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Building collaborative and cross-functional procurement operations in a global technology company

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Abstract

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This Thesis deals with building collaborative and seamlessly cooperating procurement operations between the service business unit procurement and its frontline units at the case company. The starting point for the development project was the precisely given need by the case company. In the past, its frontline units independently managed both purchasing and sourcing operations in the past. This was an effective arrangement earlier in time but after introducing more ambitious growth targets in 2022, it became clear that procurement and the supply base must be managed in a more controlled and compliant way. Therefore, the target for development was to support the building of collaborative cross-functional procurement operations.

The theoretical framework of the thesis was built on the topics of organizational behavior, change management and procurement competence development. The theoretical framework also touched on understanding the enablers and prerequisites for a trustful collaboration between different organizations in a multinational virtual environment. The thesis utilized qualitative research and development methods, such as themed discussions, interviews, and observation. To get insight into the perception of collaboration, an online survey was conducted at the end of the project.

No organizational change impacts were in the scope of the thesis, but the target was to create a framework for a well-working network between the business unit procurement and the selected pilot frontline. The development work managed to deliver partly the target of a model for building a collaborative network and offered some best practices for setting up a network. It also emphasized the importance of building trust among the stakeholders and having the management support clear as a prerequisite. The thesis also resulted in approaching the frontlines to understand procurement maturity.

Keywords: Cross-functional Procurement Operations, Procurement compliance, Collaboration, Change management, Organizational behavior

The originality of this thesis has been checked using Turnitin Originality Check service.

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Glossary

BU	Business Unit
FL	Business Unit Sales Frontline
SRM	Supplier relationship management
APAC	Asia-Pacific sales region
SPM	Savings Program Management

1 Introduction

This thesis and development work is about the importance to integrate different organizational units into a collaboration network to achieve synergies in procurement operations. The changing global environment and the changes in the case company business strategy raised the need to address the importance of leading and managing change when preparing to support the sales growth target. Guidelines and framework to address how virtual teams can be managed were needed to support further deployment on a global scale with all sales frontlines.

The business unit (later BU) of this thesis's case company has set itself an ambitious growth target for the next 3-5 years: increase the revenue significantly. This growth strategy has set new requirements for the procurement of the BU compared to the past times. The sales frontlines (later FL) are operating globally, and the business is divided into 6 sales regions. Altogether there are 17 countries with frontline operations. These 17 FL operations have been operating rather independently in the procurement area and succeeded well in the past in supporting the business to achieve its earlier targets. With the new growth strategy though new measures and initiatives, like building a collaborative procurement network, need to be taken.

This collaborative network among procurement professionals must support the BU in ensuring compliance with global procurement processes and policies, offer support in trainings and information sharing, bring visibility to supply base requirements, and improve material availability and cost control inside the BU. Management of the existing supplier base and new supplier introduction in commodities where needed to meet growing business demand is the key factor to ensure business growth in the future. Therefore, a business project was initiated to integrate the FL procurement operations into BU procurement operations. Due to the wide scope and the planned schedule of the business project, the scope of this thesis will focus on the network building between BU

procurement and China frontline. The selection of China FL as the pilot will be explained later in more detail in chapter 6.1.

The landscape of the frontlines together with the thesis scope illustration is presented in figure 1.



Figure 1. Case company business project scope versus thesis scope. (Adopted from Case Company presentation material)

With the BU growth strategy, it became clear that the procurement operations must be taken into the focus area in terms of supply base optimization, availability assurance, performance, and productivity. Also, the ever-growing compliance requirements set pressure to take action in building a network of procurement professionals to support the FL operations. Therefore, the BU invested and keeps on investing, in resources in its procurement organization. One of these resources is me – leading a team of Sourcing Specialists and being responsible for the pilot collaborative network building. This thesis and the development project related to it, is to support the creation of the collaborative network between the frontlines and the BU procurement function.

1.1 Case Company and its Business Unit

The case company is a global technology and service company that specializes in providing lifting equipment, industrial cranes, and services for a wide range of industries. The business is divided into three business segments – Port Solutions, Industrial Equipment and Service – and each of these 3 segments contributes roughly one-third of the case company's sales.

The case company's target business unit's core business is the servicing of lifting equipment in ports. The target business unit has a global footprint offering products and services worldwide and the target is to grow significantly in 3-5 years. The ambitious sales growth target is setting overall high pressure for procurement in efficiency, productivity, securing availability and building resilience. The case company's BU in the scope of this thesis is to transform the global FL's procurement operations and the BU centralized procurement into a collaborative network of professionals to ensure cost-efficient, resilient, and compliant procurement operations. Significant change management efforts are foreseen where both operative work and management support need to be working hand in hand.

The organization of the case company's business unit is presented in figure 2.

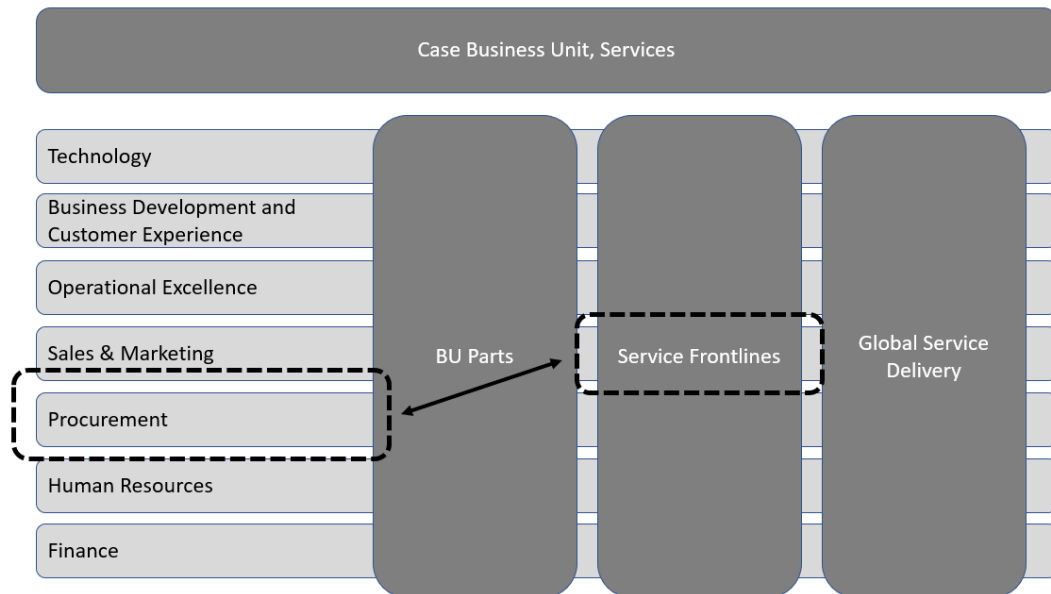


Figure 2. The organisation of the case company's BU in relation to the scope of the thesis

The organization of the BU's procurement consists of sourcing team (my responsibility area), materials management team, special projects team, and digital procurement team. 14 people are working for this procurement team. With the set growth targets, the number of employees will increase by 2-4 people in the year 2024 and further growth in the number of personnel is expected in the years to come. During this development project, no organizational changes took place nor were considered. All change initiatives were executed in cross-organization and virtual team environment.

1.2 BU's procurement organization

The Sourcing team is responsible for assuring a resilient, scalable, and cost-efficient supply chain in collaboration with numerous stakeholders including the FL operations. This same collaboration requirement applies to other stakeholders like engineering function, BU's factories, Global Service Delivery team, and Product Management team. I expect that several outcomes of this thesis work related to change management to apply to these stakeholder groups as well. Building collaborative networks that reach out cross-functionally

to procurement stakeholders is the enabler to meet future challenges and requirements in profitable procurement. An example of required cross-functional collaboration is the value analysis and -engineering projects that need to take place to ensure cost efficiency and thereto meet the customer market requirements. The procurement organization of the BU is illustrated in figure 3 and my responsibility area, Sourcing, is circled.

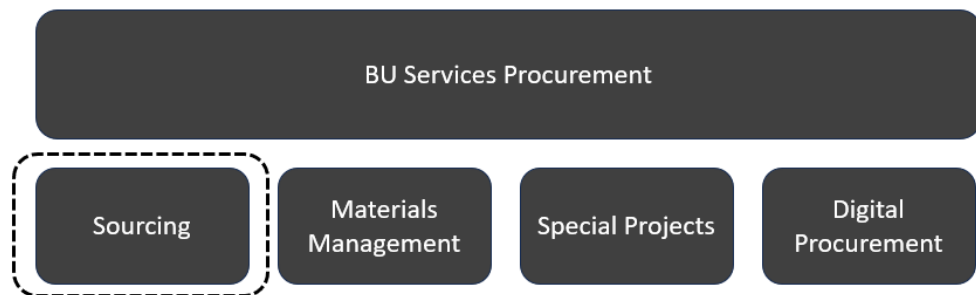


Figure 3. Case company's Business unit procurement organization

The Materials management team is responsible for purchase-to-pay process, and it is an important contributor to the result of the frontlines in managing the availability of the internal supply chain. The BU's organisation called Part Centre and its' materials management is the key contributor to FL sales as the majority of the FL purchases are from the internal supply chain.

The Digital procurement team is responsible for introducing automation and robotics support for the procurement operations of the BU. The procurement process development is also led by this team. The Special Projects team is supporting retrofit project sourcing and other subcontracting-related projects. Special Projects play an important role in supporting source qualification for the case company's BU supply base.

2 Current State

When I took over my current responsibilities as global team lead of sourcing in the case company's BU called Services in June 2023, the hiring manager already indicated the major challenges for the next years. Those were to establish a collaborative procurement network in the business unit reaching out to the service FLs that are present globally in all regions. This is because the BU has a tremendous growth strategy to double its revenue in the upcoming 3-5 years. Since the current state analysis and definition of needed actions had taken place in the BU just before the thesis project, no additional current state analysis was conducted as part of this thesis work.

In my onboarding period June – August 2023 I interviewed my team, colleagues, and stakeholders for as much history and as-is information as possible. A common statement from all was that only on single occasions, mainly when there was a supply or cost crisis, there was no connection between the FL and business unit procurement. Typically, this led to fire fighting and minimizing the damage instead of sustainable development and preventive actions. In a meeting where the Senior Director of business unit FL management was present, the lack of cooperation became obvious with case examples. Many FL units are so small in headcount that there is no dedicated procurement resource, and procurement is executed on an ad hoc basis leading to non-optimized cost, supply constraints, customer de-satisfaction and in many cases lost sales opportunities. Neither have all the FLs access to the central procurement network where the category management is done. Missing this link might cause the use of non-preferred suppliers.

Since there is no systematic collaboration, tail-end spend has been increasing a lot and a big part of the supply base is not at all or poorly managed. Strategic supplier base management is not a competence or even focus area on sales operations in the FLs. Procurement is very operational and tactical and sourcing strategies and policies are not well-known or understood. This creates a risk in compliance which can have severe impacts.

