

A working process for Supply Market Study and Supplier Mapping, inline with IKEA's New Business approach

The project has developed a working process for IKEA how to globally work with analysing current and new geographical markets to find new suppliers/development partners and new business opportunities for IKEA.

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Due to IKEA's goals to double their global revenues during the period 2014 to 2020, the company needs to secure the sourcing capacity and capabilities. To be able to secure this, and remain their leading position on the market, they have identified the need to work in a more proactive way in search of new suppliers/development partners, and to find new materials/components/technologies in both current and new geographical areas. This way of working is what IKEA refers as their New Business approach. IKEA has found a gap in their process of starting up new suppliers/development partners, an absence of a structural process for the Supply Market Study as well as the Supplier Mapping. Until now a Supply Market Study has been done with a reactive approach. A Supplier Mapping has been done in the purchasing operation areas within IKEA when a need has occurred. The purpose with this project was to develop a structured working process for Supply Market Study and Supplier Mapping, inline with IKEA's New Business approach.

The result of this project is a process named Supplier Market Analysis, including both a Supply Market Study and a Supplier Mapping. The process consists of five main steps: Start-up, Macro Analysis, Industry Analysis, Supplier Mapping and Final Evaluation & Project Report. To note, the Supply Market Study is split into two parts, Macro Analysis and Industry Analysis. In addition to those main steps the process also includes sub activities, discussion and decision points, and recommended tools and templates.

An interesting finding was that in the literature review, a gap was identified as the transition between the Supply Market Study and the Supplier Mapping, whereas the empirical study stressed the importance of its connection. Another finding was to work with identify a country's/region's potential, without having a specific need/product, and then try to match this with the company's need. This way of working was not identified in the literature review.

To develop a process that works in reality, a constructive research approach was used in this project combined with a multiple case study. The cases were eight of

IKEA's nine purchasing operations areas, covering different geographical zones globally. The information was primarily gained through 30 interviews, with one to three people included in each, but also through other documentations. The interviewees were mainly people working in any of the purchasing operations areas, with the purpose to find out how IKEA has been working with Supply Market Study and Supplier Mapping until today. The development of the process was also influenced on a theoretical review, based on areas related to Supplier Market Analysis, Supply Market Study and Supplier Mapping. The purpose was to find out what was written about those areas and how other organisations' processes related to this could look like. The structure of the process developed in this project was inspired by Ljungberg and Larsson's (2011)¹ work in process based business development.

¹Ljungberg, A & Larsson, E (2011), *Processbaserad verksamhetsutveckling*, Studentlitteratur, Lund.