BUILDING QUALITY CULTURE [TQM] THROUGH MARKET - ORIENTED STRATEGIC PLANNING

BY

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CERTIFICATION

This project entitled "**Building Quality Culture [TQM] Through Market - Oriented Strategic Planning**" by **Ishola Timothy Oladele** meets the regulations governing the award of the Degree of Master of Business Administration (M.B.A.) of Ahmadu Bello University Zaria, and is approved for its contribution to knowledge and literary presentation.

Essienesak Jubon — 30/10/98

PROJECT SUPERVISOR — DATE

EXTERNAL EXAMINER — DATE



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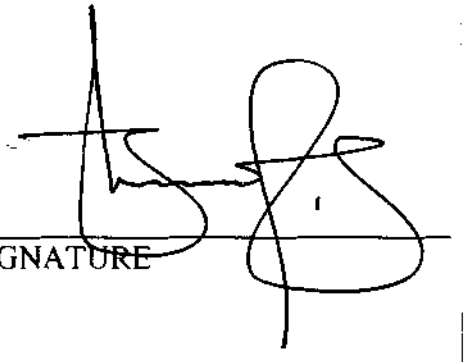
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DECLARATION

I declare that this project has been written by me, and that it is a record of my own research work.

To the best of my knowledge and belief, it has not been presented before for the award of degree.

All materials used were duly acknowledged.



SIGNATURE

28/10/1998

DATE

DEDICATION

This research work is dedicated to God, through Christ Jesus for making the enitre programme a successful reality.

ACKNOWLEDGEMENT

My profound gratitutde goes first to God for making the entire programme a practical and successful reality for me. God was simply too good to me. God by his grace gave me the admission, made me to enjoy the favour of men, guided and strengthened me throughout the programme, provided for my needs in the most of impossible ways, and above all gave me job just as the programme was winding to a close. Indeed, my histroy of the programme from day one, is one of testimony . My heart rejoices and therefore gratefully dedicated this project to the glory of God.

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ISHOLA, TIMOTHY OLADELE

ABSTRACT

Modern managers, perhaps more than any other generation of managers, face the challenge of developing and maintaining high quality in the goods or services they offer the market place. High quality products are defined as goods or services that customers rate as being excellent. Most management theorists and practising managers agree that if an organisation is to be successful in the national and international business world of today, it must offer high-quality goods or services to its customers.

The maintenance of high-quality products has grown from an issue pertinent to the future success of individual business enterprises to an issue pertinent to the economic success of Nigeria as a whole. Indeed, in the communique of a recent national seminar on National Economic Reconstruction -The Total Quality Management Concept, organised by Times Ventures Limited in collaboration with the National Economic Reconstruction Fund (NERFUND), it was stated unambiguously that "the adoption of Total Quality Management (TQM), nationwide, constitutes a sure recipe for achieving sustainable economic development and rapid modernisation. It submitted that "TQM as a philosophy of managerial excellence and industrial commitment to high standards, holds the key to the resuscitation of Nigeria's ailing parastatals and poorly run bureaucracies".

In this period of great change and flux in moral values in Nigeria, what organisations need is a reference point to survive. Change without a constant reference point is not a comfortable human situation and a realistic product state. Any business strategy, to be capable of sustained success, must be grounded in competitive advantage. A company gains competitive advantage when its position gives an edge in coping with competitive forces and in attracting buyers. Many different positioning advantages exist: making the highest-quality product on the market, providing customer service superior to rivals, being recognised as a low-price seller, having a product that does the best job performing a particular function, being in the best gepgraphical

location, making a more reliable and longer-lasting product, and offering the most value for the money (a combination of good quality, good service, and acceptable price). Whichever positioning strategy a company pursues, in order to achieve competitive advantage, a viable number of customers must end up buying the firm's product because of the "Superior Value" they perceived it has.

