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Chapter 1

Introduction

Even though I have dealt with manufacturing as well as services at Aalborg University since 2006, looking back on most of the literature I have read, it seems that focus has been on manufacturing companies, how to produce more efficiently, conducting new product development, how to optimize the supply chain. Put shortly, how to manage a manufacturing company. Manufacturing companies are certainly important and take up a large part of the world's occupation however, back in 1997 it was written that "services now account for two-thirds of the output of the advanced economies of the world." (Sampson 2000) In these parts of the world, services have overtaken manufacturing and the majority of people are employed in service companies. Considering that I live in "these parts of the world" it might seem odd to not focus more on service operations and managing those.

Service is often mentioned in the literature, but rarely have I seen thorough examples of how to manage or optimize service operations. Like Scott Sampson wrote in 2010 (Sampson 2010) it seems that we need a service science paradigm at least to decide what service is and how it is distinct from non-service. When going through different articles the matter of defining service does not seem to be simple or agreeable.

According to Sampson (Sampson 1999), the two topics services management and Supply Chain Management are trendy within business operations management due to the global economic evolution. By the economic evolution meaning the increasing outsourcing of production but also an increasing outsourcing of services, which therefore requires increased focus on the integration of Supply Chain Management and service management. Sampson argues that both these terms emerged from a manufacturing context and that there therefore might be theories inappropriately applied from manufacturing management in a service context.

As part of my Master's degree an internship abroad was conducted. My internship was at the management consultancy company Mercuri Urval in the Australian office in Sydney. Since my educational foundation is mostly manufacturing and production companies, gaining work experience at Mercuri Urval, which I definitely consider to be a company providing services makes me wonder *how applicable knowledge, theories and tools from the manufacturing world actually are to the service world, especially in a Supply Chain Management context and in dealing with the supply chain members?*

In this report I find it interesting to examine the managerial complications of providing services and whether theories developed to managing manufacturing companies can be applied to some of the service operations that Mercuri Urval deals with on a daily basis to add value to their service and create efficiency in the service processes.

In order to research Mercuri Urval and its managerial complications it is necessary to introduce the company and to create an understanding of what Mercuri Urval is and actually does. The next chapter will therefore give an introduction to Mercuri Urval globally and locally in Australia.

Chapter 2

Introducing Mercuri Urval

This chapter introduces Mercuri Urval as a global company and explains which products and services Mercuri Urval provides to its clients. Then the scope is narrowed down to the Australian office to introduce the organizational structure and the strategy and goals that have been formulated for the unit in Australia.

History

Mercuri Urval was founded in Sweden in 1967. Since then Mercuri Urval has grown organically into a major international consulting firm employing more than 700 professionals across 25 countries on 5 continents. With presence in all these countries Mercuri Urval does have a global footprint which has mainly been established to provide service to its global clients. (MU website) The countries where Mercuri Urval is present can be seen in the map in Figure 1.

Figure 1: Mercuri Urval's global presence (MU documents)

The essential idea of Mercuri Urval is to shape the client's organization by closing the gap between the capabilities of the people in the organization and the business strategy stated by the company. It is Mercuri Urval's belief that aligning people to the strategy will improve overall performance and create long lasting results. That is putting the right people in the right positions or developing those already in the positions to make the strategy work. This process is visualized in Figure 2.

In order to identify the gaps between people capabilities and the company strategy the Mercuri Urval consultant asks the following four questions to all clients (MU IV's):

1. Which capabilities do you have?
2. Which capabilities do you need?
3. Which capabilities can you develop within the organization?
4. Which capabilities will you have to acquire?

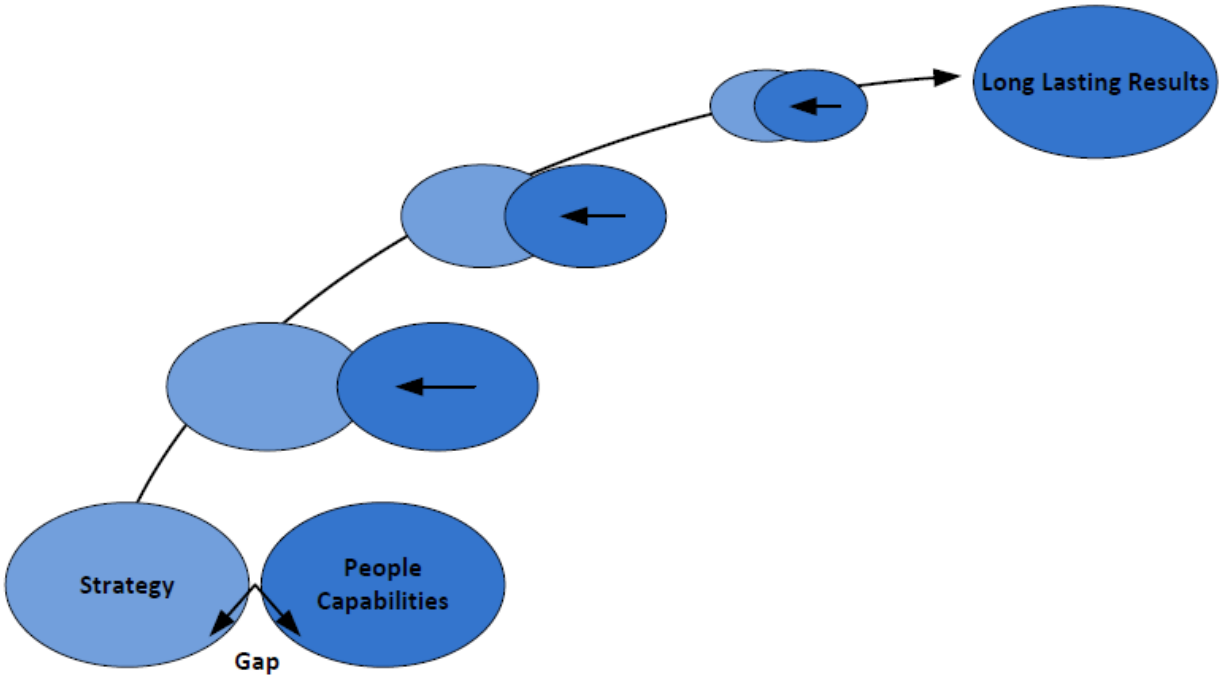

Figure 2: Aligning people's capabilities with the business strategy (MU documents)

Mercuri Urval believes in building close relationships with their clients and learning about their client's organization, so that solutions can be tailored to the unique challenges of each client. When the questions have been asked and answered Mercuri Urval seeks to offer the best solution possible, usually by taking a "shelf product" and then tailor the product to the client in question. Mercuri Urval defines the skills needed in key managerial roles, assess the existing people in the client organization and recommend actions to close gaps between skills and strategy through redeployment, development or talent acquisition. (MU IV's)

Products and Services

Mercuri Urval has defined 4 primary business areas which are offered to the client portfolio. This includes Recruitment Solutions, Talent Management, Business Transformation and Board and Executive Services, as seen in Figure 3. Below is a short description of each business area written based on Mercuri Urval's own phrasing. (MU website) This is to give an idea of Mercuri Urval's beliefs and values.

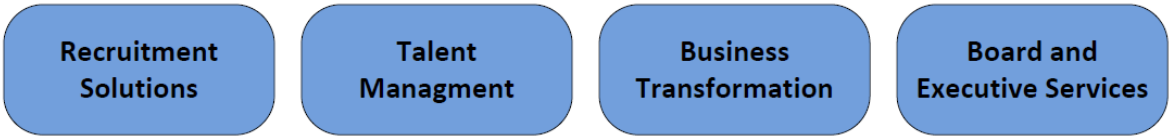

Figure 3: Mercuri Urval's four business areas (MU website)

Recruitment Solutions: The right people make business strategies work. That is why recruiting the most effective combination of people will accelerate your organization's success. Mercuri Urval finds the perfect match by truly understanding your business and its strategy and help people become high-performing, integrated members of your team as quickly as possible. We are one of the world's leading international recruitment consultancy firms and our success is strengthened by the enduring partnerships we build with our clients and their candidates.

Talent Management: Organizations that motivate and develop their people effectively outperform those that do not. Truly successful organizations build the right capabilities and talent at all levels. Because capability is the differentiator that will give you a competitive advantage, we put your business strategy at the heart of our talent management solutions. We believe the right talent matches the demands of your strategy and is the key to take your organization into the future. We offer a full range of the highest quality development solutions to improve your people's performance

Business Transformation: The only certainty in life is change. New times require new strategies for businesses to stay in the game. You can do your best to adapt or you can make change work to your advantage. For decades, Mercuri Urval has helped organizations change using your business strategy as our point of departure. We enable you to understand the current shape of your organization, the future strategic challenges and we then optimise your company for improved business performance.

Board and Executive Services: Factors beyond your control bring about continual changes to your business environment. You are forced to adapt to the shifting expectations of your customers and stakeholders, and to your competitors' new tactics. But you have the power to influence the quality of your leadership. In fact, long-term success depends on you strengthening your business's leadership capabilities. The right leaders will create the right results. Our executive consultants combine their knowledge and judgement to make sure you build the leadership capabilities your strategy demands.

From these service descriptions it is clear that Mercuri Urval focuses on their experience, the tools that they have developed through the last 40 years and the quality of these services. Furthermore the partnership approach is emphasized where Mercuri Urval tailors the solutions to each specific client.

Mercuri Urval Australia

As mentioned I did my internship in Mercuri Urval Australia located in Sydney. The Sydney office is therefore in focus from now and throughout the remaining report.

The Australian office was established in 1990 and during my internship there were 11 people in the office. The organizational structure in Australia, which can be seen in Figure 4, is very flat, meaning that all consultants are equal and have the same areas of responsibility. The 6 consultants all operate in the same sectors and they conduct sales meetings as well as deliver the actual service sold. With that said the consultants do have preferences for either sales or delivery and the most common tendency is that the consultants have a 70-30% distribution of the two. Also several consultants have a preference for business sectors, but there is no division of people into particular business areas. The employees have different backgrounds, some military, some Human Resource Management and some recruitment.

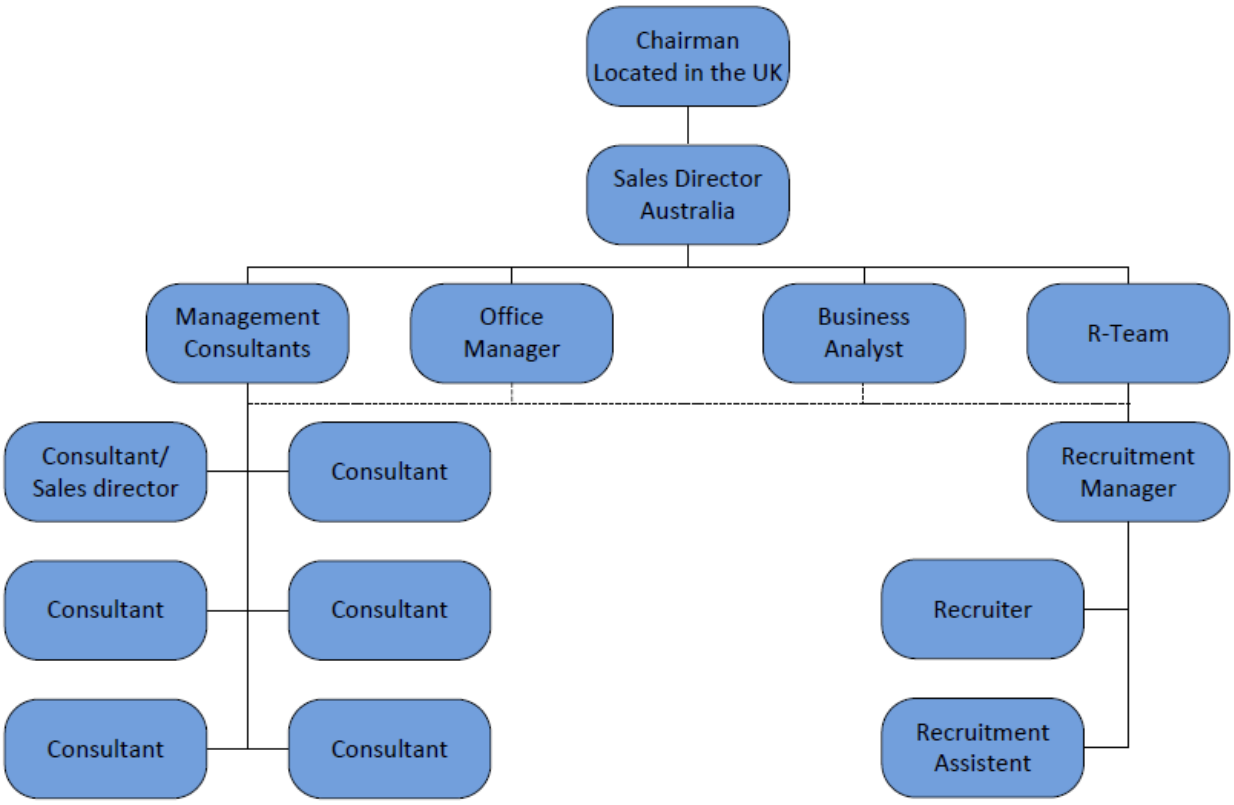

Figure 4: Mercuri Urval Australia's Organizational Chart (MU IV's)

The Chairman of the Australian office does not operate from Australia, but is located in the United Kingdom office. His remote management is acted out through the sales director of Australia, who in practice primarily is a consultant and thus equal to the other consultants. His position is shown twice on the organizational chart. The focus of Mercuri Urval is divided into sales and delivery; sales meeting with client to gain new projects and the actual delivery of the project. It is furthermore divided into a management consultant group and the R-Team. The office manager and the business analyst support both sides and they furthermore support both sales and delivery.

The recruitment team deals with delivery only and is the contact interface with all candidates applying for jobs. Those people only dealing with recruitment are part of what is called the R-Team and the R-Team members have certain processes and activities that the consultants normally do not deal with, such as screening and short listing. Similarly the consultants have certain processes that the R-Team do not deal with such as sales meetings and sending out proposals to clients.

The organization of Mercuri Urval in Australia is small and informal. There are not many structures or formal communication structures, only the reporting from R-team members to the recruitment manager as well as sales reporting from all consultants to the sales director. The consultants and recruiters mostly communicate informally and little actual team work is taking place as most people work individually.

In relation to the financial situation of Mercuri Urval Australia they were marked by the financial crisis, but not as hard as many of the other countries. The Australian unit is in growth and it is on its way to becoming a large player amongst the other Mercuri Urval countries, even though they are slightly detached from the

main part of Mercuri Urval in Europe. Several years ago Mercuri Urval Australia was not profitable for a few years but they had the possibility of drawing on the mother organization for financial support. Profitability is important to sustain a reason for conducting business, so there should not only be focus on sales but also internal efficiency to secure profitability..

Strategic Direction

"In the past year Australia has focused on ensuring coming out of the latest downturn, the global financial crisis in good shape and able to grow." This was the introduction to the strategy presented by the Australian sales director in the last quarter of 2010. (MU documents) "*Despite the global financial crisis the long term goals of Australia have not changed."* The long term goals for Mercuri Urval Australia are the following:

"By 2020 we want to be a thriving company that is producing great results. We want to be seen as a strategic partner by a range of clients helping them employ and deploy the right people. We should feel that our strengths are leveraged by our colleagues and that our role is satisfying our aspirations and ambitions. Our culture, values and capabilities should attract some of the highest potential people in our field. The first chapter of this journey will be the next three years; 2011 to 2013."

The short term goals over the next three years are formulated by Mercuri Urval Australia as well and are:

"By 2013 we should have continued our growth and have increased our profitability. Our client base should have depth and breadth. We should have some large 'National Accounts' that require team work and yet at the same time an overall average of 8-10 clients per consultant per year. To sustain our profitability most of our revenues should come from our most profitable products - Recruitment and Selection and Assessment. Our overall average revenue per consultant should be ca. $ 300,000 per year. If we can get these goals in proportion it will increase the opportunity for everyone to learn, develop their careers and earn more."

Based on the long term and short term goals of Mercuri Urval Australia, the overall future challenges is to grow as a company and increase the profitability and number of large national accounts. Furthermore over the next three years Mercuri Urval wants to increase the number of projects requiring team work as a result of more people required on the projects. Team work and large projects have not been common in the Australian office and it will therefore be a challenge in the future to manage that.

Mercuri Urval should not try and 'invest' in sectors we don't already understand, neither should we sell 'loss leading' projects. Put in other words Mercuri Urval should stay with sectors they already have knowledge about and sell profitable projects. The goals just explained are written on a two page strategy document which furthermore focuses on a direction for Mercuri Urval Australia containing 3 key words; *Great People, Strong Reputation* and *Sustained Results.* These are introduced below.

Great People: The role of a Mercuri Urval consultant is to develop a portfolio of clients that generate a profitable revenue stream over time. To 'Grow and Compete' we need to develop our capabilities, every day. We should all take the time to reflect, share ideas and mistakes and learn.

Strong Reputation: Our reputation is built by us working with our clients, therefore the most important thing we can do is spend time with them.

Sustained Results: Clients are willing to pay more for advice that helps them attract and select the right people. Recruitment also helps us build our brand and acquire new clients through the exposure it gives us to a range of people. If we are to increase our profitability, grow and create sustained results Recruitment and Selection should be 70% of our revenues.

Looking at the goals, the direction and the key words of Mercuri Urval's strategy it is very much sales oriented and is basically only looking at growth and how to attract new clients. That is important for a small business, however to build and sustain that strong reputation that is mentioned Mercuri Urval Australia also has to provide its clients with a high quality service and show that it really can compete and it is therefore relevant to look closer at Mercuri Urval and its services. Knowing what the direction is creates a possibility for mutual commitment and a frame for how Mercuri Urval is going to develop, but it is important that the strategy is communicated to all of the employees.

I find it necessary to look into how things are done at Mercuri Urval, which complications exist and how things can be improved and sustained in the future. The following chapter therefore looks into Mercuri Urval as a service company and how a service operation definition is relevant in that context. Furthermore I will look at the challenges that Mercuri Urval faces as a service organization in its daily operations and delivery of service to its customers and in the pursuit of reaching the set goals in the future; that is how to grow and increase the number of large clients and projects. As part of looking into the growth strategy it is essential to look at how Mercuri Urval's service operations could change with the growth and thus how these service operations should be managed in the best possible way.

This chapter introduced Mercuri Urval, its four business areas, its flat and decentralized organization as well as its goals and strategies for growth in the short and long term future. The following chapter will look closer at the term service, the typical service deliveries Mercuri Urval is dealing with and the future challenges Mercuri Urval faces.

Chapter 3

Initial Analysis

In this chapter a theoretical view on service and service operations is provided along with examples of Mercuri Urval's typical services in order to provide an overview of how Mercuri Urval Australia normally delivers service to its customers and which complications that entail. In the end of the chapter future challenges of Mercuri Urval Australia are explained.

Service Theory

In business it is common to express a service paradigm in terms of "goods versus services," which implies that services are different from goods. If so, the question then becomes how they differ, and if those differences impact how they should be designed and managed. (Sampson 2010)

There are many different definitions of service, for instance "*a good is a thing and a service is an act*", "*goods are tangible and services are intangible*" (Slack 2004) which might also be true in many instances, but most companies are a mix between tangible and intangible outputs. It seems like all those leftovers that could not be categorized into manufacturing industries were called service, but that the only feature common to these service activities are what they are not. (Sampson & Froehle 2006) Based on that a more specific definition is needed.

Sampson (2010) has formulated a unified service theory to explain the difference between services and non-services. It is *not* founded in what service providers provide, or even the processes they use to deliver the service. Instead, the unified service theory (UST) is based on the distinction of *what customers provide to the service provider* and to the service process. The UST is formulated as follows:

> ***The Unified Service Theory**: Services are production processes wherein each customer supplies one or more input components for that customer's unit of production. With non-service processes, groups of customers may contribute ideas to the design of the product, but individual customers' only participation is to select, pay for, and consume the output.*
> *All considerations unique to service are founded in this distinction. (Sampson 2010)*

I find the distinction in terms of the customer participation relevant and in this report I will therefore use Sampson's explanation of the difference between a service and a non-service. In a service the customer provides an input to the actual "production" process which does not happen in a non-service. The non-service process can therefore be conducted without a particular customer, but a service process cannot because there needs to be an input from the customer.

Talking about customers, that is another term which can be different for the user of a service. Normally the customer is the purchaser of products or services and the consumer is the ultimate user of goods or services. (Sampson & Froehle 2006) Since the purchaser is not necessarily the user it makes sense to separate the two. Sampson and Froehle (2006) define customer as *the individuals or entities who determine whether or not the service provider shall be compensated for production.* Because the word compensation is used it does not refer to an actual payment. Customers are therefore not necessarily paying for the

service, but can compensate the service provider in other ways. Those other ways could for instance be acknowledgement, publicity and recommendations, or just using the service. Those indirect customers are still customers of the service provided.

It does not make sense to categorize an entire company or industry as either service or non-service, it is necessary to divide the industries and companies into smaller parts and treat some parts as services and some parts as non-services and manage those processes differently. Because of the inputs from the customer in the production process the processes cannot be managed in the same way as non-service processes which are not reliant on any inputs from the customer. Sampson and Froehle (2006) argues that different management conditions are applicable for service processes, which take into account the interaction with the customer.

Interaction with customers is part of the concept Supply Chain Management, which Sampson together with service management views as being trendy and widely discussed. (Sampson 1999) Looking at the difference between a service and a non-service from a supply chain perspective and again with a process view, the traditional simplified input/output model can be used. Supply Chain Management emerged from manufacturing and the traditional view on a simple supply chain is that the supplier provides an input into the production process. From here the output produced in the production process is provided to the customer. This simple view on a supply chain can be seen in Figure 5 below.

Figure 5: Traditional input/output model emerged from manufacturing (Sampson 2010)

Adapted from Sampson's view on a supply chain adjusted to service operations, the traditional view on the supply chain is added an extra dimension (Sampson 2010), which is seen in the Figure 6. The production process is not only supplied with an input from the supplier, but also with an input from the customer. The inputs from the customer and the supplier are processed in the actual production process and the output from that is then provided to the customer.

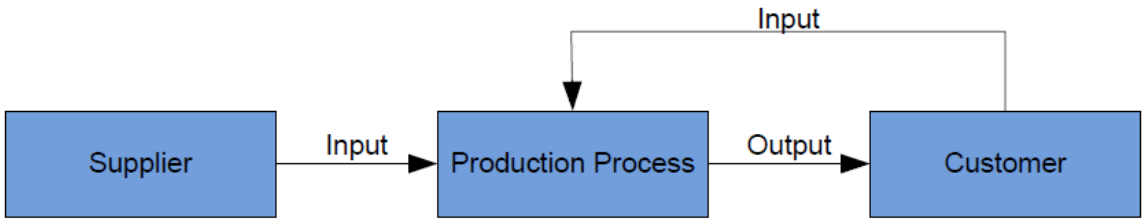

Figure 6: Input/output model from a service perspective (Sampson 2010)

The production process seems slightly more complex in a service operations company where an input is provided into the process which cannot be prepared or controlled. I imagine that this set up causes complications in delivering a service and I therefore think it is therefore relevant to look at the future challenges for Mercuri Urval in a supply chain perspective with focus on not just the internal processes within Mercuri Urval but also the external processes between Mercuri Urval and its customers.

The next section introduces two of the very common services provided by Mercuri Urval to give an understanding of what the typical services include in terms of operations design as well as complications.

Mercuri Urval's Services

I have already mentioned the four business areas that Mercuri Urval offers its clients but the two most common services provided are:

- Recruitment of new managers
- Development of existing managers

These services are partly standardized services delivered many times in similar circumstances to different clients with different strategies and needs for aligning people with that strategy. There are different tools and steps in the process which are used every time but customized to the clients' needs and requirements. Both services are dependent on inputs from either the candidate applying for a job or inputs from the managers in the client company. Without these inputs from customers in many of the steps in both service processes Mercuri Urval would not be able to add any value to the customer and thus there would be no service to deliver. Based on the necessity of customer inputs in the production process of recruitment and development both examples are regarded as services in accordance with Sampson's service definition.

To get a sense of how the services are delivered a description of how a typical recruitment project is conducted is given below. Characteristics of a development project are also presented along with how Mercuri Urval is performing an assessment and writing the necessary reports for both recruitment projects and development projects.

Example of a Recruitment Project

Recruitment of managers must account for 70% of the revenue because it is a relatively standardized service which can secure Mercuri Urval profit (MU documents). At least Mercuri Urval should be profitable in a typical size recruitment project which is described in the following. A normal recruitment process involves recruiting one manager for a client company and is normally handled by one consultant. The process steps of the recruitment process are visualized in Figure 7.

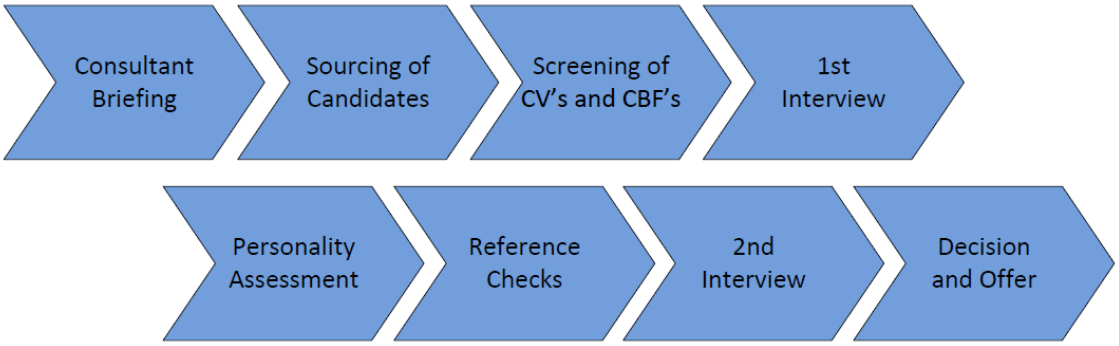

Figure 7: A typical recruitment process (MU IV's)

The first step is a briefing with the client to align expectations and job requirements and then Mercuri Urval puts up a job advertisement for the job the client needs positioned. Candidates apply via Mercuri Urval's website with documents that are then screened by the recruitment manager. The good candidates are

interviewed briefly via the phone and asked to fill in a form called a Candidate Background Form (CBF). The CBF is an application form with questions tailored to the job position summarizing what is important for Mercuri Urval and the client company to know about the candidate. If the completed CFB matches what the client is looking for, Mercuri Urval invites the candidate to a first interview which is usually conducted with a Mercuri Urval consultant and a representative from the client company. The successful candidates are invited to complete an assessment test followed by an in-depth interview with a Mercuri Urval consultant and reference checks are completed. From here the best candidates are invited to a second interview with the client company, a decision report is written by Mercuri Urval with all the information about the candidates and given to the client. Usually a decision is reached based on the report and the interviews and the position is offered to the best candidate.

