of suppliers' invoices
- Accounting
 - o Travel expenses

The current processes and found specific challenges were analyzed and recommendations for improvement for current processes were made. The process model built in the pilot study was the basis in recommendations, however as the Netherlands expanded the field of the study, new processes were recommended to be upgraded to the process model built in the pilot study. The main new processes which were upgraded to the process model were

- Accounts receivables
 - o Introduction of accounts receivables
 - o Introduction of required customer details
 - o Introduction of payment in advance
 - o Interest invoices
- Accounts payables
 - o Payments of suppliers' invoices through accounts payable program
- Accounting
 - o Travel expense form

The process model built in the pilot study was applicable to other discovered challenges of the Netherlands.

As a summary, the processes of the Netherlands were defined, specific challenges were found and improvements were recommended from the internal and external customers' perspective. Further, the process model built in the pilot study was applicable to the Netherlands.

7.2 Switzerland

Switzerland had less than five employees, CM and local sales organization. CS located in the headquarters, no local CS. Switzerland had also one office and one showroom.

7.2.1 Accounts receivables

Following the structure of the Netherlands, the chapter of accounts receivables is further divided to subchapters (accounts receivables in general, customer registration, payment methods, credit notes, payment reminders and collecting and interest invoices, credit management and delivery block codes and finally information flow of accounts receivables.

7.2.1.1 Accounts receivables in general

As in the Netherlands, in Switzerland as well even though returned questionnaires indicated that accounts receivables process in general was understood, answers to other questions regarding accounts receivables and challenges which were pointed out by accounting assistants in the headquarters, indicated that the process was not completely understood. Questionnaires and interviews at the headquarters revealed

that especially effects of customer registration were not understood and how different elements were linked together.

In order to respond challenges regarding accounts receivables in general, it was recommended to introduce the process of accounts receivables in general and elements of the process.

7.2.1.2 Customer registration

In Switzerland buying organizations as a customer group were challenging based on questionnaires and personal interviews. Information of changes of members regarding these buying organizations varied.

7.2.1.3 Payment methods

Switzerland provided only two methods of payment to its customers (as the Netherlands), payment by bank transfer and payment in advance.

7.2.1.3.1 Bank transfer

In Switzerland lack missing payment specifications and references in bank transfers created challenges for administration department as while payment specifications were not received or references were not given by customers in bank transfers, it was challenging to solve in which invoices customers' bank transfers were issued.

In Switzerland it was recommended to issue a letter to customers in order to instruct necessary details to inform as a reference in bank transfer or as a separate document.

7.2.1.3.2 Payment in advance

As mentioned earlier the study revealed in all subsidiaries that it was not clear that customer's payment method was able to change to payment in advance during the season due to negative payment behavior. Also, in all subsidiaries it was revealed that group's policy of cancelling the order of customer who was required to pay in advance but did not respect the set timeline, was not clear.

Recommendation implemented to the Netherlands (document and introduce principle and policies of payment in advance) was applied to Switzerland as well to respond challenges.

7.2.1.4 Credit notes

In Switzerland several challenges were discovered regarding credit notes. Credit note requests were sent to several persons in the headquarters. Based on questionnaire and personal interviews, credit note requests were more controlled in the FAM than customer service. In addition details of credit note requests were insufficient and reasons for credit note requests were used with variation. Further, the process time of credit note after credit note requests was considered too long. Some of the customers also held their payments until credit notes were issued.

As already mentioned in the Netherlands, the new tool of credit note was under construction during the study. Regarding challenges discovered in Switzerland it was recommended to clarify responsibilities through a table of responsibilities.

7.2.1.5 Payment reminders and collecting and interest invoicing

The process of payment reminders followed the process of the Netherlands. However, in Switzerland challenges were also discovered regarding payment reminders, information of issued and sent payment reminders were not shared between FAM and

the local organization. In addition information of missing credit notes caused challenges as pending credit notes were delaying customers' payments. Further in some cases payment reminder process was asked to stop by local organization.

In order to response challenges in Switzerland, the process implemented to the Netherlands (sharing information and timelines) were recommended.

In Switzerland, the study revealed that the process of interest invoicing was not known by local organization. In addition, customers did not understand received interest invoices and as local organization was not familiar to the process of interest invoicing, it was challenging for them to help customers.

As in the Netherlands, it was recommended also in Switzerland to introduce the process of interest invoicing to local organizations and share information of issued interest invoices through the common-folder.

7.2.2 Credit management and delivery block codes

In Switzerland the process of credit management was not clear for the local and sales organization. Also challenges were recognized as the local organizations in each subsidiary did not understand the possibility that customer's status could change during the season based on negative payment behavior.

The study revealed also in Switzerland that reasons for delivery block codes were not clear. Also information of customers whose deliveries were blocked due to credit reasons was not shared on a regular basis in these subsidiaries.

Following the implemented recommendation of the Netherlands it was recommended to introduce the whole process of credit management and to share information of customers whose deliveries were blocked through the common-folder.

7.2.3 Information flow of accounts receivables

Following the Netherlands, it was discovered that information regarding payment reminders, customers at collecting agency and customers who had delivery block codes was not shared on a regular basis.

It was recommended to follow the process model of the pilot study which was also implemented to the Netherlands (to share information and clarify responsibilities through subsidiary's common folder).

7.2.4 Accounts payable

Invoices of Switzerland were sent to local accounting agency wherefrom they were scanned on a daily basis to the headquarters for processing. There were no challenges in receipt of supplier invoices in Switzerland.

In Switzerland, the study revealed that part of external supplier invoices were passed for handling to another responsible, but entries were controlled by FAM before invoices were sent to approval. Questionnaires and interviews also indicated that there were delays in approving of invoices. Same study which was conducted in the Netherlands was conducted in Switzerland as well regarding delays of approving, the study revealed that no significant delays appeared.

In Switzerland and Germany it was recommended to instruct persons who handled invoices and executed entries to proper handling and sending invoices direct for approval instead of double controlling of entries.

The study revealed that part of invoices were paid before due date of invoice in Switzerland.

It was recommended to follow the recommendation in the Netherlands to arrange payments for all external supplier invoices through accounts payables-program. This also responded discovered challenge regarding payments against supplier invoices before due date in Switzerland.

7.2.5 Accounting

Also in Switzerland the study revealed doubts regarding providing the reporting with a stricter schedule. Also in Switzerland, based on questionnaire and interview with the local accounting agency, it was discovered that reporting with a stricter schedule would be possible with well-in-advance planning and informing of the schedule.

In Switzerland travel expenses were received on a regular basis, shortly after the month had changed. The study discovered that there were local regulations regarding travel expenses which were not clear to FAM.

The recommendation made to the Netherlands regarding an official form of travel expenses and process for travel expenses was recommended to Switzerland as well. In addition it was recommended to study and introduce the local regulations regarding travel expenses.

7.2.6 Summary of Switzerland

Switzerland followed the methods and tools of the pilot study and the Netherlands respecting the same purpose than the pilot study and the Netherlands. The study in Switzerland did not expand the field of the study (no new processes under study).

In Switzerland, the main found specific challenges were

- Accounts receivables

- Poor understanding of the whole concept and process of accounts receivables
- Registration of a new customer (buying organizations)
- Bank transfers
- Payment in advance
- Credit notes
- Payment reminders
- Interest invoices
- Information flow
- Accounts payables
 - Payment of supplier invoices
- Accounting
 - Travel expenses

The upgraded process model responded to all found challenges of Switzerland, therefore the upgraded process model was recommended to Switzerland as well.

As a summary, the processes of Switzerland were defined, specific challenges were found and improvements were recommended from both, the internal and external, customers' perspective. Further, the upgraded process model built in the pilot study was applicable to Switzerland.

7.3 Germany

Germany had more than ten employees, CM, CS and sales organization. Germany had one office and several showrooms all over Germany. In addition to the internal organization, Germany had also external sales organization (sales agents).

7.3.1 Accounts receivables

Following the structure of the Netherlands and Switzerland, the chapter of accounts receivables is further divided to subchapters (accounts receivables in general, customer registration, payment methods, credit notes, payment reminders and collecting and interest invoices, credit management and delivery block codes and finally information flow of accounts receivables).

7.3.1.1 Accounts receivables in general

Returned questionnaires indicated that accounts receivables process in general was understood, answers to other questions regarding accounts receivables and challenges which were pointed out by accounting assistants in the headquarters, indicated that the process was not completely understood in Germany as well. Questionnaires and interviews at the headquarters revealed that especially effects of customer registration were not understood and how different elements were linked together.

In order to respond challenges regarding accounts receivables in general, it was recommended to introduce the process of accounts receivables in general and elements of the process following the previous subsidiaries.

7.3.1.2 Registration of a new customer

The study revealed several challenges in customer registration in Germany. Customer service, both local and in the headquarters, considered that received details to open a new customer varied. Administration department considered that the fields of customer details were not understood by customer service and especially which effects each field had to other operations, such as invoicing. Study also revealed that administration department received questions from customer service regarding opening of a new customer. Questions received were not administrative but more technical. Further it was revealed that there were differences in customer registration

between local customer service and customer service in the headquarters regarding customers who had local direct debit as a payment method.

7.3.1.3 Payment methods

Germany offered several payment methods to its customers, in addition to bank transfer and payment in advance, Germany offered local direct debit and a check payment to its customers.

7.3.1.3.1 Bank transfer

There were no challenges in payment by bank transfer in Germany.

7.3.1.3.2 Payment in advance

In addition to the Netherlands, in Germany in some cases goods were released for delivery before payment was received. In Germany there was also variation in how and when pro forma invoice was issued and sent to customers. As discovered already in the Netherlands and Switzerland, the policy of payment in advance was not clear in Germany either.

Recommendation implemented to the Netherlands and Switzerland (document and introduce principle and policies of payment in advance) was applied to Germany as well to respond challenges. Variation of how and when pro forma invoice was issued and sent to customer did not have effect on the time of payment or delivery, therefore any recommendations to change the process.

7.3.1.4 Local direct debit

Local direct debits were offered as a payment method in Germany. Direct debit was issued automatic to customers who had chosen direct debit as a payment method. Direct debits were issued through online banking on a weekly basis in Germany.

The study revealed that incorrect customer details created challenges in direct debits in Germany. Based on certain additional details that had to be defined in customer details a list of direct debit customer's weekly invoices was generated automatic from invoicing system. In case these certain details were missing from customer details, the generated list did not include invoices of these customers.

Challenges raised in Germany were responded at the recommendation of registration of a new customer. In addition it was recommended to issue clear instructions of required fields for registration of a new customer and direct debit customers.

7.3.1.5 Check

In addition to France, checks were provided as a payment method in Germany.

In Germany checks were provided and used as a payment method only among few small customers. Checks were all sent by customers to the official address of the subsidiary and deposited at the moment of receipt. Checks were booked against customer's invoice(s) based on deposit to bank account. No challenges were raised from check process in Germany.

7.3.2 Credit notes

In addition to Switzerland Germany shared also challenges regarding lack of information in credit note requests received from customers. In addition variation of sending credit note requests for logistics department, which caused delays to the process.

As already mentioned in the Netherlands and Switzerland, the new tool of credit note was under construction during the study. Regarding challenges discovered in Germany it was recommended to clarify responsibilities through a table of responsibilities as already recommended in Switzerland.

7.3.3 Payment reminders and collecting and interest invoicing

In Germany payment reminders for buying organizations or customers who arranged their payment by local direct debit were an indication of incorrect customer details. Information of payment reminders was shared at the moment of 3rd payment reminder through e-mail.

In order to response challenges in Germany it was decided to emphasize the importance of correct customer details (as also stated earlier). As payment reminders did not require such a personal customer contact and as there were no challenges in the process itself in Germany, it was recommended to follow the implemented process regarding sharing of information and timelines but as an exception to the Netherlands and Switzerland, from the 3rd payment reminder.

In Germany, customer contacts based on interest invoices were addressed to CS instead of FAM. In addition, texts of interest invoices and interest rates were not controlled by local accounting agencies.

As in the Netherlands and Switzerland, it was recommended also in Germany to introduce the process of interest invoicing to local organizations and share information of issued interest invoices through the common-folder. As the study revealed that text of interest invoices and interest rates were not controlled by local accounting agencies in Germany, it was recommended to control texts of each subsidiary's interest invoices and accurate interest rates from local accounting agencies.

7.3.4 Credit management and delivery block codes

A similar challenge (process not clear) was discovered in Germany than in Switzerland regarding the credit management process.

Also, the same challenges regarding knowledge of the reasons for delivery block codes and regular sharing of information regarding customers whose deliveries were blocked were recognized in Germany.

Following the implemented recommendation of the Netherlands it was recommended to introduce the whole process of credit management and to share information of customers whose deliveries were blocked through the common-folder.

7.3.5 Information flow of accounts receivables

Also in Germany information was not shared on a regular basis. In addition in Germany CS was contacted regarding requests of information which should have been addressed directly to FAM.

It was recommended to follow the process model of the pilot study which was also implemented to the Netherlands and Switzerland (to share information and clarify responsibilities through subsidiary's common folder).

7.3.6 Accounts payable

Supplier invoices were received to the local accounting agency wherefrom they were scanned to the headquarters on a daily basis. There were no challenges in receipt of supplier invoices in Germany.

In Germany, the study revealed that different types of invoices were handled in different ways. Some invoices were handled by responsible person but controlled by FAM and some invoices were first sent via e-mail for approval and then handled through electronic invoice processing program. In addition to the Netherlands and Switzerland, it was stated that there were delays in approval of invoices. Similar study was conducted in Germany as in Switzerland and as a result, small delays appeared; however by comparing small delays to the number of received invoices, delays were rather minor.

In Germany it was recommended to instruct persons who handled invoices and executed entries to proper handling and sending invoices direct for approval instead of double handling.

Same recommendation was applied to Germany (payment through accounts payable program) than to the Netherlands and Switzerland.

7.3.7 Accounting

Following the Netherlands and Switzerland the study revealed doubts regarding providing the reporting with a stricter schedule in Germany as well. However, this was also possible for local accounting agencies with well-in advance planning and informing of the schedule.

In Germany, several different travel expense forms were used. Even though each of the used travel expense form contained all necessary data, controlling and finally approving of travel expenses was less efficient. In Germany, daily allowance rules were not clear to all employees and remarks related and referring to daily allowances were insufficient. The study also revealed that local CM did not have any information on travel expenses of the employees the CM was responsible of.

The recommendation made to the Netherlands and Switzerland regarding an official form of travel expenses and process for travel expenses was recommended to Germany as well.

7.3.8 Summary of Germany

Methods and tools as well as purpose of the study followed previous studies. The study in Germany did not expand the field of the study (no new processes under study).

In Germany, the main found specific challenges were

- Accounts receivables
 - o Poor understanding of the whole concept and process of accounts receivables
 - o Registration of a new customer
 - o Payment in advance
 - o Local direct debit
 - o Credit notes
 - o Payment reminders
 - o Information flow
- Accounts payables
 - o Handling of supplier invoices
 - o Payment of supplier invoices
- Accounting
 - o Travel expenses

The upgraded process model responded to all found challenges of Germany, therefore the upgraded process model was recommended to Germany as well.

As a summary, the processes of Germany were defined, specific challenges were found and improvements were recommended from both, the internal and external, customer's perspective. Further, the upgraded process model built in the pilot study was applicable to Germany.

7.4 Austria

Austria had less than five employees, representing sales organization. Austria had only one showroom.

7.4.1 Accounts receivables

Following the structure of the Netherlands and Switzerland, the chapter of accounts receivables is further divided to subchapters (accounts receivables in general, customer registration, payment methods, credit notes, payment reminders and collecting and interest invoices, credit management and delivery block codes and finally information flow of accounts receivables).

7.4.1.1 Accounts receivables in general

Returned questionnaires indicated that accounts receivables process in general was understood, answers to other questions regarding accounts receivables and challenges which were pointed out by accounting assistants in the headquarters, indicated that the process was not completely understood in Austria as well. Questionnaires and interviews at the headquarters revealed that especially effects of customer registration were not understood and how different elements were linked together.