The modern concept of *'quality* is a philosophy which aims continually to satisfy customer requirements. The term *'requirements'* covers all aspects of customer relationships - not the product alone. Acceptance of this philosophy is long overdue in Nigeria. An obvious truth is that if a customer perceives a product or seh/ice as being quality, it becomes more attractive. Traditional views on quality were generally restricted to the product being manufactured to a specification which was monitoijed by *'quality control'.* Modern approaches to quality absorb the whole organisatiop in a *quality culture* which aims to provide the customer with a product or service of highest quality consistent with price.

In a globally competitive world, successful companies are increasingly market driven which means that everyone in the organisation needs to understand how to determine customer needs and how to fill them both in terms of the products it makes and the service it provides.

Market orientation is a technique that concentrates on customers wants and is often called the marketing concept. The total organisation is geared up} to marketing and the customer forms the basis for corporate strategic planning. Putting the customer first has always been the prime consideration for marketing department. Extending this philosophy to corporate level where everyone is committed to this apprc-ach demands a major change in attitudes for many. The lead must come from the lop and every individual have a strong role to play in planning based upon marketing Strategies and forecasting. Indeed, a recent research evidence gathered in response td the question; "what makes a company excellent?", revealed that the Company's (total) Employees are

committed to creating satisfied customers. And a corollary of this fact is that, excellent companies know how to adapt and responded to a continuously changing market place. In other words, they practice the art of *"market-oriented strategic planning".*

In today's complex world of business, market-oriented strategib planning is indispensable to effective management. A number of forces at the present time reinforces this fact; companies are growing larger and becoming mor^ complex to manager; competition is becoming more intense; the threats as well as the opportunities in the evolving environment seemingly are getting more difficult to foresee; product research and development lead-times and costs are growing while product life cycles are shortening et-cetra, et-cetra. Business enterprises must therefore be skilled in identifying major problems that will appear in the future and in taking prc-mpt action to deal with them. Business organisations must engage in better corporate strategic planning. Given the turbulent and massively changing (or what Philip Koiler called the succession of shock wave in the: business environment, a new management planning process that would keep firms healthy inspite of upsets occurring in any of their businesses or product-line is called for.

It is a fact that managers in most organisations spend significant arrlounts of time and effort on strategic planning. However, it is believed that if designed properly, strategic planning can play an important role in establishing and maintaining product quality. This thesis has therefore examined the principal managerial tasks associated with building quality (culture) and offered perspectives on how market-driven (oriented) forms should act to achieve this through instructive methods of crafting a w^ll-conceived strategy and then successfully executing it. And as you set out to discover the hidden treasure in this thesis, let me just say a little *bon appetit.*

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CHAPTER ONE

INTRODUCTION

1.1 AN OVER VIEW OF THE STUDY

Most managers will readily admit that their ability to predict their company's future is limited. Indeed, with the possible exceptions of death and taxes, the only thing entirely predicable is that things with change. Even for the most bureaucratic company in the most mature and stable environment, change is inevitable; and no where in this assertion more true than in the work place. As one recent survey concluded, "over the past decade, the Nigerian corporation has been battered by foreign competition, its own-of-touch management an, more recently, a flood of mergers and acquisitions. The result has been widespread recognition that the old way of doing business is no longer possible or desirable".

As the twenty-first century approaches, companies face a variety of changes and challenges that will have a profound impact on organisational dynamics and performance. Infact, in many ways, these changes will determine who will survive and prosper into the next century and who will not[1]. Among these challenges are the following:

*i The challenge of international competition

*ii The challenge of new technology

1. M. Steers: Introduction to organisational Behaviour, See part 1 the managerial challenge: The changing workplace; Towards the year 2000 - Page 7 - 13.

*iii The challenge of employee motivation and commitment.

*iv The challenge of managing a diverse work force

*v The challenge of ethical behaviour

*vi The challenge of increased quality.