Based on the definition given of a customer by Sampson and Froehle (2006) stating that a customer is not necessarily a paying customer but an individual or entity compensating the service provider, I would define the candidates who supply an input to Mercuri Urval's production process as customers. They compensate Mercuri Urval by choosing the service they provide and they might even compensate Mercuri Urval in terms of recommendations, positive publicity or feedback. The candidates are indirect customers whose input to the production process identifies the process as a **service**. Sampson and Froehle (2006) emphasize that the input from customers is essential to the production process and the process management.

It is important to notice that not all steps in the process require inputs from the customer simultaneously with Mercuri Urval's production. Information from interviews and testing is memorized or documented and processed later and some processes are prepared by Mercuri Urval and finished when the customer is present. The recruitment process can therefore be said to be a mix of activities with immediate customer inputs and activities which can be performed without the customer participating or providing live inputs. An example of such a process could be writing the decision report which Mercuri Urval's consultant produces based on information gathered along the process. Due to decision reports and other documents given to the client the outputs from the recruitment process are both tangible and intangible.

It should be mentioned that the example above is a typical recruitment, however the process can be tailored more or less to the client's needs or wishes. The Candidate Background Form (CBF) and the personality assessment are however always a part of the process as that is Mercuri Urval's own proudly developed recruitment tools which are supposed to distinguish Mercuri Urval from other recruiters. Many other recruitment companies have developed their own tools as well and it is therefore more of an order qualifier to have self developed tools than it is a order winner. The actual difference between Mercuri Urval and its competitors is more the fact that Mercuri Urval has a broad people oriented service portfolio. Mercuri Urval is not only a recruitment company but aligns people capabilities with strategy by developing existing managers within the client company, which is the other common service. A typical group of managers to be developed consists of 6-8 managers and is conducted by a single consultant. Both recruitment and development involve assessments and performing those are therefore elaborated below.

Assessments

Assessments are relevant in recruitment projects, where promising candidates are assessed before offered a role but also in development projects where managers within the client company go through assessments

to identify individual areas of development. An assessment of a person includes the three following elements: (MU IV's and MU documents)

- 2 online questionnaires (MUPI)
- 3 psychometric tests
    - Logical
    - Linguistic
    - Strategic
- A personal in-depth interview with a Mercuri Urval consultant

The results from the online questionnaires, which the person usually conducts from home, are compiled into a personality profile with 28 different personality traits. These traits are rated from 1-9 and based on that the consultant can "read" the person's personality and working style preferences. With the personality profile and the scores from the psychometric/ability tests, the consultant can get a good sense of the kind of individual sitting across in the personal interview. The in-depth interview is thus to clarify unclear areas of the personality and to secure that the results are valid. As mentioned Mercuri Urval believes in tailoring its services to each client, and therefore the assessments are also customized to the project. The client outlines values and preferred management traits and the person is measured against those criteria in the in-depth interview and in the report (decision or development report) written for each assessed person.

Considering Sampson's definition of the UST (Sampson 2010) and applying it to the above it is clear that an assessment cannot be conducted unless the production process is injected with inputs from the person being assessed. The inputs from the customer are crucial to Mercuri Urval's service, the service can be prepared but it cannot be conducted until necessary customer-self inputs are present (Sampson & Froehle 2006). However, when the information is gathered Mercuri Urval's consultants can produce the reports without customer interaction and deliver that output to the client.

When Mercuri Urval meets with a client and they talk about how Mercuri Urval can provide service and add value to the client it starts with understanding the future challenges of the client, often by asking those four capability questions I presented in the introduction of Mercuri Urval. In that company analysis the consultant is introduced to the client's values, the challenges and the strategy of the company and based on that information needs can be identified. Client needs could for instance look like those seen in the table below. These exemplified needs call for development of existing managers and not a recruitment project.

Develop great leadership capabilities to achieve goals in the future
Align leadership development with corporate leadership competencies and local behavioural framework.
Understand the current leadership capabilities and potential
Standardize inputs and individualize development solutions
Select the "right people" for development and succession and by that get ROI
Enable acquirement of the right capabilities in the future

As I mentioned a person is benchmarked against a set of criteria in the assessment which are important to the client. Those criteria are often deeply integrated in the client's values and the assessed person is benchmarked against those both in recruitment projects and in the development of existing managers. The criteria are important values for the client's managers to comply with and an example of such a set of values could be:

- Communicate a vision
- Decide and execute
- Mobilize at every level
- Develop human capital
- Master complexity

Concerning the tailoring of projects it is for instance important that the interview guidelines for 1st and 2nd interviews and the in-depth assessment interview are written based on the client specific leadership values, so that the person can be benchmarked against the company values. As already mentioned the consultant writes a decision report or a development report on how the person fits with company values, leadership criteria and job specific requirements after the interviews. Spider web diagrams might be presented in the report or it might be text only. The diagram in Figure 8 gives an example of how it can be presented how a person matches the company values for a particular role and it furthermore shows the person's potential with x months of development.

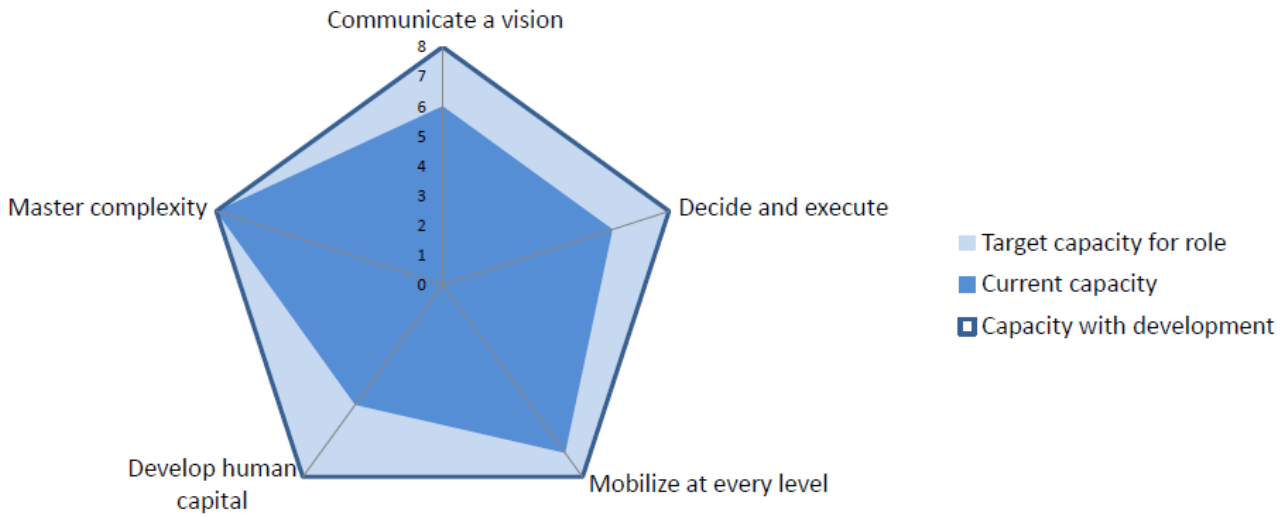

Figure 8: Example of a diagram presented in a report completed after interviews and assessment (MU documents)

In a recruitment project the decision report is handed over to the client for them to make a decision and in a development project the report is handed over to the client so that a plan for future development can be written to ensure that the manager strengthens the weak areas in the near future. The development plan is most often created and executed in cooperation with the consultant. A recruitment project where one position is recruited or a development project where 6-8 managers are assessed are both usually carried out by one Mercuri Urval management consultant over a period of 6-8 weeks with help from the recruitment manager and the office manager.

Mercuri Urval's Capabilities and Complications

With the services Mercuri Urval provides inputs are needed from the customers. The customer can be managers from the client, that is inputs from the paying unit or it can be inputs from the candidates which are inputs from a non-paying individual who still compensates Mercuri Urval and hence is a customer. Due to the customization of services Mercuri Urval can prepare the activities and wait for the customer to provide those inputs that are required to produce the service. The consultant has no change of knowing which inputs he/she will receive from the customer and that particular process where inputs are received is therefore hard to manage. Sampson and Froehle (2006) support that as they mention that customer inputs entail complications in managing service processes.

In both recruitment and development projects the process in pretty simple. One consultant is assigned the project and manages all the different aspects in the process. The consultant is most often supported by the recruitment manager who is in charge of doing the initiating selection of candidates in recruitment projects and by the office manager who conducts the actual assessment tests, that is explaining and running the three psychometric tests for the candidate prior to the assessment interview with the consultant. Besides this support, the projects are usually run as single consultant projects. The complications of normal projects like the examples can be change of interview times if a candidate or the interviewer is unavailable. It can be a few extra phone calls if some parameters change, thus extra time spent. Because the same consultant is in charge of the entire process there are no handovers of delivery which can cause loss of information or misunderstandings of responsibility in the different areas. The consultants at Mercuri Urval in Australia have been conducting projects like these for 20 years and complications in the process are assessed to be rather low (MU IV's).

In line with the flat structure of Mercuri Urval Australia and the 30-70% division between sales and delivery everybody have similar skills and the consultants can all conduct sales meetings as well as deliver the actual service such as interviews, assessments and coaching. Screening resumes and phone screening candidates can furthermore be done by everybody in the office, however it is usually only done by the recruiter.

All consultants at Mercuri Urval are used to working on small projects requiring one consultant to deliver the service to the client. The R-Team is only doing delivery, but they do not have a relationship with the client which can sometimes cause complications. The consultants are highly autonomous and mostly they conduct sales meetings and project delivery on their own. Team work is little used in the office, and it is used more as knowledge sharing as oppose to actual team work where two or more individuals work together to reach a common goal. (MU IV's)

Future Challenges

Mercuri Urval helps clients with skill development and aligning people to the strategy to cope with future challenges, but Mercuri Urval does also have future challenges itself. Mercuri Urval has both local short-term and long-term goals they are working towards as I have introduced, but from the Chairman there are also global goals which every Mercuri Urval country have to live up to. According to the Chairman of Mercuri Urval in Australia the role of each country is to develop a strong local business to support the international clients, so that Mercuri Urval can supply its customers with services no matter where in the world clients are. To secure a strong local business the office needs a strong profitable growth and high

levels of market activity, which is exactly what is reflected in Mercuri Urval's local goals. In order to support the big international clients of Mercuri Urval, each country also needs to:

- Develop the right capabilities
- Consult, communicate and involve more than they do

I find these two goals weak because they are not measurable at all, they are ambiguous and not very clear cut. These goals are therefore very hard to work towards. In addition to these two goals there is a current focus of winning more 3D clients, which are clients that require more than one consultant involved, requires more than one buyer from the client or is a client that purchases more than one product. A 3D client requires an iterative relationship with many people involved. The Mercuri Urval definition of 3D clients is visualized in Figure 9.

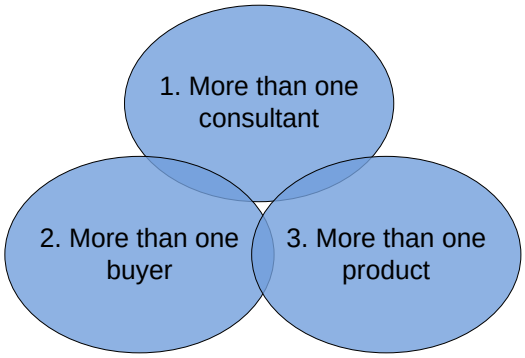

Figure 9: Mercuri Urval's definition of a 3D client (MU documents)

Looking at the definition of 3D clients it is clear that involving more people and products in projects will entail more coordination and communication but Mercuri Urval Australia focuses mostly on growth and sales and only little on capabilities, efficiency and service quality. According to the description of typical projects at present consultants have conducted many projects alone and working together on large projects has not been part of the everyday work. Based on the goal of having more 3D clients Mercuri Urval Australia will have to develop the ability to work together on larger projects and the ability to sustain continuous relationships with its clients.

Both the local goals and these more global goals focus on sales, growth and an increase of bigger clients. The two goals that are formulated regarding developing the right capabilities and consulting, communicating and involving more are focusing on capabilities and efficiency to some extent, however the goals are so weak that they can hardly be a guidance for increased efficiency.

In my view the biggest challenge in relation to the above is to maintain the delivery of high quality services even in large future projects. Especially in an industry where much sales is based on the reputation of the company, it is important that Mercuri Urval can deliver good quality projects to build a stronger image. Also in relation to the concept of 3D clients where the client is expected to purchase more than just one service, it is important that the service is good for the client to wish to purchase more. Since a new type of client relationships and delivering larger projects with more people involved entail a different way of working together in the Australian office, I find it relevant to look into which complications the future can entail and how Mercuri Urval Australia can ensure an efficient satisfactory delivery even in bigger projects.

It is relevant to research what this challenge means to the service operations design at Mercuri Urval Australia now and in the future.

This chapter introduced the service aspect and emphasized that compared to non-services the difference is the customer input. Typical services delivered by Mercuri Urval were simple one on one services with a small contact interface and few complications. The future challenges were for instance how to sustain service quality and what impact the future types and amount of complication would have on delivering larger projects. The following chapter presents the problem formulation and research questions that will guide the remaining report.

Chapter 4

Problem Formulation

Based on the previous chapters and thus the challenges that Mercuri Urval Australia currently faces, the scope can now be narrowed and a specific problem statement can be formulated. Mercuri Urval has existed in Australia for 20 years and has had many projects during the years. However, most projects have been small projects with one or two consultants allocated. This current structure and organization of small projects have entailed a certain way of working, so the challenge that Mercuri Urval faces in terms of starting to get more big 3D clients is for more consultants to work together on the same projects and to structure the service operations in a optimal way for dealing with those bigger projects including more coordination and communication between the people involved. An optimal way of working together should be secured not only now but also in the future.

With the current and future challenges it is very interesting to look into the complications that a new project approach will entail, what causes the implications and how they can be minimized or avoided. It is especially interesting to look at this approach from a supply chain perspective, looking at both internal processes and the external processes between Mercuri Urval and its client, especially because inputs from customers, which defines the production process as a service, has particular complications for how to manage the service operations. Analyzing and designing effective service operations to minimize complications can help Mercuri Urval succeed in the delivery of large projects now and in the future. The generic problem formulation is as follows:

In a consulting service company, what are the implications of delivering large projects to 3D clients and of the approach to managing the service operations. How can the management of those projects and processes be optimized?

Implicitly in the problem formulation lies the management issues of dealing with a service where the customer provides an input. In 3D lies that the relationship to the client is to be an iterative relationship. In search of answering the problem formulation above the following research questions have been formulated. They take a more narrow case approach to answering the general problem formulation as they take their starting point in a case of the current relation between Mercuri Urval and a large client. The research questions are formulated to guide the remaining project report:

1. Which complications are present in Mercuri Urval Australia's current approach to large projects and what causes the issues?

2. How can the service operations be designed effectively to minimize or avoid complications, and how can the changes help the management of similar projects in the future?

3. How can the learning about service operations design from the case of Mercuri Urval Australia be utilized by companies in different contexts?

Chapter 5

Approach

This chapter provides the approach to answering the questions stated in the problem formulation and research questions. Methodically the chapter goes through the steps of selecting which theories and models to use, how the information and data were gathered and finally how the information was processed and analyzed.

In order to answer the problem formulation the 3 research questions were formulated which each addresses a part of the overall problem formulation. The following report is divided into 3 chapters which addresses the 3 research questions followed by a conclusion summing up on the overall problem formulation. The first research question asked about Mercuri Urval Australia's current approach to large projects, which complications that are present in the process and what causes the issues? This question guided the entire analysis in Chapter 6 and is a case of a large project between Mercuri Urval and IKEA. The second research question asked how the service operations could be designed effectively to minimize or avoid complications, and how those changes could be sustained. This question guided the solutions in Chapter 7. The third and final research question asked how the learning from Mercuri Urval's project could be generalized and used in other contexts. This question is addressed in Chapter 8. The broad and generic problem formulation is based on the three research questions sought answered in the conclusion in Chapter 9. The overall approach of the project is visualized in Figure 10.

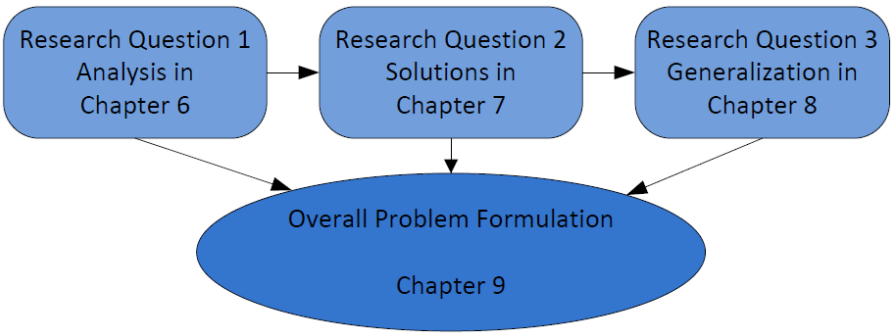

Figure 10: Overall project approach

Data Selection

This section explains which data and models I selected to answer the problem formulation and the research questions and why. In terms of data selection it was only research question 1 that required data selection and collection. Research question 2 and 3 were addressed based on the analysis of research question 1. In order to set the scene of a service company I took my starting point in the service input/output model and discussed the term supplier in a service context. Because the important aspects of providing a service to a customer are the service company, its different employees and the customer the selected model was the service triangle presented in the Oxford Handbook of Strategy (Faulkner & Campbell 2006) seen in Figure 11 on the next page. The model is much more applicable than a traditional supply chain model.

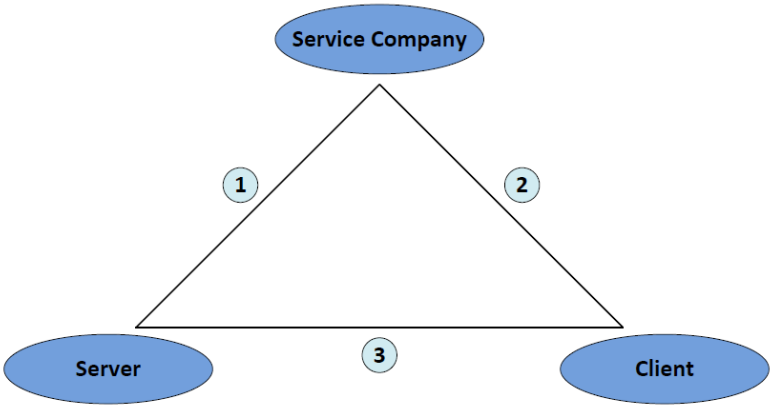

Figure 11: The service triangle (Faulkner & Campbell 2006)

The service triangle illustrates and focuses on not only the parties in the supply chain but also the relationships between the parties which is another reason why this model was chosen. It emphasizes the difference between the core of the service company and the people who are actually delivering the service on a daily basis in direct interface with the client. This distinction meant that I could use the model to analyze not only the traditional link between company and customer but the structures and systems between the core of the company and its employees as well as the formal supply chain agreements between the service company and the client.

The next step in answering the first research question was to come closer to the complications present in the project approach and for that a organizational model with a few more perspectives were chosen. I found my inspiration in the model developed in a manufacturing context by Rath and Strong (Rath and Strong – PI) but because the service encounter highly relies on the employees of a service company and suppliers are merely facilitating the service I replaced suppliers in the model with employees to adjust the model to a service context as seen in Figure 12.

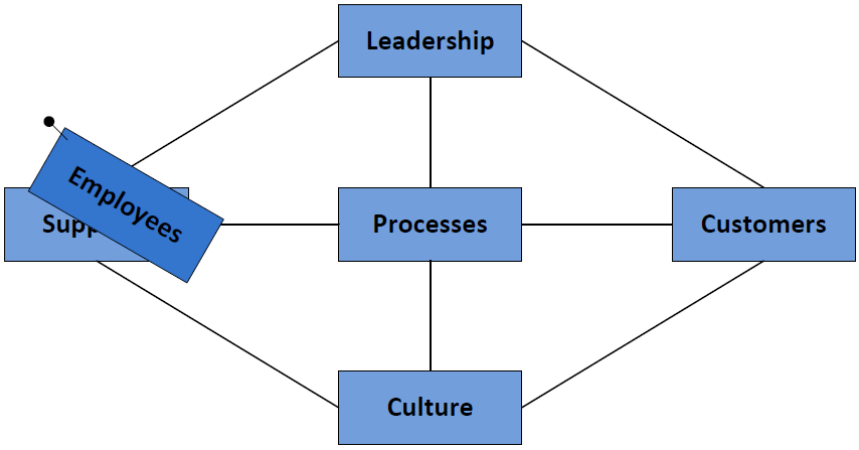

Figure 12: Modified organizational model (inspired by Rath and Strong - PI)

The model allowed me to consider the supply chain perspective in a service operation and the role of leadership and organizational culture as well as looking closer at the vertical internal processes and the

horizontal processes between Mercuri Urval and IKEA. The model is a process improvement model which furthermore allowed me to look into the interdependency between the different aspects of the model.

To provide me with further inspiration as to which elements to analyze within the different aspects of the organizational model in Figure 12, I used some of the elements from the McKinsey 7S framework (Mindtools – 7S, Wæhrens Lecture 2007), which can be seen in Figure 13. I found the modified Rath and Strong model to give a better overview as well as the customer perspective and chose to use the 7S model as inspiration only. Furthermore the 7S model did not have a customer perspective. The three dark blue boxes are the hard elements that are often relatively tangible, whereas the remaining are softer and more intangible. Many of the elements in the 7S model fit with aspects in the Rath and Strong model and therefore the different elements of the 7S were analyzed within the 5 sections of the Rath and Strong model.

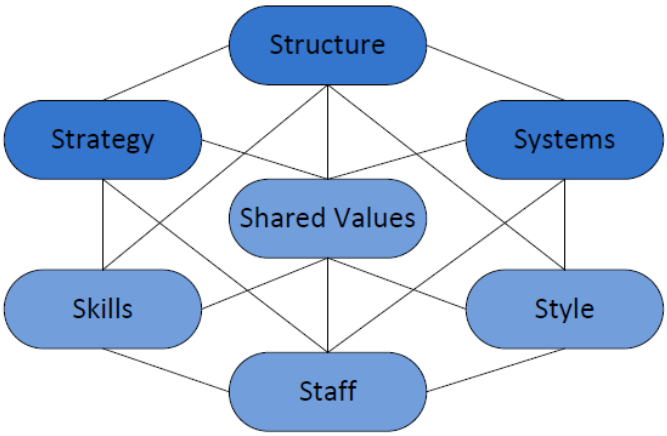

Figure 13: The McKinsey 7S Framework (Mindtools – 7S, Wæhrens Lecture 2007)

Below I will explain where each of the elements were analyzed in the analysis structured after the organizational model with Processes, Employees, Customers, Leadership and Culture.

Strategy is the plan devised to maintain and build competitive advantage over the competition and is the only element that was not covered in the analysis but in the initial analysis because it was an essential aspect to Mercuri Urval's future challenges and strategic direction thus essential to formulating the problem formulation which is based on these future challenges.

Structure regards the way the organization is structured and who reports to whom, which was covered as part of the leadership aspect. Another element covered in the leadership aspect was **style** which concerns the style of leadership adopted

Systems contains the daily activities and procedures that staff members engage in to get the job done. This was seen as relevant when analyzing the internal processes and processes between Mercuri Urval and IKEA.

Shared Values are the core values of the company that are evidenced in the corporate culture and the general work ethic. These were analyzed in the section addressing culture.

Staff and **skills** concerns the general capabilities of the employees as well as the skills and competencies and therefore these two elements were analyzed under the employees

One aspect that I found was missing in these many elements of an analysis was the aspect of **reward systems**, which is part of Galbraith's organizational model (Galbraith 2001). I found the reward aspect so relevant to project management and organizational improvements because it is important to have a reward structure that supports the future direction and challenges, that I adapted this single aspect from the model by Galbraith. The reward perspective was analyzed under employees because it is important to how employees approach their work.

Data Collection

This section explains how I collected the data required to answer the problem formulation and why I chose that collection approach. Since I was part of the Mercuri Urval office from August 2010 to February 2011 I had good changes of collecting the data. Most of the data required for answering the problem formulation was qualitative data which was collected through observations, listening to conversations between employees and one on one interviews with the recruitment manager, the sales director and a few informal interviews with the consultants on a daily basis. Observing things and later having those observations confirmed in interviews was a good indicator that the data was valid and reliable.

For the planned interviews I created semi-structured interview guidelines, which allowed me to guide the interviews in the wanted direction but also allowed for the interviewee to talk about those things he/she found relevant. The interview guidelines were based on theory from the models I have presented and concerned complications in previous simple one on one projects as well as complications in the large case project with IKEA. Other data that was collected was gathered in form of documents and flowcharts from the local server in Australia where all internal and client documents were stored. The folder for the project with IKEA was searched to find relevant documents and templates which could provide information to analyze the as-is situation. Due to the method triangulation using observations, interviews and documents I would assess the validity of most of the data to be high, even though some information was gathered only through observations and assumptions which does decrease the level of validity.

During the data collection I used the interview guideline seen in Appendix B. I used questions (adapted from Mindtools – 7S) to secure coverage of the essential areas of the 7S model, which are seen in Appendix C. Finally I used elements from an internal analysis (Wæhrens Lecture 2007) as inspiration in the analysis but also the initial analysis prior to the problem formulation, these topics and questions are seen in Appendix D.

Data Analysis

This section addresses how I analyzed the data collected to answer the first research question as well as how I addressed research question 2 and 3.

Research question 1

Each of the relationships in the service triangle were analyzed to assess how strong the relationships were and how strong they needed to be to deliver a good service in the new type of project approach. In looking into the complications and causes of complications I used the service triangle and structured the discussion in accordance to the organizational model presented. I analyzed each element of the models by explaining

the element in Mercuri Urval context and adding different theoretical perspectives to support the statements. I broke down the recruitment process into steps and dealt with each little part at a time benchmarking Mercuri Urval's approach against theory. The service triangle and the modified organizational model functioned as a structure of the entire analysis whereas the other models 7S, Galbraith and the internal analysis elements were drawn in as additional inspiration. After having analyzed all elements of the different models I categorized the complications and linked them to the three relationships in the service triangle.

Research Question 2

The question asked how implications found in the analysis could be minimized and sustained. With the categorized complications linked to each of the three relationships in the service triangle I could show how some complications impacted some relationships more and how some complications impacted more than just one of the relationships. I dealt with each of the relationships and discussed how the complications required different kinds of attention within each of the relationship. I utilized tools from Supply Chain Management theory, Organizational theory and Operations Management theory to suggest changes to close the gaps between the theory and the current as-is situation at Mercuri Urval. Furthermore I used project management theory to explore possibilities for improving Mercuri Urval's project approach. I chose the approach of using the service triangle to emphasize the interdependency between the relationships when improving processes. Improving processes in one relationship could have a positive impact on the others which was possible to show because I divided the solutions chapter into three parts addressing each of the relationships in the service triangle.

