



Strategic Reshoring

A Case Study of Kinnarps AB

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ABSTRACT

The beginning of the 2020s posed challenges to the Nordic manufacturing sector, primarily due to COVID-19 and events such as the blockage of the Suez Canal, leading to disruptions in the global supply chain. This thesis explores the strategic response to these challenges through a detailed case study of Kinnarps, a leading Swedish furniture manufacturer, focusing on their adoption of a reshoring initiative. The study highlights the need for reassessing their current manufacturing strategy, particularly regarding location.

The case study showcases a step-by-step approach to the reshoring journey and provides insights on navigating this strategic move and achieving desired outcomes. Moreover, it underscores that a Nordic company can enhance operational control and simultaneously improve financial performance through this strategic approach.

The findings of Kinnarp's reshoring initiative reveal that they were not only able to mitigate the impacts of supply chain disruptions, but also achieve better operational control, less transportation distances, reduced lead times, and create more efficient systems. This strategic shift also aligns with sustainable business practices, showcasing how companies can navigate modern challenges while improving their sustainable practices.

This thesis contributes to understanding reshoring as a viable strategy in global supply chain challenges. The insights gathered from this thesis exemplify an approach for companies navigating similar challenges and are highly important for students in their preparation for the modern business landscape.

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RESUMO

Início dos anos 2020 trouxe desafios significativos ao setor industrial nórdico, notavelmente pela Covid-19 e eventos como o bloqueio do Canal do Suez, impactando a cadeia de abastecimento global. Esta tese explora a resposta estratégica a tais desafios, com um estudo de caso da Kinnarps, importante fabricante sueco de mobiliário, focando na sua iniciativa de reshoring. O estudo ressalta a reavaliação da estratégia de fabricação da empresa, especialmente em relação à localização.

A abordagem passo a passo da Kinnarps ao reshoring é apresentada, fornecendo insights sobre como efetivar essa mudança estratégica e atingir os resultados almejados. Destaca-se que empresas nórdicas podem melhorar o controle operacional e desempenho financeiro através desta estratégia.

O reshoring da Kinnarps demonstrou atenuação de impactos na cadeia de abastecimento, aprimoramento do controle operacional, redução de transportes e tempos de entrega, e implementação de sistemas mais eficientes. Esta estratégia também está alinhada com práticas sustentáveis, evidenciando como empresas podem responder a desafios modernos, promovendo sustentabilidade.

A tese contribui para o entendimento do reshoring como estratégia eficaz diante dos desafios globais de abastecimento. Os insights obtidos são fundamentais para empresas enfrentando desafios similares e cruciais para preparar estudantes para o cenário empresarial contemporâneo.

Título: Reshoring estratégico: Um estudo de caso da Kinnarps AB

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Palavras-chave: Estratégia de fabrico; Gestão da cadeia de abastecimento; Reshoring; Sustentabilidade; Tomada de decisões estratégicas

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1. INTRODUCTION

The beginning of the 2020s has witnessed a series of major changes in the external environment, caused by various disruptions in the global supply chain. The COVID-19 pandemic has had a significant impact on supply chain management and manufacturing strategy worldwide. As a result, there has been a shift in the strategic approach towards these areas. For decades, the trend of outsourcing and offshoring has become dominant in the manufacturing sector. This has been the way of minimizing operating expenses by capitalizing on lower labor costs and accessing new markets. However, this paradigm is no longer the reality, and the manufacturing sector is facing new challenges with increasing supply chain disruptions and market demands for sustainable operations.

The primary aim of this paper is to analyze Kinnarp's decision to transition from an outsourced production function to reshoring its production to facilities in Sweden. During the process, the evaluation of the strategic components of the shift is analyzed and an understanding of the outcomes with broader implications for the manufacturing sector is gained. This research contributes to the evolving manufacturing business landscape and provides an examination of reshoring as a response to global economic uncertainties. It provides practical implications for companies facing these challenges and gives students a comprehensive understanding of the decision's impact and knowledge on the topic of supply chain resilience.

The structure of the paper follows a theoretical introduction, where the concepts relating to reshoring are addressed and explained. It also provides the reader with frameworks that are suitable for analyzing the case in a structured and nuanced way. Following the theory, the case of Kinnarps, *Strategic Reshoring* is presented where the reader can follow the full process from analyzing the current situation to implementing the new production facilities and understanding the implications for the manufacturing sector. Lastly, the teaching note is presented to guide the usage of this teaching case for the most efficient outcomes. It provides guiding questions and gives the reader a full understanding of what learners can expect to gain from this case.

2. RESEARCH NOTE

2.1 Manufacturing Strategy

A manufacturing strategy serves as a comprehensive plan for optimizing manufacturing capabilities and resources. Karuga et al. (2023) emphasize that this strategy is crucial in defining how a company leverages its manufacturing resources to meet its business objectives and gain a competitive edge in the market. Dohale et al. (2022) further reinforce this statement by highlighting the importance of the selection of manufacturing decisions and systems to achieve the desired outcomes. The authors assert that manufacturing strategy, when implemented as a part of production and operations management plays a crucial role in part of business strategy success.

The primary goals of a manufacturing strategy include efficiently and effectively meeting customer demands, maintaining a competitive advantage, optimizing resource utilization, and ensuring sustainable and profitable operations. Additionally, Stentoft et al. (2018) found that companies with a clearly defined corporate manufacturing strategy tend to report increased levels of operational performance in terms of product quality, lead time, and flexibility, compared to those without such a strategy. This highlights the importance of a well-defined manufacturing strategy in enhancing a company's operational efficiency and market competitiveness.

2.1.1 Offshoring, Outsourcing, and Reshoring

Offshoring, as defined by Olsen (2006), involves the relocation of jobs and processes to a foreign country, without specifically indicating if the work is outsourced to an external party or transferred within the company to a new location. Historically, offshoring emerged as a lucrative strategy for boosting profitability and enhancing competitiveness, primarily driven by the cost efficiencies gained from lower labor and infrastructure expenses in the foreign country (Farrell, 2005). Stentoft et al. (2018) further strengthen this statement and highlight that companies that adopted offshoring often reported success showcased by lower unit costs compared to those that retained their operations in the home country. However, the once-favorable perception of offshoring has been shifting and current global economic changes and disruptions have led to a reevaluation of this strategy. Companies often overlook the total cost of offshoring when making the decision and don't realize the full implications until the decision has already been made (Bolter & Robey, 2020). This led to challenges with coordination and

communication overseas, leading some companies to explore alternative strategies that better align with the current market dynamics and visions.

Outsourcing, as defined by Lankford and Parsa (1999), involves procuring products or services from external sources, often giving operational control to these suppliers. In a business landscape focused on core activities and optimization, outsourcing can offer competitive advantages by enabling more effective and efficient production externally, providing both operational benefits for short-term issues and strategic advantages for long-term opportunities. While offshoring refers to the relocation of operations to foreign countries, outsourcing refers to the relocation of processes to an external party, regardless of their geographical location, whether international or domestic (Olsen, 2006).

Reshoring refers to the manufacturing strategy involving the relocation of manufacturing processes and business activities back to a company's home country from foreign locations (Kenton, 2021). As a result of the COVID-19 pandemic, reshoring is expected to gain increasing significance for businesses (Karatzas et al., 2022). It is a strategic response to the challenges posed by offshoring and outsourcing in today's fast-changing global economic landscape. Reshoring can be seen as a corrective strategy, potentially reversing previous decisions to offshore or as part of a new strategy that prioritizes domestic production and services. It plays an important role in strengthening the domestic economy by creating jobs, reducing unemployment, and helping to balance trade deficits. Essentially, reshoring aligns with a broader vision of maintaining or increasing local manufacturing capabilities and contributing to national economic health (Kenton, 2021).