If organisations are to be successful in meeting these challenges of the coming decade(s), it will be their management who must lead the way. With effective management, contemporary companies can accomplish a great deal toward becoming more competitive in the global environment. On the other hand, ineffective management dooms the organisation to mediocrity and sometimes outright failure[2] In a recent article written by professors from Hovard and INSEAD, it was stated that

> "Companies in the coming decade will need to build a different world wide organisation to the one that they have now. Their ability to do so will separate the winners from the mere survivors in the next round of global competition"[3]

Severe competition in world market has focused attention on productivity and quality performance, particularly within Nigerian firms. The operations function within an organisation bears the responsibility for output, hence, for productivity and quality, as well as for cost and delivery performance. The result has been a heightened awareness of the operation function and its contribution to the effectiveness of the organisation and, ultimately, for the success of its strategic plans and marketing strategies.

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2. Ibid-----Pg 13

3 AIESEC CORPORATE BULLETIN '90 Publication of AIESEC:-Interactional

The challenge for industrial competitiveness, however incorporates several interrelated factors, including an appropriate product mix, manufacturing efficiency, effective cost controls, investment in research and development, and so forth. And not to be ignored in this pursuit is the quest for increased quality of the products and services offered in the market place. Devotion to enhanced quality assurance includes several organisational issues. For instance, how can managers get employees to care about the product they produce or the services they offer?, how can managers get various parties who are traditionally independently associated with a product to work together to build a better product? That is, how can managers get the design staff, manufacturing engineers, workers, suppliers---and even potential customers ----to come together and cooperate in developing and manufacturing a superior product?.

The new emphasis on quality in manufacturing and service represents an important shift for industry and must be recognised in any effort to redesign or modify production technologies in the workplace. That is, redesigning employees jobs so they are more challenging and rewarding helps little of the basic product lacks quality and market acceptance[4]. Hence the notion of Total Quality Management **(TQM)** must be integrated into any job redesign effort. Productivity in any operation can be measured by two interrelated factors: how much you can produce efficiently and how good your product is. For many years companies focused on expanding the former, often at the expense of the letter. Now the emphasis has changed. That is, where ever we look in **(Global)**

industries --from cars to computers to machinery to airplanes --- we can find pace -

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4. This discussion draws from M. Steers 1991: Introduction to O.B. See total Quality control. Page 271.

setting examples of companies producing high-quality products for the market place and in making a profit in the process.

Company Wide Quality (CWS) is today the fastest, Smoothest and most reliable way to transform an organisation, delight the customers and dramatically increase company profitability. The demand of today's market place is an insistence on ever higher standards of quality, convenience and value. It is therefore to be expected that commitment to quality makes a difference in each and every transaction members people and customers. Hence, the agreement among management theorists and practicing managers that if an organisation is to be successful in the national and international business world of today it must offer high - quality goods and services to its customers.

The unstable operating environment has necessitated more than ever before, the need for companies to improve business efficiency in the creation and delivery of products and services. Most companies have therefore embraced the **TQM** as a strategic business tool primarily to enhance the level of customer satisfaction. Hence, **TQM is essentially**, a combination of people and system working harmoniously together for the ultimate benefit of the customer. The need for a **TQM** approach or the Quality culture in companies consequently places an inevitable demand for **Strategic Planning.** Indeed, recent research evidence reveals that excellent *(the really successful)* companies know how to adapt and respond to a continuously changing market place. In other words, they practice the art of "market -oriented **strategic planning**"[5].

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5. **Philip Kotter 1998: See laying the grand work through strategic planning in his MARKETING MANAGEMENT. 7TH Edition. Page 33.**

Managers, definitely, have to operate is a world that is always changing. Nothing is constant for long, whether in technology, politics or the society. The change that surrounds as presents new strategic challenges, but also alters the environment in which these must be resolved.

The inability of an organisation to anticipate the need for change and to adjust effectively to changes in its business or in its organisation causes problems. These problems sometimes take the form of poor collaboration and coordination; they may involve high turnover or low morale. Always, however, such problems affects the organisation's performance-goals are not achieved and/or resources are wasted.

Because change is inevitable and because it can so easily produce problems for companies, the key characteristic of an effective organisation is its ability to anticipate needed organisational changes and to adopt and respond as business conditions change. Anticipatory skills can help prevent the resource drain caused by organisational problems, while adaptability helps an organisation avoid the problem's that change can produce[6]. Over long periods of time, this ability to avoid an important and recurring resources drain can mark the difference between success and failure for an organisation.

