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Closing the Knowledge Gap: Implementing Effective Sourcing Guidelines for Non-Professional Stakeholders

Case Company: Fiskars Group

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Abstract

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The objective of this thesis is to improve knowledge sharing concerning sourcing and purchasing processes within the case company. Purchasing within the case company is decentralized, allowing any employee to make indirect purchases. The aim of this thesis is to close the knowledge gap regarding the sourcing and purchasing processes outside of the sourcing function and find ways to extend this information across different functions within the organisation.

This thesis was conducted using an action research methodology, primarily utilizing qualitative research methods, including document analysis and questionnaires that were used to carry out the current state analysis. The theoretical framework addresses key topics such as sourcing, tactical versus strategic sourcing, risk management, maverick buying, and closing the knowledge gap – which are typically linked to non-compliant purchasing practices.

The development part of this thesis focuses on improving knowledge sharing within the case company. The researcher gathered and analysed all the relevant information about sourcing and purchasing processes, and the outcome was the implementation of one information source for the company that would be available globally for all of the internal stakeholders. The thesis provided valuable insights to the case company, and addressed the practical challenge that the company had been facing for quite some time. The thesis also included development proposals for the company with recommended actions to consider in the future in order to monitor and keep developing this topic.

Keywords: Procurement, Sourcing, Risk management, Knowledge Gap, Maverick buying, Non-compliance, Purchasing, Indirect Sourcing

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1 Introduction

This introduction section consists of different subtopics: the case company introduction, problem statement, research questions and the main objectives of the thesis.

This research is focused on the indirect spend of the company, and explains the possible risks that non-compliant spend can cause to companies. Furthermore, the research investigates how to close the knowledge gap between different functions. There has been an underlying issue that sourcing activities are done in multiple functions within the case company without any clear guidance, and this has led to increased levels of unnecessary risks when it comes to sourcing and purchasing. This research is aimed to find a solution to close the knowledge gap about sourcing and purchasing activities within the company, and having a knowledge management solution in place in order to not only capture the knowledge but having it available for the rest of the organization. This research is focusing on the tactical sourcing of the case company and not the strategic work that the sourcing team is conducting.

Throughout this thesis, the purpose is to explain to the reader about the reasons that have led to this issue through root cause analysis, as well as to present the strengths that have been identified that have been utilized in creating the solution. There are different metrics that have been set to evaluate the success of this research.

This research is highlighting the importance of having sourcing processes, policies and guidelines in the company and explains what maverick spending means and what risks it can create for companies.

1.1 Case company and pilot group

The case company in this research is Fiskars Group (referred in the thesis as “**case company**”, “**company**” or “**Fiskars Group**”), a global home of design-driven brands for indoor and outdoor living. Fiskars Group was founded in 1649, and currently their brands are present in 100 countries across Europe, Asia and Americas. Fiskars Group has presence in 29 countries, has close to 450 stores, with over 7000 employees and net sales of EUR 1,129.8 million in 2023. The brands under Fiskars Group are for example Royal Copenhagen, Wedgwood, Georg Jensen and Fiskars. (Fiskars Group, 2024)

In this research, a pilot group has been set, to which the questionnaires and other actions have been restricted. The pilot group is the Human Resources (HR) function of the company, and more precisely the HR employees that are located in European countries. This has been restricted due to keeping the research precise and smaller due to the size of the company, which gives the opportunity to see if there are any recommendations that could be extended to the company’s other functions as well. The researcher used a purposive sampling method in choosing this pilot group, the participants varied from HR specialists to HR managers. Purposive sampling is a process where subjects are selected by the researcher to meet a specific purpose (Panacek and Thompson, 2007) The members of the pilot group have the possibility to make indirect purchases related to their work but less frequently than for example an buyer in an factory, which covers the inclusion criteria and the pilot group fulfils the needs for the researcher.

The case company has decentralized purchasing, which means that purchasing activities are divided into multiple functions in the organisation. The case company’s sourcing function is supporting in sourcing related matters and not with operative purchasing. Indirect sourcing function is centralized and is based

in the company HQ in Espoo, Finland, having 4 members. The sourcing managers in the indirect sourcing team focus on different categories (Travel, IT, Operating services, etc) and their category values can differ from 5 Million Euros to close to 60 Million Euros. There is no clear guidance on when the stakeholders should contact the sourcing function when making purchases, and stakeholders can contact the sourcing function in asking support in tendering events for low-value purchases as well as in agreement negotiation that could be directed to the legal function.

In addition this research is aimed at supporting Fiskars Group strategy, which consists of four transformation levers: commercial excellence, direct-to-consumer, the U.S. and China. The focus being on brands, channels and countries, while applying different enablers, such as people, digital, innovation & design and sustainability. The strategy drives the company to have sharpened logic with active portfolio management, having transformation levers that deliver and have a simplified way of operating. Where the company is driving value creation and making the big brands bigger. (Fiskars Group, 2024)

This research is mainly focusing on closing the sourcing and purchasing knowledge gap between functions and to implement effective sourcing guidelines to employees who are not sourcing professionals. This is expected to positively impact Fiskars Group's long-term value creation, particularly by maximizing potential, enabling self-funded growth, and optimizing performance with a profit first approach. However, this research will not focus on potential long-term improvements due to time constraints of this research project.

1.2 Problem statement

There are multiple internal stakeholders in the case company that are able to make indirect purchases. There are implemented rules and procedures in place

for managing sourcing and purchasing processes, which can be unclear for the internal stakeholders, which is a result from not having one information source as well as from failed upkeep of knowledge to employees. In some cases the internal stakeholders might make purchases with suppliers that are not screened properly – which has led to non-compliant purchasing in the company and are against the policies that are implemented in the company. In addition, the rules and processes are not continuously enforced within the case company. Having non-compliant relationships with suppliers and in most cases without any contract, can cause actual damage and unnecessary risks to the company, which can include risks such as financial losses, legal risks, reputation damages, operational disruptions, increased risk of fraud and compliance failures.

Even though there are implemented policies that create guidelines, there is still a lack of instructions on how internal stakeholders could actually manage the sourcing and purchasing process by themselves. The intention is not to encourage them to do all possible sourcing processes and purchases by themselves – but to assist them to act more independently in low-value purchases.

This issue has been present already for a longer period of time, and since majority are able to make indirect purchases in the case company, it is essential that there are guidelines and instructions to the internal stakeholders to follow the rules and procedures. The intention is not only to decrease the workload of the sourcing function, but also to create awareness in order to improve compliance and reduce risks for the company in cases where sourcing function is not involved.

In addition to the lack of knowledge about the current rules and processes concerning sourcing and purchasing, there are multiple different sources of

information that internal stakeholders have available, they are not synced so that all have the same information visible. Which has led to confusion in the company and there are no clear best practices enforced.

As mentioned earlier, the purpose of this research is to explain risks behind non-compliant spending and how to close the knowledge gap between different functions as effectively as possible where sourcing non-professionals can find information easily and act according to rules and guidelines that has been set in the case company. The next chapter is explaining the research questions this thesis is aiming to respond to.

1.3 Research questions

How to increase the knowledge and understanding of the internal stakeholders about sourcing processes and policies? There is not enough knowledge or good visibility of the rules, guidelines, policies and procedures that should be followed in sourcing and purchasing processes. This information is also scattered to different information sources and can't be found easily. The current state analysis will explain further the information sources that were available in the company about sourcing and purchasing related information. Increasing this knowledge among employees outside the sourcing organisation could support the case company in increasing the compliance, reduce risks, support company strategy in sourcing and purchasing activities and release resources from the indirect sourcing team.

How is this topic perceived in the organization and what value can they see in improving the current ways of working? The sourcing team is overloaded with different tasks, such as support in leading low-value tendering projects or contract negotiations, from the organization, especially regarding low-value purchases that internal stakeholders are asking sourcing to support.

The purpose is to understand from the internal stakeholders what they are lacking from an information perspective in this area.

1.4 Main objectives

The target of this research is to find ways to improve knowledge sharing of the current sourcing and purchasing guidelines and close the knowledge gap between different functions within the organisation. The aim is to support the internal stakeholders to be able to make low-value purchases independently and as efficiently as possible, in accordance with the existing instructions, guidelines, procedures and policies. This should improve control and compliance, mitigate risks, increase support for the case company in the long-term and enable the company to achieve its strategic visions, which were explained in section 1.1. In addition this would release working time for the sourcing team to focus on the strategic sourcing work and category management.

2 Data collection methods & research methodology

This research was implemented through different data collection and research methods: current state analysis, observations, literature reviews and questionnaires to the pilot group. The business problem was studied with the case company by using the data collection and research methods..

2.1 Research approach

This thesis has been conducted through action research, which has four major phases: planning, acting, observing and reflecting. The planning consists of identifying and defining the problem, having an analytical approach and having a strategic plan in place. Acting is about implementing the plan, observing

includes evaluating the action with appropriate research methods and processes. The final stage reflecting is about thinking back critically, not only about the results but also about the earlier stages in the research. (Zuber-Skerritt and Wood, 2019)

Action research is an approach to problem solving including fact finding and experimentation to practical problems, where the desired outcome is not to have only a solution to the immediate problem, but is important learning from the outcomes of the research – both intended and unintended – with a contribution to scientific theory and knowledge. (Coughlan and Coughlan, 2002)

In an article written by Coughlan and Coughlan (2002), different characteristics of action research have been outlined: action researchers take action and it has two goals: solve a problem and contribute to science. Action research is interactive, aims to develop holistic understanding, it is fundamentally about change and it requires an understanding of ethical framework. Action research can include all types of data collection methods, requires pre-understanding, is conducted in real time and has its own quality criteria.

Action research has three distinguished steps: understanding the context and purpose, gathering feedback and analysing the data and to plan, implementing and evaluating the action as well as monitoring, which is illustrated in Figure 1. (Coughlan and Coughlan, 2002)



Figure 1. Action research cycle. (Coughlan and Coughlan, 2002)

2.2 Research Design

Figure 2 presents the research design of this thesis, detailing the data collection methods used, the activities conducted, and the outcomes achieved based on the collected data and performed activities.

