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Obstacles of Lean Implementation in Retailing

- A Case Study of IKEA

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Foreword

This thesis has given us a great opportunity to explore not only the area of lean retailing but also the company IKEA. We are deeply grateful that IKEA, namely Thomas Bergström and Tomas Sosinski at Inter IKEA gave us the mission and the trust to investigate the implementation process of Ready to sell packaging. It has been a very interesting journey and has left us with many exciting experiences. Further we would like to thank all employees at IKEA who took the time to speak to us and especially the logistics managers, who were very helpful in arranging our interview days. You made our life much easier. We also want to take the opportunity to thank our supervisor, Christer Kedström, who has guided us on this journey, always with a smile on his face and never too stressed to tell an old anecdote. Thank You.

Finally, we want to express our thanks to our fellow students, who have given us valuable input during the process, our friends and girlfriends for supporting us and last but not least our fellow master thesis group, with whom we have spent many hours at the library.

Lund, June 1st, 2009

Ola Johnsson

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Sammanfattning

Examensarbetets titel:	Svårigheter med Implementeringen av Lean inom Handeln – en fallstudie av IKEA
Seminariedatum:	2009-06-05
Ämne/kurs:	FEKP01, Examensarbete magisternivå, Företagsekonomi, Avancerad nivå, 15 Högskolepoäng
Författare:	Ola Johnsson, Emil Nordmark
Handledare:	Christer Kedström
Nyckelord:	Lean Retailing, Lean Implementering, Strategi Implementering, Paketering
Syfte:	Syftet med denna uppsats är att utvärdera implementeringen av Ready to Sell paketlösningar som del av IKEAs Lean Retailing strategi och analysera denna process.
Metod:	Studien använder sig av en kvalitativ metod där intervjuer har genomförts. Denna metod har komplementerats av en kvantitativ del som utgjorts av en enkät som intervjudeltagarna fyllt i.
Teoretiska perspektiv:	Teoridelen har bestått av en del som återgivit tidigare forskning inom implementering av strategier och en del som beskrivit tidigare forskning inom implementering av Lean. Dessa två har sammanförts till en teoretisk bas som varit grund för analysen.
Empiri:	Uppsatsens empiri utgörs av 19 intervjuer med personal från åtta olika varuhus samt en enkät som samtliga deltagare har fyllt i.
Resultat:	Resultatet visar att IKEA inte uppnått den implementeringsnivå de önskat på grund av att de icke kunnat standardisera viktiga processer såsom utbildning och kommunikation, samt att de haft svårigheter att genomföra den kulturella förändring som krävs för att organisationen ska agera enligt Lean principer.

Abstract

Title:	Obstacles of Lean Implementation in Retailing – A Case Study of IKEA
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Key Words:	Lean Retailing, Lean Implementation, Strategy Implementation, Packaging
Objective:	The objective of this study is to evaluate the implementation process of Ready to Sell packaging as a part of IKEA's Lean Retailing strategy and analyze the obstacles of this process.
Methodology:	The thesis makes use of mixed methods. The study has one qualitative part which is made up of semi-structured interviews and one quantitative part which is represented by a questionnaire.
Theoretical perspective:	The theoretical chapter consists of one part that describes earlier findings in the area of strategy implementation and one part that describes earlier research about lean implementation. These two are summarized to form the theoretical base of this thesis.
Empirical material:	The empirical material consists of 19 interviews, conducted with store employees at eight different stores. Further, this empirical material is strengthened by a questionnaire that all participants filled out.
Conclusions:	We find that IKEA's problems with reaching their desired degree of implementation are due to their inconsistency and failure to standardize certain key areas during the implementation, such as education and communication. Further, they have been struggling to go through with the cultural transformation needed in order to make the implementation of lean retailing successful.

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1. Introduction

The first chapter will give the reader an introduction into the subject of lean retailing and strategy implementation as well as the case company IKEA. From this background the research objective will be derived and finally the outline of the thesis will be presented.

1.1 What Lean Thinking is all about

Lean thinking has been spreading from car manufacturers to many parts of the business world. Today, literature does not solely speak of lean manufacturing, but also of “lean healthcare” and “lean retailing” etc. Bhasin and Burcher (2006) even published an article named “Lean viewed as a philosophy”. However, the pioneer within this field was the Japanese car manufacturer Toyota Motors (Jones, Roos, Womack, 1991). By changing production processes Toyota revolutionized car manufacturing. In the 1950’s Toyota was a small player in the car industry, only producing for their local market. Facing the need to reduce costs dramatically, Toyota started a process that would later lead to what today is known as lean production. Their situation at the time forced them to think outside of conventional ways of improving productivity at their plant. They could not make use of economies of scale as their American competitors did. Also, they did not have the financial strength to make bigger investments such as new modern machinery. Instead, they had to focus on their internal processes within their factories in order to be able to produce a quite small number of units at a cheap price. Using used American machinery, Toyota focused on production processes and improved their production system so that it allowed machines to be retooled at a minimum cost in a minimum amount of time. They further focused on their workforce and made their staffing and scheduling as effective as possible. A movement started that eventually evolved to be the management approach of lean manufacturing. Lean manufacturing is defined as the idea to operate at minimum cost and offer exactly (and only) the services the customers want and are willing to pay for (Behrenbeck, Küpper, Magnus, Thonemann, Grosspietsch & Leopoldseder, 2005).

Overall, Toyota achieved lean manufacturing by changing their processes so that they became more lean, stable and flexible (Behrenbeck et al., 2005). Lean processes imply that all non-value adding processes are to be eliminated. The Japanese word *muda* is regularly used by lean experts to describe this idea (Lind, 2005). *Muda*, directly translated from the Japanese means waste. The quintessence is that all waste within internal and external processes should

be eliminated. Stable processes refer to the fact that all processes should be largely standardized. By achieving this, work commitment can be minimized, both in terms of time and physical effort. Flexible processes imply that processes should be able to be changed easily without a great effort for personnel or great financial efforts.

Lean thinking has, as mentioned before, spread out to all kinds of businesses. However, as both Womack and Jones (1996) and Stamm (2004) point out, many lean initiatives within companies have not reached all the way. And this identifies the most challenging issue within lean thinking. In order for it to be successful, the entire organisation has to change its way of thinking and its philosophy (Bhasin & Burcher, 2004) There is a clear link between the problems described with lean implementation (Hancock, 1998) and classic strategy implementation literature (Hrebiniak, 2006; Beer, 2000; Heide, 2002). They all identify concrete obstacles that are linked to poor management efficiency, lack of communication and other inefficiencies within an organisation.

1.2 IKEA – a lean retailer?

IKEA, founded by Ingvar Kamprad in 1943, is today a world leading home furnishing retailer. With its roots in Älmhult in Sweden, IKEA opened its first store in 1953. Today, IKEA has 285 stores in 37 countries (www.ikea.com). In 2008, they had a total turnover of € 22,5 Billion and 127 800 employees (www.ikea.se). A good way to explain what general strategy and corporate culture IKEA has is to look at the IKEA Concept. This concept has always been a driving force within their whole organisation and must be seen as a major reason for their great success.

“The IKEA Concept is based on offering a wide range of well designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them. Rather than selling expensive home furnishings that only a few can buy, the IKEA Concept makes it possible to serve the many by providing low-priced products that contribute to helping more people live a better life at home.” (www.ikea.com)

As it is stated on IKEA’s website, the IKEA concept influences all processes at IKEA, from product design to how products are presented and sold in their stores. Many of IKEA’s fundamental ideas can be compared to lean thinking. One of IKEA’s greatest innovations has been their flat packages making it possible for customers to pick up their furniture themselves. Also, customers have to assemble their furniture themselves. Even though this idea was realized long before lean thinking was introduced to the retailing business, it embodies many

of its features. IKEA offers their customers a flexible system through their flat packages where a customer can pick up the desired product whenever they want. Also, in compliance with their strategy to be a low price player, they have reduced their services towards their customers to exactly meet their customers' needs. Michael Porter (1996) points out that even though IKEA is a low price company, they can offer their customers exactly what they need making their business idea very unique and successful. But although IKEA has been and still is very successful there is always a need for improving efficiency and improving working procedures.

1.3 Packaging Solutions: a way to become “Leaner”

1.3.1 Problem identification

In 2003, IKEA had ordered a consultancy report to identify weaknesses and opportunities within their organisation. This report showed that IKEA, although highly successful, had many efficiency potentials within the organisation (Sosinski, 2009-04-27). Especially in their stores, many inefficient areas were identified. The biggest area of concern was the way products were handled in the market hall, meaning the area where non-furniture products are sold. The report identified that the way products were packed and handled throughout the replenishment process and selling process was inefficient. Product handling within this area had basically been the same since IKEA started. Replenishment procedures and product packaging were areas that had never really been addressed before. The replenishment procedure at the time worked in the way that personnel would take a pallet with products from the warehouse to the department and restock products by hand. To clarify the replenishment procedure it has to be taken into account that IKEA has two basic systems to present their products in the market hall. Some products are sold from shelves, comparable to supermarkets. Other, more bulky products are sold from bins or pallets. It is also important to know that the replenishment process takes place between five am and ten am, before the store opens. It is IKEA policy that all replenishment shall take place before the store opens. Another strategic issue for IKEA is the density in their market hall. Density is the relation between volume of products (m³) available for immediate take-away by customers and the area of the floor space in m². All sales areas should be filled with as many products as possible at any time. By having a high density in the market hall, handling and inventory of market hall goods in store warehouses can be held low and availability for customers is secured. Taking into account the time when replenishment takes place, the requirement to have high density and the fact that just under 4000 products are sold in the market hall clearly

shows the high demand for efficient and structured replenishment processes (Sosinski, 2009-04-27). IKEA identified one common feature for all products that influenced the entire replenishment procedure, packaging. It was the way their products were packed that influenced how they were handled in the store.

1.3.2 Benchmarking from Grocery Industry

To get ideas how they could improve efficiency in packaging and product handling, IKEA started benchmarking from other retailers. As the grocery industry was a pioneer in lean thinking within the retail industry, it was from there that IKEA received many ideas. Grocery retailers had at that time already for some time been using a concept called Shelf Ready Packaging (SRP). SRP essentially means that products are sold out of the same packages in which they are delivered to a store. As the picture below shows, SRP solutions are designed so that products can be put in store shelves in the package they are delivered in. The top part is easily removed. Personnel do not need any tools such as knives or scissors to open the package. After removing the top, the package can easily be placed in a shelf.



Figure 1:1 Shelf Ready Package (<http://www.packagingmag.com.au>)

Womack (2005) presents the case of Tesco in a presentation for the Lean Enterprise Institute. After implementing lean solutions to their organisation, British grocery retailer Tesco improved many areas of their business. Using the example of the stream of the product cola, he shows that they were able to reduce the number of storage units between bottler and store from five to only two. Further, they could reduce the throughput time of this product from 20 days to five days, which meant a 75% reduction in inventory. Finally, they achieved a 99,5% level of service, meaning availability of the product to the customer. One big part of this lean initiative was the implementation of SRP.

The organisation Efficient Consumer Response (2006) has developed a set of general criteria that SRP solutions should have in order to be efficient. These criteria describe quite well what features are of importance in order for a shelf ready packaging solution to be useful for a retail organisation. The different aspects are shown in *Figure 1:2* below.

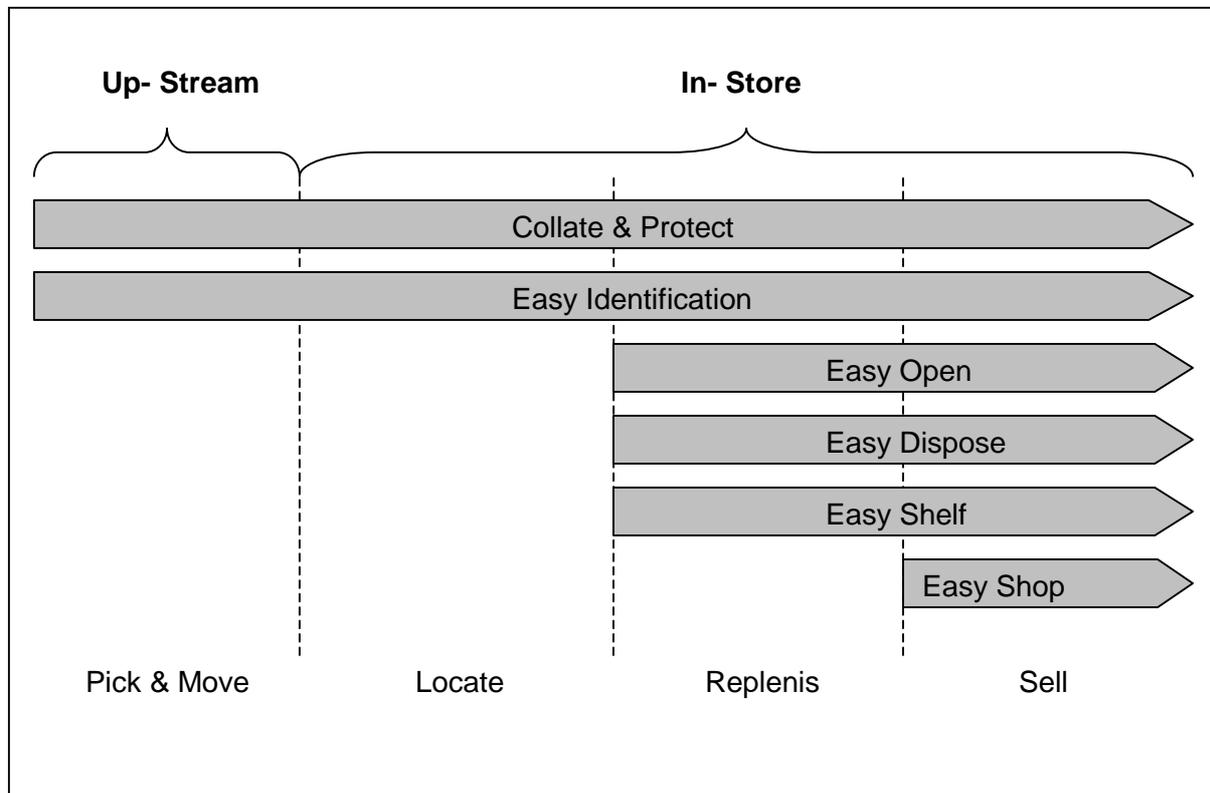


Figure 1:2 Criteria for SRP Solutions (ECR, 2006)

The arrows represent the different important attributes of SRP. Their position show in what processes the different attributes influence the work processes at the bottom of the picture. Up-stream represents all activities before products reach the store.

Collate & Protect

First of all, SRP solutions must be able to protect and collate products in the same manner as conventional packaging. All other potential benefits of SRP would get lost if these packaging solutions did not have these features.

Easy Identification

Packages should also be easily identified, both for personnel handling packages in the store and for customers. By having clear information on the packages, restocking processes can be made faster and smoother and mistakes can be eliminated. Customer information is crucial, especially for IKEA, whose philosophy is that the customer should do as much as possible alone without store personnel assistance.

Easy Open

Easy to open means that packages should be designed in a way that personnel handling the packages should be able to open packages effortlessly while still being stable enough to make it through a distribution channel without being damaged.

Easy Shelf

Easy shelf implies that the package itself should make the restocking process faster. The package should for example have ready displays on it so that unnecessary handling is eliminated. Such displays can show personnel how the package is to be opened and it can also contain information about size. This feature is closely linked to easy open as these two features together form the replenishment process. Also, the actual size of the package is included in this feature. The package itself must fit in the shelf where it is to be placed. This also calls for standardized shelf sizes.

Easy Dispose

Easy to dispose of is a crucial factor for SRP. Because products are not unpacked and put on a shelf, it means that a package whose content is sold out becomes waste. This waste must be made easy to dispose of otherwise the time saved in the unpacking phase is just traded for time handling waste after products have been sold. Packages should have features such as easy to fold and recyclability in order to be easy to dispose of. The package itself should also give clear information of how to dispose it.

Easy Shop

As the name implies, Easy shop refers to the fact that SRP solutions should make it easier for a customer to shop. It should be easy for a customer to see what product is in the package and it should be easy to remove the products from the packages.

