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GLOBAL SOURCING ACTIVITY IN TURKEY

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TABLE OF CONTENTS

	<u>Page</u>
1. Introduction	2
2. Literature Review	3
2.1 Global Sourcing	3
2.1.1. Success Factors of Global Sourcing	4
2.1.2. Drivers of Global Sourcing	6
2.1.3. Benefits of Global Sourcing	7
2.1.4. Barriers to Global Sourcing	8
2.1.5. Risks of Global Sourcing	9
2.1.6. Cost Elements of Global Sourcing	10
2.2. Supplier Selection	11
2.2.1. Supplier Selection Criteria	12
3. Project: Whirlpool – Big Tent Event	14
3.1. Company Background	14
3.2. Big Tent Event	15
3.2.1. Project Overview	15
3.2.2. Project Objective	16
4. Why Turkey?	16
4.1. General Overview	16
4.2. Labor Force	17
4.3. Labor Cost	18
4.4. Taxes and Incentives	19
4.5. Turkish Home Appliances Industry	19
4.6. Domestic Players	20
4.7. Global Players	21
4.8. Opportunities in Turkey	21

5. Organizational Structure of the Big Tent Event	22
6. Pre-event activities	23
7. Supplier Selection Process	26
7.1. Pre-selection	26
7.2. Bidding Process	27
7.3. Meetings and Factory Visits in Turkey	28
7.4. Purchasing and Contracting	29
8. Experiences	29
9. Conclusion	31
10. Bibliography	32

List of Figures	<u>Page</u>
Figure 1. Benefits of Global Sourcing	7
Figure 2. Organizational Structure of the Big Tent Event	23

List of Tables

Table 1. Average Annual Real GDP Growth (2002 - 2011)	17
Table 2. Availability of Skilled Labor Forces	18
Table 3. Availability of Skilled Labor Forces and Qualified Engineers	18
Table 4. Comparison of Labor Cost per Hour (2010)	19
Table 5. Electrical Appliance and Housewares Market Demand in Turkey (2006-2013)	20
Table 6. Main Turkish Players in Home Appliances & Consumer Electronics Industry	20
Table 7. Main Global Players in Home Appliances Industry	21
Table 8. List of Turkish Home Appliance Manufacturers Associations	24

Abstract

Since nearly twenty years global sourcing has become very popular practice that is adopted by the firms. Increasing demand for better products and services results in intense competitive environment. As this competition increases, more firms are likely to purchase goods from overseas. Therefore companies need to keep up with this growing trend via their technology, lower cost products, higher quality and better customer services. This drives to relocate sourcing activities to global markets in developing countries where labor, material, manufacturing and operating costs are lower compared to developed markets.

The main objective of this study was to perform a project in Turkey in order to discover potentials of home appliances industry in this market for Whirlpool Corporation. As being a low cost country and rapidly developing market, Turkey was selected to be the target market. To pursue this aim, home appliances manufacturers market in Turkey was investigated and suppliers were identified. After the preparation and the conduction of the event, fifteen of them were identified to be the potential partners of Whirlpool in the long run.

1. Introduction

The purpose of this study was to combine a literature review of global sourcing and supplier selection with a project called "Big Tent Event" realized by Whirlpool Corporation in order to enlarge its supply network in Turkey to save cost with the utilization of low cost country manufacturers in home appliances industry.

The second chapter focused on the literature on global sourcing. Success factors of global sourcing which enable companies to achieve this activity in a better way were identified. Then, drivers of global sourcing which force companies to source from global markets were listed. After that, benefits, risks and costs of global sourcing were described. Also in this chapter, success factors and criteria of supplier selection were given.

In the third chapter, an inclusive company presentation of Whirlpool Corporation was provided and in the same chapter a detailed description of Big Tent Event was pointed out with the overview and the objective of the project. In the following chapter, home appliances industry in Turkey was investigated with the general overview of Turkey as a country. Domestic and global players were identified; attractiveness and opportunities of Turkey market were defined.

While in the fifth chapter, in which the organizational structure of the project was depicted, was followed by an elaborate explanation of the pre-activities of the event.

As the main process of the project was supplier selection, a comprehensive chapter was dedicated to this issue. This chapter included pre-selection of the suppliers, bidding process, meetings and factory visits in Turkey and the contracting phases.

Finally, based on a three months experience in Whirlpool Corporation in Big Tent Event, personal experiences, gains and difficulties encountered were shared.

The conclusion chapter consists of an assessment of the results of the project with specific references to the literature review available in the first chapters.

2. Literature Review

2.1 Global Sourcing

Sourcing is the strategic philosophy of selection of suppliers for specific parts to be delivered for manufacturing of goods as an essential part of the buying company (Hong and Holweg 2005). With the globalization, firms are forced to be more efficient in every process to survive among its competitors. Non-core competencies are outsourced by firms so as to save money for the core activities of the organizations (Gardner 2004). Since globalization causes reduced trade barriers which allow entering new markets and reaching various sources, foreign buying has been performing by the firms. Therefore, when companies are having trouble finding proper components from domestic sources they can have the opportunity of availability of foreign suppliers. With the scarce resources of domestic suppliers, it would be very difficult for the firms to stay competitive. For this reason, firms are required to look for other alternatives to be competitive in cost, quality and technology.

The low cost countries become more attractive in terms of manufacturing for the countries that are relatively high in same sector (Maltz et al. 2011). Thus, multinational companies are forced to change their current manufacturing operations and decide where and how they can manufacture more cost effectively in this globalized environment. New and efficient strategies of manufacturing and transportation solutions should be established in a way that also supports sales activities (Taylor et al. 2008).

As Monczka and Trent (2005) argued that “global sourcing is an advanced approach to sourcing and supply management that involves integrating and coordinating common materials, processes, designs, technologies and suppliers across worldwide buying, design and operating locations.” Increasing competition among companies force them to investigate new resources across the sea. Low cost of labor and favorable exchange rates have been the reasons for manufacturing companies to change their strategies from doing parts in house to outsource for the last 20 years. In today’s competitive environment, firms cannot sustain their advantages only focusing on innovations through products. These innovations should be also supported by well-established manufacturing and marketing competencies. (Kotabe and Murray 2004)

Thus, the global sourcing is the outcome of changing customer demands, growing world markets and shifts in consumer goods. The first objective of global sourcing for the company to take advantage of its workers’ and suppliers’ competencies and to obtain locational comparative advantage of different countries (Kotabe and Murray, 2004). Lower inventory, shared risks, low cost of labor, efficient production processes with high quality goods are the appealing reasons that most of the firms have been enhancing its global sources.

To achieve strategic flexibility, cost reduction and operational responsiveness, most of the organizations understood that they need to adopt global sourcing as a core activity. Previous recessions has made the cost reduction as a necessity to sustain their existence (Aird et al. 2011)

As Gottfredson and colleagues (2005) say that “It is no longer ownership of capabilities that matters but rather company’s ability to control and make the most of critical capabilities”. It is very critical to implement global sourcing strategies to realize competitive advantage. As the world is becoming global, worldwide competition becomes stronger day by day. Consumption is increasing this brings out the need of rapid changes in products and services. Consumers are looking for different and high quality products therefore these realities force industries and companies to search for new technologies, information, and labor and know- how.

As it is defined in Globalization and Manufacturing report published by KPMG Economist Intelligence Unit, if only companies can invent products that cannot be copied easily, they can stand out among its rivals. Not only reducing costs and removing non-core activities are enough to be successful in mature markets. Critical elements in global sourcing are innovation in terms of differentiated products and services, process innovations such as decreasing processing times, improved documentation, and better workflow will help organizations to save time and effort (Jeston and Nelis, 2006). Also the elimination of wastes across the entire organization will help to perform continuous flow in manufacturing processes. This elimination can be in inventory, supply chain, customer relations, and defects in manufacturing and so on. Lean and flexible production systems also help companies to be able to respond on time to rapid changes in the market.

