

## **4. Theoretical Background**

In order to understand the problem (GS is not fulfilling HQ's expectations in savings because GSP are not being closed) there were two factors that according to my personal criteria could solve the problem under qualitative terms: Knowledge Transfer and Organization Structure.

First, knowledge transfer was considered because it is the core for operating relationships within an organization under the service dominant logic, and second I considered organizations structure because organization performance depends on how these organization actors are related (relationships) and how this relationships affect when operating this organization.

### *4.1 Knowledge Transfer*

#### 4.1.1 Types of knowledge and attributes

According to Vargo and Lusch (2004) services are in every part of an organization However for the purpose of this paper, the main focus will be on knowledge because one of the main causes that I observed is that there is a very small awareness of knowledge importance and therefore they ignore how useful it can be (knowledge) when applied.

Knowledge is included in Intellectual capital because it needs to be codified in order to be useful. "Intellectual capital can be defined, for example, as all the assets of a firm except those in the balance sheet, or the total value of a firm minus its book value." (Grönroos,2007, 9). As I will explain in the following part, knowledge can be either tacit (migratory) or explicit (embedded) knowledge (based on Grönroos,2007, 9)

### Tacit (Migratory) Knowledge

Tacit or migratory knowledge is the knowledge that has not been storage in any database. It is also called migratory because when a party that has migratory knowledge leaves the organization, it takes away the knowledge, leaving the organization with less knowledge and therefore with fewer tools that could create an asset.

It is a type of knowledge that is the most hard to obtain because just a few people have it. “*Tacit knowledge* is employee know-how or competencies gained through observation, imitation, and mutual experience. It operates more or less...unconscious...which means it tends to be under-recognized as a firm-based” (Ballantyne and Varey, 2006, 340) A clear example is the employees that are in the front office. They have tacit knowledge about customers because they interact with them every day and they notice what customers like or do not like, but they do not put their knowledge in databases, they simply know because of continuous interaction.

### Explicit (Embedded) Knowledge

Explicit knowledge is the one that is registered in databases and shared among every party involved in an organization. “...*explicit knowledge*, is media-based and can be digitized, duplicated, and circulated. (Ballantyne and Varey, 2006, 340).

Explicit knowledge is also named embedded knowledge because knowledge is embedded with the organization; therefore this knowledge is actually a part in the organization, and because it is stored in databases can be replicated by anyone. “Embedded knowledge...can be found in databases and put to use by almost anyone is an example of such knowledge. Embedded knowledge is also stored in images and brands as well as in strong relationships with network partners and customers, which are not dependent on a given employee.” (Grönroos, 2007, 9)

Both types of knowledge have great value for an organization; however the difference between them is that tacit knowledge is the one applied every day in every activity of the day and the other is storage waiting to be spread and afterwards used. “ The first (tacit) is

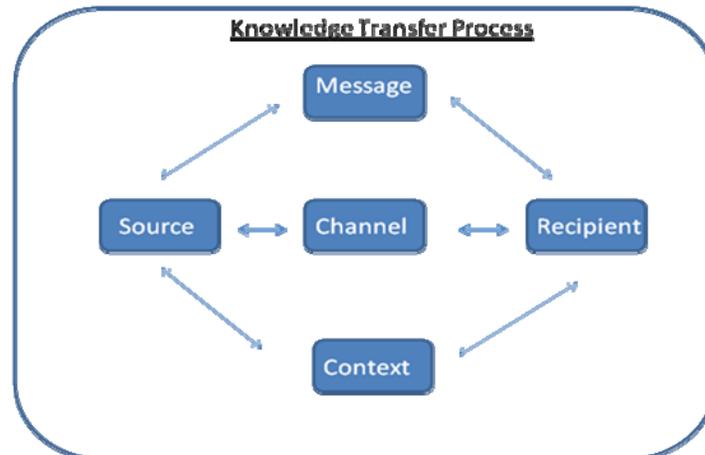
applied directly in creating value. The second (explicit) is a store of knowledge that can be usefully accessed in creating value.” (Ballantyne and Varey , 2006, 340).