1.3.3 IKEA's approach to new packaging solutions

IKEA embraced the overall concept of lean retailing and one part of this corporate initiative was to improve packaging. IKEA developed the so called "Ready-to-sell-packaging" solution (RSP). RSP differs in some ways from the grocery retailers' solution because of the characteristics of IKEA products and the way they are sold in the store as described above. As the replenishment process of both bins and shelves implied the same issues for IKEA as shelf refilling did for grocery retailers, IKEA wanted to create solutions for both products. Looking at products sold from bins, the fundamental idea was that the procedure of refilling bins should be eliminated. Before, when selling these products in bins, IKEA had to unpack each product in the department. The new system was designed so that pallets had one carton with

products on them out of which products would be sold directly. With the new system, the pallet is delivered directly to the department and placed where the product is to be sold. The only thing the personnel has to do is to remove the top part of the carton and the products can be sold out of the package they were delivered in still standing on the pallet they had been on since leaving the manufacturer. An example of this is shown in the right picture in *Figure 1:3* below. This example shows blankets, which are packed in RSP. Holes on the sides of the package make it easier for customers to identify the product. As for their products sold from shelves, IKEA introduced similar solutions to grocery retailers' SRP, shown in the left picture below. Here, sheets are placed on a carton tray, in which they are placed directly on the shelf. In this thesis, when speaking of RSP, it includes both packaging solutions for pallets and for shelves.



Figure 1:3 Examples of Shelf Ready Packaging (left) and Ready to sell packaging (right)

1.4 Even a great idea has to be implemented

“Planning where to go is one thing. Getting there, and getting others to go along for the ride willingly, is quite another”

(Hrebiniak, 2006)

As one of the most quoted researchers within implementation theory states, the process of getting to where one wants to be and getting others within an organisation to go into the same direction can be quite difficult. IKEA started the implementation of RSP about three years ago. Across the entire supply chain, changes have been made. Product and packaging development have had to rethink their way of designing products. Also, suppliers have had to adapt to all changes. Finally, stores have had to make the biggest commitment of all by changing their processes but also their culture. Many theorists have tried to explain how to make change happen in a company and what common pitfalls there are. There is both a great deal of literature about general strategy implementation and about lean implementation. Within both these theoretical fields, many studies have been made suggesting that all implementation processes meet many obstacles. Many authors refer to the fact that a strategy implementation often means a cultural change and see this as one of the biggest obstacles. Managers have difficulties understanding the implications of a cultural change and the effort that is needed to make such a change happen. This problem is identified by both strategy and lean theorists (Hrebiniak, 2006; Bhasin & Burcher, 2006). Further, many theorists agree that communication within the organisation where the change is to happen is of utter importance in order to be successful in a change process (Beer, 2000; Worley & Doolen, 2006). Failing to communicate means both that the managers' expectations and interests do not reach out into the organisation and that employees' opinions do not get absorbed upward the organisation. One issue that is pointed out to be of great importance for lean implementations is the education and knowledge level of staff.

As this study will show, the implementation process of RSP at IKEA is still unfinished. Seen from a theoretical perspective, the question arises whether these implementation problems that IKEA has experienced can be explained through earlier findings from research within the field of lean implementation but also from the field of strategy implementation. It is an interesting question to investigate whether the issues that have come up in a retail organisation such as IKEA are comparable to these earlier findings.

1.5 The research objective

The objective of this study is to evaluate the implementation process of Ready to sell packaging as a part of IKEA's lean retailing strategy and analyze the obstacles of this process.

1.5 Thesis Outline

In order to give the reader a picture of how this thesis is built up, an outline is presented below including a short summary of each chapter.

Chapter 1 - Introduction

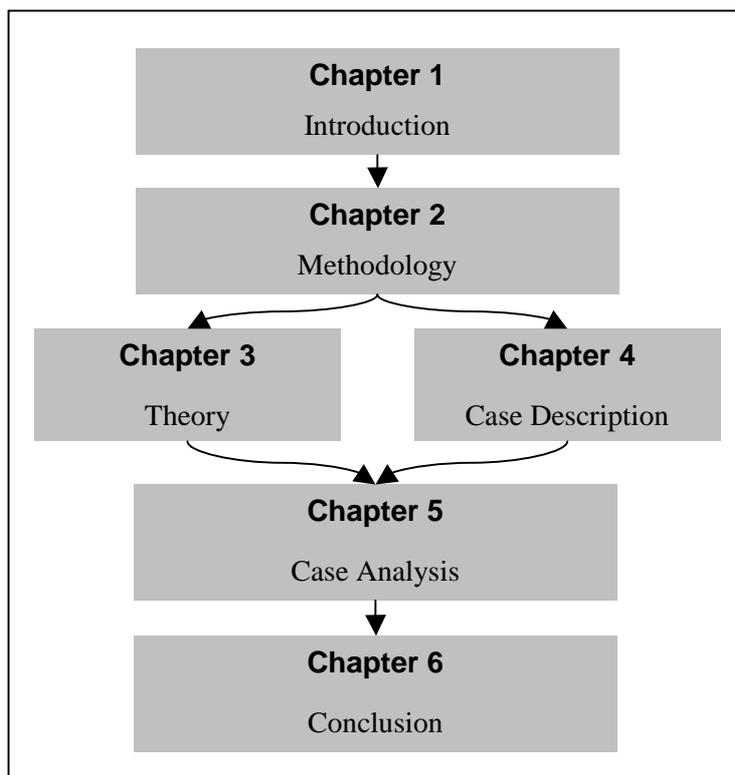
It gives the reader an introduction into the subject and presents the case background. The research objective will be derived and presented.

Chapter 2 - Methodology

The chapter consists of one part that explains the chosen research approaches, followed by the research process. The last part of the chapter discusses criticism of the source.

Chapter 3 – Theorists’ view on lean implementation

The chapter describes the view of theorists regarding both strategy implementation and specific lean implementation. It also summarizes these theories into a relevant theoretical framework



Chapter 4 – Empirical Findings

In this chapter, the organisation of IKEA is briefly introduced. Then the empirical material is presented.

Chapter 5 - Analysis

This chapter analyzes the empirical information and compares it to the theory presented in Chapter 3.

Chapter 6- Conclusion

The thesis’s main conclusion is presented taking the perspective of the research objective.

2. Methodology

The following chapter aims to give the reader an insight into the chosen methodology i.e. which tools and procedures have been used in order to investigate the question at issue. The chapter consists of one part that explains the chosen research approaches, followed by the research procedure. The last part of the chapter discusses criticism of the source from a validity and reliability perspective.

2.1 Four fundamental approaches

The research objective can be approached from several different perspectives. This thesis is erected on four methodological corner stones, an exploratory and abductive research approach, mix methods and case study. It is important that the reader is aware of what perspective towards knowledge the researcher has in order to understand how knowledge has been gained and perceived (Palmer, 1969). Each of the four steps has enhanced the understanding about IKEA's implementation process and where they are today. Knowledge has been perceived and interpreted throughout the research process by using the four cornerstones. Knowledge has been processed and evaluated through the perspective of the entirety at the specific time. The chosen approach can be defined as hermeneutic and has influenced the collection of information, problem formulation and relation towards the subject. Kvale (1987) describes this as the hermeneutic spiral, where an increased understanding occurs through an infinite process, and the meaning of the separate parts is enhanced as the entirety appears. *Figure 2:1* describes this thesis's hermeneutic circle.

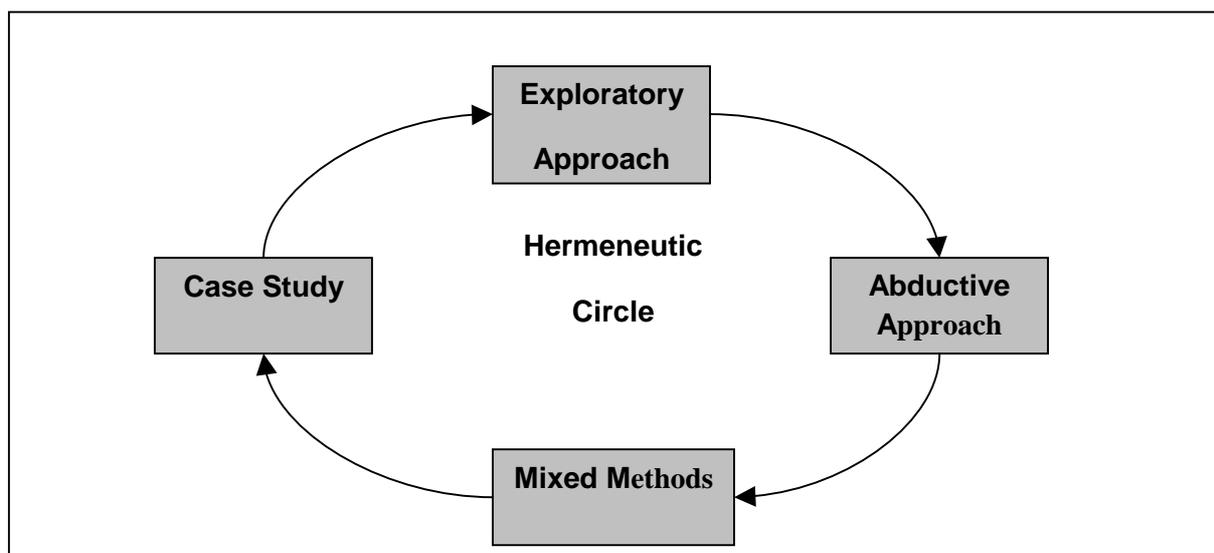


Figure 2:1 Four fundamental approaches.

2.1.1 Exploratory approach

According to Patel and Davidsson (1996), an exploratory approach is adequate to use when researching a specific problem area containing knowledge gaps, since the exploratory approach allows a comprehensive review of the problem. There is not much research executed on implementation of lean retailing strategies. Using an exploratory approach, this thesis can discover the different implications of lean retailing implementation at IKEA from various points of views and make analytical generalizations from the findings of this study. These will later be accounted for in the empirical part.

2.1.2 The Abductive research approach

This thesis is created from an abductive viewpoint, where focus continuously has varied from empirical to theoretical information in order to enhance the understanding during the work process hence it is built on an empirical study as well as a theoretical framework. A thesis which is exclusively built on existing theories is often said to be deductive, whilst a thesis that derives from empirical data is inductive (Bell & Bryman, 2005). In this thesis these two approaches are merged together making it abductive. This approach is similar to the inductive one in the sense that empirical observations play a central part. However the abductive approach differentiates itself from inductivity through its theoretical understanding which is similar to the deductive approach (Alvesson & Sköldbberg, 1994). Bjöklund and Paulsson (2003) describe the abductive approach as an interactional movement between the inductive and deductive, where the researcher moves back and forth between the two approaches. In this study, the researchers have been forced to continuously switch focus back and forth between theory and empirical findings. The theoretical focus has been changed a few times as the knowledge of the problem increased, much in accordance with the hermeneutic approach. This will further be explained in 2.2.2 *Theoretical Framework*. In *Figure 2.1* below, the abductive approach and how theory and empirical information have been integrated during the work process is presented. Note the interaction between empirical studies and the theoretical framework, which tries to imitate the theoretical matching to the empirical data. The different parts of the figure will be described in *Research procedure 2.2*.

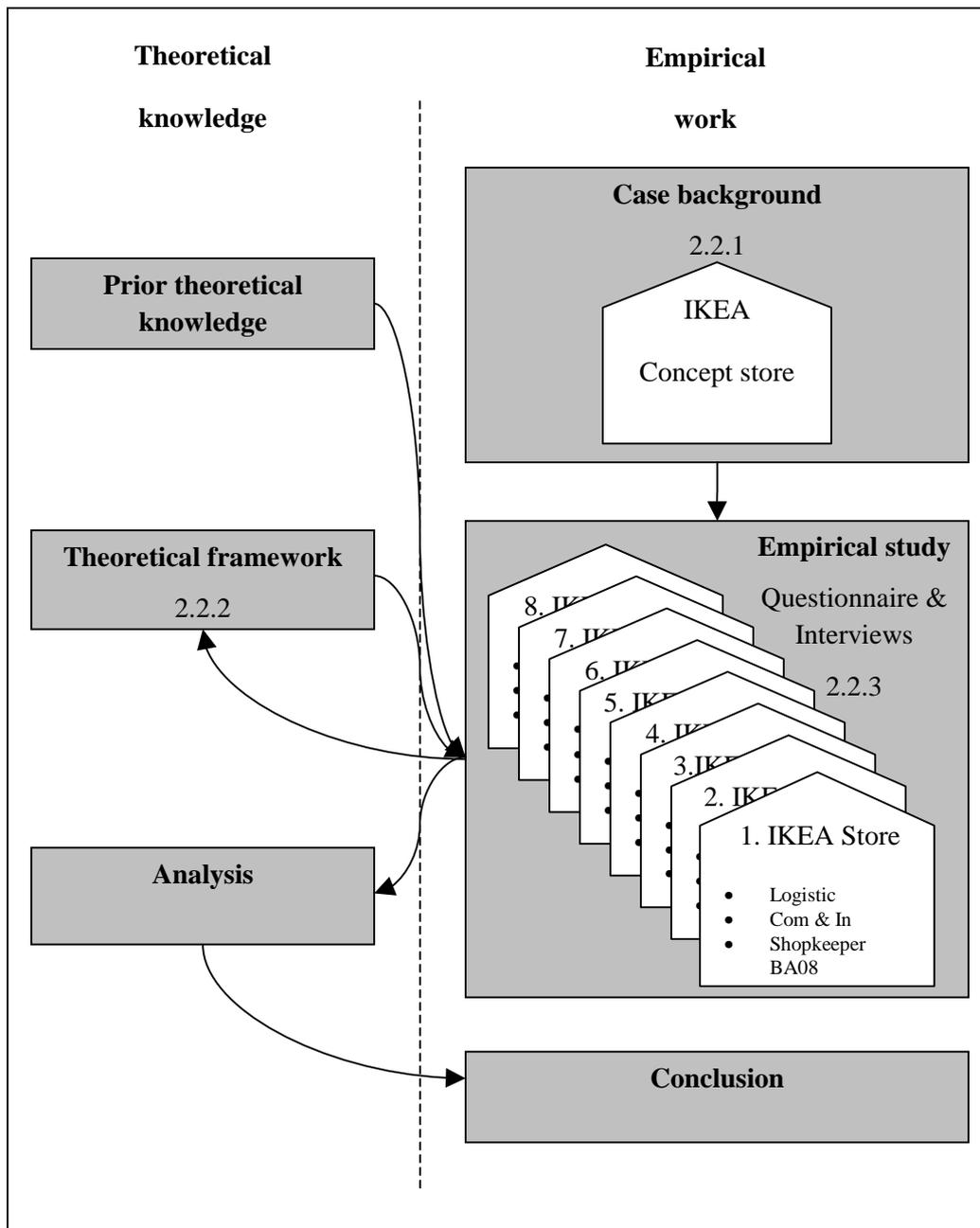


Figure 2:2 The Abductive reasearch process (adapted from Kovács & Spens 2005)

2.1.3 Mixed methods

To understand the process of the implementation of RSP a qualitative research method has been chosen and interviews with store employees have been conducted. There has been an effort to create a picture of reality by getting an insight into the employees' thoughts on the question at issue. According to Backman (1998), the qualitative research approach focuses on how the human being perceives and interprets reality. The qualitative method is also closely related to the earlier mentioned Hermeneutic view (Patton, 1990 s. 85).

The thesis also includes a part that is of more quantitative character, which entails the empirical data that is gathered from questionnaires that were handed out in combination with the interviews. Johnson et al. (2004) suggest a combination of quantitative and qualitative methods in order to overcome weaknesses related to each method. The choice of including a quantitative part is further discussed from a reliability perspective in part 2.3 *Criticism of the source*.

2.1.4 Case Study

A case study is an appropriate research approach when studying a specific problem or process in a clearly-defined environment such as IKEA and their strategy implementation for ready to sell products (Merriam, 1994). The case study approach has enabled the thesis to focus on lean retailing within one organisation at a close distance. It also functions as a strong link between the theoretical world and reality. Conducting a case study with only one case is widely debated within the literature of case methodology. Guba and Lincoln (1981) claim that it is the nature of the problem to be researched, that decides whether a single or multiple case study is to prefer whereas Yin (2003) states that multiple cases often are stronger with exception for unique or extreme cases. The nature of a thesis's research question ought to vary from organisation to organisation and is affected by several external parameters such as line of business, structure of supply chain and company size. By choosing to focus on one case there is a possibility to penetrate and go deeper within the organisation and its implementation of lean retailing. Further Brombley (1986) mentions that a case study makes it possible to receive information regarding subjective facts such as an individual's thoughts, feelings and wishes. These are all important aspects of information in order to get the employees' picture of the implementation process. Altogether the stated arguments have led to the choice of a case study.