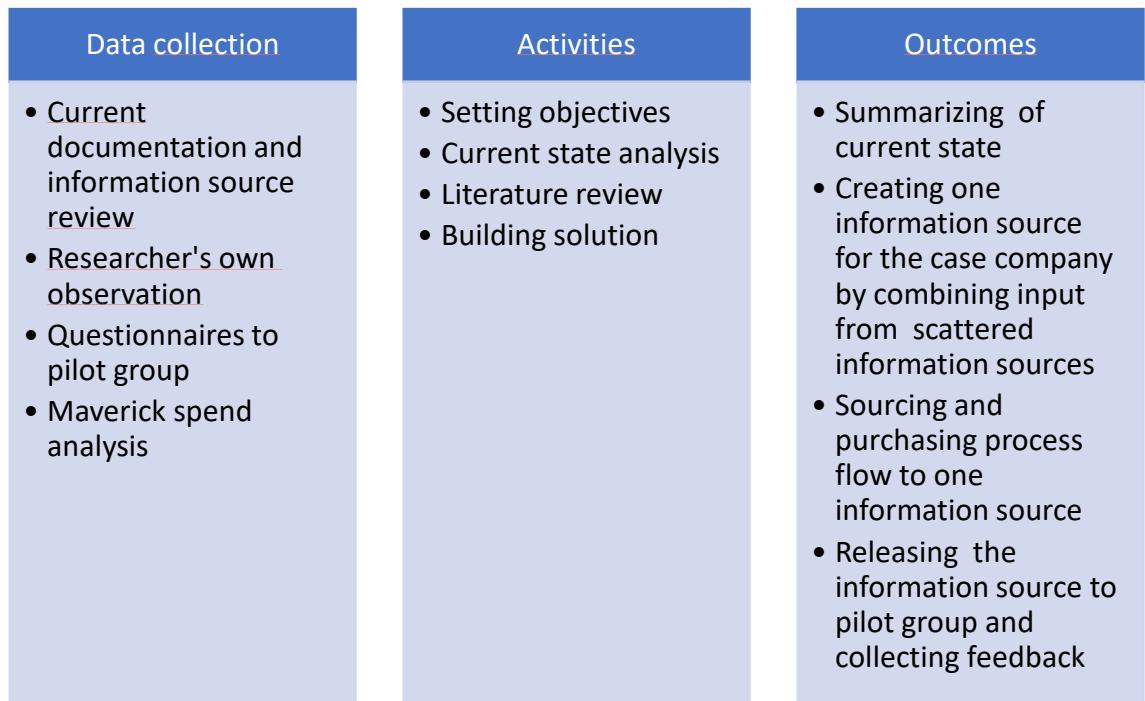


Figure 2. Research design of the thesis. (Author, 2024)

As illustrated in the above figure, there were different data collection actions when trying to understand the current state, that included gathering current documentation of the processes and information, own observations and conducting questionnaires to the pilot group as well as a maverick spend analysis. After the data gathering there are different activities that take place: setting the objectives, current state analysis, literature review to support the initial business problem and finally building a solution based on the data gathering and other actions. The final outcomes of the research project were the summary of current state, creation of one information source for the case company that contained relevant information regarding sourcing and purchasing activities and finally releasing the information source to the pilot group and collecting feedback.

The conceptual framework is created based on the literature review, which covers key topics such as sourcing and its importance, the distinctions between tactical and strategic sourcing, maverick spending, risk management and closing the knowledge gap. This theoretical framework is applied to the case of Fiskars Group to explore how knowledge management practices can be improved to close the knowledge gap in sourcing processes. By addressing the research questions through these theoretical lenses, this thesis provides a thorough understanding of the problem and offers practical solutions. Additionally, this framework supports the justification for the research and identifies ways to address the knowledge gap within the organization – in the end providing more recommendations to the case company on how to develop the topic further.

The final outcome of this project is a single source of information for the case company's internal stakeholders which is approved and published.

2.3 Data collection and Analysis

The data was collected from different sources and with different methods such as: observation, reviewing the current documentation and information sources, creating and releasing a questionnaire to the pilot group and a maverick spend analysis from 2023 year spend data from the case company.

The purpose of the first questionnaire was to understand the baseline of the pilot group in regards with sourcing and purchasing processes, as well as to gather feedback in what areas the pilot group was struggling the most when it comes to sourcing and purchasing processes. The second questionnaire was also utilised to gather additional feedback and evaluate whether there had been any improvements within the pilot group.

Table 1 below shows the documentation that was analysed in this research, where the questionnaires were created for this research purpose only.

Docu ment #	Name of the document / information source	Description	Location
1	On boarding intra-site	Internal information source	This was located in the global intranet site
2	Procurement policy	Internal document	This was located in the global intranet site
3	Internal information sources / Intranet & SharePoint sites	Internal information source	Located in various places internally
4	Training materials	Internal information source	E-learning platform
5	Questionnaire #1	Baseline questionnaire	Created for this research
6	Questionnaire #2	Follow up questionnaire after implementation	Created for this research

Table 1. Internal documents used in current state analysis. (Author, 2025)

The purpose in studying the documentation was to support the creation of the current state analysis to get insights to the business problem and to explore what solutions there would be to tackle the problem. Studying the documentation also supported making the SWOT and root cause analysis, that are described in detail later in this report.

2.4 Timetable

This section explains the timetable of the thesis process (Figure 3) from planning to implementing the created solution as well as the author's own reflection of the process and further recommendations for the case company.

This research was initiated by the sourcing organization through internal discussions of the then current pain points. The research and development plan

was created during December 2023 to March 2024 and current state analysis was performed during April-September 2024. After the planning and current state analysis, which included the first questionnaire to the pilot group, a literature review was conducted and a single source of information was developed which was approved by the sourcing lead. After the solution was created, it was implemented to the pilot group. After implementation a second questionnaire was released to the pilot group in order to evaluate if there was any improvement. Finally, there is a reflection on the activities, along with recommendations for the case company on how to further develop the identified problem area.



Figure 3. Thesis process. (Author, 2025)

2.4.1 Events during the research

There were some major events during this research that may have had an impact on the results as well as effects on the recommendations listed at the end of this thesis. The original intention was to hold targeted sourcing trainings to the pilot group and provide more focused communication, but this was set on hold as a new VP, Sourcing started in 1st of July 2024 – and the reason for the hold was that there was a plan to revise the policy related to sourcing and purchasing as well as to create a more comprehensive guideline for sourcing support activities for internal stakeholders. It was agreed that training will be initiated once these new policies and guidelines were planned, outlined within the company, and approved by the board and implemented.

Additionally in October 2024, there was an announcement of an organizational change, where the two business areas (BA Vita and BA Fiskars) would be separated to their own legal entities. This change was expected to be completed during the year 2025. In addition to this split, a new Group Business Services function was also created that would serve both BA's as well as the Group Functions. (Fiskars Group, 2024) This announcement led to reorganization and as a result the whole company set up new organizations and work was split between the new functions. This reorganisation coincided with sending the last questionnaire to the pilot group in December 2024.

These events affected the original thesis process and are assumed to have influenced the final results of the questionnaire, which might have been more positive if the training would have been conducted. Figure 4 illustrates the original thesis process as initially planned, which was later modified due to reasons explained earlier in this chapter.

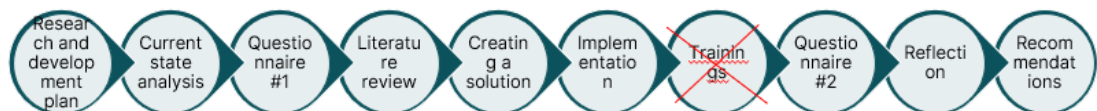


Figure 4. Original planned thesis process. (Author, 2025)

2.5 Metrics used to evaluate the results

There were two metrics that were used to evaluate the results of the thesis. The below metrics were an essential part of this research project to validate if there was any improvement in the end of this research project but also in engaging the pilot group to participate in this project from their own perspective to sourcing and purchasing activities.

1. Approved and implemented solution and feedback to it from the pilot group. Here the pilot group was given the opportunity to give feedback not only to the solution but also in any other matters that are related to sourcing activities and what they are struggling with. This also gave the researcher support in creating the solution and related materials.
2. Publishing two questionnaires and creating a comparison of the questionnaires to see if there is any improvement. The results of the two questionnaires were pulled together and evaluated if there is any improvement between them. The questions were on a scale of 1 to 5, where 1 represented poor and 5 represented excellent, and others were yes/no options, which gave the possibility to create a comparison. In addition to these the open questions gave stakeholders the possibility to provide feedback.

3 Knowledge base and theoretical framework based on literature review and other materials

The focus of this section is the theoretical framework, which is based on the literature review that was conducted as a part of the action research. The main focus areas of this section are sourcing and its importance, tactical vs strategic sourcing, risk management, maverick buying and closing the knowledge gap.

The knowledge base is established by reviewing relevant literature and provides a comprehensive understanding of the subject matter. This section aims to build a robust conceptual foundation for the research, guiding the research analysis and methodology.

3.1 Sourcing and its importance

Sourcing is a process to find, evaluate and engage suppliers with certain criteria to achieve not only cost savings, but the best value for services and/or goods. Most business leaders still focus primarily on cost-reduction being the benefit of sourcing, but in today's market, leading companies have also begun to see the other value that sourcing can create. Strategic sourcing process has multiple aspects such as: research, communication, negotiation and closing contracts. The ultimate aim is to identify, assess and negotiate the required products and services that the company requires to operate. (Kadchhud, 2024)

Sourcing activities ensure that the resources that are obtained will provide their desired functions. The process will also establish which channels and suppliers offer the needed options and quality standards. The research that sourcing does allows the organization to identify and secure the most financially efficient way to acquire goods or services that fit to the purpose. Sourcing activities focus on: bringing cost-effectiveness, minimizing the risks within the supply chain and bringing operational excellence. (Kadchhud, 2024)

Companies are under increasing pressure in complying with regulations, meeting customer needs and satisfying the demands of stakeholders to adopt sustainability in their products and business processes. Companies are no longer responsible only for their own operations but of their partners too. This has expanded the scope of sourcing from traditional factors of time, quality and performance to more sustainable sourcing practices. And the wrong supplier selection can lead to significant losses for the company, for example financial or reputational losses, so it is important to measure the performance of suppliers in terms of ecological and social factors in addition to the traditional performance measures. (Ambekar, et al 2019)

In a study conducted by Israel and Curkovic (2020), they emphasize the importance of indirect sourcing, where proper management allows competitive advantages and reduced costs. Direct procurement in organizations is usually centralized and supported by the organizational structure – and is seen as strategic to financial performance. Indirect procurement on the other hand can be defined as a non-revenue-generating expense, which is not directly related to the product or service that is being sold.

Indirect spend usually consists of a high amount of low-value purchases, which requires a significant time commitment from the organization. Optimized indirect purchasing strategies would result in time and resource savings within companies – this is considered to be a “soft” saving, which refers to for example reduction of internal processing times and not necessarily huge savings in the monetary savings through reduction of purchase price. Companies have empowered end users to make the low-value purchases themselves, and not by the purchasing department (if there even is one). Creating a strategy to manage indirect spend has been emphasized as important, where the lack of it can lead to different issues, such as maverick purchasing, which means purchasing services and goods outside established procedures or contracts. In addition the strategies usually focus on minimizing the price rather than looking at the whole picture. Allowing employees to purchase items by themselves can cause non-compliant purchasing, which in the end leads to increase in costs and decrease in purchasing leverage. (Israel and Curkovic, 2020)

De Boer, Holmen and Pop-Sitar (2003) argue that the indirect purchasing receives low attention from management and is often deprioritized compared to the goods and services critical to the company’s core operations. This means that an organization can miss out on opportunities for savings and/or adding value to their organizations. Companies should find the most sensible ways to control and manage indirect purchasing in order to capture those opportunities.