Preventive supplier performance management is mainly non-existing and customer claims are a commercial risk due to poor contract status with suppliers and subcontractors. Supplier relationship management is done in the tactical level only, leading to possible de-priority in the supplier side in times of allocation where demand is exceeding supply. Roles and responsibilities between service FL procurement operations and business unit procurement were unclear and this has led in some of the regions to friction between people. The reason for the confusion in roles and responsibilities in the selected pilot FL China had been caused by an earlier organizational change where communication had failed.

The main reason for the status quo is that the case company has grown not only organically, but via acquisitions and integration of procurement activities has not been a focus area earlier. What has 'worked' has 'not been touched' and the BU has delivered good financial results. But with the pandemic and Russian war of aggression against Ukraine since February 2022, the supply market has been uncertain, volatile, and subject to disruptions. Also, costs have increased significantly and the need to leverage frontline volumes in supplier negotiations has increased. With the BU growth strategy, this lack of collaboration between the operations has become a key focus area. The BU started to invest the past 1-2 years a lot in resources in sourcing area. My current team was established in the first quarter of 2023 to support the growth targets. Building a collaborative network within procurement operations is one of the actions taken in procurement to support business growth.

When discussing, observing, and holding themed interviews during my onboarding in June-August 2023, several examples of poor communication, responsibility unclarities and cultural confrontations came up. Considering the global scale of operations, this seemed a natural outcome when there had not been a mutual target and systematic cross-functional collaboration. In summary, I can state that the root cause for not having cooperation between the BU procurement and the FL operations is because it earlier never was the focus area in the case company.

3 Research Design

3.1 Research Problem

There is a notable absence of collaboration and cross-functional cooperation between case company business unit FL operations and supporting functions in business unit procurement organization. This was a given fact when I was recruited into the Sourcing Manager position and the onboarding period and interviews during my onboarding period with my stakeholders supported this understanding. Despite the visible importance of seamless collaboration and integration across the business unit's diverse units, a lack of systematic interaction hampers the realization of synergies, leading to sub-optimal performance, reduced innovation and not scaling up sourcing levers. All this diminishes customer satisfaction and hinders maximised profitability and quality levels of the products and services sold and delivered.

The absence of effective collaboration and cross-functional cooperation in sourcing activities manifests in many ways, including siloed and disjointed communication channels, siloed decision-making not aligned with sourcing strategies and policies, and eventually a failure to harness the best-in-class supply base. This again forms a barrier to responding to customer requirements effectively and promptly and impacts the organization's ability to respond swiftly to market changes giving the competitors an advantage. Missing a framework for effective collaboration also inhibits the sharing of key insights and best practices leading to challenges in problem-solving and future strategic planning.

The lack of cross-functional co-operation has also led to employee dissatisfaction according to the latest employee engagement survey that was conducted in autumn 2023. To the statement: "There is effective collaboration between teams at the case company" made in the employee engagement survey, 55% of the respondents replied "unfavourably". Therefore, lack of cross-functional cooperation is the major cause of dissatisfaction. Building a trustful cross-functional network among other identified improvement initiatives will

contribute to the improvement of employee satisfaction by increasing collaboration between different team in the case company.

The case company's target BU's growth strategy and the independent procurement operations in the BU's frontlines with partly un-identified procurement resources and competencies contributed to the business problem statement:

There is insufficient collaboration between the BU procurement and FL operations to ensure adequate and compliant support to meet the set revenue targets in the next 3-5 years.

3.2 Research Questions

Andrews (2003) describes good research questions as being answerable. If the questions are too wide to be answered during a thesis work or any other development project, then the research questions are not precise enough. The research questions must be answered or at minimum, it must be possible to have them answered. The development project may end up not being able to answer the research questions, but this outcome is acceptable since there has been an attempt and try to answer them. I took this consideration into account when defining my research questions as presented below.

To solve the business problem described in Chapter 1.3 the following main research question was formulated:

- How to improve the impact of procurement by collaborative and cross-functional operations in a multi-functional unit to meet set growth targets in the BU Services?

The following sub-questions will help to contribute to the problem solving of the business problem.

- What are the prerequisites for a successful virtual team?

- What are the challenges in building trust within networks?
- How to lead the change in deploying new ways of working in an operational model?

3.3 Research Objectives

The overall objective of this thesis and the development project was to improve the impact of procurement by building collaborative and cross-functional procurement operations to support the ambitious growth targets of the BU Services. Three main reasons for building the procurement network were identified by the project team in the kickoff meeting in August 2023. The participants in the kick-off meeting were the procurement director, digital procurement manager, procurement manager of special projects, myself and three of my team's sourcing specialists. This group of people formed the business project team. These reasons are shown in figure 4 and the scope of this master thesis is circled in red: improving procurement collaboration within the BU Services.

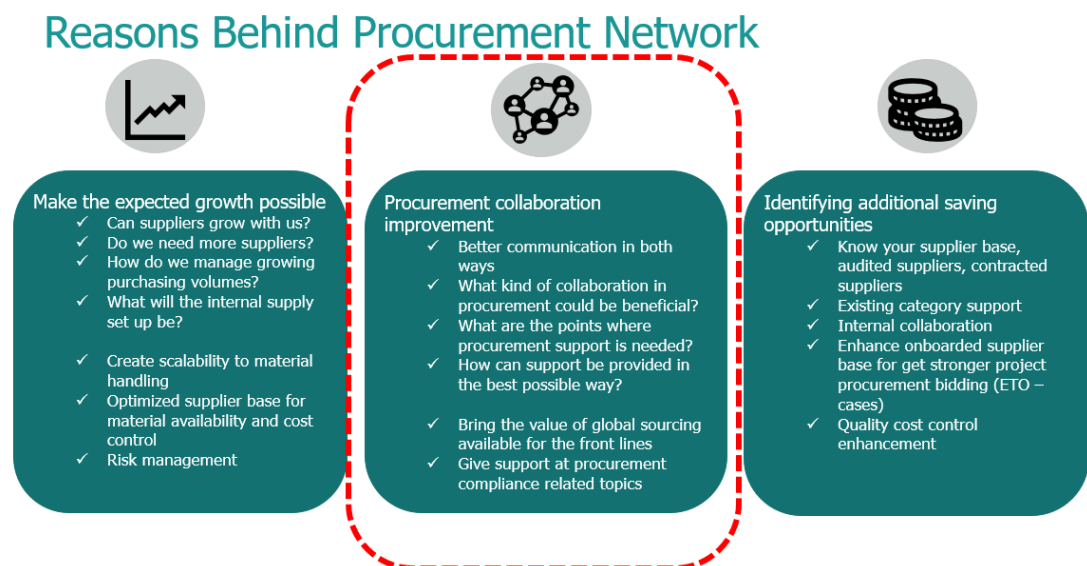


Figure 4. Business project reasons for building a collaborative procurement network (Case company's BU Services internal material)

In the project meeting where the business project team, in which I was part of, was present on 3.9.2023, the reasons for starting the collaborative network building were listed:

- Enables to understand how procurement collaboration could be enhanced between different departments.
 - (a) What kind of collaboration in procurement could be beneficial?
 - (b) What are the points where procurement support is needed?
 - (c) How can the support be provided in the best possible way?
- Better communication in both ways (BU – FL)
 - (a) Forum to bring up procurement matters.

In the same meeting on 3.9.2023, the expected outcomes for the pilot FL collaboration, and eventually for all FLs in the network, were agreed as follows:

- Mapping of the procurement network and different procurement processes
 - (a) Clarify the roles and responsibilities.
 - (b) Identify possible gaps in ways of working.
- Identify the best way(s) to support the procurement operations in the frontlines.
- Identify possible procurement training needs in the frontlines to ensure procurement compliance.

The objectives of this thesis were derived from the abovementioned project objectives and expected outcomes of the chosen BU in the case company. As described in chapter 1.1 the scope was selected to be the pilot project in which the aim was to build a collaborative procurement network between the BU Service's procurement function and the FL China. The pilot FL was selected due to its known complex internal supply chain where procurement operations are executed in a neighboring business unit. The business unit procurement also has one headcount (sourcing specialist) in the region and there were known frictions in collaboration. There are also sales growth opportunities foreseen in mid-term in the region.

Therefore, the objectives of this thesis are:

- Identify the needed procurement stakeholders in the case company business unit FL China.
- Build a working collaborative procurement network between BU Service's procurement and FL China.
- Offer best practices in setting up a collaborative network in a multinational organization.
- Build a procurement competence evaluation process and identify training needs.

3.4 Metrics

The success of this development project was measured with the following KPIs:

- 1) Network existing: number of collaborative monthly meetings held.

This KPI was set to measure our success in forming an active and collaborative network.

- 2) Engagement level: how many of the invited members were joining the network calls compared to the expected/invited participants?

This KPI was set to measure the level of engagement among the network members.

- 3) Collaborative projects: how many different procurement projects were initiated in the network calls?

This KPI was set to measure the success of the network in initiating and executing collaborative projects. The target setting of this metric was difficult due to non-existing earlier collaboration and thereto less information on as-is status which had been detailed enough. A minimum of 1 collaborative procurement project in 2024 was found feasible and set as a target.

- 4) Competence development: number of trainings shared with the network members to respond to the identified training needs?

This KPI measured the number of actual trainings offered to network members to increase awareness and knowledge of procurement processes and tools.

To prove the success of the project from a change management point of view and to get an understanding of how well the network participants perceived the changes, I interviewed the frontline manager throughout the project frequently.

The Net Promoter Score (NPS) introduced by Fred Reichheld (2003) is a simple and effective method to measure and track customer loyalty and customer satisfaction. To evaluate the success of the thesis development project I introduced in February 2024 a simple NPS scoring method for a few questions. I collected feedback from the procurement team members with the help of two structured questions and a possibility to give open feedback and ideas for future improvement.

The participants were asked to answer the following question: “I find the network calls productive and value-adding” on a scale between 0 – 10 with a score of 0 for not productive or value-adding at all and a score of 10 for very productive and value-adding. The participants were also asked a question concerning the attendance rate to the network calls and meetings.

4 Methodology

4.1 Research Approach

I used action research to address the problem of missing a collaborative and cross-functional procurement network and give solutions to solve it. Action research is a method of using a systematic approach of cyclic planning, action, observation, and reflection with stakeholders to identify issues and problems,

develop improvement ideas, implement changes, and evaluate results against the targets.

As Jean McNiff (2013) states: “Action research involves learning in and through action and reflection and is conducted in a variety of contexts”. According to him action research is done by the practitioner, i.e., me in this thesis, and it is often referred to as practise-led research as a form of on-the-job research. McNiff continues that action research is about thinking carefully about what one is doing, making the result a critical self-reflective practice.

A big part of my data gathering was based on interviews and observation. According to Jack Sanger (1996: 61 – 72) interviews are the predominant way to collect data and information in qualitative research – they even surpass observation. Unstructured interviewing is seen as appropriate for occasions where the interviewee wants to present the concerns and interests of the people in the evaluation. In these interviews, the interviewee can be a proactive contributor in the process and add additional information that has not been directly asked. I considered this the most suitable way to approach the interviewees due to the “humanity” of the methods.

Jack Sanger (1996: 61 – 72) continues that note-taking in writing can pull the interviewer and the interviewee closer and more intimately together in the event. This is the opposite of recording the interview events. The downside of taking notes is the risk of interpretation and thereto the risk of losing hard information.