In order to respond challenges regarding accounts receivables in general, it was recommended to introduce the process of accounts receivables in general and elements of the process following the previous subsidiaries.

7.4.1.2 Registration of a new customer

In Austria the study revealed challenges regarding receiving of required information from local organization, one of the most crucial information, segment of the customer, was hard to receive from old customers. In addition changes of customer details were not received from local organization to customer service in the headquarters. During interview with local accounting agency, new rule for customer's VAT-number control was discussed, controlled VAT-numbers should be filed and files should be stored in order to be able to prove afterwards that VAT-numbers were valid at the moment of invoicing.

In order to respect new regulations in Austria, it was decided to print the VAT-number control document in a pdf form in Austria common-folder.

7.4.1.3 Payment methods

Austria provided bank transfer and payment in advance as a payment method to its customers.

7.4.1.3.1 Bank transfer

In Austria some of payment specifications were received directly to FAM, however some of the payment specifications were sent to the local office, wherefrom specifications were forwarded to FAM, or other departments, with weeks of delay.

In Austria, similar letter than in the pilot study and in Switzerland was decided to issue and send to customers in order to receive all payment specifications direct to administration department in the headquarters. In addition, local office was strictly instructed to forward all received mail to the headquarters.

7.4.1.3.2 Payment in advance

As discovered already in the Netherlands, Switzerland and Germany, the policy of payment in advance was not clear in Austria either.

Recommendation implemented to the Netherlands, Switzerland and Germany (document and introduce principle and policies of payment in advance) was applied to Austria as well to respond challenges.

7.4.2 Credit notes

In Austria challenges were recognized in situations where customers sent their credit note requests to the local office, as received credit note requests were forwarded to the headquarters with weeks of delay. As a consequence of missing credit note request or slow process time of credit note request, customers deducted credit notes from their payments before credit notes were issued.

As already mentioned in the Netherlands, Switzerland and Germany, the new tool of credit note was under construction during the study. In Austria forwarding of all received mail was underlined from credit note perspective as well.

7.4.3 Payment reminders and collecting and interest invoicing

In Austria, no information of issued and sent payment reminders was shared at all. Also all customer contacts regarding payment reminders were addressed to CS in the headquarters instead of FAM.

In order to response challenges in Austria, the process implemented to the Netherlands, Switzerland and Germany (sharing information and timelines) were recommended. Table of responsibilities responded the challenge of contacts regarding payment reminders in Austria.

In addition to Germany in Austria, customer contacts based on interest invoices were addressed to CS instead of FAM. In addition, texts of interest invoices and interest rates were not controlled by local accounting agencies.

Recommendation (to introduce the interest invoicing process and share issued interest invoices) from previous subsidiaries was recommended also to Austria.

As the study revealed that text of interest invoices and interest rates were not controlled by local accounting agencies also in Austria, it was recommended to control texts of each subsidiary's interest invoices and accurate interest rates from local accounting agencies.

7.4.4 Credit management and delivery block codes

The study revealed similar challenges (process of credit management not clear and reasons for delivery block codes were not clear) regarding both credit management and delivery block codes than in Switzerland and Germany.

Also, the same challenges regarding knowledge of the reasons for delivery block codes and regular sharing of information regarding customers whose deliveries were blocked were recognized in Austria.

Following the implemented recommendation of the Netherlands it was recommended to introduce the whole process of credit management and to share information of customers whose deliveries were blocked through the common-folder.

7.4.5 Information flow of accounts receivables

Austria shared the same challenge than other studied subsidiaries; information was not shared on a regular basis. In addition to Germany, also in Austria

CS was contacted regarding requests of information which should have been addressed directly to FAM.

It was recommended to follow the process model of the pilot study which was also implemented to the Netherlands, Switzerland and Germany (to share information and clarify responsibilities through subsidiary's common folder).

7.4.6 Accounts payable

In Austria receipt of supplier invoices had significant challenges. Supplier invoices were mostly sent to local office. However, some supplier invoices were sent direct to the headquarters by suppliers, either via e-mail or through mail. As indicated earlier in the chapter of accounts receivables, in case documents were sent to local office, documents were forwarded to administration department with weeks of delay. As payment terms towards suppliers were not long, this caused challenges in arranging payments to suppliers in time.

In Austria it was recommended to issue a letter to subsidiary's suppliers and instruct them to send invoices direct to the headquarters. In Italy it was recommended to precise the importance of relevant and detailed information to administration department for proper handling and entries of supplier invoices.

In Austria, handling of supplier invoices was challenging in case additional information was required. In case additional information was requested from local organization by FAM, answer was either never received or if received, with weeks of delay.

In Austria receipt of supplier invoices had significant challenges. Supplier invoices were mostly sent to local office. However, some supplier invoices were sent direct to the headquarters by suppliers, either via e-mail or through mail. As indicated earlier

in the chapter of accounts receivables, in case documents were sent to local office, documents were forwarded to administration department with weeks of delay. As payment terms towards suppliers were not long, this caused challenges in arranging payments to suppliers in time.

The recommendation of arranging payments through accounts payables program was recommended to Austria as well.

7.4.7 Accounting

In Austria most challenging part of travel expenses was to receive travel expenses in time. Also in case any additional details were required and requested by administration department from responsible employee, information was either not received or if received, with a weeks of delay.

The recommendation made to the Netherlands, Switzerland and Germany regarding an official form of travel expenses and process for travel expenses was recommended to Austria as well.

7.4.8 Summary of Austria

Methods and tools as well as purpose of the study followed previous studies. The study in Austria did not expand the field of the study (no new processes under study).

In Austria, the main found specific challenges were

- In general (applicable to both accounts receivables and accounts payables)
 - o Receiving and sharing of information
- Accounts receivables

- Poor understanding of the whole concept and process of accounts receivables
- Registration of a new customer
- Bank transfer
- Payment in advance
- Credit notes
- Payment reminders
- Information flow
- Accounts payables
 - Receiving of supplier invoices
- Accounting
 - Travel expenses

The upgraded process model responded to all found challenges of Austria, therefore the upgraded process model was recommended to Austria as well.

As a summary, the processes of Austria were defined, specific challenges were found and improvements were recommended from both, the internal and external, customers' perspective. Further, the upgraded process model built in the pilot study was applicable to Austria.

7.5 Italy

Italy had less than five employees, CM and CS. Italy had also one office. Italy had also external sales organization (sales agents).

7.5.1 Accounts receivables

Following the structure of the Netherlands and Switzerland, the chapter of accounts receivables is further divided to subchapters (accounts receivables in general,

customer registration, payment methods, credit notes, payment reminders and collecting and interest invoices, credit management and delivery block codes and finally information flow of accounts receivables.

7.5.1.1 Accounts receivables in general

Returned questionnaires indicated that accounts receivables process in general was understood, answers to other questions regarding accounts receivables and challenges which were pointed out by accounting assistants in the headquarters, indicated that the process was not completely understood in Germany as well. Questionnaires and interviews at the headquarters revealed that especially effects of customer registration were not understood and how different elements were linked together.

In order to respond challenges regarding accounts receivables in general, it was recommended to introduce the process of accounts receivables in general and elements of the process following the previous subsidiaries.

7.5.1.2 Registration of a new customer

In Italy customer registration of certain group of customers created confusions as both CS's, in local office and in the headquarters, registered the new customer to the system. In addition in Italy the study revealed that customer service did not receive correct information from sales organization for customer registration. In addition, correctness of VAT-number and bank account of registered customer were controlled by administration department. This had an effect to efficiency of customer registration, as first customer service registered all received data to customer service program, then administration department received information of it on following day and controlled the registered data. In case data was incorrect, administration department informed customer service who then contacted the sales organization and further updated details and then administration department controlled details again.

In Italy it was decided that correctness of VAT-numbers and bank accounts were controlled by local customer service at the moment of customer registration. This saved time and followed the principle of customer registration, as customer details were on responsibility of customer service, therefore additional phase of controlling registered data was eliminated.

7.5.1.3 Payment methods

Italy provided several payment methods to its customers, bank transfer, payment in advance, and local direct debit, payment by draft and payment by check.

7.5.1.3.1 Bank transfer

The study indicated that there were no challenges in process of payment bank transfer in Italy.

7.5.1.3.2 Payment in advance

As discovered already in the Netherlands, Switzerland, Germany and Austria, the policy of payment in advance was not clear in Italy either. In addition in Italy payment in advance created confusion as a term, as in the Italian market customers were used to give checks in advance with further due dates which was considered as an advance payment from Italian perspective. However, from credit management perspective, in case customer was required to arrange payment in advance due to credit reasons, it was crucial that customer arranged payment in advance by bank transfer or the due date of check was before deliveries.

Recommendation implemented to the Netherlands, Switzerland, Germany and Austria (document and introduce principle and policies of payment in advance) was applied to Italy as well to respond challenges. In Italy it was also recommended by

local sales management to open a new payment term and to divide payment terms based on if payment in advance was due to credit reasons or not.

7.5.1.3.3 Drafts

As a main rule, Italy did not offer drafts as a payment method in Italy. Drafts in Italy are more risk payment method compared to France and to payment by checks in Italy. Also the timeline for draft deposit is long, drafts needs to be presented to beneficiary's bank at least 60 days before due date and there is a possibility that drafts were returned from beneficiary's bank after 60 days of deposit. Also, drafts were usually given by customers who were no longer able to issue checks or arrange bank transfer. Drafts could be considered as a promissory note for payment in future. However, drafts had to be approved in certain situations as it was considered better for customer relationship and the subsidiary instead of passing customer to collecting agency.

As indicated in previous paragraph, drafts were challenging from credit management perspective due to long processing time and high risk.

It was recommended to not to provide draft as a payment method on a general level, but under careful consideration and upon approval of CFO drafts can be accepted as a payment method.

7.5.1.3.4 Local direct debit

Local direct debits were offered as a payment method in addition to Germany also in Italy. Direct debit was issued automatic to customers who had chosen direct debit as a payment method as in Germany. Direct debits were issued through online banking on a monthly basis in Italy.

In Italy challenges were discovered if local direct debit returned from subsidiary's bank account. Return of local direct debit indicated that customer had not approved issued local direct debit or that customer did not have enough balance in bank account at the moment of due date of local direct debit. Returned local direct debit was booked as a returned payment to customer's account at the moment local direct debit had been returned from subsidiary's bank account. Returned local direct debit caused costs for the subsidiary and additional work, as in case customer did not arrange automatic payment by using other method, bank transfer or check, money had to be collected from customer. It was also not clear that how long customer had time to arrange substitute payment to cover the returned local direct debit. In addition it was stated that local direct debits were returned frequently from certain customers, which indicated that customer would not pay the local direct debit in any case which only caused costs for the subsidiary and customer gained more time for payment. In addition, information of local direct debits or returned local direct debits was not shared. CS was not able to see which invoice(s) issued or returned local direct debit was against to and at the moment of customer contact local CS had to contact administration department in the headquarters and ask these details in order to response to customer.

Challenges raised in Italy were responded by clarifying of rules regarding returned local direct debit, in case customer's local direct debit was returned more than three following times, customer's payment method was automatic changed to payment in advance. Also it was clarified that customers whose local direct debit was returned had to arrange substitute payment immediately. In order to respond challenge of lack of information it was decided to give similar access to accounts receivables program for local customer service as in France and the Netherlands. This shortened the process as in case of a customer contact regarding issued or returned local direct debit, local customer service was able to check and give information at the moment to customer instead of approaching administration department and waiting for reply and further returning to customer.

7.5.1.4 Checks

In addition to France and Germany, checks were provided as a payment method in Italy as well.

In Italy checks were either sent via mail to local office or picked personally from customer by responsible sales agent. If responsible sales agent picked checks from customer(s), checks were sent to local office via mail. Once check was received to local office, local office updated received checks on an excel file which was shared through Italy common-folder and in addition sent via e-mail to FAM. Based on received check to the office, payment was booked against customer's invoice(s) by administration department.

Challenges were discovered during the study. Checks picked up by responsible sales agents were sent to local office with weeks, even with months delay. This had effects for payment reminders, as until checks were received to local office they were not registered as a payment, therefore payment reminders were issued to customers even though responsible sales agent had picked up checks from them. In addition checks received to local office or picked by responsible sales agents were issued for incorrect amount and for later due date than the original due date of invoice. In these cases, customers had to be contacted again and new checks had to be provided by customers in order to fulfill the amount of their payment or to give new checks with acceptable due dates.

In order to respond discovered challenges it was recommended to precise sales organization the importance of correct details of picked check, such as correct amount and acceptable timeline compared to original due date of the invoice. As sales organization had sales as their primary responsibility, it was recommended to assist sales organization by providing ready-paid and written envelopes for them in order for them to send checks to local office with less involvement. In addition it was

recommended to precise to sales organization that checks had to be sent to local office on a weekly basis, during sales campaign at least twice a month.

7.5.1.5 Credit notes

In Italy credit notes caused challenges from payment perspective as customers held their payments until credit note was issued. This caused challenges as at the moment when payment reminders were issued it was not necessary known in the FAM that customer was expecting a credit note. Usually this was recognized at the moment customer claimed received payment reminder.

As already mentioned in previous studies (the Netherlands, Germany, Switzerland and Austria), the new tool of credit note was under construction during the study. In Italy it was also recommended and further decided to precise that customers were responsible to arrange payment against invoice(s) even though there was a pending credit note request, customer returns as an exception. As if customer had returned part or whole order, credit notes were automatic issued at the moment goods were received to warehouse.

7.5.2 Payment reminders and collecting and interest invoicing

As an exception to the process in other subsidiaries of the main study (the Netherlands, Switzerland, Germany and Austria), in Italy it was earlier decided together with local management and group CFO that customers were not sent to collecting agency before approval from local management. Therefore in Italy when 3rd payment reminder was issued, B-code was registered but payment reminders were not sent to collecting agency's payment reminder service as in other subsidiaries, but sent to customers. A list was issued of these 3rd (and more) payment reminders and the list was sent by FAM to local management and CS, group CFO as a copy. The purpose of the earlier agreed process was to test if local organization could collect receivables more cost efficient than collecting agency. Feedback from local organization was expected based on the issued list. In Italian market it was also

common to send so called lawyer's letter together with 3rd payment reminder. Details of payment reminder, due invoice(s) with details of date, original due date, amount, delay in number of days and degree, were written to lawyer's letter and it was signed by group's general council.

In Italy the study discovered that payment reminders were sent too often to customers from local organization's perspective. In addition, local organization considered better to indicate local customer service's Italian e-mail address as a contact e-mail in payment reminder instead of accounting assistant's Finnish e-mail address as they felt it was easier for customer to approach local e-mail address. Further, local organization considered that Finnish bank account of the subsidiary should not be indicated in the payment reminders but only the Italian bank account of Italy. Study also revealed that lawyer's letters were not sent to customer together with 3rd payment reminders. In addition the study indicated that payment reminder process was not efficient from financial administration perspective as feedback regarding 3rd+ payment reminders were not received on a prompt schedule and if details were received, details included insufficient information.

In order to respond challenges in Italy, it was recommended to change contact address from Finnish e-mail address to Italian e-mail address. In case customers approached CS based on payment reminder CS was responsible of forwarding information of customer contact immediately to FAM. It was also decided to remove Italy's Finnish bank account details from payment reminders. FAM was recommended to be reminded to send lawyer's letters together with 3rd payment reminder. As the test of local collecting was not as efficient from credit management perspective as expected it was recommended to follow group's policy in payment reminder process, followed process was taken from the pilot study.

In Italy, interest invoices had been issued to customers once following group's policy but due to significant feedback from local organization, interest invoicing was stopped until the process would be studied deeply. The study focused on reasons for

the received significant feedback and considered different methods in order to follow interest invoicing policy of the group.

It was recommended to issue interest invoices in Italy according to group policy as well, the recommended process followed the interest invoicing process recommended and implemented to previous subsidiaries.

7.5.3 Credit management and delivery block codes

There were no challenges in credit management process in Italy.

Also the reasons for delivery block codes were well known in Italy and shared on a regular basis through subsidiary's common-folder.

7.5.4 Information flow of accounts receivables

As also in Italian market it was as common for customers to contact regarding open balance or requesting account statement. Therefore challenges were similar than in the pilot study, customer approached local customer service, who then had to contact FAM and wait for reply and then further contact customer again.