Companies that fail to control the commercial aspects of their indirect spend (total cost, terms and conditions, leverage, supplier performance) can leave missed savings on the table, and may miss opportunities in improving the service quality and reducing cycle times. In an article by Anne Porter (1999:55-56), it is stated *“Without specialized purchasing processes in place, it’s difficult to see how indirect buying decisions contribute to profitability or customer services. It’s difficult to know if these dollars are being applied as effectively as possible”*.

Fragmented indirect buying decisions and processes can lead to too little understanding of the total value delivery, which is a result from inadequate information of the total costs of the materials or services being purchased. Indirect spending tends to be more budget driven than cost- or value-driven, and indirect spend usually is not seen as a contributor to competitiveness. (Porter, 1999)

To conclude this chapter about why sourcing is important, it should be highlighted that sourcing activities and sourcing’s role have an impact on the company, not only from cost perspective, but also through value creation. As this chapter also explained, indirect spend usually consists of a high number of low-value purchases, which this thesis is trying to address. Lack of strategy in managing indirect spend can cause issues such as maverick spending in companies, meaning non-compliant purchasing of services and goods outside of the established procedures or agreements. The case company has a decentralized purchasing, which has led to fragmented buying decisions and processes as well as to earlier mentioned non-compliant purchasing.

3.2 Difference between Tactical Sourcing and Strategic Sourcing

Strategic sourcing is a longer-term proactive approach in evaluating suppliers, creating strong relationships, cutting costs as well as enhancing quality.

Supplier evaluation can include different factors such as: quality, innovation, reliability of their sustainability commitments and much more. The process in strategic sourcing includes identification of bottlenecks and opportunities, and the aim is to create sustainable growth for the business. (GEP, 2023)

Tactical sourcing is focusing more on emergency purchases that the business functions can have, which don't have a significant impact on the bottom line.

This means that it is best suited for short-term and low-risk purchases. This is more of a reactive approach to fulfil immediate needs and it usually involves selecting suppliers based on the price, availability and delivery time. This approach is useful where there is little time to plan and analyse. (GEP, 2023)

When reflecting these descriptions of sourcing approaches, the sourcing function in the case company is heavily involved in the tactical sourcing approach, and the aim is that the sourcing function could concentrate more on the strategic sourcing to create long-term value.

3.3 Risk management

In defining why sourcing is important, one of the main justifications is risk mitigation. Organizations are expected to secure necessary materials, products and services from suppliers, and challenges in securing supply can potentially impact their bottom line. There can be supplier bankruptcies, delivery delays and quality issues, as well as supply chain disruptions, price instability as well as geopolitical uncertainties. (Precoro, 2023)

There are both internal and external factors that should be taken into account. The internal factors can include financial risks, strategic risks, supplier risks and legal and compliance risks. External factors can include economic risks and environmental risks. (Precoro, 2023)

From internal factors the financial risk is the most manageable, where the risks to be mitigated include usually: fraud and mismanagement of funds. The mismanagement of funds usually occurs when teams don't follow proper procedures for purchasing, invoice processing and payment, for example having unauthorized spending or budget overruns when proper approval hasn't been obtained. Establishing and implementing procedures and policies that clearly define procurement processes is one way to mitigate the risk. This can also enhance the monitoring capabilities for purchasing activities. (Precoro, 2023)

Sourcing process can be a complex process with multiple stages, and if not conducted properly, it can set a risk for legal liabilities, which can include disputes or mismatching interpretations of contractual obligations between the parties or that either party is not meeting the requirements that are set forth in the terms and conditions. In addition to the contractual risks, there is also concern of intellectual property infringement, where copying and using trademarks, patent or copyrights without permission can lead to potential damages. The market is a dynamic environment that introduces new laws and requirements, where keeping track of these changes is essential, especially if it is related to labour, environmental or health care laws. (Precoro, 2023)

When mitigating the legal and compliance risks it must be ensured that there is a comprehensive understanding of all relevant laws and regulations applicable to the sourcing activities. These can include local, state and federal laws as well as industry specific regulations. It is important to develop risk mitigation

strategies, such as conducting audits, implementing policies, guidelines and procedures and training employees to avoid compliance issues. (Precoro, 2023)

In this action research the main focus is to find ways to mitigate the internal factors when it comes to financial, legal and compliance risks. These risks are manageable through proper information sharing to internal stakeholders from the sourcing function, and by increasing knowledge in the organization about impacts of non-compliant purchase activities, meaning, not following the proper procedures. This chapter is enhancing the relevance of the business problem that is being researched.

3.4 Sourcing activities by non-professionals

Other functions are often not competent in sourcing activities and are unaware of the business risks and commercial issues that are tied to non-compliant purchasing, overspecification and to the lack of consolidation of purchases. There should be more control and influence to the sourcing processes by raising commercial awareness in other functions of the business. It has been researched that companies are usually more focused in improving their own internal sourcing competence within the sourcing function rather than extending it to other functions (Cox et al 2005)

In many companies, the purchasing of goods and services is carried out by multiple individuals throughout the organisation, which can easily lead to different types of non-compliant behaviours, potentially resulting in costly problems for an organization. Many organizations drive towards a centralised purchasing and corporate-wide framework agreements, where the corporate agreements are made with a selection of preferred suppliers – and all functions in the organizations are expected to purchase the goods and services under the framework agreement. This strategy usually aims to reduce the number of

suppliers, increase purchasing leverage and reduce purchasing costs. But achieving the benefits requires contract compliance, and if the purchases are not channelled through the contract, the potential benefits don't materialise. (Karjalainen, Kemppainen and van Raaj, 2009)

In the case company, the major focus has been in improving the competencies in the sourcing function rather than extending it to other functions in the organisation. Raising awareness of the importance of sourcing processes and the impact it can have to the business should be highlighted more, since in the case company as well the purchasing is carried out by multiple individuals and non-compliant behaviour should be mitigated.

3.4.1 Maverick buying

There are different definitions of maverick buying which have been provided in literature, which are somewhat similar –some define it as purchasing of services or goods without using formally defined processes and authorised vendors. Or as the proportion of spend that has been spent outside of a formal process and the commercial rules. Another definition is that it refers to purchases made in violation of company procurement policies. Overall it can be concluded that maverick buying is non-compliant purchasing behaviour. (Karjalainen et al, 2009)

Karjalainen et al (2009) had identified five causes that can usually cause internal non-compliance:

- Use of a non-preferred supplier due to employees desire to maintain relationship with established but unapproved supplier
- Ordering through unidentified suppliers
- Products are not well suited for use

- A new purchase situation
- Lack of information

In addition to above, maverick buying can occur because other functions are not competent in the sourcing activities and are unaware of the commercial and business risks that are involved. There can also be personal preferences for certain suppliers by the purchaser. (Karjalainen et al, 2009)

Other potential reasons for non-compliance were identified by Karjalainen et al. (2009) that are similar to above:

- Unfamiliarity with the rules
- Perceived inefficiency to follow the rules
- Lack of organisational incentives to comply
- Resistance and readiness of supplier to take action regarding non-compliance
- The expected readiness of the management to take action in case there is maverick buying.

All in all there are multiple reasons why maverick buying occurs:

- Lack of awareness of purchasing policy
- Desired service or product is not covered by any corporate agreement
- Lack of insight in the benefits of having corporate agreements
- Perceived superiority of a local deal
- Personal preference to a supplier or certain product
- Favouring local interest over corporate interest
- Lack of incentive to comply
- Expected repercussions from the management or supply marked in case of non-compliance

Overall there are reasons about favouritism over compliance which could be seen as deviant work behaviour. Deviance has a negative tone to it, but this can also include positive behaviours, where the positive deviance focuses on honourable intentions, but might not always result in positive outcomes. Where maverick buying can fit under a positive deviance as well, where there can be positive intention in believing that the purchaser is saving money when buying from an unapproved supplier an low priced product, but fails to see how that purchase can impact the total cost of ownership for the organization. (Karjalainen et al, 2009)

An article written by van der Valk and Rozemeijer (2009) states that when there were cost savings pursued, the savings ranged from 10%-29% in services versus in other commodities or materials it was 5%-17%. This already illustrates the importance of having a sourcing process for indirect purchases, as depending on the company services may constitute the majority of the indirect spend (consulting, training, etc). Van der Valk and Rozemeijer (2009) also state that a decentralized nature of the service purchasing creates an opportunity to place orders from unapproved suppliers.

Companies have brought a tendency to consolidate purchasing volumes with promises of benefits such as lower purchasing prices, leverage during negotiations, quantity discounts, lower administrative and transaction costs and so on. These benefits are attractive for companies that have multiple business units with high levels of autonomy and globally dispersed operations. But many companies rely on a hybrid organizational set up, where central purchasing department manages the supplier base and negotiates frame agreements for the entire company and is responsible of the consolidation and getting the positive effect, where the centralized department delegates the purchasing process to the individual units in the organization – and the individual units are expected to order under the frame agreements and are responsible of all the

operational procurements activities. The consolidation benefits can be fully realized only if the local units follow the official purchasing processes and order under the negotiated frame agreement – however, this is often not the case as maverick buying is still existing in many organizations –maverick buying in private companies can range between 35-50 percent. This causes increased administrative and transactional costs and leads to lost savings. (Rothkopf and Pibernik, 2016)

Commonly companies apply strategies to defend against maverick buying and the opportunity to act non-compliant, and usually they resort in implementing monitoring systems to detect and penalize the non-compliance. Usually maverick buying decreases if non-compliant actions are detected. These strategies include technical solutions such as e-procurement tools or purchasing cards, which in theory can create full visibility to the spend when all actions can be monitored electrically. However, this monitoring can cover millions of transactions per year that should be reviewed and categorized either as compliant or non-compliant – which leads to tremendous transactional efforts resulting in high cost for monitoring. (Rothkopf and Pibernik, 2016)

In addition frame agreements are difficult to keep up-to-date and fulfil all local purchasing needs in the changing environment. The frame agreements can be subject to constant changes and updates, and it is difficult to link every single purchase to one of the multiple frame agreements that exist in the organizations. (Rothkopf and Pibernik, 2016)

This section has explained what strategies companies can do to capture savings opportunities and what can cause maverick buying. Other functions than sourcing are not competent in sourcing activities and are often unaware of the risks that are involved. There are multiple reasons why maverick buying can happen, but it can be defined as non-compliant purchasing, where this research

is focusing on closing the knowledge gap between the functions, to create more understanding of the processes that should be followed.