4.2 Research Methods

I used empirical research with qualitative research methods, like themed discussions, interviews, semi-structured interviews, and observation. The reason for not performing many structured interviews or surveys was, that the organization is heavily overloaded, and it was discussed in the project team to avoid any unnecessary burden on the stakeholders. It was also advised by management to avoid any additional tasks to the FL resources who already then struggled with the workload.

To get an understanding of procurement and process compliance and competence levels and to offer the possibility to seek training or further information, a questionnaire was created. I named this first as “Procurement audit questionnaire” but changed it to “Questionnaire for procurement support topics”. This change was made to have a cooperative entry instead of an audit mindset. I also created a questionnaire for the FL for self-assessment purposes, which was implemented by collecting the answers to the as-is status and support requests in the collaboration meetings by listening to and observing the participants and writing down their comments. The templates are found in Appendix 1 and 2 of this thesis.

Eventually, the project team decided not to use the first procurement audit questionnaire, but instead formed it into a support request form as was explained above. This was done to avoid the feeling of formal auditing into the procurement operations of the FLs. Instead, it was important to emphasize the target of offering support in a collaborative manner. We also agreed that the use of this support request form is voluntary if seen as necessary with some of the FLs. Therefore, the main purpose of it was to work as a checklist in the discussions.

4.3 Research Process and Data Collection

I joined my current organization as the team lead of Sourcing in the summer of 2023. The lack of collaboration in the case company’s chosen BU frontline procurement operations was a given fact. It became evident in many of the introduction interviews during the summer months of 2023. I also observed several procurement-related conflicts and their resolutions in working meetings between the BU service procurement and FL China. I recognized the tension between the organizations and already in the beginning the lack of common understanding of roles and responsibilities became an issue.

In August a kick-off meeting was held with the assigned project team. In this meeting, the pilot FL was selected. As described earlier in Chapter 1.1 and

figure 2, FL China was selected. This selection also defined the scope of this thesis. The project team established the procurement process audit and competence questionnaire to support the as-is state clarification of the FL in question. In October 2023 a virtual meeting call to gain the management level commitment was arranged. In this meeting, the project team presented the aim of the project and the team members. Later in October, a face-to-face meeting took place since conveniently key stakeholders were present in a workshop in Singapore. In this event, I had the possibility to conduct unofficial casual interviews and gather information on the current state through focus-group interviews with the stakeholders.

Stakeholder mapping was made by me and my line manager before the first collaboration call with the FL. The first call focus was to introduce all stakeholders to each other and clarify the roles and responsibilities among the stakeholders. The unclarity of responsibilities had earlier led to friction between the teams. In the next collaboration call a competence gap in a specific procurement role was identified and a training day was agreed upon and later held on 11.1.2024.

Between the second and third collaboration calls I made a review in a teams call with the frontline manager and ensured the collaboration calls were on track and bringing the desired results. Before the third collaboration call, I made together with the frontline purchasing manager a high-level procurement process and competence evaluation. Based on the outcome of these meetings a re-cap of the new supplier onboarding process was made and embedded with the third collaboration call.

In the fourth collaboration call the training needs and plan were reviewed and an initial list of trainings was created. Eventually, a lesson learned from the first quarter findings was conducted with the project team. The project timeline with the methods of collecting data is illustrated in figure 5.

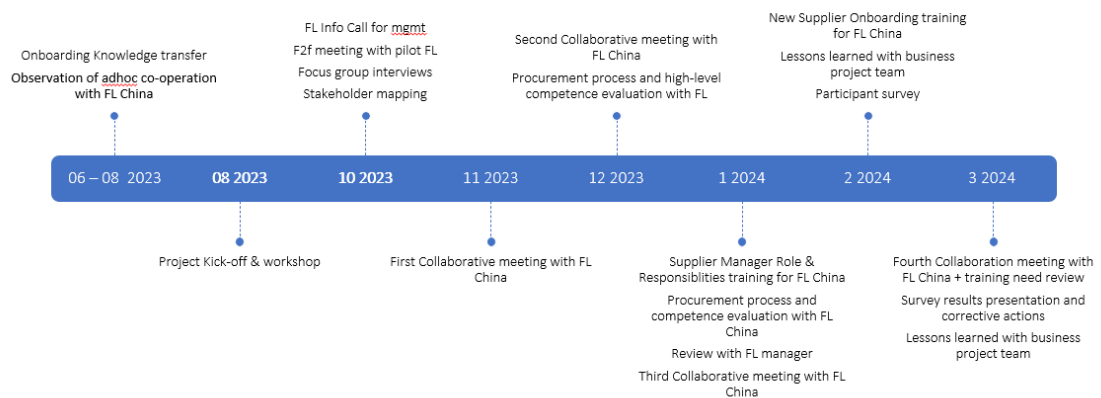


Figure 5. Timeline of the development project and information collection methods

I built the current state understanding based on interviews and meetings during my onboarding into my new responsibilities during the summer of 2023. This was extended by my own experience in procurement operations and formal and informal discussions with my colleagues, stakeholders, and team members. I was given the collaborative network building between case BU procurement and the FLs as one of the new work position-related tasks during the hiring process. Therefore, a more thorough as-is analysis was not necessary or expected by the case company.

5 Theoretical Framework

The theoretical framework of this thesis is based on theories about organizational behaviour and culture, change management, leading change, building collaboration and procurement competence development. The main information sources used were some main findings from the relevant literature, online sources and printed magazines that relate to the subjects of the thesis.

The organizational behaviour and development look into how organizations and teams are defined, and how they interact and deliver results. Change management is about how change at its best is being executed and made as easy as possible for the teams and people involved. Leading change and

building collaboration is a subset of change management and about how to lead wished changes in an organization. Procurement competence development is about identifying competence gaps and solving them.

5.1 Organizational behaviour

5.1.1 What impacts behaviour

How do people in an organization deliver most effectively and in a manner that they enjoy working for in an organization is a fundamental question of organizational behaviour. Organizational behaviour is looking for insights from psychology, sociology, anthropology, and other disciplines to improve organizations effectiveness, but also employee well-being and overall performance and functioning of the organization.

Colquitt, LePine and Wesson (2023: 233) write that trust has a strong positive relationship with organizational commitment. Trusting the authority will most likely increase an emotional bond and it also most likely creates a sense of obligation towards the authority. Based on this statement I draw the conclusion that the obligation is formed simultaneously towards the task itself.

Positive reinforcement is seen as the most important way of motivating employees to create learning, but positive reinforcement does not need to be in the form of a material reward. Instead showing another type of recognition like praise, feedback, public recognition, or other means of small celebration will contribute to employees working towards desired behaviours (Colquitt et al. 2023: 253).

Nina Rinne (2021:82) also emphasizes the need for trust and psychological safety in a work environment. She writes that if there is no trust, a lot of (waste) energy is being allocated to anticipation, being careful and seeking for alternatives. The lack of trust leads to fear which in the worst case can lead to experiencing missing accountability in general in the organization.

5.1.2 Diversity in Organization

Since the footprint of the target organizations in my case company's BU is global with a presence in 17 countries in all regions worldwide, I want to give the perspective of diversity and its impact on organizational behaviour. When starting the project, it was clear that the stakeholders formed a diverse group of people.

The actual benefit of diversity does not constitute a group of diverse resources, but instead the competence to start utilising these diverse competencies. (Rinne, 2023: 128). Kirsi Piha and Mika Sutinen (2020:226) state similarly that just having diversity is not enough if the organization does not have the tolerance to collide the differences and by that create something new. The more there are different ways of looking at things and the more these are expressed out loud, the smarter and more ethical the made decisions are and the less is the option of directing to the wrong direction. Diversity though itself does not constitute creativity or change in any direction.

Rinne (2023:129) defines organizational diversity as the diversity of the organization that arises from people's internal and external distinguishing factors. She continues with the statement that leading diversity into the culture of an organization is true courage because once a person starts to understand diversity, he simultaneously starts to reflect on his / her own history, own attitudes and the reasonings for having them. From a psychological safety perspective, diversity is all about allowing all members to experience being approved and welcomed as part of the team as themselves.

5.1.3 Type of teams in organization

To understand the nature of the teams that need to form the collaborative network, I studied different compositions of teams in organizational behaviour.

Colquitt et al. (2023: 360) differentiate 5 different types of teams which are visualized in table 1. A virtual team is a group of members that are not in the

same geographical location, and interdependent actions happen by other means than face-to-face, primarily via e-mails, chats, audio calls or various other remote meeting tools. The number of virtual teams is estimated to be tens of millions of virtual teams operating today. This sets the scene for the development project of my case company which is to solve the challenges of managing virtual networks and teams remotely.

Table 1. Types of Teams (Colquitt et al. 2023:263)

TYPE OF TEAM	PURPOSE AND ACTIVITIES	LIFE SPAN	MEMBER INVOLVEMENT	SPECIFIC EXAMPLES
Work team	Produce goods or service	Long	High	Self-managed work team, production team, maintenance team, sales team
Management team	Integrate activities of subunits across business functions	Long	Moderate	Top management team
Parallel team	Provide recommendations and resolve issues	Varies	Low	Quality circle, advisory council, committee
Project team	Produce a one-time output (product, service, plan, design, etc.)	Varies	Varies	Product design team, research group, planning team
Action team	Perform complex tasks that vary in duration and take place in highly visible or challenging circumstances	Varies	Varies	Surgical team, musical group, expedition team, sports team

Based on this differentiation my project is dealing with Work teams. We are producing procurement services; our life span is long and member involvement is high with full-time commitment from all members.

5.1.4 Team composition

Team composition stands for the mix of people who are creating the team.

Colquitt et al. (2023) introduce 5 aspects of team composition:

- member roles
- member ability
- member personality
- team diversity
- team size

The team member role refers to the role the person takes or naturally has in the team. Examples of such roles are energizer, organiser, harmonizer, compromiser, and dominator. The member ability refers to features a person is holding like physical or cognitive capabilities that support in achieving the task assigned to the team. The personality of the member is the third aspect, and this aspect is best described with people who are extroverts by nature and how these personality types contribute positively to the solving of the task. She though points out the possible challenge of too many team members being extroverts. In this case, there might be too many dominating persons in the same team. (Colquitt et al. 2023).

According to Colquitt et al. (2023) research has shown that the benefits of knowledge-based diversity are most likely to take place when there are team members who are putting extra effort to truly understand the other team members and their statements and then truly take the diverse opinions into use.

The last aspect is the team size and here the finding is, that in management and project teams where tasks are complicated, the more members are in the team the better the result is. Instead, a team with simpler tasks, like a

production team, does not benefit similarly. The more people there are, the more coordination and communication problems occur that prevent the task from being performed in this kind of team. (Colquitt et al. 2023).

The finding is that even it is hard to draw a fixed conclusion between team composition and characteristics, it though is proven that the relationship between the interdependence of the task and the performance of the team is positive. In other words, if people must work together and coordinate topics together, the performance is better than if there is independent work only being performed. (Colquitt et al. 2023: 369 – 380).