#### 4.1.2 Knowledge Transfer Model

The knowledge transfer model is based on the service dominant logic, where service is defined as the use of knowledge and skills in every organization. By using skills and knowledge as the core of every organization activities, it is expected to create a competitive advantage. “ Service is the application of specialized competences (skills and knowledge), through deeds, processes, and performances for the benefit of another entity or the entity itself” (Vargo, and Morgan , 2005, 51)

Knowledge transfer model needs “source, channel, message, recipient, and context (Szulanski, 1999, 6) This model has its bases in communication models that include an actor who sends the information, the message that has been sent, the channel from which the message will pass through and the actor who receives it, which is the part of this relationship that will code the message in order to transfer information into knowledge. The other part included in knowledge transfer process, context, means the part that will give the sense to the message. Having all those factors in knowledge transfer process, it is possible to localize problems during the sharing of the exchange units: knowledge and skills “The application of specialized skills and knowledge is the fundamental unit of exchange” (Gidhagen. 2007).

## *Knowledge Transfer Process*



Source: Cedillo Lazcano 2010, based on Szulanski 1999, 6

### 4.1.3 Relationships importance in Knowledge Transfer

When a relationship is created, the consequence is a continuous exchange, under the form of service, goods or information. For knowledge transfer matters, the most important exchange is the information exchange. “An important aspect of the exchange is the exchange of information” (Forsgren, Holm and Johanson 2005, 17). Information exchange is important because it is the base for knowledge transfer, with no information to code, no knowledge transfer to share.

However, exchanges are not enough. As mentioned, this information must be coded in order to create value for the organization that uses this information, which later on will be converted into knowledge. When knowledge is created, it has to be spread in order to be useful to everyone within an organization. This spread of knowledge is called knowledge transfer. Knowledge transfer can be understood as “...an effort to create a partial or exact replica of a complex and causally ambiguous practice” (Szulanski, 1999, 7)

In order to understand the nature of knowledge transfer, it must be conceived as a process and not merely an act. “... transfer is not an act, as typically modeled, but a process”(Szulanski, 1999, 2)

Information exchange needs a coordination between parties involved and it is expected to improve this coordinative efforts through relationships because when a relationship is created party A adapts to party B and viceversa allowing a better understanding between them. “Information exchange is thus a matter of coordinating activities and resources... As a consequence of this coordination, activities and resources are adapted and modified in such a way so that joint productivity is improved...” (Forsgren, Holm and Johanson, 2005, 17).

A tight relationship is necessary when transferring knowledge, and this tightness is achieved by communication, familiarity (or intimacy) and continuous interaction between parties over time. “ The effectiveness of such exchanges depends to some extent on the strength of the tie between them which is reflected in the ease of communication and on the “intimacy” of the overall relationship between source and recipient.” (Szulanski,1999, 7)

A relationship can also be conceived as a way of transporting knowledge, if the relationship is tight there will be a better knowledge flow of information, and if loose there will be a risk of incomplete knowledge transfer. “It is the quality of the relationship that can be ‘managed’... How to manage relationship quality is a consequence of learning together over time.” (Ballantyne, and Varey, 2006, 340)

In order to avoid looseness in a relationship internal shared values are needed. Shared values give the sense of “belonging” to a bigger part and among parties within an organization and gives the sense that every party is contributing to achieve a bigger end “...assuming that shared values are indeed “the glue that holds an organization together” we argue that the presence of values... have a positive effect on the subsidiary’s willingness to share its expertise with others.” (Forsgren, Holm and Johanson, 2005, 158)

Either by communication, shared values or continuous interaction, it is a fact that a strong relationship improves transfer knowledge. The core of this situation is to create tight relationships with every party involved in value adding activities or maintain these tight relationships if it already exists.

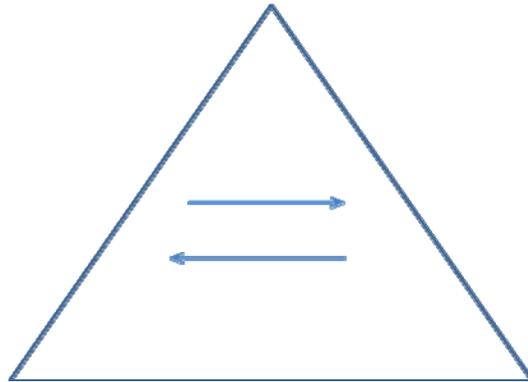
#### 4.1.4 Knowledge Renewal Process

The reason why knowledge is a competitive advantage is because it has the ability of renewal. For example, VW wants to gain a bigger market share inside USA, therefore VW has been gathering information about American consumers and VW have coded this information that had lead to make size changes in current car models, perhaps in the past years ,Americans wanted smaller cars but now the trend is for bigger cars. By this it can be understood that through information coding, and because information changes, this coding helped to create a competitive advantage.