In Italy it was recommended to give similar access to accounts receivables program to local customer service than in France and the Netherlands.

7.5.5 Accounts payable

All invoices were received to the local office and were scanned to the headquarters on a daily basis by the local CS.

In Italy it was indicated that for some invoices explanations from local customer service were insufficient towards administration department in the headquarters.

In Italy it was recommended to precise the importance of relevant and detailed information to administration department for proper handling and entries of supplier invoices.

The recommendation of payment of supplier invoices through accounts payables-program applied to Italy as well.

7.5.6 Accounting

Bookkeeping of Italy was executed with the same format than France. During interview it was discussed with local accounting agency of similar possibilities to execute bookkeeping than in the pilot study. As if the process would follow the process recommended in the pilot study it would be possible it was also recommended to execute bookkeeping the same way than in the pilot study.

In Italy there were no challenges in travel expense and credit card process.

7.5.7 Summary of Italy

Methods and tools as well as purpose of the study followed previous studies. The study in Italy did not expand the field of the study (no new processes under study).

In Italy, the main found specific challenges were

- Accounts receivables
 - o Poor understanding of the whole concept and process of accounts receivables

- Registration of a new customer
- Payment in advance
- Checks
- Local direct debit
- Drafts
- Credit notes
- Payment reminders
- Information flow
- Accounts payables
 - Receiving of supplier invoices (specific information from local CS)
- Accounting
 - Bookkeeping (overlapping between the headquarters and in the local accounting agency)

The upgraded process model responded to all found challenges of Italy, therefore the upgraded process model was recommended to Italy as well. In addition few recommendations were made but not upgraded to processes of all these subsidiaries, in order to respond to the specific challenges of Italy (but not in the others).

As a summary, the processes of Italy were defined, specific challenges were found and improvements were recommended from both, internal and external, customers' perspective. Further, the upgraded process model built in the pilot study was applicable to Italy.

7.6 Summary of the main study

The main study is summarized in the following chapters. First accounts receivables followed by accounts payable and accounting and finally a total summary of the main study.

7.6.1 Summary of accounts receivables

As a summary as the table below indicates, the main study revealed more or less same challenges in processes of accounts receivables than the pilot study. The table also indicates that the process model built in the pilot study was useful in the main study.

TABLE 21. Provided payment methods.

| SUBSIDIARY | BANK TRANSFER | PAYMENT IN ADVANCE | CHECK | DRAFT | LOCAL DIRECT DEBIT |
|-----------------|---------------|-----------------------|-------|-------|-----------------------|
| The Netherlands | Yes | Yes | - | - | - |
| Switzerland | Yes | Yes | - | - | - |
| Germany | Yes | Yes | Yes | - | Yes |
| Austria | Yes | Yes | - | - | - |
| Italy | Yes | Yes | Yes | Yes | Yes |

TABLE 22. A summary of significant challenges of the processes of accounts receivables and recommendation for new processes.

| | CHALLENGE IN CURRENT PROCESS | RECOMMENDATION FOR A NEW PROCESS | USEFULNESS OF THE PILOT STUDY |
|--------------------------------------|---|--|----------------------------------|
| ACCOUNTS RECEIVABLES INGENERAL | Process of accounts receivables in general was not clear, affects in and to the process were not understood. Incorrect information in customer details of buying organizations (Switzerland) | Process description and introducing of it by the CEO. | - |
| | Variation in received details of a new customer (Germany) Fields of customer details and effects of them were not understood properly (Germany) | | |
| CUSTOMER REGISTRATION | Technical questions of customer details addressed to financial administration department in the headquarters (Germany) | Documentation and introduction of required details in order to open a new customer and table of responsibilities | - |
| | Differences in registration of customer details between responsible CS' (Germany) | | |
| | All required details and changes of customer details were not received (Austria) | | |
| | Incorrect information of new customer details from external sales organization (Italy) | | |
| | New VAT-control rules (Austria) | To print VAT-control document in a PDF-form to Austria common folder (Austria) | - |
| | Waste of time in VAT and bank account validity control (Italy) | VAT and bank account validity control to responsibility of local CS (Italy) | - |

| | CHALLENGE IN CURRENT PROCESS | RECOMMENDATION FOR A NEW PROCESS | USEFULNESS OF THE PILOT STUDY |
|--------------------|--|---|-------------------------------|
| BANK TRANSFER | Incorrect deductions of cash discounts due to change of cash discount policy (the Netherlands) | To follow if incorrect deductions would reduce in time. | - |
| | Missing payment specifications and references of payments (Switzerland, Austria) | A letter to customers regarding where to send payment specifications | - |
| PAYMENT IN ADVANCE | Group policy of possibility of customer's payment term to change to payment in advance during the season was not understood (All) | | Yes |
| | Group policy of cancellation of customer's order if customer has not arranged required payment in required time was not understood (all) | Documentation and introduction of principles and policies of payment in advance. | - |
| | Goods were released for delivery before payment was received (the Netherlands, Germany) | Precise information between financial administration department in the headquarters and warehouse | - |
| DRAFT S | The term of payment in advance (Italy) | New payment term to separate different types of payment in advance (Italy) | - |
| | Risky, but in some cases necessary payment method (Italy) | Not to provide as a general payment method, but to accept under case by case evaluation by group CFO (Italy) | - |
| | Missing details in customer details (Germany) | Instructions of registration of a new customer | - |
| LOCAL DIRECT DEBIT | Frequently returned local direct debits from the same customer (Italy) | Documentate and introduce rules of local direct debit, to change payment method automatic to payment in advance after 3 returned local direct debits and that substitute payment against returned local direct debit should be arranged immediately (Italy) | - |
| | When substitute payment against returned local direct debit was supposed to be arranged was not understood (Italy) | Similar access to accounts receivables program as in France and the Netherlands in order to see details of issued and returned local direct debits (Italy) | Yes |
| | Lack of information issued and returned local direct debits (Italy) | Ready paid and written envelopes to sales agents and clear deadlines when checks should be sent to local office (Italy) | - |
| CHECKS | Checks collected by responsible sales agents were sent to local office with even months of delay (Italy) | Precision to sales agents of prompt information in checks from customers (Italy) | - |
| | Insufficient information (amount, due date) in checks given by customers (Italy) | | - |

| | CHALLENGE IN CURRENT PROCESS | RECOMMENDATION FOR A NEW PROCESS | USEFULNESS OF THE PILOT STUDY |
|--------------|---|---|-------------------------------|
| CREDIT NOTES | Lack of information in credit note requests (the Netherlands, Switzerland, Germany) | | - |
| | Slight delays in issuing of credit notes (the Netherlands, Switzerland) | | - |
| | Credit note requests were sent to several persons in the headquarters and were more controlled by the financial administration department than CS in the headquarters (Switzerland) | New tool for credit note processing under construction and table of responsibilities | - |
| | Variation in how credit note requests were sent to logistics department depending on the responsible CS (Germany) | | - |
| | Credit note requests sent to local office by customers were sent for further processing with weeks of delay (Austria) | Precise prompt re-sending of mail (Austria) | - |
| | Customers held their payments until credit notes were issued (Switzerland, Italy) | Precise customer's responsibility to arrange payment despite pending credit note (Switzerland, Italy) | - |

| | CHALLENGE IN CURRENT PROCESS | RECOMMENDATION FOR A NEW PROCESS | USEFULNESS OF THE PILOT STUDY |
|---|---|--|-------------------------------|
| Payment reminders | Payment reminders were not sent to buying organizations (the Netherlands) | Precise the process to send payment reminders to all customers | Yes |
| | Local involvement of payment reminders under only one person (the Netherlands) | Introduce the process + share information of payment reminders through subsidiaries' common folders + table of responsibilities | Yes |
| | Information of payment reminders were shared only through e-mail (the Netherlands, Germany) | | |
| | Information of issued and sent payment reminders was not shared to local organization by financial administration department in the headquarters (Switzerland, Austria) | | |
| | Contacts of payment reminders to CS instead of financial administration in the headquarters (Austria) | | |
| | Incorrect customer details (Germany) | Instructions of customer details | - |
| | Payment reminder text in english (the Netherlands) | To control and translate payment reminder texts (the Netherlands) | - |
| | Payment reminders were sent too often from local organization's point of view (Italy) | To follow the process of payment reminders of the pilot study (Italy) | Yes |
| Insufficient feedback of payment reminders with delay (Italy) | | | |
| Lawyers letters were not sent together with 3rd payment reminders (Italy) | To remind financial administration department to issue and send lawyer's letters (Italy) | - | |
| Finnish e-mail address and bank account details confused customers (Italy) | To remove finnish details from payment reminders (Italy) | - | |
| Interest invoices | Interest invoices were not issued (the Netherlands) | To introduce the process of interest invoicing + to share information of issued and sent interest invoices at subsidiaries' common folders + table of responsibilities + control texts and rates of all subsidiaries | - |
| | Process of interest invoicing was not known (Switzerland) | | |
| | Customers did not understand received interest invoices (Switzerland) | | |
| | Customer contacts to CS' instead of financial administration department in the headquarters (Germany, Austria) | | |
| Interest rate and texts were not controlled by local accounting agencies (Germany, Austria) | | | |
| Significant feedback of issued and sent interest invoices (Italy) | | | |
| | CHALLENGE IN CURRENT PROCESS | RECOMMENDATION FOR A NEW PROCESS | USEFULNESS OF THE PILOT STUDY |
| CREDIT MANAGEMENT AND DELIVERY BLOCK CODES | Process of credit management was not clear (Switzerland, Germany, Austria) | To introduce the process of credit management and delivery block codes + to share information of customers whose deliveries are blocked due to credit reasons at subsidiaries' common folders | Yes |
| | Local organizations did not understand that customer's status could change during the season due to negative payment behavior (All) | | |
| | Reasons of delivery block codes were not clear (the Netherlands, Switzerland, Germany, Austria) | | |
| | Information of customers whose deliveries were blocked due to credit reasons was not shared on a regular basis (the Netherlands, Switzerland, Germany, Austria) | | |
| INFORMATION FLOW OF ACCOUNTS RECEIVABLES | Information of payment reminders, customers at collecting agency and customers whose deliveries were blocked due to credit reasons was not shared on a regular basis (the Netherlands, Switzerland, Germany, Austria) | Files to share at subsidiaries' common folders + table of responsibilities | Yes |
| | Involvement in accounts receivables under only one person (the Netherlands) | | |
| | Contacts regarding accounts receivables were addressed to CS instead of financial administration in the headquarters (Germany, Austria) | | |
| | Time-consuming process of receiving balance details and account statements of customers (Italy) | | |

Challenges were discovered from each area of accounts receivables and recommendations were given by following group policies, process model built in the pilot study and local regulations and habits.

7.6.2 Summary of accounts payables

TABLE 23. Where supplier invoices were sent to.

| SUBSIDIARY | LOCAL ACCOUNTING AGENCY | LOCAL OFFICE | THE HEADQUARTERS |
|-----------------|-------------------------|--------------|------------------|
| The Netherlands | - | Yes | - |
| Switzerland | Yes | - | - |
| Germany | Yes | - | - |
| Austria | - | Yes | Yes |
| Italy | - | Yes | Yes |

The processes of accounts payable did not indicate as significant challenges than the processes of accounts receivables from process perspective. However, the main study revealed some challenges from accounts payables as indicated in the summary below.

TABLE 24. A summary of significant challenges of the current processes of accounts payable and recommendations for new processes.

| | CHALLENGE IN CURRENT PROCESS | RECOMMENDATION FOR A NEW PROCESS | USEFULNESS OF THE PILOT STUDY |
|-------------------------------|--|--|-------------------------------|
| RECEIPT OF SUPPLIER INVOICES | Supplier invoices were sent to several places (Austria) Re-sent of supplier invoices from local office with significant delay (Austria) | To send a letter to suppliers to instruct invoices should be sent to the headquarters (Austria) | Yes |
| HANDLING OF SUPPLIER INVOICES | Insufficient information of content of supplier invoices (Italy) | To precise importance of prompt information (Italy) | - |
| | All invoices were sent through CS in the headquarters (the Netherlands) | To not sent all invoices through CS in the headquarters (the Netherlands) | - |
| | Delays in approval of invoices (the Netherlands, Switzerland, Germany) | Additional study was conducted, which indicated only minor delays in Germany and mostly no delays regarding the Netherlands and Switzerland. | - |
| | Double-control of entries (Switzerland, Germany) | To instruct executing entries and not to have double control at financial administration department in the headquarters (Switzerland, Germany) | - |
| | Variation in handling of invoices (Germany) | To handle all invoices with same principles (Germany) | - |
| | Additional information regarding invoices was received with weeks of delay from local organization (Austria) | To precise importance of prompt respond from local organization (Austria) | - |
| PAYMENT OF SUPPLIER INVOICES | Invoices were paid before due date (Switzerland) Payments of supplier invoices were conducted manually through subsidiaries' online banking (All) | To conduct payments of supplier invoices through accounts payables program | - |

Recommendations responded to discovered challenges and further would create cost-efficiency through to simplifying of processing and by using technology. Pilot study did not focus in accounts payables as deeply as the main study, also raised challenges varied between the pilot study and the main study. Therefore the pilot study did not represent a significant affect in the main study. However, recommendations of payments of supplier invoices regarding the main study were recommended to France as well.

7.6.3 Summary of accounting

As the main study revealed, there were some challenges in accounting and other financial administration matters.

TABLE 25. Summary of significant challenges of the current processes of accounting and recommendations for new processes.

| | CHALLENGE IN CURRENT PROCESS | RECOMMENDATION FOR A NEW PROCESS | USEFULNESS OF THE PILOT STUDY |
|--|--|--|-------------------------------|
| TRAVEL EXPENSES AND CREDIT CARDS | Travel expenses were controlled by one of the local CS (the Netherlands) | | |
| | Travel expense file did not have any specification of difference costs (the Netherlands) | | |
| | Special regulations of travel expenses were not known in financial administration department (Switzerland) | To issue an official travel expense file with instructions | Yes |
| | Several different forms were used by employees (Germany) | + each employee responsible of sending travel expenses to CM for approval + to financial administration department in the headquarters | |
| | Rules of daily allowances were not clear (Germany) | | |
| | Travel expenses included insufficient remarks and information (Germany) | | |
| | Travel expenses were not received in time (Austria) | | |
| Respond to additional questions of travel expenses were received with significant delays (Austria) | | | |

Recommendations responded discovered challenges and unified practices between subsidiaries. The pilot study was useful from travel expense and credit card process as well as for Italian bookkeeping process perspectives as it further created Standardized Operational Procedures for travel expenses and credit cards.

7.6.3.1 Other administrative tasks

As administration is a wide concept, it includes many supporting fields related direct or in-direct to bookkeeping and reporting. In order to respect and improve possible future deadlines of reporting as well as in order to have a good overview and control of administration in general it was crucial to take other administrative tasks under study as well. However, due to the classified content of these processes, these are not presented in this study.

7.6.4 Overall summary

The main study discovered many challenges and recommendations for new processes were given by following group's policies, local regulations and the process model built in the pilot study in order to serve the customer, internal and external, the best. As a result the pilot study was considered useful tool and process model in other subsidiaries as well. Given recommendations would lead to as unified processes as possible.

Same methods than used in the pilot study were applied to the main study in order to ensure ongoing process improvement.

8 CONCLUSIONS

The research questions of this study were

1. What are current administrative processes?
2. Are there challenges in current processes?
3. Is there a possibility to improve current processes?

And further, if the first three questions were answered

4. Are improved processes applicable to other subsidiaries?
5. Are continuous improvements needed?

Both of the studies, the pilot study and the main study, responded to stated research questions. Current administrative processes were recognized, as well as challenges of them and further, possibilities to improve these processes were recognized, recommended and further decided to conduct. As the pilot study was a success, the process model built in the pilot study was evaluated in the main study, subsidiaries in the main study were studied as well, challenges were identified and the process model was applicable as presented in previous chapters. Therefore from research questions perspective, the study can be considered successful. The study also responded to the fifth research question – as the operations and business environment were and are changing, continuous improvement is necessary in order to maintain the efficient financial administration processes.