2.1.1. Success Factors of Global Sourcing

To implement and achieve global sourcing excellence, seven key factors are identified by Monczka and Trent (2005) which are executive commitment to global sourcing, rigorous and well-defined processes, availability of needed resources, integration through information technology, supportive organizational design, structured approaches to communication and methodologies for measuring savings. Wider explanation is as follows:

Executive commitment to global sourcing: Global sourcing is very difficult business strategy to make it real without contribution and commitment of executive committee. There should be a leader who is responsible to define the strategies, make the plans and execute. This leader should then share these strategies with the executive committee to make them review and define priorities of efforts. This committee involves vice presidents of marketing, supply chain, information technology and so forth.

Rigorous and well-defined processes: Before executing, defining the entire process of global sourcing helps workers to understand better and feel more comfortable. It allows resolving cultural and personalized differences with foreign company. Workers can better follow and manage clear and standardized processes. Any misalignment between processes of different locations may result in lost time and money and incorrect output.

Availability of needed resources: Qualified personnel, budget, time, information and external help are identified as the most important resources to have in global sourcing. Qualified personnel are the vital for the company that would like to global sourcing. Personnel's market knowledge, technical abilities and skills are the critical aspects for the success of global sourcing. The budget is the amount that is served for the expenses of team members when travelling and staying are necessary for the global operations. Dedicated team to global sourcing is also required to allocate time for the global activities as well as with their existing responsibilities. Before going global, several data should be obtained regarding the target market, potential suppliers, their capabilities and needs of customers. Also external people for technical and legal help can be necessary to support global sourcing activities.

Integration through information technology: By creating global data warehouses and repositories, easy access to updated data is available. In this warehouse, contracts, supplier information, performances and their prices are presented. Thus global sourcing opportunities become more visible and accessible for the entire organization.

Supportive organizational design: So as to achieve organizational objectives, global sourcing strategy should be also supported with the rearrangement of communication and coordination system in the company, division of labor, responsibilities and authority of the participants. There should be cross functional organizational teams to evaluate global opportunities and execute global sourcing activity. It should be worked in cooperation with the international sourcing team.

Structured approaches to communication: According to researches done, since workers in global sourcing activity can be presented all over the world, good communication is obtained as one of the most important characteristics. Scheduled conference calls, web-based meetings are the common approaches for communication. Regular reviews on ongoing activities would be very beneficial to reduce misunderstandings.

Methodologies for measuring savings: To understand whether global sourcing helps to make savings, finance department should record accurately the transactions of worldwide buying. Companies should develop better measurement systems in terms of cost savings from global sourcing. Then the results should be review by the executive committee of the company.

According to Kotabe and Murray (2004) continuous innovation is the main success factor for the manufacturers in high cost locations in developed markets against developing market players.

Although in doing so, the risks will remain. Therefore, risk management should also be implemented to help companies to protect its global strategies. Neglecting these risks can be costly.

To have the most benefit from global sourcing, top management should adopt it as an internal activity of the organization. Necessary practices should be defined, supported and performed in a consistent way not to cause any misalignments in worldwide activities. If it is planned and managed in a proper way, several advantages for the company will occur which will be discussed in the following chapters.

2.1.2. Drivers of Global Sourcing

The reasons for going global should be identified with the analysis of current and expected situation of the organization. The following questions should be answered in this analysis which is cited from Thompson and Kemp (2005).

1. What are the attitudes of managers and others toward utilizing global sources and operations?
2. What others in your industry are doing globally?
3. Do we understand the criteria for identifying, evaluating and selecting potential global suppliers?
4. Do we have an information process and management system to support global operations?
5. What organizational steps are needed to prepare for and execute global operations?
6. Is the existing staff appropriately trained and experienced to conduct global operations?
If not, can training programs to support the new program schedule be provided?
7. What are the expected benefits?
8. Specifically, what must we achieve to earn those benefits?
9. What metrics will be used to measure organizational progress toward those benefits? (Thompson and Kemp, 2005).

The researches show that primary reason of global sourcing is driven by cost then by the optimization of capital, having benefit of the incentives in foreign country, reaching new markets, better quality goods, obtaining new technology sources and so forth (Taylor et al. 2008).

As Maltz and colleagues (2011) notes that drivers for foreign sourcing rather than domestic sourcing are summarized as follows;

- “Cost / price benefits — lower labor cost, different productivity levels, lower margins, currency advantages, lower cost factors of production, government assistance”
- “Access to technology — examples include consumer electronics, automotive components, some medical devices, etc., as well as manufacturing processes accompanying these products”
- “Quality — especially where proprietary technology is involved, certain regions such as Japan and Germany are known for superior quality”

- “Limited availability — especially in the case of natural resources such as oil, copper, and iron ore, the only availability may be in low cost regions”
- “Create competition — in some cases, foreign suppliers are considered to alleviate dependence on domestic sources”
- “Duplicate a competitor's advantage — if global sourcing is perceived to be the foundation of a competitor's cost or differentiation strategy, there is a temptation to match it”
- “Establish a presence in a foreign market — sourcing from identified target markets can be seen as a way to learn about the business climate and practices of a potential growth area” (Maltz and colleagues, 2011).

2.1.3. Benefits of Global Sourcing

To maintain success in today’s rapidly growing competitive environment, organizations need to search for other new sources of competitive advantages. This success can be achieved by radical cost reductions, product quality and distribution improvements, capability to respond customer needs. Thus to respond the needs of competitive environment, global sourcing is an appealing choice. The success will come if the organizations can learn to coordinate and accelerate their activities (Monczka and Trent 2003).

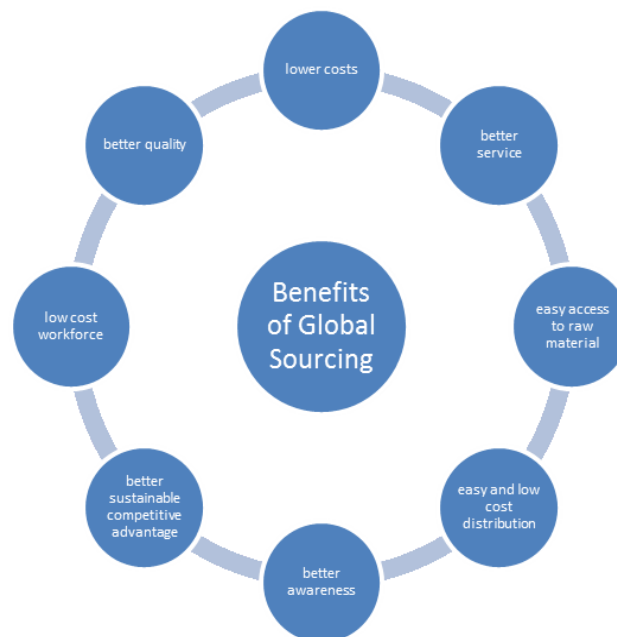


Figure 1. Benefits of Global Sourcing

Cost reduction: Based on previous researches, the most important benefit also a strong driver of global sourcing is defined as cost saving. Because of globalization, it is very hard to differentiate product features among all other similar products since manufacturers are imitating each other (Jiang and Tian 2009). Therefore, competition among manufacturers is based on cost advantage. Cost

advantage can be provided by the cheaper labor cost, advanced technology, variety and availability of raw materials and so forth.

Quality: On the other hand, the quality of the goods produced is another benefit of global sourcing. Consumers are more concerned with the quality of the goods and they are willing to pay more if it is really good quality product. In foreign markets, it may be possible to reach more specialized workforce than domestic market. Specialized workforce results in better workmanship. As being more specialized, the time required to produce goods decreases. This brings the advantage of early entering the market and reaching the customers. Besides specialization, proximity to raw materials is also an important advantage which affects quality. In foreign markets, opportunities of different material sources and varieties can be better discovered compared to domestic market opportunities (Cho and Kang, 2001).

Availability: This is another motive for companies to make global sourcing. Availability of foreign sources such as wide and expertise workforce, different alternatives of materials, technical advancements, variety of manufacturers and large information sources are the subtopics of availability. The lack of required materials domestically to create a product is the main reason for global sourcing. Differentiation can also be made by materials. Cutting edge technology sources availability in foreign market helps company to innovate. Foreign market is like a big pool of suppliers with different manufacturing capabilities that enables companies to choose the most appropriate production and technology functions for their benefits (Cho and Kang 2001).