Knowledge is always changing and continuously adapting to every environment and people; it is always being replicated (if explicit) or created (tacit). In better words, knowledge is everywhere in everyone, how it is used is the key. "...knowledge renewal (the generation, sharing and application of knowledge) that is more aptly designated as a fundamental source of competitive advantage." (Ballantyne and Varey, 2006, 345)

Even though knowledge renewal is important when analyzing knowledge flows, there are nowadays organizations that are using inappropriate models of exchange. An example is Ballantyne and Varey's Inter-functional Exchange, where the exchange is spread horizontally. It is inappropriate because the information does not flow up and down nor to alternative sides (right or left). Also the hierarchical exchange (up and down and down and up) is not suitable for knowledge renewal because horizontal spread and alternative sides are missing.

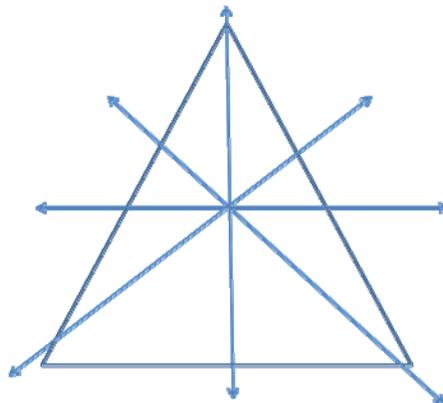
### *Inter - Functional Exchange*



Source: (Ballantyne and Varey, 2006, 341)

According to the same authors (Ballantyne and Varey 2006), the appropriate exchange for knowledge renewal must be one that allows every part to be communicated to each other in order to increase interaction in every part of the organization. By this tighter relationships and greater knowledge transfer can occur. This exchange is named “Network Exchange” and is shown below.

### *Network Exchange*



Source: (Ballantyne and Varey, 2006, 341)

When applying the “Network Exchange”, knowledge renewal can happen. Knowledge renewal, as the Knowledge Transfer Process, can be conceived as well as a process and this process has four stages: Energizing, Code breaking, Authorizing and Diffusing. It is important to mention that this knowledge renewal process includes both types of knowledge (tacit and explicit) and therefore it gives a better understanding of how knowledge is created, how it should be processed for the organization benefit and how knowledge have to be integrated and spread.

According to Ballantyne (quoted by (Grönroos, 2007, 400) the mentioned stages are defined as below:

- 1- Energizing: revealing common knowledge (exploring tacit knowledge)
- 2- Code breaking: discovering new knowledge(turning tacit knowledge into explicit knowledge)
- 3- Authorizing: making cost-benefit and policy considerations (transforming tacit-made-explicit knowledge into explicit knowledge that can be put to use).
- 4- Diffusing: integrating the new explicit knowledge with corporate culture and behavior (circulating the new explicit knowledge in the organization).

This renewal process can be implemented in organization’s parties by using internal marketing. “To activate knowledge renewal within the firm, a relationship oriented internal marketing process can be used.” (Ballantyne, and Varey, 2006, 341). Internal marketing assures that marketing efforts can be used with employees in order to achieve a strengthen relationship between the organization and its employees. Employees under internal marketing are seen as “internal customers”. “This concept brings customer-service provider relationships inside the organization” (Grönroos, 2007, 355)

If an organization is aware of knowledge renewal process, it will give a better attention to both types of knowledge and therefore this organization can built better opportunities of developing competitive advantages based on knowledge.

Before knowledge renewal process closure, it is important to remark that it is not because one has having a lot of information, there will be a better knowledge quality. Information quantity does not determinate its quality. It could happen that storage of non value adding information can be an obstacle for the organization. “In addition to storing extra components and introducing redundancy into task performances, an organization can store surplus task or work-flow information” (Scott, 1998, 234) Therefore there will be always attention to which information is actually adding value for the organization’s purposes.

#### 4.1.5 Importance of Knowledge Awareness

As mentioned before, awareness of knowledge processes and knowledge attributes can create value for the organization if properly applied. Value can be understood, according to the service dominant logic, as an outcome of two types of interactions. The first one based on customer perception of the offering or through time of consuming this offering and the second one is through customer co-creating the offering “S-D logic... argues that value can only be created...at the intersection of the offerer and the customer over time... or... the participation in the creation of the core offering itself.” (Vargo and Lusch 2006, 284) By creating value a competitive advantage is created. When gaining a competitive advantage it is expected to have an impact in economic results; could be in higher savings or greater incomes. Knowledge awareness helps to construct value by gathering information about customers.