2.2 Research procedure

The research procedure has been conducted in four steps excluding the conclusion. The first step was to gain background knowledge in order to increase the researchers' understanding of the case. The second and third steps, which were the creation of a theoretical framework and the collection of empirical data, were executed parallel. After these two steps the empirical results were analyzed and compared with the theoretical findings in the fourth step, the analysis. *Figure 2:2* aims to clarify how the work process was conducted. Each step in the research procedure will be described in detail in the following parts 2.2.1 *Case Background* to 2.2.4 *Analysis Methodology*.

2.2.1 Case Background knowledge

To gather background information Inter IKEA Systems B.V. in the Netherlands was visited. This part of the IKEA organisation is the owner and franchisor of the IKEA concept. Besides the handling of applications from franchisees, they provide existing IKEA stores with the support they need to operate the IKEA concept. The visit consisted of an interview with a Senior Supply Chain Manager as well as a guided tour in the concept store. Important knowledge and information about IKEA and RSP in its real environment were obtained through this visit.

Another factor that has contributed to increased background knowledge about the case company and research problem is that both authors are former IKEA employees. Former relations with a case company might not only increase the background knowledge but also affect the authors' objectivity and criticism. The importance of remaining objective and critically review information has therefore been even more prioritized throughout the thesis.

2.2.2 Theoretical framework

The initial research within lean retailing and packaging solutions was conducted after the first contact with IKEA where the topic of packaging solutions was decided upon. The main focus was to gain understanding of the existing research frontier. Relevant information was discovered through journals, PhD and Master thesis from databases at Lund University library i.e. LOVISA, OLLE, and ELIN. The search tool Google scholar was also used in order to find relevant literature. By meeting both Robert Björnemo and Mats Johnsson at the design science department at Lund University, a deepened understanding of the technical aspects of packaging solutions and their importance were obtained. Both these researchers had also been involved in research around IKEA which made the meetings even more interesting.

After the visit at Inter IKEA, the theoretical framework was revised to fit the exact research objective even deeper. Articles and books concerning both general strategy implementation and lean thinking were added to the existing literature of packaging. In the research process, the literature about packaging then mainly served as a tool for the researchers to understand the background and technicalities of RSP. The theoretical framework was built around the issue of implementation as the meeting with IKEA showed that the area of focus in the study was going to be implementation problems. In order to create a wide framework that at the same time brought in the area of interest, lean, two parallel theoretical investigations were made. First, earlier findings within the area of strategy implementation were looked at and the relevant literature found then made up the first part of the theoretical chapter. Second, an

investigation into the field of lean implementation was made and the second part of the theoretical chapter was created as a summary of earlier findings within lean implementation. These two were then merged together to form a theoretical framework that included both strategy implementation issues and also lean implementation issues.

The thesis literature search was conducted from three different perspectives presented by Backman (1998).

- *Validity*. When reading different journals and research reports focus has been on which references the authors have been using, whether or not the references are in unison with the journals' main argumentation, and how inconsistency is explained and accounted for.
- *Implications*. Which implications does a statement achieve and which has the author disregarded. Is the statement in consistency with the rest of the report?
- *Signification*. Which statements are of importance from this thesis point of view and why are they of importance?

2.2.3 Empirical study

To collect empirical information, eight different stores have been visited. In dialogue with Inter IKEA Systems B.V., eight stores were selected. These stores are the most important stores for IKEA in Sweden and Denmark, from a turnover perspective. All the biggest stores are included in the study. There is also a mix between older stores and new stores. Naturally there has been a focus on the bigger cities. Therefore the study includes two stores from Stockholm, two from Gothenburg, two from Copenhagen and the stores in Malmö and Helsingborg. As the time given for this thesis has been limited, it has not been possible to visit all IKEA stores in Sweden and Denmark.

In each store three interviews were conducted. The assortment of interviewees is based on the organisational structure of the IKEA store. The chosen interviewees in each store were the logistics manager, Com & In manager and shopkeeper for the textile department (BA 08). The logistics manager is responsible for all in-store logistics. The Com & In manager is as the name implies responsible for communication towards customers and interior design whilst the shopkeeper is responsible for a specific department of the store, called a Business area (BA). The different functions and their roll in the organisation are further described in *Chapter 4*.

To collect empirical information, two procedures have been used, semi-structured interviews and questionnaires. Each interview session has consisted of these two parts. The first represents the qualitative approach and the second represents the quantitative approach. The interviews elapsed between 20 and 35 minutes in length, were recorded and chosen parts have been transcribed to facilitate the analysis of the data.

In order to gather information regarding complex questions such as the employees' thoughts about the implementation of lean retailing and RSP, a semi-structured interview was used because a more structured interview would have given a set of rather limited and static answers. The semi-structured interview provides a flexible procedure where certain interest areas are explored in the course of the interview. It allows the respondents to express themselves freely around the chosen interest areas. The topics are summarized in an interview guide, which provides a framework for the interviewer. The thesis's interview guide is presented in *appendix 1*. The chosen type of interview permits the researcher to immerse themself, ask questions, probe and explore the topics of the guide (Patton 1995). The topics in the interview guide do not prevent the respondents to comment on things that the researcher has not included in the interview guide, hence during the procedure the respondents were given the opportunity to illuminate perspectives or issues that the researchers had not included (Bell et al. 2005). Patton (1990) mentions the different information and development of each interview as a weakness when it comes to comparability of the results. To compensate for this weakness the semi-structured interviews were complemented by a questionnaire. The questionnaire is structured in a numerical response format, where the interviewee is asked to state his or her opinion in a number of questions and statements concerning RSP. A scale from one to ten states the respondent's opinion. If the respondent marks a one he or she fully disagrees and if a ten is marked he or she fully agrees. The scale is called a Likert scale. According to Bell et al. (2005) this type of scale is to prefer, especially when collecting attitudes and opinions from interviews. A detailed view of the questionnaire can be found in *Appendix 2*.

The collected information described above in *Case Background* and *Theoretical framework* has constituted the base for the first outcast of the interview guide as well as the questionnaire. To secure that the questions of the questionnaire and chosen topics of the interview were clear and relevant, they have been developed in co-operation with IKEA. Before and whilst conducting the interview a number of criteria that Kvale (1996) mentions were taken into consideration.

- *Structure.* Before each interview the respondents received information regarding the purpose of the thesis, procedure and duration as well as their anonymity. They have also been given the possibility to ask questions and contact the researchers after the interview through e-mail.
- *Clarity.* When formulating the questions for the semi-structured interviews as well as the questionnaire. The authors strived for clearness in terms of short, simple and understandable questions.
- *Balance.* During the semi-structured interview the researcher strived towards balance between an active and passive approach. This was executed by letting the respondent finish what he or she was saying and remaining alert as well as sensitive. The effect that the researcher might have on the respondent is being further discussed under part *2.3 Criticism of the source.*

It must be pointed out to that only 19 of the 24 originally planned interviews were carried out. Due to practicalities four interviewees were prevented from participating in the thesis. Reasons such as parent leave, vacation and business trips were the causes. A majority of the stores had ongoing projects where store layouts were improved hence the employees found it hard to free time for an interview. Due to this one group interview with two respondents was conducted in one of the stores. The lack of time among the employees also amounted to single occasions where the logistic manager's, Com & In manager's or Shopkeeper's assistant was interviewed instead. There has not been the experience that the quality of the interviews has been compromised due to this. In some cases the assistant was an even better choice since the manager was new on the position. As mentioned above the interviews were recorded. Unfortunately two of the interviews could not be recorded due to technical problems. The interview could still be analyzed since the researchers' rolls were clearly divided, one asked the questions and the other researcher took notes.

2.2.4 Analysis Methodology

The thesis's analysis chapter is based on four interest areas that are identified in the empirical material. According to Backman (1998) it can be useful to use some structure that follows through the entire study. By having similar interest areas in both the theoretical part and the empirical part, it will be easy for the reader to identify the four different areas that are analyzed in *Chapter 5: Analysis*. The analysis itself is conducted in a comparative way, meaning that this thesis's findings will be compared to earlier findings in order to investigate

whether the existing theories are applicable to the implementation process in a retail organisation. Further, the analysis will attempt to reveal whether there are any gaps between existing theories and the empirical material from this study.

2.3 Criticism of the source

Validity and reliability are two issues of great importance in order to generate results of good quality. To secure these and thereby strengthen the thesis a number of actions that are discussed below have been executed.

2.3.1 Validity

Since the thesis has a qualitative approach which implies that reality is holistic and under constant change, validity is of great importance. According to Bell et al. (2005) validity is a question of, to which extent a chosen indicator i.e. an interview or a questionnaire, really measures the problem at issue. In order to strengthen the thesis, seen from a validity perspective, the strategies discussed below have been used. These strategies have been gathered by Merriam (1994) and have their roots within practical and qualitative research.

- *Triangulating.* Merriam presents Denzin (1978b) and his view of triangulating. Denzin mentions theory triangulation as a method which incapacitates the use of several perspectives to interpret a single set of data. In the thesis several implementation theories have been used, all presented to the reader in Chapter 3. Data triangulating is another type which is executed through the gathering of empirical data from different sources. The choice of conducting interviews with employees from eight different stores qualifies under this method.
- *Participation control.* Another procedure that has been executed to secure the validity is to make the empirical results from the interviews available for each respondent after the interview. This together with the fact that every interview has been recorded is done to prevent any misinterpretations.
- *Repeated observations.* Merriam recommends long term observations of a problem or an environment that is being studied to get a longer period of empirical information gathering and thereby enhancing validity. He also mentions repeated observations as an alternative. As mentioned earlier eight stores at different locations were visited during the process of collecting information. This was mainly conducted to gather interviews but also to get a real picture of each store and how RSP products were placed in the store.

- *Horizontal reviewing.* This involves that other people review and criticize the thesis. The thesis has been read by our supervisor and has been further reviewed during seminars with other students during the process as well as before the end presentation.
- *Involvement of participators.* The participator should be involved at an early stage in order for the researcher to get the correct concept and focus. This is secured through collaboration with IKEA throughout the process. A speaking example is the development of the interview guide and questionnaire. To secure the validity of the questionnaire and the topics of the interview guide, the questions were developed in interaction with IKEA.
- *Clarity.* Merriam emphasizes how important it is that the researchers state their point of view regarding methodology and theoretical assumptions. This is described in the first part of the methodology chapter. It is also crucial that the authors inform the reader about their background and state how this may affect the research, which is mentioned in *Case Background*.

A critical factor seen from a validity perspective is the character of some of the questions in the questionnaire, especially those where the respondents are asked to estimate attitudes or knowledge among their personnel. From a validity point of view direct questions to the personnel of each manager would be more adequate. Unfortunately, it was not possible to involve personnel in the questionnaire due to a limited time frame. Further, the managers who estimated the opinions of their personnel work very close to the daily work and are probably quite aware of the situation in their department. There has however been an awareness of the problem when interpreting the answers from the questionnaire.

2.3.2 Reliability

The interdependency between validity and reliability is strong (Merriam 1994). Reliability is a matter to which extent the thesis's results could be reiterated. This is measured through stability. The expression is presented by Bell et al. (2005) and suggests that gathered results should not vary over time if the research was conducted once again at another point of time. Due to the chosen methodology the stability of the thesis can be questioned. It is an ongoing implementation process where received answers from the questionnaires and semi- structured interviews ought to vary over time. To enhance the stability factor the questionnaire and

interview guide are presented as appendices. The description of the thesis research process is another factor that enhances the stability.

Another factor that affects the reliability is how the gathered information is being interpreted by the authors. To eliminate misinterpretations the empirical material has been analyzed individually by the authors, afterwards their notes have been compared and discussed. The parts that the authors experienced as the most relevant have been transcribed. This technique is discussed by Cramer (1998) and prevents the authors from influence one and other in their individual interpretations' of the interviews. The authors' background as former IKEA employees has increased their understanding and been of value when analyzing the interviews.

The analysis and the sum up of the questions from the questionnaires is a critical procedure seen from a reliability perspective. The quantified information can easily be misrepresented. Therefore Ms Excel has been used to analyze the results. In order to avoid any errors when transferring answers from the questionnaires to the data program, regular controls have been executed.

Another reliability problem when conducting the interviews was the researcher's effect on the respondent. According to Jacobsen (2002) the respondent's answers are often influenced by the researcher's body language and choice of words. To reduce the influence as well as intern difference between the 19 interviews, they were conducted by the same researcher. The second researcher was taking notes and did only interfere in the end of the interview if he experienced that there was a need for complementary questions. By using the same researcher as interviewer for a majority of the interviews (17 of 19) the number of different elements that may have influenced the way the respondent answered has been reduced. It also makes the analysis easier since the content of the interviews becomes similar, even though it is restrained through the topics of the interview guide. To further reduce that the respondents' answers were influenced by the presence of the researchers, he or she was guaranteed anonymity in the thesis.

The respondents' statements can also be affected by the context, meaning the chosen location to conduct the interview (Jacobsen 2002). All the interviews have been held at IKEA stores in separate meeting rooms that provided for a good interview setting.

Altogether the above mentioned factors provide to enhance the thesis reliability.

3. Theorists' view on Implementation

This chapter aims to provide the reader with a theoretical framework. Both general strategy implementation theories and specific lean implementation theories will be presented and the chapter will be finished with a compilation of prior theoretical findings that are of particular interest for this study.

3.1 Implementing changes in a world of hurdles, obstacles and silent killers

Many researchers have tried to investigate how to best implement strategies and how to make change happen in a company. To give a picture appropriate for this study, this first part of the theoretical chapter will discuss the perspective of organisational hurdles that Kim & Mauborgne (2005) present in their book “Blue Ocean Strategy”. Following this part, these authors' view on strategy execution will be presented. Finally, a summary of selected researchers' views on problems and obstacles of strategy implementation will be discussed.

3.1.1 Overcoming organisational hurdles

Implementation of changes in an organisation is often combined with some sort of problem or obstacle. Kim & Mauborgne identify four major organisational hurdles that have to be overcome in order to enable a change in an organisation. One important part to bear in mind is that their view is that these obstacles have to be overcome before a change process can be initiated. This means that a change process that is begun before these hurdles are overcome is very likely to fail.