Research Question 3

No particular models or theory were used in the approach to answering research question 3. The question asked how learning from Mercuri Urval's IKEA case could be generalized and utilized in other services or manufacturing contexts, and it is therefore merely a brief reflection of the outcome of the analysis and solutions.

This chapter presented the structure and approach of answering the problem formulation and research questions. The first research question is addressed in the analysis in Chapter 6, the second is addressed in the solutions in Chapter 7 and the third question is addressed in the generalization in Chapter 8. A conclusion to the generic problem formulation is provided in Chapter 9. The next chapter will thus concern research question 1 and analyze Mercuri Urval's current approach to big service projects and the complications of that.

Chapter 6

Analyzing Mercuri Urval's Project Approach

This chapter addresses the first research question and introduces the agreed process of the large project as well as the actual process and the complications. As mentioned in the approach I will use several models and elements of models to analyze the situation and finally the complications are summarized in a complications catalog and linked to the relationships in the service triangle.

Introducing the IKEA Project

I am taking my starting point in the first research question and I want to paint the picture of Mercuri Urval Australia's current approach to big clients and projects. I will use the largest project that Mercuri Urval Australia has won in the 20 year long history. The contract was signed in Spring 2010 and is a large recruitment project with IKEA the Swedish furniture giant. Mercuri Urval has never worked with IKEA in other countries and the Australian cooperation is therefore seen as a large pilot project which result is important locally as well as globally in Mercuri Urval. The project with IKEA is new for the global group of Mercuri Urval, but in particular it is a new scale for Mercuri Urval Australia locally, as the office has never dealt with clients or projects of this size. (MU IV's and MU documents) In relation to the research question I will look for complications and the cause for these issues in the following analysis, after I have introduced the IKEA project.

In Australia, IKEA is opening two new stores in the end of 2011; one in Sydney and one in Melbourne. These two new stores need experienced managers to establish and run healthy IKEA stores. Since these two new stores are very large, the one in Sydney will be the largest IKEA store in the southern hemisphere, it is crucial that IKEA find the right people. The project between IKEA and Mercuri Urval involves that Mercuri Urval positions all the top and middle managers; in IKEA called steering group managers and line managers. I have called this delivery of service from Mercuri Urval to IKEA a project because it has a start date, an end date and specific goals that are to be achieved once. (Mikkelsen & Riis 2011)

The number of steering group managers in both stores is 8, thereby a total of 14 positions and this recruitment round is to be conducted separately as first part of the whole project. The steering group managers are to be employed and then these newly hired managers are going to be involved in the process of employing the next layer of managers, namely the line managers. The amount of line managers per store is around 40 (could change during project period, dependent on IKEA's wants and needs), which means that in total Mercuri Urval is going to recruit nearly 100 positions for IKEA between September 2010 and the commencement date in September 2011, which is a period of 12 months.

Approximately 100 positions in 12 months for IKEA only

It must be emphasized that this is not the only project running, Mercuri Urval still has other delivery projects for other clients to attend. Considering that Mercuri Urval normally recruits 1 position for a client in 6-8 weeks, the IKEA project is huge and requires Mercuri Urval to recruit 12-15 managers every 6-8

weeks and therefore work in a very different way than they are used to. As mentioned Mercuri Urval Australia is a small office with only 11 people, so managing a big project like this effectively is crucial. The entire project with only one client will give a revenue of AUD $1.3- 1.7 million, which is close to the yearly budget of AUD $1.8 million with 6 consultants with a revenue of each AUD $300,000.

With the IKEA project several or all of Mercuri Urval's people will have to be involved, which naturally increases the requirement for coordination, delegation and communication. As mentioned Mercuri Urval Australia has never had to coordinate and delegate in the way it is required for the IKEA project, since Mercuri Urval usually only allocates one consultant to a project. Obviously taking on a new task like that requires conducting processes that are new to everybody in Mercuri Urval Australia and lifting the job successfully is important for future business because over the next 10 years IKEA is opening 6 new stores in Australia including the 2 already mentioned. This project is therefore a huge opportunity for Mercuri Urval Australia to show its worth and win the recruitment projects for the future stores if everything runs smooth with the first project. (MU IV's)

IKEA is a huge global company and a large client for a small Mercuri Urval office as the one in Australia. The textbox below sums up a few IKEA facts to get an understanding of the size of IKEA and the scope of IKEA in Australia, hence the importance of Mercuri Urval delivering a good service and the need for Mercuri Urval to sustain the ability to deliver similar services in the future. (MU Documents)

Globally **IKEA** has 313 stores in 38 countries/areas

In Australia **IKEA** has 3 company-run stores in Melbourne, Sydney and Brisbane, and 2 franchised stores in Perth and Adelaide. Those three company-run stores recorded 7 million visits in the past twelve months, with about half of the visits resulting in purchases. **IKEA** plans to open 3 more stores in Melbourne, 2 more in Sydney and 1 more in Brisbane and will spend more than $600 million on the new stores. 2 of these 6 stores are nearing completion and will open late 2011; a 37,000 square meter store in Sydney and a 34,000 square meter store in Melbourne.

The company's net profit soared from $434,000 to $4.9 million in the year to August 31, *The Australian Financial Review* reported. **IKEA** has printed 3.5 million copies of its 2011 catalogue and will send out 2.9 million to customers on the east coast of Australia.

The IKEA Recruitment Process

The IKEA recruitment process of recruiting around 100 top and middle level managers will take place over 12 months from September 2010 to September 2011 if everything goes according to the plan. The contract written to form an agreement between Mercuri Urval and IKEA includes the recruitment process as agreed between the two parties. The entire process consists of 10 stages which are visualized and elaborated below. The steps are highly similar to the typical recruitment process described in Chapter 3. The description of each step below is formulated almost identically to how they were described in the contract that both parties signed. (MU documents) The first 5 steps are seen in Figure 14 and are described below.

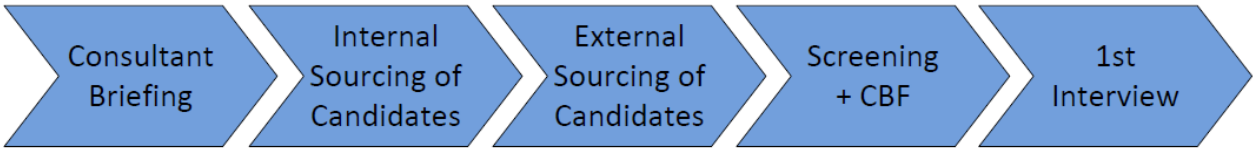

Figure 14: The first 5 steps in the IKEA recruitment process (MU documents)

1. Consultant Briefing; The Mercuri Urval Consultants involved will meet with IKEA HR representatives plus relevant co-workers to evaluate the role(s) and define job specifications and demand profiles required. This must be agreed before commencing the assignment to ensure that the candidates are measured against the right criteria from the outset. During this meeting, the project timeline, IKEA stakeholder involvement, sourcing plan and target pool will be agreed, this information will feature in the project plan. Documents such as the project plan and job and demand profile must be agreed and sent back to Mercuri Urval within 3 working days.

2. Internal Sourcing of Candidates will commence immediately following the briefing and will run for a maximum period of 3 weeks. On completion of this phase, all the resumes of internal candidates must be forwarded to Mercuri Urval for screening. The Candidate Background Form (Template seen in Appendix E) will be used in the screening process to validate applications and select successful candidates. All communication whether it is to advance or cease an application must be conducted by Mercuri Urval following discussion with the relevant IKEA stakeholder as defined in the briefing.

3. External Sourcing of Candidates will commence (if required) on completion of the internal screening process. This involves a detailed review of applicants in the IKEA talent pool plus online sourcing if required. The IKEA Talent pool will be generated using high impact advertising. IKEA is responsible for all aspects of this media engagement including costs, media bookings, layout etc. If required, *Online Sourcing* is commenced to increase the existing long list with additional external applicants. The advert will be written by Mercuri Urval and provided to IKEA for approval prior to launch.

4. Screening of CBF. Internal candidates, external candidates from the IKEA Talent pool and external candidates from online advertising are screened using the same methodology and the same criteria. The CBF provides each person with the opportunity to sell themselves (how they fit the requirements of the role), and to demonstrate their alignment to the IKEA culture and how they uphold the IKEA values.

5. 1st Interview. Mercuri Urval will aid decision making at every stage. Candidates that appear to fit the criteria of the role and meet the IKEA cultural and values will progress to the 1st interview stage. The decision is made using cues such as the resume, CBF and any other materials generated through telephone screening. The Mercuri Urval consultant must discuss the profiles of candidates at every stage of the process and make recommendations on who to meet with. IKEA must make the final decision.

Outcome from the first 5 steps

The Short List is formed following the 1st interviews and the candidates selected to the short list are brought forward in the process. All communication with the candidates remains the responsibility of the Mercuri Urval consultant. Candidates that have been actively engaged in the selection/screening process

will receive verbal feedback over the phone. Candidates that apply via email that are not engaged verbally with receive notification by email. Internal candidates are the exception, all internal candidates will receive verbal feedback on establishment of the shortlist. The last 5 steps of the process are seen in Figure 15 and again described below.

Figure 15: The last 5 steps of the IKEA process (MU documents)

6. Personality Assessment. The Mercuri Urval consultant will conduct a thorough assessment of the short listed candidates and produce a written Recommendation Report (decision report). The report will comment on the candidates suitability for employment based on their fit with:

- IKEA Culture and Values
- IKEA Leadership Capabilities
- Technical Competence (Specific to the role)

7. Reference Checks must be completed by the Mercuri Urval consultant to further validate the written report. Decision Reports are written only for the recommended candidates, however, verbal feedback is available on request for those who are not recommended. Reports must be sent to IKEA 2 days prior to the second interviews. The Mercuri Urval consultant will be available to either present the reports in detail or discuss the reports over the telephone prior to the interviews.

8. 2nd Interview. IKEA stakeholders can evaluate the reports and utilize them as the basis for this phase of selection. This stage is conducted by IKEA stakeholders only. All internal candidate feedback from this point forward is delivered by IKEA and external candidate feedback by Mercuri Urval. IKEA are to deliver feedback to the candidate within 5 working days. IKEA must share the information regarding candidates in the process; this includes reasons for acceptance or rejection. This information must be delivered to the Mercuri Urval consultant working on the project within 5 working days. Mercuri Urval must record this information and incorporate this into the IKEA talent pool.

9. A 3rd Interview might also be required, this will be organized as directed by the process owner (IKEA HR). IKEA will inform Mercuri Urval's consultants whether this stage is required during a consultant briefing.

10. Decision and Offer; the final decision, verbal and written offer is the responsibility of the IKEA stakeholders. A copy of the final contract must be sent to Mercuri Urval on acceptance of the candidate.

The Service Triangle

Now that the recruitment process is clearly explained, it is time to look for those complications that occurred in the actual process. To structure an analysis of Mercuri Urval's approach to the IKEA project and the complications of dealing with a large project I will return to the service supply chain in which there was a bidirectional relationship between the production process and the customer. To illustrate the service

supply chain with a different view on the suppliers I will briefly introduce another bidirectional service supply chain (Sampson & Froehle 2006), which is seen in Figure 16.

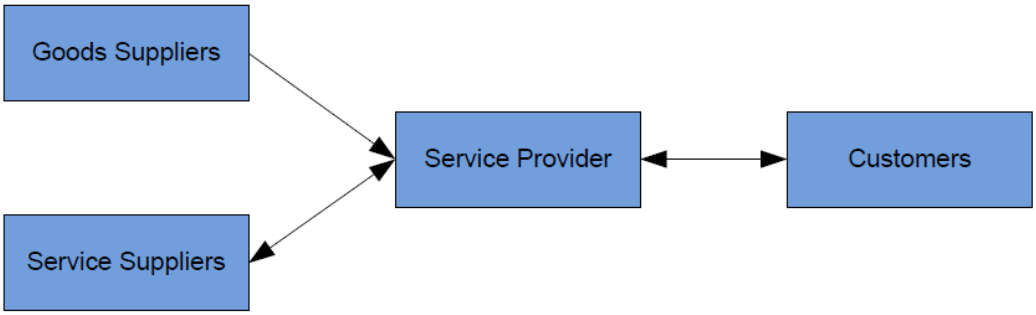

Figure 16: Bidirectional service supply chain (Sampson & Froehle 2006)

Comparing the bidirectional service supply chain to the service input/output model I presented in the initial analysis, this model adds another dimension to the suppliers. The *goods suppliers* are supplying the basics for running an office, that is for instance furniture, paper and laptops, which is of no interest in a project with a client like IKEA because these suppliers will not make a difference in the delivery of service towards the customers. What is interesting though, are the *service suppliers* who are supplying an input into the process and receives something in return. This turns the supply chain into a double bidirectional service supply chain, as the arrows indicate. The service suppliers could be employees of Mercuri Urval allocated to the IKEA project whose knowledge is an input to the service provider Mercuri Urval and further into the service provided to the customers. The model could indicate that the service suppliers are external suppliers, so it could also be temporary employees at Mercuri Urval or Mercuri Urval consultants from other countries. The division of employees into different types is discussed later.

Disregarding the goods suppliers in this context and regarding the service suppliers as different types of employees of Mercuri Urval, we have an interesting set up with interesting relationships. A third relationship that is present but not on the model in Figure 16 is however the daily direct relationship between the different employees and the customer. Another and better way to depict that double bidirectional service supply chain with emphasis on both the involved parties *and* the relationships between them is with the service triangle adapted from Heskett's work from 1986 presented in the Oxford Handbook of Strategy (Faulkner & Campbell 2006). The service triangle is illustrated in Figure 17.

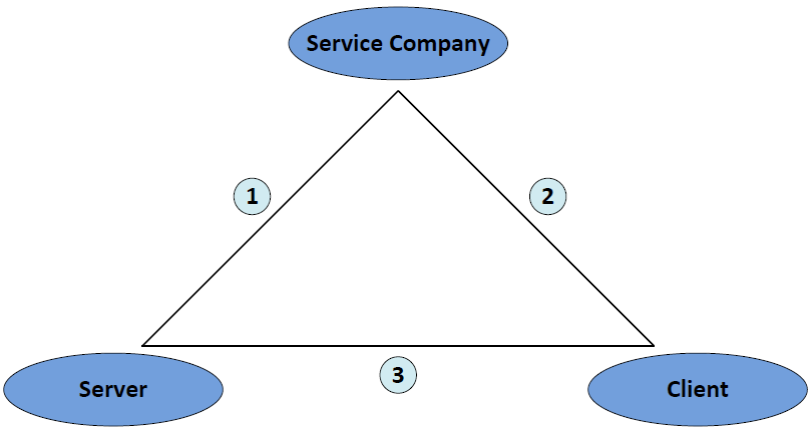

Figure 17: The Service Triangle (Faulkner & Campbell 2006)

The service triangle (Faulkner & Campbell 2006) depicts the three parties and focuses on the iterative relationships between the service company, the server and the client. Iterative because it is seen as the three relationships which are important when two companies work together in more than one instance of a transactional deal where a service is provided. Due to its focus on the relationships between the three parties this model will be used to structure the first part of the analysis. Additional models to analyze and discuss the IKEA project with are presented later.

Looking at the parties in the model, the service company is the focal company Mercuri Urval, the server is the customer-facing staff, that is the employees and the client is the customer of the focal service company IKEA. Relationship 1 between the company and the staff is the relationship that enables delivery of the promise which is set in relationship 2 between the company and the client. Relationship 3 is the operational relationship where the promise is delivered to the client. The service triangle is furthermore a good example of a model adjusted to explain how services function because a manufacturing model with suppliers but no employees would be inappropriate to apply to services.

The strongest relationship in a company is often the relationship between the server and the client, because the face to face delivery of the service, called the service encounter, is provided though this link. The two remaining relationships are less visible, and therefore they are often weaker. However, they are both needed to carry out effective management of service delivery. The balance in the triangle is therefore important and all three sides are needed to support the service encounter and ensure successful service delivery. (Faulkner & Campbell 2006)

Mercuri Urval and the Service Triangle

The theory and importance for balance in the triangle has now been explained which is mainly for iterative relationships with clients. The balance of the relationships should be considered according to the type of company and the challenges it faces. In very small companies for instance there would hardly be any difference between the company and the server, so those relationships become relevant only when talking about a company of a certain size. With Mercuri Urval's challenges and size the service triangle and balancing the relationships are considered relevant and applicable.

Previous to the large IKEA project, the consultants would have one on one relationships with their clients, working on relatively small projects. The personal relationship type would give the relationships the needed intimacy and create a healthy bond and cooperation between the Mercuri Urval consultant and the representative from the client company. This type of relationship was fine because the projects were small and only one consultant delivered. The relationship between the server and the service company; the consultant and Mercuri Urval, needed not to be very strong because the consultant would be autonomous and win and deliver his/her own projects. Furthermore the consultant was free to focus on the clients and projects he/she wanted. Due to that individualism there was little need for coordination, communication or standardization of service operations between the consultant and Mercuri Urval. Considering Mercuri Urval Australia as part of a large global organization with a central management, there are actually standardized products and few procedures across the whole world. Many of those standardized documents exist, but they have been little used in Australia. (MU IV's)

In the future it looks different for Mercuri Urval in Australia. As mentioned the goal is to gain more 3D clients, which entails larger clients, several projects and more people involved. Several projects with a client creates an iterative relationship, which is exactly what the service triangle focuses on. According to the theory the balanced triangle is important when talking long term or iterative relationships. In those iterative relationships the relationships between server and company and company and client becomes supportive conditions for a balanced service delivery. (Faulkner & Campbell 2006) To Mercuri Urval that means that the employees and the management of Mercuri Urval need a stronger relationship as well as Mercuri Urval and the client IKEA does. Globally Mercuri Urval has some large clients with whom they have created long term relationships, and Australia does have a framework agreement with Vestas, and therefore an established long-term relationship but with small single consultant projects.

Australia's goal is more 3D clients where more people are involved in the projects, which entails that the interface between Mercuri Urval and the client needs to be emphasized more. For that to happen it seems to me that the values and goals of the two parties need to be aligned in order to create a solid foundation for the two parties to cooperate on longer terms and not just on single projects. Furthermore it requires the consultants to work together and coordinate the allocation and execution of activities. These things are equal to strengthening the relationships in the service triangle, thus balancing the sides.

In order to visualize the before and after scenario in terms of the relationship between Mercuri Urval and the client I have used a set of triangles. The contact between Mercuri Urval and clients was previously a one to one relationship with few people involved from both sides; often only one person from each. That approach can be visualized with two triangles pointing the top towards each other as seen in Figure 18.

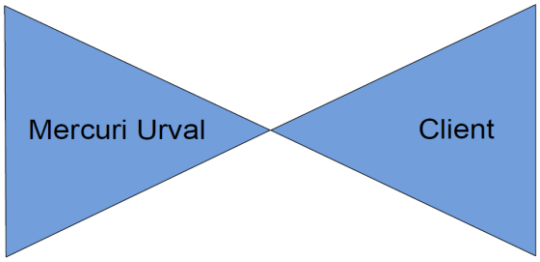

Figure 18: One to one relationship

The future scenario where Mercuri Urval wants several consultants on a project, more than one buyer from the customer involved and more than one project, the two triangles will swop places. The long edges up against each other will represent the many to many relationship between Mercuri Urval and the client. This scenario is visualized in Figure 19.

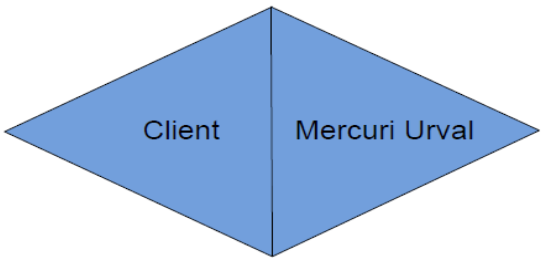

Figure 19: Many to many relationship

If the relationship between Mercuri Urval and IKEA was stronger and they are working on several projects with several people involved, the relationship between Mercuri Urval and the employees would also have to be developed. There would have to be established more structure and better systems. The autonomous work style that has been the norm in Australia would not be ideal if several consultants were involved, as they would have to deliver service of similar nature and quality to create consistency towards the client. In order to create consistency some form of standardization or guidelines might be required. There would have to be created an agreement on how to deliver the service and a possible standardization of processes. It would create too much chaos working together on projects with no guidelines or someone to manage and coordinate the tasks.

Saying that Mercuri Urval should strengthen the relationship between the core and the employees, is actually saying that the Australian office should develop its ability to utilize the benefits of being an organization. The internal organization of people and tasks was previously several individuals working on individual tasks under the same roof. Building up some structure and utilize being an organization can benefit Mercuri Urval as they can develop methods, structures, politics, standardizations and divide tasks according to special areas of interest or ability. Doing these things well will make the team more effective than when working more in isolation.

Derived from the discussion above about Mercuri Urval's future and the relationships in the service triangle, I do agree with the aspect of balancing the triangle's relationships if the service provider wants an iterative cooperation with its client and not just a onetime transaction. Focus and emphasis on all three relationships are thus considered important for Mercuri Urval to deliver high quality service and what Mercuri Urval is benchmarked against in the further analysis.

The three relationships between Mercuri Urval and its clients, amongst these IKEA are outlined below. Again I am keeping the first research question in mind as I discuss Mercuri Urval's current approach to large projects and identify the complications and the cause of those in the process. This analysis will add to Mercuri Urval's as-is picture.

Relationship 1 – Mercuri Urval and Employees

The relationship between the service company and the server can both be seen as the relationship between the Mercuri Urval Group and the Australian office and the relationship between the core of Mercuri Urval Australia and the individual employees. The relationship is highlighted in Figure 20.

Viewed with a global perspective the office in Australia is slightly detached from the global group of Mercuri Urval, for example Australia only recently (after the IKEA project was launched) started using the same IT system as the European offices. Australia does not have the possibility to perform the ability tests used for assessments online as many other Mercuri Urval countries. Because of the time difference it is hard to actually work together with people in Europe, however they do attempt to have conference calls once every month and more if they are working together with a global client. As mentioned several standardized documents do exist but those are rarely used in Australia, mainly because they are regarded too comprehensive and formal to use on a daily basis. (MU IV's)

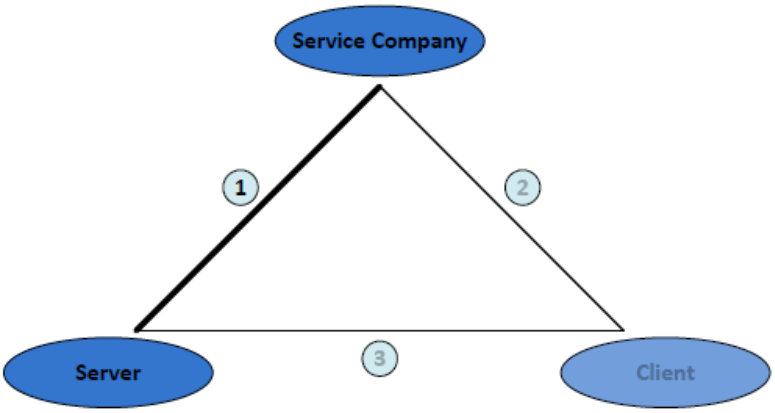

Figure 20: Relationship 1: Service company – Server (Faulkner & Campbell 2006)

The relationship between Mercuri Urval and the consultants seems to be weak because the structure of Mercuri Urval is flat and the core system of the organization is hard to identify. It is easier to talk about a strong bond between the company and the staff if there is a strong management base making guidelines for the employees, however in the case of Mercuri Urval Australia the consultants are very independent and autonomous and often do things their own way, or the way that suits them best. There are not many structured processes which the employees follow, which makes this relationship weak and informal.

In a big project lack of coordination and guidelines between the company and the consultants can have implications. If people proceed working in that autonomous manner in a large project, there is a large risk that they will work in different directions and not work together as a team. The client will notice if individual consultants deliver differently, for example if decision reports are written in different ways. Inconsistency will happen if there are no guidelines, routines or systems amongst the employees.

Following is an example of the issues with the decision reports. The delivery performance manager on the IKEA project was in charge of securing the quality on everything that was sent to IKEA. The decision reports on several roles from a few weeks of interviews were written by two recently hired Australian consultants and three Mercuri Urval consultants from Europe who came to Australia to help with the IKEA project. Reports from all of the consultants were sent to IKEA and IKEA complained about the quality of the reports. The reports written by the European consultants had many grammatical and language issues whereas the reports written by the recently hired consultants were slightly inadequate due to lack of experience. The issue was that the delivery performance manager who was supposed to check the quality was writing decision reports for other roles herself and therefore she did not have the resources to correct the reports.

The example shows that coordination and structure between Mercuri Urval and the employees was insufficient, which resulted in poor quality and inconsistency. The delivery performance manager did conduct a meeting for the new Australian and overseas consultants prior to delivery to secure that everybody were aware of the IKEA procedure and which templates that had been created for everyone to follow to secure quality and consistency. There was a template for the structure of the decision report, which is good, but people still had different ways of writing reports and interpreting the given information. The IKEA information meeting that was held was very long and lasted approximately 1½ work days and covered much information, so there is also a large possibility that some information was lost and that some of the consultants did not understand or listen to all of the information.

The relationship between Mercuri Urval and its employees was almost non-existing previously due to autonomous consultants. There has been an attempt to strengthen the link because it was necessary with the IKEA project, however the link is still too weak to secure consistency and team efficiency in this and similar large projects in the future.

Relationship 2 – Mercuri Urval and IKEA

The relationship between the service company and the client is in this case the relationship between Mercuri Urval and IKEA. The relationship is highlighted in Figure 21.

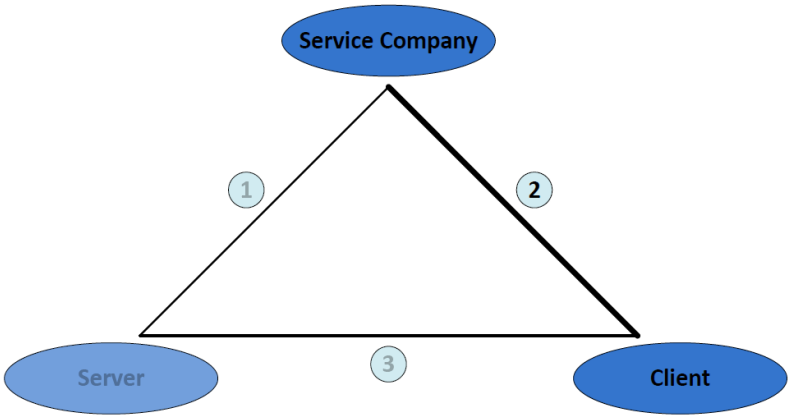

Figure 21: Relationship 2: Service company – Client (Faulkner & Campbell 2006)

Previously the typical relationship between Mercuri Urval and a client is not very strong. Usually the only point of contact the client has with Mercuri Urval is the consultant who is responsible for that client. The aim from Mercuri Urval was to have a client, conduct a project and then find a new client and a new project. With that approach an iterative relationship strengthening was not necessary.