Knowledge awareness can be appreciated when developing a tighter customer relationship based on knowledge about this customer (after sales customer followed up for example). Because the organization has a tighter relationship with this customer, this customer will be more recurrent to the service provided and this recurrent action will increase incomes for the organization and a positive impact in organization’s financial results. “...the intellectual capital has to be managed so that it is turned into economic results.” (Grönroos, 2007, 9)

Another example of creating value for the organization through knowledge awareness is when employees are using system knowledge. System knowledge is when employees can successfully use systems that create value inside the organization, like software or processes. “...knowledge employees have of operating various systems is *system*

*knowledge*. The organization must invest in employees who know how to operate and make the best use of the company's systems and technology, and should provide training" (Grönroos, 2007, 368). The organization has to give incentives for practices because it will increase employee knowledge and therefore organization knowledge. However the organization not only has to incentivize employees knowledge of systems, but also employees ability of building relationships either with internal or external customers "Firms that treat their employees as operant resources will be able to develop more innovative knowledge and skills and thus gain competitive advantage" (Gidhagen, 2007).

Incentivizing knowledge awareness is the key for increasing knowledge use and knowledge registration. It is important to do so to maintain a competitive advantage for the organization "...knowledge... needed to develop, manage and implement chains of processes, interactions and outcomes which makes...value... possible." (Grönroos, 2006, 327)

#### 4.1.6 Knowledge Transfer Obstacles

In theory, knowledge transfer sounds logical but that does not mean that it is easy to execute.

Knowledge transfer can be hampered by what is referred as "Stickiness". This term means that transfer knowledge is not easy to achieve and not because knowledge exists means that it will be spread ". ... To a large extent, this is because internal transfers of knowledge, rather than fluid, are often "sticky" or difficult to achieve." (Szulanski, G,1999, 3) This stickiness can be found in every part of knowledge transfer process (source, channel, message, recipient, and context) and difficulties can be found in every part of this process. According to Szulanski, those difficulties could be for example lack of motivation from both parties (source and recipient), rejection of new knowledge implementation , diverse receiver`s absorbing capacity or senders lack of interest of sharing knowledge . However, as mentioned before, normally, the solution for these problems is a tight relationship between each party that participates in knowledge transfer process, and code knowledge into codes that every party can understand.

For concluding the knowledge transfer chapter, knowledge has to be considered in every organization's decision making processes because it has an impact in every level of the

organization. Knowledge is in every employee, in every used system, in every process and has to take a first plane in an organization. Many problems can be solved or prevented by transferring knowledge, registering knowledge, by accepting knowledge or simply by using this knowledge.

After the theoretical framework on knowledge and its impact in relationships and in organizations, I realized that knowledge transfer can improve quality in relationships between sourcers and buyers because if knowledge flows easily within an organization, people involved will have access to this information in less time and therefore take quicker solutions. Also by knowledge transfer, people can feel motivated because all information will be available between sourcers and buyers and if they know what is going on with processes, they can offer better solutions because they will have the tools to back up them (solutions).

Knowledge many times is underestimated because people take it for granted, and therefore an analysis on how it work and how it affects every day life is not considered. That is why it is important for me to point the important of knowledge and knowledge consequences in everyday activities inside Global Sourcing, and how the acknowledge of knowledge can make a difference in relationships quality and how it can give value to the organization (for example converting tacit knowledge into explicit knowledge).

However there would not exist knowledge to spread without an organization to apply this knowledge, therefore a theoretical background of organizations and organization's structure will be presented next.