The theoretical background of the study, lean, provides interesting opportunities for all fields of businesses for evaluating processes. During the study, it was discovered that even though lean is created to production processes, it can well be applied and adapted to evaluation of administrative processes as well. The main purpose of lean, to eliminate waste, is rather interesting from administrative processes perspective. As administrative processes provide services only to its internal and external customers without any direct contribution, therefore roughly it could be considered that administrative processes does not create any revenue to the company. However, in order for the sales organization to serve the external customer

the best, administrative processes step in. All waste recognized in administrative processes increase waiting time of the customer of sales organization. While the administration performs its processes more efficient, the less of resources the administration needs which creates profits to the company while saving personnel costs. With good instructions Standard Operating Procedures (SOP) new employee is easy to introduce to the company and tasks. Efficient administration has affects also to for more measurable and concrete facts, such as the turnover rate of accounts receivable, the more efficient payments can be received interest advantages etc.

Methods of lean, such as SWOT analysis and Gemba walking were very useful in this study. Without Gemba walking, perhaps parts of the processes would have remained the same, and all the waste would not have been recognized or eliminated. Processes were first tested in the pilot study and as recognized efficient, further implemented in the main study. As a result to these steps and phases of these studies, an important part of any process improvement was conducted – Standardized Operational Processes (SOP). SOPs were created in respect of already existing, but not all documented group policies as well as respecting local habits and regulations.

As mentioned in the theory background, efficient processes are crucial for the future success of a company which was also indicated in the study. As already mentioned in the beginning of the chapter, ongoing process evaluation and improvement are crucial for the future and the expected future success. *The study proved that the methods and the theory of lean is applicable to professional processes and can be used as tools and methods for improving the efficiency of organization's professional processes.* Therefore the study can be useful for applying the lean theory to professional processes.

For main study for this study, improvement and further development of Standard Operating Procedures' (SOP) would be recommendable. As, as long as there is documentation of processes, organization is led and manifested through processes instead of persons. Therefore I would recommend

1. Creating guidance from sales perspective as well as administration's perspective on a deeper level of all processes in order to sustain the achieved processes.
2. In addition, a deeper analysis of cultural aspects and organizational behavior are rather interesting topics which could have additional impact and or perspective to the field of study.
3. Furthermore, the effect of performance of administrative processes in sales and especially in increasing of sales would be an interesting field of study.

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APPENDIX 1. GLOSSARY.

| | |
|-------------------------------|---|
| Five S (5S) | Sort, shine, set in order, standardize, sustain. These are five steps to remove unneeded tools, materials, debris, and clutter; thoroughly clean the entire area and everything in it; establish a logical place for each item; mark addresses/locations for each place (262) and the thing(s) that go in it; an establish a system to maintain the cleanliness and order you have established. With 5S, everything has a place, and you can tell at a glance what is supposed to be where, what does not belong in an area, and what belongs, but is missing or out of place. It is one form of basic discipline. |
| Five Whys (5Ws) | Asking whys five times a basic method of cause analysis is. Each successive question is intended to go deeper into the cause of a situation, typically a problem with production. For example: We missed pitch this period. Why? We ran out of parts. Why? The water spider didn't pick up the withdrawal card. Why? There was no withdrawal card in the container. Why? I took the card home in my pocket by accident and lost it. Why? I didn't put the withdrawal card in the Kanban post when I pulled the container in to begin using it. What was the cause? Failure to handle the withdrawal Kanban according to the defined process. Put it in the Kanban post before using the first part from the container! |
| Flow | A goal in lean production in which product moves through the steps in a production process with no interruption or waiting between steps. An example of flow is a moving assembly line. The ideal of flow is one-piece flow. In one-piece flow, as work is completed at one workstation, the unit is passed directly to the next with no waiting and a new unit arrives at the first workstation without that operator having to wait for it. In some cases, flow is not one piece at a time, but rather a small batch or lot at a time, such as a pair of arms for a chair or a set of drawers for a storage cabinet. |
| Gemba walk | A Japanese term meaning "the real place," or roughly "where the action is." In manufacturing, that means the production floor. Gemba walks are one of the primary ways for teaching lean production, and the primary way for teaching lean management. In a Gemba walk, a teacher, or sensei, and student walk the production floor. The teacher asks the student to tell what he or she sees and, depending on the answer asks more questions to stimulate the student to think differently about what is in front of him or her. This includes learning to see what is not there, and learning to see what (263) has been accepted as given, but shouldn't be changed to fit with learn principles. Gemba walks often include assignments to act on what the student has come to see, with follow up on the next Gemba walk, typically weekly. See also Sensei. (264) |
| Kaizen | A Japanese term meaning "good change." Kaizen is a way of thinking and seeing, of always being alert to the opportunity to make changes for improvement. It typically involves small changes, rarely more than can be accomplished by a team of seven working full time for a week. Many lean organizations include kaizen events as a regular part of their continuous improvement activities. Kaizen's are structured events carried out by a team assembled for the task under the direction of a kaizen team leader, where the improvement task is completed start to finish in a week or less. (264) |
| Lean management system | The practices and tools used to monitor, measure, and sustain the operation of lean production operations. Lean management practices identify where actual performance fails to meet expected performance; assigns and follows up improvement activities to bring actual in line with expected, or to raise the level of expected performance. The basic components of the lean management system are standard work for leaders, visual controls, and a daily accountability process. |
| Lean production | The name for the Toyota Production System popularized by Womack and Jones in <i>Lean thinking</i> . Womack and Jones identify five elements, or principles, of lean production. Definition of value from the customer's point of view, flow production, pull replenishment of what has been consumed, constant emphasis on the reduction of waste, and striving for perfection. (265) |
| Noncyclical processes | Processes not carried out every production cycle (such as every time a storage cabinet is assembled on an assembly line). Noncyclical tasks are those carried out one or only a few times a day; such as cleaning equipment at the end of a shift, or calibrating a process every 100 cycles. Noncyclical tasks can be even less frequent, for example, weekly, monthly, or quarterly maintenance task. Compare with <i>Standardized work</i> . |
| Non-value adding | Tasks that do not transform parts or materials into finished products. Some non-value-adding work remains necessary in many production operations, such as parts traveling on a conveyor through paint or finishing shop. Applying and curing the finish adds value as it is part of transformation of materials into product, but travel on the conveyor does not, even though it is necessary in the way the process is set up today. Tasks either add value or do (266) not; people asked to do non-value-adding are not themselves without value; they are only doing that the current system asks of them. Compare with <i>Value adding</i> . (267) |
| Process focus | Virtually every process in a lean system is defined, documented, and visually controlled. Each process in a lean system is interdependent with one, several, or many other processes. Failure (267) in any single process can quickly bring the system to a halt. Process focus is the practice and discipline of continually and regularly checking on the status of each process to be sure it is operating normally; or documenting when it is not, and identifying the of the abnormal condition and eliminating or preventing it from recurring. Process focus is a principal objective of the lean management system. |
| Root cause | The basic source from which a problem grows, as distinct from symptoms that are the visible effect of a problem. By doing a problem solving analysis to find what is causing a problem, it is often possible to eliminate the cause altogether, or to prevent it from recurring. By analogy, if you cut the top off a weed, it is likely to grow back from the undisturbed root. If you dig the weed out by the root, it will not come back. See also 5 Whys. |

| | |
|--|---|
| Standard work for leaders | One of the key elements of the lean management system, standard work for leaders specifies the actions to be taken each day to focus on the processes in each leader's area of responsibility. Unlike standardized work for a production workstation, the elements in standard work for leaders usually are not timed, though some of them take place at specific times during the day (269) for example, "Lead tier two meeting (6:30 am)". |
| Standardized work | Specification, usually for a production workstation, that include the sequence in which steps or work element are performed, expected time for each element and the total time for all, takt time; and the quantities of inventory before, in, and after the workstation. Standard work for production operations also can include specific safety information (for example, identifying potential pinch points) and quality checks is performed during the sequence of operations. |
| Toyota Production System (TPS): | Developed over the past 50 years at Toyota, based initially on the writings of Henry Ford. TPS seeks to eliminate waste from production processes. The ideal approach in TPS is for production to operate at exactly the rate of customer demand. This is often expressed at Just-In-Time production, where nothing is produced until there is specific customer demand for it. (271) |
| Value adding activity | Anything necessary to transform material on the way to making a finished product. Cutting to size, attaching components, making connections, and applying finish are all examples of value-adding activity. Storing, moving, counting, and reworking are all examples of activities that do not add value to the finished product, even though some of them may be necessary in the current production process. Compare with Non-value-adding. |
| Value stream | The people and equipment involved in producing a product line or closely related family of products. Value streams usually include each of the operations and pieces of equipment in the sequence of production operations. The intent is to minimize the distance parts have to be moved and maximized the speed of flow through the production process. In a batch-and-queue organization, like operations are typically grouped together in separate departments, such as forming, molding, cutting, seeing, insertion, subassembly, finishing, and final assembly. Batches of parts typically wait, sometimes a long time, between operations and often must be moved long distances from one operation to the next. |
| Value stream manager | In an organization structure designed to most fully reflect a lean philosophy, all the support groups related to making a value stream operate would report on an solid line to the value stream manager. This means the value stream would have a dedicated staff group, as well as the typical line management positions, such as team leaders and department supervisors. Especially early in a lean journey, companies may not be ready to make this organizational realignment without creating more turbulence than is worthwhile. |
| Visual controls | Visual controls are variety of approaches that make the status of a process visible at a glance. They include production-tracking charts of various kinds that show actual versus expected performance. They also include audit forms for status of safety practices, workplace organization and 5S, compliance with specifications for contents of a supermarket, and number and location of Kanban cards. Signs, labeled "parking spaces" on the floor itself, and shadow boards all make it possible to tell where things should and shouldn't be. Strictly speaking, visual controls allow control of processes rather than actually exerting control themselves. (272) David Mann Creating a Lean culture, Tools to sustain Lean Conversions, Second Edition |
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(Mann 2010, 262-272).

APPENDIX 2. ACTIONS OF THE PILOT STUDY.

| ACT | NUMBER, OTHER MEASURABLE |
|--|---|
| Preliminary discussions | 3 |
| Questionnaires | 4 |
| Interviews , held in France | 3 |
| Presentation of current processes and recommendation for new processes | 2 |
| Documentation (outcomes) | Process presentation An excel file of received checks and drafts An excel file of issued payment reminders An excel file of customers at collecting agency An excel file of customers with delivery block codes |
| After questionnaires | 6 |
| Interviews based on after questionnaires, held in the headquarters | 3 |
| Interviews based on after questionnaires, conducted through phone meetings (to France) | 2 |
| Presentation based on after questionnaires of the status of improved processes and further recommendations | 1 |

APPENDIX 3. QUESTIONS OF QUESTIONNAIRES OF THE PILOT STUDY

LOCAL OFFICE

PAYMENT METHODS

BILLS

If You do not handle bills please answer to question 1 and after skip to question 8.

1. Do You feel any disadvantages in not participating in handling of bills?
In case You feel – how would You improve handling of bills?

Please skip to question 8.

2. How do You participate in handling of bills?
 - a. Do You receive a pre notice from customer about sent bill?
 - b. After You have received bill what are the next steps and when (how many days after You have received the bill)
3. Do you feel it is important for You to participate in handling of bills?
 - a. In case You do feel important, please describe why it is important
 - b. In case You do not, please describe why it is not important
4. How much time You estimate using in handling of bills in a week?
5. In a scale of 1 to 5 (1 representing worst and 5 excellent) what grade would You give to current handling of bills?
6. In case Your grade was 3 or lower please describe why.
7. Do you feel there would be something to improve with bills? In case You do, please describe what and what would be Your suggestion.

CHECKS

If you do not handle checks please answer to question 8 and after skip to question 15.

8. Do You feel any disadvantages in not participating in handling of checks? In case You feel – how would You improve handling of checks?

Please skip to question 15.

9. How do You participate in handling of checks?
- Do You receive a pre notice from customer about sent check?
 - After You have received check what are the next steps and when (how many days after You have received the check)

10. Do You feel it is important for You to participate in handling of checks?
- In case You do feel important, please describe why it is important
 - In case You do not, please describe why it is not important

11. How much time You estimate using in handling of checks in a week?

12. In a scale of 1 to 5 (1 representing worst and 5 excellent) what grade would You give to current handling of checks?

13. In case Your grade was 3 or lower please describe why.

14. Do you feel there would be something to improve with checks? In case You do, please describe what and what would be Your suggestion.

BANK TRANSFERS

If You do not handle bank transfers please answer to question 15 and after skip to question 22.

15. Do You feel any disadvantages in not participating in handling of bank transfers? In case You feel – how would You improve handling of bank transfers?

Please skip to question 22.

16. How do You participate in handling of bank transfers?
- Do You receive a pre notice from customer about arranged bank transfer?
 - What are the next steps?

17. Do You feel it is important for You to participate in handling of bank transfers?
- In case You do feel important, please describe why it is important
 - In case You do not, please describe why it is not important

18. How much time You estimate using in handling of bank transfers in a week?
19. In a scale of 1 to 5 (1 representing worst and 5 excellent) what grade would You give to current handling of bank transfers?
20. In case Your grade was 3 or lower please describe why.
21. Do you feel there would be something to improve with bank transfers? In case You do, please describe what and what would be Your suggestion.

SUMMARY

22. Please name the best payment method from Your point of view. Please also describe why You consider this payment method as the best one.
23. Please name the worst payment method from Your point of view. Please also describe why You consider this payment method as the worst one.
24. Please feel free to give any other opinions or feedback related to payment methods.

INFORMATION FLOWS, CREDIT MANAGEMENT AND COLLECTING

INFORMATION FLOWS

1. Please name situations You need information from administration department.
2. Do You understand the information You receive? In case You do not understand received information please specify cases when You do not understand received information.
3. Do you know whom to contact when You need information?
In case You do not know whom to contact – please specify these situations.
You may name more than one situation.
4. Do You consider some information You are received not needed and not important?
Please also name information You consider not needed and important.

5. Please name the most important information You need from administration department and why You consider this information important. You may name more than one information.
6. Do you receive the information in right time? In case You do not receive the information in right time please specify these situations.
7. How much time would You estimate using in handling of information in a week?
8. In a scale of 1 to 5 (1 representing worst and 5 excellent) what grade would You give to current information flow?
9. In case Your grade was 3 or lower please describe why.
10. Do You feel there would be something to improve with information flows? In case You do, please describe what and what would be Your suggestion.

CREDIT MANAGEMENT AND CUSTOMER BLOCKS

11. Do You know how and when credit limits for customers are checked?
12. Do You feel important to be aware of the process? Please also describe why You consider important or not important to be aware of the process.
13. Do You know how and when customers' orders are blocked? In case You do not know how and when customers' orders are blocked please specify these situations.
14. Do You feel important to be aware in case customers' orders are blocked? Please also describe why You consider important or not important to be aware if customers' orders are blocked.
15. How much time would You estimate using in handling of customers' whose orders are blocked in a week?
16. In a scale of 1 to 5 (1 representing worst and 5 excellent) what grade would You give to current
 - a. Credit management
 - b. Customer blocks

17. In case Your grade was 3 or lower please describe why.

18. Do You feel there would be something to improve with credit management and customer blocks? In case You do, please describe what and what would be Your suggestion.

COLLECTING

In case You are not involved in collecting process please answer only to question 19 and after skip to question 26.

19. Do You feel any disadvantages in not participating in collecting process?
In case You feel – how would You improve current collecting process?

Please skip to question 26.

20. Please describe how You are involved in collecting process

a. How and when collecting process starts from Your point of view

b. Do You handle all the reminders by Yourself or do You pass some of the reminders to some other team member?

In case You pass part of the reminders to other team member – please describe why and how much would You estimate these cases to be (in a percentage) of all reminders?

c. Do You handle all the reminders in the same way? Are there any differences between different reminder grades in Your handling?

d. When You receive feedback from customer – do You receive feedback direct from the customer or through other team member?

e. After You have received feedback – what are the next steps?