Mercuri Urval has previously used Preferred Supplier Agreements (PSA) which serves the purpose of establishing a relationship and meeting the needs of key accounts. Lambert (2004) uses the term Product and Service Agreements, but it is essentially the same and he states that they should be tailored and can help improve processes and eliminate non-value adding activities. Furthermore they should always be written documents. (Lambert 2004)

With IKEA a PSA was written and signed for everyone to agree on the content of the project, the processes, key people and the payment fees. Both Mercuri Urval and IKEA are large companies with each their own sets of values, however both companies are highly people focused and there is a certain alignment of values already from the outset. However, to strengthen the relationship between these two companies it is important to agree on the goal and purpose of the project. (Mikkelsen & Riis 2011) Especially if this is to be a long-term relationship with the outlook to collaborate on future projects. Mercuri Urval might be the part wanting this partnership because it means future turnover. According to the service triangle all relationships should be strengthened to move away from the transactional relationship approach and moving closer towards a partner oriented approach with a much more iterative relationship. This should obviously not happen with any client as it is important to distinguish clients (Lambert 2004).

Another essential reason to secure that there exists an agreement on the goals is that in this project the interface between Mercuri Urval and IKEA consists of many people and points of contacts. IKEA's list of people relevant to the project counted 20 people. The same list from Mercuri Urval counted 13 (including overseas consultants). The people on both lists were naturally not all involved on the same level and some contacts never took part in the project between the two companies. The point of mentioning this is however that there is a large risk that these many people try to pull the process in the direction of his/hers own interest if there are no clear goals and procedures and the risk of people disagreeing is therefore large. With the IKEA project it was seen on several occasions that different people from IKEA provided different information to different people within Mercuri Urval, which caused chaos. Mercuri Urval would then have to call IKEA to clarify the right procedure to be able to carry on with delivery of the recruitment service. Even though a contract has been written there is still room for improvement in this relationship.

Relationship 3 – Employees and IKEA

The third and final relationship in the service triangle is the relationship between the server and the client, that is the employees and the responsible IKEA people. This relationship is the operational relationship; the service encounter and is highlighted in Figure 22.

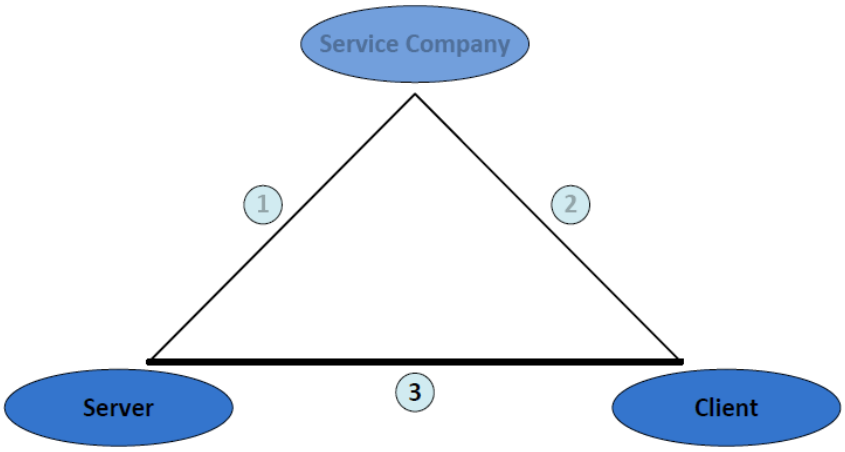

Figure 22: Relationship 3: Server – Client (Faulkner & Campbell 2006)

Taking the server-client relationship between Mercuri Urval and IKEA into consideration, there are as mentioned previously many people involved in the process. This makes the communication flow more complex and direct communication is impossible to use all the time. This means that information can get lost in a link between the person who receives the original message and the people who receive the secondhand information and it can be hard to reach an agreement amongst so many people.

The culture in IKEA is very strong and they are proud of being unique and daring to be different. (MU documents) The service delivery from Mercuri Urval to IKEA has been tailored to satisfy IKEA, which is in line with Mercuri Urval's value of understanding its clients' needs and pursuing close partnerships. The tailoring certainly affects the servers because all employees involved in the project need to have a full understanding of IKEA's values in order to deliver a sufficient service according to the contract.

In the following an example of a complication in the operational daily interface is presented. In the IKEA project the personality assessment also called the capability review, was highly tailored. Mercuri Urval normally uses its own tool called Mercuri Urval Personal Inventory (MUPI) which has been developed by Mercuri Urval. In the IKEA project MUPI was replaced with a tool that IKEA uses internally, called Occupational Personality Questionnaire (OPQ). Mercuri Urval has conducted capability reviews with the MUPI for 20 years in Australia and suddenly using another assessment tool was a challenge and caused several complications in the operational process.

The OPQ is an online test just like the MUPI and sent out as a link to the candidates going through to this stage of the recruitment process. The link was sent out from IKEA's account on a website owned by SHL and during the IKEA project there were several issues with SHL. Amongst other things the issues were that often candidates did not receive the link or Mercuri Urval could not log in using the provided username and password Every time an issue emerged Mercuri Urval had to contact IKEA to get them to contact SHL to fix the problem, which was a long process only existing because of the IKEA adjustment. With the MUPI, Mercuri Urval can fix it internally in the office or worst case call the outsourced IT specialist who knows the system and can fix it immediately.

Many things in the IKEA project were new to Mercuri Urval and the way they usually worked on projects. The challenge is to avoid as many complications as possible and minimize issues throughout the entire process on similar projects in the future. In order to categorize and discuss the complications further and to allow examining the root cause of issues further an organizational model will now be applied.

Organizational Model with Supply Chain Perspective

The organizational model (Rath & Strong - PI) in its original form has been used to improve processes within the whole network of the interdependent elements in the model (Rath & Strong – PI). The original model was clearly developed in a manufacturing environment as the core of the model consisted of the traditional input/output model; the simple supply chain (supplier, production process and customer). In a previous transformation the model with service supplier was changed into the service triangle changing the supplier into employees. With this transformation in mind I have replaced the traditional *supplier* in Rath & Strong's model with *employees*. It is relevant to keep in mind that there are different types of employees involved in the IKEA project, which is elaborated in the section regarding employees. The modified organizational model is illustrated in Figure 23 on the next page.

The model still takes a supply chain perspective and deals with the parties in Mercuri Urval's supply chain; those also present in the service triangle. It adds elements that are relevant for Mercuri Urval in becoming more efficient by utilizing team work and being an organization. Those elements are leadership, processes and organizational culture. The model has been adjusted to be applicable in a service company but it still shows the relations and connections between the supply chain, the management, the processes and the environment.

The processes in the middle are both representing processes in the supply chain context and internal processes in an organizational context. In a service operation situation it is important to distinguish between complications emerged in processes with customer inputs and in those without.

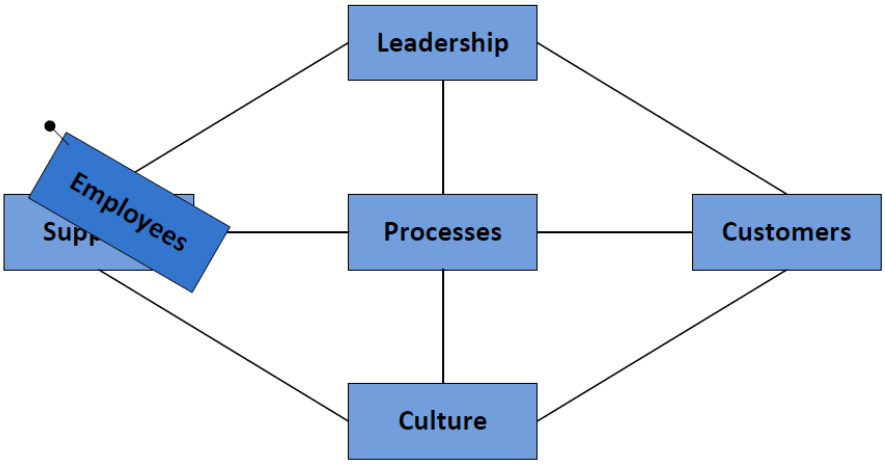

Figure 23: Modified organizational model (Inspired by Rath & Strong – PI)

In the following analysis I still keep the first research question in mind, hence the 5 categories are analyzed and discussed in terms of issues and complications within each category in the project between Mercuri Urval and IKEA.

Processes

Processes are regarded a good place to start because they are the actual activities in the project which all the other elements in the model impact. I have already touched upon a few issues in the service triangle analysis, however this discussion will go deeper and bring more issues to the surface. Processes are highlighted in Figure 24.

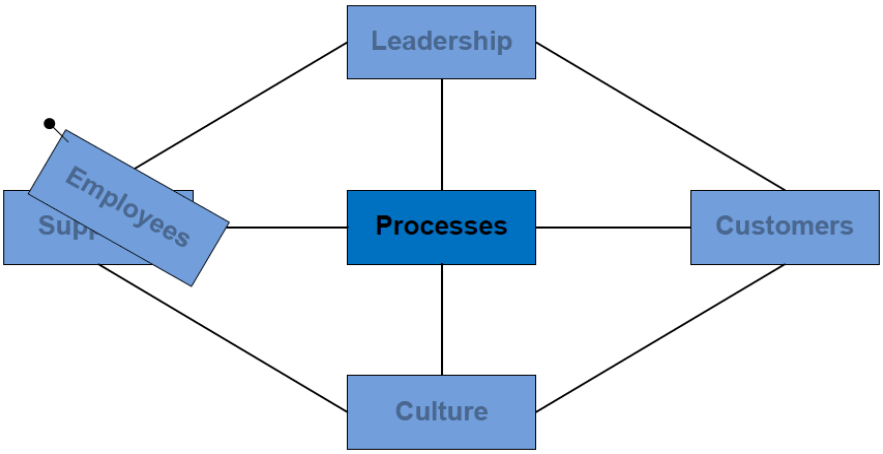

Figure 24: Analyzing processes

In order to structure the discussion and take a methodical approach I will use the process flowchart created by Mercuri Urval and IKEA that was agreed upon and signed in the contract. Taking a process flow approach and going through each of the processes in the project is inspired by Porter's value chain analysis (Porter 2004) where each of the value-adding processes are analyzed as well as the support functions. The value-adding steps in the IKEA project are analyzed in terms of complications. I will analyze the primary processes

in chronological order and bring in some of the supporting processes. Mercuri Urval has a mix between what can be called back office and front office activities (Slack 2004), which in terms of service can be viewed as activities they can perform without input from the customer and those they cannot (Sampson & Froehle 2006). This gives implications for managing the processes. To refresh our memories the process flow chart of the IKEA project can be seen in Figure 25. Each of the steps are analyzed below.

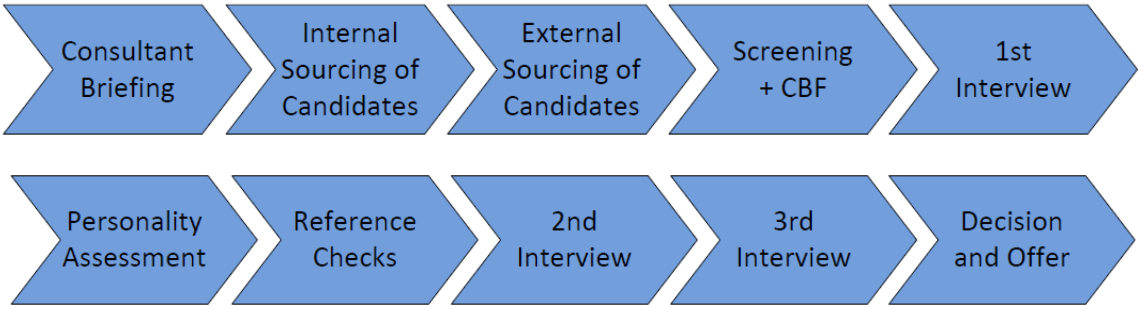

Figure 25: The IKEA process flow chart (MU documents)

Consultant Briefing

Mercuri Urval is obviously used to taking briefing about a project, so the difference here is the scale and scope. Because many roles were recruited, IKEA had to brief Mercuri Urval about many roles and the essence of those roles is important to remember especially for the recruiter who screens the resumes and discard the unsuitable candidates straight from the beginning. The better the recruiter understands IKEA and what they are looking for in a role the better quality candidates are invited in for 1st interviews and the easier the remaining steps of the process should be. IKEA wanted the candidates to think that Mercuri Urval and IKEA were one unit at the first point of contact, so the recruiter spent 2½ months getting "IKEA'ized".

Not only the recruiter had to know about the job descriptions. Everyone who was involved in the project and the dealing with candidates had to know about the roles, also people who were not present at the briefing. For instance Mercuri Urval hired a new recruiter two months into the IKEA project who had to be brought up to speed with everything the recruitment manager knew about IKEA (2½ months of knowledge). The information was given face to face in small amounts at a time. Some information was lost in the handover and had to be given continuously. Due to the size of the project more people were needed along the way and Mercuri Urval hired temporary staff from agencies and had to brief those recruiters on the IKEA process as well. Similarly the recruiter chose to brief on a few of the job descriptions to keep it simple, avoid too much information loss and save time.

In relation to the briefing the largest challenge was thus to secure knowledge about relevant information, update the information and share the knowledge.

Internal and External Sourcing of Candidates

The two steps of internal and external sourcing are analyzed in one joint section. In sourcing of candidates the complication was the amount of candidates and the level of quality. IKEA started out by stating that they wanted to hire 2/3 internal candidates and 1/3 external candidates, which made the internal sourcing first priority and the external sourcing more of a back up. External sourcing said *if required* in the contract,

but the reality was that many internal candidates were not experienced enough to take a management role in a brand new store, which meant that IKEA had to become more realistic and go towards hiring 1/3 internal candidates and 2/3 external candidates. These changes secured Mercuri Urval a higher revenue because the recruitment fee on external candidates was higher, but it also entailed larger amount of work, since external candidates required more steps and feedback from Mercuri Urval than the internal ones.

In terms of internal and external candidates that process is not directly controllable. It can be a matter of advertising and reputation, but Mercuri Urval has little control as to who and how many will apply. A more controllable perspective of the sourcing is how to set up the system through which candidates apply, meaning the user interface on Mercuri Urval's website. The technology can be seen as a supportive function according to Porter (2004). During the sourcing period of the project, Mercuri Urval did experience issues with the IT system. At times people could not upload their resumes or other documents. An estimated 80% of the time it was the candidate's system or personal mistake and the remaining 20% it was a temporary issue with Mercuri Urval's system. (MU IV's)

Screening Resumes and CBF's

In terms of screening resumes the scale was the challenge again. During an internal Mercuri Urval meeting regarding the IKEA project it was estimated that in order to recruit 50 positions (the amount of roles for 1 of the 2 IKEA stores) Mercuri Urval would have to conduct the following:

Step in the process	Number
Recruit positions	50
3rd Interviews (Special IKEA meet and greet interview)	50
2nd Interviews	100
Assessment tests + in-depth interviews	200
1st Interviews	400
Send out CBF's + screen them on return	600
Pre-screen Phone Interviews	1000

Relevant in terms of screening resumes and CBF's are the two last numbers 600 and 1000, which should be multiplied by 2 to account for both stores. The numbers are estimated and spread out over the project period of 12 months. Considering that there were 11 people in the office when the project kicked off and keeping in mind that Mercuri Urval has two sides; delivery and sales, where the IKEA project is only part of delivery, these numbers are very large. In comparison a normal recruitment of 1 position looks approximately like this and is 1 recruiter and 1 consultant conducting the interviews and assessments:

Step in the process	Number
Recruit position	1
2nd Interview (Normally the meet and greet interview)	1
Assessment test + in-depth interview	3
1st Interview	6
Send out CBF and screen on return	9
Pre-screen phone interview	15

An implication was the amount of different roles and who was screening which roles. It would often be the case that one recruiter was not aware of whether the other recruiter had already screened certain roles. With regard to screening resumes that was done from Mercuri Urval's IT system called the R&S system, which is a system within a system. Mercuri Urval uses a system called Citrix, which is basically a meta-frame on the computer, which allows the user to operate on a virtual desktop. The R&S system is where candidates upload their resumes and submit their applications. On the system each position can be created as a project which means that all applications for a particular role will be groped in that project. A small issue is that not all consultants have access to all the projects and they can therefore not access and search among all the candidates. The recruitment manager has to provide the consultants access to each of the projects, which can seem to cause a delay and hamper the efficiency. On the other side it is a positive restriction because it means that the consultants cannot accidently access projects and for instance alter the status of candidates. It means that the screening of particular roles can be allocated to certain consultants so that as an example one consultant can screen only Goods Flow Managers and another consultant can screen the Home Furnishing Business Managers only.

In the actual screening Mercuri Urval is relying on inputs from the customer and this step in the process cannot be executed without those inputs. Mercuri Urval developed templates that were used by the temporary recruiters to conduct the phone screening to secure that all relevant questions were asked, which certainly minimized complications and confusion.

1st Interview

The 1st interviews with a HR representative from IKEA and a Mercuri Urval consultant is a familiar set up, but the amount of interviews are not. Coordination is required to conduct around 60 interviews in a week, which was the aim based on two teams of one consultant and one IKEA person, with each team conducting 6 interviews a day for a week. Mercuri Urval struggled to screen enough candidates to fill up a week with 60 interviews, mainly due to issues getting enough strong candidates through and screening candidates fast enough within the time frame. Mercuri Urval would often call candidates to book them in for tomorrows interviews, which required candidates to be really flexible if wanting the job, which might not give the best recommendation. Also it was stressful for Mercuri Urval to be behind schedule, knowing that the interview schedule had empty slots. Mercuri Urval asked candidates to enter information on the CBF such as availability for interviews which was hardly considered in the process of actually inviting people in for interviews because they had to call candidates the day before to invite them in. Under normal circumstances these wishes would be considered but in the busy process of coordinating interviews this information became irrelevant. (MU IV's)

The booking of meeting rooms at IKEA where the interviews would be held would often be arranged the day before as well, so it was impossible to inform candidates about the meeting location before the very last minute. Sometimes the meeting would be scheduled with the candidate and then Mercuri Urval would have to call the candidate again before the meeting to confirm the location of the meeting. This was both unnecessary phone calls, time spent and a poor service toward the candidate which should have been avoided with better planning.

Personality Assessment

The personality assessments were rather different in the IKEA project and caused several complications. The internal IKEA tool OPQ was more simple than the MUPI and provided less details about the person. Using a new type of personality assessment is difficult for everyone to get used to, as well as writing the decision reports in a complete other way. The permanent and overseas consultants had old habits and difficulties whereas the new consultants found it easier. (MU IV's) The OPQ personality report contained all capabilities that were important to IKEA rated on a color scale with the key being:

Potential Area of Strength: Your preferred style is likely to have a positive impact on the capability
Scope for Development: Your preferred style shows neither a strong positive nor strong negative fit with the capability
Potential Development Need: Your preferred style is likely to have a negative impact on the capability

The descriptions were auto generated by the OPQ system based on answers from the online test and not written manually by someone who had actually seen and met the person. The capabilities were rated according to the colors by the system and the consultants assessed the validity of the test and the candidates' fit with the job in the in-depth interview.

Due to the amount of assessments Mercuri Urval had to conduct the testing part of the assessments in groups, which had never been done in Australia before. The normal procedure is to invite a person to attend 1.5 hours of testing followed by 1.5 hours of in-depth interview. In this case Mercuri Urval had to run assessment centers with a group of up to 20 people conducting the three tests on a Saturday and the individual in-depth interviews the following week. The allocated consultants would have three interviews per day plus decision report writing for each of the candidates. Considering that group assessments had never been conducted before it ran smoothly with testing and inviting the candidates in for interviews later. In some cases, IKEA wanted to fast-track a certain candidate because of candidate interest or political reasons, so Mercuri Urval would have to conduct the in-depth interview prior to the testing part, which is against the normal procedure but was possible in urgent situations. That can be referred to as flexibility in the sequencing of production (Slack 2004).

The main complications regarding the assessment stage were inviting in the candidates in time because the steps prior to assessment had to be completed first. Furthermore having the time to send the OPQ to the candidate, download it from the system after completion and print it, all prior to the in-depth interview.

After the in-depth assessment interview a decision report was written for all the recommended candidates; all those that Mercuri Urval found suitable for a job at IKEA. To make things as simple as possible Mercuri Urval decided to create the decision reports similar to the OPQ and use the same color code. This turned out to be much faster than writing reports with the spider web charts as shown earlier and created a result that IKEA could relate to. In the same key as the OPQ and the same format as the table on the next page, there would be three tables. One with:

- The fit with IKEA values – 10 values (see examples in the table)
- The fit with IKEA's leadership capabilities – 6 capabilities
- The role specific capability fit – 5-7 capabilities depending on the role

IKEA Values	Comments / Implications for Development
Constant desire for renewal	Comments about the candidate in question
Togetherness and enthusiasm	....
Cost consciousness	....

The decision reports created like this example were easy for IKEA to read and relate to and this step was therefore a positive part adding value to IKEA, the efficiency of the recruitment process and Mercuri Urval's workload. Every aspect of the candidate's strengths and weaknesses in relation to IKEA was documented and accessible for both parties. It is a structured standardization that added consistency to the project.

Reference Checks

The contract between Mercuri Urval and IKEA stated that reference checks had to be completed two days prior to the 2nd interview, and after the personality assessment. Often this period was less than a week and people in the office working on the IKEA project would be tied up in other tasks regarding the IKEA project, for instance coordinating the 1st interviews, the assessments or the 2nd interviews and the reference checks were difficult to allocate time for. The original agreement and plan was that the IKEA candidate had to provide three names for references so that 3 phone interviews could be completed. Due to time pressure this was quickly reduced to only 2 names and 2 phone interviews. In several cases reference checks were not conducted for a candidate in the mentioned period and if they were rejected at the 2nd interview that was fine, but if the candidate was forwarded to the 3rd interview (the grandfather interview) Mercuri Urval had to rush the reference checks and get them done prior to the grandfather interview, which would often leave very little time for it.

The reference checks were conducted based on an interview guide (seen in appendix F) that was created for the IKEA project with 8 standard questions and 3 customized questions. The consultant performing the in-depth assessment interview had to formulate 3 personalized questions for each candidate based on the outcome of the interview and areas of concern. The questions were then passed on to the person conducting the calls. Complications in that process was that the consultant would sometimes forget to pass on information and the reference check would then be delayed and not conducted in time.

Another issue was that candidates should be asked for permission to contact the people, so if Mercuri Urval had trouble getting hold of the candidate that would stop the process until the candidate was contacted and permission was given. Once permission was given it was a matter of calling the referees and conducting the interview, however Mercuri Urval often experienced difficulties in reaching a person and again the process would be paused until the referee would return Mercuri Urval's phone call. In other instances the referees were located in other countries and the time difference could cause delay in the process. Worst case from beginning the process of asking for permission to actually getting two phone interviews with two referees completed could be up to 5-6 days, which is again a process Mercuri Urval cannot control.

2nd Interview

Just like with 1st interviews and assessments, the complication of this stage in the process was the issues of coordinating the amount of interviews. A complication would often be that information about progressing candidates was not passed on to the person locking in the 2nd interviews. The complications would be in the process of making it clear which candidates were progressing and in deciding where to conduct the interviews and by whom. The issue was that before time, place and people for the 2nd interview were decided, the candidates could not be contacted. Complications were a matter of not updating the spread sheets used to keep track of the candidates and especially whether the person was progressing.

3rd Interview + Decision and Offer

The 3rd interview, the so-called meet and greet interview was intended to be a chance for the candidate to meet the manager and the manager's manager, although the decision would usually already have been made. This meaning might not have been explicitly written, however in the contract it is written that *a 3rd interview might also be required.* The issue was that it happened that IKEA had a few candidates come through to the final interview who were then rejected. Mercuri Urval naturally discarded what they assessed the weakest candidates during the process and it is assumed that the strongest and most suitable candidates were the ones to reach the final stage. There might have been a mismatch between Mercuri Urval's assessment and IKEA's criteria or IKEA changed its success criteria input in the last minute. Regardless the reason it meant that Mercuri Urval had to start over recruiting that role, which resulted in a waste of time, money and resources presumably making Mercuri Urval's process unprofitable.

Evaluating the Project

Although I have mentioned that this type of project is new to Mercuri Urval it is not a very complicated type of project. According to Mikkelsen and Riis (2011) there are types of projects were the three factors value goals, service goals and procedure are either all known, all unknown or somewhere in between. The different types can be viewed in Figure 26.

Figure 26: Different project types (Mikkelsen & Riis 2011)

The stars represent that it is known whereas the clouds represent uncertainty. I would classify the type of project that Mercuri Urval delivers to IKEA as either three stars or two stars and a cloud in the procedure. The goals that are defined for the value that Mercuri Urval are going to provide are simple and known for Mercuri Urval. They have delivered value in the form of new employees many times and they know what it should be even though they do not measure the value. The service goals regard the service and how that is expected to look; that is also quite simple and seen many times before in recruitment projects. The steps in the service are represented in a flow chart in the contract and they are therefore known by both parties. The procedure is partly known because Mercuri Urval has delivered recruitment projects many times before, but never delivered a project in this scale before and I would therefore argue that the procedure of Mercuri Urval's project would be half star/half cloud. Mercuri Urval needs to learn to manage the process with so many people involved and coordinating contributions to optimize the value outcome.

Supporting Activities

In the beginning of the section about processes the inspiration from Porter's value chain analysis (Porter 2004) was mentioned. Not only are the primary value-adding activities relevant but some of the supporting activities are also essential and can create complications in the process of providing the customer with a service. Many of the supporting activities are conducted in the IT system and activities such as reporting and documenting can entail issues. Technology and development to support the value-adding activities are therefore also relevant to the efficiency of Mercuri Urval's service operations.

Technology

In terms of technology I have found further inspiration from the 7S model (Mindtools – 7S). I am analyzing the main systems that are used on a daily basis to run the organization and the internal rules and processes used by the team to keep the project on track. I have already mentioned some of the factors relating to this and will therefore use this section as an addition to that.