## *4.2 Organization Structure*

### 4.2.1 Definition and elements within an Organization

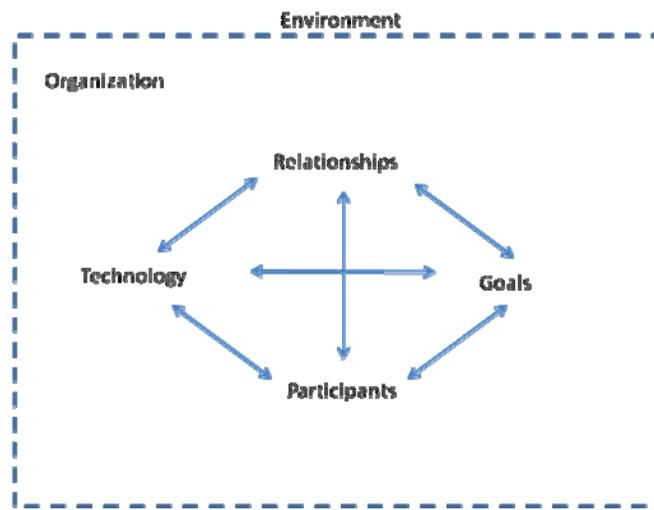
An organization can be defined as a social structure that is created with the purpose of achieving specific goals, and these goals are achieved by collaboration between its parts. Under rational system an organization can be conceived as "...collectivities oriented to the pursuit of relatively specific goals..." (Scott, 1998, 25)

Every part of an organization is linked with the rest of the parts by relationships (as knowledge), therefore if there is a change in one part, the others will be affected by

consequence. “Organizations are, first and foremost, systems of elements, each of which affects and is affected by the others.” (Scott, 1998, 22)

The necessary elements that are needed for an organization are: Participants, Relationship between those participants, Technology, Environment and Goals. These elements (except Relationship between participants) were taken from the Leavitt’s Diamond model and are described below.

### *Organization Elements*



Source: Scott, 1998, 17

### Participants

Participants are the actors that are involved within an organization, could be employees, suppliers, customers or clients. “Organizational participants are those individuals who, in return for a variety of inducements, make contribution to the organization” (Scott 1998, 19)

All the participants are important for the organization, but in this study, there will be an emphasis to internal participants (employees) because internal relationships affect external relationships, and these internal relationships are made by employees. Employees satisfaction with how work is organized is essential because this satisfaction will give them a sense that the organization is working properly “Many interviewees pointed out that a better work organization...could relieve them,” (Crozier, Friedberg, 2010)

Employees are participants that offer direct service to the organization. Their attitude shapes the relationships with each other in different areas. For example for knowledge transfer, motivation from receiver may vary from motivation from senders (both inside the organization) and this could affect the relationship. “The motivation of the source may vary with the incentive to compete or collaborate with the recipient and with the effort required to support the transfer” (Szulanski, 1999, 7)

Employees have to be satisfied not only with work organization but also with the work they perform. Work satisfaction is described as “... the simple result of the congruence of the expectations of the employee, corresponding to her social status, with the actuality, or at least the prestige, of her job.” (Crozier and Friedberg 2010) By offering work satisfaction, tighter relationships inside the organization can be created, because employee satisfaction will give them the sense that everything works correctly.

#### Relationship development between participants

Relationships development implies a higher commitment between organization’s participants, therefore tighter relationships allows a better coordination between the parties. “Developing a relationship...implies further commitment ...learn certain skills that can be transferred to...” (Forsgren, Holm and Johanson, 2005, 66)

#### Technologies

Technologies are referred to the systems used in an organization that contribute with the exchange of information (i.e.intranet) with participants inside the organization and with participants that are part of organization’s relationship, but that are not inside the organization. The technologies have to focus nowadays on a customer-oriented perspective (according to service dominant logic) even if the business activity is related to production. “Computerized systems and Information Technology used in design, production, administration, service and maintenance have to be design from a customer-oriented perspective, and not only internal production and productivity-oriented viewpoints.” (Grönroos, 2007, 34-35)

Technologies have to be understood by users in order to create value, like system knowledge (contained in Knowledge awareness inside an organization part of this paper) and all techniques that are used while performing technology must be “understood, or routinized, or efficacious. “(Scott, 1998, 21) These understanding of technology systems and techniques are necessary to connect, in some extent, the organization.

### Environment

Every organization is created under “...a specific physical, technological, cultural, and social environment to which it must adapt.” (Scott, 1998, 21); all these variables construct the organization’s environment.