Other benefits can be identified as company reputation and international awareness all over the world, easy and short time distribution of the goods, international competitiveness, efficient and shorter product development processes and so forth (Cho and Kang 2001).

2.1.4. Barriers to Global Sourcing

It is a safe way to keep doing business with domestic suppliers since there are no transportation costs, structural changes and always available but companies should remember they face the loss of competitive advantage of global markets where there are more technologic opportunities, specialized personnel, various sources of information and so forth. As well as the opportunities of global sourcing, there are also barriers to put this in practice (Alguire et al. 1994).

First and the most important of these barriers is the lack of managerial support. The organization without strong commitment and determination of senior level management, global sourcing may not end successfully as it is expected to happen. Second is the time and distance. Time differences

between two companies may affect the urgent communication about products and delivery or ongoing processes. On the other hand distance may have influence on the transportation of the goods from foreign market to the buyer point. The location of the target market is important by affecting the cost of transportation therefore the cost of the product developed in that market. In addition, cultural and lingual differences may also be a barrier for communication. Every country has different law, politics, attitudes, religion, language and traditions. While doing business, common language to lead operations is a must. Personnel should understand each other enough to allow making operation functions. There can be some cultural mistakes. Technical issues, technology transfer and R&D activities are critical in coordination and communication. Not all the suppliers in developing countries know good command of English (Thompson and Kemp 2005; Jiang and Tian 2009).

There can be also a fear of losing control of products and their processes. It can be difficult to manage supplier's business manner in confidential product developments. Furthermore, if it is decided to go for global, it should be beneficial if it is for long run and high volumes. From the product perspective, if rapid changes and developments are necessary, it may not be efficient to source it globally (Alguire et al. 1994).

2.1.5. Risks of Global Sourcing

However domestic sourcing is a difficult activity, global sourcing is much more difficult and challenging as it has broader aspects because of international operations and features in contrast with domestic sourcing. As it has already been identified in the existing literature, cultural and language differences, foreign exchange rate fluctuations, transportation delays, lack of technology and knowledge of foreign business practices, customs regulations, quality assurance and political and economic stability are the risks of global sourcing. Cho and Kang (2001) below classified these risks in three groups as logistic support, cultural differences and regulations.

Logistics has been identified as the most challenging issue in global sourcing. Logistics is the management of the movement of the parts or finished goods from one point to another so as to satisfy customer demands. While delivering the goods, the aim is to obtain maximum cost effectiveness. Distribution lead times in foreign sourcing can be longer than in domestic sourcing. This can cause the necessity to have larger inventories. In addition, transportation service manners may differ from country to country. Reliability can be low relative to the domestic services and delays may occur thus, responsiveness to the customer can be in danger. Culture of a country includes its language, beliefs, attitudes, traditions and so forth. These attributes can cause misunderstandings and further misalignments in developing businesses. Among these attributes language is the most problematic issue for international businesses. Even though companies have personnel talking advanced level of

foreign languages, it can be even hard to give the real sense of meaning. However there may be great opportunities to invest in that country, negative feedbacks can cause to change the decisions of the buying firm. Also tariffs and quotas have impact on global sourcing as governmental regulations. Because of tariffs applied, the price of the goods increase to protect domestic suppliers and the amount that is imported is limited. These regulations can cause to lose advantage of global sourcing.

Apart from these risks, coordination can be huge problem if the process is not well established and managed. Currency exchange rate fluctuations have also impact on the price paid to foreign supplier for imported materials. According to the value of the foreign currency at that moment buyer company may be required to pay more or less compared to the contracted price (Carter and Vickery, 1989). As cited from Braithwaite (2003) “Valuable know-how may be given away to vendors allowing others to enter markets and for product and engineering skills to be lost”. This may cause to the loss of competitive advantage in the market and distinctness among others. There are also hidden costs which can be risky if they are not assessed in the beginning of the sourcing decision. These hidden costs are order processing, translation, legal fees, travel and living expenses and corruption (Palmer 2006). “Terrorism, diseases and natural disasters are also possible risks arising from global sourcing (Christopher et al. 2011).

As Christopher and colleagues (2011) say that “Poorly managed risks can lead to inaccurate forecasting, lower product quality, decrease in turnover and share price, loss of reputation, poor relationships with the other members of the supply chain and conflict amongst the organization’s stakeholders”. Companies that are not able to manage these risks are more likely to lose their positions in the market.

2.1.6. Cost Elements of Global Sourcing

The calculation of total cost of products or services raised from the global sourcing operations is a difficult and multi directional task. But it is very important part of global sourcing since it affects the wellness of the organization and it can lose large amount of money if all the related costs are not well considered and calculated.

However, these costs can be categorized as follows (Schneider 2010, www.solusource.com)

- Purchase price: This is the main price of the products or services that are sourced globally. The price of the goods that is purchased can be changed due to exchange rate fluctuations of sourcing country. There can be also fees of bank operations to be considered.

- **Transportation and logistics:** Shipment of the goods from one country to another is included in this cost category. In addition, storage, packaging cost, taxes and duties, insurance of the shipped goods are also included in the transportation and logistics costs.
- **Transaction costs:** These costs are generated due to vendor management of the daily communication of procurement department with the vendors.
- **Customs.** Inspections of customs, broker fees, tariff rates, fees of harbor and the processing fee of merchandise are the costs occurred at customs.
- **Overhead and administration.** The cost occurred from market research of potential suppliers; oversee transactions, supplier visits and living costs abroad to build and strengthen supplier-buyer relationships can be counted as overhead and administration costs.
- **Risk and compliance.** Foreign government regulations and trade policies can generate costs and risks for the global sourcing activity. Additional costs that are unforeseen can be a risk for the organization such as currency fluctuations, political and economic instability of the sourcing country, the loss of know-how and so on.

2.2. Supplier Selection

The big portion of cost of global sourcing operations constitutes by cost of raw materials and components. The cost of purchased materials and services in high technology firms reaches up to 80% of the total cost of the product. In this case, the decision of selecting the best supplier is a key factor of reducing costs thus purchasing department has an important role in this selection. Supplier selection has a direct effect on the cost reduction, profitability and flexibility of the organization. Therefore one of the most significant purposes of purchasing department is the most appropriate supplier selection for the domestic and foreign sourcing activities of the company (Ghodsypour and O'Brien 2001).

As referred to the sources of Zhang and Zhang (2010) and Strategic Procurement presentation published by Penn State University (2011), purchasing department should select if they would like to proceed with one single supplier or multiple suppliers as a supply partner for the procurement of necessary components. With one single supplier it is required to place all of the orders to this single supplier in contrast, all of the orders are required to be allocated between several suppliers.

The advantages of single supplier for sourcing are;

- easy coordination of the operations
- better collaboration with the supplier
- enhanced control over production

- reduced costs
- buyer can get discounts due to the large amount of orders

However, besides its advantages, some disadvantages can also be defined in single sourcing as below;

- if something goes wrong in the production, there can be supply disruption
- less competition therefore supplier can increase its price

On the other hand, the advantages of multiple sourcing are;

- more competition therefore costs will go down
- undisrupted supply, there is always back-up
- buyers may have better negotiation power

Disadvantages of multiple sourcing can be listed as the following;

- low coordination and collaboration due to more suppliers to manage
- slower learning curve
- low amount of orders therefore low possibility of discounts

Depending upon the company profiles and strategies, single or multiple sourcing options should be decided. To better carry out supplier selection process, various criteria should be evaluated such as price, quality, and transportation and so on. To evaluate and select the suppliers, several criteria are required to be taken into account as it is discussed above. “When evaluating sources, the single most important task for buyers is assessing the key competitive factors in their industry and translating these dimensions into supplier evaluation criteria. An evaluation of best-in-class performance in product and process technology, quality, delivery and design flexibility is key determinants in this decision. Therefore, a buyer should analyze and evaluate the potential threats when selecting suitable supplier resulting from a systematic selection process and its corresponding attributes” (Garfamy 2003).