During the project execution, Mercuri Urval had to provide IKEA with statistics each week regarding new candidates, screened candidates, rejected candidates and progressing candidates. These statistics were documented in an excel spread sheet where all the figures were updated manually. In addition to those statistics Mercuri Urval had to provide IKEA with the media sources the candidates had come through. The issue was that all reporting of statistics had to be made manually. The system which applications were uploaded to sorted the candidates based on media source and created a pie chart for each role, but creating the report that was sent to IKEA was a very labor intensive activity. For all of the roles being recruited in a period it involved printing screen, copying into paint, cutting, inserting into a word document and then finally converting into a PDF document. (MU IV's)

Statistics are not a typical content so these complications were not present until now. It is highly time consuming to produce the reports manually and it seems unprofessional to create reports by cutting and pasting the content. Not only is the process highly time consuming for Mercuri Urval, it is also a non-value adding activity which only takes up time that Mercuri Urval could spend on value-adding activities. IKEA is a large organization with a centralized management and it could be assumed that similar clients would ask for the same service in the future if Mercuri Urval gets bigger projects. It is non-value adding and highly inefficient so if Mercuri Urval is to provide that type of service in the future they should charge the client for the statistics, cut down on statistics or find a much more efficient way to create the reports.

The internal server that Mercuri Urval stored all documentation on; resumes, CBF's and OPQ's, was mildly put a mess. There were folders, sub folders and documents and even though there had been attempts to structure the folders and create consistency on the server it seemed very random where documents were put. Several people were operating in the same documents and sometimes files were saved in several locations, which made the server even more unstructured and hard to figure out. (MU IV's) In all of the interviews in the process where IKEA was involved Mercuri Urval had to send relevant documents to IKEA 24 hours prior to the interview as stated in the contract. Because interviews were arranged last minute and due to the volume and lack of resources this task was often completed just before close of business to get them out before tomorrow's interviews. An issue that occurred was that due to duplicated files, unfinished files were zipped in a folder and sent to IKEA. Obviously that caused dissatisfied IKEA people. Again the quality manager who was in charge of checking the quality of everything being sent out to IKEA was busy and did not attend to the files before they were sent.

In relation to the many files on the server, files were sometimes missing or changes were not saved because several people operated in the same documents, which again caused rework. Just like in a production company rework should be minimized by increasing the quality of the production processes. (Lambert 2004) To minimize those errors Mercuri Urval created a master spread sheet in which the candidates and all their information was saved, which cut down the number of documents. The spreadsheet was updated by several people on the different tabs which worked well unless people accidently changed the exact same cells in the spread sheet. Even though it was not a perfect solution it was definitely an improvement to the process. (MU IV's)

In terms of the technology used to run Mercuri Urval, some of the main systems are specific tools such as the CBF and the assessment tests that Mercuri Urval has developed and uses. A complication in the IKEA project is therefore that Mercuri Urval does not use its own main production technologies but adapts those IKEA uses. And it did cause several issues, especially on the IT side of it. Another main system that is used to support the daily operations is the whole IT system, which is generally perceived as poor. The Australian office joined Citrix which is used in Europe, in the middle of the IKEA project, which caused issues in the phasing-in process. The Citrix environment is very slow in everything from writing emails over opening documents to switching between two open windows. A slow system is frustrating to most employees because it is hampering the pace and the efficiency. A slow system is obviously not the main reason for an inefficient team but it is a facilitator for a more efficient performance. Some essential commands are not even possible to conduct in the system, such as creating a PDF or copy/paste. During the IKEA project Mercuri Urval experienced up to a half day of downtime where the employees could not log onto the Citrix system where all files and documents were stored. That meant that no one could execute any tasks until the internet was back on track, just like when a machine breaks down in manufacturing and needs to be repaired. Because IT is outsourced Mercuri Urval does not have many options in a situation like that.

In terms of Mercuri Urval being ready for the future challenges, I would argue that there is a gap between the current IT system, rules and processes and the required system for handling a large project. If Mercuri Urval is to use the system as it is, in my opinion it requires better rules and processes of handling the many files and documents in order to be more efficient.

Employees

The next element in the organizational model is employees. Competencies, skills and reward systems also have a large impact on the production process and the complications that can emerge. Employees are analyzed in the following and is therefore highlighted in Figure 27.

When talking about employees at Mercuri Urval Australia it should be emphasized that there are different types of employees with different characteristics and work approaches. In the IKEA project the permanent employees have not been sufficient staff to deliver the service and Mercuri Urval has therefore had to borrow Mercuri Urval consultants from Europe, hire new permanent employees and hire temporary staff to complete simple tasks.

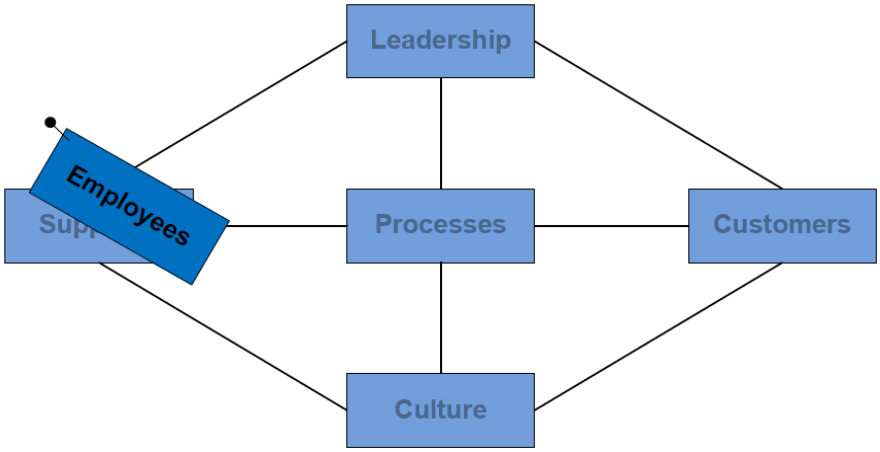

Figure 27: Analyzing employees

Human resources is mentioned by Porter (2004) as a support function important to the competitive advantage in a company and concerns activities such as identifying skills, motivating employees, hiring and training. Because Mercuri Urval has labor intensive tasks and rely on people skills, the employees are key to competitive advantage. To conduct the analysis I have found further inspiration in the 7S model (Mindtools – 7S) in the two aspects Staff and Skills. *Staff* is about the employees and their general capabilities whereas *skills* is about the actual skills and competencies of the employees working for the company. In relation to delivering a good service, it is also important how skills and activities are monitored and assessed. How else would Mercuri Urval know whether its employees are successful in winning and delivering projects? To assess this I have also found inspiration in the organizational star-model by Galbraith (2001) and the aspect called rewards. The section is divided into staff, skills and rewards.

Staff

In terms of staff it is important to look at the specializations within the team, the required competencies and experience and employee motivation. With regards to the specialization within the team, the employees working on the IKEA project are either consultants, recruiters or administrators. The consultants have different backgrounds and experiences but have all worked with recruitment before. Those who have worked for Mercuri Urval for a longer period have all tried using Mercuri Urval's tools and procedures and are experienced in that. The new consultants, hired after the IKEA project was launched have been introduced to Mercuri Urval's procedure but not conducted recruitment interviews for Mercuri Urval before. All Mercuri Urval Australia consultants were briefed prior to conducting interviews in the IKEA way.

Mercuri Urval had to borrow consultants from Europe to help with the IKEA project. In terms of designing efficient and sustainable solutions for conducting large projects in the future it might not be the cheapest and most sustainable solution to fly consultants over to Australia, pay for transport, accommodation and a day rate for the work. Those consultants also spent two whole days being briefed about the IKEA project, the jobs they were to recruit, the processes and the templates. After a few weeks those consultants were sent back to Europe. In the second round of interviews Mercuri Urval needed help again, but the consultants who had already helped with the IKEA project were not available and new consultants therefore had to be briefed and educated. This arrangement meant that too much time was spent on educating consultants, which was not a sustainable solution. However, if Mercuri Urval had hired a new local consultant it would have required induction and introduction to IKEA as well, and in addition knowledge about the general Mercuri Urval processes. It could furthermore have led to the issue of having too many permanent consultants locally after finishing the IKEA project.

In terms of the recruiters in the process, there was only one recruiter in the first round of IKEA recruitments. The recruitment manager had worked for Mercuri Urval for about a year and was well experienced. When Mercuri Urval realized the scale of the project another recruiter and an administrator was hired. Again further briefing was necessary. A characteristic aspect of Mercuri Urval's approach was expanding the office with people as they were needed and throwing those people directly into the deep water without much introduction to any other aspects of Mercuri Urval than those he/she was going to help with or be responsible for. For recruitment tasks Mercuri Urval later hired temporary people via agencies, which was to avoid excess workers in case of a slow period after the IKEA project, but it worked well given the tasks they were given, which were simple standardized tasks.

In relation to required competencies and experience every permanent employee at Mercuri Urval Australia lack the experience of working in large projects with much team work and I would say that there is a gap in the current level of capabilities and the required level in the very near future. In terms of motivation the permanent Australian consultants were highly motivated to work on their first large project as they found the challenge very interesting and exciting. (MU IV's) The overseas consultants were more experienced with large projects and might have been less motivated due to that and being in an exciting new country. The temporary staff were allocated to routine tasks with little or no introduction to the whole recruitment process, which could decrease not only motivation but also the service quality. All in all the potential and motivation was there, but some development might be necessary for several employees, and also a manager to lead the way would be required.

Skills

Strong skills and abilities of Mercuri Urval, skill gaps and how skills are evaluated will be assessed. A strong skill of Mercuri Urval's permanent people is that they provide a service that many companies do not have in-house themselves. They have the ability to select a few good candidates out of many applicants and assess those chosen to find the very best match with the client based on a thorough understanding of the client's challenges. According to Mercuri Urval, from being a new employee at Mercuri Urval to fully understanding the job and having learned the skills takes about 6-10 months (MU IV's). This long induction phase becomes an issue when a project like the IKEA project suddenly requires more consultants. Even though the consultant can be functioning in the role and working on a project after only a few weeks it takes longer to be fully functioning.

In order for a new consultant to learn the skills of reading a person's personality based on the psychometric tests, the consultant need guidance from other consultants and a bit of trial and error to understand the numbers for the different personality traits. In the IKEA project this was more simple, but still required an understanding for people and their personalities. Mercuri Urval uses a mentor system to bring new consultants up to the required level, which is a good approach and works well because of high levels of tacit knowledge.

Those Mercuri Urval people who have been with the company for long had the required skill set for executing the steps in the IKEA project, however they seemed to lack the coordination skills and project leader skills. It basically seemed like Mercuri Urval did not have any project leaders in the IKEA project. The consultants brought to Australia from Europe lacked the language skills but had project experience from Europe where larger projects are more common due to a more mature market. Preferably those borrowed consultants could teach Australia's consultants about managing and structuring projects, but it did not seem to be the case.

In general Australia's experience is not as long as other Mercuri Urval countries, but they have been around for 20 years. In terms of skills and the winning of the IKEA project, Mercuri Urval Australia has shown great potential within sales skills. Good sales skills are also needed in the future if Mercuri Urval wants to win similar projects and gain more 3D clients. But sales will not do it alone, Mercuri Urval Australia needs to show that it can lift the task and deliver good quality service, otherwise their reputation will make it much harder to win clients. Sales skills might be called an order qualifier whereas service quality in terms of image and reputation can become an order winner.

Rewards

It is important that there is coherence between what the company wants and what is rewarded. Often a limited activity is rewarded while companies are less good at rewarding the activities that ties the organization together and make it seem like one unit. But that is important if the company wants to promote knowledge sharing. (Wæhrens Lecture 2007)

According to Galbraith (2001) the purpose of the reward system is to align the goals of the employees with the goals of the organization. Which means that to get the employees to work towards the goals of the organization they need to be measured on goals supporting the overall company goal, which comply with the statement adapted from Wæhrens (Lecture 2007). That will motivate them to work in the strategic direction. Galbraith mentions regulating salaries, promotions, bonuses, profit sharing and stock options as rewards as well as recognition or challenging assignments. Furthermore he says that the reward system must be aligned with the structure and the processes of the company to actually influence the strategic direction. In terms of the IKEA project, how do we know whether Mercuri Urval is successful and profitable in the delivery? As the direction statement of Mercuri Urval stated, Mercuri Urval needs to deliver profitable projects and they need to deliver more than one project to a client for the client to become a potential 3D client. If Mercuri Urval is to build and sustain a positive image of itself in order to win more clients and projects, they need to deliver a good quality service, and they need a good image to win projects in this industry. In order to deliver good service they need to know what that is and how they can measure it. In other words, with which criteria to measure the efficiency, profitability and how good the service is, however Mercuri Urval has set up none of those criteria.

Mercuri Urval measures the amount of sales meetings with clients and the possibility for sales in the near future, that is the sales pipeline, but there are no measures of the team work efficiency, the profitability or the success of the project. The goal for Mercuri Urval is to work more in teams on large projects, but they are not measured on that and have little incentive to work towards better team work and a higher level of efficiency and profitability, which is considered a gap in the rewards system.

If a consultant wants another consultant to help with the delivery of a project, he/she has to pay for the other consultants' time, which does not exactly encourage the consultants to work together. New consultants do not cost anything because that is seen as training. This set up encourages the "old" consultants to work with the new consultants, but not with the established consultants.

It is important to know if a service delivery is found positive or negative by the client and if it is profitable for Mercuri Urval. During the many steps in the process I have pointed at several issues that caused rework and quality issues, and these things might increase the risk of the project not being profitable, however nobody really knows. Mercuri Urval has received feedback from both IKEA and candidates and much of the feedback about the project has been positive. That is an indicator of the success of the project in the supply chain interface towards the customer and suppliers of inputs, however it does not say anything about Mercuri Urval's internal efficiency.

Customers

The next aspect in the organizational model is the other part of the supply chain, namely the customer IKEA, and customers is therefore highlighted in Figure 28.

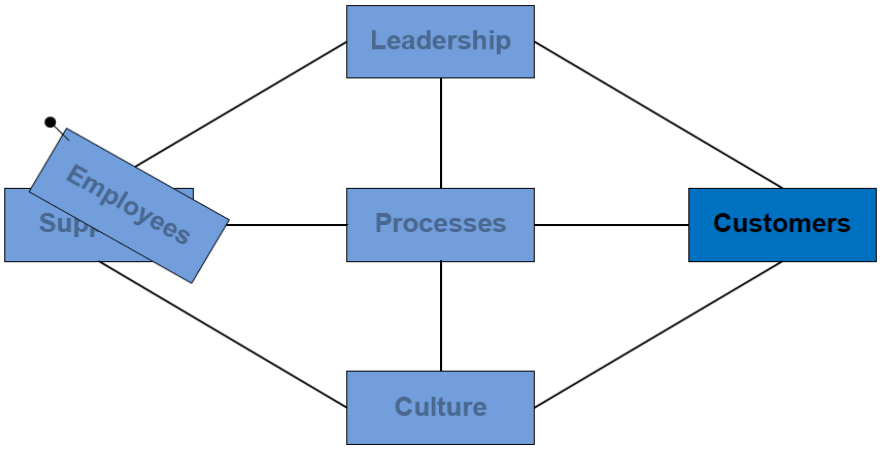

Figure 28: Analyzing customers

Candidates and IKEA are perceived as customers who both supply knowledge and other inputs to the production process in Mercuri Urval. References might also be perceived as customers, even though they do not choose Mercuri Urval's service themselves but are chosen by the candidates. IKEA supplies inputs about how they want the project to proceed and develop, which processes they want to include and which candidates they want to hire for the job. Inputs are both important before and during the project and the last important input from the customer is the final decision as to who to recruit. The candidates supply

inputs in form of their knowledge and previous experience, which is assessed and evaluated by Mercuri Urval and IKEA. The references supply inputs about the candidates to validate the information.

The common factor for the inputs from IKEA, candidates and references is that the inputs are unpredictable and almost impossible to control, which has complications in managing the processes. According to Bitner et al (1997) there is low, moderate or high customer participation where I based on the information provided would define most of Mercuri Urval's customer relationship as high. The definition of high customer participation is: *The customer co-creates the service outcome, active client participation guides the customized service, service cannot be created apart from the customer's participation and customer inputs are mandatory.* These characteristics are true for most processes although there as mentioned are activities that can be prepared or finished without active customer participation.

In the briefing meeting that was held between key people from IKEA and key people from Mercuri Urval it was agreed that Mercuri Urval was to find suitable candidates and recommend them to IKEA, who would then allocate the candidates to the suitable roles. In order to deliver that service it was agreed that the pre screening on the phone should be about the culture, the 1st interview would again be about culture but also very much about general leadership skills and then the 2nd interview, where Mercuri Urval is not longer represented should be about the job itself. However, IKEA changed its mind after the first round of recruitments and decided that they wanted more emphasis on the job and the relevant candidate experience. It meant that already after the first prescreen phone interview the recruiter had to decide on which position the candidate would be most suitable for out of approximately 30 different roles and know what IKEA wanted in every single position to be able to recruit the best possible candidate. Already from the very beginning in the pre-screen phone interview the recruiter then had to juggle all of the roles and benchmark the candidate's skills and behavior against the many different roles to find the best match, which entailed a lot of extra work and made the process more implicit. In addition the change did not entail an extra cost and could hamper the profitability.

3-4 months into the process IKEA wanted to create a more detailed plan for the remaining process, which in itself was a very positive decision, because managing large projects requires detailed planning. (Slack 2004, Mikkelsen & Riis 2011) One of the key persons in IKEA created a plan with the commencement date for recruitment of certain roles, interview periods and date of commencement for the candidate recruited. The problem was that Mercuri Urval was not asked if deadlines were realistic. The plan did not include details and the timeframes were very unrealistic for Mercuri Urval to stay within with the amount of people on the project. Furthermore for a few of the roles the commencement date had been moved forward and therefore the whole recruitment process had been moved forward and was to begin 3 weeks after the plan was published. To Mercuri Urval that was impossible with a Christmas break, an ad going live, sourcing candidates and screening resumes on top of the other positions that were recruited simultaneous. This example shows the lack communication and agreement between the two parties and that they need to agree on project plans and create such with inputs from both sides.

Rescheduling was not a rare activity in the project with IKEA. It seemed that IKEA had a hard time agreeing internally and therefore decisions were made and changed many times. An issue that occurred often was rescheduling in the interview schedules. Firstly locations and people for the interviews were found in the last minute, which affects the following activities in the process. Just like in a production process if one of

the machines is slower it will create a bottleneck and affect the remaining processes throughout the production plant. IKEA and Mercuri Urval can be called reactive when planning on a day to day basis instead of being more proactive and far-sighted, which signals that the situation is new to both parties and a trial and error approach is used.

When it comes to choosing which candidates are suitable for the jobs, this is a very subjective decision, even though there are tools to help making the decision slightly more objective. There is always the risk that Mercuri Urval's recommendation and opinion is different from what the client wants, however with IKEA was at the very last interview that candidates were rejected based on emotions and subjectivity. It is obviously a subjective decision but Mercuri Urval tries to make it more objective by basing decisions on results.

With IKEA, which is a very large global company there are also political issues attached to recruiting which makes Mercuri Urval's process redundant to some extent. For example a couple applied, they were both internal IKEA employees and IKEA therefore knew both. The man had a bad reputation and had left a store due to disagreements but the woman was known as a very good manager. IKEA rejected the man based on the knowledge about him, which meant that the woman withdrew her application as well. Another example was an Australian living in Sweden who wanted to come back to Australia to work in the new store. He got rejected because of a bad English even though he was Australian, which might have been a cover for another political reason. Those situations show that IKEA does provide uncontrollable inputs to Mercuri Urval's process.

Mercuri Urval and IKEA do try to outline the processes and agree in the briefing in the beginning, however it was the case that a few key players were replaced by other people. If people leave the project and their roles are replaced with other people the introductory briefing is not very helpful, and there needs to be updates and new briefings. In terms of securing the ability to conduct similar projects in the future the briefing should be documented so that new people can be introduced quickly into the project. Mercuri Urval has taken the first little step and has created an IKEA R-Process Manual for the R-team, which helps the recruiters and administrators to communicate with customers. It is a very good idea to create documentation for part of the project for people to read when joining the project such as temporary staff or new consultants or it can be used as reference work.

Looking at the other inputs to the process coming from the candidates and not IKEA itself, there are a few things that are again uncontrollable and creates extra work for Mercuri Urval and decreases the efficiency. When candidates are sent the CBF they have to enter personal information and answer questions, but the amount of candidates entering a wrong email or phone number is incredibly high. The information from the CBF is transferred to the master spread sheet with all the candidates and if wrong information is entered into the spread sheet that will be used next time Mercuri Urval wants to contact the candidate either by phone or by email. These typos are therefore causing issues in more than one activity. Especially regarding the OPQ and sending out the links, having to resend the links was problematic and time consuming for Mercuri Urval and decreased the efficiency. Again that is an external issue and it is therefore very hard for Mercuri Urval to control the process.

Leadership

The next box in the model is the leadership aspect which is very important for project management and controlling and managing a complex process. (Mikkelsen & Riis 2011) In terms of leadership the way managers view and approach their job has a large impact on the company's ability to learn new and utilize existing knowledge. The leadership box is highlighted in Figure 29. In addition I have adapted the style aspect from the 7S model (Mindtools – 7S), because style regards the style of leadership that is adopted by the managers.

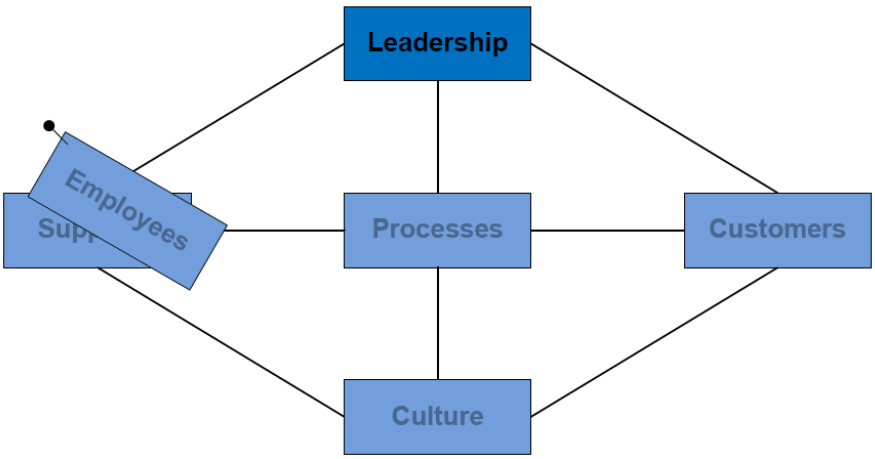

Figure 29: Analyzing leadership

In the Australian office there is no person in charge of the operations function, by that meaning the arrangement of resources devoted to the service delivery (Slack 2004). This means that Mercuri Urval Australia does not have an operations manager nor do they have a particular operations strategy. They only have the growth strategy from 2010 which is considered a top-down strategy that reflects what the group wants to do. In Australia there is no reporting to a manager regarding operations because there is no such manager. Sales is reported to the sales manager and the R-Team members are officially reporting to the recruitment manager. Besides from these few formal management structures, everybody is autonomous and one's own manager.

According to the contract between IKEA and Mercuri Urval there are three project leaders with each their area of responsibility. The three leader descriptions as written in the contract are seen below.

- **Key Account Manager** who will assume overall responsibility for the account and the relationship. The manager is responsible for maintaining the knowledge level of the dedicated consultant team at all times, enabling the collective team to deliver in accordance with strategic development and business challenges in the overall organization. The Key Account Manager is part of the Mercuri Urval Project team and will be your point of contact for performance issues relating to the Delivery Performance Manager and the Project Manager.
- **Delivery Performance Manager** who is responsible for the quality of delivery of Recruitment and Selection Services. The manager is responsible for meeting all project requirements within the allocated tolerances of time and quality. The Delivery Performance Manager is part of the Mercuri

Urval Project team and in case of problems in an assignment, the Delivery Performance Manager will be your point of escalation of delivery issues.

- **Dedicated Project Manager** will communicate overall reporting on the activities to IKEA. The Project Manager will be responsible for practical coordination and communication on the account. The project manager will assist the Delivery Performance Manager in ensuring consistency, quality and calibration in the delivery of assignments. The Project Manager will provide an overview (to the IKEA Corporate HR Team) of project status and is part of the Mercuri Urval Project team.

IKEA also had a HR team with three members allocated to the project. The HR team consisted of a:

- **National Human Resources Manager** who is the primary point of contact for issues relating to the contractual arrangements and performance of IKEA people.
- **National Human Resources Operation Manager** who is the primary point of contact for enquiries and feedback relating to EXISTING store recruitment.
- **National Learning and Development Manager** who is the primary point of contact for enquiries and feedback relating to NEW store recruitment.

In the IKEA project, with key people and project leaders described in the contract, it seemed that the management was under control. The project manager and the performance manager from Mercuri Urval could be viewed as the two operations managers of the project. However, only a few months into the process the dedicated project manager wanted to quit the IKEA project and focus on upcoming sales opportunities and other projects. He felt that his own values and IKEA's values were incompatible and that IKEA were too indecisive due to all the changes they wanted. The key account manager was to manage the project and be in charge of the central aspects of the project, but the manager was little visible and focused on recruiting certain roles. For instance he recruited all the national roles (those in charge of all Australian stores) and did not seem very involved in the joint process besides attending the IKEA project review meetings. The delivery performance manager had issues controlling the quality due to own involvement in the project and all three managers in the project were part of the Mercuri Urval project team and thus both executing and managing the process, which created complications. It certainly resulted in a lack of a dedicated operations managers with sufficient resources, which is important (Mikkelsen & Riis 2011).

It was not only Mercuri Urval's key people who withdrew from the project, the National Learning and Development Manager from IKEA also resigned from the project and had to be replaced. The replacement of people meant that the new people had to be updated and briefed on what was agreed and also which changes had been made along the way. It made sharing knowledge and information very important so that the new person could take over where the other person left, but that required a handover of knowledge which was often tacit knowledge. This knowledge handover was not fully conducted which resulted in a neglectful project leader role. Some of the recruitment processes in the IKEA project were standard procedures which could be standardized and it should be possible to find a way to transform implicit knowledge into explicit knowledge that could be utilized in the handover of responsibility. Many changes were made during the first months and those were not documented, which made the handover more difficult.

Another complication is changing what Mercuri Urval is used to. Mercuri Urval consultants are very autonomous and the structure is flat in the small organization, which also means that Mercuri Urval was not used to having project leaders. The project managers therefore had to get used to managing a project with particular areas of responsibility and the remaining had to get used to being managed. The managers had a hard time understanding their certain area of responsibility, which resulted in misunderstandings and people working in different directions for example because both managers thought they were responsible or both thought that someone else was responsible. This issue stemmed from unclear project leader roles.

Many people were involved in the project and many of them joined the project later in the process, both new and borrowed consultants and temporary workers. It was the managers' responsibility to inform those people about everything they needed to know, however much of that was done slightly ad hoc and not in a structured manner. People need a bit of structure and in the way certain jobs are performed. That could contribute to the clients and candidates not feeling being taken well care of. A few complications emerged in relation to inconsistency and again the quality was not checked before documents were sent to IKEA.