2.1.2 Balancing Factors

When considering reshoring, there is not a single criterion that explains why firms make the decision to reshore, but several key factors come into play. There are numerous amounts of factors to consider when planning for the location decision within a manufacturing strategy, but not all remain equally important to all businesses. One of the main drivers for reshoring includes the trend of growing digitization and automation within manufacturing, where more advanced markets can leverage these technologies against traditional labor to bolster manufacturing output (Bolter & Robey, 2020; El-Sahli & Gullstrand, 2023). However, it also presents a challenge for policymakers to balance the benefits of automation against its potential impact on employment levels. The authors further argue that numerous companies are considering reshoring out of a perspective from previously miscalculated offshoring initiatives, where hidden costs during the years have risen to the levels of production cost in the domestic market.

This in combination with higher wages, energy costs, and building expenses are notable contributors to this trend. Bolter and Robey (2020) also recognize the uncertainties of the offshoring strategy and highlight the rising cost of labor in these, previous economic leverageable locations as one of the driving forces behind the reconsideration of the strategy.

Pegoraro et al. (2020) further argue that manufacturing activities can be impacted by numerous amounts of factors including, but not limited to operation friction, intangible costs from political and country-specific risk and that the decision for location derives from where to find skilled labor, access to innovation infrastructure and the ability of flexibility within the system. Fel and Griette (2017) notice the potential risks of having outsourced and/or offshore production, where geopolitical risk and changing financial terms with China are evident. Moreover, proximity to markets is essential for firms needing quick response times and efficient product launches, particularly for customized or rapidly changing demands. Reshoring can enable better control over production, new product development, and cost-effective operations, thereby enhancing business flexibility (Bolter & Robey, 2020). This was evident in the case of the Swedish manufacturing company FM Matsson, where reshoring was crucial for maintaining competitiveness and managing sales and inventory effectively (Fjellstrom et al., 2019).

2.2 SWOT Analysis

SWOT Analysis, as defined by Taherdoost & Madanchian (2021), is a strategic framework used to assess the internal strengths and weaknesses of an organization and the opportunities and threats in its external environment. Though not necessarily an academically developed instrument, this more practical analysis has proven itself an interesting consulting tool in formulating business strategies and managing resources effectively to meet specific goals. Benzaghta et al. (2021) notes that, in the context of manufacturing strategy and reshoring, the SWOT analysis becomes an important tool for strategic planning. The use of SWOT analysis in strategic decision-making in today's competitive environment is relevant. It assists businesses in identifying both the positive and negative factors impacting their advancing efforts (Benzaghta et al., 2021). In the development of a manufacturing strategy, SWOT is especially helpful for internal analysis (Dowbrowski et al., 2016). While SWOT is a comprehensive tool, it does have limitations, such as the difficulty in prioritizing among various strategic alternatives.

Applying the SWOT analysis to manufacturing strategy and reshoring helps to analyze the current competitive position and identify growth opportunities and challenges. In manufacturing strategy, it is crucial to determine strengths and weaknesses, and SWOT can be

a helpful tool in creating a thorough understanding of the factors impacting the success or failure of manufacturing projects (Taherdoost & Madanchian, 2021). Furthermore, Swink & Hegarty (1998), suggests that an aligned manufacturing strategy can lead to a competitive advantage (Strengths), while misalignment could result in inefficiencies (Weaknesses). External factors like technological advancements and market changes (Opportunities and Threats) can significantly influence manufacturing strategy.

2.3 Business Dynamics

2.3.1 Supply Chain Management

Supply Chain Management (SCM) has seen significant evolution, adapting to the global business landscape's dynamic changes. This evolution, described by Dametew & Abab-Ethiopia (2019), involves new strategies, technologies, and processes aiming to enhance supply chain efficiency, effectiveness, and responsiveness. Key drivers include globalization, digital revolution, and continuous innovation. Central to modern SCM is resilience, a concept emphasized by Pettit et al. (2019). Resilience is vital in supply chains, greatly affected by a firm's ability, along with its customers and suppliers, to anticipate and respond to disruptions. This resilience is crucial not only for business continuity but also for long-term sustainability. Pettit et al. (2019) further advocate investing in capabilities that reduce specific vulnerabilities, thereby improving resilience and incorporating sustainability practices throughout the product life cycle.

Sustainable Supply Chain Management (SSCM) has emerged as an essential approach in the last two decades. Koberg & Longoni (2019) highlight that SSCM integrates environmental, social, and economic objectives across a firm's supply chain processes, including a collective effort from all stakeholders. Macchion & Fornasiero (2021) note the increasing frequency and severity of supply chain disruptions are due to factors like natural disasters, geopolitical disputes, and pandemics. This perception has sparked a debate among policymakers and the public regarding the use of globalized supply chains. The call for more “resilient American supply chains” by President Biden's 2021 Executive Order strengthened this case, emphasizing the need to rebuild domestic manufacturing capacity (Biden, 2021).

2.3.2 Sustainability as a Strategic Objective

Today, sustainability is seen as a crucial part of an organization's success and prospects for the future, so it's of high importance to see sustainability as a strategic business objective (Müller & Pflieger, 2014). This in turn requires a systematic approach for integration into the

company and its strategy. Also, over 90% of CEOs believe that sustainability is an important determinant of their organization's success. From this also stems the creation of new roles that align with sustainability, such as Chief Sustainability Officers (Hoffman, 2018). This also creates a need for comprehensive sustainability reporting for stakeholders' interests.

Müller and Pflieger (2014) further underscores the next phase of business sustainability for market transformation. Here, decision-makers must perceive the world as a constrained reservoir of resources and promote sustainable consumption. However, Hoffman (2018) recognizes that while the market is leaning towards sustainability, current greening efforts fall short of addressing the fundamental environmental challenges.

2.3.3 Reshoring and Sustainability

The impact of environmental and social sustainability on the reshoring decision is an emerging issue that needs more exploration (Fratocchi & Di Stefano, 2019). A study from the UK indicates that consumers are increasingly positive about reshoring decisions from a sustainability standpoint, valuing the domestic origins of companies (Gillani et al., 2023). Nevertheless, Fratocchi and Di Stefano (2019) argue that while sustainability is a significant consideration in reshoring decisions, it is not the main consideration, but still holds an important place due to the manufacturing location closeness.

Reshoring presents an opportunity for firms to localize their supply chains, enhance responsiveness, improve supplier engagement, and show commitment, which collectively contributes to improved sustainability performance (Ashby, 2016). It positively impacts the domestic industry by reintroducing previously offshored materials, manufacturing capabilities, and skills, thereby revitalizing the industry and fostering collaborative supply chain relationships. Additionally, reshoring decisions made with sustainability in mind involves considering resource availability, environmental standards, and their overall impact on sustainability. Ensuring that these decisions effectively address the challenges induced by offshoring while aligning with sustainability principles is crucial (Ashby, 2016).