Therefore, with the type of complex, turbulent and surprise-filled socio economic-political system that is evolving, it would be disastrous for companies to pursue the old policies of waiting until crises arrive and then trying to solve them by throwing money at them. Business organisation must engage in better "market -oriented strategic

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6. This discussion is summerised from C. DEVANNA'S- The portable MBA (Nigeria Ghana Edition) 1992: See - How to think like a Manager. Page 2.

planning". Strategic planning is long range planning that focuses on the organisation as a whole. Managers consider the organisation as a total unit and ask them selves what must be done in the long-term to attain organisational goals. *Long range* is usually defined as a period of time extending about three to five years into the future. Hence, in strategic planning, managers try to determine what their organisation should do to be successful at some point three to five years in the future. The most successful managers tend to be those who are able to encourage innovative strategic thrilling within their organisations[7].

It is also useful to contrast two frequently used- although often in correcting- words namely *markets* and *marketing.* The inexperienced might think that the two are interchangeable. However, a company can be *marketing oriented* without being *market oriented.* How can this be?

Marketing describes a business function, like production, finance, research - or marketing. These functions are the key organisational components of any company -- that is they all constituted the *organic* functions of the business --. Marketing's essential responsibility is to create products. The marketing executive, in this role, employs an assortment of marketing variables to craft an effective marketing strategy. His selected variables are known as "the marketing mix"---the managers blueprint for action.

The specific of the max can be combined in dozens of ways to stress, for example, product differentiation, market segmentation, or personal selling. Marketing when

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7. Samuel C. CERTO: Modern Management: Quality ERICS and the Global Environment. 5th Edition 1992. Allyn and Bacon. Page 105.

viewed as a function, is action centered It focused on what marketing managers do[8].

The word market, on the other hand has different implications. It is not material in its focus nor does it "belong" to the company. A market is external: It is "Out there'. A market in its fundamental posture is a collection of buyers, actual or potential, external to the company. The market is the ultimate source of the company's income. If the buyer does not buy, there is no business. The seller may activate the market but he does not necessarily originate it. He adapts as much as he creates. He designs his marketing strategies for selected markets.

Markets come in all shapes and sizes: Large or small; simple or complex; technical or non-technical; repetitive or intermittent; consumer, industrial, or service specific. Thus, senior citizen, Lagosians, small business and Policemen are all markets. Some are better developed than others. Regardless, markets are fundamental and are the targets for marketing strategies.

We have marketing companies and market-oriented companies. The later concentrate their attention on a particular array of customers. For example Lever Brothers PLC sells mostly to homemakers, vitabiotics (Nig) Ltd. to chemists and A.B.U. Zaria to College and graduate School Students.

Whereas the market - driven organisation keys itself to the user segments, the marketing company in the final analysis is predisposed toward the in-house or functional

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8. Please refer to ROBERT T. DAVIES in his article MARKETING MANAGEMENT: Becoming a market-Driven company in the basic: The portable MBA by COLLINS and M.A. DEVANNA 1992 Nigeria, Ghana Edition, Page 174 - 174.

environment.

The distinction is profound, it explains how the firms choose to complete. A market - driven company tries to provide what the buyer wants; a marketing company, on the other hand, prefers to sell what it already makes. It has, if you will a selling bias.

A benefit to being market-driver, is sometimes over looked. Everyone **(management and other)**- that is the total organisation - shares a common mission; The customer comes first. Having such a shared mission means that all company activities are expensive to the consumers well-being. A common drum beat throbs in such organisations. The mission is clear and shared by all.

It may therefore be summerised that a company that desires rapid growth and success from a long-term viewpoint needs to consciously develop capabilities and commitment to the delivery of high-quality product(s) and/or service and superior customer values. This is *Central thrust* of the **TQM** or the Quality culture. And given that **TQM** specifically emphasizes that quality is and should be driven by the needs and expectations of internal and external customer, hence, quality improvement must not only be entrenched as company policy but most importantly as an unending process. Such a wholesome organization way of life (quality culture) of adapting and responding continuously to the needs of a changing market place implies the practice of a "market - oriented strategic planning".