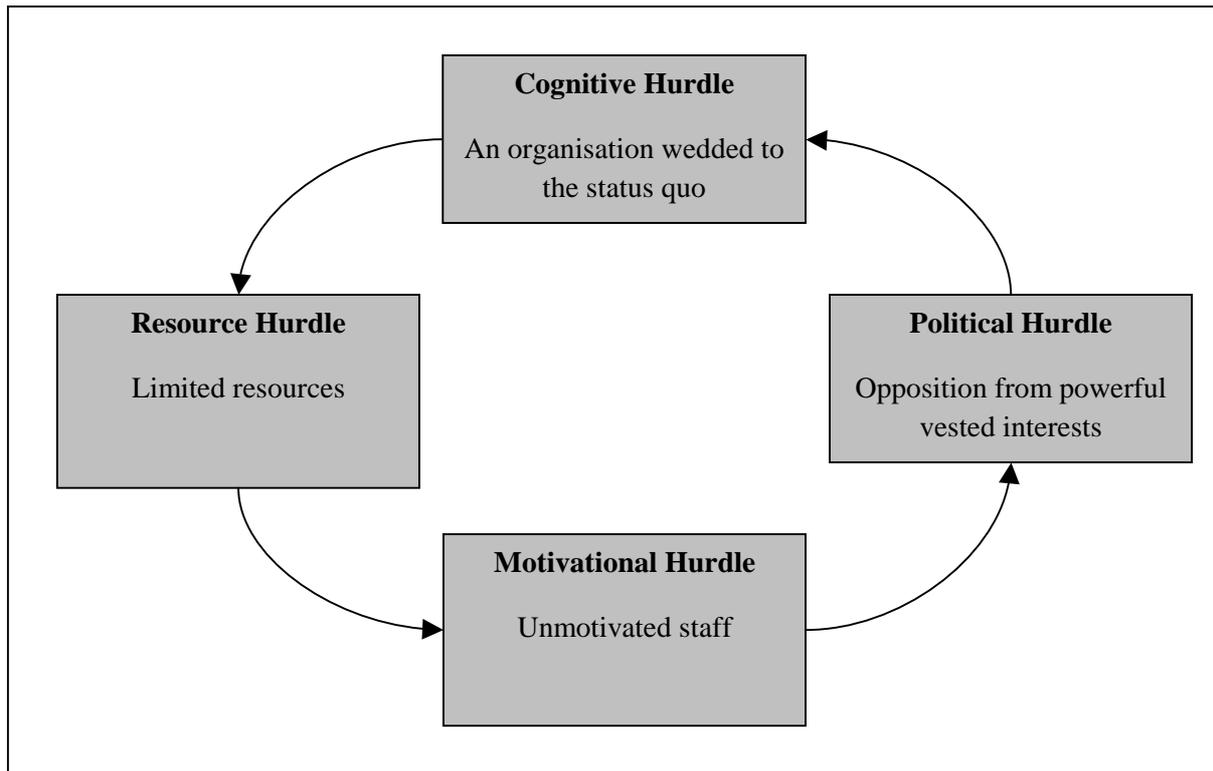


Figure 3:1 The four organisational hurdles to strategy execution. (adapted from Kim & Mauborgne, 2005)

The cognitive hurdle

The cognitive hurdle represents what in physics is known as inertia, the resistance of an object to change its state of motion. In organisations there is often a strong resistance to go from a well known way of working or thinking into new directions. A common mistake among many managers is to present the need for such a change in terms of numbers. Instead, Kim and Mauborgne suggest that people who are to be convinced that a change is needed have to see the worst operational problems that exist. Coming face-to-face with problems is the easiest way to get people to realize that the current position is not desirable and hence making them ready for a change. They refer to the fact that humans can much more easily identify themselves with concrete examples than just facts and figures, as the biggest argument why managers should use this approach.

The resource hurdle

When an organisation has overcome the cognitive hurdle, the next question is with what resources this change should be executed. As all organisations operate in a world of scarce resources the battle for resources can be tough. Kim and Mauborgne claim that managers have to identify what they call hot and cold spots within their organisations as a first step for

identifying how resources should be used in a change process. Hot spots mean activities that are low in resource input but high in potential performance gain. Consequently, cold spots represent activities that use a lot of resources but do not give high performance. If a change is to happen without the use of big resources, managers need to find these hot spots where they can make a great change in performance without using a lot of resources. Further, managers should encourage what they call horse trading. Taking different divisions as an example, managers in the different divisions know that it is tough to get additional resources allocated to their specific division. As a result they are very unlikely to report excess resources upward in the organisation in case they might need them in the future. Horse trading essentially means that instead of taking resources away from one division and giving it to another, divisions can trade excess resources with each other to fill areas of lacking resources. A simple example would be that one division has an excess of computers but lacks office space. Another division might have some empty offices but their staff needs more computers. By making these two divisions trade, none of them feels that they have lost anything.

The motivational hurdle

When an organisation has overcome the cognitive hurdle and resources have been freed to make the change, managers still have to motivate staff to embrace and believe in the new way of thinking. To do so, Kim and Mauborgne believe, that instead of starting massive campaigns promoting the new strategy, managers should focus on three actions which they call kingpins, fishbowl management and atomization. Kingpins are people within the organisation that are highly influential, have the ability to lead a change and the ability to unlock key resources. If managers manage to motivate these people, everybody in the organisation will be affected by these people once they are onboard and management does not have to start an expensive campaign to reach out to everyone directly. To make these kingpins work efficiently, they have to be placed in what the authors call a fishbowl, symbolizing total transparency. Kingpins' actions must be made as transparent as possible and they have to be reviewed frequently to make sure that they are on track. However, a key issue to maintain the motivation within this fishbowl is to apply what the authors call a fair process which will be further described in the chapter strategy execution. At last, in order to motivate staff, a new strategy has to be attainable. And to make it attainable, the authors call for an atomization of a strategy meaning that managers have to break it down to every atom to concretely show what changes can be made. Often a big strategy can be overwhelming and it can be hard to believe

that such a grand strategy is actually possible. By breaking it down, it makes it easier for employees to believe in it.

The political hurdle

The final hurdle to overcome is the political one. In all organisations, political games are played on a regular basis and in order to implement a change, managers have to identify their enemies, their supporters and they have to know in advance who will make moves against them. The authors suggest that managers can overcome this hurdle by identifying their angels, devils and a consigliere. Angels are those who will have the most to gain from the upcoming strategic change. Managers need to form coalitions with these people at an early stage so that they can show that they have support for their ideas once they are confronted by their devils. These devils are the ones that will have the most to lose once the specific new strategy is implemented. A manager needs to prepare arguments and tools to win these people over. Finally, a manager needs a consigliere, who is an insider in the organisation who in advance can point out as the authors call it land mines and tell the manager which people are going to be supporters and which are going to be resistant.

3.1.2 Strategy Execution

Kim & Mauborgne emphasize that execution must be built into a strategy. Even when the above mentioned roadblocks or hurdles are overcome there must still be a plan for how to execute the strategy. Eliminating hurdles does not mean that a strategy implements itself. The first important principle they mention is that management has to build trust deep in the ranks and inspire employees to voluntarily participate in the execution of the new strategy. It can be seen as a build on to the motivational hurdle. Further they introduce the concept of a fair process as a necessary tool for executing a change. They mean that in order for a change process to be successful it must be perceived as fair. They refer to psychology researchers John W. Thibaut and Laurens Walker who “established that people care as much about the justice of the process through which an outcome is produced as they do about the outcome itself”. To achieve such a fair process the principle of three E’s is brought forth:

Engagement

Engagement means that people who will be affected by a change should be asked and involved in the development of the strategy. It does not only show management’s respect for their employees but also gives them important input before and during the execution. Top

down management will only discourage employees and make the change process much harder and time consuming.

Explanation

Explanation means that managers owe employees an explanation of why a new strategic approach is chosen. Through explaining the strategy managers can make sure that employees understand the overall goal and the reasons for the change. It also gives employees the feeling that their opinions have been taken into account and that managers have made a decision in the best interest for the company. Here, managers can make use of the above mentioned atomization to clearly show every employee how this strategy will affect the individual and what changes it implies for their specific job.

Expectation clarity

After management has decided upon a new strategy they have to clearly communicate the expectations they have. Employees must face the new expectations and understand the new rules of the game. Even if some parts are tough for employees, management is probably better off communicating these clearly instead of letting them come as a surprise for employees.

All these three E's have to be fulfilled for there to be a fair process. Kim & Mauborgne justify the importance of these three E's with what they call the Intellectual and Emotional Recognition Theory. Individuals seek emotional recognition not for their position within the hierarchy but for their value as a human being. By giving people intellectual recognition, it motivates employees to take part in a change process and it also motivates them to share their knowledge. If a person does not feel recognized for whom they are and what intellectual competence they have, there is a much higher risk that they repel a new way of thinking as they do not feel that they have had the possibility to influence the process because management is not aware of what they thought and felt in the first place.

3.1.3 Six obstacles of implementation

Kim and Mauborgne present a very clear guide to which hurdles have to be overcome before implementing a strategy and how to execute it. As this study investigates an implementation process that has already started, it is important that the theoretical framework also reflects over earlier studies made in the same area. Kim and Mauborgne make much use of their famous example of Police Commissioner Bratton, who made great changes within the New York Police Department by overcoming these hurdles. However there is a need to cross reference their findings with other field studies. To strengthen the theoretical view in this

respect, the following part will present the findings of Hrebiniak (2006) and Beer (2000), which both show concrete obstacles of implementation. They are both two widely cited researchers in the field of strategy implementation. In several articles they have discussed what different aspects make implementation within an organisation a difficult task for managers. By cross reading their articles this study has identified six main obstacles that both authors point out as very influential. These six problems will be discussed below.

Top down management

Beer describes that in many cases the management does not act in an appropriate way. Sometimes management uses its time for more administrative work than strategic decisions. Also he finds that employees have made the experience that when going into a discussion with management about what way to go, management has already made up its mind and can therefore not absorb what the organisation tries to communicate upwards. Also, a top down management style stops lower management from learning as they do not get involved in decision making and therefore they cannot become competent representatives of the new strategy further down in the organisation.

Unclear strategy and unclear responsibility

This lack of clarity of what the actual strategy is and who is responsible for its implementation is pointed out by both authors. It is not solely enough to formulate a new strategy. Also, there has to be a strategy for how the strategy is to be implemented and a crucial part in that is who should be responsible for different areas of the implementation. In the case of an unclear responsibility structure, it also makes communication more difficult.

Poor communication and information sharing

Many times, when implementing a strategy, it is difficult for employees or middle management to find the necessary information they need about the ongoing process. Also, it is often a problem that there is no clear forum for information sharing. If as mentioned above the strategy is unclear, it is impossible for middle-management to communicate upwards in the organisation as they do not know if they are going in the right direction or not. Also, if employees and middle-management do not know who they have to talk to if something goes wrong, top management will never find out about failures in the implementation.

Inefficient management that cannot overcome resistance of change

Both researchers find that management tends to become inefficient when implementing a strategy. They often believe that their work is done when a new strategy is formulated. As Hrebiniak points out, it takes far more people to implement a strategy than to formulate one and managers seem to be unaware of the fact that management them self has to be efficient in order for the whole organisation to be efficient. Further, they have to realize, that only because they are thrilled about a new strategy, it does not mean that everybody in the organisation will automatically go along without persuasion.

Lack of coordination and guidelines

The authors find that in many implementation cases there is a lack of guidance and coordination for employees. The question of coordination is closely linked to the issue of responsibility but also emphasizes that someone who is responsible for making a change does not only need to know where he or she is supposed to go but also which is the fastest and most efficient way there. Also, there must be some sort of follow up and updating of guidelines as most companies act in an environment of constant change.

Conflict with existing power structures

When implementing a strategy, conflicts with existing power structures within an organisation cause large problems. A prerequisite for a successful implementation is to get the right people to act in a certain way and changing their way of thinking. By just working against existing power structures, an implementation is doomed to fail. Instead, the strategy executor either has to adapt the strategy to the existing structure or form coalitions with the strong parties within the organisation and show their support in the rest of the organisation to get an overall support.

3.2 Implementing Lean Initiatives

“Lean thinking makes use of workers’ abilities to implement improvements.”

Sun (2008)

As the quote above states, the issue of implementing improvements and changes is a crucial part of lean thinking. A conclusion from this quote could be that once a lean way of thinking is implemented, further implementations of change should be very easy. However, the implementation of lean processes and lean thinking themselves are not free of problems. This second part of the theoretical chapter will summarize the issues brought up by different

authors concerning challenges in the implementation of lean processes in an organisation. Some of the articles are mainly related to lean manufacturing but as the concept of lean thinking is the same no matter what industry it refers to the authors of this study are of the opinion that they are highly applicable to the formulated research objective and that prior learning from the manufacturing sector can be used in lean retailing as well.

3.2.1 Cultural change towards a lean philosophy

Bhasin and Burcher (2004) dedicate the title of their research to the fact that lean should be viewed as a philosophy. Concretely, they mean that an organisation, besides implementing the technical tools, has to go through a cultural transformation to achieve a successful lean implementation. Alavi (2003) agrees and emphasizes that organisations must initiate this cultural transformation by communicating success stories and clearly showing the advantages of lean processes. Hancock (1998) points out that in order to be successful in an implementation process, employees have to go through the learning and implementation of many unfamiliar processes which is made much easier with a lean culture present.

3.2.2 Education to master the knowledge intense lean way

An area that many researchers identify as the single most important area when starting a lean implementation, is education. Allen (2000) mentions that one important part of making a lean implementation work is through empowering people who add value to the organisation. This is achieved by providing them with the skills they need and then motivating them to use them. Alavi describes that an in-depth training of employees is needed. Shallow information is not enough. This education can also be a way not only to achieve the needed level of knowledge within the organisation but it can also be used as a starting point for the above mentioned cultural transformation by including success stories in the education package. Tracy and Knight (2008) have devoted an entire article to describe the need of bridging the gap between lean theory and practice emphasizing the importance of knowledge for both areas. Sawhney (2005) shows through a case study of two different facilities that the facility with higher knowledge of lean processes also was able to implement lean processes much more successfully.

3.2.3 Management support, ownership and responsibility

Worley and Doolen (2006) conducted a study to see what impact management support has on the implementation of lean initiatives. They find that executive management must provide workers with three major things: information, resources and an implementation plan.

Information is closely linked to the above mentioned education. Resources include things like time and materials. By giving workers time that is purely devoted to working with implementation issues, it shows workers that they have support. Also, by giving them the right tools and material, the implementation process is made much easier. The implementation plan is necessary so that employees know how the implementation will work out and by when different degrees of implementation should be achieved.

Beside the fact that employees need to feel that they have support from top management, they also need to know who owns the question of implementation and who is responsible for different parts of the implementation. As mentioned before, Allen describes that it is important that the right people are empowered. By giving the right people the right responsibilities implementation processes are made much easier.

Stamm (2004) also identifies that one reason for the failure of lean implementations is that these initiatives are too top down driven and that top management is not always committed to the idea of lean changes and therefore works against it.

3.2.4 Coordination and communication tools

Forza (1996) conducted a study that investigated how work organisations differ in lean production plants compared to traditional plants. One of his findings was that lean production much more relied on feedback from both workers and supervisors than traditional plants do, suggesting that communication between different functions in the organisation is more developed than in traditional organisations.

Spear and Bowen (1999) explain in their attempt to decode the DNA of Toyota that Toyota works with highly standardized processes, which also facilitates the communication within their plants. All workers know which processes they are responsible for, which processes are directly connected to their own and who is responsible for those processes. This shows the connection between the need for clear responsibilities and communication. Clear responsibilities promote good communication.

3.2.5 Customer Orientation

In his article from 1996, Womack describes the main criteria to become lean. His first and most important point is that value should be defined from the end-customer perspective. This shows where the formulation and implementation of a lean strategy should have its focus. He points out that a company must differentiate between actual value for customers and *muda*,

waste. The challenge within a big organisation is to define value for each part of the organisation and to make sure that different value streams do not cancel each other and that each part of the organisation has a focus on the end-customer value proposition. Allen confirms this and says that the customer defines value. He emphasizes that a company must know how the customer defines value and that it is the responsibility of the supplier to know what value means to the customer.

3.2.6 The problem of sustainability

As the title of his article indicates, Stamm (2004) believes that many organisations only become “Kinda, Sorta Lean”. As the amazing tale of lean was told around the globe, many companies started lean initiatives. Stamm identifies the greatest problem within organisations to be the sustainability of these programs. According to him, companies see great difficulties in implementing the fundamental ideas of lean thinking.

Bhasin and Bercher (2004) stress that lean must be viewed as a long term journey and that the very essence of lean is that it is a never ending process of improvements. Although knowledge and the right tools are important, the authors conclude that the cultural transformation and the general viewpoint on lean cause the biggest problem when implementing lean.

3.3 Summarizing the theoretical framework

“The purpose of lean thinking is not to cut your cost or inventory, but to change your strategy.”

Art Byrne, veteran production executive

Above, theories on implementation of strategies, change and lean in specific have been presented. In order to make the chapter more comprehensive and to make it easier for the reader to follow the analysis of the empirical information, which will be presented in the next chapter, *Chapter 4: Empirical Findings*, this final part of the theoretical chapter will summarize and evaluate similarities and differences in the described theories. The figure below shows which topics are brought up by both strategy and lean implementation theorists and which topics have been exclusively discussed by lean theorists.