3.5 Closing the Knowledge Gap

Knowledge gaps can directly hit performance and productivity, and when employees lack crucial information, the business can suffer. The knowledge gaps can be caused by multiple reasons: rapid technological advancements, employee turnover, ineffective knowledge transfer, absence of continuous learning or organizational changes. It is important to assess the current landscape and ask the questions such as: What crucial information we are missing? Are there bottlenecks in the way knowledge flows? Which processes or systems might be hindering knowledge sharing? And when recognizing these factors, organizations can adopt proactive approaches to identifying and addressing knowledge gaps and preventing them. (Trovato, 2023)

To identify knowledge gaps, different techniques can be used: surveys, assessments, interviews and feedback. Also, it is important to assess and develop a knowledge management process and understanding the phases of it, which Trovato (2023) had listed:

1. **Discover** – identifying all existing knowledge sources to understand what is available and what is missing
2. **Capture** - understanding what knowledge – explicit (documents and records), implicit (procedures, guidelines or protocols) or tacit (experience) knowledge
3. **Index** - organizing the information for easy access
4. **Assess** - keeping up with the knowledge base to maintain its accuracy, comprehensiveness and currency

5. Distribute - knowledge should not only be stored but also easily disseminated

In the digital age information is usually also scattered, and should be centralized by using tools that are available, for example intranet and shared drives in the organization. Identification of the gaps is usually the first step, and there should be actions by the organizations to close those gaps, for example through: diverse learning routines, having knowledge sharing tools and encouraging knowledge exchange and sharing. The benefits of having a knowledge management solution include: knowledge retention, centralizing critical knowledge, streamlining knowledge flow and driving innovation and growth. (Trovato, 2023)

One of the world's largest chemical companies BASF has had its own challenges when it comes to keeping employees well informed and up to speed with the latest knowledge and information. Where BASF has a goal to help everyone to understand the broad, end-to-end process in the supply chain through training and other actions, it is important to make sure that everyone is on the same page about the processes, and having a single source of knowledge ensures that everyone will speak the same language. (McCrea, 2015)

4 Current State Analysis

This section outlines the current state analysis of the case company, not only highlighting the strengths and weaknesses, but also evaluating the key findings, and defining the focus and priorities that are recommended for the case company.

4.1 Overview of the current state and activities at the company

This overview is explaining what tools and information sources are in place in the case company, that are supporting employees in both on-boarding and learning when sourcing and purchasing is not the employee's main responsibility. This is also explaining what information is available for the internal stakeholders in the case company about sourcing and purchasing processes, including information about rules, guidelines, processes and policies.

4.1.1 On-boarding tools

In the case company there is an on-boarding intra site for new employees. This site can be accessed by every employee in the case company. This on-boarding site is mainly designed to support office-employee's on-boarding which both the manager and the new employee can utilize in the beginning of his/hers journey at the case company.

There are step-by-step instructions what to expect in the first weeks and months of employment at the case company (Appendix 1). The site includes an onboarding roadmap, with a downloadable check-list of actions, articles, guides and templates to support employees' development, as well as quick navigation links to find information quickly and easily. The site also explains what the new employee should achieve from an employer's perspective.

The quick navigation links that are adapted to the page have been divided into two parts: the basics that each employee should know and elevated information, which is relevant information when newcomers are more familiar with their new employer. The basics include for example guidance on where to find important news, how to get IT support and where to find group policies. The

elevated section includes information about travel, invoice processing and expense management insight on how employees can grow and develop further.

In addition to the above, the onboarding site lists essential trainings in addition on how to find case company's policies – which is a step in guiding the employees to the recommended ways of working and setting guidelines on how to act in different situations. The essential trainings include topics such as: Code of Conduct, security related trainings, mandatory policy trainings and data privacy.

The on-boarding site does include company related information, and is a good way in supporting new employees in their journey when starting their career in the case company. But from this research perspective, the only support in the sourcing and purchasing related matters are links to relevant policies and to the one mandatory training about the sourcing and purchasing policy.

4.1.2 Procurement policy (Sourcing and Purchasing)

The case company policies have been created as common principles that govern everyday situations at work. The policies provide guidance on situations where employees might not know what to do. A particular, policy is the first source of guidance to rely on. In addition to the policies, there are a large number of other instructions, guidelines and handbooks related to variety of topics, which are intended to enable employees to make the best decisions possible and follow common rules. These policies have been collected to one page which is updated when a policy is being renewed by the responsible function of the updated policy – all the employees have access to this page.

The policies and other guidelines and instructions have been divided into two hierarchy levels (Figure 5). Hierarchy level 1 is common and mandatory for the

entire company, whereas hierarchy level 2 can include either local policies or local / global guidelines, frameworks etc. which are below the hierarchy level 1.



Figure 5. Fiskars Group policy hierarchy. (Fiskars Group, 2024)

As shown in Figure 5, the Fiskars Group Code of Conduct is the most important and highest Policy in the entire hierarchy. The Code of Conduct is the common backbone, reflects shared values and helps employees to choose the right thing in difficult situations. The Master Policy is the main policy that governs and sets instructions for other policies. Fiskars Group policies refer to all other policies, which are common and mandatory for the entire company. The local policies and other Global / Local instructions, guidelines, guidebooks, handbooks, frameworks etc include all other documents which concern all parties and areas that they are relevant to.

The Procurement Policy (Sourcing and Purchasing) is situated in the hierarchy level 1 and has been created by the sourcing function with support from other functions related to different activities such as finance function. It outlines different rules for the sourcing and purchasing process, and sets minimum standards that apply to all employees that are involved in sourcing and

purchasing activities. The policy is reviewed minimum once in two years, unless there are major changes that should be addressed and revised in the policy. Adherence to the policy is compulsory and any local guidelines must not contradict its content. The local guidelines are approved by the Vice President of Sourcing and checked that they are not contradicting the Procurement Policy.

The Procurement Policy (Sourcing and Purchasing) was created to enable employees to:

- Acknowledge the governing principles of sourcing and purchasing activities and relates roles and responsibilities
- Know when and how to seek advice and guidance in situations that appear to deviate from the policy
- Understand employees own role in sourcing and purchasing processes and have clarity on the expected way of working
- Understand the importance of applying the policy to ensure that employees act in a professional, controlled and compliant way for direct and indirect materials and services procurement.

An overview of the content of the policy is shown in the figure 6, which gives an understanding on what topics the employees are guided and what information they are able to find from the policy.

Contents

FISKARS GROUP PROCUREMENT & SUPPLY MANAGEMENT POLICY	3
Purpose and scope.....	3
Ownership, review and approval	3
Communication.....	3
Document location in the Policies and instructions framework	3
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Procurement & Supply Management at Fiskars Group	4
Procurement Principles.....	4
Conducting business lawfully and with integrity.....	4
Due Diligence	5
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Intellectual Property.....	5
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Sourcing for strategic growth.....	5
Best Practices.....	5
Payment Terms	6
Fiskars Group Policies.....	6
New Suppliers and Spend Approval	6
Tendering	6
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Purchasing Models	7
Appendix 1: Sourcing and Purchasing related policies.....	8
Appendix 2: Payment Terms Deviation Approvals.....	9
Appendix 3: Due Diligence Guideline	10
Appendix 4: RFQ Tendering Levels.....	11

Figure 6. Fiskars Group Procurement Policy contents (Sourcing and Purchasing). (Fiskars Group, 2024)

Overall, the policy is giving information on ethical sourcing that supports case company's growth in a sustainable way, but this more of an general guideline and is not supporting in employees in actually doing an sourcing activity from start to finish or informing employees about the steps there that should be considered when thinking about a new supplier or a purchase.

4.1.3 Learning hub – sourcing training

Fiskars Group approach to learning is 70-20-10, which tries to combine the different ways that people learn:

- 70% of learning happens in the course of working through practical experiences and hands-on practice
- 20% comes from collaborating with others
- 10% is achieved through formal learning

By balancing these three types of learning, employees can develop skills and knowledge effectively. This is only a guideline that can be adjusted to suit employees' own preference and needs.

Formal learning can include e-learnings, training courses and workshops – which is a great way to expand knowledge and learn new skills. This helps in keeping knowledge relevant and up-to-date. Formal learning is useful: when acquiring new skills or knowledge relevant to current role or future career aspirations, staying updated with the latest industry trends and advancements, when addressing specific knowledge gaps or areas of improvement identified.

All employees have access to the learning platform, where they can find different learning modules that are either mandatory, or they can attend other trainings that they think are interesting.

The Procurement Policy training is mandatory to all new employees, but when investigating the topic, it was concluded that there is no “refresh” training unless it is separately initiated, which means that there is no consistent way of enhancing this formal training. In addition the content of the training is somewhat outdated, since it was created in 2020 by the former Head of Indirect Sourcing, even though there has not been major changes in the policy itself

there have been some tweaks that should be incorporated to the training to make it more up-to-date.

The description of the procurement policy training course is the following:

“This training outlines the company’s Procurement Policy and the expectations for managing sourcing and purchasing activities in a way that protects the organization legally and financially.

In this training, an employee will learn:

- Why the Procurement Policy is important and why it must be followed
- The must do's when identifying potential external suppliers
- The favourable terms and conditions to our organization”

Target Audience for the training is any employee that is engaged in purchasing goods or services on behalf of the case company; this refers to mainly office personnel at the case company.

The training is available only in English language, but being a global company, the benefits in translating this to local languages could be investigated so that the training might reach more employees. In addition the training is covering quite general topics and might benefit from more interactive learning with different quizzes and having actual cases to analyse.

The case company is reporting about the GRI 404-2 standard, which aims to provide information about employee training programs that aim to upgrade skills, including internal training courses. (GRI, 2024) In the Fiskars Group Sustainability report 2023 stated the e-learning completions where the Procurement training was 77,4% globally as illustrated in Figure 7 below.

E-learning Completions

GRI 404-2 Programs for upgrading employee skills and transition assistance programs

E-learning	Total, %
Code of Conduct ¹	93.3 (95.9)
Anti-Bribery and Anti-Corruption Training ²	88.8 (N/A)
Data Privacy Training ²	91.6 (90.2)
Competition Compliance ³	79.1 (84.5)
Health and Safety, Quality and Environmental Policy Training ²	78.5 (75.5)
GEAP & Sourcing and Purchasing Policy Training ²	77.4 (76.6)

Mandatory for all employees¹

Mandatory for office employees²

Mandatory for specific employee groups based on their job³

Figure 7. E-learning Completions. (Fiskars Group, 2024)

The Learning-Hub is a great tool for the case company to support training needs, but there is no consistent way of doing this. Different departments are responsible for updating training material related to their field. If there is no person responsible for that updating, it is left most likely undone.

4.2 Questionnaire to pilot group

The pilot group was set to be the HR function within the organization a questionnaire was sent out to the pilot group in order to understand the baseline of their current knowledge of the procurement policy and the related activities as well as knowledge of where they can find information related to the processes. (Appendix 2) In addition they were given the opportunity to provide open comments about what they struggle with the most when it comes to sourcing and purchasing or to give other open feedback.

The questionnaire was sent out in April 2024 to 42 people. 22 persons responded, bringing the response rate to 52%, which was higher than initially expected. There were different types of possibilities to respond to the questions – with rating from 1 to 5 (1 being the lowest and 5 being the highest), yes or no answers or with open comments. Table 2 is showing the results of the first questionnaire to the pilot group.