This environment could be perceived as difficult for information (and therefore knowledge) transfer “...organizational context affects the willingness and ability of organizational sub-units to complete transfer- related tasks.” (Szulanski, 1999, 8) however through control systems this issue can be solved “...through norm- and value- setting through fiat or incentives and through counsel and support (Szulanski, 1999, 8)

The most suitable control system for improving knowledge flow could be the structural control because all participants are “serving” the same goal, this means, the organization’s goal. This gives a feeling to subordinates and the ones who exercise control, that all measures are following a bigger end and this gives a belonging sense to the organization. “...all participants – both those with greater power and those with lesser power- appear to be commonly subordinated to a normative framework exercising control over all.” (Scott, 1998, 311)

Also this structural control system could be interactive. This means that information would flow between the parties (managers and subordinates) in order to achieve a better understating (for managers) of the problems inside the area and therefore finding solutions together. “Interactive control systems (ICS) are formal information systems used by managers to get regularly and personally involved in the decision activities of subordinates, to discuss strategic uncertainties and to foster dialogue and debate.” (Bisbe and Malagueño, 2009, 374). By opening a communication channel that will be used frequently, tighter relationships between managers and subordinates can be expected.

## Goals

Goals are the reason organization exists; without goals organizations wouldn't exist because there wouldn't be an end to reach or fulfilled. Scott (1998) defined goals as "... tentatively defined as conceptions of desired ends- ends that participants attempt to achieve through their performance of task activities (Scott, 1998, 20-21)

There are four types of goals according to Scott (1998):

- 1- Cognitive: Goals provide directions for and constraints on decision making and action
- 2- Cathetic: Goals very general and vague due of motivation purposes
- 3- Symbolic: Goals that are embodies and perceived to represent everyone inside the organization
- 4- Evaluating: Goals that provide criteria for identifying and appraising selected aspects of organization functioning.

Goals importance also has impact in organization's strategic paths. Long term plans, resource administration and future courses of action are determinate by strategic paths, and these paths have bases on goals.

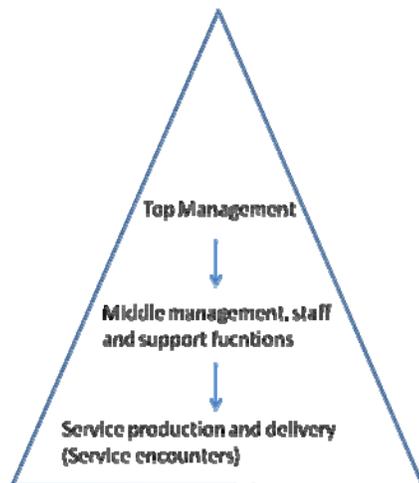
Basic organization's structure has been explained and next will be presented how functions and priorities in organizations change when using a service dominant logic.

Before service dominant logic approach, it was expected an organization to function with the following order: Top Management, Middle Management, staff and support functions and at last service encounters.

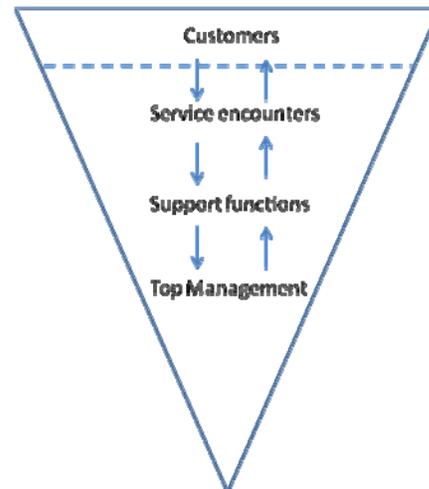
Under the new Service Based Organization, the first priority must be the customer (on the top, service encounters, Support functions and at last the Top Management. However strategic decisions still have to be taken by Top Management, what changes is priority.

This can be seen in the graphics below

*Organizational Structure*



*Service – Oriented organizational structure*



Source: (Grönroos, 2007, 352)

#### 4.2.2 Control Systems inside an Organization

Under the “Service Dominant Logic”, the functioning of organizations lies in the continuous exchange of information, and therefore the knowledge coding “...continuing organizational trend to be considered is the learning organization...it continues to fuel models of organization based on the processing knowledge and information” (Jaffe, 2001, 176). Also the structure of the information flows inside an organization has to be shaped as a network in order to include the participation of all actors. “Embedded networks can include temporary alliances, arrangements, or agreements designed to combine the core competencies and capacities...The network is characterized by cooperation, collaboration and the sharing of information...” (Jaffe, 2001,258). However, regardless how the information flows, control systems are necessary within an organization to maintain the order in relationships and exchanges. Scott defined control systems as “... formally structured distribution of rewards and sanctions to support compliance with their norms, regulations and orders.” (Scott,1998, 303). The general objective of a control system is to coordinate efforts inside an organization in order to achieve a better functionality of its processes “Control system seeks to bring commonality of goals and process coordination within organizations” (Nilniyom and Ussahawanitchakit, 2009), therefore a control system

can help to increase the relationship quality and improve knowledge transfer either by rewards or punishments.