In essence, **TQM** is a means to the end of product quality. The excellence or quality of all management activities (planning, organising, directing, coordinating and Controlling) inevitably influences the quality of final goods and services offered by organisations to the market place. And while managers in most organisations spend significant amounts of time and effort on strategic planning, it is believed that if properly

designed, strategic planning can play an important role in establishing and maintaining product quality[9]

1.2 STATEMENT OF THE PROBLEMS

Effective management is much more than the production of immediate results. Effective management includes creating the potential for achieving good results over the long run. The manager who as president of a company produces specular results for a 3- to 10 year period can hardly be considered effective if, concurrently, he or she allows plant and equipment to deteriorate, creates an alienated or militant workforce, lets the company develop a bad name in the market, and ignores new product development.

Conversely, organisations that work well require integration as well as specialisation, synthesis as well as analysis. The organisations that are flourishing are those that learn more rapidly than their competitors. And, as a consequence, new stands for productivity result in moving from a world in which decisions were made at the top of the organisation.. These new organisations have self-directed workforces.

However, a common feature of non-total quality companies is easy to notice. Internal tensions are high and usually growing, leading to stronger feelings of recrimination, blame and mistrust. Ignorance also abound together with low morale and glimmering discontent. Similarly, companies struggling to get **TQM** are oblivious that they have to give

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9. See chapter 21 of MODERN MANAGEMENT BY SAMUEL C. CERTO: Quality: Building competitive organisation, Page 654 and 663.

people new tools to analyse problems, breakdown barriers between functions and get better results. The proper groundwork to help people understand it (**TQM**) is not laid down.

Yet again, apart from consumer dissatisfaction, the financial cost of mistakes, corrections, waste and unproductive work is enormous. Often hidden by costing systems or by inefficient managers, such costs increase the danger of insolvency.

The costs in term frustration and stress is difficult to estimate, certainly wasting time and energy in rectifying faults and working with poor materials, or whatever, is soul-destroying. Employees' opinion on management in this poor situation can be imagined especially when blame for poor quality is attributed to them.

Clearly, the only way for companies to survive in the remaining part of the value conscious 1990s is to do theses things at once. The way out also requires an educated organisation workforce to contribute fully to a clearly stated strategic direction. The argument is, a total quality future requires a lot of training and attitudinal change of mind and this fact precipitate the motivation for issues raised and addressed by this thesis.

1.3 OBJECTIVES OF THE STUDY

There is strong reason to associate "good management" with how well managers craft and execute strategy. It is hard to justify a top grade for managers who design shrewd strategies but fail to execute them well; weak implementation opens the door for organisational performance to fall short of full potential. Competent execution of a mediocre strategy scarcely qualifies managers for a gold-star award either. The standards for judging whether an organisation is well managed, therefore, include good strategy-making *Combined* with good strategy execution. The better conceived an organisation's strategy and the more flawless its execution, the greater the chance that the organisation will perform up to potential.

An organisation's strategy is delineated in the pattern of move and approaches devised by management to produce successful organisation performance. Strategy, in effect, is a managerial game plan for running the organisation. Managers develop strategies to give order to how an organisation goes about its business and to achieve target objectives. Without a strategy, there is no established course to follow, no roadmap to manage by, no coherent action plan for producing the intended results.

The challenge of industrial competitiveness however incorporate several interrelated factors, including an appropriate product mix, manufacturing efficiency, effective cost controls, investment in research and development and so forth. Not to be ignored in this pursuit is the quest for increased quality control of the products and services offered the market place.

Recently, managers have come to realise that quality is not something that is measured at or near the end of the production process. Rather, quality is an essential ingredient of the entire production process itself. It is an overall way of doing business and becomes the concern of all employees. And gives that **TQM** specifically emphasizes that quality is driven by the needs and expectations of internal and external customer, hence, quality improvement must not only be entrenched as company policy but most importantly as an unending process.