First questionnaire questions	Questionnaire responses April 2024 (22 respondents)
1. How aware are you about the processes related to sourcing and purchasing?	3.00 / 5.00
2. Have you familiarized yourself with the policies related to sourcing and purchasing?	Yes 64% / No 36%
3. Is there enough information available for you to independently handle an indirect sourcing process and purchase?	Yes 36% / No 64%
4. Do you know where to find information related to indirect sourcing processes and purchases?	Yes 50% / No 50%
5. How confident would you say you are to conduct a sourcing process?	2.55 / 5.00
6. Do you know your sourcing contacts in case you have any questions?	Yes 73% / No 27 %
7. How satisfied you are in the services sourcing has provided ?	3.95 / 5.00
8. What could the Sourcing function do better to support you?	Open question
9. Open comments	Open question

Table 2. First questionnaire and the results. (Author, 2024)

In the questionnaire, there were two open questions that the pilot group could write their opinion on either what could sourcing function support better the respondents function, or give open comments on sourcing topics:

What could the Sourcing function do better to support you? (Question 8)

This open section had the following comments / topics from respondents :

- Giving clearer guidelines
- Someone was not understanding fully the common way of working
- Sourcing is seen complicated
- Process should be simplified

Open comments (Question 9)

This open section gave the opportunity to give any comments related to sourcing topics:

- It is felt that the area of sourcing is tricky and someone does not feel confident in completing a process without support
- It is difficult to navigate the contracts and process when you are not expert in the field
- When it comes to smaller purchases or locally needed services, the “stiff” policy makes life sometimes difficult
- One responded felt supported by the sourcing team and that it has been a great help

4.2.1 Analysis of the first questionnaire

It does seem that most of the members in the pilot group are aware of the policy and have familiarized themselves with it, but feel the process to be quite complicated especially for smaller purchases. The policy is mandatory to read by all employees and is connected to the on-boarding process, which might explain the majority being aware of it.

There is not enough information for them to independently handle a sourcing process, which indicates that this should be highlighted in this action research and find a place where this information is easily accessible and simple enough for persons who are not familiar with the sourcing process. The confidence level

of going through this process currently is appropriate and matching with the responses. It is also great that the majority of the respondents know who their contact person is in the sourcing function and they are satisfied with the support services that have been provided. The open comments are not surprising when looking at the earlier responses, but they give good indication what the team feels is lacking in the organization.

The questionnaire responses was also shared to the sourcing team on the 7th of May 2024, where there was made the following comments:

1. It seemed that the persons were unaware where they could find sourcing and purchasing related information. Having this information more available, the person could do simple and low-value sourcing activities without the sourcing team being involved.
2. Policies are in place and they know where to find these, but the actual Procurement Policy has both Indirect and Direct sourcing activities, that can be a bit confusing for persons that are not that relevant with the difference between the two. Direct sourcing activities refer to goods and/or materials that are directly connected to the end product. Indirect sourcing refers to goods and/or materials and services that are supporting activities for the company and not related to the end product.
3. Overall it was also noted that the mandatory procurement training is poor and it should be more interactive and have concrete examples
4. On-boarding process has little to no information about the sourcing process
5. Procurement policy does give guidelines but not really giving detailed instructions

Based on this questionnaire and feedback from the sourcing team, it is evident that there should be more information available for the employees about the sourcing processes. The purpose is not to shift all the sourcing process work to the other functions, but to give them the opportunity to handle the process themselves more independently for low value purchases with the support of the sourcing function, which would also decrease the possibility of the sourcing team being a bottleneck in urgent requests. Additional training would be also beneficial in this case.

4.3 SWOT analysis

From the current state and through observation in my own work as a Sourcing Manager – it was possible to draft a SWOT analysis of the current state underlying the current Strengths, Weaknesses, Opportunities and Threats. SWOT analysis helps in identifying the core competencies, that include the potential strengths and utilizes them in exploiting opportunities and counteracting strengths, where it is also used to identify weaknesses in order to mitigate them. (Vlados, 2019)

SWOT analysis has been used in business to assess alternatives and complex decision situations, grouping the external and internal issues is a starting point for strategic planning. The SWOT analysis is still oversimplified and somewhat vague and can have limitations, where it might not provide sufficient context, which can lead it to be used incorrectly. Where the tool is generally used to start the strategy planning process, and the success of the analysis depends on how thorough it is. Also SWOT analysis is a traditional way to search insights, and it can change from time to time and it should be used only as a situational analysis. (Helms and Nixon, 2010)

SWOT ANALYSIS

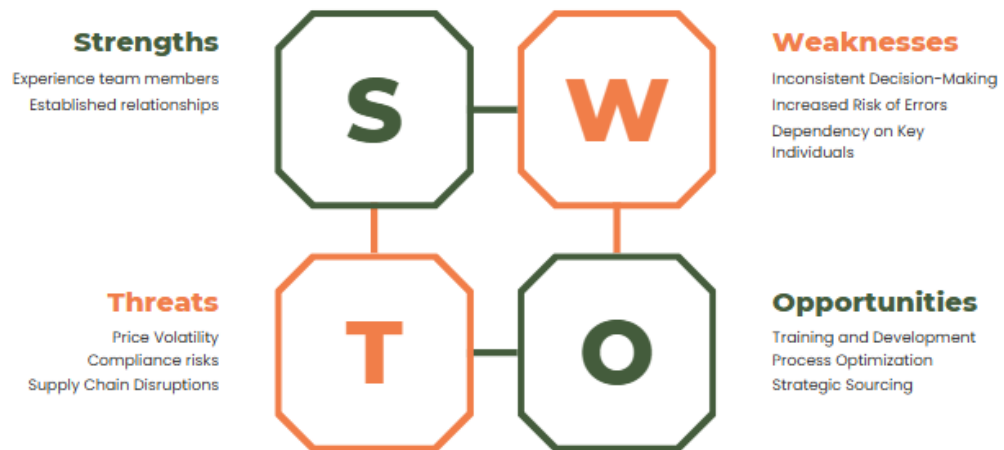


Figure 8. SWOT analysis of current state. (Author, 2024)

Strengths:

- Experienced team members: there are team members that have extensive experience in sourcing activities and can provide valuable insights as well as train other employees.
- Established relationships: there are well established internal relationships within the sourcing function and other functions – which can help mitigate risks associated with knowledge gaps.

Weaknesses:

- Inconsistent decision-making: there are inconsistent and poor purchasing decisions made – this is a result from the poor communication of the

sourcing processes that should be followed. Poor decisions can lead to bigger risks to the company.

- Increased risk of errors: the lack of knowledge has resulted in errors in procurement activities, such as poor vendor selections. This is also a factor in creating risks to the company and should be mitigated.
- Dependency on key individuals: there is over-reliance on a few knowledgeable individuals that can create bottlenecks and risks in case they are unavailable.

Opportunities:

- Training and development: there is opportunity in investing in training activities that can close knowledge gaps and improve performance. The sourcing function has a lot of expertise and knowledge that could be utilized in developing and implementing these activities.
- Process optimization: implementing best practices and optimizing processes can enhance efficiency and reduce errors and be a factor in mitigating risks for the company.
- Strategic sourcing: shifting from the tactical sourcing to strategic sourcing can create long-term value. Currently the sourcing team is largely focusing and supporting tactical sourcing instead of strategic sourcing – which should be turned around.

Threats:

- Price volatility: inadequate knowledge can cause difficulties in managing price fluctuations and non-favourable terms with suppliers, which is a

result of poor or non-existent negotiation with suppliers by the internal stakeholders.

- Compliance risks: lack of knowledge in regulations and compliance matters can result in legal, financial and reputational damages.
- Supply chain disruptions: knowledge gaps can have a negative impact on supply chain that can lead to delays and increased costs.

From this SWOT analysis (Figure 8), it is seen that there are some great strengths that can be utilized in the organization from closing the knowledge gap perspective. The opportunities indicate that the case company has a good foundation in creating a solution in order to close the knowledge gap. Even though this thesis is concentrating in one small part of the process, there are other opportunities that the case company has to utilize this foundation. The identified weaknesses and threats should be addressed in the case company.

SWOT analysis is useful for this research as this research project is planned to find ways to mitigate the impact of identified threats and weaknesses. Overall this is a snapshot of the current state, and through the authors own observation, this tool was used in finding different aspects from the problem and evidently used in creating the solution as well as justifying it.

4.4 Root cause analysis and consequences

The overall issue is that there is no sufficient information given about the sourcing and purchasing process, nor these skills are not reinforced for the employees. There is some information available, but scattered across information sources or is behind people's knowledge. There are certain trainings available, but they are not reinforced automatically, and also this might not be seen by the internal stakeholders as important as for the sourcing

organization, since this is not part of their core work. Which would be something to highlight in the organization that what risks are possible if the process is not followed when conducting a sourcing and purchasing activity. This would require more effort than what can be accomplished in this action research.

Incorrectly made deals and purchases can lead in the worst case to losses for the company, if things go wrong. Overall, this not only affects the quality of the goods and services provided by the suppliers, but the case company may also miss out on opportunities that could have been achieved if the purchase would have been properly tendered, for example.

Some of the main effects that the knowledge gap is causing to the organization: the indirect sourcing team is overwhelmed with requests from internal stakeholders, it is unclear to the internal stakeholders in what matters the indirect sourcing team can support in, and in addition there is no supplier management present for the suppliers that are not handled through the sourcing team, as well as the purchases are done with unfavourable terms for the company.

Through my own observations, document analysis and experience in the sourcing team the root cause analysis was made (Figure 9), to underline the reasons of the problem as well as justify the reasons for this research.

Root cause analysis

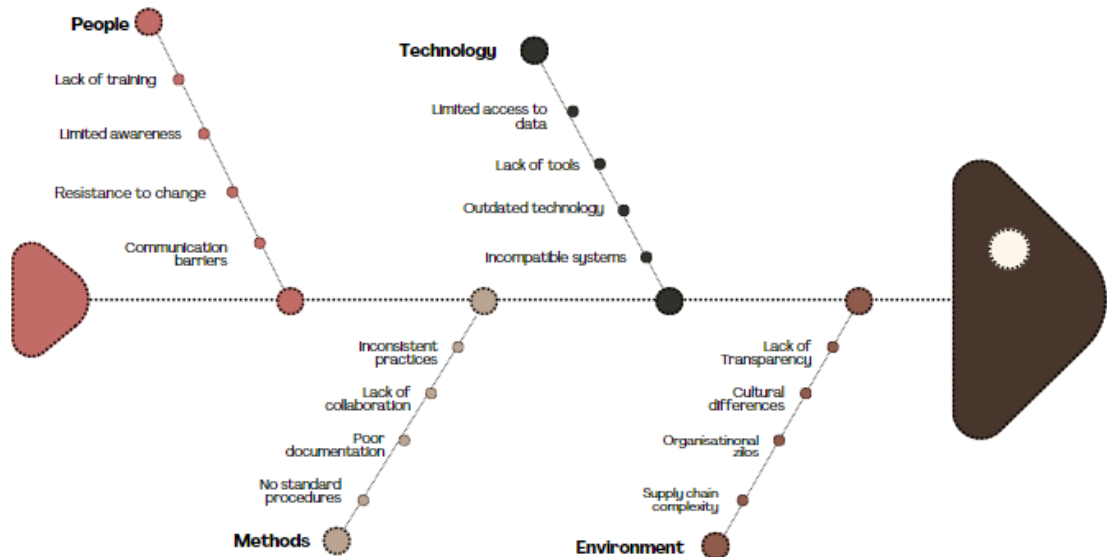


Figure 9. Fishbone root cause analysis. (Author, 2024)

Four main concepts of the root causes were identified together with details under those main concepts:

People

- **Lack of Training:** Employees in other functions have not received adequate training on sourcing principles.
- **Limited Awareness:** Low awareness of the importance and impact of sourcing on overall business operations.
- **Resistance to Change:** Employees resist adopting sourcing practices introduced by the sourcing organization.