In terms of formal and informal communication there were only few internal review meetings during the entire project where everybody involved in the project communicated and shared information about the project to improve the service operations and increase the efficiency. Besides those scheduled meetings there was informal communication about candidates and IKEA amongst the Mercuri Urval people involved in the IKEA process. But in my opinion the formal and structured communication management was lacking.

In relation to inconsistency but also lack of clearly defined responsibilities feedback was not provided to the candidates. The consultants conducting interviews with the candidates were supposed to give candidates feedback regarding their progression or rejection. However, after 2-3 weeks Mercuri Urval experienced calls from candidates wanting feedback from their interviews as to whether they were successful or not. It turned out that no one had provided a number of rejected candidates with feedback. In the contract it was stated that candidates must be provided with detailed feedback within 5 working days, so it was clearly a gap in specified service quality. Due to the number of interviews the consultants had trouble keeping track of the individual candidates and why they had been rejected. Each candidate had a personal interview pack with CV, CBF, interview guide and handwritten notes which were written on the interview guides. These notes were in hardcopies only and when the candidates that had not received feedback needed feedback Mercuri Urval had to find the notes in a big pile of paper to view the reasons for rejecting the candidate. It therefore turned into a time consuming inefficient process to provide the candidate with feedback and reject them. It is important for Mercuri Urval to provide the candidates with a good service because candidates can become future clients and because they impact Mercuri Urval's reputation. The example shows a lack of leadership, delegation of tasks and securing that tasks are actually completed to the specification that is the agreed quality.

Generally there is too much autonomy pulling the project in different directions and the management is nearly non-existing which impact the execution of service processes. It is not only an issue at present, but it is important for the future where Mercuri Urval needs to be capable of handling similar large projects. It is a goal for Mercuri Urval to increase team work, thus highly important.

Culture

The last box in the model is culture. Because the model depicts the relations between Mercuri Urval and IKEA it is not only Mercuri Urval's company culture, but also the cultural fit between Mercuri Urval and IKEA that is important. In the 7S model (Mindtools 7S) one of the aspects is called *shared values*, which I have again used as inspiration. Shared values refers to core values of the company that are evidenced in the corporate culture and the general work ethic. Culture is highlighted in Figure 30.

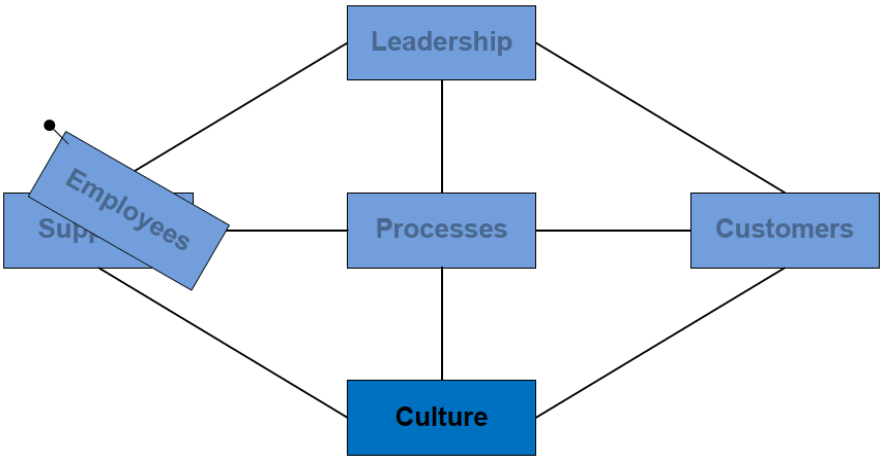

Figure 30: Analyzing culture

Mercuri Urval's core values are strict standards for ethic and confidence because Mercuri Urval's success relies on trust from the client and the candidate. Recruitment is an important decision and mistakes can cause severe losses and internal disruption, which is why Mercuri Urval's recruitment process is very thorough. (MU website) The company culture has as mentioned been characterized by autonomy which is very suitable for the normal sized projects where the consultant can structure the project to own wants and needs as long as following Mercuri Urval standards. Values and culture are not highly emphasized perhaps because the structure is flat and there is no management to communicate the values and goals.

Australians are social and relaxed and at Mercuri Urval it is a tradition to have a so-called Wisdom and Wine session on Friday afternoons every two weeks. This is a way for the employees to share knowledge and relevant information over a glass of wine, but in a large project more knowledge sharing is required. The culture is critical for how the employees relate to each other and how they understand their role in the company. Most people in the office can work together, but a few people avoid working together with certain people. Personal preferences and fit is an important factor when team work is needed in the delivering.

Regarding the office dynamics and culture, one of the consultants stated the following in March 2011. *"The office dynamic has completely changed in the last few weeks – we now have 8 consultants, an R-Team of 5, 2 Business analysts and 2 administrators. We have more people than desks which might be a bit interesting with everyone here. It is quite serious at the moment with everyone deeply involved in large projects, working quite a lot in isolation – it feels a bit unusual but we will all have to adapt to the change!"* The large projects refer to the IKEA project and a large project with a telecommunications company. This statement shows the cultural change and change in working style.

Due to different types of employees at Mercuri Urval, it is difficult to talk about a joint single sided culture. Permanent consultants are marked by the days of autonomy, new consultants will commence in the shift, not experience the old ways of working but see the confused organizational culture. Borrowed consultants and temporary staff are temporarily part of the team and experience the atmosphere in the office differently as well as add to a different atmosphere., so the culture is currently very multi sided.

In the culture between IKEA and Mercuri Urval, there are both similarities and differences. Mercuri Urval is a large global company just like IKEA, but IKEA has a more central management than Mercuri Urval which hardly has a managerial core. The stakeholders from IKEA are however not used to dealing with recruitment and the project has been affected by IKEA's indecisiveness and many changes. IKEA has a special culture, which is highly emphasized by the management. To IKEA it is important to be perceived as a family with strong bonds and a standardized Scandinavian approach to design and business. Even though IKEA is supposed to be a family the individuals involved in the project do not agree on many things which causes frequent process changes and misunderstandings. Mercuri Urval's main services are intangible, whereas IKEA's main business is more tangible, which can also create a difference in perception and values.

Evaluating the Outcome of the Organizational Model

From the analysis structured around the organizational model (inspired by Rath & Strong – PI), it is clear that many processes are very time consuming and non-value adding for Mercuri Urval, for instance the situations where Mercuri Urval has to redo the entire process because IKEA changed its mind or Mercuri Urval had sent wrong documents to IKEA. IKEA pays for one recruited person and not the process that leads to the recruitment, which means that Mercuri Urval might become unprofitable although it is difficult to know because they do not measure the profitability of projects based on internal efficiency or inefficiency. It also seems that even though IKEA has purchased an agreed service they have difficulties committing to the process, they keep requiring changes and wanting additional details, such as statistics, resumes and CBF's. Mercuri Urval is obviously new to these large projects which shines through in the management or should I say the lack of management. Several issues are due to the lack of responsibility and standardized structures that should secure that the organization works together as a team and not as many individuals under the same roof. With this said Mercuri Urval actually performed fairly well in the project and many times it was IKEA's indecisiveness that created the little complications because these changes were not dealt with properly by Mercuri Urval and its service operations design.

The modified model was found relevant because of the internal view as well as supply chain view which is important in a cooperation where issues and complications can stem from internal processes but also from those customer input complications which Mercuri Urval cannot directly control. I find it important to know where issues emerge when wanting to reduce those complications and design more effective and efficient service operations because it is important to know whether to focus on the internal structures, the partnership and cooperation with the client or the daily service operations.

Categorizing the Complications

In order to create an overview of the analysis outlining the complications, I have created a complication catalog with the identified complications divided into categories. The categories are created to group the complications into types of complications that explain the complications more than if they were just

divided into the categories from the model; employees, processes, customers, leadership and culture. The table provides an overview and gives examples but does not provide the full list of complications identified in the analysis. The complications listed are both internal process complications that are Mercuri Urval's own responsibility, and complications that stem from IKEA's activities or issues.

Complication Category	Some Examples of Complications
Management and responsibility	Key people are replaced Delegation of tasks and responsibility Direct reports
Communication	Lack of information sharing and handover of tasks All candidates are provided with information
Rewards	Staff motivation How does Mercuri Urval know if they are successful?
Difference in company values	IKEA bases decisions on emotions, Mercuri Urval more on results from the process
IT System	Citrix System slow and unreliable Manuel reporting of statistics Issues with the website where candidates upload their resumes Mess on the document server
Scale and Planning Issues	Lack of human resources Coordination of interviews and the many candidates Deadlines are not kept Locations and people for interviews are found last minute
Staff Competencies	Different understanding of standardized templates Misunderstands or forgets verbal information Project management documents are not used
Rescheduling and Changes in the Process	Commencement dates are moved forward New people are joining Mercuri Urval and IKEA Everybody needs the information Several roles are recruited simultaneously instead of individually Several roles are recruited individually and not in bulks IKEA's creation of an unrealistic project plan
Political Issues	Candidates have bad reputations and cannot be hired even though Mercuri Urval assess them to be suitable Candidates are fast-tracked because of a good image, which causes issues in the stepwise process
Quality Management	Quality manager does not have resources to check the quality Poor quality documents are sent to IKEA Deadlines are not kept
External Issues	Not enough good candidates Slow responding candidates Wrong contact information in candidate documents

Linking Complications to the Service Triangle Relationships

With the complication catalog in fresh memory I would now like to jump back and take the service triangle into consideration again. I would like to take the 11 types of complications I have listed in the complication catalog and link them to each of the relationships in the service triangle in order to clarify which types of complications that impact certain relationships more than others. I have chosen to create this link because I think it is relevant to know which complications impact which relationships when wanting to talk about solutions to the different complications, improve the service operations, strengthen and balance the service triangle relationships. The service triangle is presented again in Figure 31, and below the model I have labeled each of the relationships with what they concern before linking the complications to the relationships.

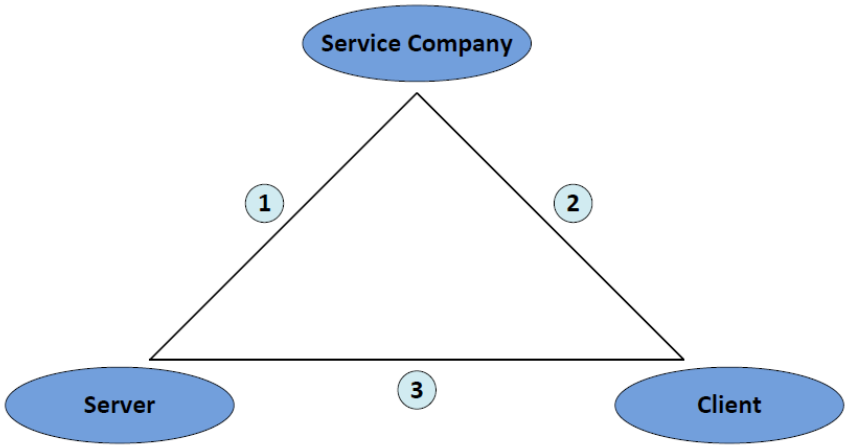

Figure 31: Labeling the relationships in the service triangle

The three relationships are concerned with:

1) Which standardized tools, documents and templates exist and how to manage the agreed processes and structure internally to create benefits of being an organization.
2) What are the contractual decisions, the formal partnership cooperation; the service Supply Chain Management.
3) What are the daily operational procedures in the interface with the client; the service operations management.

The types of complications from the table, the categories, can now be linked to the relationships in the service triangle. As mentioned, I want to link the complications to see which relationships in the service triangle are affected by which complications. The table on the next page shows the three relationships and the types of complications that impacted and influenced the relations in the IKEA project. In this section I will not explain further how the complications impact the relationships and how some types of complications impact more than one relationship. Instead I will use and explain the table in the next chapter as I discuss which solutions or service designs could be suggested to improve Mercuri Urval's service operations and approach to large projects.

Relationship 1: **Mercuri Urval – Employees**	**Relationship 2:** **Mercuri Urval - IKEA**	**Relationship 3:** **Employees – IKEA**
Categories of complications		
Management and leadership Communication Reward system Staff competencies Rescheduling/changes in the process Quality management	Communication Difference in company values Rescheduling/changes in the process Staff competencies	Communication Reward system IT system Scale and planning issues Staff competencies Rescheduling/changes in the process Political issues External issues

This chapter analyzed Mercuri Urval's current approach to large projects which was the concern of the first research question. The analysis was structured by the service triangle model and the organizational model with a supply chain perspective. The outcome was a complication catalog listing the types of complications present in the project, which were then linked with the relationships in the service triangle. That linkage will be the starting point of the next chapter in which a discussion of the different types of solutions to minimize or avoid complications in future projects of similar nature will take place.

Chapter 7

Solutions to Process Improvement

This chapter provides suggestions for how to improve Mercuri Urval's project approach and process management on the most essential issues addressed in the analysis, which is what the second research question asked. The chapter contains general solutions and project management solutions for how to manage and improve project work in Mercuri Urval's context. Furthermore it contains three parts concerning complications and improvements for each of the three relationships in the service triangle.

Structure of the Solutions

The analysis took its starting point in the project between Mercuri Urval and IKEA. It can be argued how much of a unique project the IKEA project really is. Obviously it is a new client and a new recruitment service, but the aim of the project is to recruit a particular number of people for a client, which Mercuri Urval has tried many times before. The IKEA project is unique in the sense that the scale is bigger than usual and the method for reaching the aim is new to Mercuri Urval because it requires Mercuri Urval to act like one organization and perform as a team.

The solutions on how to handle those types of projects where team work and organizational behavior is required will be dealt with in the following. The chapter is divided into several sections each dealing with its own complications of the project. Firstly there are the fundamental things that needs to be in place for Mercuri Urval to be ready for the future challenges of larger projects and 3D clients. I will then go through each of the 3 relationships in the service triangle and discuss which types of solutions would be beneficial for each of the relationships. During the discussions I will draw parallels between some of the solutions and explain the relation between them as well as integrate common project management solutions where applicable.

The complications in the 3 relationships in the service triangle can be viewed as the organizational structural issues, the formal supply chain issues and the operations management issues. Although everything is connected each of the relations in the service triangle are inspired by different types of solutions as seen in the bullet points below and visualized in Figure 32 on the next page. The general solutions and the project management solutions have an effect on all of the 3 relationships in the service triangle.

- Relationship 1: The internal structural issues are inspired by *organizational solutions*
- Relationship 2: The inter organizational issues are inspired by *Supply Chain Management solutions*
- Relationship 3: The daily operational interface is helped by operations management solutions.

Fundamental Solutions

Suggesting solutions is not only about improving the approach and efficiency in a single project. It is a more long term consideration which is about improving the iterative relationship of working together on projects with clients.

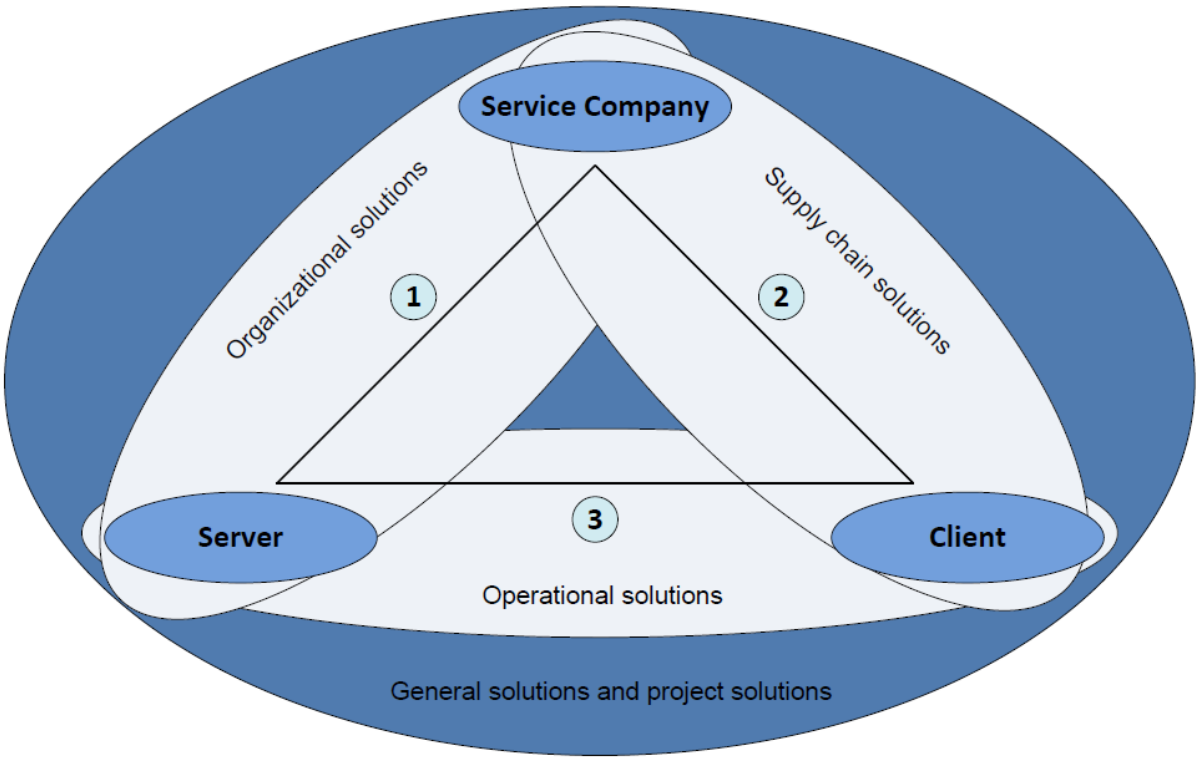

Figure 32: Structure of the solutions chapter

Mercuri Urval focuses on sales and growth, but forget that selling a different project entails a different way of working which was seen to cause complications in terms of efficiency and profitability. Mercuri Urval needs to take customers' needs into consideration and secure an efficient and satisfying service operations design, which will also benefit Mercuri Urval in terms of profitability. I suggest that Mercuri Urval develops an operations strategy that consider both sales and delivery. According to Slack (2004) t*he content of operations strategy comprises the specific decisions and actions which set the operations role, objectives and activities.* So Mercuri Urval needs to set some objectives for the operations role; the sales and delivery and agree on the needed activities to reach those objectives.

The projects Mercuri Urval sells to clients consist of a definition phase, a planning phase, an execution and follow up phase, and a completion and evaluation phase (Kousholt 2003). Each of those four phases requires attention and discussions where things can be agreed among the stakeholders. It is important that the two first phases regarding definition and planning and the final phase of completion are given just as much attention as the execution phase which people sometimes tend to view as the most important one.

Currently the consultants of Mercuri Urval can sell which ever project to a client that they want to sell as long as they carry the responsibility for delivering a satisfying service. The problem with that is that too much tailoring causes the delivery to be expensive and perhaps unprofitable, and therefore an operations objective would be to standardize as much as possible without it being at the expense of understanding the client's needs and adjusting the service to the client. Over standardization is not good if it does not consider the input from customers (Sampson and Froehle 2006) thus I am not suggesting a pure standardized product sold to all clients regardless of their needs, obviously they do need to customize, but economies of scale and scope are important for the profitability. (Slack 2004) Staying within the four business areas

should be a requirement. Looking at Mercuri Urval's own shelf products within the four business areas: recruitment solutions, talent management, business transformation, and board and executive services, Mercuri Urval could actually customize and apply those products to its *own* business in order to improve. The business areas concern many important elements of dealing with future challenges and Mercuri Urval therefore might benefit from its own ideas to improve capabilities and people.

I should emphasize a difference between Mercuri Urval's business areas and the possibility to standardize. The recruitment process is often a case of repetition and adjustment where many other types of projects are customized to a higher degree. All managerial issues unique to services stem from the fact that service processes involve customer inputs. (Sampson and Froehle 2006) and some of Mercuri Urval's processes involve more customer inputs. Because recruitment comprises 70% of the total revenue it makes sense to focus on that and improve efficiency and consistency within recruitment processes. Thinking of manufacturing terms such as make to order and assemble to order, and applying those to Mercuri Urval's recruitment projects I would say that it resembles a mix between the two. There are some "pre-manufactured" components that can be reused or adjusted to deliver a recruitment project and there are some components that need to be manufactured from scratch to the specific delivery (Slack 2004), with inputs from the customers.

The frames around service design and service operations design needs to be agreed. The standard services Mercuri Urval delivers are determined centrally, but Mercuri Urval should design service operations locally in order to increase the local efficiency in team work and coordination of projects. According to Slack (2004) a process that cannot perform efficiently cannot satisfy, which sets requirements to the service operations design. The standardized processes made from the central management globally are mostly sales reporting and sales material about the different services but none about how to actually conduct the delivery of a project, which should be created internally in Australia. Those standardized sales documents are rarely used in Australia. They are intended to help Mercuri Urval's employees, so Australia should consider start using those documents in sales situations instead of creating documents from scratch each time. It is however important to adapt these international standards to the local market to get a think global, act local approach.

Standardizing involves turning tacit knowledge and best practice into explicit knowledge that everybody can access. Agreeing on the process and documenting the thoughts and procedures for everyone to refer to and it should therefore be considered how to store these standardized documents in a preferable way. It can especially be useful for permanent or temporary employees joining the company after agreements and briefings have been made. It is a good way to induct new employees but also useful to create consistency in the delivery of services within Mercuri Urval. It is however only possible to create for those processes that are simple and not those that involve much tacit knowledge. It is important that people are aware of the standardized documents and where to find them, otherwise they will not use them.

The table on the next page is the table that was created in the final part of the analysis. Each of the relationships have different types of complications and some of the types of complications are linked to several of the relationships because they effect the entire supply chain of service company, service servers and the client, and thus impact the organizational structure, the formal relationship between Mercuri Urval and IKEA and the operational service encounter.

Relationship 1: Mercuri Urval – Employees	Relationship 2: Mercuri Urval - IKEA	Relationship 3: Employees – IKEA
Categories of complications		
Management and leadership Communication Reward system Staff competencies Rescheduling/changes in the process Quality management	Communication Difference in company values Rescheduling/changes in the process Staff competencies	Communication Reward system IT system Scale and planning issues Staff competencies Rescheduling/changes in the process Political issues External issues

Those types of issues that impact all of the relationships in the service triangle are *communication*, *changes in the process* and *staff competencies*:

- **Communication** is an essential factor when many people are working together in a team sharing tacit and explicit knowledge across two organizations. Communication issues therefore impact all the relationships in the service triangle, but in different ways. Internal communication is different from communication between the two organizations on a formal level which is again different from communication between the two companies on a daily operational level. The issues therefore require different solutions which are suggested separately in the following sections
- **Rescheduling and changes in the process** are other issues which play a part in all of the relationships. When changes are made it impacts the entire service triangle but again the solutions needed to deal with the changes are different depending on which relationship it impacts. The suggestions for improving how to deal with changes in the process are therefore also divided into each relationship and provided in the following
- **Staff competencies** are also important for the three relationships. It is essential whether the right people are involved in the project team and that applies to both organizations even though Mercuri Urval can only directly control their own side of the cooperation. Staff competencies will also be explained in the following three sections

Rewards impact the internal structures as well as the daily operations. What people involved in the project are rewarded for play a part in the internal organization of Mercuri Urval's people and it impacts the interface with the client. What people work and focus on is highly influenced by what they are measured against and rewarded for. Rewards are therefore dealt with in both relationships.

Relationship 1: The Internal Organization

The first relationship is the relationship between Mercuri Urval and the different types of employees, in other words the relationship that concern the internal structuring which enables Mercuri Urval to work as an organization, utilize its people's knowledge and deliver good quality service. From the analysis it was derived that this relationship was to be strengthened and that the issues in this relationship were of the types seen in the table on the next page.

Relationship 1: Mercuri Urval – Employees
Categories of complications
Management and leadership Communication Reward system Staff competencies Rescheduling/changes in the process Quality management

This relationship is a good place to start making improvements because it involves all of the internal structuring and service operations designs which are basic for carrying out a consistent delivery of a project with the necessary processes that are well known from other similar deliveries but adjusted to the specific client. Mercuri Urval should first and foremost look to change what Daft (2004) calls *Strategy and Structure Change.* Those changes includes changes in the strategic management, reward systems, coordination devices, and management information and control systems. Changes require management initiative and commitment, so it is essential with more focus on the management of Australia. Bureaucracy can be seen as a threat to personal liberties but it is also recognized as a very efficient system of organizing. Some of those characteristics resulting in successful organization are rules and procedures, written communication and records, and specialization and division of labor. Those elements are therefore highly important in the relationship between Mercuri Urval and its employees.

It is important to strengthen this relationship to secure a better internal organization and more consistent delivery. Because improvements implemented in this relationship regard standardization, rules and procedures they have much potential to secure Mercuri Urval's efficiency not only now but also in the future. Key to implementation is however management commitment as more structure in the project approach and service operations require leadership.

Management and Leadership

The first category of complications regard the management and leadership of the IKEA project, which was too weak. The director should become more of an actual manager and in corporation with the consultants and R-Team agree on which changes to implement. Mercuri Urval should find inspiration in its own product, the Board & Executive Services which is described with: leadership is important and managers are crucial to creating future success (MU Website). It seems like the IKEA project was sold without too much preparation and consideration of the actual delivery and the complications that could arise when operating in a different scale than usual. Considering the complications that emerged in the IKEA project more planning and scheduling should have gone into the preparations. According to Mikkelsen and Riis (2011) a project can be divided into the preparations and the delivery. The first phase is the quotation stage project where the contract is created and then comes the delivery project. Going from contract to delivery requires more communication, preparation and agreement. Project definition and planning are important elements here and Mercuri Urval should increase the time spent on that.

A way for Mercuri Urval to prepare for a project and discuss potential pitfalls is to structure an initial meeting around a model or a tool. They need to set straight who is the responsible manager(s) of the project and what needs to be agreed both internally and with the client before they are suddenly in the

middle of delivery. A model that could be used to structure a discussion around is the project managing model 5x5 by Mikkelsen and Riis (2011), which is seen in Figure 33 below.