2.2.1. Supplier Selection Criteria

Some barriers discussed in the previous chapters such as political, economic, cultural and social aspects of global sourcing can be also counted as supplier selection criteria based on country specific perspective. According to the research paper of Tektas and Aytakin (2011), from supplier based perspective, there are criteria to be considered before making supplier selection decision which can lead companies to competitive power and increasing productivity as explained below.

- Financial factors which have direct effect on the cost and profit. It is subdivided into total logistic cost and payment terms. These includes price of the purchased good, import duties, freight cost, ordering cost, tariff level and the specific payment conditions that is agreed with supplier.
- Supplier's profile such as financial stability and strength, flexibility to adopt fast market and demand changes, position and reputation in the industry, innovative and technologic capability, knowledge sharing and accessibility to information are the important factors to be also reviewed.
- Supplier's safety and environmental concern which includes ISO 14001 certification, using environmental friendly products not to harm and pollute environment, conformation to Materials Safety and Documentation Sheet data to be able to control and store dangerous materials.
- Supplier's quality management has several dimensions which affects overall supply chain. Quality of the output, quality measurement techniques, technical and visual conformance to the specifications, customer satisfaction, process capability which enables supplier to produce goods within specification limits, programs established to sustain continuous improvement depend on the power of quality management of supplier.
- Delivery is another key parameter in supplier selection. Supplier should ensure on-time delivery, compliance to packaging standards, easy international operations such as custom brokers and freight forwarders, advanced information systems which helps to decrease lead time, enables tracking and better transportation services.

Supplier selection methods differ to every industry and product. Several mathematical methods and support systems have been developed which includes both qualitative and quantitative decision criteria such as goal programming, analytical hierarchy process, linear programming and many more (Ho et al. 2010).

In the framework of this study, although above methods are very useful in selecting suppliers, were not used in this project. The steps that were used to select suppliers as cited by Kumar et al. (2011) will be pointed out in the seventh chapter.

3. Project Whirlpool – Big Tent Event

3.1. Company Background

Whirlpool Corporation is the world's leading American multinational manufacturer and marketer of major home appliances, with annual sales of more than \$19 billion in 2011. It has 68,000 employees and 66 manufacturing and technology research centers around the world. Its purpose is to be the company that serves the best consumer products in the world. Its vision is to exist in every home and be reachable everywhere. This vision pushes them to provide innovative solutions for the need of their customers. It manufactures home appliances which are fabric care, cooking, refrigeration, dishwashers, countertop appliances, garage organization and water filtration. These goods are sold under different kind of brands such as Whirlpool, Maytag, KitchenAid, Jenn-Air, Amana, Bauknecht, Brastemp and Consul. It operates in 170 countries all over the world and has manufacturing plant in 13 countries. Its profession is coming from 101 years of experience in this industry.

Whirlpool distinguishes from its competitors with its various strong brands and loyalty of their customer relationships. Its mission is to build loyal relationship with customers for lifelong. This mission defines their focus and their aim which is to create value in a different way. Its products are designed with the aim of making their lives easier. With their products, they focus to ensure quality of the products, innovation, cost effective production and the value for customers. Improved operation platforms help Whirlpool to build sustainable competitive advantage. Together with the renewal of supply chain infrastructure, Whirlpool has better delivery of the products therefore better service for the customers. These actions accordingly allow on time delivery, efficient and true business manner and enhanced network.

For the future, their strategy is not just creating great products but to focus on maximizing the benefits of the resources. With the utilization of these resources, they are committed to create high quality goods when developing innovative and cost effective products. During the concept phases the perception of quality is applied to the product in Whirlpool and continues to the delivery to the customer. This business manner helps Whirlpool to build sustainable competitive advantage in all its brands.

Lean manufacturing and continuous improvement are the principles of Whirlpool when producing consumer goods. Continuous improvement brings the endless improvement of processes where lean manufacturing eliminates the inefficient and unvalued processes in every manufacturing phase. Whirlpool always look for new and alternatives ways to create value for customers (www.whirlpoolcorp.com)

3.2. Big Tent Event

Big Tent Event was a sourcing activity planned to be done in Turkey requested by procurement department of Whirlpool Corporation in order to save cost from sourcing activities. The event provided a supply base network in home appliances industry in Turkey. It was done to reach new sources of suppliers, know-how, technologies and competencies and make collaborations for long term businesses with Whirlpool.

It was first applied in China in 2009 with the same purpose given above. Then due to cost and quality issues, event was planned to be carried out again but this time in Turkey. The Big Tent Event was three days meeting held twice in İstanbul with the attendances of Turkish suppliers from different companies with various product ranges. In May 2012 first event was scheduled for three days for the oven and microwave and dishwashing product groups with a group of twelve people from Whirlpool team and nearly twenty five suppliers. Right after the first event, second event was held in June 2012 for again three days with the attendance of related team from Whirlpool with again almost twenty five suppliers for washing machine and refrigerator.

3.2.1. Project Overview

Whirlpool's procurement department proposed a project in the beginning of 2012 to reach new suppliers and enhance its supplier network in Turkey. As it was discussed in the literature review, globalization forces manufacturing companies to find new sources abroad with better price, better quality and better service. The purpose was to search the market with the help of external consulting companies to find out if there can be cost opportunities for Whirlpool's components which are not core for the organization but can provide cost advantage.

Although Whirlpool has its own existing suppliers for those components, rising competition among its rivals pushed Whirlpool to advance its sourcing activities with better opportunities. The procurement team requested this project from Project team in the company to review all the necessary steps, decide on the actions and control all the progress. After six months it was held in Istanbul with the contribution of several suppliers from different industries in Turkey.

The expected outcome of this project was a long term partnership with some of the suppliers which were cost effective, capable of manufacturing of the requested components, technically qualified and which had advanced technology, sufficient technical personnel, better quality than the existing suppliers of Whirlpool and better transportation services.

Specific objectives of the project will be outlined in the following section.

3.2.2. Project Objective

The purpose of this project was to enter new global markets to be able to outsource some components and raw materials for white goods such as electro mechanicals, glasses, metals, plastics, rubber parts, heating elements and many more at cheaper prices with higher quality and service. Since big amount of the costs of the company was associated with sourcing and manufacturing, new markets were needed to be discovered.

As the company has already been outsourcing some of its components from foreign countries, following a research process, it was found out that Turkey as one of the fastest developing countries could be a good opportunity to source several components in order to have cost advantage and increased quality performance.

The main objectives of this project were listed below;

- to make best cost country sourcing as a key component of Whirlpool's overall manufacturing strategy by developing core capabilities
- to identify cost reduction opportunities through best cost county sourcing of specific components or subsystems
- to identify and engage new and promising suppliers
- to discover further sourcing opportunities with existing and potential suppliers
- to increase best cost country sourcing penetration level of Whirlpool
- to strengthen best cost country supplier base
- to create best cost country sourcing advocates

