

Supply Chain Transparency- Benefits & Transformational Barriers- A case study at IKEA of Sweden AB

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As the world is continuously transforming and the customer demands are changing rapidly, the business demands new models and new technological solutions to retain in the global cut-throat competition. To adapt and sustain with the changes, global organisations today aim to enhance their supply chains towards a connected and customer centric supply chains.

To achieve a connected global supply chain, Supply Chain Transparency (SCT) is a key enabler, identified by researchers and global businesses today. SCT enables the free flow of information within the organization and between its stakeholders and helps in visualising what is happening in real-time across the end-to-end supply chain and beyond.

The SCT platform generates transparency across the supply chain (from sub-suppliers to customers and back) and enables real-time tracking and tracing of products, enhances the collaboration amongst supply chain partners and makes the supply chain more responsive. This transformation helps the global businesses in meeting the ever-changing market requirements and creates a sense of preparedness and readiness for future.

Despite evolving significant interest in the SCT transformation, having access to accurate and timely information is a challenging issue in global supply chains. There are barriers to information sharing which limit and pose problems for supply chains to achieve full transparency along their global network.

IKEA, a multinational conglomerate, and world's largest furniture retailer is a perfect example of a world class global supply chain. Touching lives of million people and providing affordable products to its customers, the multinational firm has an ambition to enhance their supply chain and make it more transparent.

As IKEA is in the preliminary stages of its SCT transformation journey, this study aimed at studying how can IKEA benefit from SCT, what potential barriers might come along their way limiting the transformation and how IKEA should address these barriers to achieve success.

A single case study was conducted with an internal supply chain focus in Supply Chain Development (SCD) and Supply Chain Operations (SCO) functions complementing with a survey. These functions were the mere representation of IKEA's supply chain and the insights derived from the study could be used by IKEA and similar organisations to realise benefits of SCT and address potential barriers that could limit the SCT transformation.

The study identified several barriers in categories like people, organisation, technology & information quality, and supply chain characteristic barriers which must be addressed to achieve a customer centric, end-to-end connected supply chain. The main causes to these several barriers in different categories were identified to be information sharing processes, organisational silos, change management, IT infrastructure and complexity of IKEA's supply chain.

It is important to address these causes parallelly as they are inter-related. Despite these barriers, the SCT transformation will enhance the information quality, benefit the employees, the organisation & its supply chain, and eventually its customers and the society. The proposed framework indicates the SCT concepts, numerous benefits of SCT, SCT barriers and causes that can impede the SCT transformation journey, which will help IKEA to understand the current scenario and prepare for the transformation in the long run.