2.4 Triple Bottom Line

As Koberg & Longoni (2019) highlight in the previous chapter, the SSCM integrates environmental, social, and economic objectives across a firm's supply chain processes, necessitating collective effort from all stakeholders. The Triple Bottom Line (TBL) framework gives a ground for analysis with a focus on Profit (Economic), Planet (Environmental), and People (Social). The TBL framework goes beyond financial gains and considers environmental

health and societal well-being as well. This broader perspective is essential for achieving sustainable growth and meeting the expectations of today's society (Birkel & Müller, 2021). Bauman (2020) argues that the TPL framework can have an important role in determining a company's location decision strategy, and therefore evaluate the reshoring decisions. It provides a holistic overview of the organization and provides a framework to logically analyze the decision of strategy.

Reshoring, within the context of the TPL economic aspect (Profit), is linked to the direct costs involved in business operations. The motivation for reshoring often comes from the desire to optimize cost-effectiveness, characterized by reduced production and logistics expenses, and improved coordination and control. This happens when changes in resource availability and costs across different business regions make manufacturing in the home country more attractive and competitive again (Fratocchi et al., 2016). As discussed in the previous chapter on reshoring and sustainability, the reshoring decision can likely decrease the environmental (Planet) impact of a business. It is by the nature of the location and increased control that can reduce carbon footprint, improve resource utilization, and create alignment with environmental sustainability goals. Fratocchi et al. (2016) moreover observe that relocating production to cheaper overseas locations has presented significant managerial challenges for businesses and caused economic and social (People) issues in Western countries, especially in the form of job losses and a decline in manufacturing skills. This situation suggests that reshoring could offer social benefits, such as job creation and the maintenance of manufacturing expertise within the home country. Additionally, the creation of new jobs leads to more resources being invested in skill development and community building in the home country, establishing work environments that are both purposeful and empowering.

2.5 Value Chain Analysis

Value chain analysis was first introduced in 1985 by Michael Porter. He presented a comprehensive way of analyzing business functions and thereby a firm's performance. This approach is crucial to understanding a business's competitive advantage and pinpointing where it comes from (Porter, 1998). This analyzing tool can now also be adapted to the broader aspect of a full sector, industry clusters, or specific functions within a firm, to understand the business dynamics in every part (Zamora, 2016). This creates a comprehensive understanding across all business sectors, allowing for comprehensive analysis. Through a detailed examination of the activities within the business, it can be pinpointed where value is being created in each phase and identify any inefficiencies or opportunities for improvement. The main goal of conducting

a value chain analysis is to increase a company's competitive edge, achieved through either cost reduction or enhancing the value offered to consumers (Zucchi, 2023). Essentially, this analysis acts as a comprehensive guide, leading businesses in assessing their operational effectiveness and formulating strategies to provide greater value to their customers.

According to Barbieri et al. (2020), there is a consensus among authorized analysts and experts that the COVID-19 pandemic will reshape the global value chain model that has dominated the world over the past three decades. The authors argue that the shift from globalization to local supply chains has become a necessity due to the pandemic's impact on international trade and supply chain disruptions. Consequently, it is expected that previous non-started reshoring initiatives will gain momentum and be rapidly executed in response to the uncertainties. Pegoraro (2020) complements this perspective by noting that the reorganization of firms' production processes towards advanced countries through reshoring is a strategic response to the broader trend of de-globalization. This reflects a shift in operational strategies, emphasizing the need for closer, more resilient supply chains in a changing global economic landscape.

3. CASE STUDY: STRATEGIC RESHORING

Kinnarps AB, one of Europe's top office and furniture suppliers, was faced with a crucial strategic decision. The company had a long-standing history dating back to 1942 and a strong market presence. However, they found themselves facing new times ahead, and the question arose, with changing global structures, is it time to reshore their plastic injection production?

Kinnarps places a high value on sustainability and control, which have been important principles throughout their history. These principles are also essential for their present and future success. The decision to reshore was not just a supply chain configuration, but a strategic move aligned with their vision and mission.

During the pandemic, Kinnarps demonstrated agility in its decision-making, especially in the management of its global supply chain, with a specific focus on its operations in China and other Asian countries. This period marked a significant shift in the company's supply chain dynamics, resulting in transformational changes. Kinnarps initiated the process of reshoring the manufacturing of certain plastic components, previously outsourced to Asia. Additionally, Kinnarps was laying the groundwork for an in-house plastic injection production facility to serve this production.

This case study explores Kinnarp's reshoring decision, focusing on the home-taking of its outsourced plastic component manufacturing. This study aims to provide readers with a comprehensive understanding of the factors, consequences, implications, and outcomes of this strategic pivot. By examining Kinnarp's experience through the lens of theories and frameworks, it aims to break down the complex layers of this decision and its effects in the constantly evolving global landscape.

3.1 Company Background

3.1.1 Historical Foundations and Evolution

Kinnarps, with its roots anchored in Sweden, stands at the forefront of Nordic craftsmanship. As one of Europe's premier suppliers of workspace solutions, Kinnarps delivers a broad range of products tailored to the evolving workplace. The company was founded in Kinnarp, Sweden, in 1942 by Jarl and Evy Andersson. In a service-based society, there was a growing need for office products that were functional as well as aesthetically pleasing. Kinnarps originated from a carpenter's workshop and underwent a significant shift in the 1950s when it expanded into the office furniture market, expanding its product range (Kinnarps AB, n.d.). That era not only led to product diversification but also marked the beginning of the Kinnarps we know today. This

first came into practice by creating on-site assembly systems and creation of eco-friendly packaging. Over the decades, Kinnarps witnessed transformative phases of growth. The 1970s and beyond marked its venture beyond Swedish borders, capturing international markets. The subsequent decades saw strategic acquisitions, as design-focused brands like Materia, Skandiform, and Drabert integrated into the Kinnarps portfolio, enhancing its product diversity and reach. Parallely, the company became a forerunner in environmental sustainability, with initiatives like recycling wood waste and attaining ISO certifications to enhance its green credentials (Kinnarps AB, n.d.).

This transformation highlights Kinnarp's dedication to excellence and its focus on continuous improvements. Today Kinnarps has a total of six different production facilities for furniture located in five different Swedish cities. Their largest facility is situated in Kinnarp, which not only serves as a major production facility but also houses their head office. Complementing this are their facilities in Jönköping, Skillingaryd, Vinslöv, and Tranås.

3.1.2 Core Values and Business Philosophy

Kinnarps is one of the leading providers of high-quality, eco-friendly interior solutions tailored for offices, educational institutions, and healthcare establishments (Kinnarps AB, n.d.). With a presence in nearly 40 countries and its main location in Sweden. They've become a global player with deep-rooted Swedish values and visions. Being family owned, Kinnarps remains connected to several foundational values, including sustainability, production ownership, quality & craftsmanship, and customer focus. A commitment to sustainable choices, both environmentally and economically, underscores their operations. Kinnarps has consistently led the way in implementing eco-friendly methodologies and materials (Kinnarps AB, n.d.). Despite recent trends, Kinnarps has maintained a focus on in-house production and ownership of factories and machinery.