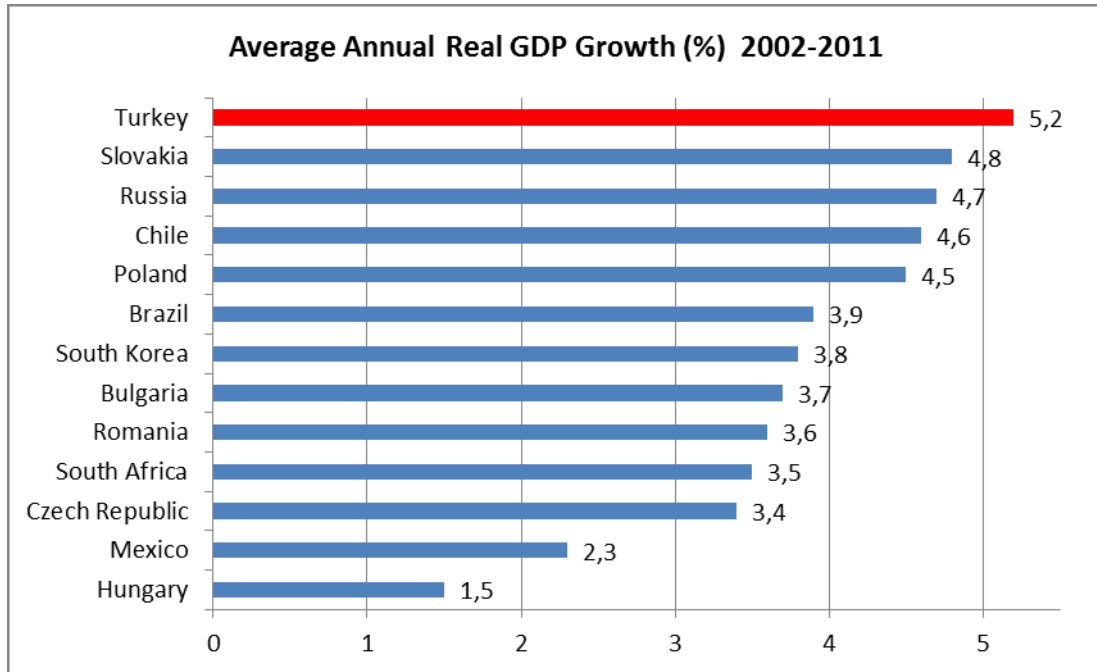
4. Why Turkey?

At this point, it is necessary to give broader information in order to understand why Turkey was chosen as a target country in this project. In the following, current status and the home appliance industry of Turkey will be pointed out.

4.1. General Overview

Turkey has become one of the fastest growing economies in the world. Being an emerging market makes Turkey attractive for the global investors. Geographically, it is very well situated which links eastern and western countries. This location makes easier to access other big markets with 1.5

billion customers of Europe, Asia, North Africa and Middle East. It has a free market economy and since a privatization policy is being held, state involvement has been reducing.



(Source: <http://www.invest.gov.tr/EN-US/TURKEY/FACTSANDFIGURES/Pages/Economy.aspx>)

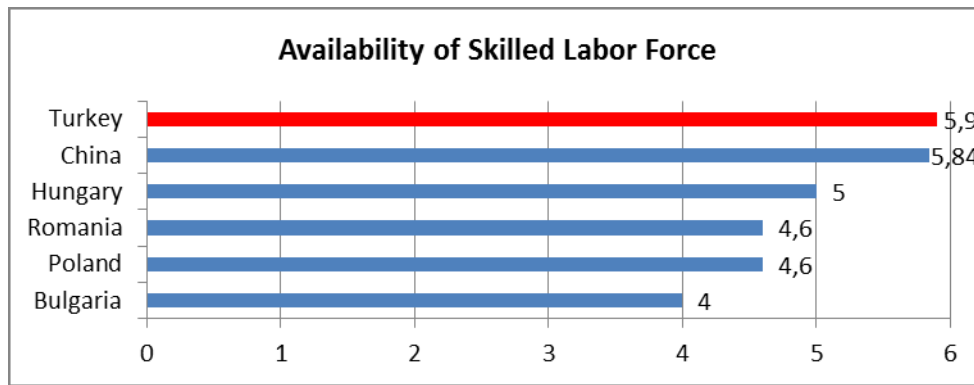
Table 1. Average Annual Real GDP Growth (2002-2011)

It has stable economic growth for the last nine years with an average annual real GDP growth of 5.2% in 2011. It is listed as the 16th largest economy in the world and 6th largest economy compared with EU countries in 2011. It is announced as the 13th most attractive FDI destination in the world.

Turkey implemented new FDI law in 2003. This new law has made Turkey more attractive to foreign investors. In 2008 Yased International Investors Association announced that Turkey was ranked as 20th in the global ranking with 18 billion dollars FDI inflow. According to the A.T. Kearney FDI Confidence Index in 2012, Turkey has chosen as the world's 13th most attractive destination with the 15.9 billion dollar of foreign direct investment inflow.

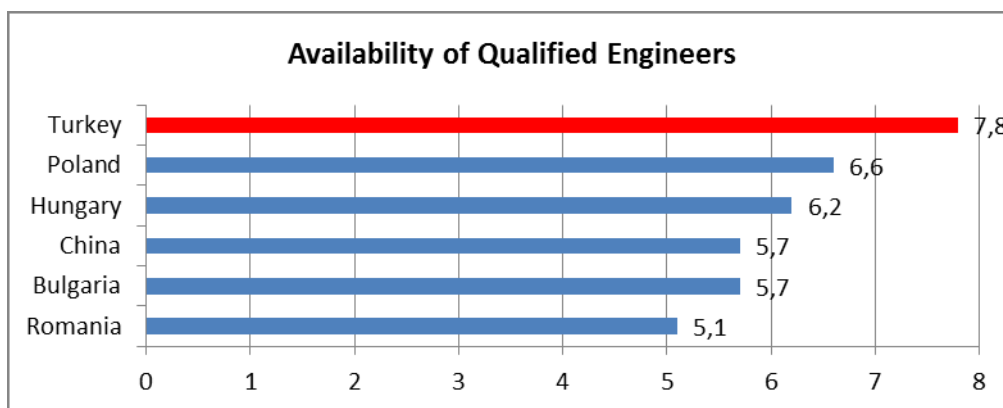
4.2. Labor Force

It has twenty six million young, well-educated and dynamic populations. When we compare EU countries, Turkey has the 4th largest labor force. Its young population is the most important characteristic in this labor force which is a distinctive characteristic of Turkey among other countries.



(source: <http://www.yoikk.gov.tr/dosya/up/IDB/20111012-ISPAT-InvestmentClimateinTurkey--NecmettinKaymaz.pdf>)

Table 2. Availability of Skilled Labor Forces



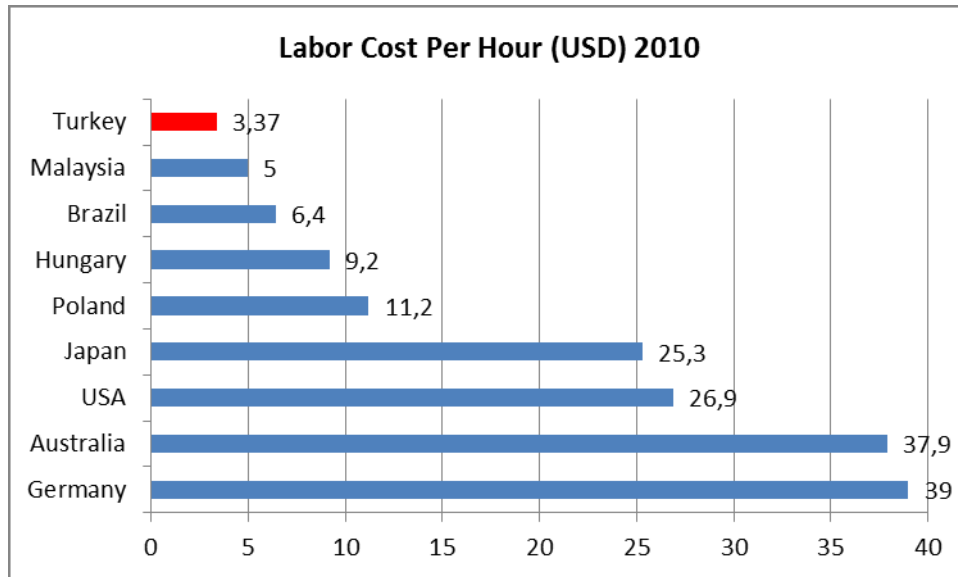
(source: <http://www.invest.gov.tr/en-US/investmentguide/investorsguide/Pages/DemographyAndLaborForces.aspx>)

Table 3. Availability of Skilled Labor Forces and Qualified Engineers

As it can be seen in above researches that labor force in Turkey is dedicated to work with its high productivity, low absenteeism and high skilled qualified engineers.

4.3. Labor Cost

Turkey's labor cost is very low comparing to other large markets. In addition to low labor cost, high skilled, qualified workforce and the quality of the goods produced are the main reasons for Turkey to be selected for the investments, foreign businesses.