21. Do You consider important for you to be involved in the collecting process?

a. In case You do, please describe why

b. In case You do not, please describe why

22. How much time would You estimate using in collecting process in a week?

23. In a scale of 1 to 5 (1 representing worst and 5 excellent) what grade would You give to current collecting process?

24. In case Your grade was 3 or lower please describe why.

25. Do You feel there would be something to improve with collecting? In case You do, please describe what and what would be Your suggestion.

SUMMARY

26. Please name the best part from Your point of view in
- a. Information flows
 - b. Credit management and customer blocks
 - c. Collecting

Please also describe why You consider these parts as the best from Your point of view.

27. Please name the worst part from Your point of view in
- a. Information flows
 - b. Credit management and customer blocks
 - c. Collecting

Please also describe why You consider these parts as the best from Your point of view.

28. Please feel free to give any other opinions or feedback related to information flows, credit management and customer blocks and collecting.

SALES PERSONNEL

TRADE RECEIVABLES

PAYMENT METHODS

1. Are You aware of the current payment methods company is providing to customers?
Please describe why do You consider
 - a. Important to be aware of current payment methods provided to customers
 - b. Not important to be aware of current payment methods provided to customers
2. From sales point of view please
 - a. Describe if You consider some payment method better than another, please also name the payment method which You consider better than another
 - b. Please also describe why

INFORMATION FLOWS

3. In case You need information – do You contact the person who will provide information
 - a. Yourself

- b. Through Your team member or some other person?

Please also describe why You ask information Yourself or through other team member or person

- 4. Do You know who is able to provide You the information You need?
In case You do not know – please specify case(s) when You do not know whom to contact.
- 5. Please describe the most important information You need from administration department and reasons why You consider named information important.
You may name more than one information.
- 6. Do You understand the information You receive?
In case You do not understand the information You receive please specify the information which You do not understand.
- 7. Please describe if You receive some information which You consider not important and needed.

CREDIT MANAGEMENT AND CUSTOMER BLOCKS

- 8. Are You aware how and when credits are checked for the customers? Do you consider this information important or not important and please also describe why.
- 9. Do You consider important to be aware of customers' credit limits? Do You consider information important or not important and please also describe why.
- 10. Are You aware of customers whose orders are blocked and the reasons for the blocks?
Do You consider important or not important to be aware of customers' whose orders are blocked and please also describe why.

COLLECTING

- 11. Are You aware of current collecting process? Do you consider this information important or not important and please also describe why.
- 12. If You are involved in collecting process
 - a. Please describe how You are involved in the process
 - b. Do You consider information important or not important to be involved in collecting process and please also describe why.

SUMMARY

13. Please feel free to share if any other opinions or feedback related to payment methods, credit limits and customer blocks and collecting.
-

LOCAL MANAGEMENT

TRADE RECEIVABLES

PAYMENT METHODS

1. Do You consider Your team aware of different payment methods provided to customers?
Do You consider this information important for
 - a. Sales personnel?
 - b. Office personnel?
2. Do You consider some payment method(s) more difficult for Your team to handle than other(s)?
If You consider some payment method(s) more difficult for Your team than other(s) please name which one(s).
3. How much time would You estimate Your team uses in handling of different payment methods in a week
 - a. Bills (les traites)
 - b. Checks (les chèques)
 - c. Bank transfers (les virements)
4. Do You consider used time handling of these payment methods valuable for the company? Please describe in which cases You consider used time valuable and in which case You do not consider used time valuable.

INFORMATION FLOWS

5. Do You consider Your team aware of whom to contact in case they need information?
In case You consider Your team not aware – please specify cases.
6. Do You consider Your team receives the needed information in needed time? In case You consider Your team does not receive the needed information in time please describe these situations.

7. Do You consider Your team understands the information they receive? In case You consider Your team does not understand the information please specify the information You feel Your team does not understand.
8. How much time would You estimate Your team uses in handling of information requested and received
 - a. Sales personnel
 - b. Office personnel

CREDIT MANAGEMENT AND CUSTOMER BLOCKS

9. Do You consider Your team is aware of how credits are checked and credit limits are given? Do You consider this information important for Your team?
10. Do You consider Your team is aware how and when customers are blocked? Do You consider this information important for Your team?
11. Do You consider Your team understands the reasons why customers' orders are blocked?
In case You consider Your team does not understand the reasons please specify the cases.
12. How much time would You estimate Your team using in handling of customer blocks?

COLLECTING

13. Do You consider Your team understands the collecting process? Do You consider this information important or not important for Your team? Please also describe why You consider this information important or not important.
14. Do You consider important for Your team to participate in collecting and please describe why
 - a. Sales personnel
 - b. Office personnel?
15. How much time You estimate Your team using in collecting process
 - a. Sales personnel
 - b. Office personnel?

SUMMARY

16. Please name the most time consuming parts of payment methods, credit limits and customer blocks and collecting for

- a. Sales personnel
- b. Office personnel?

17. Do You consider used time for these parts valuable for the company? Please also describe why You consider these valuable or not valuable for the company.

18. Please feel free to share if any other opinions or feedback related to payment methods, credit limits and customer blocks and collecting.

APPENDIX 4. NOTES OF PERSONAL INTERVIEWS OF THE PILOT STUDY.

(CONFIDENTIAL)

5 pages

APPENDIX 5. SWOT ANALYSIS OF THE PILOT STUDY.

SWOT ANALYSIS OF CURRENT PROCESS OF PAYMENT BY CHECK

| STRENGTHS | WEAKNESSES |
|--|--|
| IN CASE A CHECK IS SENT TO OFFICE 1, LOCAL ORGANIZATION CONSIDERS CHECKS THE MOST EASIEST PAYMENT METHOD TO FOLLOW | TOO MANY PEOPLE INVOLVED |
| | HANDLING TAKES TIME IN LOCAL ORGANIZATION |
| | TIME AND MONEY SPENT IN CASE CHECK IS SENT TO OFFICE 1 |
| | SLOW PAYMENT METHOD |
| | LOCAL ORGANIZATION DOES NOT RECEIVE ENOUGH INFORMATION RELATED TO CHECKS SENT TO OTHER LOCATIONS THAN OFFICE 1 |
| | RECEIVED CHECK IS NOT SHOWN IN CUSTOMER'S FINANCIAL SITUATION |
| | MISTAKES IN CHECK DEPOSITS |
| | LOCAL ORGANIZATION IS NOT AWARE OF CHECKS RECEIVED AND THEIR DUE DATES BEFORE DEPOSIT |
| OPPORTUNITIES | THREATS |
| CUSTOMER IS ABLE TO CHOOSE WHERE HIS CHECK IS SENT TO | TRACKING OF LOST CHECK IS DIFFICULT ESPECIALLY IF CUSTOMER DOES NOT REMEMBER WHERE HIS CHECK HAS BEEN SENT TO |
| CUSTOMER IS ABLE TO ARRANGE PAYMENT PLAN EASILY | CHECK IS LOST IN MAIL |
| | FRAUD AGAINST A CHECK |
| | CHECK AS A PAYMENT METHOD INCLUDES ALWAYS A RISK |

SWOT ANALYSIS OF RECOMMENDATION FOR A NEW PROCESS OF PAYMENT BY CHECK

| STRENGTHS | WEAKNESSES |
|---|--|
| NUMBER OF PEOPLE INVOLVED IS MINIMIZED | MISTAKES IN CHECK DEPOSITS |
| NO HANDLING IN LOCAL ORGANIZATIONS | MISTAKES IN WHERE CHECKS ARE SENT TO |
| NO RE-SENDING OF CHECKS (SAVE OF TIME AND MONEY) | |
| COMMON FOLDER PROVIDES ALL THE NEEDED INFORMATION | |
| CHECKS ARE REGISTERED AS A PAYMENT BY CHECK AFTER CHECK IS RECEIVED | |
| OPPORTUNITIES | THREATS |
| TRACKING OF LOST CHECKS EASY | CHECK IS LOST IN MAIL |
| RISK OF CHECK GETTING LOST IN MAIL REDUCES | CHECK AS A PAYMENT METHOD INCLUDES ALWAYS A RISK |
| RISK OF FRAUDS AGAINST CHECKS REDUCES | |

SWOT ANALYSIS OF CURRENT PROCESS OF PAYMENT BY DRAFT

| STRENGTHS | WEAKNESSES |
|--|--|
| ONE OF THE MOST SAFEST PAYMENT METHOD | HARD TO FOLLOW FROM LOCAL ORGANIZATION PERSPECTIVE |
| NO TIME USED IN DRAFTS IN LOCAL ORGANIZATION | |
| OPPORTUNITIES | THREATS |
| CUSTOMER RECEIVED A DRAFT TOGETHER WITH THE INVOICE AND THEREFORE HAS A POSSIBILITY TO ARRANGE PAYMENT BY DRAFT EASILY | DRAFT IS LOST IN MAIL |

SWOT ANALYSIS OF RECOMMENDATION FOR A NEW PROCESS OF PAYMENT BY CHECK

| STRENGTHS | WEAKNESSES |
|--|-----------------------|
| INFORMATION OF DRAFTS ARE REGISTERED TO ONE PLACE -> NUMBER OF E-MAILS ARE REDUCED | - |
| INFORMATION REGISTERED TO COMMON FOLDER IMPROVES FOLLOWING FOR LOCAL ORGANIZATION | |
| OPPORTUNITIES | THREATS |
| CUSTOMER RECEIVED A DRAFT TOGETHER WITH THE INVOICE AND THEREFORE HAS A POSSIBILITY TO ARRANGE PAYMENT BY DRAFT EASILY | DRAFT IS LOST IN MAIL |

SWOT ANALYSIS OF CURRENT PROCESS OF PAYMENT BY BANK TRANSFER

| STRENGTHS | WEAKNESSES |
|---|---|
| HARDLY NO TIME USED IN BANK TRANSFERS IN LOCAL ORGANIZATION | HARD TO FOLLOW FROM LOCAL ORGANIZATION PERSPECTIVE |
| QUICK PAYMENT METHOD | |
| OPPORTUNITIES | THREATS |
| ONE OF THE MOST SAFEST PAYMENT METHOD | DETAILS OF BANK TRANSFERS ARE NOT SPECIFIED IN BANK STATEMENT |
| | DETAILS OF BANK TRANSFER IS NOT SENT |
| | COST IS AT CUSTOMER |

SWOT ANALYSIS OF RECOMMENDATION FOR A NEW PROCESS OF PAYMENT BY BANK TRANSFER

| STRENGTHS | WEAKNESSES |
|--|--|
| NO TIME USED IN LOCAL ORGANIZATION | HARD TO FOLLOW FROM LOCAL ORGANIZATION PERSPECTIVE |
| QUICK PAYMENT METHOD | |
| TIME SAVE SINCE SPECIFICATIONS OF BANK TRANSFERS ARE SENT DIRECTLY TO AR IN THE HQ | |
| OPPORTUNITIES | THREATS |
| ONE OF THE MOST SAFEST PAYMENT METHOD | COST IS AT CUSTOMER |
| DETAILS WRITTEN IN PAYMENT (SHOWN IN BANK STATEMENT) REDUCES THE TIME USED IN REGISTERING OF BANK TRANSFER | |

SWOT ANALYSIS OF CURRENT PROCESS OF INFORMATION FLOW OF AR

| STRENGTHS | WEAKNESSES |
|--|---|
| DETAILS RECEIVED ARE UNDERSTOOD IN GENERAL | DELAYS IN RECEIVING REQUESTED INFORMATION |
| KNOW WHOM TO CONTACT IN CASE NEED OF INFORMATION | INFORMATION RECEIVED MIGHT NOT BE UP TO DATE |
| | NO EXACT DATE FOR MONTHLY INFORMATION |
| | TIME AND MONEY SPENT WHILE REQUESTING AND PROVIDING INFORMATION |
| OPPORTUNITIES | THREATS |
| MONTHLY INFORMATION FOR CUSTOMER SERVICE | VARIATION IN RECEIPT OF BANK STATEMENTS (REGISTERING OF PAYMENTS) |

SWOT ANALYSIS OF RECOMMENDATION FOR A NEW PROCESS OF INFORMATION FLOW OF AR

| STRENGTHS | WEAKNESSES |
|--|--------------------------------|
| INFORMATION IS AVAILABLE AT ANY TIME | MISUSE OF COMMON FILES |
| MORE UPDATED INFORMATION | |
| MONTHLY INFORMATION NOT NEEDED – DETAILS CAN BE FOUND IN REAL-TIME FROM ACCOUNTING PROGRAM | |
| NUMBER OF E-MAILS REDUCES -> TIME AND MONEY SAVED | |
| OPPORTUNITIES | THREATS |
| MORE UPDATED REGISTERING OF PAYMENTS | TOO MUCH INFORMATION AVAILABLE |

SWOT ANALYSIS OF CURRENT PROCESS OF COLLECTING

| STRENGTHS | WEAKNESSES |
|--|--|
| IMPORTANT TO BE AWARE OF PAYMENT REMINDERS | PAYMENT REMINDERS ARE HANDLED SAME WAY IN LOCAL ORGANIZATION DESPITE OF THE DEGREE OF PAYMENT REMINDER |
| | TIME CONSUMING |
| | REMINDERS TO BE SENT MORE OFTEN |
| | INFORMATION OF LEGAL COLLECTING AGENCY NOT RECEIVED FROM AR IN THE HQ |
| | FEEDBACK FROM SENT PAYMENT REMINDERS IS NOT RECEIVED FROM LOCAL ORGANIZATION |
| | IN MOST OF THE CASES CONFIRMATION FOR LEGAL COLLECTING AGENCY IS PENDING AT LOCAL ORGANIZATION |
| OPPORTUNITIES | THREATS |
| DIRECT CONTACT TO CUSTOMERS (CUSTOMER SERVICE) | CURRENT TEXTS OF PAYMENT REMINDERS |
| | CURRENT LETTERS FROM LEGAL COLLECTING AGENCY (LANGUAGE, DETAILS) |

SWOT ANALYSIS OF RECOMMENDATION FOR A NEW PROCESS OF COLLECTING

| STRENGTHS | WEAKNESSES |
|---|---|
| NUMBER OF PERSONS INVOLVED IS REDUCED | NO PERSONAL CONTACT FROM LOCAL OFFICE TO CUSTOMER (PERSONAL CONTACT BY SALES AGENT) |
| PAYMENT REMINDERS ARE HANDLED DIFFERENT ACCORDING TO THE PAYMENT REMINDER DEGREE | NOT POSSIBLE TO AFFECT IN WHICH CUSTOMERS PAYMENT REMINDERS ARE SENT TO |
| COMMON FOLDER PROVIDES INFORMATION OF SENT PAYMENT REMINDERS AND CUSTOMERS AT LEGAL COLLECTING AGENCY | |
| NO DEPENDENCE AT LOCAL ORGANIZATION'S ACTIVITY OR INFORMATION | |
| OPPORTUNITIES | THREATS |
| NEW PAYMENT REMINDER TEXTS | SOME CUSTOMERS ARE NOT SATISFIED IN PAYMENT REMINDERS SENT FROM AR IN THE HQ |
| NEW LETTER FROM LEGAL COLLECTING AGENCY | |

SWOT ANALYSIS OF CURRENT PROCESS OF CREDIT MANAGEMENT

| STRENGTHS | WEAKNESSES |
|-------------------------------|--|
| TRANSPARENT FOR ALL CUSTOMERS | PROCESS IS NOT KNOWN IN LOCAL ORGANIZATION |
| OPPORTUNITIES | THREATS |
| - | CREDIT MANAGEMENT INCLUDES ALWAYS A RISK |

SWOT ANALYSIS OF RECOMMENDATION FOR A NEW PROCESS OF CREDIT MANAGEMENT

| STRENGTHS | WEAKNESSES |
|---|--|
| AWARENESS OF THE PROCESS | SOME DETAILS MIGHT NOT BE CLEAR OF THE PROCESS |
| OPPORTUNITIES | THREATS |
| BY UNDERSTANDING THE PROCESS MORE CAPABILITY TO AFFECT IN NEW CUSTOMERS | CREDIT MANAGEMENT INCLUDES ALWAYS A RISK |