However, no control system would be respected without a power that provides back up to it.

#### 4.2.3 Power behind a Control System

Power gives the user control over other parts and this power (inside formal organizations) depends on “positions” rather than persons (per se). This formal power is legitimate because it has been formally authorized.. “Power in formal organizations is determined at least in part by design... hierarchy of positions is created: one position is defined as controlling another.” (Scott, 1998, 305) In Global Sourcing processes sourcers and buyers have power over the process, and this power has been legitimized, therefore there are conflicts between them (sourcers and buyers) because both parties feel that they “control” the process. This contributes to an intern conflict because buyers wants to delegate responsibilities to sourcers (for example some buyers want their sourcer to pressure supplier to make an offer, when this is buyer responsibility) and sourcers want to delegate responsibilities to buyers (for example finding volumes, that is exclusively sourcers responsibility).

An example of this formal power (and therefore formal control) is the power that a Head Quarter (HQ) exercises on a subsidiary. A HQ can exercise a tighter control over a subsidiary when HQ has a better knowledge of local subsidiary activities. “The more top management knows about the resources possessed by the subsidiary and the activities it undertakes, the greater the possibility of exerting control over the subsidiary’s daily operations.” (Forsgren, Holm, and Johanson, 2005,131) This type of control (HQ – subsidiary) is beneficial if applied correctly. If applied not as an intimidation tool but as a tool for cooperation within a big organization great improvements can be made for example in knowledge transfer “There are in fact a variety of obstacles to such a thing, due either to the “sender”’s willingness (or otherwise) to engage in knowledge transfer or the “receiver”’s readiness (or otherwise) to employ solutions that have been developed

elsewhere...HQ can thus play an important part by overcoming or reducing these obstacles.” (Forsgren, Holm and Johanson , 2005,157-158).

#### 4.2.4 Organizations and Control Systems working together

Control systems must be adequate to each organization’s necessities due of its effects in the actors involved. If the control system does not meet the organization requirements, this system can evolved into an organization pathology called “Overconformity” which consists mainly in “...structural devices established to ensure reliability and adequacy of performance – rules, discipline, a graded career- can “also lead to an over-concerned with strict adherence to regulations which induces timidity, conservatism and technicism”” (Scott, 1998, 328)

Due of the previous statement, control systems must be backed up with influence from the people who apply and control these control systems in order to obtain satisfactory results in the application of control systems. “While contingency theory emphasizes the formal control mechanisms, it is the distinction between formal control and actual influence that is crucial in the resource dependence perspective.” (Forsgren, Holm and Johanson J, 2005, 134). However it has to be considered also, as mentioned before, the legitimized power inside the organization in order to create a formal structure to the control system that will be applied.

Even though information has been conceived as a power tool (when coded) and therefore it is restricted; when using the Service Dominan Logic this information has to be spread, because parties inside an organization are seeking to achieve the same goal and they need to have a wider perspective of how the organization works in order to improve the quality of activities. This does not mean that everyone has to have every information available, but this means that all pertinent information, that will help to make better decisions for the organization’s sake, has to be spread. For example, in the specific case of the relationship between Buyers and Sourcers, both parties seek to increase savings through GSP, however both parties need to have all information about processes (like status, prices, volumes, turnover, how much savings are expected from them and so on) to make better decisions for

those processes. Buyers have to understand that sourcers are there to help them to control GSP, because if sourcers would not exist, buyers would have a bigger amount of workload (because they would have to open and close GSP), and there has to be the understanding that both parties are seeking the same goal for the organization: Savings. Therefore sharing information will help to decrease the amount of workload for buyers, and therefore closing processes in the expected time. In the other hand, sourcers have to understand that they have to take a bigger commitment to help buyers, because sourcers just focus on opening GSP and account them, but not really to help buyers to ease their workload.

All together, knowledge transfer and a new organization structure can provide Purchasing department an improvement in relationship quality (higher tightness) and in improving the current information flows (through the understanding that knowledge transfer is critical for deciding quicker GSP)

It is true that I haven't manage specific numbers (due of VW's confidentiality issues), however I have given tools in order to give a better understanding the importance of relationships and knowledge transfer, and how the quality improvement of this factors is critical for solving the problem.

Below I will describe how the given theoretical framework could work inside the Purchasing department (this means between sourcers and buyers).