(source: <http://www.3invest.gov.tr/en-US/investmentguide/investorsguide/Pages/DemographyAndLaborForces.aspx>)

Table 4. Comparison of Labor Cost per Hour (2010)

4.4. Taxes and Incentives

The corporate income tax is reduced from 33% to 20% to encourage current traders and attract new investments. Besides this, corporate and personal income tax allowances are provided. Also exemptions are provided from custom duties. A new law is established by Turkish Government on supporting research and development activities and innovation.

4.5. Turkish Home Appliances Industry

According to Turkish Home Appliances and Electronics Industry Report published by Investment Support and Promotion Agency (2010), “Turkey has risen to become one of Europe’s leading home appliances manufacturers”. With 25 million units of yearly production capacity in white goods, industry provides 2 million of job opportunity for the residents. After Italy, Turkey is the second largest capacity in Europe.

Turkey’s home appliance sector reached 8 billion USD in 2008. At that time, total production of white goods was 16 million and 70% of this production was exported. France, UK, Germany and Italy are the primary destinations of Turkey. In 2009 global financial crisis, the exports decreased by 25%. However, it started again increasing in the first quarter of 2010 by 23% compared to the first quarter of 2009. It is expected to keep growing until 2013.

Market Demand in Turkey								
	2006	2007	2008	2009	2010f	2011f	2012f	2013f
Electrical appl. & houseware (US\$ m)	8,415	11,048	12,963	10,811	12,004	13,017	14,501	16,032
Electrical appl. & houseware - % change	16.2%	31.3%	17.3%	16.6%	11.0%	8.4%	11.4%	10.6%
Household audio & video equip. (US\$ m)	2,558	3,293	3,892	3,246	3,639	3,976	4,538	5,136
Household audio & video equip. - % chn.	18.2%	28.7%	18.2%	16.6%	12.1%	9.3%	14.1%	13.2%
Television sets (stock per 1.000 people)	305	308	310	330	350	371	393	415
Television sets - % change	1.3%	1.0%	0.6%	6.5%	6.1%	6.0%	5.9%	5.6%
PCs (units)	6,500	9,500	16,150	18,388	20,745	23,198	25,488	27,780
PCs - % change	30.0%	46.2%	70.0%	13.9%	12.8%	11.8%	9.9%	9.0%

(source: <http://www.3invest.gov.tr/en-US/investmentguide/investorsguide/Pages/DemographyAndLaborForces.aspx>)

Table 5. Electrical Appliance and Housewares Market Demand in Turkey (2006-2013)

4.6. Domestic Players

The primary home appliance producers in Turkey are Arçelik, Vestel Beyaz Eşya, BSH Ev Aletleri, Indesit and Kumtel. The manufacturing plants are mainly located in the Marmara, Aegean and Central Anatolia. Since there are big domestic players and their manufacturing facilities in home appliances industry in Turkey, it caused several suppliers to be established to serve these big companies and their market needs.

Main Players in Turkey's House Appliance & Consumer Electronics Industry, 2009			
Company	Subsector	Sales, TRY mn (*)	Sales, US \$ mn
Arçelik	White goods, electrical equip. & appliances	6,972	4,511
Vestel Elektronik	Consumer Electronics	4,640	3,002
BSH Ev Aletleri	White goods, electrical equip. & appliances	2,292	1,483
Vestel Beyaz Eşya	White Goods	1,410	912
Indsit (**)	White goods, electrical equip. & appliances	222	na
Casper Bilgisayar (**)	Consumer Electronics	198	na

İhlas Ev Aletleri	Electric Household appliances	100	65
Kumtel (**)	Household appliances	100	na
Arzum	Household appliances	72	47
Philips	Consumer Electronics	na	na

(Source: Turkish Home Appliances and Electronics Industry report 2010)

Table 6. Main Turkish Players in Home Appliance & Consumer Electronics Industry

4.7. Global Players

In 2008, China is the primary exporter of home appliances with share of 26% of total home appliances export. After China, Germany and Italy are the other largest exporters. Turkey was the 5th exporter across total export share with 4%.

MAIN GLOBAL PLAYERS			
Company	Headquarters	Revenue (USD m)	# of Employee
Home Appliance			
Whirlpool Corporation	US	17,099	67,000
AB Electrolux	Sweden	14,274	51,058
Haier Group Corporation	China	13,695	50,000
BSH Bosch und Siemens Hausgerate GmbH	Germany	10,424	40,286
GE Consumer Industrial	US	10,000	6,000

(Source: Turkish Home Appliances and Electronics Industry report 2010)

Table 7. Main Global Players in Home Appliances

4.8. Opportunities in Turkey

Besides its low cost advantage, the goods produced in developing countries are more quality than the goods produced in developed countries. White goods sector is an increasing sector in Turkey as being the second largest capacity in Europe. The primary drivers for this increase in white goods sector are high quality manufacturing process and materials, richness in raw material, transportation services and business ethics awareness of component manufacturers to the white goods manufacturers. Mergers and acquisitions are also possible to make in Turkey which are increasingly used by the developed markets to find new sources, invest in new technology and create innovative products to better compete and perform.

Liberalization in foreign trade allowed foreign goods to be easily entered in Turkey market and also it allowed Turkish goods to be purchased in international markets without being applied any tariff

and quotas. Advanced technology used in manufacturing processes, importance given to research and development activities, understanding the importance of ISO and other several quality standards, prioritizing the customer preferences, advanced marketing skills and better service infrastructure constitutes the big success in export of home appliances goods in Turkey.

Due to the reasons that were explained above, the target country of the event was Turkey. In the following chapter, organizational structure of the Big Tent Event will be discussed to better understand the roles and tasks in order to manage the operations of the project.

5. Organizational Structure of the Big Tent Event

The general organization structure of Whirlpool and also the project was cross functional based. As cited from Eng (2006) “cross-functional coordination in supply chain management can be defined as purposive coordination of supply chain activities and information flows across business functions and between firms”. Operations in Whirlpool are required to be managed and controlled simultaneously between internal departments and supply chain partners. This type of organizational structure allows Whirlpool increased collaboration among different functional members and external supply chain participants which results in reduced total cost and improved service performance.

There are four product groups categorization in Whirlpool which is oven and microwave, dishwasher, washing machine and refrigerator. Each product group has its own procurement department. The core team of the project was composed of project manager from P4G, project manager from procurement team and relationship manager. As it can be seen in schema, project leader was director of the procurement department of each product group since the request of this project was come from procurement department. This schema is the general form of the organizational structure of this project for each product group. There was the same structure for each four product group but under different responsible procurement departments and project managers.

P4G is the department of Productivity for Growth also called as Project Management where all the cost reduction activities are managed under various projects worldwide, lean manufacturing activities are performed, effectiveness and efficiency in all corporate operations are tried to be achieved by this department. According to four product group, each group has its own project manager. In this project P4G was responsible of the identification of necessary actions to take enlightenment of the necessary departments about the project, coordination of the required pre-activities and post-activities and follow up of the entire progress.

Project manager was the responsible procurement project manager of the related product group. Project managers provided necessary coordination between other team members also listed in the schema such as commodity buyers where all the purchasing activities were held and the

communication with suppliers were performed. Buyers were categorized according to their commodities. These commodities were glass, plastic, metal, condenser and evaporator, rubber, heating elements and coils and so forth. Target costing team where target costs of the selected components were calculated according to the target country, material managers helped while deciding on the components to be selected, technical personnel from Global Product Organization department enabled all the technical specifications of the selected components and their processes, features of molds and dimensions and weight information of the component, personnel from Industrial Operations Benchmarking department provided necessary comparisons of components, prices and processes and lastly the quality manager ensured specifications for the visual and technical qualifications of the components and its manufacturing techniques.

My position in this organization was under P4G team as a Relationship Manager and my responsibility was to scout Turkish home appliances market and stimulate the interest of the identified suppliers. As being a Turkish native speaker, I was providing the support between buyers and suppliers. Instructing interested suppliers about the project and our aim as Whirlpool, communicating with them via mail or phone, stimulating their interest, preparing the necessary documents, assisting project team and providing daily progress of the project were my responsibilities. In addition to these, in case of misunderstanding about products or their characteristics or the documents provided, lack of information and problems due to the documents which were not well understood and not filled out properly, my contribution was critical to overcome the communication barrier.