- **Communication Barriers:** Poor communication between the sourcing organization and other functions related to the processes and guidelines that should be followed.

Methods

- **No Standard Procedures:** Absence of standardized procedures for sourcing across different functions – also connected to awareness and communication barriers.
- **Inconsistent Practices:** Different functions follow their own methods, leading to inconsistencies.
- **Lack of Collaboration:** Inadequate collaboration between sourcing and other functions to develop shared practices and procedures.
- **Poor Documentation:** Insufficient documentation of sourcing processes for cross-organizational understanding.

Technology

- **Incompatible Systems:** Use of incompatible systems that hinder the understanding and integration of sourcing processes.
- **Lack of Shared Tools:** Absence of shared tools or platforms to facilitate collaboration between sourcing and other functions.
- **Limited Access:** Restricted access to sourcing systems or data for other functions.
- **Outdated Technology:** Use of outdated technology that doesn't support modern sourcing practices. For example a lack of e-procurement tools.

Environment

- **Organizational Silos:** Siloed organizational structures that hinder cross-functional understanding.

- **Supply Chain Complexity:** Complex supply chains that are not well understood by other functions within the company.
- **Cultural Differences:** Differences in organizational culture in different parts of the organisation can have impact sourcing understanding.
- **Lack of Transparency:** Limited transparency in requirements and sourcing decisions.

4.5 Spend figures / Maverick spend

The case company is tracking maverick spend through “managed spend” percentage, which is defined so that the managed spend is a figure of total spend that is under an agreement that has been negotiated to be according to the rules and guidelines the case company has – and preferably with its own agreement templates. For the purpose of this research there are two different figures: companywide percentages to give understanding of the non-compliant spend, but also the pilot group related figures showing what spend is under management.

Table 3 figures are from the year 2023 from the indirect materials and services sourcing categories (excluding any CAPEX investments) companywide – giving an understanding of the shares between categories, amount of suppliers, percentage of managed spend and also the amount of new suppliers created for that particular category.

Category	Spend % from total spend	Supplier count 2023	New supplier count 2023	Spend under management
Operating services	22 %	1 194	217	41 %
Marketing	21 %	1 149	362	58 %
ICT	17 %	538	52	92 %
Facilities	15 %	1 433	152	65 %
Energy & Water	13 %	189	10	24 %

Personnel services	7 %	527	101	72 %
MRO	4 %	1 177	124	33 %
Travel	1 %	94	16	87 %

Table 3. Maverick spend in case company. (Author, 2024)

Only in the year 2023, the amount of new suppliers was 1034 – and in addition the percentage of the spend under management in different categories varies. The amount of new suppliers is not completely tied to maverick spend, since there can be actual contracted vendors in that percentage. Overall the share of spend under management should be increased while the amount of new suppliers should be limited.

Table 4 illustrates similar figures than in Table 3, but only showing the categories, the spend under management and supplier count and new suppliers.

Category	Spend under management %	Supplier count 2023	New supplier count 2023
Personnel services	66 %	106	18
Operating services	34 %	48	11
ICT	56 %	25	1
Travel	66 %	9	1
MRO	13 %	23	1
Marketing	53 %	2	0
Logistics	21 %	7	0
Facilities	56 %	4	0

Table 4. Figures from pilot group. (Author, 2024)

In the Table 4 the spend under management refers to the percentage of total spend that is controlled through established procurement processes, contract of frameworks, where in the categories Personnel Services and Travel suggest

that there are mature procurement processes in place. Other categories could indicate lack of standardisation or decentralized buying behavior and have room for improvement. The high supplier counts and new supplier additions can be indicators of fragmented procurement, lack of central control or non-compliance with preferred supplier lists.

Where there are low percentages of spend under management and relatively high supplier counts, those areas would benefit from increased standardization, supplier consolidation and stronger enforcement of procurement processes. Where there is a high number of suppliers, there can be gaps in compliance or awareness of preferred suppliers, which should be investigated further. Addressing these issues could help reduce maverick spending and increase overall efficiency. But there are well-managed categories, such as Travel and ICT, that could serve as benchmarks for developing more structured and centralized procurement practices.

These figures are not repeated after this research to see if there is any improvement due to the limited time spent in doing this research, as it is impossible to evaluate if there would be any clear improvement. These have been created to show the reader what leakage the situation has caused to the case company. Even though there are sourcing managers managing different categories globally, these figures highlight the issues that the case company is facing when it comes to non-compliant spending.

Chapter 3.4.1 outlined various reasons why maverick spending can occur in companies. It would be assumed that some of these reasons are also relevant to the case company. While the original causes of maverick spending in the case company have not been evaluated in detail, other than root cause analysis, the tables present the proportion of the spend that is under management. Maverick spending is recognized as an issue within the company,

and this research represents a step toward addressing and gaining control over it.

4.6 Main findings of the current state

After reviewing the internal tools, information sources, results of questionnaire and making the SWOT and root cause analysis it became clear that there is not enough information or support for the internal stakeholders to conduct confidently a complete sourcing and purchasing process individually without the support from the sourcing team.

It can be seen that the incomplete process implementation has resulted in maverick spending in the organization. There are some good tools already in place that can be utilized and developed to support the internal stakeholders when sourcing is not their core skill. The learning hub could be utilized in not only creating initial knowledge about sourcing processes but also enhancing the skills in frequent intervals to keep knowledge up-to-date.

The onboarding process does guide towards the procurement policy and to the mandatory training, this is not supporting the internal stakeholders in longer-term and there is no one place where information could be found on how to perform sourcing and purchasing in accordance with the process and what all should be considered during that process. The procurement policy is outlining the rules for the sourcing and purchasing process, but does not guide how to work in line with that process.

The pilot group does not feel confident in completing the sourcing process by themselves and do not know where the information could be found – maybe one main reason being that there is actually no one place which is supporting the sourcing process. Often the outcome is that internal stakeholders either

contact the sourcing team for support or make a non-compliant purchase without contacting the sourcing team, thereby potentially buying goods and services from non-approved suppliers and with poor terms for the company.

There are the policies in place and one information source to find them, but as earlier also stated, there is no information available on how to actually perform the sourcing process from start to finish – also the policy contains information on both indirect and direct sourcing activities that can be a bit confusing to non-professionals since there is no clear description on the differences between the two. The mandatory procurement training is supporting a little, but it is not reinforced than the initial mandatory training during the on-boarding process – also this information is quite general and not really supporting the employees as much as it could.

5 Implementation

In conclusion of the current state analysis and literature review, it is evident that there is work to be done in the case company, not only in mitigating risks from the non-compliant purchasing, but also in closing the knowledge gap when it comes to sourcing and purchasing activities, where there are already effective guidelines in place.

Since almost anyone at the case company can purchase indirect materials and services, it would be important that this information could be found directly from the company page and everyone can access the information. Closing the knowledge gap would be a solution for starting this journey at the case company to mitigate different risks through providing enough information for stakeholders to do the sourcing process by themselves for low-value purchases.

Knowledge management creation was an important step of this action research process, and below is highlighted the actions that were made:

1. **Discover** – it was reviewed what all existing information sources are in place and what the pilot group was also missing
2. **Capture** - it was identified what information sources were available and what weren't: there is information of the policy, but no information about the actual sourcing process.
3. **Index** - information was partly created as well as stored to one place for easy access to the rest of the organisation.
4. **Assess** - this is an on-going step, where information should be kept up-to-date in case there are any changes or updates.
5. **Distribute** - information was stored and communicated to the pilot group.

In order to create more transparency and understanding on sourcing and purchasing processes as well as to provide contact persons that the internal stakeholders can rely on, an intranet site called "Spending money" was designed and created that covers all the basics that an employee should know about sourcing and purchasing processes at the case company, in a simplified format including all relevant links to additional sources of information, needed forms and relevant policies that the employee should review. This site is intended for internal use only.

The intranet site includes information on responsible spending that would drive sustainable business. Covering topics such as "How do I spend company money?" and "Do we need to buy this in the first place?", with the intention for internal stakeholders to evaluate what they are about to purchase and is it actually necessary. In addition, the procurement policy is highlighted and the rules that are there, with explanation of the difference between Direct sourcing

and Indirect sourcing. Also the site briefly explains what sourcing excellence means in the case company, covering the key concepts: spend management, category management, supplier management and contract management.

The operational part of purchasing is briefly mentioned with guidance on the appropriate approval tool that has been earlier implemented in the company.

The site also contains links to relevant other topics that are connected to the sourcing and purchasing activities, such as: data privacy, vendor master data, expenditure approval, the relevant policies, contract management tool and the link to invoicing addresses.

In addition to the intra page, a step-by-step guide on how to conduct an indirect sourcing process was created (Figure 10), to ease the employees' journey in purchasing activities and show each step in a simple format. Since an indirect purchase can be complex depending on whether the purchase is for service or material – this guide would support the employees in their sourcing and purchasing activities. Also having the contact persons in sourcing organisation listed so employees know who to contact in case there are any questions about the process and individual steps.