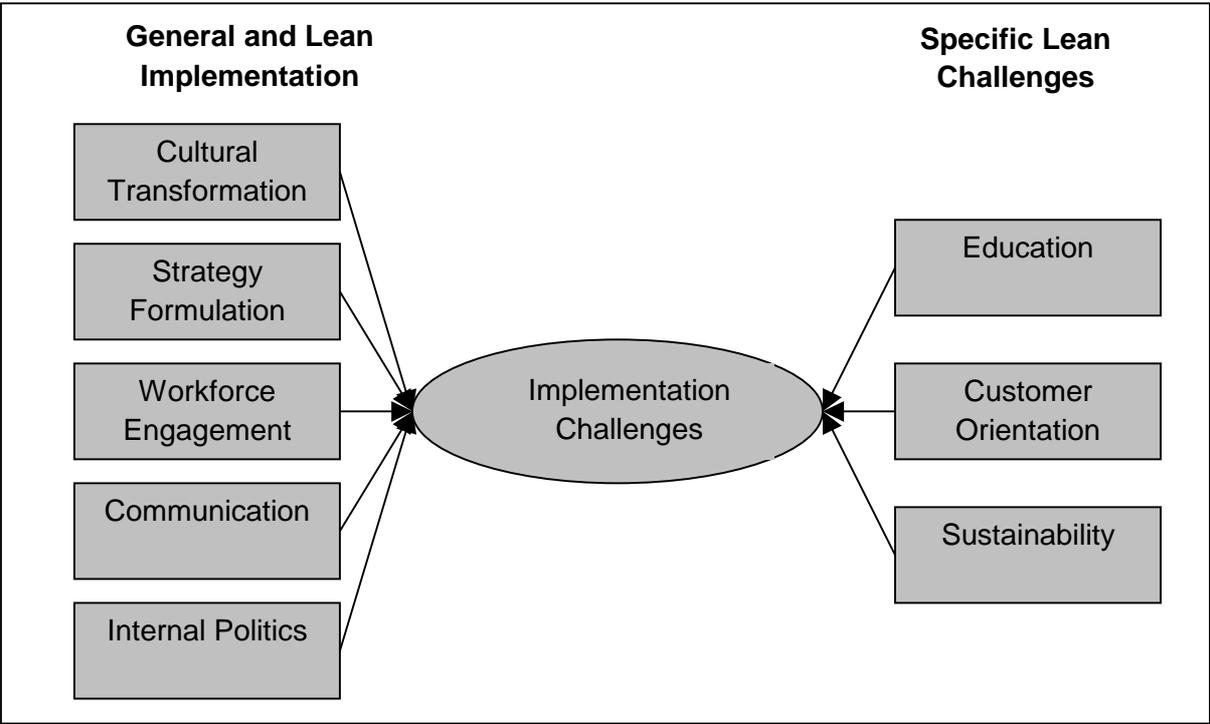


Figure 3:2 Implementation challenges

Generally, all theorists describe implementations to be characterized by the challenge to overcome cultural resistance. Whether it is to get workers to start thinking in terms of lean or changing their attitude towards a new strategy, the one factor that is mentioned by all authors

is that a cultural change has to be made. Further, all authors describe the issue of formulating and communicating a new way of doing things as very important. Every change has to be formulated in a way that all parts of the organisation understand what exactly is meant to change and how it is going to affect them personally. Further this information must be communicated in a comprehensive way. Communication then also plays a central role in an implementation process as the organisation must create a forum where ideas and criticism can be absorbed. All authors also call for the engagement of the workforce. Lean thinking itself calls for an engaged workforce as the idea itself is built on continuous improvement. Also, strategy theorists emphasize the important that the workforce is engaged before and during a strategy implementation.

However, there are some issues that stand out from the theoretical literature about the implementation of lean compared to traditional strategy implementation. One issue is the education of the workforce. Lean is not only a strategy that changes the course of the company; it affects all areas within the company. Employees need to change their way of thinking and their way of viewing processes within the company. Further, it is very important that employees fully understand the concept of lean in order to understand its benefits for the entire company. Therefore, lean theorists emphasize much stronger that education has to have a high focus in a lean implementation process.

Also, lean theorists point out that lean initiatives have to be customer oriented. As lean is built up by the idea that a company should only create exactly the value the customer wants, it is utterly important that there is a strong customer focus during the whole implementation process and thereafter.

Finally, the issue of sustainability is pointed out as a key issue within lean. Of course, this is surely an issue for many strategy implementations but lean literature has found that companies introducing lean have substantial difficulties in sustaining the idea of lean within a company. This sustainability problem is obviously a result of the earlier obstacles and challenges mentioned but as many theorists especially put emphasis on this issue, it is of importance to do so in this study as well.

4. Empirical Findings

In this chapter the empirical material will be brought forth. First there will be a presentation of the organisational structure of IKEA and the interviewees' roll in this structure. Second, the implementation process will be described, including deeper descriptions of special interest areas. Finally, the present situation will be described from the perspective of the different respondent groups and different features of RSP will be discussed.

4.1 The respondents' role in the IKEA store

The three respondent groups in this study have different roles in the store that are all affected by RSP. To bring deeper clarity in the following presentation of the empirical findings, this chapter will commence by first introducing the organisation of an IKEA store and the organisation around it and thereafter present the specific functions of the respondents.

4.1.1 IKEA of Sweden and Service Office

To understand the surrounding in which IKEA stores operate, this part aims to explain two other parts of the IKEA organisation that directly influence stores in some way. The first, IKEA of Sweden (IoS), is situated in Älmhult in Sweden and it is within this organisation that product development takes place. IoS is divided into the separate business areas just like the stores are. For each business area there are several functions within IoS. These include Range & Product Development, Competence, Business Steering, Purchasing Co-ordination and distribution services. It is also at IoS where Packaging technicians work with the development of packaging solutions for all products.

The Service Office (SO) represents the central sales organisation for each country. Stores are usually in close contact with their SO's as they are responsible for selecting the range of products to be sold and price setting and implementation. They also perform activities such as gross profit simulations, sales forecasts and monitoring of competitors (Inter IKEA B.v. systems, 2007).

4.1.2 The organisation of an IKEA Store

In *figure 4:1*, the organisation chart of a standard IKEA store is presented. Such a store typically consists of eight "divisions". The executive store management group is made up of the store manager and the managers who are responsible for each division. Two sales managers are represented in the store management group, the furniture manager and the market hall manager. Besides them the HR manager, Logistics manager, Com & In manager,

Operations manager, Food & Beverage manager and Customer Service manager make up the store management team.

It must be pointed out that some organisational differences might occur from store to store depending on the size of the store. Smaller stores with a sales volume below 50 000 m³ often have a combined sales manager for market hall and furniture, other functions as for example the HR manager might be underlined the operations manager.

The divisions that are of interest in this study are the market hall, the in store logistics and the Com & In. Within the market hall, several so called Shopkeepers are responsible for the different business areas. These managers are marked as SK BA 8, 9, 10 and 50 in the organisation chart. As the aim of this study has been to investigate the implementation of RSP, a decision was made to interview one of the shopkeepers of the market hall. The reason for this decision is that these managers both have an overview of the entire store organisation but also work on the shop floor on a daily basis and have the knowledge of what consequences the implementation of RSP has had on their business area. Following a suggestion from Inter IKEA, the shopkeeper of BA 08 was chosen. BA 08 is the textiles department within an IKEA store. The second function that has been interviewed is the in store logistics manager. As many of the potential gains from the RSP implementation lie in the logistical work, the choice was very natural. The last respondent is the Com & In manager. The reason for this choice is besides their active role in decorating the store also what IKEA calls the commercial team. For each BA, a commercial team exists. The members of this team are the shopkeeper, a logistics representative and a Com & In representative. As many decisions that have to be made around one business area influence all these functions, the commercial team is an official forum for decision making where all parties are represented.

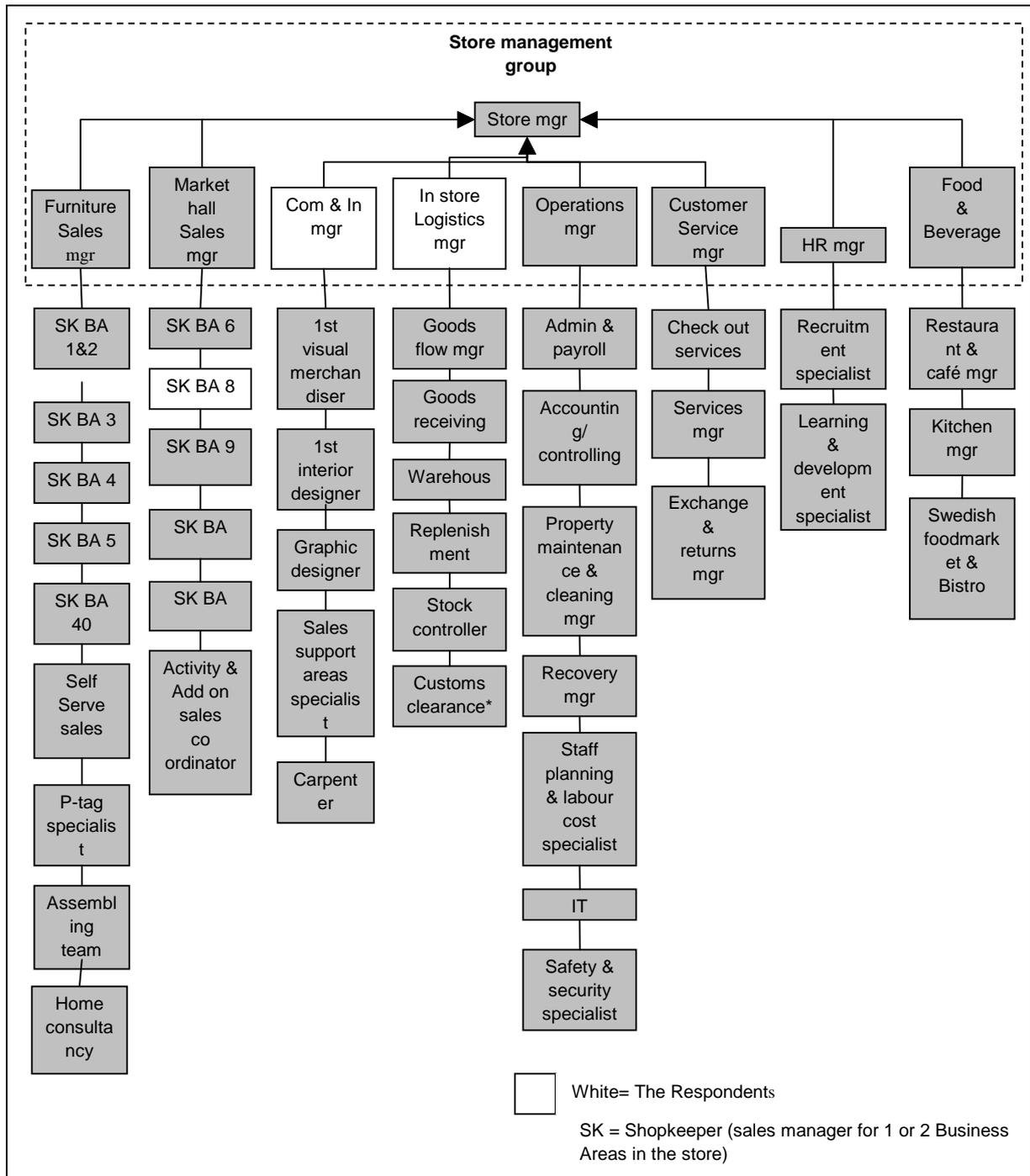


Figure 4:1 The IKEA store organisation (adopted from Recommended Store Organisation, Inter IKEA B.v. systems, 2007-01-20)

4.1.3 The In Store Logistics Manager

The logistics manager and his or her team are responsible for all in store logistic activities such as receiving and unloading trucks as well as securing stock accuracy. One of the duties of the in store logistics team that is of particular interest in this thesis is the refilling of all sales spaces in the store's market hall. It is in the market hall where RSP is used the most and

also where BA 08 is situated. Between five am and ten am the in store logistics team unloads arriving trucks and drives packages into the store to replenish products for the store to be prepared for meeting customers.

4.1.4 The Com & In Manager

The Com & In manager and his or her team are responsible for the store communication and the aesthetic expression of the store. They consult the sales and logistics department in the creation of showrooms, product placement and position of price tags. The placement of a certain product is carefully planned from a sales, logistics and aesthetic perspective. Com & In collaborates with colors and light in order to make the products as attractive as possible. Com & In provides an important perspective to the study, especially when it comes to RSP features in the interaction with customers.

4.1.5 The BA08 Shopkeeper

The manager and his or hers team conduct price tagging of goods, advice customers and enable self service for customer. One task of the shopkeeper that is of particular interest is the management of sale spaces to maximize the direct flow from truck to sales location. Sales, Com & In and Logistics all depend on each other in order to create a successful store. During the mornings the sales personnel assist the logistics personnel by unpacking and refilling products in the store and during the evening they prepare the store so that in store logistics can drive in with the new goods the following morning.

4.2 Goal vs. Reality

In the initial contact meeting with IKEA, the representative of Inter IKEA stated that the goal was that stores should use 100% of the RSP available in their range. This number was used as a point of reference when evaluating how far stores have come in their implementation process. As it was also in the interest of IKEA that this study was conducted, the expectation was that stores would not use all of their available RSP solutions. Confirming this expectation, the study finds that stores on average use about 67,5% of available RSP solutions according to logistics and Com & In managers. The shopkeepers respond with a average use of 74,3% at BA 08. Note that the respondents have been estimating the answers since there are no measurement tools. Nonetheless the finding was the first and most important as it justifies the entire study. This number essentially means that looking at products that are delivered to the store in RSP solutions, the stores actually use around 70% of these solutions. The remaining 30% are still unpacked and the packaging solution is not used in the way it is

supposed to. Below the exact answers to the question of how much of available RSP solutions are used is shown. The figure presents each group of the respondents i.e. Logistics, Com & In and Shopkeepers. The shopkeepers have been asked to state to which extent RSP is used in their business area.

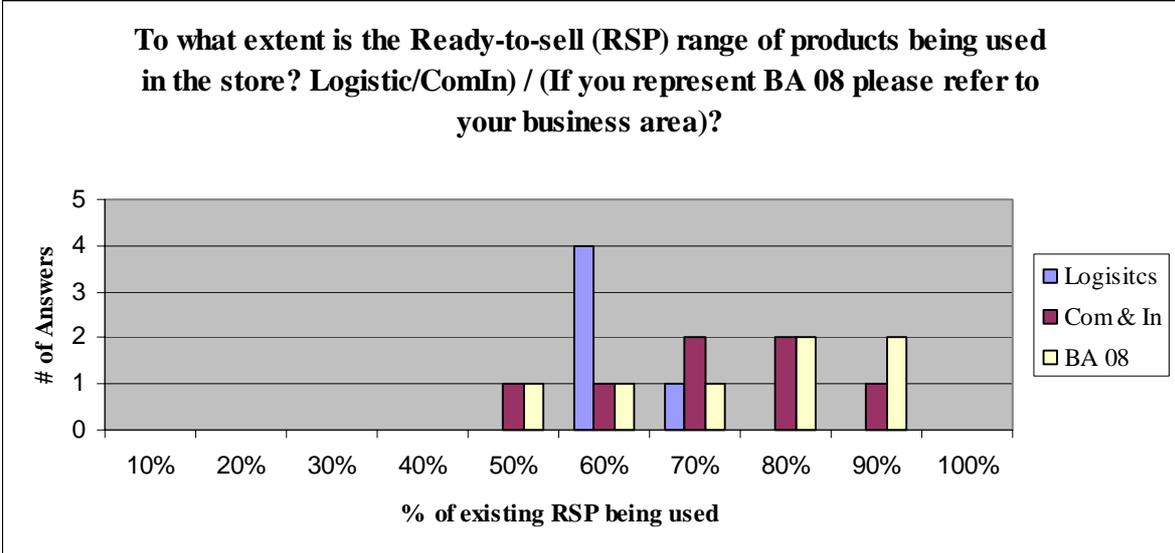


Figure 4:2 Usage of available RSP in IKEA Stores.

There is a decline in number of answers in comparison with participating respondents, 19 of 20 respondents have been answering the question. The decline can be found among the logistics managers where one manager did not answer. Among remaining results from the questionnaire that are presented in the empirical part, all 20 respondents have answered. This is valid for all questions except for question C presented in 4.3.1 *Effects on each respondent group*, more information can be found in that part. Note that logistics managers estimate a lower usage rate than the other respondents.

