

# Success factors for managing improvement projects across borders

**Case:** Integration of purchasing activities in multidomestic international company in the food industry\*

*This company attempted twice to achieve cost savings by integrating purchasing activities across subsidiaries. The first attempt was not successful, while they succeeded the second time. What was the difference?*

	«The unification project» (2004-2007)	«Project amalgamation» (2008-2010)
Governance model	<ul style="list-style-type: none"> <li>• Voluntary program</li> <li>• No formal integration of BU leaders</li> </ul>	<ul style="list-style-type: none"> <li>• Compulsory program</li> <li>• New management team that included BU leaders</li> </ul>
KPIs and rewards	<ul style="list-style-type: none"> <li>• Incentives based on local performance</li> <li>• No rolling measures of project outcomes</li> </ul>	<ul style="list-style-type: none"> <li>• Incentives based on group performance</li> <li>• Rolling measures of project outcomes</li> <li>• Communication of «early wins»</li> </ul>
Project organization	<ul style="list-style-type: none"> <li>• Central lead buyers invited cooperation from purchasing managers in BUs</li> <li>• Team leaders were part time</li> <li>• Mostly Norwegian team leaders</li> </ul>	<ul style="list-style-type: none"> <li>• Category teams formed centrally – nominations approved by management team</li> <li>• Team leaders in full time project role</li> <li>• Inter-subsidiary category teams</li> </ul>
Networks	<ul style="list-style-type: none"> <li>• Not an explicit priority</li> </ul>	<ul style="list-style-type: none"> <li>• Category teams were asked to interact with local suppliers and internal stakeholders (marketing, product development, production)</li> </ul>
Result	<ul style="list-style-type: none"> <li>• Targets not achieved</li> <li>• Purchasing remained a local function.</li> </ul>	<ul style="list-style-type: none"> <li>• Project delivered on targets</li> <li>• The company gained valuable knowledge</li> <li>• New opportunities were identified</li> <li>• Purchasing moved from being a marginal function to «being in the driving seat»</li> </ul>

\*Source: Gooderham, P. (2012). The transition from a multi-domestic to globally integrated multinational enterprise - in an industry where local taste matters. *European Journal of international management*, 6, 2, 175-198.