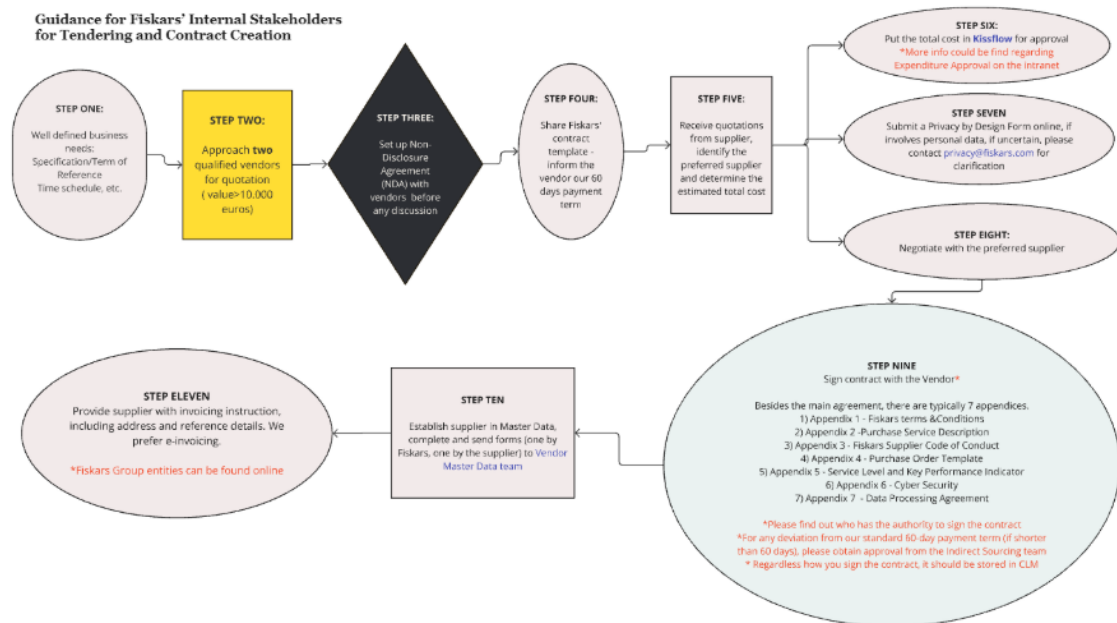


Figure 10. Indirect sourcing process flow chart. (Appendix 4) (Author, 2024)

The site was reviewed by the indirect sourcing team, approved by the head of indirect sourcing and published in November 2024, and was also distributed to the pilot group separately as targeted emails – meaning communication specifically to the pilot group about this new intranet page and its contents – for the purpose that this would be more visible for the pilot group prior to publishing the new survey. Majority (81%) of the group had reviewed the email, which contained relevant information on the new site as well as reasoning why it had been created by the researcher.

The intention was also to conduct more training for the released page and overall about the sourcing activities, but due to the recent events that have been explained earlier in this thesis, this was put on hold. The procurement policy will be renewed in the year 2025, when also the company transformation should be completed. The justification for putting the training on hold was not to create a confusing situation in case the new update policy in 2025 would be different from the current version – but to wait until the company has moved further with

the transformation and make a company-wide training of the new policies and frameworks. The learning content that was mentioned in the current state analysis was not revised during this action research, which was left waiting for the update of the Procurement Policy. The new policy will also include more specific instructions to internal stakeholders in which cases they should contact indirect sourcing.

6 Second questionnaire

After publishing the new site for the pilot group that contained sourcing and purchasing related information and the process flow chart, there was two weeks' time for the pilot group employees to browse the new site and get familiar with it. In order to see if there was any improvement in closing the knowledge gap, the same survey was published to the pilot group, with two additional questions: employees rating of the new intra-site as well as open comments for them to leave feedback about the pages.

The second questionnaire (Appendix 3) was sent out on December 12th 2024 to 37 people. 15 people responded, which means that the response rate was 40,5%. There were more persons involved in the first questionnaire – but during the time between these two questionnaires there were changes in the HR functions personnel that may have an impact on the end results.

Table 5 is showing the questionnaire responses for the second questionnaire.

Second questionnaire questions	Questionnaire responses December 2024 (15 respondents)
1. How aware are you about the processes related to sourcing and purchasing?	3.13 / 5.00
2. Have you familiarized yourself with the policies related to sourcing and purchasing?	Yes 60% / No 40%

3. Is there enough information available for you to independently handle an indirect sourcing process and purchase?	Yes 20% / No 80%
4. Do you know where to find information related to indirect sourcing processes and purchases?	Yes 40% / No 60%
5. How confident would you say you are to conduct a sourcing process?	2.60 / 5.00
6. Do you know your sourcing contacts in case you have any questions?	Yes 87% / No 13%
7. How satisfied you are in the services sourcing has provided ?	4.53 / 5.00
8. What could the Sourcing function do better to support you?	Open question
9. Open comments	Open question
10. Your rating for the "Spending Money" intrasite that was published?	3.80 / 5.00
11. Open comments to support us to develop the "Spending Money" intrasite	Open question

Table 5. Second questionnaire responses. (Author, 2025)

As in the first questionnaire, the respondents were given the opportunity to provide open feedback to the same questions regarding on what sourcing function could do better to support the respondents organization, or give open comments to any sourcing and purchasing related matter. And in addition in order to gather feedback about the newly established "Spending Money" intrasite, the respondents were given the opportunity to provide that as well during the questionnaire.

What could the Sourcing function do better to support you? (Question 8)

This open section had the following comments / topics:

- Starting from basics, who to contact and where to find information
- This is not part of the on-boarding process
- More communication

- The sourcing team is giving good services but the process is too complex

Open comments (Question 9)

This open section gave the opportunity to give any comments related to sourcing topics:

- Better collaboration within the company is needed to have better control of applications being bought/managed locally
- One person tends to go to direct support instead of using the materials provided – due to not being fully confident on the process and the legalities.

Open comments to support us to develop the “Spending Money” intrasite (Question 11)

- Have not had time to read through in detail
- A lot of information is provided to support with the processes and have not been relying on material to guide. Time and confidence are also factors when learning new processes to remain compliant.
- A proposal of step-by-step basis approval was commented for the process to ensure they would not do anything incorrectly.

6.1 Conclusion of the second questionnaire

The second questionnaire also contained similar topics than the first questionnaire, where the stakeholders don't feel confident in doing the sourcing process independently and usually seek direct support from their sourcing contact. This can be reflected from question 7 that asks about satisfaction on the services that the sourcing function is providing. The open comments to the

intrasite gave a good proposal on changing the approval process for indirect sourcing activities, which could be something the case company could consider how to adapt to current ways of working.

In the next chapter the two questionnaires are compared in more detail.

6.2 Comparison of the questionnaires

This section is comparing the two held questionnaires to the pilot group (Table 6) – first one from April 2024 and second from December 2024. The purpose for this is to see if there has been any development within the pilot group and see if there is any further development needed.

Overall in the two questionnaires, there were different response percentages and changes to the employees group receiving the questionnaire– so this should be considered when looking at the results and comparison.

Questionnaire comparison	Questionnaire April 2024 (22 respondents)	Questionnaire December 2024 (15 respondents)
1. How aware are you about the processes related to sourcing and purchasing?	3.00 / 5.00	3.13 / 5.00
2. Have you familiarized yourself with the policies related to sourcing and purchasing?	Yes 64% No 36%	Yes 60% No 40%
3. Is there enough information available for you to independently handle an indirect sourcing process and purchase?	Yes 36% No 64%	Yes 20% No 80%
4. Do you know where to find information related to indirect sourcing processes and purchases?	Yes 50% No 50%	Yes 40% No 60%
5. How confident would you say you are to conduct a sourcing process?	2.55 / 5.00	2.60 / 5.00

6. Do you know your sourcing contacts in case you have any questions?	Yes 73% No 27 %	Yes 87% No 13%
7. How satisfied you are in the services sourcing has provided ?	3.95 / 5.00	4.53 / 5.00
8. What could the Sourcing function do better to support you?	Open question	Open question
9. Open comments	Open question	Open question
10. Your rating for the "Spending Money" intrasite that was published?	-	3.80 / 5.00
11. Open comments to support us to develop the "Spending Money" intrasite	-	Open question

Table 6. Questionnaire comparison. (Author, 2025)

There was no real improvement in the awareness or confidence in the sourcing and purchasing processes after publishing and communicating about the new intra site. This could be interpreted in a way that the communication might have failed and would have required more training and support for the pilot group. Overall the pilot group's satisfaction with the services sourcing function has increased tremendously – which would imply that the pilot group is relying more on the sourcing professionals than utilizing materials in hand.

The open comments provided similar topics that the pilot group is struggling with – mainly about the complexity of the sourcing and purchasing process. This can be affected from not having enough supporting material for the internal stakeholders to conduct the process, which can have multiple steps depending on the actual purchase that is being done.

The rating of the intrasite was positive, which could indicate that the information provided to stakeholders is in a clear format and usable for others as well.

7 Summary and Conclusions

This section concludes the thesis research with an executive summary and conclusions, thesis validity and reliability and lastly recommendations and future development suggestions to the case company to make further actions in closing the knowledge gap between different functions.

7.1 Executive summary and conclusion

This research intended to understand the knowledge base of sourcing and purchasing activities within other functions than sourcing function in the case company. There was good data to clarify the current knowledge base and good suggestions from the pilot group on how to improve this subject within the company.

The current state analysis conclusion was that there is not enough information to support non-professionals in the sourcing and purchasing process that could be done independently without the support of the sourcing team for low-value purchases. There was some information available for the internal stakeholders, but not enough – also the learning tools were in place, but the learning of the processes was not continuously supported by the organisation. In addition the courses related to sourcing and purchasing processes were outdated and not as interactive as they could be to support the learning better.

The main result from the current state analysis was that there was no one place to get information regarding the sourcing and purchasing processes – and also there is clearly a lack of having that information, and the knowledge was mainly behind the sourcing team. From this result, it was agreed to have an information source created, and the most logical place was the global intranet site to which every internal employee was able to access. In addition to this, a step-by-step

guide for the internal stakeholders was created to show a visualization of the sourcing and purchasing process and process steps as well as detailed guide on each step.

The actual end results were not as positive as was originally hoped so more work should be done in the case company. The case company is overall in a transformation stage, and more changes may come during the transition period, which gives a good opportunity to review the current policies and processes within the case company.

Overall the assumption is that when creating more knowledge within the company, this can reduce different risks versus a situation where the risk management is only within the sourcing organization. The ultimate target was to find ways to improve knowledge sharing of the current sourcing and purchasing guidelines and close the knowledge gap between different functions, which would support the stakeholders to manage low-value purchases independently with instructions releasing time for the sourcing function to concentrate to strategic sourcing – which could be seen as a completed target as there is now one information source that the internal stakeholders can rely on. The change management process is still on-going and the case company can expect to have better results after some time has passed.

Recap of the research questions:

How to increase the knowledge and understanding of the internal stakeholders about sourcing processes and policies? This was tackled through closing of the knowledge gap. The purpose was not to make stakeholders to be professional in all sourcing activities, but to support them in the low-value purchases. The case company's sourcing function still remains to

support the stakeholders, but would encourage them to do the sourcing process by themselves in the mentioned low-value purchasing cases.

How is this topic perceived in the organization and what value can they see in improving the current ways of working? Overall the questionnaires aimed to provide an answer to this question. The pilot group was in no means negative about this project, and they were keen to provide feedback and information on where they struggle in regards with sourcing and purchasing related matters.

The metrics that were presented in the beginning of this thesis were:

- Approved and implemented solution and feedback to the solution from pilot group
- Publishing two questionnaires and creating a comparison of the questionnaires to see if there is any improvement.

To both of them there is a description in this report, but as a conclusion the solution was the one knowledge base where all relevant data is stored from knowledge management perspective and some feedback was received from the pilot group. In addition to creating the knowledge management solution, the questionnaires were published to the pilot group in the beginning and end, and the comparison of these was presented in the earlier chapter.