Kinnarps has its own research and trendspotting team that focuses on envisioning the future of offices, educational spaces, and healthcare environments (Kinnarps AB, n.d.). They aim to stay ahead of the competition and ensure their furniture is a choice for the future. Kinnarps adopts a comprehensive and holistic approach to sustainability, integrating it into every facet of its operations and product lifecycle. The company is dedicated to creating durable, high-quality interior solutions, emphasizing the importance of designing products that can be renewed and adapted over time. This approach is apparent in their commitment to using resources efficiently, promoting well-being, and developing flexible interior design solutions that meet the evolving needs of users. The company's focus on traceability and responsibility

when sourcing raw materials, combined with high standards for suppliers, underscores its commitment to environmental and social responsibility. One feature of Kinnarp's sustainability approach is its environmentally friendly logistics system (Kinnarps AB, n.d.). Where they use blankets instead of boxes for product protection during deliveries, which are reusable and environmentally friendly, reducing packaging waste and CO2 emissions.

3.1.3 Market Presence and Product Range

A workforce of approximately 2,300 professionals drives Kinnarp's vision, specializing in crafting bespoke furniture solutions across diverse sectors. Kinnarps places a strong emphasis on design and product development. Their furniture is characterized by good design, high quality, and a minimal environmental impact. They believe in creating innovative, ergonomic, sustainable, and visually appealing products (Kinnarps AB, n.d.). Kinnarps has products in three main sectors: office, education, and healthcare. They offer furniture solutions for various office setups, including open-plan offices, activity-based offices, individual offices, conference rooms, training and meeting rooms, cafés, restaurants, and receptions. Beyond office furniture, Kinnarps also provides a comprehensive range of products tailored for schools and healthcare facilities, including products such as ergonomic chairs, adjustable tables, innovative storage systems, ambient-enhancing lighting, and decor. This makes Kinnarps stand out for its vision of crafting cohesive, productivity-boosting workspaces.

Over the decades, the company's excellence has been acknowledged with numerous awards, advancing its position in the industry. Strategic acquisitions of design-centric enterprises have further enriched its product portfolio. Innovations like Kinnarps Next Office, Kinnarps Next Education, and Kinnarps Next Care are recent testaments to the company's forward-looking vision, focusing on tailored solutions, dynamic learning environments, and therapeutic spaces (Kinnarps AB, n.d.).

In conclusion, Kinnarp's journey from a small carpenter's workshop in Kinnarp to a global leader in interior solutions is a remarkable proof of innovation, dedication, and commitment to quality and sustainability. Rooted in Swedish values, yet with a global footprint, the company continues to set benchmarks in the industry, driven by its passion for excellence and a vision for the future.

3.2 The Outsourcing Experience

3.2.1 The Era of Nordic Offshoring

As the new millennium began, a distinct trend shift was underway within the Swedish and Nordic corporate landscape, especially within the manufacturing sector. The transition towards globalization and the potential for significant cost savings caused a reevaluation of traditional business models. Many Swedish firms recognized this economic advantage and turned their interest towards Asia as a potential area for relocating their production facilities.

This shift wasn't just a sporadic decision by a few enterprises but was a broader trend in the region. A 2014 report from the Swedish Central Bureau of Statistics provided evidence of this effect (Statistics Sweden, 2014). The report highlighted that a substantial number of Swedish companies were increasingly offshoring and outsourcing their operations. Among the many reasons cited, the benefits of lower operational expenses stood out as a primary driver of the decisions. The Asian markets, with their competitive labor costs, efficient production capabilities, and growing consumer base, presented an attractive move for these companies.

3.2.2 Kinnarps Goes Abroad

Anchored in its Swedish heritage, Kinnarps has always prioritized in-house production and factory ownership. Contradictorily to many industry trends, this strategy ensures quality, and sustainability, and upholds Nordic craftsmanship. Yet, within this offshoring and outsourcing trend, Kinnarps, with its enterprise deeply rooted in values of quality and environmental sustainability charted its unique path. While they did not sidestep the trend entirely, their engagement was measured. Only selected components or product segments were outsourced, allowing them to benefit from cost advantages while retaining most of their production closer to home. Reflecting on this strategy, the CEO of Kinnarps, Robert Petersson remarked in an interview with the Swedish news outlet Dagens Industri:

"Our engagement with offshoring was strategic and not all-encompassing. The appeal of cost savings was weighed against our production volumes and the extent of our automation. In essence, the cost-benefit analysis of complete offshoring didn't always tip the scales" (Bederoff, 2022).

Beyond mere costs, Petersson emphasized the intangible aspects of Kinnarp's products for their strategy choice: "Craftsmanship, the minute attention to detail, is intrinsic to our brand and while many processes can be automated, this essence requires a hands-on approach" (Bederoff, 2022).

3.2.3 Global Changing Trends

For decades, the global manufacturing landscape was characterized by this consistent narrative of relocation of production to countries where costs were lower. This strategic move, widely embraced by industries, was seen as a route to enhanced profitability. However, there has been a notable shift towards reshoring in the last few years (Engström et al., 2018).

As the world changed and the advantages of bringing business back home, such as faster production times and improved quality checks, became clear, Kinnarp's first choice to outsource and their later change in strategy showed important lessons about managing a business in a fast-changing environment.

3.3 The Decision to Reshore

3.3.1 Overview of Situation

By 2020, Kinnarps, like many global companies, faced a rapidly changing geopolitical landscape. The once-clear benefits of outsourcing and offshoring were clouded by increasing trade disputes, volatile tariffs, and eroding economic incentives. Rising wages in emerging markets, hidden expenses within supply chains, and an intensified global focus on sustainability began to recalibrate Kinnarp's strategic direction. The scales, once tipped in favor of outsourcing, were now reconsidered due to these new global dynamics.

3.3.2 The Path to Reshoring

The current global disrupting events were taking a direct change in many businesses' strategies and current value chain structures. Events such as the blockage of the Suez Canal and COVID-19 made companies realize the vulnerabilities of the current supply chain setup. Such disruptions emphasized a need for businesses to become agile and adaptive. Kinnarps has always prioritized control over its key flows and production units with emphasis on in-house production and automation, which became significant drivers behind the reshoring decision.

Beyond the strategic incentives and low product costs, other factors of the global supply chain also began to weigh in. Transport, packaging, handling, and waste management costs became increasingly significant. The hidden costs associated with offshoring and outsourcing, especially when savings weren't substantial, began to challenge Kinnarp's long-term profitability. As the Plant Manager of Skillingaryd production facilities stated: "There's a struggle between purchasing cheaper products and the additional manpower needed for handling, waste management, etc. where these hidden costs can turn expected savings into expenses".

3.3.3 External Influences on Reshoring

The global business environment has always been dynamic, but the last few years have seen an acceleration in the pace of change. Several external factors have come into play, pushing companies like Kinnarps to re-evaluate their operational strategies. Several authors and industry experts agree with the statement that reshoring is accelerating in the global business landscape (Ciabuschi & Pedroletti, 2023). The COVID-19 pandemic, geopolitical tensions, and global policies further complicated strategies. For Kinnarps, these external factors reinforced the need for local production. As highlighted by Robert Petersson in his interview with Dagens Industri, the decision to reshore has been under consideration for some time. However, the uncertainties brought about by COVID-19 accelerated the process more rapidly than initially anticipated. Additionally, for Kinnarps, these external challenges served to strengthen their strategic inclination toward local production and minimize dependence on distant suppliers. Petersson emphasized this shift, stating, "As the pandemic unfolded, leading to increased transportation costs from Asia, the justification for European production became even more pronounced" (Bederoff, 2022).

3.3.4 Strategic Alignment with Kinnarps Core Values

Reshoring was not just a reactive decision for Kinnarps, but a strategic move that aligned with the company's core values and long-term vision of gaining both economic and operational advantages. By reshoring, Kinnarps was essentially going back to its roots, emphasizing the importance of local production and full production control.