SWOT ANALYSIS OF CURRENT PROCESS OF CUSTOMER BLOCKS

| STRENGTHS | WEAKNESSES |
|---|---|
| REASONS OF DELIVERY BLOCKS ARE GENERALLY UNDERSTOOD | ONE OF THE MOST TIME CONSUMING PARTS FOR LOCAL ORGANIZATION |
| IMPORTANT PART FOR LOCAL ORGANIZATION | CUSTOMER'S DELIVERIES ARE BLOCKED WITHOUT NOTE OF LOCAL ORGANIZATION'S COMMENTS |
| | INFORMATION ABOUT BLOCKED CUSTOMERS NOT OFTEN ENOUGH |
| OPPORTUNITIES | THREATS |
| - | DELIVERY BLOCK IS NOT RELEVANT |
| | DELIVERY BLOOK IS MISSING |

SWOT ANALYSIS OF RECOMMENDATION FOR A NEW PROCESS OF CUSTOMER BLOCKS

| STRENGTHS | WEAKNESSES |
|---|---|
| COMMON FOLDER PROVIDES NEEDED INFORMATION | CUSTOMERS' DELIVERIES ARE BLOCKED WITHOUT NOTE OF LOCAL ORGANIZATION'S COMMENTS |
| OPPORTUNITIES | THREATS |
| TO PREVENT DELIVERIES TO RISK CUSTOMERS | DELIVERY BLOCK IS NOT RELEVANT |
| | DELIVERY BLOOK IS MISSING |

SWOT ANALYSIS OF CURRENT PROCESS OF ACCOUNTS PAYABLE

| STRENGTHS | WEAKNESSES |
|--|--|
| LOCAL ORGANIZATION IS NOT AWARE OF INVOICES IN SOME CASES | CIRCLE OF INVOICE IS LONG |
| | INVOICES ARE HANDLED BY SEVERAL PERSONS |
| | INVOICES ARE SENT TO DIFFERENT LOCATIONS |
| | TIME USED IN REQUESTING PAYMENTS TO BE ARRANGED |
| OPPORTUNITIES | THREATS |
| LOCAL ORGANIZATION TO CONTACT SUPPLIER DIRECTLY IN CASE INVOICE IS NOT CORRECT | CREDIBILITY IS REDUCED WHEN PAYMENTS ARE ARRANGED LATE |
| LOCAL SERVICE | |

SWOT ANALYSIS OF RECOMMENDATION FOR A NEW PROCESS OF ACCOUNTS PAYABLE

| STRENGTHS | WEAKNESSES |
|---|------------|
| ALL THE INVOICES ARE SENT TO ONE PLACE | - |
| NUMBER OF INVOLVED PERSONS IN HANDLING AND REGISTERING OF INVOICES IS REDUCED | |
| PAYMENTS ARRANGED DIRECTLY CREATES MORE EFFICIENCY | |
| OPPORTUNITIES | THREATS |
| CREDIBILITY IMPROVES | - |

SWOT ANALYSIS OF CURRENT PROCESS OF BOOKKEEPING

| STRENGTHS | WEAKNESSES |
|---------------|-------------------------------|
| - | DOUBLE HANDLING OF DOCUMENTS |
| | MATCHING OF MONTHLY DOCUMENTS |
| OPPORTUNITIES | THREATS |
| - | - |

SWOT ANALYSIS OF RECOMMENDATION FOR A NEW PROCESS OF BOOKKEEPING

| STRENGTHS | WEAKNESSES |
|---|------------|
| DOUBLE HANDLING IS REDUCED | - |
| OPPORTUNITIES | THREATS |
| MONTHLY ACCOUNTING TO BE PROVIDED IN SHORTER TIME | - |

APPENDIX 6. QUESTIONS OF FOLLOW UP QUESTIONNAIRES OF THE PILOT STUDY.

LOCAL OFFICE (CUSTOMER SERVICE)

ACCOUNTS RECEIVABLES

(Customers' payments, delivery blocks, credit management, collecting etc.)

1. Do you receive any checks in the office?
2. Have you noted any challenges regarding new check process?
3. Is your financial program in the system clear and are you able to find all necessary details from the program?
4. Are there any challenges in the financial program in the system?
If there are, please describe challenges.
5. Do you still need information (details of payment, details of credit code etc.) related to accounts receivables from another person?
 - a. if you need, please name the situations and
 - b. from whom you ask these information
 - c. do you consider important to be involved in these kind of situations or not
 - i. please also describe why you consider important or not important to be involved
 - d. do you face challenges or problems in asking or receiving information
 - i. if you face challenges or problems, please describe the situations and
 - ii. where do you think that the problem is and
 - iii. do you consider that there could be a solution in challenging or problematic situations, if so, what would be your suggestion
6. Are you asked about information related to accounts receivables by another person?
 - a. if you are, please name the situations and
 - b. who asks you these information
 - c. do you consider important to be involved in these kind of situations or not

- i. please also describe why you consider important or not important to be involved
 - d. do you face challenges or problems when you are asked information
 - i. if you face challenges or problems, please describe the situations and
 - ii. where do you think that the problem is and
 - iii. do you consider that there could be a solution in challenging or problematic situations, if so, what would be your suggestion
- 7. Are you now aware of how and when customer's credit limits and credits are checked?
 - a. Is the file issued and shared in France common clear regarding new season's pre-orders?
 - i. If not, please describe why.
- 8. Are you now aware of how and when customer's delivery is blocked?
 - a. do you know meanings of different delivery block codes and
 - b. do you understand the reasons
- 9. Is the file in France common clear regarding customers whose deliveries are blocked?
 - a. Do you face any challenges regarding the file? If so, please describe situations.
- 10. Are you now aware how and when reminders are sent to customers?
 - a. Do you check the file each Friday and inform reps regarding reminders sent to customers?
 - i. if not, please describe these situations and reasons why you don't check and forward the information.
- 11. Are you now aware of how and when customers are sent to collecting agency?
- 12. Are there any other parts related to accounts receivables where you
 - a. are involved
 - i. please name the situations and describe if you consider important or not important to be involved in the mentioned situations
 - b. are not involved but consider important to be involved
 - i. please name the situations and describe why you consider important to be involved
- 13. Are you involved in credit notes issued to customers?

- a. if you are, please describe how
 - b. do you consider important to be involved in customer's credit notes or not
 - i. please also describe why you consider important or not important to be involved
 - c. do you face challenges or problems in asking or receiving information
 - i. if you face challenges or problems, please describe the situations and
 - ii. where do you think that the problem is and
 - iii. do you consider that there could be a solution in challenging or problematic situations, if so, what would be your suggestion
14. Are there any challenges from your point of view related to accounts receivables?
- a. if you face challenges or problems, please describe the situations and
 - i. where do you think that the problem is and
 - ii. do you consider that there could be a solution in challenging or problematic situations, if so, what would be your suggestion
15. Please name the situations you consider are working without any challenges or problems related to accounts receivables.
16. Please feel free to share any other feedback and/or comments related to accounts receivables.

ACCOUNTS PAYABLES

(supplier invoices (fair invoices, bonus invoices, telephone invoices etc.))

17. Do you still receive any invoices directly from the suppliers?
- a. in case you do, please describe the next steps
18. Has there raised any challenges from your point of view related to accounts payables?
- a. if you face challenges or problems, please describe the situations and
 - i. where do you think that the problem is and
 - ii. do you consider that there could be a solution in challenging or problematic situations, if so, what would be your suggestion
19. Please feel free to share any other feedback and/or comments related to accounts payables.

OTHER QUESTIONS

20. Are there any challenges from your point of view related to some other administrative functions?
 - a. if you face challenges or problems, please describe the situations and
 - i. where do you think that the problem is and
 - ii. do you consider that there could be a solution in challenging or problematic situations, if so, what would be your suggestion
 21. Please name the situations you consider are working without any challenges or problems related to other administrative functions.
 22. Please feel free to share any other feedback and/or comments related to other administrative functions.
-

LOCAL SALES

ACCOUNTS RECEIVABLES

(Customers' payments, delivery blocks, credit management, collecting etc.)

1. Have you noted any challenges regarding new check process?
2. How would you consider information regarding accounts receivables received now
 - a. Please describe situations where you receive information better than earlier.
 - b. Please describe situations where you do not receive information better than earlier.
 - c. do you face challenges or problems in asking or receiving information
 - i. if you face challenges or problems, please describe the situations and
 - ii. where do you think that the problem is and
 - iii. do you consider that there could be a solution in challenging or problematic situations, if so, what would be your suggestion
3. Are you now aware of how and when customer's credit limits and credits are checked?
4. Are you now aware of how and when customer's delivery is blocked?

5. Do you receive information regarding your customers whose deliveries are blocked?
 - a. Do you receive this information on a regular basis?
 - b. Do you consider the information received clear?
6. Are you now aware how and when reminders are sent to customers?
 - a. Do you receive information each Friday regarding reminders sent to your customers?
 - i. Do you contact the customer and inform customer's feedback?
7. Are you now aware of how and when customers are sent to collecting agency?
8. Are there any other parts related to accounts receivables where you
 - a. are involved
 - i. please name the situations and describe if you consider important or not important to be involved in the mentioned situations
 - b. are not involved but consider important to be involved
 - i. please name the situations and describe why you consider important to be involved
9. Are you involved in credit notes issued to customers?
 - a. if you are, please describe how
 - b. do you consider important to be involved in customer's credit notes or not
 - i. please also describe why you consider important or not important to be involved
 - c. do you face challenges or problems in asking or receiving information
 - i. if you face challenges or problems, please describe the situations and
 - ii. where do you think that the problem is and
 - iii. do you consider that there could be a solution in challenging or problematic situations, if so, what would be your suggestion
10. Are there any challenges from your point of view related to accounts receivables?
 - a. if you face challenges or problems, please describe the situations and
 - i. where do you think that the problem is and
 - ii. do you consider that there could be a solution in challenging or problematic situations, if so, what would be your suggestion

11. Please name the situations you consider are working without any challenges or problems related to accounts receivables.
12. Please feel free to share any other feedback and/or comments related to accounts receivables.

TRAVEL EXPENSES AND CREDIT CARDS

13. Is the file of travel expenses/credit cards clear to you?
 - a. If not, please describe which parts are not clear
 - b. Are there any challenges regarding travel expenses and credit cards? If there are, please describe.

OTHER QUESTIONS

14. Are there any challenges from your point of view related to some other administrative functions?
 - b. if you face challenges or problems, please describe the situations and
 - i. where do you think that the problem is and
 - ii. do you consider that there could be a solution in challenging or problematic situations, if so, what would be your suggestion
 15. Please name the situations you consider are working without any challenges or problems related to other administrative functions.
 16. Please feel free to share any other feedback and/or comments related to other administrative functions.
-

LOCAL MANAGEMENT

ACCOUNTS RECEIVABLES

(Customers' payments, delivery blocks, credit management, collecting etc.)

1. Are you aware if any checks are still received to the office?
2. Have you noted any challenges regarding new check process?
3. Do you consider new check process clear for customers and your office and sales teams?

4. Do you consider financial program in the system to help your office team?
5. Are you aware of any challenges in the financial program in the system?
If there are, please describe challenges.
6. Do you consider your team still needs information (details of payment, details of credit code etc.) related to accounts receivables from another person?
 - a. if you do, please name the situations and
 - b. do you consider they face challenges or problems in asking or receiving information
 - i. if you do, please describe the situations and
 - ii. where do you think that the problem is and
 - iii. do you consider that there could be a solution in challenging or problematic situations, if so, what would be your suggestion
7. Is your team asked about information related to accounts receivables by another person?
 - a. if they are, please name the situations and
 - b. who asks these information
 - c. do you consider important your team to be involved in these kind of situations or not
 - i. please also describe why you consider important or not important to be involved
 - d. do you know if your team faces challenges or problems when they are asked information
 - i. if you do, please describe the situations and
 - ii. where do you think that the problem is and
 - iii. do you consider that there could be a solution in challenging or problematic situations, if so, what would be your suggestion
8. Do you consider your office and sales teams are aware of credit management process?
 - a. Is the file issued and shared in France common clear regarding new season's pre-orders?
 - i. If not, please describe why.
9. Do you consider your office and sales teams are aware of delivery blocks now?
 - a. Are different delivery block codes clear to your teams?
 - b. Does your team face any challenges in delivery blocks?

If they do, please describe which kinds of challenges.

10. Is the file in France common clear regarding customers whose deliveries are blocked?
 - a. Do your office and sales teams face any challenges regarding the file? If so, please describe situations.
11. Do you consider your office and sales teams are aware how and when reminders are sent to customers?
 - a. Does your office team check the file each Friday and inform reps regarding reminders sent to customers?
 - i. If not, please describe these situations and reasons why your office team don't check and forward the information.
 - b. Does your sales team contact customer based on details received from office team and inform office team regarding customers' feedback?
 - i. If not, please describe these situations and reasons why your sales team don't contact customer and give feedback to your office team.
12. Do you consider your office and sales teams are now aware of how and when customers are sent to collecting agency?
13. Are there any other parts related to accounts receivables where your office and sales teams
 - a. are involved
 - i. please name the situations and describe if you consider important or not important to be involved in the mentioned situations
 - b. are not involved but consider important to be involved
 - i. please name the situations and describe why you consider important to be involved
14. Are your office and sales teams involved in credit notes issued to customers?
 - a. if they are, please describe how
 - b. do you consider important to be involved in customer's credit notes or not
 - i. please also describe why you consider important or not important to be involved
 - c. do you face challenges or problems in asking or receiving information regarding credit notes
 - i. if you face challenges or problems, please describe the situations and
 - ii. where do you think that the problem is and

- iii. do you consider that there could be a solution in challenging or problematic situations, if so, what would be your suggestion

15. Are there any challenges from your point of view related to accounts receivables?

- a. if you face challenges or problems, please describe the situations and
 - i. where do you think that the problem is and
 - ii. do you consider that there could be a solution in challenging or problematic situations, if so, what would be your suggestion

16. Please name the situations you consider are working without any challenges or problems related to accounts receivables.

17. Please feel free to share any other feedback and/or comments related to accounts receivables.

ACCOUNTS PAYABLES

(supplier invoices (fair invoices, bonus invoices, telephone invoices etc.))

18. Do you still receive any invoices directly from the suppliers?

- a. in case you do, please describe the next steps

19. Has there raised any challenges from your point of view related to accounts payables?

- a. if you face challenges or problems, please describe the situations and
 - i. where do you think that the problem is and
 - ii. do you consider that there could be a solution in challenging or problematic situations, if so, what would be your suggestion

20. Please feel free to share any other feedback and/or comments related to accounts payables.

TRAVEL EXPENSES AND CREDIT CARDS

21. Is the file of travel expenses/credit cards clear to your sales team?

- a. If not, please describe which parts are not clear to your team
- b. Are there any challenges regarding travel expenses and credit cards? If there are, please describe.

OTHER QUESTIONS

22. Are there any challenges from your point of view related to some other administrative functions?
 - c. if you face challenges or problems, please describe the situations and
 - i. where do you think that the problem is and
 - ii. do you consider that there could be a solution in challenging or problematic situations, if so, what would be your suggestion
23. Please name the situations you consider are working without any challenges or problems related to other administrative functions.
24. Please feel free to share any other feedback and/or comments related to other administrative functions.

APPENDIX 7. NOTES OF THE FOLLOW UP INTERVIEWS – THE PILOT
STUDY. (CONFIDENTIAL)

29 pages

APPENDIX 8. ACTIONS OF THE MAIN STUDY.

