

Strategic Management And Quality

Management Strategies

Clearly, any management strategy will strive to maximise the three basic objectives for existence of any commercial organisation:

- * Increasing the self-esteem—and public esteem—of the owners.
- * Preserve the life-styles of the owners.
- * Providing a satisfactory income for the owners.

Total Quality Management is a powerful strategy to achieve these ends, through:

- * Promoting the quality of the product, it enhances the pride of the producer
- * Providing the successes of continuous improvement, it increases the job satisfaction of all associated with the company
- * It's focus on meeting the needs of the customer, it ensures security for the owners
- * It's increases in operating efficiency, it increases the earnings potential of the business.

It can in fact be argued that, in Australia's particular circumstances - small domestic market and physical isolation from substantial overseas market - that quality is the only truly competitive strategy.

The Mission Statement

A company's Mission Statement is a summary of the company's long term objectives, and it's perception of the overall strategies (market positioning, product development, etc) through which those objectives will be met. It is also frequently used to establish a company culture, to identify the company "personality".

The Mission Statement should be a succinct statement which defines:

- * Why the company is in business, and what business it is in.
- * The areas in which the business will operate in future (these may not be identical with it's current operations).
- * The market for the products / services, and the position in that market.
- * The projected growth, and resulting opportunities.
- * The overall strategy through which the opportunities will be met (e.g.: price, quality, reliability, innovation, etc.)

The Mission Statement should be strongly market-oriented. Specifically, the business and the market should not be defined in terms of products, but the needs which those products fill. The Mission Statement should also be strongly motivational. It should define the reasons why employees should feel good about working for the company.

Finally, the Mission Statement must be achievable. Therefore, the goals encompassed within it must be sufficiently specific to allow comparison with actual achievements. Furthermore, the company's capabilities must be reflected in the objectives, and they must not be so ambitious as to minimise chances of achievement. It should, however, be so constructed that it does not prevent opportunities from being exploited.

A properly constructed Mission Statement will provide the following benefits:

- * Ensures that all employees share a common vision, and are pulling in the same direction.

- * Engenders confidence in customers, by establishing a consistent, stable and dependable direction.
- * Identifies targets against which to measure growth.
- * Allows the identification of proposals irrelevant to the established direction.

The Mission Statement **MUST** be established by top management. It can, and many would say should, be established through a consultative process which allows input from all levels of personnel within the company, and most particularly from middle management.

The Business Plan

The Business Plan is a detailed document, setting out the tactical plan through which the company expects to meet the objectives set out in the Mission Statement.

A typical Business Plan falls into three basic segments.

Outline of The Business

This sets out, in summary, products and services offered by the company, the features of the products and services, and the benefits they offer to the customers.

In addition, the reasons for establishment of the Business Plan should be presented. Frequently, a BP is prepared for a specific reason, such as justification for additional financing, but Business Plans can - and should - be used routinely for long term planning, to better establish management directions, provide a coordinated management focus, and to ensure that specific objectives, such as new product introductions, or moving into export markets, are achieved.

The Executive Summary

The Executive Summary encapsulates the plans provided by the body of the

Business Plan, by summarising the most significant aspect of Management, Marketing, and Finance. These most significant aspects will generally include the WHO (those responsible for particular aspects of company operations, and externally supplied resources), the WHAT (the objectives, the strategies & tactics, R & D program, the marketing overview, etc.) and the WHEN (anticipated profit growth, time-spans and product introduction time-tables, etc).

The Executive Summary does not present the plan in detail, but does present an overview. In the event of submission to a financial institution to accompany an application for loan funds, the Executive Summary provides a quick assessment of whether there is any purpose in reading further.

Where a Business Plan is written with the objective of achieving management direction, and the objectives set out in the Mission Statement, the Executive Summary forms the strategic and tactical overview which can be circulated to staff, customers and suppliers.

The Body Of The Plan

This is the detailed section of the Business Plan, which will set out all the information needed to establish the company's future directions. Typically, the information will divide into three sections:

Marketing

The process of preparing a Business plan requires

- * the identification of the intended market
- * the reason why that market would use the company's products / services,
- * an analysis of the market and a customer profile

- * the benefits which the customer will obtain from using the product / service
- * the manner in which the customer will be made aware of the existence and relative advantages of the product / service
- * how the company will develop the product to meet the needs of the market
- * the manner in which the company will access the market (selling & distribution).

Management

The management section of the BP will cover the manner in which the company will administer itself. Specifically

- * the type of production operations planned (or existing)
- * Details of the product, and any accompanying service (or the reverse, in the case of a service organisation)
- * what records will be kept, and for how long
- * the manner in which relevant legal issues (product liability, worker's compensation, contracts etc.) will be addressed.
- * the business structure
- * the personnel, in terms of numbers, and the names, backgrounds and responsibilities of key management personnel.
- * insurance requirements
- * how various business control, including production and quality control, will be ensured.

Finance

The Financial section of the Business Plan should address all financial aspects, e.g.:

- * where the working capital (to cover wages & salaries, operating costs & overheads etc) will come from
- * how the acquisition of new assets (manufacturing equipment etc.) will be funded
- * where the revenue will come from (in the case of a number of divisions, or a number of product lines)
- * how cash flow will be managed
- * budgets for income and expenditure
- * how products / services will be costed
- * how products / services will be priced (cost driven, market driven, etc.)
- * what the credit policies will be (e.g., net 30 days, 10 % discount if paid within 7 days)
- * provision for company PAYE, and other taxation