5.1.5 Roles and responsibilities

Korhonen and Bergman (2019:61) emphasize the importance of clarifying roles and job descriptions in the organization in any re-organization activities. There might be in the course of time unequal workloads occurred or even sub-optimized responsibility ensembles formed. Someone in the organization has received more responsibilities and tasks simply due to performing well and the workload is not in balance. Having one overloaded key resource forms a risk to the organization: what if this person leaves the organization?

Aro (2018) describes that one pre-requisite for a healthy and functioning work environment is that each employee has a clear role defined and is himself aware of his responsibilities. Equally important is that colleagues are aware of each other's roles. This is not only to ensure that tasks are eventually getting done but to avoid people feeling insecure about their roles and therefore acting protective or in the worst case non-cooperative.

In my development project, unclear roles formed one major obstacle in the beginning to build a well-functioning working team. For historical reasons, an unhealthy competitive positioning had arisen which again formed a barrier to all cooperation.

5.2 Organizational culture

5.2.1 Characteristics of an efficient working culture

To understand how teams are impacted by organizational culture, I studied the concept of organizational culture in general. The culture of a group can be defined as:

“A pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.” (Schein, 2004)

Evolving integrated culture though, requires sufficient time of shared history and experience. Also, group or team members' assumptions about the other groups to which the other member is belonging to, may lead to friction and conflicts. (Schein, 2004: 17)

As Schein (2004) says, a group is forming its reason for existence by answering the question of why the group exists and what its task is. The group members will consider their own role in the group. This raises natural concerns about one's position in the team. This concern was visible in my project and assurance of everyone's importance and clarification of roles had to take place in the early beginning of the project.

One important aspect of organizational culture is the forming of a common language and conceptual categories. According to Schein (2004) missing common language and conceptual categories are preventing a group from forming since mutual communication is not possible. This not only refers to common language, like English, but also commonly used terms. One may use a term to mean something totally different from how the other members understand it. This dilemma became obvious in my project during the first collaboration meetings. An effective and compliant supply chain meant different to the FL procurement than how it is perceived in BU procurement. Also,

procurement maturity and competence as terms and actual tasks were mutually understood by the procurement after the questionnaire, I made to them in the beginning of the project. This helped a lot in the following collaboration meetings since team members were talking about the same topics and understood each other better.

Work and collaboration related to work are more and more conducted with the help of virtual communication methods and platforms like videos conferences and Teams-calls. Meeting a colleague face to face is taking place very seldom, especially in a global multi-national working environment nowadays. According to Aro (2018:180) co-operation within virtual teams is not possible without having trust among the team members. He refers to studies that evidence the importance of physical contact in trust building. If a task only includes actions of a routine nature or executing something previously agreed upon, then virtual means of communication are appropriate. The moment the task is about setting commonly aligned mutual goals or committing to a mutual target, a physical connection is required.

5.2.2 Culture of cooperation

Franz and Sarcine (2009) point out that expressing each other's needs and interests is needed to build mutual joint projects and to solve common issues. In other words, clarifying both or all parties' expectations is fundamental. The second topic they raise is transparency between the parties to measure the benefits of networking instead of competition. The cultural elements of cooperation are visualized in figure 5.

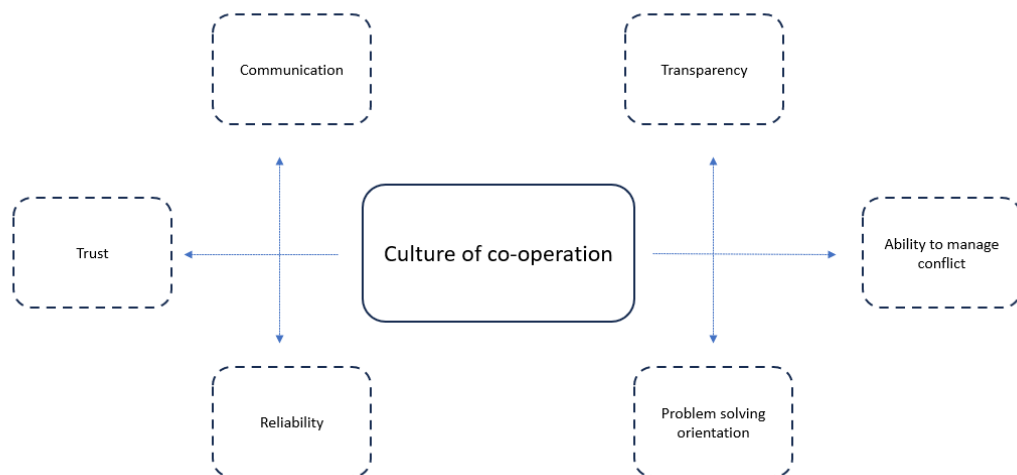


Figure 6. Elements of cooperation culture. (Adapted from Franz and Sarcina, 2009)

Working together must bring more value to both parties than working independently. Compromising is a fundamental necessity in possible conflict situations. All actions should drive towards a win-in situation in a network and this win-win is not achieved if trust is absent.

5.3 Change Management

According to N. Anand and Jean-Louis Barsourx (2021: 21) plenty of corporate transformations fail. Various research studies show that three-fourths of change projects fail to deliver the set targets, or they are stopped entirely. They advise to first consider carefully what to change first instead of starting to worry about how to make the change.

5.3.1 Understanding of Current State

Salminen (2022: 37-38) writes about the importance of understanding the reasons why the organization is in the stage where it is. He is giving valuable example questions to consider when planning a change journey:

- Why is our organization created? How has our mission evolved?
- What type of change projects have there been so far?

- In which change project have we succeeded? Which failed?
- What are we proud of and why?
- What have we learned from our previous change projects?
- What should we consider when initiating a new change project?

Salminen (2022: 39) continues with the statement that trust is the basis for a successful change project. If in earlier change initiatives the building of trust has failed, more focus and emphasis must be put on gaining mutual trust.

Sometimes it is needed to settle old disputes or traumas to be able to produce enough change power for a new change project.

It is important to involve the organization in the current state analysis and a web-based dialogue is an efficient way to get insights about the possible pain points, culture of the organization and development ideas. It is valuable to get honest and straight feedback from the organization. This again might be challenging due to culture or fear of addressing conflicts, issues, or disputes. Not getting honest input again, may result in wrong conclusions and actions thereof. Building a safe environment to openly address conflicts is important. (Korhonen and Bergman, 2019: 19).

According to Korhonen and Bergman (2019: 38) interviewing the in-official decision makers and opinion leaders is as equally important as interviewing key resources and stakeholders. By this, the power play in the organization can be revealed to support finding the actual root causes. In my development project the influential person was someone not in procurement at all and finding this out, clarified the communication channels.

5.3.2 Leading Change

One of the most referred change management and leadership books is the book "Our Iceberg Is Melting" by Harvard Business School professor John Kotter and his co-writer Holger Rathgeber. Kotter (2006:130 – 131) gives an eight-step process guidance for successful change. He advises first to create a sense of urgency among the audience or target group to have the needed

attention and understanding for an urgent change. Secondly, he advises to create a diverse group of people as a project team to guide the change. The abilities should be diverse and wide covering aspects like leadership skills, respect, communication expertise, authority and analytical skills and the understanding of the criticality of the situation. As a third step, a vision must be created followed by a strategy for how to achieve the vision. This strategy step is followed by a comprehensive communication step. Repeating the message to gain as wide of an audience that understands the message, accepts the made decision and the road map to achieve the target. The fifth step is to give empowerment to those resources who want to contribute to the execution of the strategy. To motivate more people, there is the sixth step of creating short-term wins and low-hanging fruits to have success stories available. Step number 7 is the step of not giving in but systematically pushing for change until the vision has been received. The last step is the creation of a new culture to prevent the old habits from taking over the change. The 8-step process is illustrated in figure 6.

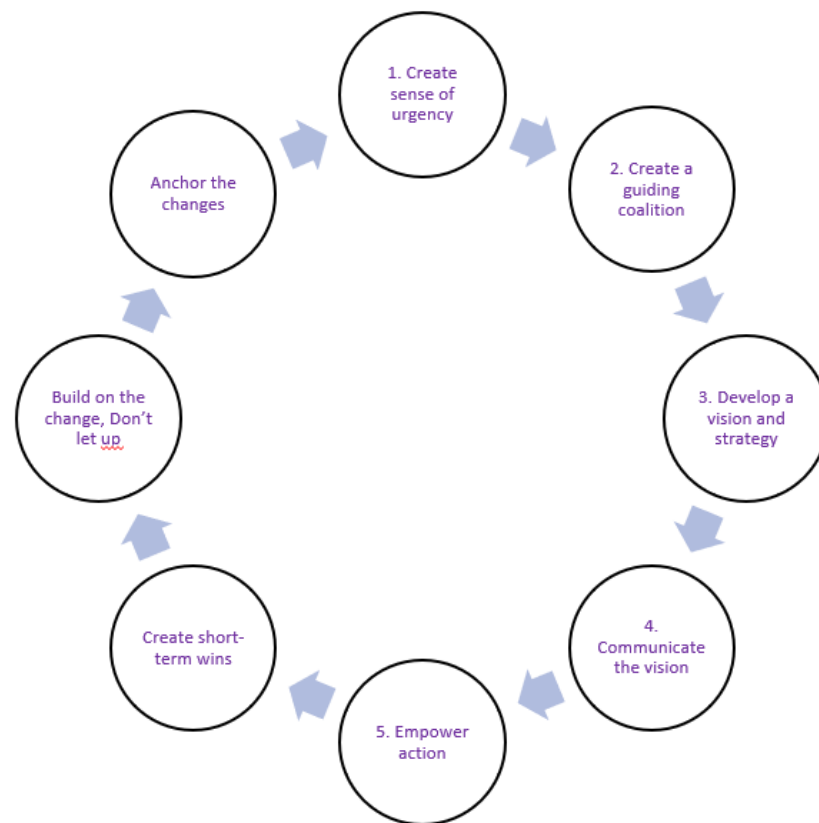


Figure 7. Kotter 8 step change process (adapted from Kotter, 2006: 130)

5.3.3 Accelerating Change

Piha and Sutinen (2020) form a synthesis of how to accelerate and empower change. They build three driving forces around change: collective trust, collective curiosity, and collective intelligence. They also say that collective trust is the basis of all change. The reason is that the biggest obstacle to succeeding in change is fear. Instead of reducing fear, change leaders should focus on building trust. Trust is gained through collaborative discussions, listening, sharing, and caring, being open and honest and respecting everyone as they are. For building collective trust in an organization, the advice is to make telling the truth safe, ignore hierarchy, make frankness imperative, bring failures of management visible, listen and share credit, focus on recruiting, make sure everyone has a voice and they are given the chance to use it, invest in conversations and finally clean up the meeting room yourself. (Piha and Sutinen

2020: 213). The others are more self-evident but the last one is given as a metaphor to remind that everyone is equal and serving the purpose of the team. The importance of building psychological safety into the organization together with trust is another building factor for a successful change. (Piha and Sutinen 2020: 295). Keeping the workplace emotionally safe and stable will positively contribute to driving change.