Historically, the company had prided itself on its automation capabilities, which allowed it to gain a significant market share in the Nordic countries. This automation-centric approach was a key driver behind the decision to reshore, particularly when it came to processes that the company felt it could manage more efficiently in-house. The company also expressed a clear preference to reduce dependencies on Asian suppliers. While practical considerations influenced the pace of reshoring, the overall strategy was to bring major operations closer to home. This didn't necessarily mean that Kinnarps would manufacture everything in-house. Instead, the focus was on finding the most optimal balance of producing a significant portion in-house while collaborating with local or nearby suppliers for the rest. Kinnarps's site manager states the importance of this strategic alignment: "Kinnarps emphasizes having control over key components and materials in their main products, which is both for economic reasons and efficiency gains".

Building on this foundation, Kinnarp's strategic alignment further weaves in with its commitment to sustainability, a customer-first approach, and a proactive stance on risk decrease. The company's dedication to sustainable practices is not only a showcase for environmental responsibility but a core strategy that aligns with its business and resonates deeply with its clientele. Customers today are more discerning, valuing not just the product but also the social aspect of the company they engage with. Kinnarps, by emphasizing local production and eco-conscious practices, positions itself as a brand that cares, enhancing its customer appeal. Furthermore, the reshoring decision is also a testament to Kinnarp's foresight in risk management. In an unpredictable global landscape, relying heavily on distant suppliers introduces vulnerabilities. By bringing operations closer to home, Kinnarps not only reduces these risks but also ensures a more agile and responsive supply chain. This agility is crucial in meeting customer demands effectively and maintaining the brand's reputation.

The decision to reshore reflected Kinnarp's commitment to quality, sustainability, and resilience in an ever-changing global business environment. By taking a comprehensive approach and considering both internal and external factors, Kinnarp's decision to reshore serves as proof of the company's adaptability and forward-thinking approach. It reinforces the importance of aligning business decisions with core values and long-term strategic goals.

3.4 Implementation of New Production

3.4.1 Collaborative Decision-Making and Product Replication

The reshoring initiative was not a solo endeavor, but rather a result of collective insights and expertise from various departments such as finance, procurement, product engineering, production, and specialists. Each of them played a pivotal role in ensuring that the reshoring process was both strategic and seamless. Kinnarps adopted a logical approach during the initial stages of reshoring. The company prioritized replicating existing products, introducing only minor updates. This strategy was rooted in the understanding that major redesigns, while potentially beneficial, could introduce complexities that might hinder the implementation of reshoring. The scope of the reshoring initiative was not to enhance the product design, but rather get control over it and focus on reaching similar production-quality levels to the previously outsourced products.

3.4.2 Specialist Engagement and Team Coordination

Recognizing the challenges of reshoring, Kinnarps hired specialists to lead specific projects and implementation initiatives. The new production manager, an expert in plastic production,

was proof of this approach. His insights provided invaluable insights for the project, especially emphasizing manufacturing strategies of plastic components. This valuation of the correct people, in the correct position, goes a long way to show the success of Kinnarps reshoring. To further support the production manager, project managers were hired with the task of coordinating various parts of the reshoring process, ensuring that each phase transitioned smoothly into the next. The management team at Kinnarps recognized the importance of assigning the right people to the right tasks. This was evident when the site manager explained the supporting functions that were integrated into the product to mitigate the risk of project failure: “When the production manager reached the state of integrating machines into the production, it was very important to bring in the correct expertise, and not let our internal site manager become a bottleneck in the project”.

3.4.3 Process Evaluation and Procurement

Before diving into reshoring, Kinnarps thoroughly evaluated product drawings and tools from their suppliers. For the injection molding process, compatibility with existing machinery was prioritized and the need for new equipment was evaluated. The procurement teams were at the forefront of these evaluations, dealing with suppliers and conducting comprehensive cost assessments to ensure the reshoring decision's economic viability. This process wasn't without challenges, as some production tools might gotten lost at various suppliers' production facilities in Asia. However, the site manager clearly states that it's extremely important to always end supplier relationships on a good note. Especially because of the unforeseeable future, where unforeseeable changes might take production back to its outsourced state.

3.4.4 Infrastructure and Facility Upgrades

The Skillingaryd facility, one of the six production facilities of Kinnarps, became the chosen location for expanding and facilitating the new production. This facility underwent significant transformations to accommodate the new production requirements. This involved optimizing existing capacities and modifying specific areas tailored for the new processes. In this project, there were made infrastructure improvements, and extensive renovation of the facility, including changes such as floor reinforcements and switchboard expansions. All changes were tailored to support the standards of the new production with its new machinery and tools necessary to complete a highly automated product line. Due to Kinnarp's sustainability agenda and economic considerations, they chose Skillingaryd due to the availability of free space. The facility was previously used for painting in an old production line but was no longer in use.

3.4.5 Workforce Augmentation and Training

The reshoring decision required not just infrastructural changes but also a recalibration of the workforce. New roles emerged, and Kinnarps actively recruited individuals equipped with the needed skill sets. The recruitment of a highly specialized production manager, with deep knowledge of plastic production was a prime example of this strategic recruitment. However, in the recruitment process, Kinnarps found it challenging to access all the needed talent for this initiative. To solve this issue, they put focus and hard work into the recruitment process, and additionally, also implemented the strategy to reskill the current workers of the factory to leverage their internal capabilities. Now, someone who previously had been sitting all their life at a sewing machine could overlook a plastic molding machine instead. Furthermore, to ensure that the existing workforce seamlessly integrated into the new production processes, training sessions were conducted, targeting both the technical and structural aspects of the new production.

Kinnarps made numerous changes to start this new production facility. They leveraged their internal teams, hired skilled personnel, and improved their facilities. The company brought its work back home in line with its beliefs and ability to adjust to world changes. By prioritizing in-house expertise, engaging specialists, and ensuring seamless coordination across departments, Kinnarps showcased a blueprint for successful reshoring.

3.5 Outcomes of Reshoring

3.5.1 Operational Outcomes

The reshoring initiative improved Kinnarp's operational efficiency. With a more streamlined value chain, the company could respond more agilely to market demands. The decision to bring production closer to home reduced lead times, enhanced quality control, and fostered a more resilient supply chain, especially applicable in a post-COVID world. The global disruptions, such as the pandemic, reinforced the vulnerabilities of global supply chains. Kinnarp's reshored operations provided a buffer against such external shocks, ensuring operational endurance and reliability and enhancing the supply chain resilience throughout their operations.

3.5.2 Financial Outcomes

While the reshoring decision needed significant upfront investment, the long-term financial outlook was promising. The company expected a good return on investment, driven by reduced operational costs, including savings on transportation, packaging, and inventory. The reshoring decision, linked with Kinnarp's agile response to the pandemic, positioned the company for a

robust financial recovery in times of COVID-19. The ability to control production in-house provided a competitive edge in navigating the economic challenges of the following years of the pandemic, with global shortages in the supply chain.

3.5.3 Environmental Outcomes

Kinnarp's commitment to sustainability was further amplified with the reshoring decision. By controlling production locally, the company could implement stricter environmental standards, reduce transportation emissions, and drive sustainable practices. The decision has supported the company's reputation for producing environmentally and engaging in the creation of socially responsible products. With the new European sustainability reporting laws coming into effect, many Swedish companies will now be required to monitor their environmental impact throughout their entire supply chain. However, Kinnarps is in a favorable position due to its localized production. This means that it would be easier for the company to track its internal processes, which is necessary to comply with the new regulations. By doing so, Kinnarps can gain a competitive advantage over other companies that may struggle to monitor their environmental impact across their supply chain.