THE NETHERLANDS

| ACT | NUMBER, OTHER MEASURABLE |
|--|--|
| Preliminary discussions | 3 |
| Questionnaires | 7 |
| Interviews , held in the Netherlands | 5 |
| Interviews , held in the headquarters | 5 |
| Presentation of current processes and recommendation for new processes | 2 |
| Documentation (outcomes) | Process presentation An excel file of issued payment reminders An excel file of payment plans An excel file of customers at collecting agency An excel file of customers with delivery block codes |

SWITZERLAND

| ACT | NUMBER, OTHER MEASURABLE |
|--|--|
| Preliminary discussions | 3 |
| Questionnaires | 5 |
| Interviews , held in the headquarters | 6 |
| Presentation of current processes and recommendation for new processes | 2 |
| Documentation (outcomes) | Process presentation An excel file of issued payment reminders An excel file of payment plans An excel file of customers at collecting agency An excel file of customers with delivery block codes |

GERMANY

| ACT | NUMBER, OTHER MEASURABLE |
|--|--|
| Preliminary discussions | 3 |
| Questionnaires | 17 |
| Interviews, held in Germany | 4 |
| Interviews , held in the headquarters | 6 |
| Presentation of current processes and recommendation for new processes | 2 |
| Documentation (outcomes) | Process presentation An excel file of issued payment reminders An excel file of payment plans An excel file of customers at collecting agency An excel file of customers with delivery block codes |

AUSTRIA

| ACT | NUMBER, OTHER MEASURABLE |
|--|--|
| Preliminary discussions | 3 |
| Questionnaires | 7 |
| Interviews , held in the headquarters | 7 |
| Presentation of current processes and recommendation for new processes | 2 |
| Documentation (outcomes) | Process presentation An excel file of issued payment reminders An excel file of payment plans An excel file of customers at collecting agency An excel file of customers with delivery block codes |

ITALY

| ACT | NUMBER, OTHER MEASURABLE |
|--|--|
| Preliminary discussions | 3 |
| Questionnaires | 6 |
| Interviews, held in Italy | 3 |
| Interviews , held in the headquarters | 4 |
| Presentation of current processes and recommendation for new processes | 2 |
| Documentation (outcomes) | Process presentation An excel file of issued payment reminders An excel file of payment plans An excel file of customers at collecting agency An excel file of customers with delivery block codes |

APPENDIX 9. QUESTIONS OF QUESTIONNAIRES OF THE MAIN STUDY.

LOCAL OFFICE (CUSTOMER SERVICE)

ACCOUNTS RECEIVABLES

1. Are you involved in some level at accounts receivables or credit management?
 - a. if you are, please name the situations and
 - b. do you consider important to be involved or not
 - i. please also describe why you consider important or not important to be involved
2. From your point of view, do you consider important to be aware of payment terms (payment times etc.) company is providing to its customers?
3. From your point of view, do you consider important to be aware of different payment methods (different forms of payments; bank transfers, cash etc.) company is providing to its customers?
4. Are you involved in credit notes issued to customers?
 - a. if you are, please describe how
 - b. do you consider important to be involved in customer's credit notes or not
 - i. please also describe why you consider important or not important to be involved
 - c. do you face challenges or problems in asking or receiving information
 - i. if you face challenges or problems, please describe the situations and
 - ii. where do you think that the problem is and
 - iii. do you consider that there could be a solution in challenging or problematic situations, if so, what would be your suggestion
5. Do you need information (for example customer's statement, details of payment, details of credit code etc.) related to accounts receivables from another person?
 - a. if you need, please name the situations and
 - b. from whom you ask these information
 - c. do you consider important to be involved in these kind of situations or not
 - i. please also describe why you consider important or not important to be involved
 - d. do you face challenges or problems in asking or receiving information

- i. if you face challenges or problems, please describe the situations and
 - ii. where do you think that the problem is and
 - iii. do you consider that there could be a solution in challenging or problematic situations, if so, what would be your suggestion

- 6. Are you asked about information related to accounts receivables by another person?
 - a. if you are, please name the situations and
 - b. who asks you these information
 - c. do you consider important to be involved in these kind of situations or not
 - i. please also describe why you consider important or not important to be involved
 - d. do you face challenges or problems when you are asked information
 - i. if you face challenges or problems, please describe the situations and
 - ii. where do you think that the problem is and
 - iii. do you consider that there could be a solution in challenging or problematic situations, if so, what would be your suggestion

- 7. Are you aware of how and when customer's credit limits and credits are checked?
 - a. are you involved or informed about credit limits and credits
 - i. if you are, please name the situations
 - b. do you consider this information important or not important from your point of view
 - i. please also describe why you consider important or not important to be aware of credit limits and credits
 - c. if you are not aware, please describe if there are certain details you are not aware of or in general the whole process is not clear

- 8. Are you aware of how and when customer's delivery is blocked?
 - a. do you know meanings of different delivery block codes and
 - b. do you understand the reasons
 - c. Are you involved or informed when customer's delivery is blocked?
 - i. if you are, please name the situations
 - d. do you consider this information important or not important from your point of view
 - i. please also describe why you consider important or not important to be aware of customer's delivery blocks and codes

- e. if you are not aware, please describe if there are certain details you are not aware of or in general the whole process which is not clear
9. Are you aware how and when reminders are sent to customers?
 - a. are you involved or informed about reminders?
 - i. if you are, please name the situations
 - b. do you consider this information important or not important from your point of view
 - i. please also describe why you consider important or not important to be aware of reminders sent to customers
 - c. if you are not aware, please describe if there are certain details you are not aware of or in general if the process is not clear
 10. Are you aware of how and when customers are sent to collecting agency?
 - a. are you involved or informed when customer is sent to collecting agency
 - i. if you are, please name the situations
 - b. do you consider this information important or not important from your point of view
 - i. please also describe why you consider important or not important to be aware how and when customers are sent to collecting agency
 - c. if you are not aware, please describe if there are certain details you are not aware of or in general if the process which is not clear
 11. Are there any other parts related to accounts receivables where you
 - a. are involved
 - i. please name the situations and describe if you consider important or not important to be involved in the mentioned situations
 - b. are not involved but consider important to be involved
 - i. please name the situations and describe why you consider important to be involved
 12. Are there any challenges from your point of view related to accounts receivables?
 - a. if you face challenges or problems, please describe the situations and
 - i. where do you think that the problem is and
 - ii. do you consider that there could be a solution in challenging or problematic situations, if so, what would be your suggestion
 13. Please name the situations you consider are working without any challenges or problems related to accounts receivables.

14. Please feel free to share any other feedback and/or comments related to accounts receivables.

ACCOUNTS PAYABLES

15. Are you involved in some level at accounts payables (supplier invoices, payment of invoices etc)
- a. if you are, please name the situations and
 - b. do you consider important to be involved or not
 - i. please also describe why you consider important or not important to be involved
16. Do you receive any invoices directly from the suppliers?
- a. in case you do, please describe the next steps
17. Are there any challenges from your point of view related to accounts payables?
- a. if you face challenges or problems, please describe the situations and
 - i. where do you think that the problem is and
 - ii. do you consider that there could be a solution in challenging or problematic situations, if so, what would be your suggestion
18. Please name the situations you consider are working without any challenges or problems related to accounts payables.
19. Please feel free to share any other feedback and/or comments related to accounts payables.

OTHER QUESTIONS

20. Are there any challenges from your point of view related to some other administrative functions?
- d. if you face challenges or problems, please describe the situations and
 - i. where do you think that the problem is and
 - ii. do you consider that there could be a solution in challenging or problematic situations, if so, what would be your suggestion
21. Please name the situations you consider are working without any challenges or problems related to other administrative functions.

22. Please feel free to share any other feedback and/or comments related to other administrative functions.

LOCAL MANAGEMENT

ACCOUNTS RECEIVABLES

1. Do you consider your team is aware of how accounts receivables are handled in general?

Do you consider this information important for

- a. sales personnel
 - i. please also describe why and
 - ii. are there any challenges
- b. office personnel
 - i. please also describe why and
 - ii. are there any challenges

2. Do you consider your team is involved in some part of accounts receivables process?

- a. if so, please name the situations in general and
- b. how much time you would estimate your team is using in these situations per week
- c. do you consider this important and please also describe why
- d. do you consider there are any challenges in parts they are involved in
 - i. if there are please name the challenges and
 - ii. where do you consider the challenge is and
 - iii. do you consider that there could be a solution in challenging situations, if so, what would be your solution

3. Do you consider your team aware of different payment terms provided to customers?

Do you consider this information important for

- a. sales personnel
 - i. please also describe why and
 - ii. are there any challenges
- b. office personnel
 - i. please also describe why and
 - ii. are there any challenges

4. Do you consider your team aware of different payment methods provided to customers?

Do you consider this information important for

- a. sales personnel
 - i. please also describe why and
 - ii. are there any challenges
 - b. office personnel
 - i. please also describe why and
 - ii. are there any challenges

- 5. Do you consider your team receives the information they are asking related to accounts receivables?
 - a. how much time you would estimate your team is using in asking information related to accounts receivables per week
 - b. are there any challenges
 - i. if there are please name the challenges and
 - ii. where do you consider the challenge is and
 - iii. do you consider that there could be a solution in challenging situations, if so, what would be your solution

- 6. Do you consider your team is able to give the information they are asked related to accounts receivables?
 - a. how much time you would estimate your team is using in answering of information they are asked related to accounts receivables per week
 - b. are there any challenges
 - i. if there are please name the challenges and
 - ii. where do you consider the challenge is and
 - iii. do you consider that there could be a solution in challenging situations, if so, what would be your solution

- 7. Do you consider your team aware of customers' credit limits and credits?
Do you consider this information important for
 - a. sales personnel
 - i. please also describe why
 - ii. are there any challenges
 - b. office personnel
 - i. please also describe why
 - ii. are there any challenges

- 8. Do you consider your team aware of how and when customers' delivery is blocked?
Do you consider this information important for
 - a. sales personnel
 - i. please also describe why
 - ii. are there any challenges
 - b. office personnel

- i. please also describe why
- ii. are there any challenges

9. Do you consider your team aware of how and when reminders are sent to customers?

Do you consider this information important for

- a. sales personnel
 - i. please also describe why
- b. office personnel
 - i. please also describe why

10. Do you consider your team aware of how and when customers are sent to collecting agency?

Do you consider this information important for

- a. sales personnel
 - i. please also describe why and
 - ii. are there any challenges
- b. office personnel
 - i. please also describe why and
 - ii. are there any challenges

11. Are there any other crucial parts of accounts receivables your team is

- a. involved in
 - i. please name the situations and if you consider your team's involvement is crucial and
 - ii. how much time you would estimate your team using in the mentioned situations
- b. should be involved in
 - i. please name the situations and why you consider your team's involvement would be crucial and
 - ii. how much time you would estimate your team would use in the mentioned situations

12. Are there certain challenges from management point of view regarding to any part of accounts receivables?

- a. if there are please name the challenges and
- b. where do you consider the challenge is and
- c. do you consider that there could be a solution in challenging situations, if so, what would be your solution

ACCOUNTS PAYABLES

13. Do you consider your team is aware of how accounts payables are handled in general?
- Do you consider this information important for
- a. sales personnel
 - i. please also describe why and
 - ii. are there any challenges
 - b. office personnel
 - i. please also describe why and
 - ii. are there any challenges
14. Do you consider your team is involved in some part of accounts payables process?
- a. if so, please name situations in general and
 - b. how much time you would estimate your team is using in these situations per week
 - c. do you consider this important and please also describe why
 - d. do you consider there are any challenges in parts they are involved in
 - i. if there are please name the challenges and
 - ii. where do you consider the challenge is and
 - iii. do you consider that there could be a solution in challenging situations, if so, what would be your solution
15. Are there any other crucial parts of accounts payables your team is
- a. involved in
 - i. please name the situations and if you consider your team's involvement is crucial and
 - ii. how much time you would estimate your team using in mentioned situations
 - b. should be involved in
 - i. please name the situations and why you consider your team's involvement would be crucial and
 - ii. how much time you would estimate your team would use in mentioned situations
16. Are there certain challenges from management point of view regarding to any part of accounts payables?
- a. if there are please name challenges and
 - b. where do you consider the challenge is and
 - c. do you consider that there could be a solution in challenging situations, if so, what would be your solution

OTHER QUESTIONS

17. Do you consider there are any other challenges from management point of view related to some other administrative function?
 - a. if you consider your team faces challenges or challenges, please describe the situations and
 - i. where do you think that the challenge is and
 - ii. do you consider that there could be a solution in challenging situations, if so, what would be your solution
 18. Please name the situations you consider your team is able to work without any challenges or challenges related to administrative functions.
 19. Are there any other feedbacks or comments you would like to share from your point of view related to administrative functions?
-

LOCAL ACCOUNTING AGENCY

ACCOUNTING AND FINANCIAL STATEMENTS

1. Please define according to local GAAP how
 - a. documents should be numbered
 - b. which kind of explanations should be written to entries
 - c. where and how long documents should be archived
2. Is the chart of accounts company uses according to local GAAP?
 - a. please also describe if the accounts should be converted to other account numbers in order to match local GAAP.
3. Please name the following deadlines according to local GAAP or other local legislation
 - a. VAT-report
 - b. financial statements
 - c. AGM and other meetings
 - d. tax return
4. Please name when company should be audited according to local GAAP? (Are there certain limits for example BS amount, employee amount, turnover etc.)
5. In order to prepare financial statements from your side, please name
 - a. the material you need from Finland

- b. the timeline, how much time you need after you have received the documents from Finland
- c. do you receive information related to financial statements from the local office or local management
- d. how much time approximately is used in order to finalize financial statements
- e. are there any challenges in financial statements
 - i. if there are, please name the challenges

INFORMATION

- 6. Please name the situations when you need to ask information from Finland
 - a. how much time you would consider using to this per year
 - b. please also name whom you contact when you need information from Finland
- 7. Please name the situations when you need to ask information from the local office and or local management
 - a. how much time you would consider using to this per year
 - b. please also name whom you contact when you need information from local office or local management
- 8. Please name the situations when you are asked information by Finland
 - a. how much time you would consider using to this per year
 - b. please also name who contacts you
- 9. Please name the situations when you are asked information by the local office or local management
 - a. how much time you would consider using to this per year
 - b. please also name who contacts you

OTHER

- 10. Are there any administrative topics where you face challenges?
 - a. if so, please name the situations
 - 11. Are there any other topics you would like to share feedback or comments?
-

AR IN THE HQ

- 1. Luettele yhtiön yleisesti tarjoamat maksuehdot asiakkailleen.
- 2. Koetko, että käytetyillä maksuehdoilla on merkitystä käytännön työssä omasta näkökulmastasi?