Salminen (2022:41) defines change energy as “mental energy that arises from motivation, belief in the future and from the trust that by committing to the development project something better will be achieved”. Change energy is necessary to overcome the hindrances at the beginning of the development project and it is the leader’s responsibility to ensure there is enough change energy existing throughout the change initiative.

Heinonen, Klingberg and Pentti (2012:72) also write about how mutual trust among team members creates a solid foundation for cooperation. The feeling of together forming a team that contributes to something meaningful impacts positively the performance of a team too. The positive circle of trust as introduced by Heinonen et al. is shown in figure 7.

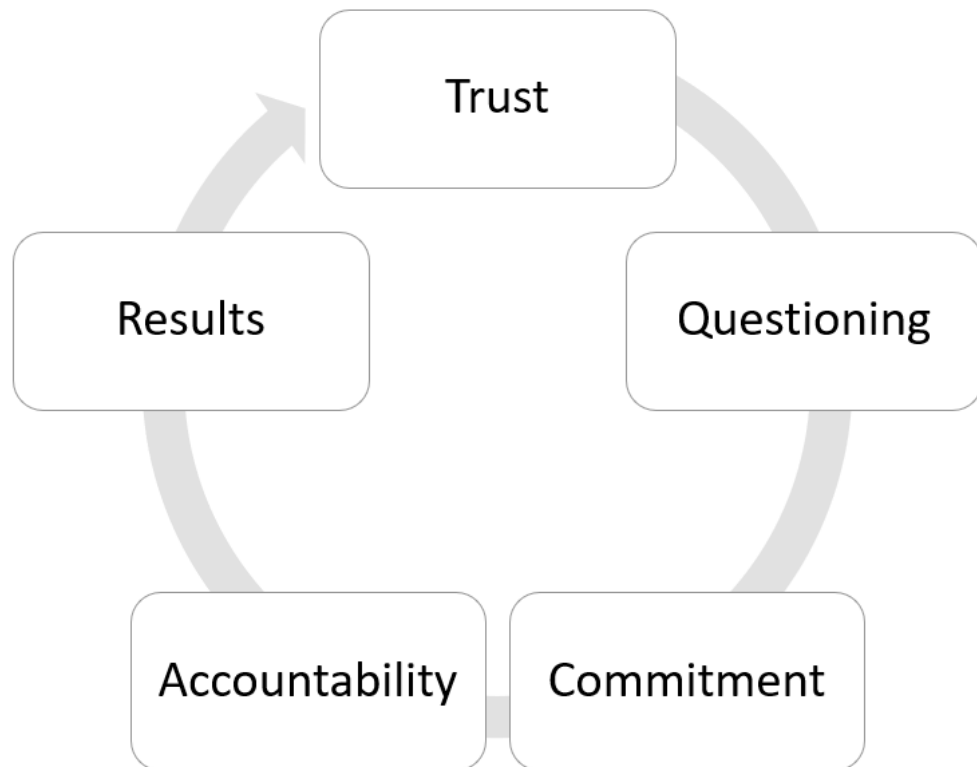


Figure 8. The positive circle of trust. (Adapted from Heinonen et al., 2012)

Heinonen et al. (2012: 118) state that trust is the enabler for being of different opinions in a manner that the fears that everyone is feeling do not raise too much to the surface. They describe the circle of positive trust being achieved when people in a safe environment start to question and by that form dynamics for development. By doing this, achievements are made which again enforces that people want to be more committed to the team. Commitment again is increasing accountability and responsibility which delivers results.

5.4 Procurement competence development

Weigel and Ruecker (2017: 169) claim that the buyer's role has undergone a dramatic change from an administrative employee to a talented all-rounder. Procurement tasks have become more complex and demanding transitioning from a transactional mode to a service provider. The change in the procurement profile is visualized in figure 9.

From	To
<ul style="list-style-type: none"> • Administrator • Order processor • Role specialist • Lone fighter • Data administrator • Agent 	<ul style="list-style-type: none"> • Service provider • Purchasing optimizer • SC Manager • Team player and moderator • Know how facilitator • Manager

Figure 9. The buyer's career profile – from administrative employee to talented all-rounder (adapted from Weigel and Ruecker, 2017)

While the profile has changed, there are numerous fields of competencies required from a procurement professional; product competence, research competence, bidding competence, supplier management, value analysis and strategy development to name a few of the substance matter expertise. Besides these hard competencies, soft skills like intellectual skills, leading skills, emotional skills, and compliance are required in today's procurement landscape (Weigel and Ruecker, 2017: 170)

The ever-growing compliance requirements pose another procurement challenge. Laws, rules and regulations, standards, civil government, and not least natural aspects set expectations which are all the time growing and compliance requirements on procurement and supply chain. The case company has a comprehensive set of requirements when new suppliers are being onboarded and during the life cycle of the supplier. Knowing all the statutory compliance requirements alone is a heavy competence requirement.

Russil (2010: 56) defines procurement as follows: “Procurement process covers all activities from deciding on a business need to committing to a supplier to satisfy that need and ensuring that the outcome is acceptable”. There are plenty of potential pitfalls and risks associated to procurement. The buying unit may disclose by accident information that the supplier can use against the business case, the specifications may be inadequate, the source of supply may be poorly audited, missing supplier relationship management and simply undertrained personnel. Management control-related risk factors are factors like biased selection of suppliers, unauthorized purchase commitments, corruption in the RFX process, breach of confidentiality and overseen acceptance of increased prices from the supplier (Russil, 2010: 56 - 76)

A fundamental policy in procurement is the principle of segregation of duties to prevent fraud from happening. Russil (2010: 80) of duties as one having the authority to decide how money should be used, the other has the authority to decide with whom and contract authority and the third party has the authority to execute the payment. This segregation of duties must be considered in employee job descriptions and responsibilities.

Tackling the above-mentioned (and more) procurement risk factors, the case company has set out a comprehensive set of procurement policies, processes, instructions, and guidelines. To comply with the requirements, it is utmost important that the buying units in the case company’s BU are following these guiding principles.

6 Implementation of the development project

6.1 Establishing a project team and defining scope

Based on the current state information that I was given by my line manager when starting as the sourcing manager as well as the information I managed to compile during my onboarding period in the summer of 2023, it was evident that the lack of collaboration between BU procurement and FL operations was seen

as a hinder for expected growth. During the summer period, we formed a project team. In the selection of the project team members following criteria were used:

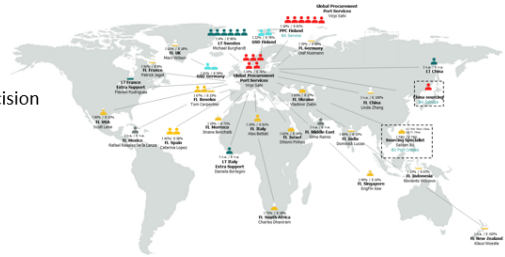
- Capacity of the person
- Experience
- Communication skills
- Existing network or stakeholder group

After the summer holiday season, a business project kick-off meeting was held on 23.8.2023. In this kick-off meeting the project team members were allocated a geographical region as a responsibility area. Regions APAC and Americas were assigned to me, North Europe to a sourcing specialist from my team, the Middle East was allocated to a digital procurement manager, South Africa to a procurement manager of special projects and the Mediterranean to another sourcing specialist in my team. Some regions were split for several responsible persons due to the size of the region, the number of frontlines in the region or due to known complexity or other challenges in the FL operations. In the project team building and region allocations we considered the benefits of having diverse competencies and backgrounds. Later in the project, we had to re-allocate some of the assignments due to capacity constraints, but these had no impact on the development project.

In this same business project kick-off meeting we selected the pilot country FL. The selection was unanimous and the project team selected China FL. The main reason for the selection was that there had been recent organizational changes in the region sales front that had impacted the cooperation between the FL operations and my sourcing team. The arising conflict had to be coped with in a fast and efficient manner to avoid it from escalating. We agreed to target a face-to-face meeting in Singapore later in the autumn with the key stakeholders of the FL and to kick thereby off this development project work.

What is procurement network

1. Close collaboration between functions and operations
2. Target to work according to procurement global processes in PSER
3. Ensure compliance, policies and best practises in all actions and decision
4. Support, train and share information
5. Bring visibility, analyze data and optimize supplier management
6. Harmonize and prioritize procurement related actions
7. Enhanced material availability & cost control



Spend figures hidden

Figure 10. 'What is procurement network' from BU business project materials. Confidential spend figures are hidden.

In this business project kick-off meeting, we also defined the mission for the collaborative and cross-functional procurement network. The mission is shown in figure 10.

6.2 Ensuring commitment

Even though the necessity of enforcing collaboration between the two organizations, BU procurement and FL operations, had been emphasized and communicated by BU management earlier, we considered it important to conduct a joint commitment-gaining call between the functions. We did not want to start approaching the operatives without their line management first setting the scene and the urgency of this project to form a collaborative network. To evidence management commitment, the info call was led by the directors of the 2 functions procurement and FLs. The call took place on the 4th of October via Teams and all frontline managers and project team members were invited to the call.

The invitation and the agenda of the commitment-gaining call are presented in figure 11.

Hello everyone,

We would like to invite you to discuss how to improve collaboration between procurement and front lines.
Target is to strengthen our communication and clarifying expectations, processes, roles and responsibilities.

Agenda:

1. Introductions
2. Discussion how to improve communication and collaboration
3. Important updates from procurement
4. Current ways of working
5. Procurement reporting and KPIs, performance management

Thank you for taking your time and participating to this call. All your comments, support ideas and concerns are more than welcome.

Figure 11. Commitment gaining call Teams call invitation and agenda.

The agenda of the commitment-gaining call was formed together with the senior director of frontline management, i.e. the person the frontline managers report to, and he facilitated the call together with the procurement director. After introductions by both sides, the procurement director emphasized that the meeting was informal by its nature and that the agenda was indicative and could be modified on the fly if needed. This was to allow the audience the possibility to raise issues or topics that they want to address instead of us going with a ready-made agenda and death-by-power-point to the meeting. We divided further the responsibility to facilitate the agenda topics among the project team members from procurement to give each person the 'voice and empowerment' in front of the audience. To gain mutual trust we put focus and time allocation into discussing the following points:

- What should procurement know more about of the FL operations?
- What is the FL's major sales consisting of?
- What should be improved in the procurement process or collaboration?
- What is working well, and what is not?
- What kind of support could be beneficial?

We ran out of time, and we were not able to address the procurement reporting, KPI's and performance management to detail in this meeting.

After the meeting, we concluded in our procurement an internal summary concluding that the call was well perceived, and it seemed the FLs were waiting

for the collaboration to start. Some FLs already raised issues to which they wanted to seek support. We also concluded that the procurement reporting, KPIs and performance management which were missed due to time constraints, will be anyhow addressed in the collaboration calls with each FL. We concluded that crucial subjects were missed since the KPIs and procurement performance must be discussed on a case-by-case basis with each FL anyhow instead of a joint meeting. An unfortunate notice was that not all frontline managers were attending the call. This was not considered as a negative perception of the call but rather as a conflict in the busy frontline managers' calendars. We agreed to make a second call later before the year's end, but we also concluded that we should not wait until the start with the pilot FL even if its manager was among the absent ones. Later in the project we came to realize the importance of the manager level commitment and awareness of the proceedings though.