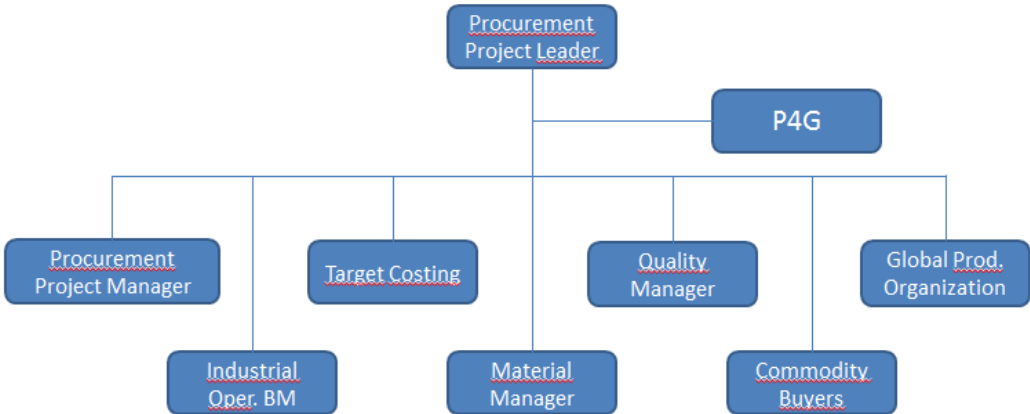


Figure 2: Organizational Structure of the Big Tent Event

6. Pre-event activities

First of all, several analyses were used to identify commodities that Whirlpool will source from best cost country, Turkey. The analysis used to determine components or subsystems to be included in the bidding process were;

- Value density analysis
- Assembly complexity analysis
- BOM-to-BOM comparison
- Target costing

In value density analysis, components with higher cost per unit volume were identified as potential low cost country sourcing activity. The data required to calculate this value was shipping volumes of parts which were an approximate calculation of the dimensions of the components by estimating their width, height, and depth and costs of these parts which were unit costs. The procurement team led this analysis. In assembly complexity analysis first costs were identified for each subsystem and then the number of parts in subsystem was identified. Components with high costs with high number of parts were decided to be included in the event. The analysis was managed by the procurement team and technical department. After assembly complexity analysis, the comparison of bill of materials analysis was used. One of the appliances of Whirlpool was chosen among others in which they were having difficulties with the cost advantage compared to its competitors. And its bill of materials was being compared to the same appliance of its competitors to be able to choose comparable appliances. Then they performed target costing for the selected components. Target costing was a cost estimation of the selected components when it was imagined to produce them in the selected country which was Turkey for our project. This gave project team a preliminary idea of the savings that they could find and it was used also as a reference when negotiating with suppliers during the meetings in Turkey. Target costing of components was calculated according to the approximation of labor cost in Turkey, machinery, engineering, and cost of materials and so on. This cost estimation was done in order to compare the formal price offers provided by suppliers and target costing. It helped to understand the cost differentials across suppliers. After the analyses were finalized, the components to be a good opportunity for the low cost country sourcing activity were set down.

Then to carry out this event Whirlpool got in touch with *Beysad* (White Goods Suppliers Association) association in Istanbul which was established by the firms operating in white goods industry to support each other and build a common business field to cooperate and grow together. As it can be seen in below table, it was the biggest organization in white goods sector. Therefore they were the best source to easily reach large amount of white goods components manufacturers in Istanbul.

Establishment/ Institution	Code	Description	Contact Details
Turkish White Goods	BEYSAD	Organization has 176 members. Established in 1993, the association acts as a medium for	Yeni Hal Yolu Cad. Çayır yolu Sok. Bay

Sub-Industry Suppliers Association		members to find new customers both domestically and internationally at the forums and the meetings it arranges. The association also deals with the government to pass legislation that benefits the industry.	Plaza No:5/7 34752 Istanbul Tel: +90(216) 469 4464 www.beysad.org.tr
Association of Turkish Small Household Appl. Industrialists of Exporters	KESİD	Organization has 11 members. The association was created to ensure that the manufacturer's suppliers grow, improve and achieve proper levels of quality. The association also protects its members against unfair competition and provides the tools necessary for the suppliers to aid in Turkey's industrial growth. The association acts as a liaison between its members and the media, and conducts research and development activities to benefits its members. The association helps to regulate the industry so that it can be competitive in foreign markets as well.	Krizantem Sok. No:20 Levent 34330 İstanbul Tel: +90(216) 282 9800 Fax: +90(216) 282 9809 www.kesid.org
Turkish Electronic Manufacturers Association	TESİD	Organization has 65 members firm. The association ensures the development of the electronics sectors within a competitive environment.	www.tesid.org.tr
Air Conditioning and Refrigeration Manufacturers' Association	ISKİD	Organization has 76 members firms. Established in 1993, it was formed to serve as a medium of exchange for its members in the business of manufacturing and distributing air conditioning and refrigeration equipment. The association works to solve its members with financial, legal, administrative, and trade problems. It also works with media, helps improve R&D activities, and promotes energy saving and environmentally friendly products.	Hal Yolu Cad. Çayır Yolu Sok. No:5 Bay Plaza Kat: 3 İçerenköy Kadıköy 34752 İstanbul Tel: +90(216) 469 4495 Fax: +90(216) 469 4495 www.iskid.org.tr

(Source: Turkish Home Appliances and Electronics Industry report 2010)

Table 8. List of Turkish Home Appliance Manufacturers Associations

After taking their approval to cooperate in this event, list of members of this association was provided to Whirlpool who has been manufacturing white good components for some of the best brands in Turkey and also for foreign brands. At the same time, *Beysad* also announced this event and the contact information of responsible of Whirlpool to its members to help them get in touch for any kind of clarification and information about the event.

The procurement project managers and the material managers from factories prepared samples to be sent to Turkey. Samples of these selected components to be produced in Turkey were sent to *Beysad* headquarter for the suppliers' evaluation to understand if their production capabilities were appropriate to produce these components. Right after that, technical specifications of these components with the technical drawings were also prepared and sent simultaneously with the samples to the *Beysad* organization. In technical specifications, all the necessary information was provided to suppliers to help them in understanding production processes and techniques to make better price offers which were more reliable and reflect the real production costs. This information consisted of dimensions of the components, required yearly volumes, cavities of the molds, pitch of machines and so on.

After this evaluation, suppliers which were able to produce any of the components and would like to give their quotations, contacted to project team in Whirlpool to go further with the preparation of price offers.

7. Supplier Selection Process

The process to select suppliers that I observed during this project in Whirlpool can be explained as a roadmap with the framework that Kumar et al (2011) used in their study. The necessary criteria of the suppliers to be able to select the best one among many others were cost, production size and range, quality, technologic capability and the delivery operations. The steps that were carried out in this selection process were explained below.

7.1. Pre-selection

The list of suppliers was provided from an external company and white goods suppliers association in Turkey which was *Beysad*. Suppliers were considered as a potential candidate according to their capabilities in home appliances industry. It was very useful to reach and identify as many suppliers as possible to be able to select the most appropriate. After the supplier list was concluded by external company and related association, pre-selection was done by team members according to the supplier's company profile and size, product ranges, competencies of manufacturing, specialized goods and so forth. Pre-selection was helpful to save time by not considering non-appropriate suppliers during the process.

The first list was composed of two hundred suppliers. Then with the pre-selection process it was decreased to hundred suppliers which were identified as suitable.

7.2. Bidding Process

This process was the preparation and the analysis of the request for quotations (RFQ) which were received from hundred suppliers. RFQ was a part of a bidding process which was prepared to bid on a specified product or services. It was very critical that the information given by suppliers in RFQ was all clear and accurate to be able to compare all the quotations. Suppliers were required to fill out RFQ forms carefully and sent it to responsible from that product group in Whirlpool.