- a. Jos koet, miten tämä ilmenee ja
 - b. mistä arvioisit tämän johtuvan?
- 3. Luettele yhtiön kaikki asiakkaille tarjoamat maksutavat. (esimerkiksi tilisiirto, käteismaksu, shekki jne.)
- 4. Koetko jonkun maksutavan olevan käytännössä omasta näkökulmastasi
 - a. haasteellisempi
 - i. Jos koet, mistä arvioisit tämän johtuvan?
 - ii. koetko, että asiaan voitaisiin vaikuttaa? miten?
 - b. selkeämpi ja toimivampi
 - i. Jos koet, mistä arvioisit tämän johtuvan?
- 5. Erittele maksutapakohtaisesti asiakkaalta saadun maksun kirjaaminen suoritukseksi asiakkaan tilille
 - a. millä perusteella saatu maksu kirjataan (mikä dokumentti)
 - b. mistä em. dokumentti saadaan ja milloin se saadaan
 - c. milloin varsinainen kirjaus suoritetaan
 - d. miten suoritukset numeroidaan
- 6. Koetko, että maksujen kirjaamisessa on
 - a. ongelmatilanteita tai muita haasteita
 - i. Jos koet, nimeä tilanteet
 - ii. sekä mistä arvioisit niiden johtuvan?
 - iii. koetko, että asiaan voisi vaikuttaa? miten?
 - b. selkeitä ja toimivia tilanteita
 - i. Jos koet, nimeä tilanteet
 - ii. sekä mistä arvioisit niiden johtuvan?
- 7. Mitä muita tapahtumia kirjaat myyntireskontran näkökulmasta kuin asiakkaiden suorituksia?
 - a. nimeä eri kirjaukset ja
 - i. kirjauksen peruste
 - ii. tarvitaanko kirjaukselle hyväksyntä, jos tarvitaan, keneltä?
- 8. Hyvityslaskut
 - a. osallistutko millään tavalla hyvityslaskuprosessiin
 - i. jos osallistut, miten?
 - b. oletko tietoinen asiakkaiden odottamista hyvityslaskuista
 - i. jos olet, mistä saat tiedon ja
 - ii. saatko tiedon kaikista tulevista hyvityslaskuista
 - c. koetko, että hyvityslaskut aiheuttavat haasteita tai ongelmatilanteita myyntireskontran tai luotonvalvonnan näkökulmasta

- d. maksetaanko hyvityslaskuja asiakkaille?
 - i. jos maksetaan, millä edellytyksin ja
 - ii. tarvitaanko maksuun hyväksyntä, jos tarvitaan keneltä?
9. Maksukehotukset
- a. milloin maksukehotukset laaditaan?
 - b. miten maksukehotukset lähetetään ja kenelle (suoraan asiakkaalle vai esim edustajan kautta)
 - c. informoidaanko muita henkilöitä (esim toimisto, vientikoordinaattori) lähetetyistä maksukehotuksista?
10. Kuinka paljon arvioit käyttäväsi aikaa maksukehotuksiin kuukaudessa?
11. Koetko maksukehotuksien lähettämässä
- a. ongelmatilanteita tai haasteita
 - i. Jos koet, nimeä tilanteet
 - ii. sekä mistä arvioisit niiden johtuvan?
 - iii. koetko, että asiaan voisi vaikuttaa? miten?
 - b. selkeitä ja toimivia tilanteita
 - i. Jos koet, nimeä tilanteet
 - ii. sekä mistä arvioisit niiden johtuvan?
12. Korkolaskujen laadinta
- a. milloin korkolaskut laaditaan?
 - b. miten korkolaskut lähetetään ja kenelle (suoraan asiakkaalle vai esim edustajan kautta)
 - c. informoidaanko muita henkilöitä (esim toimisto, vientikoordinaattori) lähetetyistä maksukehotuksista?
13. Kuinka paljon arvioit käyttäväsi aikaa korkolaskuihin kuukaudessa?
14. Koetko korkolaskujen lähettämässä
- a. ongelmatilanteita tai haasteita
 - i. Jos koet, nimeä tilanteet
 - ii. sekä mistä arvioisit niiden johtuvan?
 - iii. koetko, että asiaan voisi vaikuttaa? miten?
 - b. selkeitä ja toimivia tilanteita
 - i. Jos koet, nimeä tilanteet
 - ii. sekä mistä arvioisit niiden johtuvan?
15. Perintä
- a. milloin asiakas lähetetään perintään?
 - i. mitkä ovat edellytykset perintäänlähettämiseksi?

- b. informoidaanko muita henkilöitä (esim toimisto, vientikoordinaattori) perintään lähetetyistä asiakkaista?

16. Kuinka paljon arvioit käyttäväsi aikaa perintään kuukaudessa?

17. Koetko perinnässä

- a. ongelmatilanteita tai haasteita
 - i. Jos koet, nimeä tilanteet
 - ii. sekä mistä arvioisit niiden johtuvan?
 - iii. koetko, että asiaan voisi vaikuttaa? miten?
- b. selkeitä ja toimivia tilanteita
 - i. Jos koet, nimeä tilanteet
 - ii. sekä mistä arvioisit niiden johtuvan?

18. Ennakkotilausten läpikäynti

- a. milloin ennakkotilaukset käydään läpi
 - i. kuka päättää asiakkaiden luotoista
 - ii. käytetäänkö tilausten läpikäynnissä muita henkilöitä (esim toimisto, vientikoordinaattori)
- b. informoidaanko muita henkilöitä (esim toimisto, vientikoordinaattori) kun ennakkotilaukset on käyty läpi?

19. Koetko ennakkotilausten läpikäynnissä

- a. ongelmatilanteita tai haasteita
 - i. Jos koet, nimeä tilanteet
 - ii. sekä mistä arvioisit niiden johtuvan?
 - iii. koetko, että asiaan voisi vaikuttaa? miten?
- b. selkeitä ja toimivia tilanteita
 - i. Jos koet, nimeä tilanteet
 - ii. sekä mistä arvioisit niiden johtuvan?

20. Toimitusestokoodit

- a. nimeä käytetyt koodit (kirjainlyhenne ja selitys) sekä kustakin koodista
 - i. milloin koodi laitetaan asiakkaalle (minkä tapahtuman seurauksena, missä tilanteessa)
 - ii. kuka laittaa koodin asiakkaalle
 - iii. milloin koodi otetaan pois asiakkaalta (minkä tapahtuman seurauksena, missä tilanteessa)
- b. informoidaanko muita henkilöitä (esim toimisto, vientikoordinaattori) kun asiakas on kooditettu?

21. Kuinka paljon arvioit käyttäväsi aikaa toimitusestokodeihin kuukaudessa?

22. Koetko toimitusestokodeissa

- a. ongelmatilanteita tai haasteita
 - i. Jos koet, nimeä tilanteet
 - ii. sekä mistä arvioisit niiden johtuvan?
 - iii. koetko, että asiaan voisi vaikuttaa? miten?
 - b. selkeitä ja toimivia tilanteita
 - i. Jos koet, nimeä tilanteet
 - ii. sekä mistä arvioisit niiden johtuvan?
23. Ollaanko sinuun yhteydessä myyntireskontraan tai luotonvalvontaan liittyvissä asioissa muiden henkilöiden toimesta (esim toimisto, vientikoordinaattori)?
- a. millaisissa tilanteissa? (esim. pyydetään asiakkaan tiliote, tarkastetaan syy asiakkaan toimituskoodille jne)
 - b. koetko, että antamasi vastaukset ja dokumentit ymmärretään?
 - i. jos et, mitä dokumentteja/asioita koet hankalaksi ymmärtää?
24. Oletko yhteydessä myyntireskontran tai luotonvalvonnan tiimoilta muihin henkilöihin (esim toimisto, vientikoordinaattori)?
- a. millaisissa tilanteissa?
 - b. koetko, että saat vastauksen kysymääsi ja sinua on ymmärretty?
 - i. jos et, missä tilanteissa koet, että esiintyy ongelmia tai haasteita?
25. Koetko, että myyntireskontran hoitamisessa tai luotonvalvonnassa on muita ongelmakohtia?
- a. Jos koet, nimeä tilanteet sekä mistä arvioisit niiden johtuvan?
 - b. koetko, että asiaan voisi vaikuttaa? miten?
26. Arkistointi ja tositteiden säilytys
- a. arkistoitko myyntireskontraan tai luotonhallintaan liittyvät dokumentit
 - i. mitä dokumentteja arkistoit
 - ii. mihin ja milloin
 - iii. mikä on dokumenttien säilytysaika
 - b. arkistoitko myyntireskontraan liittyviä listauksia sähköisesti
 - i. luettele arkistoimasi listaukset sekä
 - ii. milloin ja mihin arkistoit listaukset
 - iii. mikä on luettelemiesi listauksien säilytysaika
27. Omasta näkökulmastasi tarkasteltuna, mikä/mitkä asiat toimii/toimivat hyvin?
- a. Nimeä tällaiset tilanteet sekä mistä arvioisit sen/niiden johtuvan?

28. Muuta palautetta, ajatuksia tai kehitysehdotuksia myyntireskontraan tai luotonvalvontaan liittyen.

AP AND BOOKKEEPING AND REPORTING IN THE HQ

OSTORESKONTRA

1. Luettele millaisia ostolaskuja yhtiöllä on
 - a. sekä konsernin sisäiset että
 - b. ulkopuoliset

2. Konsernin sisäiset laskut
 - a. mihin ja milloin alkuperäiset laskut lähetetään ja kenen toimesta?
 - b. lähetetäänkö laskuista kaksoiskappaleet tai kopioita muualle?
 - i. jos lähetetään, mihin ja miksi?
 - c. miten ja milloin laskut käsitellään ostoreskontrassa

3. Koetko, että konsernin sisäisiä laskuja tarkasteltaessa on
 - a. haasteita tai ongelmatilanteita
 - i. jos koet, mistä arvioisit näiden johtuvan?
 - ii. koetko, että asiaan voitaisiin vaikuttaa? miten?
 - b. selkeitä ja toimivia tilanteita
 - i. jos koet, mistä arvioisit näiden johtuvan?

4. Konsernin ulkopuoliset laskut eli muut toimittajat
 - a. mihin ja milloin alkuperäiset laskut lähetetään ja kenen toimesta?
 - b. lähetetäänkö laskuista kaksoiskappaleet tai kopioita muualle?
 - i. jos lähetetään, mihin ja miksi?
 - c. miten ja milloin laskut käsitellään ostoreskontrassa

5. Koetko, että konsernin ulkopuolisia laskuja tarkasteltaessa on
 - a. haasteita tai ongelmatilanteita
 - i. jos koet, mistä arvioisit näiden johtuvan?
 - ii. koetko, että asiaan voitaisiin vaikuttaa? miten?
 - b. selkeitä ja toimivia tilanteita
 - i. jos koet, mistä arvioisit näiden johtuvan?

6. Miten laskujen maksatus tapahtuu käytännössä
 - a. konsernin sisäiset laskut
 - i. edellytetäänkö hyväksyntää ja miten hyväksyntä saadaan

- ii. miten ja milloin varsinainen maksutapahtuma suoritetaan teknisesti
 - b. konsernin ulkopuoliset laskut
 - i. edellytetäänkö hyväksyntää ja miten hyväksyntä saadaan
 - ii. miten ja milloin varsinainen maksutapahtuma suoritetaan teknisesti
- 7. Ollaanko sinuun yhteydessä ostoreskontraan liittyvissä asioissa muiden henkilöiden toimesta (esim toimisto)?
 - a. millaisissa tilanteissa?
 - b. koetko, että antamasi vastaukset ja dokumentit ymmärretään?
 - i. jos et, mitä dokumentteja/asioita koet hankalaksi ymmärtää?
- 8. Oletko yhteydessä ostoreskontran tiimoilta muihin henkilöihin (esim toimisto)?
 - a. millaisissa tilanteissa?
 - b. koetko, että saat vastauksen kysymääsi ja sinua on ymmärretty?
 - i. jos et, missä tilanteissa koet, että esiintyy ongelmia tai haasteita?
- 9. Arkistointi ja tositteiden säilytys
 - a. arkistoitko ostoreskontraan liittyvät dokumentit
 - i. mitä dokumentteja arkistoit
 - ii. mihin ja milloin
 - iii. mikä on dokumenttien säilytysaika
 - b. arkistoitko ostoreskontraan liittyviä listauksia sähköisesti
 - i. luettele arkistoimasi listaukset sekä
 - ii. milloin ja mihin arkistoit listaukset
 - iii. mikä on luettelemiesi listauksien säilytysaika
- 10. Koetko, että ostoreskontrassa on ongelmakohtia?
 - a. Jos koet, nimeä tilanteet sekä mistä arvioisit niiden johtuvan?
 - b. koetko, että asiaan voisi vaikuttaa? miten?
- 11. Omasta näkökulmastasi tarkasteltuna, mikä/mitkä asiat toimii/toimivat hyvin?
 - a. Nimeä tällaiset tilanteet sekä mistä arvioisit sen/niiden johtuvan?
- 12. Muuta palautetta, ajatuksia tai kehitysehdotuksia ostoreskontraan liittyen.

KIRJANPITO

13. Luettele millaisia kirjanpidon tositteita yhtiöllä on
- koetko, että jokin luettelemistasi on haasteellisempi tai ongelmallisempi kuin toinen?
 - jos koet, nimeä tilanteet
 - sekä mistä arvioisit niiden johtuvan?
 - koetko, että asiaan voisi vaikuttaa? miten?
 - koetko, että jokin luettelemistasi on selkeämpi ja toimivampi kuin toinen?
 - jos koet, nimeä tilanteet
 - sekä mistä arvioisit niiden johtuvan?
14. Palkanlaskenta
- kuka hoitaa yhtiön palkanlaskennan?
 - kuka maksaa yhtiön palkat ja millä perusteella?
 - muutostilanteissa, kuka voi ilmoittaa muutokset ja milloin muutos on tehtävä, jotta tulee huomioitua kuluvan kuukauden palkoissa?
 - milloin ja miten sekä millä perusteella palkkatositteet kirjataan?
15. Matkalaskut (ml luottokorttilaskut)
- onko yhtiön työntekijöillä yhtiön luottokortti?
 - onko yhtiöllä käytössä päivärahat
 - jos on, kuka tarkastaa päivärahojen oikeellisuuden
 - jos ei, miten päiväraha kompensoidaan työntekijälle
 - onko matkalaskuille oma pohja, jota täytetään?
 - kuka toimittaa matkalaskun sekä kuitit ja milloin?
 - kuka tarkastaa kuitit ja milloin sekä millä perusteella?
 - milloin matkalasku kirjataan kirjanpitoon ja millä perusteella?
 - kuka maksaa matkalaskun ja millä perusteella?
16. Oletko yhteydessä kirjanpidon tiimoilta muihin henkilöihin (esim tilitoimisto)?
- millaisissa tilanteissa?
 - koetko, että saat vastauksen kysymääsi ja sinua on ymmärretty?
 - jos et, missä tilanteissa koet, että esiintyy ongelmia tai haasteita?
17. Arkistointi ja tositteiden säilytys
- arkistoitko kirjanpitoon liittyvät dokumentit
 - mitä dokumentteja arkistoit
 - mihin ja milloin
 - mikä on dokumenttien säilytysaika

- b. arkistoitko kirjanpitoon ja tilinpäätökseen liittyviä listauksia sähköisesti
 - i. luettele arkistoimasi listaukset sekä
 - ii. milloin ja mihin arkistoit listaukset
 - iii. mikä on luettelemiesi listauksien säilytysaika
18. Koetko, että kirjanpidossa on ongelmakohtia?
a. Jos koet, nimeä tilanteet sekä mistä arvioisit niiden johtuvan?
b. koetko, että asiaan voisi vaikuttaa? miten?
19. Omasta näkökulmastasi tarkasteltuna, mikä/mitkä asiat toimii/toimivat hyvin?
a. Nimeä tällaiset tilanteet sekä mistä arvioisit sen/niiden johtuvan?
20. Muuta palautetta, ajatuksia tai kehitysehdotuksia kirjanpitoon liittyen.

VÄLITILINPÄÄTÖS JA TILINPÄÄTÖS

21. Minkälaisia tilinpäätösjaksoja yhtiöllä on?
a. luettele tilinpäätökseen liittyvät dokumentit sekä
 - i. mistä saat dokumentit ja milloin
 - ii. onko dokumenttien tai tietojen saamisessa haasteita tai ongelmatilanteita
22. Onko yhtiö tilintarkastettava?
a. jos on, kuka hoitaa tilintarkastuksen?
23. Kuka laatii yhtiön virallisen tilinpäätöksen maan lakien mukaan?
24. Kuka laatii yhtiön veroilmoituksen?
a. jos veroilmoitus laaditaan toisen tahon toimesta, tarkastetaanko tietojen vastaavuus ennen veroilmoituksen jättämistä toimestasi?
25. Kuka laatii hallitus- sekä yhtiökokouspöytäkirjat?
a. mistä hankitaan tiedot hallitus- ja yhtiökokouspöytäkirjoihin?
26. Muuta palautetta, ajatuksia tai kehitysehdotuksia välitilinpäätökseen tai tilinpäätökseen liittyen.

APPENDIX 10. NOTES OF PERSONAL INTERVIEWS OF THE MAIN STUDY,
THE NETHERLANDS. (CONFIDENTIAL)

55 pages

APPENDIX 11. NOTES OF PERSONAL INTERVIEWS OF THE MAIN STUDY,
SWITZERLAND. (CONFIDENTIAL)

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APPENDIX 12. NOTES OF PERSONAL INTERVIEWS OF THE MAIN STUDY,
GERMANY. (CONFIDENTIAL)

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APPENDIX 13. NOTES OF PERSONAL INTERVIEWS OF THE MAIN STUDY,
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APPENDIX 14. NOTES OF PERSONAL INTERVIEWS OF THE MAIN STUDY,
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APPENDIX 15. DISCOVERED CHALLENGES OF CURRENT PROCESSES AND
RECOMMENDATIONS FOR NEW PROCESSES OF THE MAIN STUDY.

(CONFIDENTIAL)

20 pages