6.3 Procurement process and competence evaluation

After the commitment gaining call, I prepared a procurement process and competence questionnaire which two of my project team members reviewed and brought improvements into. We had several iterations before we were satisfied with the template. The questionnaire is in appendix 2. I utilized the case company's "procurement house and its building blocks" for the content creation of the questionnaire. The case company central procurement created earlier the 'procurement house' to introduce and support lean thinking in procurement operations globally. The ideology of the procurement house is to offer a lean, central location for all procurement-related information such as process descriptions, policies, guidelines, contact details and procurement tools. You can see and adapted version of the case company procurement house and its building blocks in figure 12.

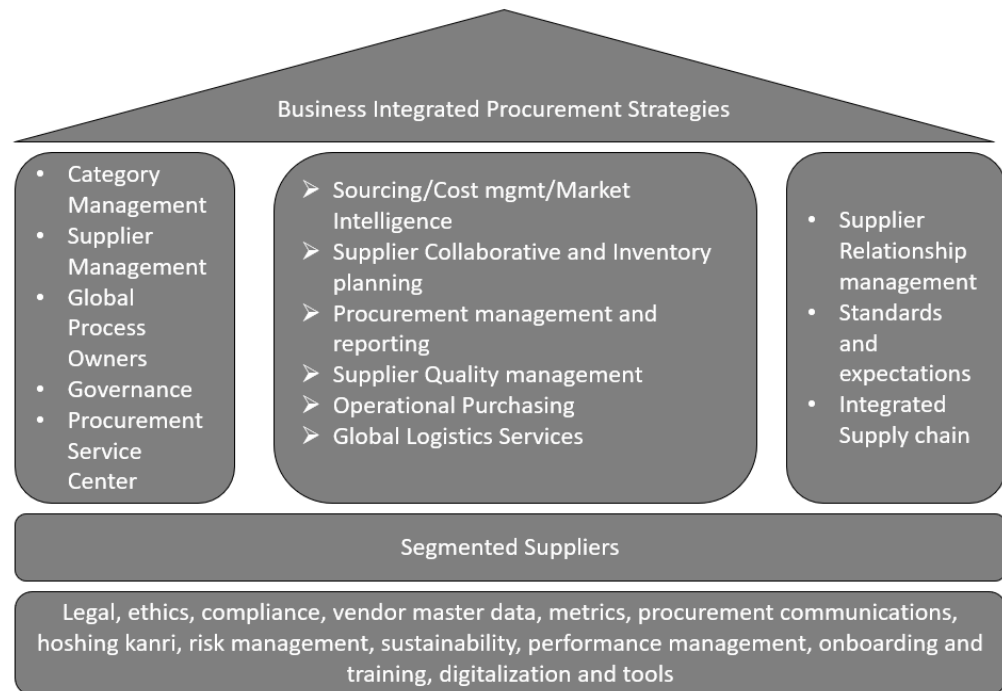


Figure 12. Adapted version of case company procurement house illustration

The current version of the procurement house was launched in the company in mid-2021 and procurement organizations have been working towards compliance with the procurement house. The gap that I realized was, that the FL resources were not in the scope of the procurement house roll-out. The fact that the frontlines had been independently working for years was therefore also seen in other initiatives. Many global trainings never had reached the frontlines.

As described in Chapter 4.2 we first planned to use the questionnaire as an audit template and trial it out in the pilot FL. However, after discussing with two of my project team members, we decided to avoid the impression of an audit. There are in high level two different types of FL procurement operations: one that has procurement support from a factory operation and the other that is a small, standalone sales-focused unit that has had to deal with procurement with scarce resources. In both cases, we considered that going with an audit mindset would not increase the trust in true collaboration willingness nor give the correct understanding of our wanting to support the FLs instead of judging them.

When I had the first version of the questionnaire ready, I contacted the global process owners of the case company's central procurement to get their input on my thinking overall and on some specific questions. I found out that in central procurement of the case company, they were at the same time preparing an actual procurement house audit. We decided to join forces and shared our questions in a common team meeting. The result of pulling together the questions made by me and by the global process owners was a quality and comprehensive set of competence evaluation. The upcoming procurement house audits also supported our thinking of not auditing the FLs. It would have been a double effort even if the procurement house auditing was to be piloted with manufacturing locations at the end of 2023. There was not yet a road map or schedule existing for FL audits. However, understanding the numerous locations of manufacturing in the case company, it was decided that the FLs were to be audited earliest in 2025.

Even though we decided not to use the questionnaire in the meaning of an audit, we considered the questionnaire to be very useful in finding out the procurement competence level and maturity in the FLs. It was important for us to get an understanding of procurement process deployment statuses, and compliance levels and from these to withdraw training needs. This together with the knowledge that the audits were too far away to support our project, we decided to use the procurement process and competence questionnaires as a skeleton in our FL collaboration calls since it covered well the case company's procurement house content.

6.4 Kick-off meeting with frontline and stakeholder mapping

I was able to combine the initiation of the collaboration with the China FL with a business meeting in Singapore on 23.10.2023. It was important to have the possibility to meet with the FL stakeholders face-to-face and have an open discussion on the existing issues. I discussed with the regional director first to get his understanding of the existing disputes and friction between the FL and BU procurement. It turned out that the major reason for poor cooperation was

the unclear roles. Two key persons that used to have somewhat internal competition, in a healthy way though, were now through organizational change in different organizations. However, they were key persons in the collaborative network. Yet the new roles were not completely clear to everyone.

During this business meeting, I had the chance to get introduced to the frontline manager as well. The issue with unclear roles was openly discussed and we agreed upon an open and constructive discussion between all parties. I became aware of the historical conflicts between the people in the FL and my team. However, I was convinced that once the responsibilities are clarified the relationship will eventually improve as well. This discussion was held on the second day of the business meeting in an informal environment, which helped in keeping the atmosphere relaxed and collaborative. Once the roles were clarified we agreed to start with the monthly collaboration calls as soon as possible. Having the opportunity to meet face-to-face and thus build trust was essential as referred to in the theory part of this development work.

It was important to identify all China FL stakeholders that were to be invited to the calls. I was introduced to the operational model and learned that procurement support is offered to the FL by the case company factory in the same city and branch. By this, it became clear that the sales resources in the FL were well connected with the factory procurement and the cooperation was running smoothly. There was no large physical distance and no language barrier. I understood that the FL that had local procurement resources was not promoting a need for external support in procurement. We discussed possible conflicts between the local procurement and global procurement strategies, but eventually, we also concluded that having these two combined would bring the company and the FL benefits. We realized that we have the factory procurement organization as an important and must-have stakeholder and a key resource for building efficient procurement operations together for the FL. The reporting lines were in all three network parties different which we knew to create its flavour in the collaboration and later in mutual strategy and target setting. The identified collaboration parties are visualized in figure 13.

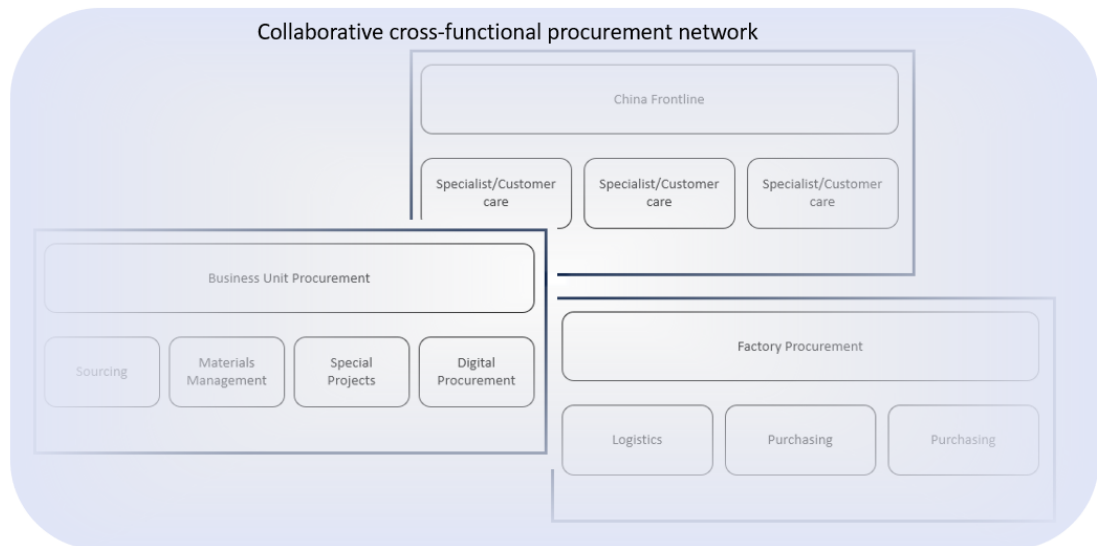


Figure 13. The stakeholders in the collaborative cross-functional procurement network.

A virtual, cross-functional collaboration network was given its go in this meeting. I took the action point to set up the first collaborative call and draft the agenda for it and the required participants who were present at the venue in Singapore gave their commitment to join.

6.5 Collaboration call

I agreed with the frontline manager, factory procurement manager and my APAC region sourcing manager a suitable day and time of month and scheduled the monthly calls as series into all participants calendars. By having the meeting bookings in the calendars will ensure better participation and preparation.

The invitation to the first collaboration meeting was left on purpose open with no strict agenda. The only thing that was addressed to be as mandatory to be reviewed, was the common understanding and agreeing on roles and responsibilities. The invitation text is in figure 14.

hi all

Thank you for agreeing on this monthly co-operation meeting and aligning on procurement issues in xxx in China. Purpose of this call is to deliver transparency into procurement activities within xxx and find synergies to support xxx business perform cost effective by winning together and putting customers first.

Pls send me in advance topics/issues/areas you'd see important to be shared among this network in these calls ie, please share your expectations towards to one another. We then together set up the agenda in our first call after introductions on roles and responsibilities.

Looking forward to meeting you all! br. jaana

Figure 14. Invitation to the first collaboration call on 30.11.2023.

I prepared a sense of urgency and mutual commitment by referring to case company values (winning together and putting customers first) and allowed the invitees to have an impact on the agenda. Empowering people and giving them accountability helped to commit the team to the common project.

According to the agenda, the first meeting was mainly about introducing each other to the team and getting to know one another's responsibilities. To ensure there was a mutual understanding gained of procurement roles in operational sourcing and purchasing in China and the role of my team in strategic sourcing, we prepared a draft version of the responsibility splits. In the call, we walked through the responsibilities and modified the wording to better reflect the agreed roles and to ensure the used language is familiar to all stakeholders. After thoroughly walking through the tasks both for strategic sourcing and operational sourcing the difference between these two procurement processes became clearer. It was also emphasized that my team as the owner of the strategic sourcing activities was there to support the operative sourcing by ensuring a cost-efficient and agile supply chain for the FL projects. We also together stated that my team i.e., strategic sourcing is in no way involved in the FL sales operations and any correspondence by mistake coming to my team member in the region, will be in the future immediately transferred to the FL sales operations. Stating this clearly when all stakeholders were present, managed to create more trust in me and my team's sourcing manager in the region.