The empirical information collection has focused on two areas. First, it aimed to show what the implementation process has looked like, second and most important it aimed to find the reasons why the implementation degree did not meet the desired 100%. Using the interviews and the questionnaire different areas of interest were explored during the collection of the empirical data. These areas which are shown in the interview guide (Appendix 1) came from the prior theoretical study within both strategy implementation and lean implementation. A total of four main areas of interest were brought together. The first was education, meaning that the study aimed to find out what education managers and other staff had received within RSP and how the interviewees perceived the current knowledge level at their BA. The second area of interest was what directives the store had been given concerning the use of RSP. The

third area was communication. Here, the goal was to find out how the communication around RSP works in the organisation, both in store and upward the organisation. Finally, it was attempted to obtain a general picture of the attitude towards RSP in the stores. All these areas will be further elaborated on below, but first there will be a short description of the overall implementation process giving the reader a general picture of the sequence of events during the implementation.

4.2.1 The beginning of the implementation process

A majority of the respondents first came in contact with RSP and lean retailing around the year 2007. There are some exceptions where respondents came in contact even earlier. However this is only because these employees were holding positions within other parts of IKEA at the time. In a few cases the respondents were new at IKEA and could therefore not contribute with this information. The vast majority confirm that their initial contact with RSP was through information and education material that was sent out to stores. One respondent claims that products started to get delivered in RSP before any information had arrived about the upcoming changes. These respondents do however mention it was only a very small number of products that initially came in these new packaging solutions before the information material arrived and that the real implementation started after the information material had arrived at the store. How the initial education was carried out and what directives were given to the stores will be described further below. Since 2007, the number of products that are delivered in RSP solutions has increased steadily. A majority of the respondents still see the implementation process as ongoing, even though it has been going on for over two years.

4.2.2 Education and information

Before the implementation of RSP started, information material was distributed to the stores. The aim was to increase competence and awareness regarding RSP. A lean retailing pack was developed. The package consisted of two booklets, “Show it” and “Handle it” as well as a DVD. The first booklet “Show it” existed since earlier and discussed how products were supposed to be merchandised. The other booklet “Handle it” gave the employees information about what RSP is, which products that are delivered in RSP and how these should be handled in terms of unpacking. The DVD included a more in depth explanation of RSP. When discussing the received information during the interviews, a great majority mentions that they have been taking part of educational movies and folders regarding RSP and lean retailing.

Following this initial information package, IoS sent out trainers to each store that trained two or three employees extensively in RSP. These three employees were then responsible for training the rest of the staff at their store. The people that were selected to train employees were usually a mix of both logistics and sales representatives. To what extension this employee training was carried out and who took part of the training varies from store to store.

“We never carried the education through //...// the logistic manager got another mission.”

(Manager BA 08, 2009)

The quote above comes from a store where the employee training was never carried out after the three chosen employees had been trained by IoS. One of the BA 08 managers is not aware that there even was any specific RSP education for the personnel in the beginning. When asking the interviewees about this education, some have problems remembering the exact way it was carried out but many do recall there being training of staff in the beginning. They give a common picture that it was mainly full time employees from Sales, Com & In and Logistics that participated in the training.

During the implementation process, further training of employees has taken place. There has been a specific Lean retailing training, that mainly shopkeepers and other managers have done. In addition, the issue of lean retailing has been included in other staff training. In some stores new employees are educated in lean retailing and RSP, they then participate in a short version of the above mentioned education. Again the use of these trainings varies from store to store. The stores that train new employees tend not to educate the employees that have been there for a longer time. One respondent argues that there is no reason to educate this part of the personnel.

Our questionnaire reveals that only three of the managers (15%) fully agree that the personnel in their apartment have received all necessary information and education they need in Lean retailing and RSP packaging. There is a clear emphasis on markings from seven to eight, 70% have answered in these categories. The overall average is 6,95.

When the respondents (manager) are asked if they have received all necessary information and education they need in Lean retailing and RSP packaging four of them answer that they fully agree, the majority (65%) states an eight or nine and the overall average is 8,4. Note that managers believe themselves to have received a more necessary level of education and information than their staff.

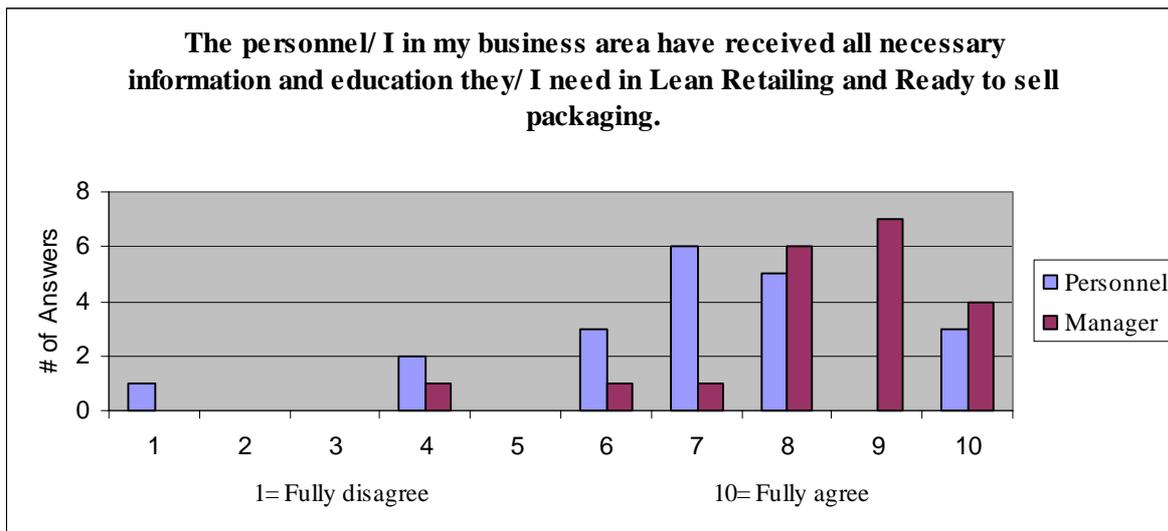


Figure 4:3 The respondents' opinion concerning received information and education.

4.2.3 RSP Directives and measurement tools

“I have been missing clear directives regarding the share of RSP products to be used”

(Logistics manager, 2009)

Even though the respondents came in contact with RSP at the same point of time there is no homogeneous picture whether they received any concrete directives of how to use it and from whom these directives came. Based on the interviewees' experiences there was a clear lack of directives and goals regarding RSP solutions. Almost none of the interviewees can recall receiving clear directives about how much of the available RSP should be used. There were only two exceptions. One respondent had been given directions that all available RSP was to be used for the top 20 selling products. A respondent from another store had received directions of how many square meters that should consist of RSP. The majority claims that they have made up their own goals of how much RSP should be used. The most common goal is that it should be used as much as possible without any clear quantification of that number. Another common goal is that the 20 top selling products should use RSP solutions if available.

As a result of the lack of directives, there is also an obvious lack of measurability for the use of RSP solutions. None of the logistics managers had received any tools to measure the extent of RSP that was used in the store. Also, there was a common opinion that it would be very hard to measure how many percent of available RSP solutions were in use as the only way this would be possible would be to go through the entire store and count which RSP solutions

are in use and which ones are not. The quote below refers to a list that is posted on IKEA's intranet that tells employees for which products a RSP solution exists.

“A big weakness with RSP is that the list of which products that are available in RSP is only updated once a year /.../ it is hard to find and not reliable.”

(Logistics manager, 2009)

This list is used by very few managers and none of the managers had an updated list on the exact percentage of available RSP solutions they were using in the store. Further, none of the managers had taken an initiative to create an own measurement tool to keep track of the RSP usage. As almost none of the managers felt that they had been given a clear directive, they also did not feel the need to have an exact number of RSP that was in use. This was much in line with the overall idea that RSP should be used “as much as possible”. Also, some respondents mentioned that other goals, such as sales or productivity, within the store were seen as more important and as long as those goals were fulfilled there was not that much focus on RSP.

4.2.4 Communication upward in the organisation

Throughout the implementation process, there have naturally come up different issues regarding the quality and features of RSP solutions. In the interviews, there was an objective to find out how potential problems and other issues were communicated within the store and upward the organisation. To clarify what these issues could be and to exemplify the discussion, two different problems are presented below that have been pointed out by different interviewees as current issues regarding RSP:

1. The personnel often discovers imperfection in the design of the packages, one example are that the packages conceal the products. *Figure 4:4 A* shows a package that only has windows placed on the longer side and no window facing the customers coming from this side.
2. The RSP package presented in *Figure 4:4 B* not only conceals the products but also reveals that RSP requires regular service from the personnel in terms of disposing package material. The way the respondents communicate the imperfection of the package design upwards in the organisation varies.



Figure 4:4 A and B Failures in RSP designs

Different ways of communicating

There seem to be different ways of handling this type of information within the store. The interviews show that there is a big variety in who is responsible for communicating problems upward in the organisation. The different ways are presented below:

1. The shopkeeper: In some cases, the shopkeeper is responsible for communicating upwards. This means that staff at the BA report problems to them, and they then forward it upwards. In this alternative, other involved departments such as logistics and Com & In report issues to the shopkeeper.
2. The logistics manager: In some stores, it is the logistics manager who is responsible for reporting issues upwards in the organisation. In this case, all other areas report to the logistics manager who then forwards the information.
3. Multiple managers: In some stores, both the logistics manager and the shopkeeper say that they report issues upward the organisation. In these cases they do not suggest that there is any communication between the departments in case of a qualitative issue or something similar.
4. Expert at BA: In some cases, the shopkeeper describes that they have one or two employees within the department that are responsible for reporting issues upward in

the organisation. The way these shopkeepers talked about this, suggested that it was often the employee's own initiative to do so more than that the shopkeeper had assigned him or her to this particular task.

5. No communication: Two stores reported that there was almost no communication at all upward the organisation. Their argument for not doing this was that they believed that the upper organisation did not have the time to look at particular issues from every store and they thought that they did not want to swamp the inbox of somebody working higher up the organisation.

Apart from there being differences in who is responsible for communicating upward the organisation, there are also two different channels that are used. These are described shortly below and illustrated in *Figure 4:5*.

1. The first way of communicating is through a direct e-mail to the responsible for packaging designer within the business area at IoS.
2. The second one is a two step communication where the store personnel communicates with the range leader at SO who passes on the information to IoS.

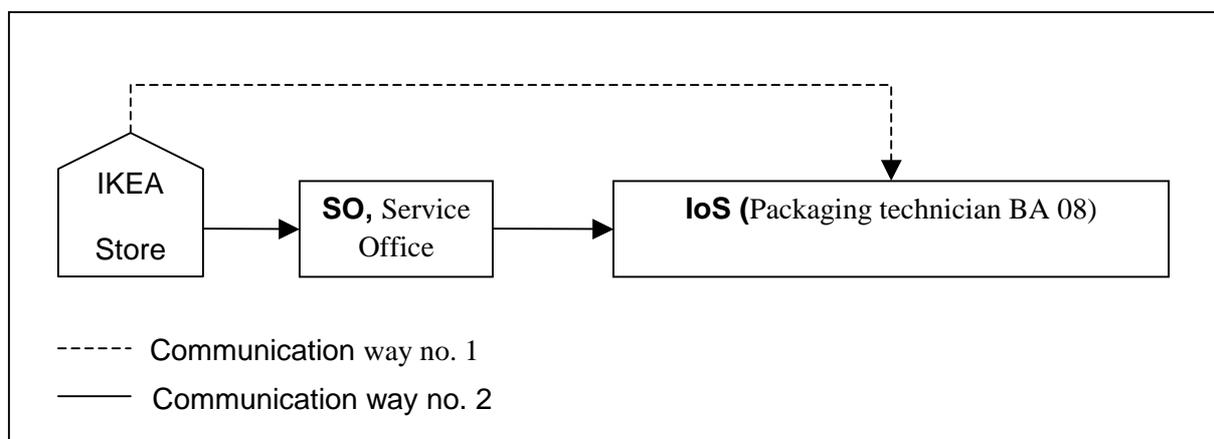


Figure 4:5 Communication from store to SO and IoS.

Regarding the fact that there are two ways of communicating and that there are four different functions responsible for communicating, this means that there are actually eight different communication schemes. Added to that, there is also the option of not communicating at all.

Feedback

The respondents have very seldom received feedback from their opinions of the shortcomings of the package design. Sometimes there is a change in the packaging design and the new package pops up in the stores a couple of months later. Even though the information is received by IoS and in many cases acted upon, the respondents are often unaware if their comments are executed or dismissed.

In the questionnaire the respondents are asked to state if the personnel in their business area were given enough opportunities to communicate weaknesses or problems regarding RSP upwards in the organisation. The table below indicates a focus on the higher half of the scale, where 75% of the answers are gathered. Only 15% fully agree that the personnel have had enough opportunity to communicate weaknesses or problems regarding RSP upwards in the organisation, the average is 7,25.

The managers have a higher average of 7,8 and 85% of their answers are on the higher half of the scale.

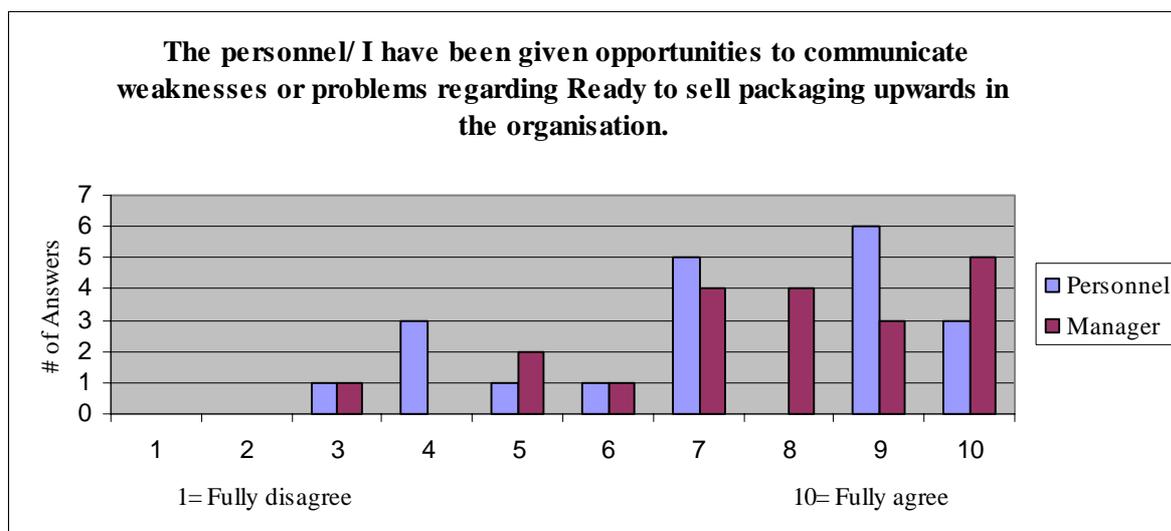


Figure 4:5 The respondents' opportunities to communicate weaknesses upwards in the organisation.

4.3 Present situation

The respondents state that there was a lot of resistance towards RSP in the very beginning. Today, in some stores RSP has become the firsthand choice and is utilized to a wide extent. In other stores the resistance remains, one of the shopkeepers explains it as:

There is still much to be done regarding the attitude/.../ this case is about aesthetics and expressions; something that is very close to peoples' heart.

(Shop keeper BA 08, 2009)

Another respondent mentions that if somebody has been replenishing glasses by hand for 35 years it is hard to change this habit over night. Except for the change of old routines and aesthetical expressions, there seem to be tendencies that a lot of the resistance is caused by ignorance regarding IKEA's strive to improve their efficiency. One of the respondents claims that those who are sceptical about RSP fail to see the impact it has on the entirety of the supply chain; from manufacturer to customer.

Even though it is clear that there was a resistance against RSP in a lot of the stores in the beginning of the implementation, the interviewees have witnessed a change where RSP is now used as much as possible. One of the respondents describes it as a paradigmatic shift in the employees' view of packaging.

In the questionnaire the respondents were asked to state their opinion about the general attitude towards RSP. 11 (55%) of the respondents fully agree that they have a positive attitude towards RSP, this leads to a average of 9,2. When asked about their personnel's attitudes 13 (65%) have marked an eight or a nine, consequently an average of 8,5 was received. There is a slight difference to be spotted between managers and employees regarding the attitude, only four of the managers fully agree that their personnel have a positive attitude; still both average values can be considered as high.