3.5.4 Strategic and Competitive Outcomes

The reshoring decision was more than a logistical move, it was a strategic realignment that reinforced Kinnarp's core values. In a post-COVID market landscape, this decision enhanced Kinnarp's competitive positioning, emphasizing quality, reliability, and sustainability. The brand of Kinnarps has become even stronger after this initiative and it has led to their reputation of being fully committed to manufacturing environmentally, socially sound, and responsible products.

3.5.5 Stakeholder Reactions and Implications

The reshoring initiative undertaken by Kinnarps was welcomed with positive reactions from various stakeholders, including customers, owners, employees, and suppliers. Customers expressed their admiration for Kinnarp's commitment to quality and sustainability. On the other hand, employees perceived this move as a clear opportunity for both personal growth and skill enhancement within the firm. This reinforces the company's dedication to creating internal growth and reinforcing job security within its home market. Today, it's not uncommon for Kinnarps to encounter surprised expressions from both customers and suppliers on visits to the production facilities. They are often taken by the volume of production happening at the home facilities and the company's ability to maintain profitability. Also, they are consistently

impressed by Kinnarp's in-house manufacturing expertise and their strong commitment to quality, environment, and worker conditions. Simultaneously, suppliers are noticing the benefits of the reshoring trend. As the demand for traceability and environmental responsibility grows among customers, suppliers find themselves in a favorable position for close partnerships in the evolving market landscape.

These supplier relationships have also seen a significant evolution over the time of reshoring. The reshoring journey affected relationships not just with Asian suppliers but also with those closer to home in Sweden and Germany, where some collaborations ended due to different visions of the future. However, a notable improvement has emerged, in-house production has improved Kinnarp's negotiation power for outsourced products. Their ability to produce at certain price points and the newly found production skills mean negotiations with suppliers are now more transparent and grounded in tangible knowledge of actual production costs and complexity.

For the reshoring initiative, the Swedish government system did not offer any assistance. However, this lack of external support was not a significant concern for Kinnarps. They neither sought nor received financial aid for their reshoring or other endeavors, even when historically such avenues of support were available. Moreover, the public procurement laws in Sweden do not offer additional incentives for domestic manufacturing.

3.5.6 Challenges and Responsibilities

While the reshoring decision brought numerous benefits, it also introduced some challenges. Taking over the responsibility from the previous suppliers and maintaining the same level of quality and structure offer complex challenges. It was essential to prevent any disruptions in the reshored operations that could cause imbalances in the entire value chain. If production fails in this section, it will directly disrupt the complete product value chain. Thus, the stakes were high for Kinnarps, emphasizing the critical importance of careful planning and robust oversight in their new production facilities.

The reshoring journey of Kinnarps offers invaluable insights into the various implications of such a strategic decision. While the immediate outcomes, such as enhanced operational efficiency and more sustainable practices are evident, the long-term outcomes on brand reputation, stakeholder relationships, economic gains, and market positioning are profound. As the global business landscape continues to evolve, Kinnarp's reshoring strategy serves as a testament to the importance of adaptability, foresight, and alignment with core values.

3.6 Insights and Implications

3.6.1 Industry Trends, Challenges, and Lessons

In an evolving global market, businesses are evermore seeking strategic alignment, and reshoring has emerged as a significant pivot point. While Kinnarp's reshoring journey provides immediate insights, it's important to view this decision against the larger scope of industry trends and prospects. The reshoring trend, while advantageous, presents a unique set of challenges. The high demand for production toolmakers in Sweden stands as a prime example. The skills migrated to Asia in the early 2000s, in line with the offshoring and outsourcing trend. Since then, toolmaking in Sweden has become a niche expertise. The scarcity of such expertise, paired with the demand for support functions like robot engineers and installers, exemplifies the challenges of reshoring. However, Kinnarps navigates with an opportunity amidst these challenges. By emphasizing product quality over mere cost considerations and forming strategic alliances with suppliers, they believe they can navigate the complex reshoring landscape effectively.

Kinnarp's reshoring journey provides several critical takeaways. Foremost is the importance of clear internal communication. When all teams understand and support the reshoring vision, they can work in collaboration to overcome challenges. Moreover, Kinnarps stresses the importance of involving external expertise when necessary. The site manager's advice for businesses contemplating reshoring is simple: “Stay anchored to your strategy, involve all stakeholders, and persistently confront the challenges head-on”.

3.6.2 Strategic Implications for the Future and Broader Industry Considerations

While reshoring has its benefits, Kinnarps acknowledges that it's not a one-size-fits-all solution. Companies with significant sales in Asia might find it more strategically appropriate to keep their production located there. Kinnarps also highlights the complex balance of global markets. An excessive inward focus from all countries could negatively impact export-reliant nations like Sweden. A balanced approach to sourcing and manufacturing, they argue, is crucial for sustained global success.

With its deep roots in family ownership, Kinnarps has always valued self-reliance in manufacturing. This commitment not only reflects the company's desire for quality control but also its dedication to preserving the brand's legacy in every product. Under the continued influence of family ownership, Kinnarps is positioned to further explore self-manufacturing while remaining agile to market demands. As they navigate the future, they'll balance this self-

made approach with strategic partnerships, ensuring they leverage both in-house expertise and external collaborations to deliver optimal value to the customer.

3.6.3 Concluding Thoughts

Kinnarp's reshoring journey offers a detailed approach to the difficulties of strategic decisions in today's global business landscape. While the immediate outcomes have proven beneficial, the trajectory for the future remains to be determined. Only time will tell, but the lessons from Kinnarp's reshoring initiative undoubtedly provide valuable food for thought for businesses and readers worldwide. To conclude, the site manager of Kinnarps stated: "While it's challenging to attribute growth solely to reshoring, the company believes the decision has contributed to its overall success".

4. TEACHING NOTE

4.1 Synopsis

Kinnarps has positioned itself as one of Europe's leading providers of office and space furniture with an international presence in 40 countries and multiple production facilities in southern Sweden. By focusing on sustainability and leadership, the company operates in its unique way and has evolved to the forefront of the industry, inspiring and creating products for the better cause.

However, Kinnarps's production wasn't fully aligned with their core values and strategies, indicating that changes were on the horizon. Previously, Kinnarps followed the Nordic trend of outsourcing production capabilities to Asia. This was no longer sufficient for the desired level of control and focus on sustainability and production capabilities. They needed a more efficient solution than importing products from all over the world and losing control of their main value-adding operations. From these needs, the reshoring decision arose, and in this teaching case, the strategic transformation of Kinnarps was showcased and discussed.

This case study highlights Kinnarps's journey from making the reshoring decision to successfully implementing it and the resulting impact on the company and industry. It highlights the critical aspects of reshoring decisions in a rapidly changing business world, aimed at creating a better future.

4.2 Teaching Objectives

The main objective of this case study is to provide students and decision-makers with knowledge of the processes involved in strategic decision-making and implementation of a high-level strategic plan. By understanding the different roles and implications of strategic business decisions, students can become better equipped to handle complex business problems in their future managerial roles.