From these hundred suppliers the ones who would like to attend bidding phase to be the partner of Whirlpool, was required to make an offer for the selected parts. This offer should be done upon the RFQ form which was provided by project team to ensure the standardization of the information received. This document included overview of the company and its business, the purpose of this RFQ, technical and other requirements on specified product or service, deadlines to submit the RFQ, contact details of the responsible in the company. The data desired by Whirlpool from RFQ was material and machine specifications, material cost, delivery requirements, transportation cost, payment terms and packaging cost of the components. Each bidding phase had determined closing date and time. To be evaluated and included in the event, all offers should have been delivered before or on time. Offers received after the deadline was not considered.

After first proposals were received it was required to be evaluated by procurement team and with the support of benchmarking and development personnel for the support of technical aspects and to compare the costs. The suppliers provided lower price offers were chosen to be invited to the face to face meetings in Istanbul due to the cost comparison of Whirlpool's actual supplier, target costs and the given RFQ. The project managers from P4G were following the status and savings during price offers were sending by suppliers. The evaluation process took two weeks for the procurement team to decide individually each component to outsource or not. Any misalignment in the calculations was requested to be clarified by the responsible supplier. Compliance of the technology and the material to be used during the production were controlled by the project team. The proposals were also contained alternative production processes and materials suggested by the suppliers which might be more suitable in this way for the supplier's manufacturing capabilities. Therefore, the proposals were also examined for the alternative production types of the same components. If this different material and production type were also acceptable for Whirlpool and its product configuration, it could be decided to manufacture in suggested way.

After the evaluations of RFQ, fifteen suppliers were selected for each two event to be met in Turkey.

7.3. Meetings and Factory Visits in Turkey

Meetings were scheduled with the suppliers whose offers could provide cost advantage compared to current situation of the company which were fifteen suppliers. The face to face meetings were upon comprehensive discussion of the RFQ of the suppliers. Negotiations were done with some of the good profiled suppliers since their prices were higher but competencies were better than others. To schedule all the meetings with project team and the suppliers, calendar was prepared with the date and time for each of the supplier and Whirlpool team. The calendar was sent to suppliers by email two days before the scheduled meeting in Istanbul.

First meeting in Istanbul was covered suppliers manufacturing for oven, microwave and dish washer product groups with the project and the technical team from Whirlpool for these product groups. It was three day meeting at Limak Hotel in May 2012. Before the day meeting started, all the samples were transferred from *Beysad* office to the hotel for the deep discussions about product's manufacturability, quality specifications, supplier's competencies and payment terms and conditions and more. During those meetings Whirlpool team was presenting their company and the suppliers were doing the same. Then they were having technical discussions in front of physical samples and commercial discussion around general standards and Whirlpool contracts such as tool agreement, quality agreement, payments terms, consignment stock, and so forth. Finally a focused commercial discussion on the offers received for the components were discussed.

Also plant visits were scheduled only with some of the suppliers due to the lack of time. This plant visits were performed to evaluate the condition of the manufacturing plant, compliance to technical requirements, technological capabilities, processes to obtain quality performance and proficiency in operations.

In June 2012 second meeting was done for the washing machine and refrigerator product group. Same preparation activities and processes for the first meeting were also done for the second meeting right after the project team came back from the first meeting with the positive feedbacks and potentials. Specialized washing machine and refrigerator component manufacturers were welcomed for again three days meeting in Istanbul.

Some criteria that were considered to select the suppliers were as follows;

- Product and service quality
- Detailed examination of price offers
- Supplier's specialization and competencies
- Supplier's financial situation

- Warranty of the products to be served
- Supplier's ability to meet demands and deadlines
- Quality compliance to Whirlpool specifications
- Reputation of the supplier in domestic market

After meetings finished and all the outcomes from these discussions were collected and reviewed, technical and quality audits were arranged with some of the potential suppliers in their facilities. Technical personnel from Global Product Organization department of Whirlpool attended these audits to check if supplier's internal procedures of manufacturing were well-established and controlled for each of the processes and these procedures were ensured quality standards desired by Whirlpool and the performance of their quality system was measured continuously.

7.4. Purchasing and Contracting

In this step of the event, last decision regarding the supplier to be the long term supply partner of the company was given. The selection activity was done by the project team and the procurement team according to the best cost advantage also with the several criteria that was defined in the previous step.

At the end of this event and after internal discussions and assessments, with fifteen suppliers Whirlpool signed contract to maintain long term partnership.

8. Experiences

Having an opportunity to conduct my master study with a field practice in a corporate multinational company was very satisfying. Although working in a multinational company was quite challenging, it was a very valuable experience. Even I had three years of working practice as a product manager in my home country; taking part in a different industry had its own difficulties, not only the terminology used in the company but also the business manners that they have adopted. Since the culture, traditions and accordingly attitudes are very different from Turkish ones and this reflects on the business manners of workers, working with Italian colleagues and people from different nationalities helped me to broaden my vision and gain new skills. Adapting me to a different environment, communicating with people from different levels of organization, managing various ideas, maintaining good relationships among team members had utmost effect on the experience I had during these 3 months.

As a relationship manager in this project, I had the opportunity to work with an expert project management team and also I was in close contact with procurement department and other members of this organization to better understand the needs and the targets to be achieved in order to build a bridge between Whirlpool and Turkish suppliers.

This project also gave me an opportunity to know and communicate with several manufacturers of this industry in Turkey. They were all highly specialized suppliers in different fields of this home appliance market and also have been working with big players from all around the world. I owe this enhanced supplier intelligence in my country to the project team who gave this chance to me.

However this period of time was full of learning and positive acquirements, there were some problems that were encountered during the progress of the project. After the collaboration with *Beysad* organization for this project, technical drawings needed to be delivered to *Beysad's* system for supplier's review and necessary analysis in order to prevent doing this activity for each supplier. However, during the delivery of these drawings via mail, there were some missing files and the classification of these files were not accomplished very well by the *Beysad* organization as there were too many components to deal with. This led to recommunicate and resend the files again one by one with each supplier which was time consuming and inefficient activity to manage, especially in a very tight scheduled event.

As it was also discussed in the literature review part as a barrier of global sourcing, communication was one of the problems that we faced between suppliers and buyers in understanding the context of the documents provided by Whirlpool which were technical drawings and specifications, request for quotation and many more.

In addition, since it was an unfamiliar industry and products comparing to my previous job experience, it was hard for me to evaluate suppliers due to their competencies and understand if they were capable of producing desired goods.

But all aside, it was a great three months experience in Whirlpool with the combination of my study at the university.

9. Conclusion

Especially in the last two decades, rising globalization, forces manufacturers to source from foreign suppliers or rebuild their operations in low cost countries for long term relationships. This causes redesign of the organization, processes and networks of supply chain (Hong and Holweg 2005).

In this highly competitive global environment, companies are no longer only focus on price but also quality, continuous improvement in all layers of operations, differentiation and technology advancements. But the most important factor is the alignment of the internal operations and the foreign supplier's operations to ensure coordination between two distinct locations. To achieve success in global sourcing research and development, manufacturing and marketing activities should be managed simultaneously worldwide (Kotabe and Murray, 2004).

As it was also discussed in the literature review chapter, as an achievement of this project Whirlpool has decided to cooperate with fifteen Turkish suppliers which were cost effective, high quality and have enhanced manufacturing competencies for the commodities of glass, electro mechanicals, heating elements and exchangers, rubber, plastics and cooling system. This clearly shows that a project like the Big Tent Event brought in an increased global competitiveness to Whirlpool Corporation.

From the savings perspective, Whirlpool's initial plan with the execution of this project was to achieve 150 million euro turnover due to the change of actual suppliers to the Turkish suppliers. After the two events were carried out for four product groups, 75 million euro turnover was identified with the suppliers selected. Although it is the half of the initial plan's forecast, it was a great success in cost reduction. Since new opportunities have been still investigated with these suppliers it can be pointed out that the Big Tent Event as a global sourcing project will have many more long term benefits for the corporation.

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