We also briefly gave a short insight into the savings projects that were reported in the first meeting to bridge the requirement of having the savings program management tool updated frequently. This reporting had not been too well maintained in the past in the company's global saving program management (SPM) tool. The company uses a procurement analytics tool called Sievo and savings lifecycle tracking has been agreed to be recorded in the SPM module of Sievo. We addressed that maintaining the savings projects in the agreed SPM module of the Sievo system was also the way to show BU management the significant and important work that is being done by us, this team, in the field of both operational and strategic sourcing. In other words, the team has a shared goal.

The big achievement in the first call was the alignment of the responsibilities in the procurement teams into strategic sourcing and operative sourcing. We highlighted on purpose in the presentation slide about the role split the cooperation between the two teams in development projects. The responsibility slide that we created together is shown in figure 15.

Strategic sourcing /operative sourcing & purchasing

Strategic sourcing XXX Procurement team

1. BU Ownership of the supply base cost level and performance
2. New vendor introduction
3. New materials sourcing (if no supplier existing in supplier base)
4. Spending analyse and leading saving projects
5. Identify key suppliers together with FL and manage key supplier relationship
6. Cooperate in development projects with operational sourcing&purchasing
7. Sourcing & price maintenance for volume materials
8. Ensure correct Source in SAP

Operational sourcing & purchasing XXX Country

1. Tactical sourcing for daily customer inquiries & service projects in existing supplier base
2. Manage PRs and Purchase to pay process
3. Supplier performance monitoring
4. Maintain and manage quality notifications
5. Maintain Purchase Info Record and Source List in SAP
6. Cooperate in development projects with strategic sourcing
7. Manage tail spend supplier relationship

Figure 15. The commonly agreed responsibility splits between the two sourcing functions; strategic sourcing and operational sourcing in the region.

6.6 Improvement actions for further collaboration calls

We continued with the scheduled monthly meetings with the FL and the factory procurement. In the second call on 28.12.2023, the supplier management was discussed. We had detected in the IT system that there were some high-spend suppliers without an assigned supplier manager. Some supplier managers had then again been allocated too many suppliers into their responsibility and we raised the concern of capacity constraints in managing that many accounts. In the case company, the supplier manager is a role, not a job function and the nominations are being done in collaboration with all stakeholders between the business areas and business units. When collaboratively discussing the topic in the meeting, I asked the team members if they had been trained with the supplier manager role concept.

The outcome was that some of the team members had received training but there were people without this knowledge. I explained that I had had ownership of the role and the supplier relationship management concept in my earlier job in the case company and that I could set up a meeting to review the role and its requirements in more detail. This suggestion was taken with enthusiasm, and we scheduled a supplier manager role training and agreed that everyone would be invited. When the training was held, all team members joined it which I considered a sign of commitment. The training led to a review of the supplier manager's responsibilities in the key supplier base, and we made new allocations of responsibilities to smoothen out the workload between the people and especially to clarify previously unclear roles in the supplier interface. We also agreed to revisit supplier relationship management responsibilities on a more frequent basis in the future.

While doing the reallocations of supplier managers' nominations in China, I ran into another issue related to global processes. Some of the nominations were not approved and it turned out that the central procurement leadership team had decided not to nominate supplier managers for suppliers below a certain threshold of spend. I turned to the global process owner, and we agreed that

the given rules should not change before clear communication to business stakeholders is being done but we agreed to revisit the agreed concept together later in April 2024.

The process of updating and maintaining data in the Sievo SPM module was improved. These updates were regarding identified saving ideas or savings gained in the projects and the sourcing manager scheduled separate calls to ensure that there is know-how to maintain the system. By these measures, the BU has more accurate visibility to savings as well as cost increases and the cooperation with strategic sourcing is enabled by bringing visibility to the actions. Two separate savings-related meetings were booked and held in January in addition to the monthly collaboration calls. It was also agreed that savings are on the firm agenda of the monthly calls.

After a few monthly meetings, we encountered one more root cause for the earlier friction between the FL and the strategic sourcing. There was no clear and unanimous internal purchasing policy existing or at least it was not implemented to cover all units. This led in some cases to purchasing from external local supply instead of internal supply units. Setting unambiguous rules is not easy but we escalated this to BU management to resolve. Related to this we also found that there were in some cases unclear internal pricing issues. These issues are currently in clarification and since they are not owned by procurement, a message to stakeholders and network participants is that these unclarities shall not impact the procurement collaboration.

To prevent the previously described non-procurement-related issues from impacting the network, we agreed to address them openly within the team. As a mid-term corrective action, we also decided to take those product commodities where external supply will support the customer sales with better margins on a case-by-case basis under investigation. This action will enforce collaboration with the category management too.

A concrete improvement in the preparation of the quality of the calls was that we agreed in the third collaboration call to form a fixed agenda for each call at the beginning of the week. The monthly call was to take place on Thursdays. We agreed that the sourcing manager of my team would take the responsibility to build the agenda in co-operation with the team members. Savings were already earlier agreed to be reviewed in each call.

7 Results

7.1 Change process during the development project

The development project covered all 8-steps of John Kotter's (2006: 130 – 131) guidance for successful change as described in chapter 5.3.2:

- We communicated to the project team the urgency of getting the collaborative network operative to achieve the very ambitious growth targets of the Case Company's BU. It was made understood that the frontlines cannot contribute to the success alone, but BU procurement support is needed and for this purpose, the connection has to be established.
- A project team/task force was created.
- The project team created a communication set including the vision and the strategy.
- A communication plan was made and executed.
- Additional resources were taken into the rollout of the project plan. In the pilot FL, the sourcing manager in the region was assigned as a key resource.
- To prove the success of the collaborative network, savings ideas were created in collaboration for the budgeting year and one procurement training was held upon request to increase the supplier management competence in the FL.
- A second savings workshop was held, and a procurement competence study was made in collaboration with the FL.
- Monthly collaborative meetings are set firm in stakeholders' calendars.

Despite of putting efforts into the change management process the target of delivering a full functioning framework for a collaborative network was not met for reasons reflected later in chapter 8.

7.2 Evaluation based on the metrics.

The following main results of the development project were achieved:

- The procurement stakeholders in FL China were identified.
- A network was established between the case company business unit procurement and FL.
- Some best practices in setting up a collaborative network in a multinational organization were created.
- A procurement competence evaluation questionnaire that works in collaborative meetings as a skeleton was created and tested.

In chapter 3.4. I defined four metrics to evaluate how well the objectives of the development project were reached. Based on the first metric, which was set to measure if we managed to create a collaboration network, the development project was delivered successfully. There is a virtual team, and a network established, and this network is meeting monthly.

The second metric was established to measure the engagement level of the members in the network. According to this metric, the engagement was at a good level at the end of the development project. It was measured in the numbers of actual participants against the targeted number of participants:

- first meeting participation 9/9
- second meeting participation 8/9
- third meeting participation 8/9
- fourth meeting participation 8/9

The third metric was about succeeding in identifying and initiating collaborative projects. In the 4 collaboration meetings, one project was identified. This was business volume reallocation from distributors to OEMs in one purchasing

category. Considering the low starting level of trust in the team this can be considered a satisfying result.

The fourth metric was to measure how many trainings were implemented compared to identified needs. However, this metric became obsolete during the development project. However, there was a training indirectly related to the development project. This was held on the Supplier Manager role and responsibilities and the requirements in new supplier onboarding were walked through. The collaborative network calls will continue monthly, so it is expected that more projects and training will be implemented after the closing of the development project.

7.3 Collaboration Network Survey

When we started the project of building collaborative procurement network in November 2023 the level of mutual trust was low between the parties as observed in the workshops and interviews. This originated from earlier made organizational change that impacted people roles and responsibilities and lack of clear communication thereof. To see whether there was any change towards more positive relationships and collaboration, I created in February 2024 a survey for the participants to get their feedback on the productivity and added value of the established collaboration calls. Knowing that the stakeholders are busy with operational tasks at work, I decided to keep the survey short. I sent the survey to 8 people who are the invitees of the monthly collaboration meeting. One of them was a key person whom I interviewed on 23.10. on the as-is state. The response rate was 75% which can be considered as a very good result. The survey is attached as appendix 3.

I used Questback -software to create it since the case company uses this software for conducting surveys. The survey was conducted anonymously, and all respondents were informed about the anonymity also verbally in the previous collaboration call. In the invitation part of the survey, I explained thoroughly the purpose of the survey so that participants could clearly understand the relation

to our work and my development project. I also sent a separate email to the participants before sending out the survey to ensure that the participants understood how the business project and my development were connected.

The survey only contained three questions because I was sure that reducing the time needed to complete the survey would increase the response rate. The purpose of the first question was to find out the respondents' participation in the network calls and the second question was a simple NPS stating "I find the Collaborative Procurement Network Calls productive and value adding" with the scale from 0 to 10 while 0 standing for not productive nor value adding at all and 10 for very productive and value-adding. The third question I selected to be used, was an open question for giving feedback, development ideas and any other relevant information to make the collaborative network calls more successful.

The result of the first question about participation was that 33% had been participating in all the collaborative network calls since the first meeting that was held in November 2023. This result indicates that we were not as successful as planned and looked to gain commitment to the collaboration calls. A positive indicator of how the collaboration calls were presumed is that no participant had missed all the calls. Considering the challenging start of the project and friction between the units, getting all participants to join at least some of the calls, can be considered as a small win.

The NPS score resulted in -50 which means that a significant majority of the participants are detractors. Detractors rated their satisfaction with the productivity and value-added of the calls to be between 0 and 6 on a scale from 0 to 10. This result makes it clear that still substantial actions must be taken to improve the perception of the meetings. It also indicates that there might be deeper resistance to collaboration than earlier anticipated.

In the open text comment field, three attendees gave constructive feedback to improve the productivity and value-adding of the calls. A clear agenda for each

meeting was requested by all respondents of this open question. It will be essential to build a more formal structure for the meetings and this improvement action was implemented with immediate effect into the meeting preparations.

One respondent listed topics that had progressed well since the calls started but he emphasized that several topics still are untouched. The list in this respondent's feedback is well structured, and it can be taken as a long list of items and allocated into the next meeting agendas to come.

7.4 Limitations

Due to too short time to conduct monthly meetings a comprehensive set of best practices was not achieved. I also noticed that the pilot FL selection was not the optimum so that the findings and ways of working would be scalable into the other 16 FL's. As explained in Chapter 5.2 there are two different types of FL procurement operations in the case company's business unit. One is supported by a team of procurement resources like in my pilot FL and the other with no dedicated procurement resources. The majority of the FL units' function without assigned procurement resources and therefore they have a positive attitude towards getting help from the business unit procurement. In the pilot case, the situation was contradictory and the distrust and fear of possibly losing independence in procurement caused friction throughout the project. In the duration of the project, I also encountered that there were obstacles in collaboration that did not relate to procurement and that needed upper-level management involvement. Even the original objective to create a procurement competence evaluation process to identify training needs was during the development project turned into a supportive skeleton of questions, it succeeded in delivering the desired results and two trainings were held for FL purchasing: Supplier Manager role and responsibilities training on 11.1.2024 and new supplier onboarding training on 25.1.2024.