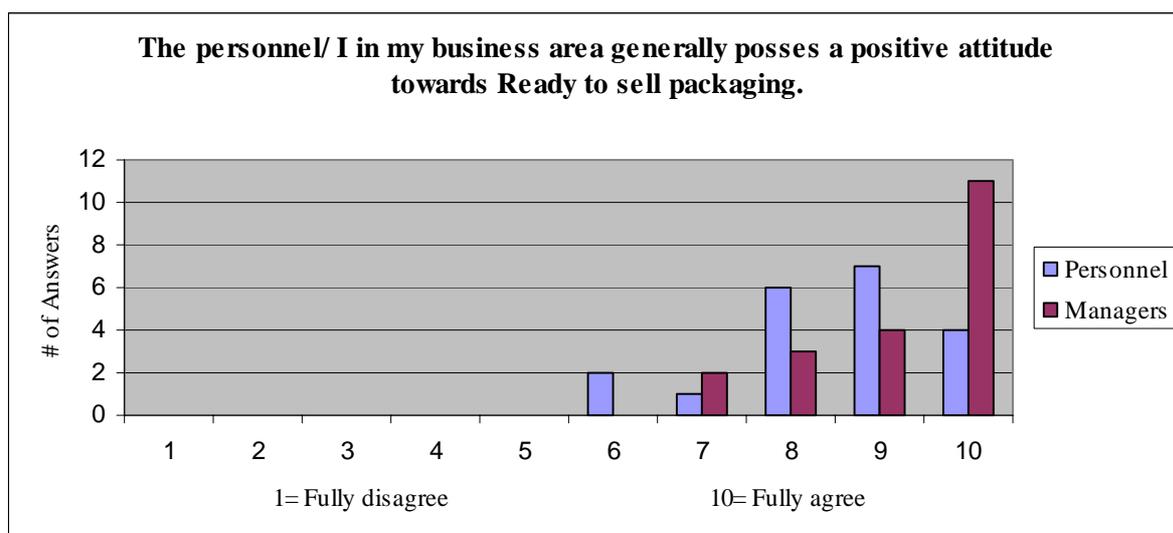


Figure 4:6 The respondents' and their personnel's attitude towards RSP.

The scheme reveals that 40% of the respondents fully agree when asked if they experience RSP easier to open than normal packages (QA). When asked if RSP is easier to identify than normal packages 32% marks a 6. The respondents seem to have a rather split opinion regarding the statement (QB). The opinions regarding the handling of leftovers from the reloading and unpacking process (e.i. Cartons, Pallets) and whether it is easier with Ready to sell packaging in comparison to normal packaging varies (QD). Question QC only 19 respondents have answered, one of the Com & In managers marked no answer in this question.

4.4 Three different views

During the interviews, the features of RSP were mentioned in various contexts. The reflections and opinions that were presented are hard to categorize in terms of whether it is a logistics, Com & In or shopkeeper related problem. However there are some reflections that have been brought up that only are valid for one or two respondent groups. Below each group will be presented and how their work process has been affected by RSP. These parts will also bring up problems or benefits that respondents in the group have mentioned. Even though they are described under one category, other respondents from other respondent groups might have mentioned the same subjects in the interviews.

4.4.1 The view of the logistics manager

“It’s easier and faster to refill /.../ there is also a positive work environment effect in the sense that you avoid injures /.../ this is only a win-win”

(Logistics manager, 2009)

The quote above is an answer to the question of how RSP has affected the respondent’s work process. The opinion that RSP makes the refilling process easier is mentioned by a great majority of the respondents. The reflection over the work environment benefits is however only mentioned by one respondent. This respondent mentioned sheets as an example. When they are delivered in a tray (RSP), the personnel only need to do one lift to place the product in the shelf. Without the solutions the sheets would come in a carton from which the personnel then would put up one or two at a time which takes longer time and may cause back injuries.

Another aspect that came forward during the interviews was the improvement of the store’s density. The expression means the number of articles that are fitted in the store. With an RSP package the density is often increased, due to the fact that RSP packages often hold more

articles than a conventional bin hence the need of refilling is reduced. This saves time during the hectic hours between five am and ten am.

The respondents also discussed the fact that they do not need the same number of personnel in the morning to execute the replenishment of the store. A speaking example of this is BA 10 which is one of the BA's with the most RSP seen to the number and volume of articles. Earlier the area required at least four employees during the replenishment process. Thanks to RSP the BA can now be refilled by one or two employees.

A tangible drawback with RSP is the increased amount of packaging material that is left in the store. From a logistics point of view this has increased the back flow of wellpapp. The problem affects the sales personnel more since they are responsible for keeping the BA clean. This issue will be discussed in detail under *4.3.4 The view of the Shopkeeper*.

4.4.2 The view of the Com & In Manager

“It has become a greater challenge since it (RSP, author's note) demands more of us due to the design of the packaging”

(Com & In manager, 2009)

To combine RSP solutions with aesthetical views and opinions is a challenge for the Com & In manager. According to the interviews, RSP requires more of the respondents when preparing the presentation of products, especially in the showroom areas where high priced products like leather sofas are supposed to stand next to carton coloured RSP's. In the market hall it is easier to combine RSP with the surrounding products since they are often in the lower price range.

The Com & In managers and their teams have been affected by the decreased flexibility that an RSP solution often has in relation to conventional packaging. The solutions are often delivered on a pallet which means that the planning process becomes more standardised and less flexible.

The respondents mention the importance of how the store is planned and how hard it is to combine conventional packaging with RSP. By including RSP in the initial planning of an area it is easier to secure the aesthetical standard and control which impression the customer receives.

One of the managers experiences that the packaging technicians at IoS have had too much emphasis on the RSP's logistical effects and thereby excluded the customer experience. The message is that they ought to focus more on which impression they want the customer to receive.

“It would be good if the products that arrive in RSP packages were divided in categories, one for the market hall and one for showrooms/./ it is better from a aesthetical as well as a customer friendly perspective since there are no body to keep track and clean up around the RSP in the showrooms as there is in the market hall.”

(Com & In manager, 2009)

The quote reveals a theme that has been presented by many respondents in the interviews; the already mentioned difficulties to combine RSP and furniture in the higher price range. It also reveals that the respondent experiences that it is easier to use RSP in the market hall than in the show rooms, since there is more personnel to maintain the RSP i.e. take away and pick up package material.

Even though RSP increases the density in the market hall there is a wish that RSP solutions would come in a wider range, meaning that the store should be able to order RSP solutions in different quantities. Through this solution each store could order an amount that would satisfy their local demand. Placing a whole pallet of products that take a month to empty is not effective since it takes away space that could be utilized by other, better selling products.

4.4.3 The view of the Shopkeeper

“You win a lot of time in the morning during the refilling/.../ during the afternoon it is more trash to collect/.../ it is hard to judge if we win time in the long run but in a wider perspective has RSP increased the efficiency.”

(Shop keeper BA 08, 2009)

The respondents agree that they save time during the morning since RSP in most cases is easier and quicker to unpack. However the opinions of whether or not their BA has saved time in the long run varies, due to the increased amount of leftover packaging material from RSP products. Often stores have their waste central in the back of the shop which means that sales personnel must go through the shop to dispose the packaging material. Trash is often collected on a pallet in the business area and emptied three or four times a day. An alternative solution

to this problem was used by one store that had hired an external partner to collect trash in the store.

It is not exclusively in the morning that RSP facilitates the work for the shopkeepers and logistics. During the evenings there is also time to win. Since RSP often is placed on a pallet it makes the sales personnel's job during the evening easier, they can then faster remove empty packages and prepare for the refilling in the morning. Earlier they had to empty bins and drag them to position that enabled the logistics personnel to drive in with their trucks the next morning.

The general attitude towards RSP seems to be positive even though there are some negative aspects that unite the shopkeepers. In addition to the earlier mentioned problem with the quantities of RSP, there is a problem with varieties in packaging. Since one product type can be manufactured by different manufactures they sometimes arrive in different packaging. The sales personnel experience difficulties to combine different RSP solutions as well as RSP with normal packaging.

Another drawback that has been mentioned is the poor design and quality of some RSP solutions which make it hard for personnel to use them. One respondent expresses it as:

“Most of them are good when they are filled up, the problem occurs when more than half of the products have been sold../the question then arises if we should cut the package in half or if the customers should bend over the edge to reach the product.”

(Shop keeper BA 08, 2009)

The respondents also mention that the design of the RSP packages limits their options of where to place products.

5. Analysis

This chapter will integrate the thesis's theoretical and empirical findings. The purpose is to review IKEA's implementation process and current situation from a theoretical perspective. In the end of the chapter a summary of the chapter will follow.

5.1 Integration

The four areas of empirical findings i.e. education and information, RSP directives and measurement tools, communication upward in the organisation and attitude among the respondent toward RSP, now will be reviewed from a theoretical point of view. The review will be conducted through an integration of empirical findings and theoretical findings in four separate clusters presented under the column named analysis integration in *figure 5:1*.

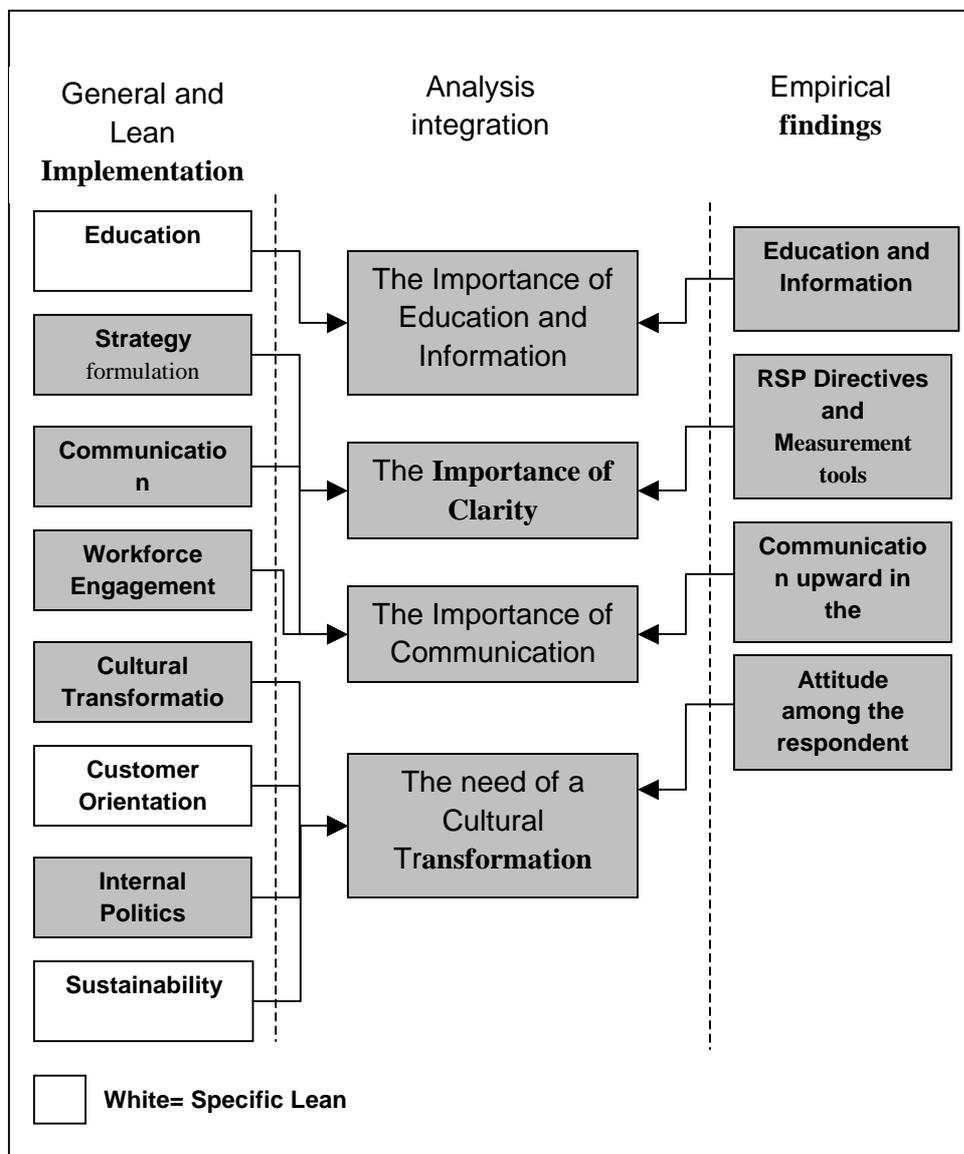


Figure 5:1 Analysis Integration

5.2 The Importance of Education and Information

Sawhney (2005) says that knowledge about lean thinking in an organisation is crucial to carry an efficient implementation process through. IKEA provided their staff with knowledge in the beginning of the implementation process by educating two to three managers in each store, who were then responsible to transfer the knowledge further to chosen parts of the workforce. This can be compared to Allen's (2000) reasoning. He emphasizes the importance of empowering people in the organisation that add value to the organisation. The chosen managers could also be viewed as Kingpins (Kim & Mauborgne), meaning that when they are motivated, the rest of the employees will follow. Through this way management reduces costs related to information campaigns.

Parallel with the education, a lean retailing package was sent out to the stores, consisting of two short folders and a DVD. Very few of the respondents seem to remember the content of the information that was sent out. Alavi (2003) mentions the importance of in-depth training and points out that shallow information is not enough. The fact that the respondents do not remember the content of the information could be interpreted as a lack of in-depth training. Considering the two years that have elapsed, the respondents might also have forgotten.

“A lot of the resistance towards RSP is due to that the employees do not realize the whole cost saving effect with RSP”

(Logistics manager, 2009)

Today future shopkeepers receive a lean retailing training and in some stores all new employees receive a shorter version of this education. However the questionnaire reveals an average answer of 6,95 when the respondents were asked to state to which extent their personnel have received enough education and information. The respondents own view of received education and information showed an average of 8,4. The lower average in received education and information among the employees is also confirmed in some of the interviews. An example is mentioned above where a respondent expresses his or her thoughts regarding reasons for resistance towards RSP. An increased education would probably have given employees a better picture of the gains of RSP in and outside the store. Based on the theoretical reasoning concerning the relationship between knowledge and an efficient implementation process, IKEA could have gotten further in their implementation process if they would have emphasized more on education of the personnel. The way education is carried out creates a knowledge gap between shopkeepers and their personnel. In the

education the participators receive not only knowledge about RSP but also an explanation to the change. This is crucial in order to create an understanding and a motivation to go through with the implementation. The employees who do not receive this education may work against the change since they do not understand the overall purpose with RSP. This is a factor that makes it harder to get the whole organisation onboard.

5.3 The Importance of Clarity

In the empirical material there were no clear signs that concrete directives or goals have been communicated to stores in combination with the implementation of RSP. Kim and Mauborgne mention “expectation clarity” as a crucial factor in strategy execution. It is of great importance when a new strategy is implemented that the management clearly communicates this strategy and their expectations. As identified in the theoretical chapter, there is also a need for overall clarity in an implementation (Beer, 2000). By not giving clear directives this attribute is not fulfilled and will cause problems. Consequently, the implementation process has failed in this respect. The lack of goals and directives is a weak spot in the implementation of RSP and lean retailing at IKEA. In the absence of goals and directives a lot of stores have created their own targets, among these the most common were to use it as much as possible and that the top twenty best selling products should be using RSP if available. If the goal of 100% RSP was better communicated the amount of RSP would probably increase from today’s average on 70%, taking into account that there is an overall positive attitude towards RSP in most of the stores.

In addition to the lack of directives there has also been and still is a lack of measurement tools for store employees. Worley and Doolen (2006) mention resources, information and an implementation plan as three parts that management must provide employees with. Resources include tools, time and material. None of the logistics managers or sales managers was using any measurement tools for RSP. Taking into account in which areas RSP has an impact, it could be appropriate to measure for instance the number of hours saved by RSP. Further, it could have been useful to have a tool to measure the actual degree of usage. As many managers described, the process of checking whether RSP solutions are used is very time consuming and therefore not prioritized. If there had been measurement tools, these could have been used to create the success stories that Alavi (2003) refers to as important in order to enhance a cultural transformation. There is also no measurement tool that directly shows which impact RSP has on sales. With none of these measurement tools present, it can be

difficult for a single employee to comprehend the impact of RSP solutions in their department and a result of that is that the cultural transformation is slowed down.