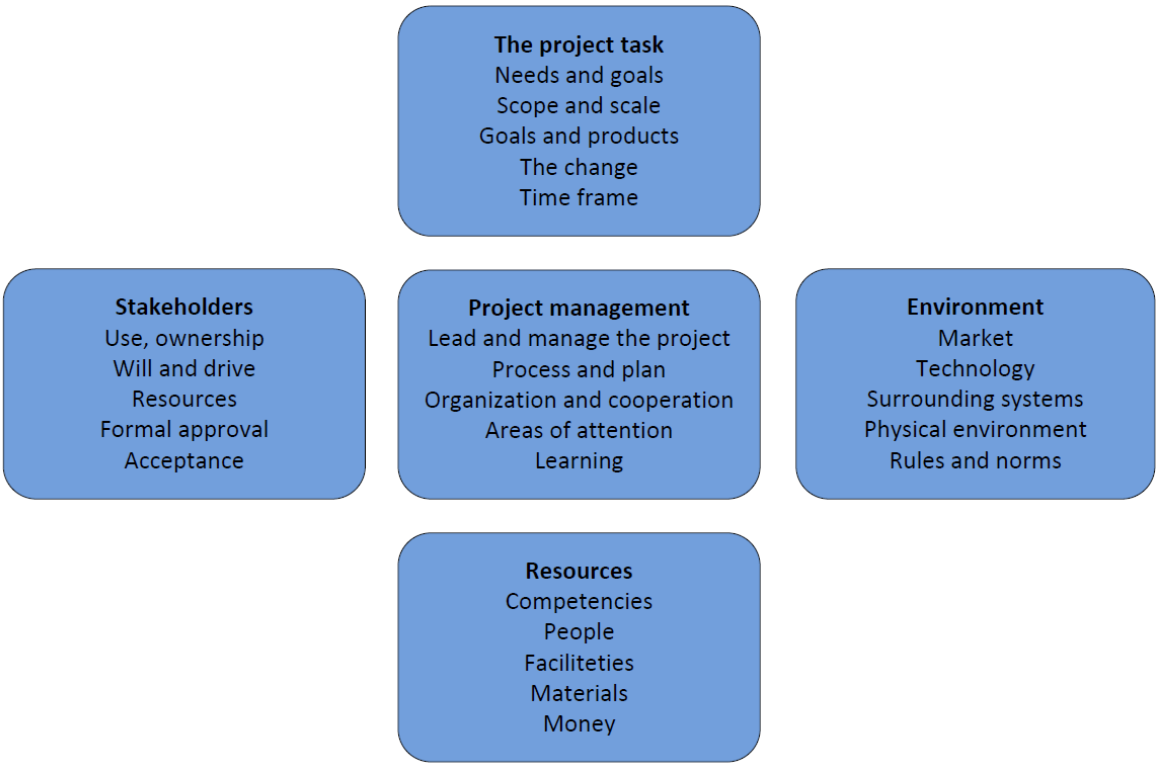

Figure 33: 5x5 project model (Mikkelsen & Riis 2011)

The benefits of using a model to structure a discussion around is that it guides the conversation and secures that all relevant topics are covered and not forgotten. Because the model is developed for project management it covers the right topics and can give Mercuri Urval a good sense of where to be careful in the delivery and strengthen the management of the project as many of the complications derived from the analysis stemmed from disagreement and lack of visible management.

The 5x5 model is a management model which gives an overview but also provides details within each aspect of managing a project. The model can be used to structure meetings before and during any project that Mercuri Urval is to deliver but it can also help them to develop some more standardized structures. If discussing the aspects of project work reveals complications that they always struggle with Mercuri Urval should develop standardized solutions or tools which are reusable in other similar projects. An operations strategy and standardization can make the solutions more sustainable in the future, which is the aim.

It is important to develop a solid understanding of the project's goals, and how the various elements should fit together for a successful outcome. Documentation is important and it is a good idea to create a project initiation document which contains the discussed needs and outcomes of the project, in Mercuri Urval's context it would be the contract. If thoroughness is put into creating that document, the overview that it will create makes the participants well prepared and aware of the planning. (Mindtools – PM skills)

Another feature of the framework is that it is seen as an iterative process, much like a spiral, which can be repeated several times. Especially with a long project in several phases it is relevant to discuss the aspects of the model before the different phases of the project to learn from the previous phase and utilize what was learned in the next round. In the first 7 months of the IKEA project there were only 2 review meetings regarding what had been good and bad in the process. I would suggest increasing the frequency of those meetings to perhaps once a month because it is very essential to learn from mistakes to avoid complications and identify good things to repeat them in the future.

Mercuri Urval's team is naturally divided into the R-Team and the consultants with less than 6-8 people (Mikkelsen & Riis 2011) and therefore I do not suggest any further division. What I do suggest is to try and integrate those two teams more and establish more communication between. It should not be difficult because they are in the same open office most days and therefore physically close to each other which naturally makes communication easier. A factor that makes communication difficult though is the number of people joining and leaving the project which calls for not only communication to share information but also those standardized procedures and manuals I have pointed to as important. In terms of people leaving and joining it could be relevant to create a strategy for how to manage that and agree on which types of people to use, whether it should be European consultants, in which case it should be the same people throughout a project, or whether it should be temporary or permanent employees. Each type requires a different management style.

In small organizations the manager can use personal observation to control the employees, but now that Mercuri Urval is growing and people are joining and leaving *formalization* becomes a key word. Mercuri Urval is globally a very large and somewhat bureaucratic organization with hierarchy. With less than 20 people in the office and the need for flexibility and customization Mercuri Urval Australia is not to become a hierarchical and centralized organization where decisions are made at the top. Some formalization in form of rules, procedures and written documents is however necessary to increase the efficiency. Decision making should be kept decentralized, but employees must respect being managed from time to time and formalization can still be implemented without removing authority from consultants and recruiters. In addition it is necessary to consider the different types of employees because these are to be managed differently and will respond differently to leadership styles. The established consultants who are empowered and authoritarian will respond poorly to direct orders whereas temporary administrative staff will most likely find that comfortable. In terms of implementation it might be difficult to create more management in Mercuri Urval Australia because it has been a small office with a director acting more as a consultant than a manager.

The people appointed to project managers need to be able to lift the job and the remaining employees need to appreciate that someone is responsible for the process and has the overview. Because most projects are of the same type and elements can be standardized both the project organization and the adhocracy organization (Johnson *et al* 2006) would be too loose and unstructured for Mercuri Urval. A professional bureaucracy has the features of standardized core knowledge and competences but with professional responsibility and self-control which is what I think Mercuri Urval should go towards. Labeling the type of organization obviously does not solve anything in itself, the standardization of knowledge and competences must be conducted; turning tacit knowledge into explicit knowledge in form of documents and manuals as already mentioned. The label can however function as a role model and inspiration.

Communication

I have already mentioned quite a few things regarding communication, but communication is important in team working situations and effective project communication means communicating with the right people at the right time and in the right way (Mindtools – PM skills). In this relationship between the company and the employees it is essential to create some structure and rules for communication, which could for example be a review meeting every month were the model is discussed and positive and negative things regarding the project are discussed and dealt with. Furthermore the process which was agreed in the contract should be brought up as a benchmark to secure that the agreed process was followed and the service quality was thus at the agreed level. Service quality is however subjective and could depend on the customer perception which can be an implication in the implementation. A tool which could also be brought up at the review meetings could be *project dashboards* showing project updates in a way that people can quickly understand with means such as colors and percentages (Mindtools – PM skills). Making the completed tasks green and the critical incomplete tasks red and adding a percentage of completion of a certain task.

What is important is that Mercuri Urval learn from own and others mistakes and to do that they need to know about these and discuss them. The point is to create a more beneficial learning curve so that the next time a project is initiated people can build upon the learning from the previous project instead of starting from scratch. The two learning curves visualizing starting from scratch each and learning from previous projects are seen in Figure 34.

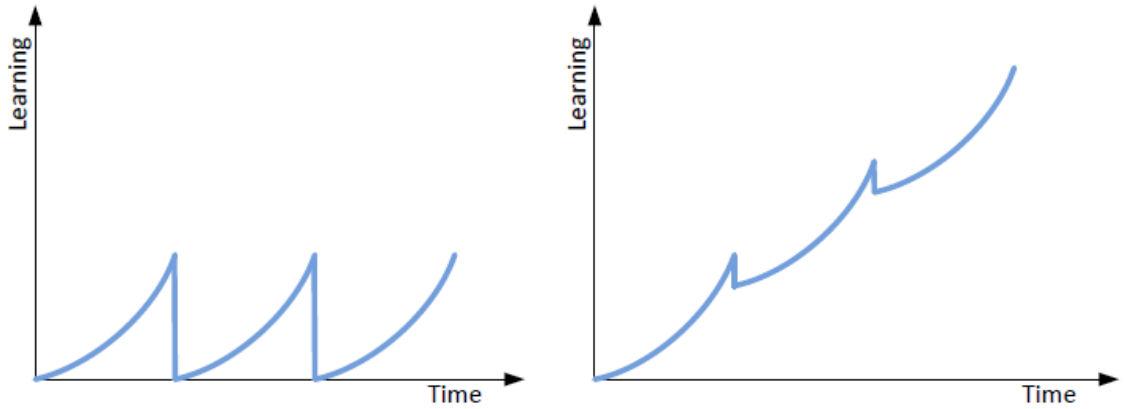

Figure 34: Learning curves

Communicating about learning and developing standardized project tools should enable Mercuri Urval to get a learning curve like the one to the right where knowledge is built upon learning from other projects. Mercuri Urval did talk about the learning curve in one of the project review meetings, however they lacked the initiative to develop tools or documents to make the knowledge explicit and accessible to everyone. An obstacle to obtain a beneficial learning curve is when different people are involved in the different projects, but documents and knowledge sharing should create a better foundation for increased learning.

In terms of communication and sharing of knowledge it can be useful to create consensus and agreement around what type of knowledge that is important to which type of stakeholder. The roles internally and in the interface needs to be clarified. People need to know what their tasks are and it is important to ensure

that people go to the right people to ask questions and do not just ask people because they have a better relationship, which was stated as a complication in the IKEA project. That is a challenge when so many people are working together in the interface. A standardized tool could be a table containing the different stakeholders and the task or information like the example seen in Figure 35. The table shows who is responsible for a task or providing information, who is stakeholder and therefore needs information about the task, and finally who is of no interest and therefore does not have to be involved in information sharing. The table is a standardized and adjustable tool which can be utilized in other projects as well. The benefits are to save time sharing information and it helps to maintain good relationships with people involved in the project (Mindtools – PM skills).

Task / Employee	...	Coordinating Resources	...	Report Quality
Key Account Manager				
Project Leader				
Quality Manager				
Delivery Consultant				
R-Team Member				

Responsible | Stakeholder | No Interest

Figure 35: Stakeholder table

Information sharing does not have to be verbal and face to face. Another standardized tool that could be developed is an update email template. A thing the recruitment manager did well was sending out an email once a week to the involved people from Mercuri Urval and an email to IKEA. Separating the two worked well because the internal email was a large motivating factor giving feedback to the involved people on how things were going. The email to IKEA would be more factual and contain the raw data to inform IKEA about the progress. What could have worked well as a standardized tool is an email template listing the things that the two emails needed to contain so anybody would know exactly what to involve in the email regardless of who the responsible person is. There should however be one responsible person who could pass on the task if prevented to complete it.

Reward System

A challenge mentioned in the analysis was that Mercuri Urval is not very focused on the operational part of projects. Mercuri Urval needs to design more suitable operations for the new challenges. When changing operations an important supportive factor is to measure those things relevant and supportive to the new operations and not keep the old measurements. It is however hard to measure quality and service productivity because of the customer inputs to the process which raises a question about subjective or objective measures (Sampson & Froehle 2006). It is important for Mercuri Urval to agree on reward systems that can help them achieve their goals and increase internal efficiency.

In the contract between Mercuri Urval and IKEA some quality and time measurements can be found, because the agreed process does actually say when documents and reference checks should be completed at the latest. These measures can help measuring the efficiency and quality of a project, and it is these kinds of measures Mercuri Urval should develop not only in projects but also for internal use in the future. If the value goals and service goals in the contract are discussed thoroughly between Mercuri Urval and IKEA and both have signed the contract, those are the Key Performance Indicators (KPIs) that are relevant to success. IKEA should receive what is agreed and hopefully be satisfied with that, although it might not work that way. It is important for Mercuri Urval to keep those KPIs to keep the service quality and create internal efficiency. If a deadline is not kept and delay occurs in a process the next process cannot start, which will create bottlenecks. It is important that tasks are equally divided with a fair workload and that deadlines are kept to avoid delays to keep the schedule and the client satisfied.

In relation to measurements a thing Mercuri Urval gives very little attention is cost management. Again it may be difficult in Mercuri Urval's situation because many costs are fixed and not variable in accordance to purchased materials or produced units, but it is essential to secure profitability. The service provider is not charged for customer inputs and therefore the variable costs are kept down and fixed costs larger (Sampson & Froehle 2006). (Mindtools - PM skills) states that it is important to understand what is driving the costs and to develop a system for monitoring the project's financial performance. Mercuri Urval has day rates for consultants and could create additional cost measures to be able to estimate the cost of conducting a project of a particular number of days with a particular number of consultants and activities.

Staff competencies

Aligning people to the business strategy is important to create success. Mercuri Urval states that and it is supported by Slack et al (2004). Mercuri Urval therefore needs to posses the right people and align their competencies to the challenges they face, exactly as they help their clients with. The first step on that way is to recruit the right people and create an operations strategy for which types of people to recruit. The induction manual for a new consultant's first 3 months is a great formalized documentation of much of the relevant knowledge important to posses. It is important to consider that the induction is much less if the people are consultants from overseas or temporary employees, because it plays a role in project management. The operations strategy should contain the wanted distribution of permanent employees and temporary staff, even though an implication in that is the uncertainty of future work load.

After the IKEA project was launched the growth in the office was huge because it was discovered that the project was much too large and demanding for the existing employees to lift the job. After having welcomed a few temporary employees into the office an induction meeting was held to discuss how to get new people up to speed as fast as possible. Again, there is a difference in whether the new people are temporary or permanent. In terms of permanent employees a new consultant is linked to a mentor which works well especially because much knowledge in the consultants' work is tacit knowledge, the induction manual as mentioned worked well because it contains much of the explicit and codified information. Mercuri Urval does have a shelf product called FastStart Accelerated Performance, which should do exactly what is important with the new employees in Mercuri Urval; make them hit the ground running. The program includes 5 steps and there is no reason Mercuri Urval could not utilize those steps internally to get their employees integrated quickly. The 5 steps are as follows:

1. **Setting goals**
   A three-way meeting between employee, line manager and Mercuri Urval consultant sets performance goals at the start of employment.
2. **Understanding the new work environment**
   We utilize our selection assessment outputs in our I-SWOT™ tool to help the employee focus on applying their strengths to the new environment.
3. **Defining clear performance expectations**
   Our consultant and the employee develop a 100-day performance plan, which is approved by the line manager or human resources department. With clear performance expectations and objectives in place, the recruit's progress can be accelerated.
4. **Taking action**
   A three-way coaching session between new recruit, line manager and Mercuri Urval consultant ensures that the 100-day plan is activated effectively. Our consultant makes sure that employee and client benefit fully from the performance plan.
5. **Analyzing performance**
   Our consultant, the line manager, and the new recruit review the latter's performance after approximately six months in order to plan ongoing professional development.

Mercuri Urval knows the tools and knows the process, so it should be simple to conduct all or some of the steps with new employees. The fifth step can even be repeated for instance every 6 months to keep aligning the people to the strategy and the challenges ahead.

New future challenges demand new capabilities and since Mercuri Urval already help its customers doing that by assessing them and developing the weak areas. New future challenges and ways of working are exactly what Mercuri Urval is facing. When Mercuri Urval recruits an internal employee a personal profile is created as well as when recruiting for a client. Those documents are used in the recruitment interviews but then put in a drawer. All employees at Mercuri Urval have taken the tests and have a profile result, thus it would make sense for Mercuri Urval to use those results to develop capabilities internally. Leadership and management skills are highly important skill sets for most of the people that Mercuri Urval recruits or develops for a client so they have knowledge about those important management skills, but they do not have much personal experience with it. The challenges that Mercuri Urval faces now and in the future requires a higher level of management skills and it is therefore reasonable to utilize the knowledge about management skills to develop its own people in those areas.

Another thing which is commonly known especially when talking about process orientation is how knowledge of the entire process can benefit the quality and motivation in parts of the processes. For instance for a person working in back office operations with no customer contact it can be difficult to relate to the customer and understand how his job can directly impact the customer's satisfaction. But if the person knows about the sales processes and distribution to the customer that can help the person to see the relation between the functions and the importance of his contribution. In the same way the R-Team and the consultants conduct different steps of the process but both groups are adding value to the whole process which the client pays for. Even though some of the steps are overlapping there are some steps that are unknown for the recruiters and a few steps that are unknown for the consultants.

If everybody understands the entire process it could help them to see the importance of their own contribution and increase the quality of work, thus the customer satisfaction. Satisfaction is important for business in the future because it improves the image of Mercuri Urval and the chance of winning similar projects. A way for everybody to gain knowledge about the entire process could be to conduct a workshop about the recruitment and selection process from start to end. The recruiters could explain the steps they are responsible for as well as the consultants could do with their tasks.

Rescheduling and Changes

Changes in the process caused complications because those things everybody agreed on and worked towards suddenly changed. In terms of internal structuring and the relationship between the core of Mercuri Urval and the employees it requires good communication structures for the changes to reach all of stakeholders. What is required when changes are made is essentially that those affected receive and understand the information and change their behavior in accordance to the new procedures. A standardized table like the one suggested to keep track of stakeholders can secure that those in need of certain information will receive it because it is easy to view who to invite to a meeting or email.

In terms of changes it is not only important that the message is communicated to the relevant people via meetings, phone calls or emails, it is also important that those documents such as spread sheets or templates are updated with the latest information. For the documents to be updated it is essential that someone is responsible for that, which could also be entered into the table. If structures are fixed concerning the internal organization and appointed responsibility it is easier to manage changes in the process because it is clear who is responsible for passing on information and delegating the tasks that needs to be done.

If changes are brought forward by the client such as IKEA did many times during the project another solution for Mercuri Urval could be to simply push back on the client and tell them that those changes are not possible if they are not possible for Mercuri Urval to meet without going out of the way to satisfy the client's needs. It did happen several times in the project with IKEA that slightly unrealistic changes or rescheduling were suggested and that Mercuri Urval jumped higher than reasonable to meet those demands, but Mercuri Urval also changed that behavior later and started to push back and say no. It is obviously good to want to satisfy the customer, but if it is at the expense of Mercuri Urval's profitability or efficiency it is fair to tell the client that those changes cannot be made.

Quality management

Quality in project management is a delivery on time, on budget and to specification. The documented benefits of the project should be referred to in order to obtain the correct quality and not waste precious time and resources trying to achieve an inappropriate level of quality. (Mindtools – PM skills)

When considering the quality of the IKEA project there were unfortunately several issues where IKEA rightfully complained about the quality of documents they received. If the project management had discussed the possible complications of the project they would probably have discovered that quality could become an issue when many people are required to contribute with documents that need to be quite similar to create consensus in the delivery and to create an image of Mercuri Urval working together as one unit and not several different units working in different directions. To secure quality the quality manager

should have been allocated more time to check the quality by removing other tasks and creating a commitment towards the quality management role. More detailed planning could have revealed that a certain number of documents within a time period would require a certain amount of time to check the quality and that the quality manager should then be allocated time in those periods. A decision that was made after the first two rounds of recruitment was to create a specific folder for completed and quality checked documents to secure that only those documents were sent to the client. In addition to that there could be a deadline on the folder to ensure that the documents were written, checked, converted into a PDF and sent to IKEA before the particular deadline.

It is of course important that Mercuri Urval delivers the promised quality to the client, however it is also important that Mercuri Urval does not go completely out of the way to please the client but sticks to the quality that is agreed and signed in the contract and for which Mercuri Urval is paid. If Mercuri Urval provides extraordinary quality that will make the service more expensive and possibly unprofitable.

Relationship 2: The Inter Organizational Formalities

The second relationship discussed in terms of solutions is the one between Mercuri Urval and IKEA, the supply chain relationship. In the analysis this relationship was also identified as needing to be stronger. Improvements to this relationship would thus be those solutions that could strengthen the relationship between Mercuri Urval and the client not only in this project but also in the future.

To enable good relationships with clients and other customers supplying an input to the process it is essential to agree on who the different types of customers actually are and how they should be dealt with. It is one of Mercuri Urval's values to have a partnership approach to the relationships to its clients. According to Lambert (2004) the highest degree of relationships between two companies is a partnership and it is therefore not possible to establish a partnership with a client in a first project. It requires building of trust and a deep understanding. The supply chain perspective is important because it helps to focus on the long-term position (Slack 2004), which is exactly what is required if Mercuri Urval and important clients should build a partnership. In accordance with the 5x5 model (Mikkelsen & Riis 2011) the client is a very important stakeholder and there must be a formal accept between the parties from the beginning of a project as well as a general accept of those things happening during the process.

When talking Supply Chain Management it is defined as: *"the integration of key business processes from end user through original suppliers that provides products, services and information that add value for customers and other stakeholders."*(Lambert 2004) This definition is clearly developed in a manufacturing context with a chain of companies each adding value to the product as outputs are send as inputs to the next company in the chain. With a service company it is different, however I still think that some elements of Supply Chain Management is applicable to the relationship between Mercuri Urval and a client like IKEA, because there is an integration of key processes between the two. Especially the *customer service management process* is relevant to the interface as the activities involved in that process add value to the service that is provided to IKEA. Improving the relationship between Mercuri Urval and a client is therefore viewed as a question of service Supply Chain Management; strengthening the service triangle relationship. Those complications found in the relationship between Mercuri Urval and IKEA are listed in the table on the next page.

Relationship 2: Mercuri Urval – IKEA
Categories of complications
Communication Difference in company values Rescheduling/ changes in the process Staff competencies

Communication

Just like in the structural internal relationship between the core of Mercuri Urval and the employees communication is important in the formal supply chain relationship. In Supply Chain Management the customer is important; *"… Everybody in the company should have a customer focus. (...) It is everyone's responsibility to focus on serving the customer's needs."*(Lambert & Cooper 2000).

Mercuri Urval wishes to become partners and turn one project into an iterative relationship with a continuous flow of deliveries and projects between the two companies. Regardless of which type of relationship Mercuri Urval and IKEA have, whether it is one project or continuous projects, communication is important, I would argue though, that it is a different kind of communication that is needed. Something that might be relevant for Mercuri Urval inspired by Lambert & Cooper (2000) is to consider each of its customers and identify those that are critical to Mercuri Urval's business mission and then target those particular types of customers for integrated Supply Chain Management instead of seeing every client as a potential partner. This would give Mercuri Urval an incentive to communicate differently with those clients that are key customers and have the potential to become partners with an iterative relationship.

Considering that IKEA is opening up several new stores Mercuri Urval has already targeted IKEA as a critical key customer. Considering that I have emphasized the importance of IKEA as a customer and that I have already mentioned in relation to the service triangle that the relationship between Mercuri Urval and IKEA should be strengthen it is clear that the communication between Mercuri Urval and IKEA should support an iterative relationship where processes should be integrated to turn IKEA into more than just a transactional arm's length relationship. To Mercuri Urval a partnership can secure revenue in the future, however IKEA can also benefit from a partnership because they will get an external Human Resource supplier who has knowledge about IKEA, its values and knows what IKEA is searching for, which can speed up the preparation activities in future projects. Furthermore Mercuri Urval can reuse the standardized processes and documents in the delivery which will increase the service quality and again save time, also even though the people from Mercuri Urval are not the same. This is obviously provided that Mercuri Urval has documented most possible knowledge as already suggested.

In the project between Mercuri Urval and IKEA the problems in communication were mainly disagreements and uncertainty about when to communicate, with whom to communicate and about what. If Mercuri Urval and IKEA should develop a partnership they should first and foremost come to an agreement about how to work together about different matters. I suggest Mercuri Urval and IKEA to structure a meeting around or find inspiration in the 9 management components seen in Figure 36 on the next page, because *"The groundwork for successful Supply Chain Management is established by understanding each of these Supply Chain Management components and their interdependence."*(Lambert & Cooper 2000).

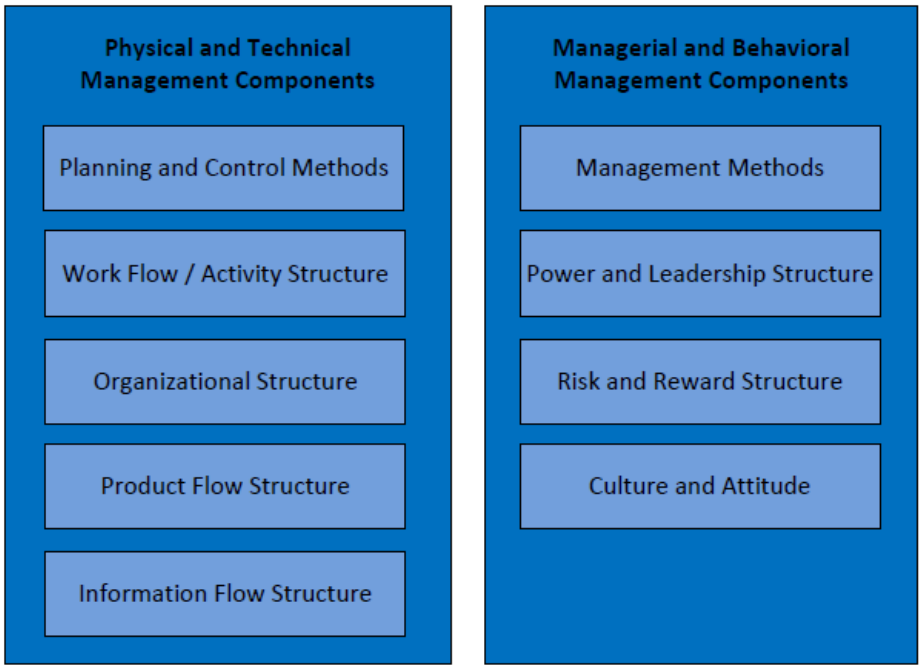

Figure 36: Supply Chain Management Components (Lambert & Cooper 2000; Lambert 2004)

It is important for the two parties to align expectations to the general cooperation and to the particular project and again a meeting structured by a relevant model works well because it secures coverage of the relevant topics. The components in Figure 36 are divided into a hard-core side and a soft side. The physical and technical management components are more tangible and easier to structure whereas the managerial and behavioral management components are more intangible and difficult to agree on.

The alignment of expectations and management components should be documented for future reference in the case of misunderstandings. Discussing the components can help the companies come to an agreement about such as; how should processes be controlled and who is in charge of planning, how should the activities be structured and when are products going to be delivered to the client? Who is communicating with whom and how often, which management methods are used and how are decisions made, what are the risks of the project, what behavior is rewarded and what is the wanted general attitude towards the partnership?

Difference in Company Values

Several of the complications identified in the project between Mercuri Urval and IKEA stemmed from different company backgrounds, industries, different ways of working, personality and organizational culture. I would like to make a loop back to where I just came from and talk about communication. As I just mentioned it is important to create an alignment of expectations and create agreement in several areas. This is exactly how I would suggest to solve these complications, or should I say improve, because there will always be different opinions as long as dealing with human beings. Many things can be improved if the differences are identified and become subject to a discussion both in the beginning of a project, during the project and in future cooperation. Creating consensus and documenting the agreements should make the difference in values and procedures less critical and problematic.