7.2 Thesis validity, reliability and trustworthiness

Action research is research that focuses on problematic situations in practice, with the purpose to solve the problem or find ways to enhance what is positive in the situation – in other words, it focuses on improving the practice. Research studies need to be rigorously conducted, where they present different insights

and conclusions to other researchers as well as readers. The validity and reliability should be approached with careful attention. Qualitative research approach is based on assumptions and is different from traditional research. (Merriam and Tisdell, 2015)

In this action research, a triangulation method has been used in order to evaluate the validity of this research. This means that multiple methods or sources of data or theory have been used to confirm the findings. (Merriam and Tisdell, 2015) The different data points can be checked against what has been observed or read about in documents or stated in the questionnaire, as well as through respondent validation, where this research has been reviewed by the company contact person, to provide feedback on the findings as well as to the solution created.

This research did not significantly improve the knowledge gap between different functions when looking at the questionnaire comparison. It is possible that the transformation activities in the company could have had an effect, as well as the change in employees in the pilot group. The results could be different when measured later again.

The theoretical foundation was built on references that included books and articles, which from the researcher's point of view were valid for the means of this thesis. It could be seen that the sources were written from different perspectives and supported each other's claims. In addition the solution that was created and presented was approved by the head of indirect sourcing, and it was also published to the pilot group during this research.

For the questionnaire, the quality was intended to be consistent, where the pilot group was given the same questionnaire to seek if there are possible changes in the results – but the participants changed which was not a factor that the

researcher could affect. The questionnaire was designed to be easy and simple, allowing to collect improvement ideas from the participants of the survey in an anonymous way. The number of participants was restricted and only gave one perspective of sourcing activities in the case company. Extending the questionnaire to other functions in the company could provide even more insights of the opinions on the topic.

Also the recent events that were explained earlier in this thesis might have had an impact on the results of the research, as a decision was made not to engage with all planned activities that could have had a more positive effect on the results.

The researcher obtained company feedback of this thesis after the completion of all the agreed actions with the case company: *“The thesis was based on a very practical challenge that our sourcing organisation has been facing for quite some time. The results and presented solution are applicable not just in relation to the pilot group but in all of indirect sourcing. The thesis also provides good theoretical background to certain basic concepts of sourcing, such as maverick buying and strategic vs. tactical sourcing.*

The student conducted the practicalities of the study in a very independent manner, and was informing the indirect sourcing team throughout the process.”
(Fiskars Group, Company Feedback for Thesis, March 3, 2025)

This company feedback illustrates that the thesis was tackling an issue that was faced in the case company for a longer period of time. With this feedback, it could be interpreted that the research project supported solving the practical challenge.

7.3 Recommendations and future development suggestions

This study has provided a good understanding of the current state that is in the case company about the knowledge gap about sourcing and purchasing processes. The recommendation for the case company is to work on closing the knowledge gap ever further, but creating a systematic way of doing this. There are big changes on-going within the company which will be transforming the case company, and this can provide further opportunities for this topic. I've listed here some actions that the case company could consider and work strategies to tackle these topic when the new organizational set up is more clear:

1. Reviewing the process of on-boarding of a new employee in more depth and agreeing within the organization on how to implement more sourcing and purchasing related information and training to that process. And there should be a person owning these actions and information in the case company to ensure the proper upkeep of them.
2. Developing knowledge management and keeping information sources up-to-date. It is important to have a documented knowledge base that is easily readable for also non-professional stakeholders to which they can rely on.
3. Creating more clearer strategies on the sourcing processes and actions – which can include for example that there would be no sourcing outside of sourcing.
4. Improving the learning hub and especially courses that concern sourcing and purchasing activities. The courses could be translated to different

languages to support local stakeholders more as well as making the learning courses more interactive.

There is potential for the case company to grow in this area, and there was already good input from the pilot group as a start for more meaningful actions to be made once the organisational transformation is completed and the case company can focus on this topic.

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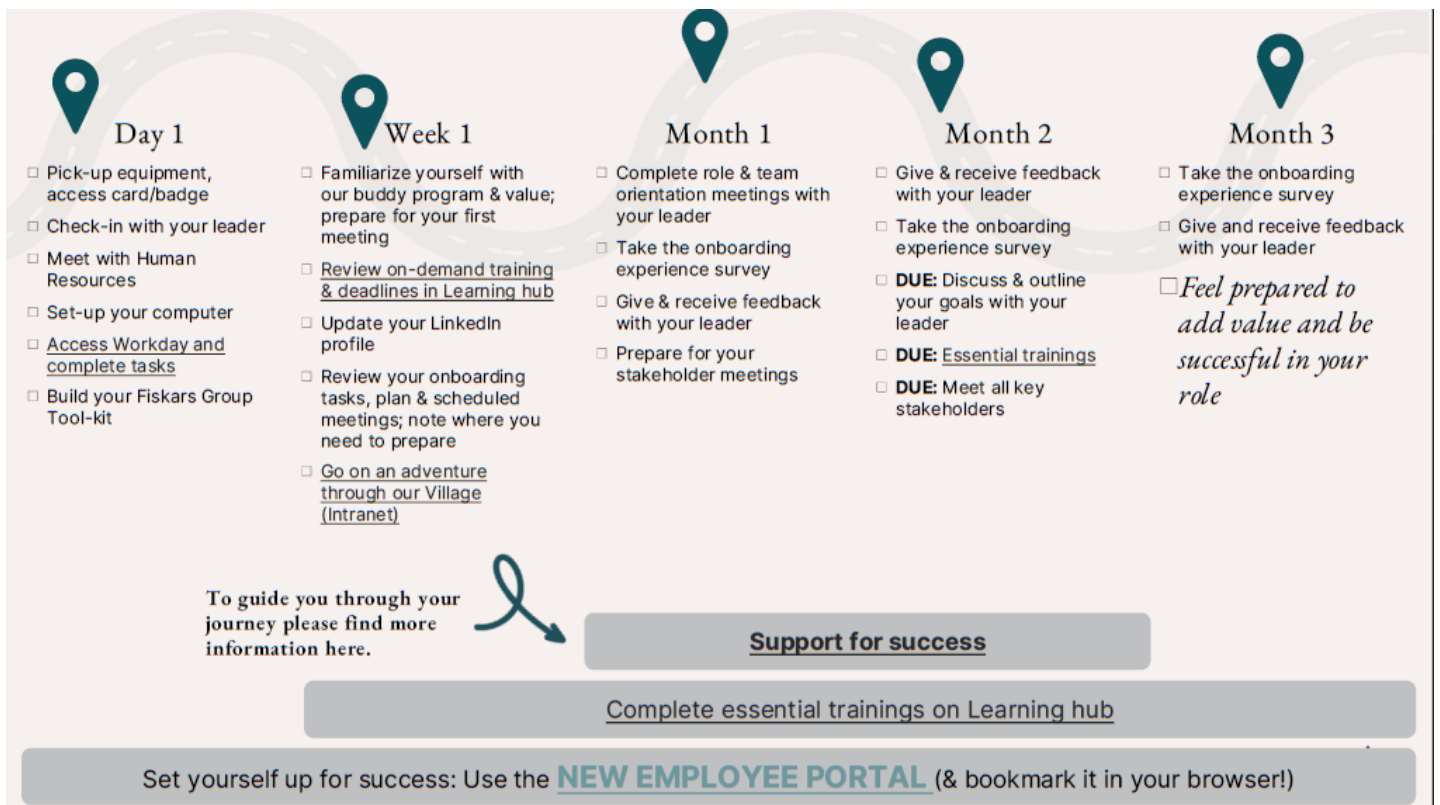
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Appendices

Appendix 1

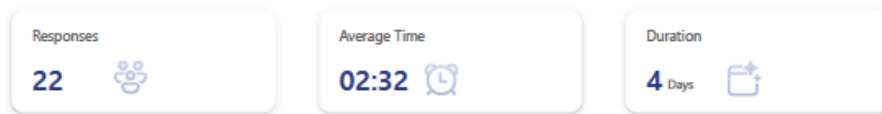
New Employee Onboarding Kit



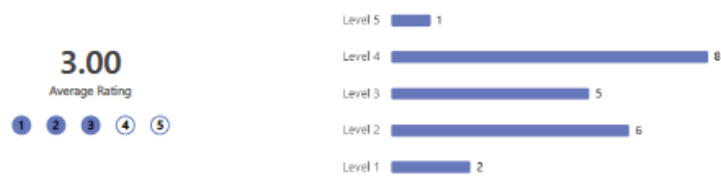
Appendix 2

Questionnaire #1 results

Responses Overview Closed



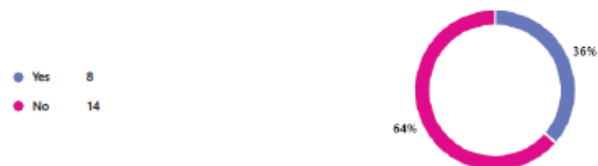
1. How aware are you about the processes related to sourcing and purchasing?



2. Have you familiarized yourself with the policies related to sourcing and purchasing?



3. Is there enough information available for you to independently handle an indirect sourcing process and purchase?



4. Do you know where to find information related to indirect sourcing processes and purchases?



5. How confident would you say you are to conduct a sourcing process?



6. Do you know your sourcing contacts in case you have any questions?



7. How satisfied you are in the services sourcing has provided ?



8. What could the Sourcing function do better to support you?

9
Responses

Latest Responses
 "The whole process of having a need and then getting the need approved through..."
 "Simplify, simplify, simplify."
 ...

6
Responses

Latest Responses

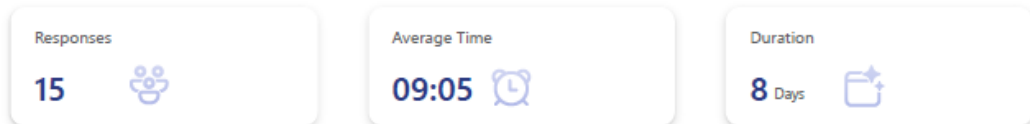
"Pauliina Mattila is an actual superstar. So professional, positive, structured and kn..."

...

Appendix 3

Questionnaire #2 results

Responses Overview Closed



1. How aware are you about the processes related to sourcing and purchasing?



2. Have you familiarized yourself with the policies related to sourcing and purchasing?



3. Is there enough information available for you to independently handle an indirect sourcing process and purchase?



4. Do you know where to find information related to indirect sourcing processes and purchases?

● Yes 6
● No 9



5. How confident would you say you are to conduct a sourcing process?



6. Do you know your sourcing contacts in case you have any questions?

● Yes 13
● No 2



7. How satisfied you are in the services sourcing has provided ?



8. What could the Sourcing function do better to support you?

5
Responses

Latest Responses

"The sourcing team is giving good services but the process is far too complex."
...

4 respondents (80%) answered process for this question.

process information about who to contact
found independently

9. Open comments

3
Responses

Latest Responses

...

10. Your rating for the "Spending Money" intrasite that was published ?

3.80
Average Rating
★ ★ ★ ★ ☆



11. Open comments to support us to develop the "Spending Money" intrasite

2
Responses

Latest Responses

...

Appendix 4

Procurement process flow chart

Guidance for Fiskars' Internal Stakeholders for Tendering and Contract Creation

