

Executive Summary

Short term action:conduct recurring meetings with Venkat to reach **mutual agreement**.

The agreement would list the top three concerns that resist compliance with IWAY. **Finer point:**The process of mutual agree must be based on mutual respect and it must not be founded on the ideas of exerting purchasing power to force Venkat into compliance. [1]

Long term strategy: IWAY policies and practices should be revised to work with consortiums to neutralize threat to IKEA's value chain.¹ [3]

There are **three main benefits** of redefined relationship between IKEA and its suppliers -

1. **Brand-Image Improved**² , 2. **Cost Savings Improved**³, 3. **Improved management of risks**⁴

Three main concerns that can be raised are -

1. **New cost** to meet the requirements of strict compliance.⁵ 2. **Threat to sales:**stronger control on suppliers would affect IKEA's business. ⁶ 3. **Accounting liability:**IKEA's business model is tightly coupled with geopolitical dynamics. This is a huge accounting liability in terms of potential litigations.

¹from hostile organizations that deploy intended and organized attacks.

²Competitive advantage by forward integration: by appealing to customer's sentiments

³Competitive advantage by backward integration : by increase in IKEA's control-surface on supplier's business processes

⁴Sustainability and Collaborative advantage: associated with environmental and social resources.

⁵requires exhaustive monitoring, which is expensive in many dimensions. Because, compliance is difficult to validate in the real world. I present a supporting quote from a recent research - "central premise is that the total amount of control people are subjected to, relative to the control they can exercise, will affect the probability and type of their deviant behavior." [1]

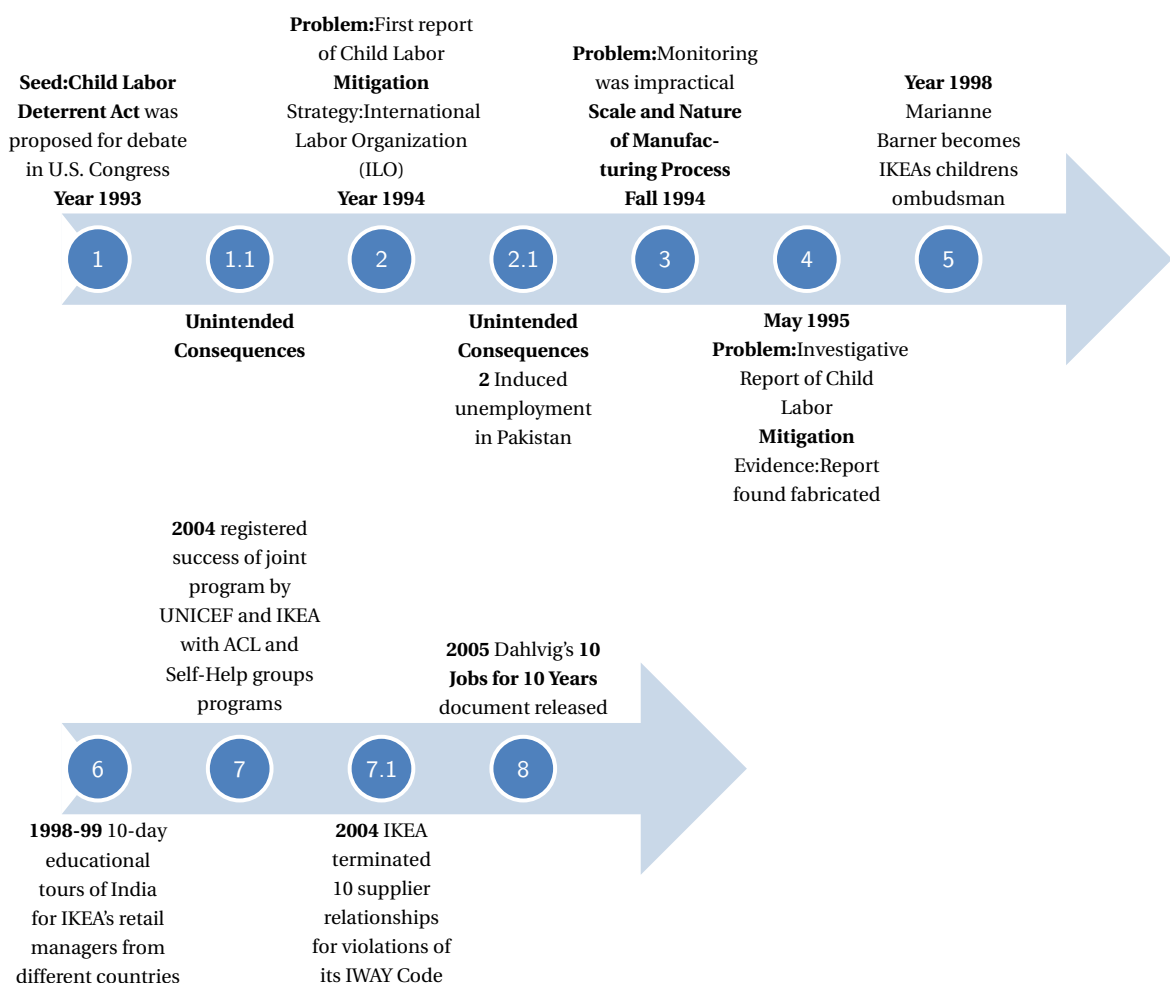
⁶tighter coupling of business models is not recommended. This is against the fundamental principles of system architecture.