Rescheduling and Changes

Often changes happening during a project are positive changes that change things for the better, increase the efficiency or the quality of the outcome. There will always be changes in a project because there are unknown factors (Mikkelsen & Riis 2010). Several of the rescheduling issues in the project between Mercuri Urval and IKEA however, seemed like they stemmed from IKEA being inexperienced and requiring several changes in the original process about which information they wanted, how they made decisions and which resources they could provide to the project. Therefore I think it is relevant for the management of the project to set up criteria and agree with IKEA on which type of changes that are possible and which are not.

Improvement changes should obviously be allowed and furthermore they should be communicated to everyone in the project as mentioned. Those changes that are adding more value to IKEA but requires much effort from Mercuri Urval should be considered carefully so they do not end up making the project unprofitable for Mercuri Urval. In many instances I think it is a matter of IKEA trusting that Mercuri Urval can deliver the promised service instead of wanting to be involved in everything, which is difficult for Mercuri Urval to avoid. Mercuri Urval has done recruitment projects many times before and has sufficient knowledge. If IKEA wanted to do and control everything themselves there should never have been a project between the two companies, so when aligning values and expectations these factors should be taken into account as well. Communicating and getting to know each other should result in mutual trust.

Staff Competencies

Complications regarding staff competencies also caused issues in the relationship between Mercuri Urval and IKEA. Those solutions mentioned in the internal relationship can help Mercuri Urval and secure that own people are suitable and competent for the job, however Mercuri Urval can hardly perform the same assessment and development programs for the project members from IKEA, at least not without it being a development project for which Mercuri Urval is paid. So how can Mercuri Urval deal with the staff competencies of the people from IKEA?

In the model containing the 9 management components the left side was the physical and tangible components whereas the right side was the behavioral and intangible components. Staff competencies is basically a tangible aspect, however discussing how people behave, manage and how their attitude towards work is, is very intangible and it is impossible to agree on which type of behavior is right. It might however, be easier to agree on which type of behavior is wrong and if Mercuri Urval and IKEA can agree on that in the discussion of the management components, they have already moved closer to an agreement and eliminated those behaviors that are unacceptable in a cooperation. Once that is agreed and documented it is easier to point out if somebody crosses the line.

In a new cooperation with people that have never worked before everything cannot be expected to run smoothly and there will be corrections along the way, which is good as long as they are corrections that improve the team work and the results. In addition to what I have already mentioned about people management, I should mention that the right mix of interpersonal skills in the team is just as important as the right work related skills, because it impacts the team's effectiveness and efficiency. Task allocation should therefore also be based on personality and preferences and it could be an idea to outline personal performance expectations within the team. (Mikkelsen & Riis 2011)

Relationship 3: The Daily Operational Interface

The third and last relationship in this solutions chapter is the operational relationship between Mercuri Urval's employees and IKEA. The daily service encounter. According to Daft (2004) the *execution is not only getting things done, but understanding the elements that needs to be in place to get things done.* This statement is in accordance with the theory about the service triangle that says that the three sides of the service triangle needs to be balanced to support and improve the service encounter. Therefore having minimized issues and complications in the two previous relationships should automatically reduce some of the complications in the daily operation, which also means that implementation wise it would be beneficial to begin with an improvement of the two other relationships.

Overcoming the daily issues can be viewed as putting out fires whereas improving the two other sides of the service triangle and understanding the elements that need to be in place to get things done can be viewed as removing the source that causes the fires. Many of the solutions in this section will refer back to or be an addition to solutions suggested in the two other sections. The daily execution was the side of the service triangle where most complications were identified. The service encounter is what Mercuri Urval mostly focused on in all its previous projects and also in the IKEA project. Many small complications that hampered the efficiency and possibly the profitability were identified. Often companies do have most issues in the daily operations, fighting the fires and dealing with last minute issues in the moment of truth.

According to Faulkner & Campbell (2006) many of the tools and models developed for a manufacturing context are inappropriate to apply to service operations, however if they are adapted or critically considered before applied to services they might be applicable after all. It seems natural to manage some of these operational issues with operations management tools if they are applicable. In the operations management book by Slack et al (2004) they do state that they treat operations management as being important for all organizations, whether those organizations see themselves as manufactures or service providers. The type of issues that were found in the analysis between the employees and IKEA are listed in the table below

Relationship 3: Employees – IKEA
Categories of complications
Communication
Reward system
IT system
Scale and planning issues
Staff competencies
Rescheduling/ changes in the process
Political issues
External issues

As mentioned many things can be improved by improving the two other relationships, creating routines, documenting the processes and assigning managers who are allocated time and resources. In a service business it is critical how the interface between strategy and operations is bridged, because *how* the interface is bridged defines the nature of the service experience for the customer (Faulkner & Campbell 2006). This can refer back to the moment of truth because the service emerges in that interface when the customer input is provided. Service strategies are all about the implementation.

Communication

The communication relevant to the service encounter is communication between the IKEA person and the Mercuri Urval person and communication towards the candidates applying for a job. There is however also communication between the internal customers and suppliers in Mercuri Urval, by that referring to when tasks are passed on internally in Mercuri Urval. It should be structured how often Mercuri Urval and IKEA needs to communicate and with whom. It might be several times a day regarding daily operations which is fine as long as it is agreed who are having those conversations. Internally in Mercuri Urval it is also important to communicate to manage the daily tasks as I have pointed out already.

A type of daily communication internally in Mercuri Urval to structure and prioritize the task of the day could be a brief 10 minute morning meeting where the detailed project plan that has been created and continuously updated is run through to secure that everybody knows which things are prioritized the highest and who is doing what on that particular day. A thing that created chaos was that information about which candidates were progressing and which were rejected was not passed on to the candidates. This type of information could also be shared at a morning meeting to avoid confusion and candidate dissatisfaction. It would definitely remove uncertainty and the possibilities of two people doing the same things. Some of these topics were mostly covered informally in Mercuri Urval on a daily basis, but sometimes several times to different people. Gathering people in the morning would be effective and the information would be given once to everybody. If necessary a brief status meeting could be held after lunch to secure that the process was on track and that everyone still had tasks to perform. Those relevant to such a meeting would be the R-Team and the delivery consultants of that day, which should be part of the detailed project plan.

Essential to the service encounter is communicating with the candidates applying for jobs. Here Mercuri Urval had created templates to ensure that the candidates were asked all the relevant questions and given sufficient information about the job positions both in phone interviews and the face to face interviews. The templates for the different jobs contained different job specific information. Creating those standardized documents worked very well and ensured that Mercuri Urval could hire temporary employees to screen the candidates on the phone based on the standardized processes. Conducting reference checks was standardized as well with a template containing the relevant questions to ask the referees. Again here each candidate had different areas of concern and candidate specific questions were formulated to each candidate, but the reference checks could still be conducted by inexperienced people when those specific questions were added to the template. This example is a great proof that standardized documents can solve complications in the daily service operations and Mercuri Urval should continue doing that.

Reward System

In terms of rewards I have already mentioned that it is essential to measure those things that support the strategy so that those things that Mercuri Urval wants to achieve are rewarded. In the service encounter process efficiency is not rewarded or emphasized, which it should be to create an incentive for the employees to work towards it. Mercuri Urval should develop a strategy that takes both a resource based view and a market requirement view into account so that the two views can support and complement each other. Mercuri Urval should therefore continue focusing on the sales part of business but recognize that different projects entail different processes and therefore the internal efficiency should also be focused on.

In the service encounter those measures or rewards that could create an incentive to improve the internal efficiency could be to create deadlines for when to finish step of the process. Mercuri Urval and IKEA already have those deadlines in the contract, however the monitoring of keeping those deadlines has been almost non-existing, which therefore removes the point of creating deadlines. Monitoring is elaborated in Scale and Planning Issues below.

IT System

Regarding the IT system at Mercuri Urval there are many things which are controlled centrally, which is good because it creates a shared system where all Mercuri Urval offices can share knowledge, client information and best practice. The system in Australia is however slow and unpredictable and was only recently updated to what the rest of the group is operating with. It is work in progress and many of the issues have been reported to the central management. Even though improvements are happening very slowly, they are on their way and therefore I will not go into details with IT solutions. I will emphasize however, that getting a system that can create statistics reports automatically to avoid 5-6 hours of manual reporting would be a wise decision considering that statistics might be a more requested service the bigger clients get. Another important factor in terms of using the system is to create an IT guide for the users so that temporary or new employees can quickly learn and understand how the system works.

Scale and Planning Issues

Many of the complications identified in the IKEA project were complications that could have occurred in previous Mercuri Urval projects, but due to the scale of the IKEA project those complications were much more visible, created bottlenecks and impacted the plan. With a large project it is even more important to plan and coordinate the process. With a single recruitment Mercuri Urval had an ad hoc approach but that approach in a project of this scale would cause several issues as illustrated in the analysis.

Managing a project of this scale requires detailed planning and time schedules, delegation of tasks and leadership. Some of these planning complications will automatically solve themselves if a more structured project approach is established in the relationship between Mercuri Urval and the employees making standardization, project management and preparation a priority. It involves developing or applying useful tools to keep track of the process, which could be Gantt Charts, calendars, deadlines, spread sheets and to do lists visible to everybody involved in the project. Some of those tools can be motivating as well as people can follow the progress. In terms of delegation an issue identified was uncertainty about who was responsible for recruiting which roles. I would suggest that screening of resumes and CBF's should be divided into roles so that some were responsible for certain roles and others were in charge of other roles to keep it simple. This would require less knowledge sharing across everybody in the team and ensure that things were done.

In keeping track of the amount of recruitments there were several attempts to create calendars that could be used to create an overview of the IKEA project. It did not work because no one was responsible for developing something that would actually help and not just be a tool for the sake of having a tool. Having visible tools on the wall works well especially in a morning meeting where that tool can be used to structure the discussion around. Someone must be responsible for updating the documents since un-updated tools are completely worthless. A planning and control model presented in Slack et al (2004) that deals with 4 different aspects of planning and control is illustrated in Figure 37 on the next page.

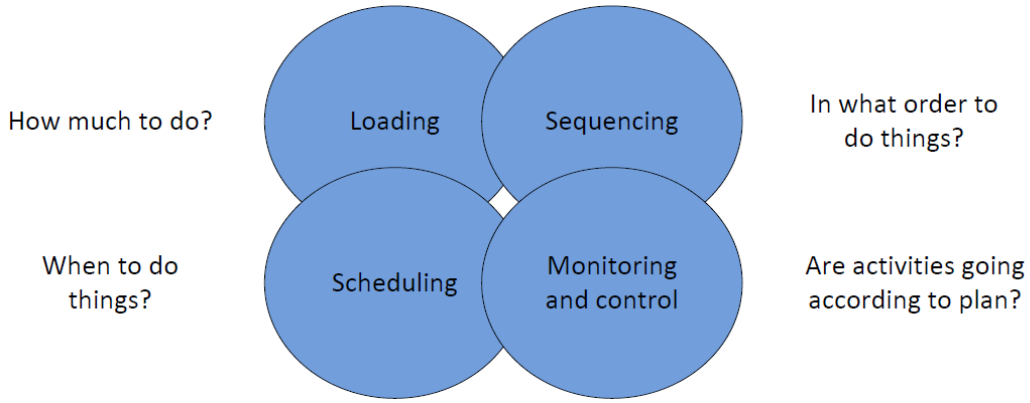

Figure 37: Planning and Control (Slack 2004)

These elements are developed in a manufacturing context however the aspects in the model are relevant to service operations as well. Mercuri Urval is already concerned with the loading and the sequencing in the contract. The scheduling is done to a certain extend but needs to be much more detailed and buffers should be built in to allow for delays and unexpected obstacles. Monitoring and control also lacks attention and has only been considered in a few review meetings. There were several examples of unrealistic planning but the control in getting the plans back on track was missing. For instance the interview schedules were made with an interview duration of one hour, but often meetings dragged on and impacted the commencement of the next meeting and it became impossible to keep the time schedule. That is the monitoring and control part of planning and Mercuri Urval should focus more on this. Management should emphasize the importance of keeping schedules and performing in accordance to agreed plans.

Mercuri Urval could also go a little further into details with planning in terms of loading, sequencing and scheduling. They have broken the process into phases which gives a better overview, but the planning can still be more detailed as they know which steps the process consists of. The steps are known, the process has been used many times and there are not such great uncertainties that they cannot develop a detailed plan, which then has to be updated in case of changes. The importance of this approach is supported by schedule management (Mindtools – PM skills) stating that in successful project management it is important to clearly define the sequence of activities, estimate the time needed for each one, and build in time buffers to allow for the unexpected. Monitoring full completion of the activities is also important. All the information should go into a project schedule or a Gantt Chart because it allows Mercuri Urval to prepare and manage the project for maximum efficiency.

Another tool that can be utilized to perform continuous process improvements with is the Plan, Do, Check, Act model which is a successive cycle of improving the production of products or services. (Slack 2004) The model can be seen in Figure 38 on the next page. The fundamental principle of the cycle is iteration and each iteration will bring the company closer to optimal operation and output. Again in this model, *check* is an element of importance just like monitoring and control was before. It is essential to actually check if the targets are reached by benchmarking the results with the goals and then acting upon that difference. The model can also be a great tool in achieving appropriate quality, because it can force you to consider requirements and needs of the client and then check and act upon that to stay on track (Mindtools – PM skills).

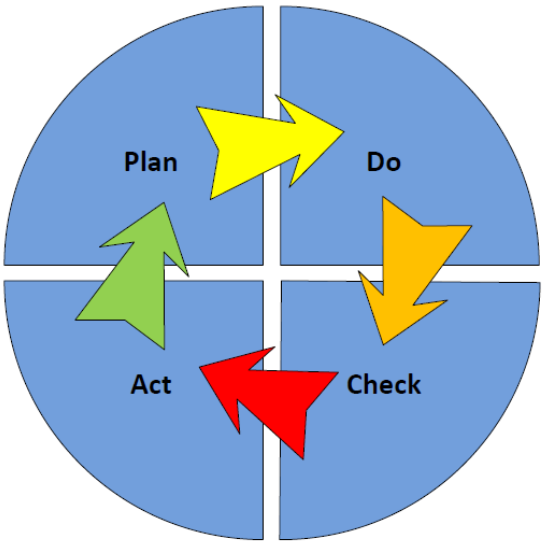

Figure 38: Plan, Do, Check, Act Model (Slack 2004)

Staff Competencies

With all the right people recruited with the right competencies the daily issue regarding staff competencies is more concerned with capacity. So not only does Mercuri Urval need the right people, they also need the right amount of people. It is important to align the staff with strategy and the future challenges which I have already dealt with, but the supply and demand side of staff is a more difficult matter in a service company where services cannot be stored in an inventory. It is essential for Mercuri Urval to have so few employees that there is not too much idle time and enough employees to not have constant overtime. In relation to capacity the terms overtime and idle time are important as well as the terms hire and fire. These terms are adapted from Operations Management (Slack 2004). Balancing between overtime and idle time is what Mercuri Urval's people are used to. They normally do work extra hours when busy and in quiet periods they can leave earlier. It is however necessary to ensure that they *can* leave early some days to obtain a better work/life balance and secure that they will not burn out.

The other two terms hire and fire becomes more difficult especially when talking about the consultants. I did mention earlier that they used temporary workers for the phone screening of the recruitment part, which worked well because the process was standardized. Hiring a consultant is less simple because many of the procedures are not standardized and the induction is long. It seems that allocating temporary or new consultants to the more standardized tasks and the experienced consultants and recruiters to the more complicated tasks is the solution. In addition to that comes a further standardization and documentation of tasks so that more tasks can be performed by less experienced people in the future.

Due to the two large projects in progress suddenly there were less desks in the office than the total number of people which is obviously an unsustainable situation, however some of the people were located in other cities or at clients which made this complication less problematic. Considering that many of those excess people were European consultants or temporary workers working on the projects, the crowded office will not become an issue even if Mercuri Urval adds a few employees to the permanent staff. Thus the space issue does not call for a solution at the moment.

Viewing the balancing of supply and demand again there might be other ways to minimize the large fluctuations in demand. A manufacturing company can use an inventory as a buffer, however because Mercuri Urval does not have that possibility they can attempt to secure a more evenly distributed demand. With recruitment projects is it difficult because a demand for recruitment service can emerge from day to day, so often projects are sold and delivered when the client needs it. However, developing an iterative relationship with a client can to a certain extend secure projects in the future. An example is the partnership Mercuri Urval has with Vestas where Mercuri Urval delivers x number of assessments and development reports each month. Because they have an evenly distributed demand it is easier to plan and allocate resources to those deliveries. If Mercuri Urval can secure that with more clients a better balance between supply and demand could be obtained in the future. With IKEA for example an agreement can secure a number of store openings in the future 10 years, which makes it easier to forecast which resources are needed in the future and a strategy can be made for how many and which types of employees to hire.

A side note on the balancing of demand is that if revenue is based on a few of those large clients Mercuri Urval increases the risk of losing a large share of revenue if a partner terminates the partnership. However, Mercuri Urval's goals take this matter into consideration as it is stated that each consultant should have 8-10 clients per year besides the large 3D clients. Categorizing the clients as Mercuri Urval does with client, preferred supplier agreement and partnership is a good idea because it helps to prioritize the clients and the service provided. The key accounts should be rewarded with better service than those less important.

Rescheduling and Changes in the Process

In the operational relationship the complications of changes in the process is mostly that people are not informed of the changes. The solution is therefore simply to secure that people are aware of the changes, which they will be if someone is responsible for it. Making those suggested systems of delegation and standardization of updating emails and when to have meetings will make the sharing of information more natural. Furthermore the emails with updates on the process is an excellent motivator, because it shows the results so that people can see how their work contributes and adds value to the entire process. Another important matter is to remove redundant and old documents from the server so that the new and valid documents are the only ones stored, which again requires someone with that responsibility. If the suggested changes in the two other relationships are implemented the complications in the operational relationship will automatically be minimized.

Political Issues

The political issues are difficult to solve since many of those political matters are bending the rules and neglecting the formal systems and creating own and informal systems of communication and responsibility. At the end of the day IKEA makes the final decision as to who they want to recruit and if IKEA does not want to recruit someone because of political matters Mercuri Urval cannot do anything but find another person which IKEA does want to recruit. Mercuri Urval could emphasize to IKEA that they are operating with objective decisions based on results from interviews and tests. At least as objective as possible in a very subjective type of business, but if IKEA does not want a certain person that is the final decision and they cannot be forced.

One of the complications that was also related to politics was who to address with information or a problem. A person might address the person he/she prefers to work with or trust instead of the person

who is actually responsible for that area. Therefore a solution could be to make it clear who is responsible for which areas, possibly with the stakeholder table I suggested earlier so that people are aware of whom to address. Communication through informal communication channels is of course not damaging and can contribute to improvements and increased efficiency as well but it is important that the responsible person is aware of information regarding the area of responsibility.

External Issues

In relation to external issues I focused on those related to the market situation. In a recruitment project if the market does not supply a sufficient number and quality of candidates there is little chance of solving that on a short term. On a longer term Mercuri Urval can develop its service brand and create a good image of the company, so that many and good candidates are attracted to Mercuri Urval's job advertisements. Word of mouth is definitely a powerful type of branding and it is well known that people choose services that other people have recommended, which makes a good network of people who would recommend Mercuri Urval essential. Developing such a group of people comes with providing a good service to existing clients and candidates, which takes us back to the importance of effectiveness, efficiency and designing services and processes that satisfy the customers. It should be emphasized that this is a long term solution but it should attract both candidates and clients to use Mercuri Urval's services, as it is seen in several countries where Mercuri Urval is more mature.

Another type of external issues are the errors that candidates make on resumes, CBF's and other documents providing wrong details. Those are annoying mistakes that slow down the process but if mistakes are repeated the candidate is simply eliminated from the recruitment process which is a result of their own errors, hence a fair decision.

This chapter concerned the solutions that could be relevant to implement to improve the three relationships in the service triangle and minimize the complications identified in the internal processes as well as the processes between Mercuri Urval and IKEA. The chapter considered organizational structures, Supply Chain Management and operations management solutions as well as general project management solutions. The next chapter will briefly discuss how the learning from Mercuri Urval's project can be applied to different situations in different contexts.

Chapter 8

Generalization

This chapter takes its point of departure in the introduction in which it was wondered if production theories and models could be applied to services. It then looks into going back from service to production as I address the third and last research question which asked for a generalization of the Mercuri Urval case and this chapter then discusses how to generalize the learning so it can be utilized in companies in different contexts.

From Non-Service to Service

In the introduction I started out by wondering if the theories and tools learned from manufacturing literature could be utilized and applied to the service company context I was operating in at Mercuri Urval. Based on the discussion about service and how the difference between a service and a non-service lies in the fundamental question about customer inputs to the actual process or not, it is evident that many companies exist of both services and non-services. Sampson (2010) also states that it does not make sense to categorize entire industries or companies into either service or non-service. Mercuri Urval predominantly consists of services and because of that I used the service triangle in the analysis, which is a model developed to service contexts instead of a traditional supply chain model

I furthermore used the modified organizational model (adapted from Rath & Strong – PI) in the analysis, which was a model originated in the manufacturing world. The model was not applicable in its original form but had to be adjusted to show the full picture in a service context, as suppliers and the relationship with those are not as relevant in a service operations as in a manufacturing operation where the production process relies on the input from the supplier. In a service operation the employees face to face with the customer in the moment of truth are more important. The remaining aspects of the model were relevant to a service context as well as manufacturing and did result in a good analysis with good observations and interdependency amongst the elements of the model. It is thus possible but important to be critical when applying models to contexts different from the context in which the model emerged.

Going from a non-service production context to a service production context does entail complications and it is necessary to be careful and critical when applying models and theories otherwise they will not provide relevant insight. Some theories cannot be used at all such as inventory and forecasting models whereas other theories can be applied directly such as process improvement and communication tools. I still think there is a lack of models and tools for service operations which is also supported by Faulkner & Campbell (2006). Sampson and Froehle (2006) also states that the Unified Service Theory allows for further research into services and the management of them and that this research is very much needed.

From Service to Non-Service

After having analyzed Mercuri Urval's situation it is interesting to look at how the learning can be utilized in or applied to different contexts. It seems that learning from a service operations design perspective is easier to apply to different company contexts than it was the other way around. The reason for that is that

all companies have customers and employees and a model like the service triangle is thus relevant in a manufacturing company as well, for instance in the sales function, after sales service or distribution, where it is relevant to talk about company structure and employees and clients in direct contact in the service encounter. The projects Mercuri Urval are delivering are projects for customers, but the tools and models that were applied to improve the internal service operations could also have been applied had it been an internal project, which all companies have as well, regardless of the business.

Manufacturing companies might need to consider to a higher extend which operations are non-service operations and which are service operations. As I have discussed in the analysis and solutions those operations involving customer inputs should be managed differently than those that do not. Therefore it is definitely relevant for companies predominantly concerned with manufacturing to divide its operations into services and non-services and look at service operations design when designing those processes that involve customer inputs instead of using manufacturing theory in all its processes and functions. On the other side, I think it is important that all operations regarding service are not thought of as soft and impossible to standardize, structure and most importantly measure and manage. Service operations are as seen throughout the report not as measurable as for instance the quality of products, OEE of machines and similar measures of a production process, but the specifications agreed with the customer in a service operation is possible to measure. It is thus important in a service context to consider KPI's, benchmarking the process against the agreed process and monitoring the process to secure quality and customer satisfaction just like these things are relevant in any other business context.

Creating structures and systems that can help the daily operation is also a learning that can be utilized in different contexts. It is not only in service operations that a stronger relationship between the core of the company and the employees executing the activities can minimize complications and improve processes. Creating a stronger relationship and emphasizing rules and structures can easily be utilized in a production context where many activities are possible to standardize and it makes sense to create manuals and documents to support and strengthen the structures and systems to improve the daily operations. I would say that it benefits situations where employees are interfacing with an external customer as well as in situations where employees interface with internal customers such as hand over of tasks across functions or handover to the next stage in the production process.

Another learning is how to cope with new permanent or temporary employees in times of high market demand. The idea of dividing employees into different types and creating a strategy for which types of employees to recruit at which times and how to manage those different types is interesting. The thought is not only applicable to service but in any business context with employees. What is important to realize is that employees are to be induced differently and respond differently to types of tasks and leadership styles. It is interesting to consider the skills and capabilities of those different types of employees and adjust the management to level of education and other barriers to reusing the same methods in different situations. I will stress the importance to be critical in applying knowledge from one situation to another.

This chapter discussed the possibilities of applying production models and theories to service production as well as vice versa. It was argued that it seems easier to apply service models to a production context because manufacturing companies do have service aspects as well whereas many service operations do not contain characteristics of manufacturing. Next is the conclusion to the problem formulation and the report.

Chapter 9

Conclusion

In order to answer the problem formulation and the three research questions I took my starting point in the case of Mercuri Urval and IKEA working together on Mercuri Urval's first recruitment project of a large scale recruiting nearly 100 positions within a year. The complications that were present in the service context can be categorized into 11 different categories which are summarized in the table below. The categories represent the different types of complications that were caused by weak structures and systems internally in Mercuri Urval, issues in the supply chain relationship between Mercuri Urval and the client and by daily operational processes.

Management and leadership	Communication	Reward system
Staff competencies	Rescheduling/changes in process	Quality management
Difference in company values	IT system	Scale and planning issues
Political issues	External issues	

The categories of complications were linked to each of the three relationships in the service triangle between Mercuri Urval and its employees, between Mercuri Urval and IKEA and between the employees and IKEA. The service operations should be designed so that all three relationships in the service triangle are strengthen and balanced to support the service encounter in the daily operational interface between the two companies. Minimizing or avoiding complications should be done by creating standards, structures and systems to cope with the new challenges of working together as an organized team. Furthermore management capabilities should be developed and emphasized to secure detailed planning, delegation of tasks and responsibility as well as task completion. Reward systems should reward project efficiency and service delivery in accordance to the quality specifications and should be monitored and controlled. Codifying knowledge and creating standardized documents and tools which can be used in current as well as future projects can help the management of similar large projects with 3D clients in the future.

The recruitment project case between Mercuri Urval and IKEA in a service operations context showed that even though a service operation involves customer inputs and should be managed differently than processes not involving customer inputs, there are still many activities and tools that can be standardized when designing service operations. Learning about the relationships in the service triangle from a service perspective can also be applied to a non-service context because all companies can be said to consist of employees, customers and company structures. The complications are therefore not unique to Mercuri Urval and the learning can be utilized in other service companies as well as different contexts. The learning from the case can be generalized and applied to most other companies and contexts that conduct projects internally or in cooperation with their clients. Standardization, communication tools and more emphasis on management are some of the aspects that can be utilized in other contexts. It seems that learning from a service operations design perspective is easier to apply and utilize in manufacturing company contexts than the other way around.

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