When evaluating the results based on the set metrics, I encountered a few challenges with the metrics setting. We had, as earlier stated, for example,

planned to make a training plan based on the self-evaluation in the FL but then decided, for collaboration reasons, not to conduct assessments but to work based on findings in the collaboration meetings. This made the metrics initially set for competence development obsolete.

As a summary of the results, I believe that the basis for building collaborative networks has been established. Next, a systematic concept must be developed and deployed. During this development project, a change in getting the network together to discuss issues and address joint projects already took place even though the NPA scores were not very high. The change management results will hopefully look better at the end of year 2024. I plan to conduct a similar survey in the autumn of 2024 after the improvement needs identified and requested during this project are implemented. It will be interesting to see whether the NPS score has improved by then.

8 Conclusions

As a conclusion of the development project, it was a start for a longer journey in the case company. The development project worked as a pilot to start similar collaborative networks with the rest of the 16 FLs. Already during the duration of this development project, the business unit procurement started the collaboration work with two other FLs in February 2024. The development project delivered a skeleton for procurement competence level evaluation based on which it will be easier to offer support either in the form of trainings or offering resources to perform a task. One important observation is the importance of building trust in the established collaborative network. The challenges in building trust in the pilot case were mostly caused by mistrust due to unpleasant past events and experiences between the people in the network. Unfortunately, these affected so that true collaboration with the mindset of a common target was not yet achieved during the project.

However, it must be kept in mind that the duration of the collaborative network-building project of this thesis was only less than five months. A small hindrance

to the success of the project was also some events outside of the network which happened during the project. Some of these were negative escalations in another area than procurement. However, they had an indirect impact on the network and its dynamics. The missed management-level commitment call in October 2023 for the leader of China FL turned out to be of more significance than I had expected in the beginning. Having the management level supporting the development in the same direction is a pre-requisite for the future success of the business project covering all the FLs.

The development project brought transparency to the central procurement excellence team and its plans to conduct procurement process audits in the operations in the coming years. Even though this finding made the fourth objective to build a procurement competence evaluation process pointless, the development project was able to contribute to the global competence evaluation criteria and process and bring the need for support in the awareness of the FLs.

In the light of the set metrics, the development project was successful as can be seen based on the results presented in chapters 7.1. and 7.2. Since the start of the collaboration network, all monthly meetings have been organized and the engagement level has been good. Also, the target to identify a minimum of one collaborative project was achieved, and two procurement-related trainings were held. With the help of these, it was ensured that the SRM framework is known, the supplier managers are working accordingly, and the supplier onboarding principles are known by the parties. To avoid ad hoc new supplier onboardings we managed to agree that all new proposals will go to the sourcing manager of the BU procurement for review and pre-approval. The satisfaction survey gave constructive feedback and some corrective actions like setting the agenda well beforehand for the meetings have already been taken. These findings will be valuable for the other FL collaboration calls.

8.1 Validity, reliability, and credibility

The reliability of this development project was ensured by documentation, transparency of the documentation, involvement, and the survey to receive feedback from the network stakeholders. Documentation was done by presentation materials and memorandums from each of the collaborative network calls. All the materials were shared with the stakeholders and their managers by email and all the documents were filed in a designated Teams folder. The sharing of the frontline materials to other peer frontlines was decided not to be done due to possible conflicts in sharing confidential or sensitive data or information. This was also made clear to the FL. Some sensitive findings that related directly to people's behaviour and where advice was needed, were only shared with my manager and human resources department.

Involvement was ensured by inviting all FL and factory procurement people into the collaboration calls. The reliability was ensured by having all stakeholders in the loop and by sending the satisfaction survey to all participants. Having the management in the commitment-gaining calls also increases the credibility of this project. Even though the FL director was not able to join the call, the materials were shared with him, and he was kept in the loop in terms of the memos throughout the project.

The survey questions were made on purpose very simple and easy to answer. This was to get a clear holistic picture of how the collaboration calls are being seen in the FLs and to get improvement ideas from the participants in an anonymous way. Even though I had raised in all the calls the desire to get feedback, it seemed challenging to get it. My understanding was that this was due to not yet established trust between the parties in the network. The survey was conducted by the case company selected survey tool which ensured anonymity. The survey results were shared with the network members which I consider is increasing the reliability of the project.

8.2 Lessons learned

My takeaway from this development project was that managing conflict situations in a cross-functional environment is very challenging. Even though solving conflict situations was not in the scope of this development project, it turned out to be significant for the success of the project. Had I known all I know now after the project, I would not have chosen this FL as the pilot of the business project nor as the scope of the thesis. The reason is not the challenging relationships but the level of scalability of lessons learned to other FLs. I would choose a FL that has no dedicated procurement resources since this type of FLs are the majority.

Other lessons learned were the importance of having management support for building a virtual team with aligned targets and missions. I started the development project knowing that the frontline management was not attending the commitment-gaining call. The timing was set for me so I would not have been able to choose otherwise, but I would now stick to keeping an alignment call between the director levels of the frontline and BU procurement. It should be clear to all supporting stakeholders that even if there are conflicts in other areas, the team's collaboration must be emphasized, and conflict resolution must be done outside the project team. I noticed the harm one single email can cause if sent out unconsidered by a management member.

The memory of past disputes is long, and trust-building takes a long time. Finding mutual success is fundamental to creating a feeling of belonging to a team. I noticed that the definition of mutual success may vary. I considered a success for example the re-allocation of supplier responsibilities but noticed later that some stakeholders took it as a downgrading of their status. This added to not yet established trust in the network, did lead to not sharing all available information openly.

Change management was a big part of my theoretical framework, and I should have invested more in understanding the current state and the reasons behind

it. A proper root cause analysis would have helped me to find hidden reasons behind the current challenges. The decision to skip this due to time pressure was not to benefit the development project objectives.

A final lesson learned for me was that asking for systematic feedback from the beginning of a similar project where people and the need for a change play a significant role, should be done. In my development project, the trust was not built yet to the level that network members would have trusted to give me constructive feedback in an informal manner like calling or writing an email. Even if this takes time from the stakeholders a systematic way of asking for feedback should be established. It is the only way to ensure fast corrective actions and not lose momentum. I do not consider though that the survey only at the beginning of February 2024 is a showstopper for the further success of the business project, but fast actions must be taken to support the continuation of the cross-functional collaborative network.

Finally, a personal finding is that I never thought I would be interested this much in people's behaviour and how it can be impacted and what the limitations thereto are. I will utilize the lessons learned in the future in similar change initiatives to ensure efficient but people focused and mindful process in delivering productivity to business operations.

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Appendix 1. Questionnaire for Procurement support topics

Questionnaire for procurement support topics			
	yes	no	I want more information
I know what KYS (know your supplier) stands for and know how to ensure compliance			
I am aware of Group Procurement priorities and targets			
I am aware of Procurement House and use it to navigate for information on processes, tools and support contacts			
I know procurement audit control points and am able to act accordingly			
Supplier Manager concept is familiar to me and I am using this network to raise and address issues with the suppliers			
I am aware of compliance requirements like SCoC, information security, data protection and environmental mgmt in the supply base			
I am always forming a contract with the suppliers by placing a written PO and requiring a written PO confirmation			
I know what 3-way match stands for in Invoice Reconciliation			
I have a good network of procurement competences whom I can turn to in case of any problems or support need			

Appendix 2. Self-assessment / frontline interview skeleton

Questions	Note	Answer	Front line
Overview			
Could you describe the (organizational) structure of your FL?			
How many people do procurement in your unit?			
(Could you describe the different procurement related roles in your unit and people who are performing the segregation of duties			
Who are currently performing the procurement related actions in your FL?			
Who are placing PO's?			
Who are negotiating with suppliers on terms and conditions?			
What is the retention rate of the procurement people?			
What kind of procurement related training have you/the purchasers received?			
What kind of procurement related training exists for the purchasers?			
Are there currently procurement related challenges? If so could you describe the biggest challenges?			
Do FL know our procurement policies and guidelines?			
Purchasing processes			
Are there both written PO's and non-PO's utilized? If so what is the rate between those?			
How are the order confirmations recorded?			
Could you describe the typical RFQ (request for quotation) process?			
How do you determine that a new price has to be requested for a material? Is there a common criterion?			
How do you determine to how many and which suppliers to send RFQs to?			
How/through which channels do you communicate with suppliers during the RFQ process?			
What criteria do you use to evaluate and award supplier quotes?			
Have you experienced any challenges in the RFQ process? If so, can you describe them?			
Suppliers			
Who are the biggest suppliers externally? --> run this from Sievo			
Who are the biggest suppliers internally? --> run this from Sievo			
Are there regular review meetings with the suppliers?			
Is there documentation collected from supplier meetings/related matters? If so where are those stored?			
Is the supplier performance measured? If so could you describe how?			
If the supplier performance is measured, is it communicated to the suppliers? If so could you describe how?			
How often is new supplier needed to be onboarded?			
What is the typical reason for onboarding a new supplier?			
How are the new suppliers onboarded?			
Where is the background information of the suppliers stored?			
How is the supplier compliance ensured?			
How many subcontractors do you have with spend less than 100kEur/year?			
Is the background checking for those subcontractors renewed? If so how often is it renewed?			
Where is the subcontractor background data stored?			
Are there targets set for the external suppliers? If so could you describe those?			
Are those targets communicated to the suppliers? If so how?			
Information systems			
Do you utilize pactum to file contracts?			
What information systems do you utilize to store procurement related information?			
Reporting			
Are the external and internal spend tracked? If so could you describe how?			
If tracked, how big is your external spend?			
If tracked how big is your internal spend?			
Do you perform procurement related reporting? If so what kinds of reporting do you do?			
Is there procurement related reporting that you would like to have/would be beneficial in the future?			
Other			
Are there other topics you would like to raise? Support topics that should be discussed?			
<i>Support questionnaire after the interview</i>			

Appendix 3. Collaboration Network survey

Collaboration Network survey

This is a short survey about your valuable thoughts on the Collaborative Procurement Network Calls that we set up last November to enhance the collaboration between the BU procurement and front-line procurement operations. Could you kindly take 5 minutes (max.) to give your valuable feedback for future improvements in the network calls. Based on your replies we are able to develop the collaboration with you and other front-lines to better meet the business expectations.

I have sent you a separate email (subjected 'Jaana's action research for collaborative procurement networks') in which I explain the relation of this survey with my studies and research. If you have any further questions, please contact me any time.

Thank you! Jaana Inberg

Your identity will be hidden.

When hidden identity is used in surveys, no identifiable information, such as browser type and version, operating system, or e-mail address, will be stored with the answer. This is to protect the respondent's identity.

1) How often have you been participating in the Collaborative Procurement Network calls since the first in Nov. 2023?

- ☐ All of them
- ☐ Some of them
- ☐ None of them

2) I find the Collaborative Procurement Network Calls productive and value adding (with 0 = not productive nor value adding at all, 10 = very productive and value adding)

☐ 0 ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐ 8 ☐ 9 ☐ 10

3) Please give here any other feedback, development ideas or other information you would like to share to make the calls more productive and value adding for you

0/4000

Send

100 % completed