In this case, the readers will have access to a recent real-world business problem that is increasingly becoming more and more important in the current global economic climate. Through analyzing this case, the readers can gain deep knowledge and understanding of reshoring, with insights that are only pertinent to an actual strategic transformation. By providing a thorough theoretical background on the related business concepts and frameworks, the reader has a better ability to understand the current business environment and get an increased understanding of the decision at hand. With access to frameworks of SWOT, TPL,

and Value Chain Analysis, the readers can analyze the case in-depth and gain a deeper understanding of its outcomes and related impacting factors.

Moreover, it is crucial to have a clear understanding of sustainability when making decisions related to supply chain management. The future of our environment depends on upcoming managers being able to comprehend the environmental significance and consequences of business decisions. By recognizing how business decisions can be guided via a deep understanding and appreciation for sustainability, one can also realize that sustainability not only benefits the environment but also can create financial gains.

The target audience for this case study is students in the field of business management, with a focus on strategy and operations. The case is best suited for classes in strategic business management, international business, and supply chain management. The case study can also be of value to early professionals and decision-makers who want to stay up to the latest knowledge about the current business world. To extract maximum value from this case study, the audience is encouraged to attain a basic understanding of strategic concepts and frameworks.

4.3 Session Plan

To leverage this teaching case to its full potential, the following presents a session plan for the usage to effectively extract the value from the case. Students are expected to read the case and literature before the class discussion. During the discussion class, this approach for a 90-minute session is recommended to follow:

Figure 1 *Session Plan*

Step	Activity	Time
1. Introduction	The teacher of the class gives a quick summary of the case and related findings.	15 min
2. Questions Hand-out	Students are handed the questions for the case.	5 min
3. Group Work	Students form groups and work together to solve all case questions.	45 min
4. Presentation	Each group presents one of the questions to the rest of the classmates. Selection made randomly by teacher.	25 min

Note. Explanation of Session Plan for Teaching Case. Own Work.

4.4 Guiding Questions

Q.1: What were the key drivers behind Kinnarp's decision to reshore?

Q.2: How does Kinnarp's decision to reshore align with its overall business strategy and external market dynamics, and how can a SWOT analysis clarify the decision?

Q.3: How does reshoring align with Kinnarp's long-term goals and values?

Q.4: Analyze how the reshoring decision influences different stages of Kinnarp's value chain.

Q.5: How does Kinnarp's decision to explore reshoring align with the principles of the Triple Bottom Line?

4.5 Expected Answers

The following answers provide a guideline on how the students can integrate the theory and case study. The answers are not limited to this specific example, and it is encouraged to develop further analysis of the situation by adopting another perspective to this highly dynamic strategic nature. However, the given answers provide an approach for analyzing and guiding students towards relevant discussion areas.

4.5.1 Q1, guiding answer: What were the key drivers behind Kinnarp's decision to reshore?

Kinnarp has decided to reshore due to its commitment to its core values and business strategy principles. The company has always focused on in-house production and has placed a strong emphasis on keeping its processes internal. This has been the case even when other Nordic companies were considering offshoring and outsourcing as a trend. Furthermore, the advancement of automation and technology that Kinnarp's has implemented in their production, allows them to navigate the reshoring decision efficiently and create new opportunities with technology. By undergoing this strategic move in their manufacturing strategy and implementing more production within their facilities, they also expected to gain operational control. This allowed them to leverage their production for further improvements and position themselves to create sustainable practices across their supply chain. Kinnarp's decision was not only driven by operational control and sustainability but also by the expectation to gain financial advantages.

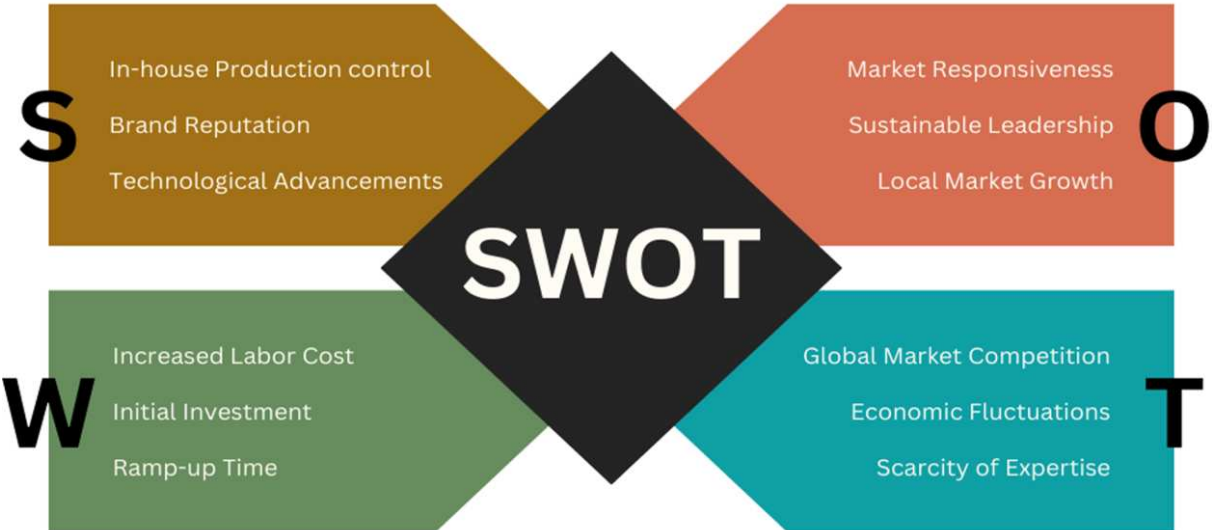
For Kinnarps, even though operational control and alignment to core strategy were the main drivers, the decision was also influenced by external factors including rising global supply chain vulnerabilities, shortages in the supply of materials, the pandemic, and the SUEZ canal

blockage. These external events accelerated the decision for Kinnarps to reshore their operations and allowed them to directly take advantage of their production closer to home and experience fewer disruptions in the supply chain. Kinnarps highlighted that the global supply chain and economic landscape are transforming from previous norms, aligning with the literature. Businesses are now using more local supply chains that are resilient and secure, rather than relying solely on global practices. This highlights that changes in the global structure and vulnerabilities in supply chains were the driving factors behind the reshoring decision.

4.5.2 Q2, guiding answer: How does Kinnarp's decision to reshore align with its overall business strategy and external market dynamics, and how can a SWOT analysis clarify the decision?

In the changing economic environment, the reshoring decision became an important part of allowing Kinnarps to realign with the post-COVID landscape and fully turn into its core values. By reshoring, they were able to strengthen their brand and work with greater agility, enabling them to better address customer needs and create sustainable products that improve the world. By adapting to the external environment and gaining better control over its production and supply chain, Kinnarps has created resilience that greatly impacts the long-term sustainability of the company. The brand has made a conscious decision to align more with its business strategy, allowing it to focus solely on creating socially responsible products for the market without compromising quality or control over its supply chain.

Figure 2 SWOT Analysis



Note. Swot Analysis Explaining the Reshoring Initiative. Own Work.

Strengths:

- *In-House Production Control:* By having control of the production, Kinnarps can align all processes with its core strategy.
- *Brand Reputation:* Stakeholders increasingly see the decision as valuable for the future.
- *Technological Advancement:* By having production domestically, the use of the latest technologies can leverage production capabilities.

Weaknesses:

- *Increased Labor Costs:* The workforce in Sweden is more expensive than in Asia.
- *Initial Investment:* A significant upfront investment is needed to facilitate the production in-house.
- *Ramp-up-time:* It requires time to set up new facilities to operate at full operational speed.