1 Appendix

I drew a timeline that shows chronological events. I also plotted the %-change in sales YoY. There is a clear relationship between the geopolitical events mentioned in the timeline and the dip in %-change in sales. This shows the interdependence of consumer perception of a brand, the media agencies that influence this perception and how these factors interact with a business's performance.

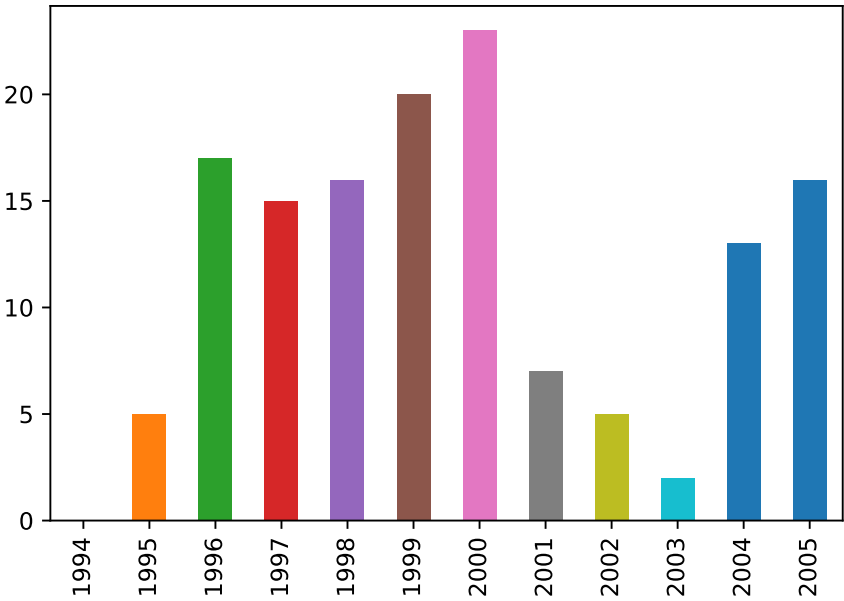
1.1 Timeline

Figure 1: The Chronology of Events for IKEA's Child-Labor Ordeal

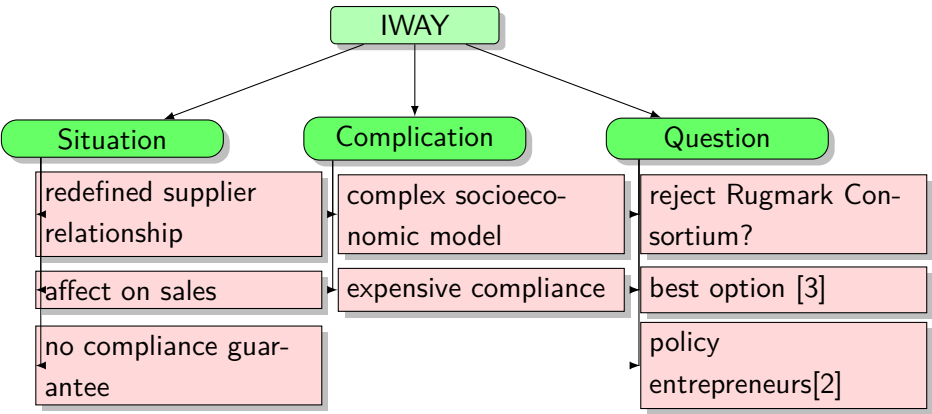


1.2 Visualizations

Figure 2:%-Change in Sales



1.3 Situation/Complications/Questions



1.4 References

References

[1] Tittle, C. R. (2018). Control balance: Toward a general theory of deviance. Routledge.

[2] Anderson, E. (2018). Policy Entrepreneurs and the Origins of the Regulatory Welfare State: Child Labor Reform in Nineteenth-Century Europe. American Sociological Review, 83(1), 173-211.

[3] United States. International Child Labor Program. (1998). Public hearings on international child labor. United States:Page:183