“We are in an urgent need of a clearer implementation process, with a starting date as well as a well defined goal”

(Logistics manager, 2009)

The third factor mentioned by Worley and Doolen is the implementation plan. The quote reveals the purpose with an implementation plan. Besides informing the employees of how the process will work out it also points out when different degrees of implementation should be achieved. Instead of just setting an end goal of 100%, there could be goals on the way. There could have been goals such as 75% after year one, 90% after two years and full implementation after three years to clearly show what progress is expected and believed to be realistic.

Worley and Doolen also mention the importance of ownership. It should be clear who owns the question and is responsible for the different parts of the implementation. The interviews reveal that a majority of the respondents experienced that RSP mainly has been perceived as a logistics question and that logistics has possessed ownership in the question. This could make sense since RSP originally was a logistics and supply chain question. However, regardless of its background the implementation of RSP might until today have had worked out more efficient if the sales department in the store would have owned the question or at least felt some kind of ownership next to logistics. Due to the fact that they are responsible of planning the store layout this would have had big importance in order to increase the number of RSP products being used. Putting the implementation of RSP in the hands of logistics has also another effect that is not desirable. It implies that possible positive effects of the implementation are only related to the work of logistics which can affect the incentives for other departments to put effort into a successful implementation.

5.4 The Importance of Communication

Even if a majority of the respondents see logistics as the driving force behind the implementation of RSP in the stores it is not clear who is responsible for RSP shortcomings. An evidence for this is the many different ways of communicating shown in the empirical part. Hrebiniak (2006) and Beer (2000), mention that an unclear responsibility structure makes the communication more difficult. Forza (1996) states that lean production relies more on communication within the staff than conventional production does. This ought also to be

valid for a lean retailing organisation and shows how important it is that personnel at IKEA are given functional communication tools. Peter Högstedt, country manager for IKEA UK mentions the complexity and bureaucracy of the IKEA organisation as an obstacle for communicating ideas and feedback. He also mentions the lack of communication tools. The quote below is taken from an internal newspaper at IKEA where Högstedt describes these issues.

“We lack formal channels for ideas. Before, when IKEA was a smaller company it was not an issue. Nowadays it is. “

(P. Högstedt, 2008)

The many different ways of communicating imperfections with RSP products indicate the lack of one functional and standardised communication way. A consequence of this is that important information concerning RSP products might never reach the packaging technician at IoS. This way faults might never be detected. An interesting point to notice is that even though a vast majority agrees that it has been the logistics department who has had the responsibility of implementing RSP, only a few stores have singled out the logistics department as the ones responsible for communicating failures and problems upward the organisation. In some stores logistics managers report upward but in most cases it is the shopkeepers or personnel in their department that do this.

As seen from the empirical information, stores have found individual solutions to communicate problems with RSP upward the organisation. There are differences in who in the store is reporting upward and to whom these people are reporting. There is an overall awareness that it is at IoS where their complaints end up but some communicate through their SO's and some directly to IoS and a few do not report at all. Seen from the recipient's perspective this can be regarded as a quite inefficient way. Also these different ways of communicating increase the probability that information gets lost along the way.

Looking at the results of the stores' upward communication, they experience that the feedback on their communication is quite poor. There are also big differences between different stores. Some said that they had a very good dialogue with IoS and some had none. A conclusion from that is that the communication upward to some extent also is based on personal relations. However, the overall impression was that feedback from IoS is poor. This obviously depends on the people at IoS but there can also be an explanation in the way of communicating. If this

process would be more standardized it could be easier for stores to follow up on their initial message and see what is going on.

5.5 The need of a Cultural Transformation

The empirical findings reveal that there initially was a negative attitude towards RSP, in some stores there is still some resistance among the employees. Even though the average value of 8,5 is high, only 20% of the respondents marks a ten (fully agree) to the statement that their personnel have a positive attitude towards RSP. Kim and Mauborgne emphasize that people who will be affected of a change have the right to be a part of the formulation process. Even though IKEA have some 127 800 employees, they could have involved key players in the formulation process. Shopkeepers, logistics managers would surely have had some good input in the formulation process. An example of a possible way of including these people could have been through some kind of forum where ideas are spread and the involved parties were given the opportunity to comment on the plans and post new ideas. Such a forum could later on have been used as a communication tool where information of the ongoing implementation process could have been spread.

Top down management that does not make use of important input from employees before and during the implementation will only slow down and prolong the implementation process. The formulation process in this case is clearly top down as stores simply one day got the information that RSP was going to be introduced to their stores and that they should start using it. And the result shows that this management style has led to problems. Two years after implementing RSP, the general attitude towards RSP is good but there are still cultural issues present. This means that it will have taken over two years to completely turn the organisation around and work in one direction. Further, this implementation style may partly be the reason why communication upward the organisation is not working efficiently. As Kim & Mauborgne point out, an employee who does not feel intellectually recognized will not communicate their knowledge to other parts of the organisation. As managers on store level were not involved in any way in the formulation process, there is a risk that they felt left out and therefore did not feel motivated to do their very best to get this implementation to work. Especially shopkeepers and Com & In managers, whose role in this implementation has often been described as quite passive, can have felt these feelings. Many of the respondents from these two groups have described that there has been too much of a logistical focus towards RSP from day one. The general picture given from these respondent groups is that they have felt that the implementation has had very much of a “push” character meaning that a decision

was made from top management to start using RSP and that it then has been pushed out into the organisation. This goes against lean theorists who say that one of the most crucial parts in lean initiative is to be customer oriented. To be lean, the focus should start with the customer and have more of a “pull” characteristic. When looking at the criticism towards the features of RSP solutions that were communicated from the respondents during the interviews, the common denominator is that the weak points either are that the RSP solution is not customer friendly or that the solution’s overall quality is poor.

As the implementation process is still unfinished, there remains a question mark about the issue of sustainability of this lean initiative. In the empirical material, the respondents show that the general attitude towards RSP has improved which is a good prerequisite for the future work of sustaining the ideas of lean. However, as mentioned before, the cultural transformation has to be entirely finished if IKEA wants to succeed in making this a sustainable initiative.

6. Conclusion

This chapter will conclude the findings of this study. Taking the perspective of the research objective, the implementation process itself will be evaluated and the analysis of the obstacles identified in the previous chapter will be summarized. Finally, some criticism about this study and suggestions for further studies will be brought forth.

6.1 Review of the research objective

This study started with the formulation of a research objective. To clarify the content of this final chapter, this objective is restated below:

The objective of this study is to evaluate the implementation process of Ready to sell packaging as a part of IKEA's lean retailing strategy and analyze the obstacles of this process.

The research objective is divided into two parts. The concluding chapter will follow this structure and first present an evaluation followed by a summary of obstacles that were identified in this study.

6.2 Process Evaluation

Looking back at the beginning of the implementation, IKEA started by sending out information material which was followed up by some employee training. After that products started to arrive in stores in the new packaging solution, RSP. Over the last three years, more and more RSP solutions have been introduced and lean retailing has become a part of several different education packages that exist in IKEA stores. Further, IKEA has not only tried to increase the number of RSP solutions but also worked with improving existing solutions. The quality and customer friendliness have been improved and the overall utilization has thereby increased. From a corporate level it has been strived to reach the goal, that stores should use 100% of available RSP solutions. Today, IKEA stores use on average about 70% of the RSP solutions that are delivered to their store the way they are meant to be used.

There are several reasons why IKEA has not reached their goal of 100% utilization rate of RSP solutions. As described in the analysis, IKEA has not been consequent in many areas. They have not been able to get a common education level at all stores. There has been no follow up on the education that was sent out to stores and there does not seem to be any tool to ensure that the education level is the same in all stores. Instead, the stores have taken own decision who should receive certain education and who should not. Very much like the

inconsistency concerning education, there has not been a standardized form of communication during the implementation process. As described earlier, there are many different ways of communicating when it comes to reporting problems or ideas concerning RSP. Again, the stores have had to make own decision how they want to communicate and also, most importantly, what they want to communicate. Looking back at the empirical material, some stores that identified weaknesses did simply not report these upward.

Another area that shows great inconsistency is the directives that have been given to stores. None of the stores knew that there was a clear directive to use 100% of available solutions and none of the stores thought that it was physically possible to use 100%. The corporate functions within IKEA however, thought this was fully possible, showing a severe communication problem between these functions. Along with the missing directives, there has also not been any measurement tools handed out to stores. All stores describe the process of keeping track of the usage rate of RSP solutions as very time consuming. There are some support functions available online. These are however only updated once a year and therefore not very useful.

Looking at education, communication and directives, the common denominator for these areas is inconsistency. There are no standardized processes present in any of them. This goes very much against the concept of lean, where standardization is one of the key success factors.

Further, the attitude has been a big problem for IKEA. Even though today most employees have a positive attitude towards RSP, this has not been the case since day one. Many respondents report that there had to be done a lot of work in convincing employees of the benefits of RSP, especially in the sales organisation and Com & In organisation. Interpreting the empirical information, the main cause for this probably lies in the fact that most stores have seen the implementation of RSP as a logistics question. All stores mention that logistics has had ownership in the question and the responsibility to get the implementation going. This also goes against fundamental lean values. Lean is meant to be customer oriented; implying that it within a retail organisation should be a sales question. If the sales organisation within the stores would have had co-ownership in the question from day one, the implementation would probably have gone much faster. Another issue that has influenced this attitude problem within the stores has been the fact that this new strategy simply has been pushed out into the stores. As stores cannot have felt any involvement in the process prior to implementation, it is not hard to realize that there was a strong resistance at first. Obviously, it would have been very hard for IKEA to involve all their stores in the formulation process, but

they could have started sending out information earlier and letting stores get used to the idea of the upcoming change.

6.3 The obstacles of Lean Retailing Implementation

The main obstacle for IKEA during this implementation process has been their general attitude towards the idea of lean. Even though the general attitude today is positive, there have been many difficulties on the way convincing employees. Lean as a concept is not formed to be a part of an organisation, it is supposed to influence the whole organisation in all it does. From this empirical study it cannot be concluded whether IKEA as a company has had the goal to become a lean retailer but within the stores, personnel certainly only sees lean as one part of their way to work. IKEA is at store level not a lean organisation, it is an organisation that makes use of some lean ideas. The question is whether the strong culture that exists within IKEA makes it difficult to implement strategies that also include a cultural transformation.

As a complement to this difficulty, IKEA has not given the stores the right tools to make the implementation successful. This gives a hint that they maybe did not foresee potential difficulties in the implementation process.

Overall many of the earlier findings within both the field of strategy implementation and lean implementation can also be found in this case study. This suggests that the different obstacles of implementation presented earlier also are valid for a retail organisation. The findings of this study show that issues such as education, communication, cultural transformation and the need of clarity are highly important in a retail organisation as well.

6.4 Criticism of this study

This study has investigated a corporate initiative. However, the empirical information collection has been restricted to one part of the organisation, the stores. This naturally weakens the study as the different opinions and facts cannot be verified by other parts of the organisation. Also, the study is restricted to Sweden and Denmark which leaves a great majority of IKEA stores unexplored. Further, the collection of empirical material in the stores has been limited to three key players within each store. The thesis would have gotten even more strength if employees would have been given the opportunity to tell their story as well. Instead, their managers have made qualified assumptions about their personnel's attitudes and opinions.

Another area which could have been explored further is the theoretical framework. The thesis focuses on issues of implementation and the theoretical framework is built on theories reflecting over obstacles of implementation. Areas such as education, knowledge and communication are only briefly mentioned in the theoretical framework as the aim of this study was to investigate difficulties of implementation. It could have given this thesis further strength if these areas were also included in the theoretical framework.

6.5 Suggestions for future research

As this study has only made a research within the IKEA stores in Sweden and Denmark, there are obviously many parts of the organisations left, in which the implementation of RSP has had an impact. It would for example be interesting to conduct a study where the impact throughout the entire supply chain is examined. Also, it would be interesting to make a comparative study in other countries and see if the findings from this study can be found in other countries as well.

As many theorists within lean mention that sustainability is a great challenge for companies it would be of interest to see a study made from a sustainability view in the future. This does not only apply for IKEA, but the research frontier within this area seems very thin for any retailing business. Also generally speaking, there is very little research on lean implementations within the retailing industry. Therefore, in order to strengthen our findings, further studies within this area would be very valuable.

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Thomas Sosinski, Senior Manager Retail Logistics, Inter IKEA Systems B.V., 2009-04-27.

19 Interviews with Logistics managers, Com & In managers and shopkeepers BA08, 2009-05-11 – 2009-05-17.

Appendix 1

Standard process questions

1. When were you first informed about the new type of packaging?
2. How were you first informed about the new type of packaging?
3. What type of information/education did you get about RSP before the implementation started?
4. Who was responsible for teaching the staff at the store about the new type of packaging?
5. How was the teaching of the staff carried out?
6. Which part of staff was involved before implementation started?
7. How far would you say that the implementation process has gone (freedom or clear directives)?
8. Were you given clear directives of how to implement RSP?
9. A. If yes, were you able to follow these fully?
10. B. If no, did you communicate your way of implementing upwards in the organisation?

Standard questions RSP?

1. What are the major drawbacks with RSP?
2. What are the major wins with RSP?

Standard questions performance measurement

1. Have you been given any tools to measure the performance of RSP?
2. Have you created any tool to measure the performance?
3. Have you been given any concrete RSP goals to achieve?

Appendix 2

Questionnaire

Please answer the questions below. Mark those answers that reflect your situation best. The results will not be published individually; hence it will not be possible for the reader to trace the origins of the answers (store or function). The questions are either formulated as questions or statements. We would ask you to mark to which extent you agree with each question or statement.

Store :

Function:

Question 1.

To what extent is the Ready-to-sell (RSP) range of products being used in the store?
Logistic/ComIn) / (If you represent BA 08 please refer to your business area)?

(Percentage)

10 20 30 40 50 60 70 80 90 100

Question 2.

The personnel in my business area have received all necessary information and education they need in Lean Retailing and Ready to sell packaging.

1 2 3 4 5 6 7 8 9 10

(1 = fully disagree 10 = fully agree)

Question 3.

The personnel in my business area generally posses a positive attitude towards Ready to sell packaging.

1 2 3 4 5 6 7 8 9 10

(1 = fully disagree ; 10 = fully agree)

Question 4.

The personnel in my business area have been given enough opportunities to communicate weaknesses or problems regarding Ready to sell packaging upwards in the organisation.

1 2 3 4 5 6 7 8 9 10

Question 5.

I have received enough information and education in Lean Retailing and Ready to sell packaging.

1 2 3 4 5 6 7 8 9 10

(1 = fully disagree ; 10 = fully agree)

Question 6.

In general I have a positive attitude towards Ready to sell packaging.

1 2 3 4 5 6 7 8 9 10

(1 = fully disagree ; 10 = fully agree)

Question 7.

I have been given enough opportunities to communicate weaknesses or other problems regarding Ready to sell packaging upwards in the organisation.

1 2 3 4 5 6 7 8 9 10

(1 = fully disagree ; 10 = fully agree)

In the following part we ask you to compare Ready to sell packaging with conventional packaging.

Question 8.

Ready to sell packaging is easier to open than normal packages.

1 2 3 4 5 6 7 8 9 10

(1 = fully disagree ; 10 = fully agree)

Question 9.

In comparison with normal packaging it is easier to identify which product a Ready to sell package contains.

1 2 3 4 5 6 7 8 9 10

(1 = fully disagree ; 10 = fully agree)

Question 10.

In comparison with normal packaging, Ready to sell packaging makes the reloading process easier.

1 2 3 4 5 6 7 8 9 10

Question 11.

The handling of leftovers from the reloading and unpacking process (e.i. Cartons, Pallets) is easier with Ready to sell packaging in comparison to normal packaging.

1 2 3 4 5 6 7 8 9 10

(1 = fully disagree ; 10 = fully agree)

Question 12.

It has become easier for customer to shop by their own, thanks to Ready to sell packaging.

1 2 3 4 5 6 7 8 9 10

(1 = fully disagree ; 10 = fully agree)