Opportunities:

- *Market Responsiveness:* The market can appreciate the “Made in Sweden” approach.
- *Sustainability Leadership:* Allowing Kinnarps to have full control of the process and implement the latest sustainable practices.
- *Local Market Growth:* Having increased production at home, allows for more job opportunities and surrounding growth.

Threats:

- *Global Market Competition:* Increasing competition can affect Kinnarps's approach and risk them losing customers due to price increases etc.
- *Economic Fluctuations:* Kinnarps is more affected by the local economic climate and follows Sweden's currency and fluctuation.
- *Scarcity of Expertise:* With the trend moving towards reshoring, skilled labor in the domestic market will be more in demand with more competition to attract top talent.

4.5.3 Q3, guiding answer: How does reshoring align with Kinnarps's long-term goals and values?

Kinnarps has the unique approach of being under complete family ownership and will continue with this for the foreseen future, this approach enables Kinnarps to create their values and strategies with limited impact from the traditional shareholder expectations. The core value

of Kinnarps is to deliver optimal value to its customers and create efficient self-sufficient production systems. This allows them to maintain the highest quality and preserve their brand legacy in every product. With the reshoring decision, their strategy is easily controlled and maintains the full focus of their core. Moreover, even though Kinnarps previously accessed automation and other new technologies in their supplier network, the reshoring decision allows them to have full control and lead the sector forward, allowing them to position themselves as the leading furniture company. By having production and employees on-site, they can fulfill customer promises and respond to changing needs. This agility enables the company to achieve long-term financial stability and strategically position itself to meet future goals and challenges.

Another highly valued long-term focus for Kinnarps is its approach to the environment and sustainability. Producing goods locally offers several benefits to Kinnarps. It helps to create job opportunities in the local market and increases the company's value within the country. Additionally, it reduces the environmental impact by minimizing transportation needs in the supply chain. The reshoring decision highlights their value towards positioning themselves in a way that not only benefits the company itself but also the surrounding environment.

4.5.4 Q4, guiding answer: Analyze how the reshoring decision influences different stages of Kinnarp's value chain.

The stages of the value chain that are mostly influenced by the reshoring decision are sourcing of raw materials, production, distribution, marketing and sales, and research and development.

Sourcing of Raw Materials: By having closer proximity to the production, the sourcing of raw materials followed the same line, creating local clusters of suppliers, and increasing the economic activity in the surrounding area. This approach allows for close collaborations which impact long-term sustainability and resilience within the supply chain. With this structure, the need for long transport is also reduced, allowing less distance to be traveled for raw materials to the production facility.

Production: With reshoring, production has undergone significant changes, and it allows Kinnarps to maintain full control and create rigorous quality controls and efficient systems to reach high levels of expected quality. By having the production at hand, they can be more flexible and use their full capabilities of automation and knowledge in efficient systems.

Distribution: With production taking place in the home market, the finished products no longer need to be transported across the world to reach their final user, who is mainly located

in Europe. By reducing the distance that products must travel, it leads to reduced lead times and savings on transportation costs.

Marketing and Sales: By having the full product creation in Sweden, the brand can fully highlight the label “Made in Sweden”, which likely increases brand loyalty, especially in times of environmental consciousness and expectations by the customer. Also, by producing more on the market that sales are coming from, they can more quickly react to market changes and respond efficiently.

Research and Development: With the production on hand, there is a reduction in innovation and research lead time. This is accomplished by allowing for prototyping, direct testing, and manufacturing, eliminating the need to collaborate with suppliers who prioritize full-scale production over such initiatives. This setup can also facilitate small-scale production, enabling Kinnarps to try new products and explore the market in a smaller volume.

This change in the value chain can create more streamlined processes for Kinnarps, creating less complicated systems to follow, and allowing them to fully focus on the activities that bring value to the customers.

4.5.5 Q5, guiding answer: How does Kinnarp's decision to explore reshoring align with the principles of the Triple Bottom Line?

People (Social Aspect): Via the reshoring decision, Kinnarps created numerous social improvements within the company and the surrounding marketplace. It provided employees with a clear indicator that the company is focusing on development for their best, allowing them to be committed to the company and its success. Also, locating operations in a more regulated area, allows the employees to achieve better work conditions than the previous outsourced setup. This decision also created new opportunities in the local market and drove community development with a focus on expansion and belief in domestic production capabilities.

Planet (Environmental Aspect): By expanding production domestically, shorter and more resilient supply chains were being realized. Leading to less need for transportation of goods, enabling the company to reduce its environmental impact. When operating in more regulated areas, like Sweden, companies must adhere to local regulations and implement stricter environmental standards. The impact that a company produces is highly affected by its operational environment. By controlling everything domestically, Kinnarps no longer needs to rely on Asian suppliers to fulfill its brand reputation for environmental responsibility.

Profit (Economic Aspect): Even though the relocation of production is traditionally not seen as a financially profitable approach, the hidden costs associated with offshoring and outsourcing

have changed the blueprint for the market. Transportation costs, handling of material, excess packaging, and less inventory are all areas where reshoring affects profitability positively. The reshoring process has a high initial cost, but long term, the brand image can be strengthened, increasing the levels of sales, and in combination with efficient production systems domestically, it can be a highly profitable endeavor.

5. CONCLUSION & LIMITATION

This case study provides insights into the strategic decision-making process in today's economic landscape. The evolving business environment and shifting customer preferences prompted Kinnarps to embark on a reshoring journey and develop a new sustainable approach for their operations and strategy. The case study demonstrates that the decision to reshore had a significant positive impact on Kinnarp's operations. It resulted in improved operational efficiencies, such as reduced lead times and enhanced quality control. Additionally, the company's sustainability efforts were greatly improved, as the shorter transport routes helped to reduce its carbon footprint. Strategically, reshoring was in line with Kinnarp's core values, which reinforced the company's brand image as an environmentally responsible entity and improved its responsiveness to the European market. These findings contribute to a deeper understanding of reshoring in the context of global supply chain dynamics. The case exemplifies how reshoring can be utilized as a strategic move for companies prioritizing sustainability and operational control. It challenges traditional offshoring and outsourcing strategies, suggesting that reshoring can be beneficial in fast-changing markets where flexibility and sustainability are increasingly valued. This case adds to the theoretical discussion on supply chain resilience and corporate responsibility in today's global economy.

The case study only focuses on the company Kinnarps, which may limit its applicability to a wider sector. The results and difficulties encountered during the reshoring initiative may not be completely comparable to those faced by other companies. Hence, the case study's relevance may be restricted. The primary data utilized in the study was collected from personnel involved in the decision-making and implementation process of the reshoring strategy. Although their knowledge is comprehensive, personal interpretations and biases may cause disruptions to the data. Additionally, change is a constant in the current economic environment. While the information in the case is still up to date, it is crucial to consider the time frame when the case was developed while conducting future analysis. However, despite these limitations, the study still provides valuable insights and outcomes to readers.

To further build on this research, the suggestion is to analyze the reshoring phenomenon from a sector perspective and/or in a different economic time. This allows for a broader implication of the results and creates more learning opportunities. The teaching case provides valuable insights into the current business landscape and helps readers gain a deeper understanding of global manufacturing strategies. This knowledge is essential for individuals looking to enhance their professional careers and position themselves better in the industry.

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