In the light of the forgoing therefore, the researcher seeks to systematically explore the *"how"* of building quality culture through the instrumentality of market-oriented strategic planning. More precisely, the objective is to examine the principal managerial tasks associated with building quality culture as a strategic business tool, and to offer perspectives on how market-driven firms should act to achieve this organisation way of life, through instructive methods of crafting a well-conceived strategy and then successfully executing it.

1.4 SCOPE OF THE STUDY

The ground that strategic management covers is challenging, wide ranging and exciting, the centre of attention is the *total enterprise*, - the environment in which it operates, the direction management intends to load management's strategic plan for getting the enterprise moving in this direction, and the managerial tasks of implementing and executing the chosen strategy successfully. The foremost question (issue) in running a business enterprise has always been; what most managers do, and do well, to make the company a winner rather than a loser in the game of business?.

The answer that emerges again and again is that good strategy and good strategy implementing are always the most reliable signs of good management strategy formulation and implementation are core management functions. Among all things that managers do, few affect organisational performance more lastingly than how well the management team handles the tasks of charting the organisation's long - term direction, developing strategic moves and approaches and executing the strategy in ways that produce the intended results. Indeed, good strategy and good strategy implementation are the most trustworthy signs of good management.

In the same vein, a company's survival depends on the strategy of producing a high-quality product. The unstable operating environment has necessitated more than ever before, the need for companies to improve business efficiency in the creation and delivery of high-quality products and services. Pursuing this strategy involved teaching workers what high-quality work was, training managers on how it encourage workers to strive for high - quality in their work and helping suppliers to develop high-quality parts that eventually will end up as components. Yet again, managers must complement its outstanding quality control programme with other areas such as new product development and effective and efficient

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product distribution. The fact as that of a company can not respond promptly and efficiently to customer needs-and wants -, it cannot provide the level of quality that customers seek.

Given the forgoing therefore, this research project covers not only essence of corporate strategic planning with a view to unfolding the potentialities of the process for companies and give a clear understanding of how companies can organise, formulate, select, implement and evaluate it, but also, cover how a properly designed strategic planning system can help to establish and maintain product quality. The project also covers a complete over view of all the business improvement techniques presently used and the methodology of their applications.

1.5 LIMITATIONS OF THE STUDY

Limitations usually plaque research works, this research has its own share of such limitations.

The major limitations of this project centered on the absence of adequate literature due to the recent nature of the concepts and other application both by Nigerian firms and to the improvement and resuscitation of the Nigeria economy.

Also there is the limitation of finance to make exhaustive research. Indeed, inadequacy of research fund largely accounted for the choice of the research methodology.

1.6 SIGNIFICANCE OF THE STUDY.

Despite the lingering economic crisis, a number of companies through adaptive management techniques have been able to sustain their competitive edge. Adoption of Total Quality Management (TAM), leadership quality ands styles, expertise between employers and employees have been pinpointed by experts as some of the reasons why these seemingly successful companies remain so.

Presumably all types of organisation, it is desirable to have a clear sense of purpose, commitment to agreed strategies or policies, the use of modern techniques for

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forecasting and planning systems for coordinating and reviewing plans and methods for comparing plans against results achieved. And to meet increasing competition and the increasing demands of customers, it has been argued businesses must redesign and improve information processes to help managers learn about customers and markets, and these processes must be linked to key customer value dimensions.

In view of this, this project will be of immense benefit to business managers who want to become customer focused. The research project will also provide students and managers with a complete overview of the major business improvement techniques presently used nationally and internationally. It is also my believe that the research will serve as useful reference point for academic purposes.

1.7 RESEARCH METHODOLOGY

The need for a systematic analytical discussion of the staff and constituent issues involved in "building quality through market-oriented strategic planning" informs the preference for **DESCRIPTIVE RESEARCH METHOD** for this thesis. There are many variations for descriptive research. The--(i) detailed presentation, e.g. the traditional case study of an individual, a school or any other unit is characterized by efforts to learn as much as possible about the population or phenomena --(ii) Longitudinal descriptions and --(iii) Selected description which **focus** only on certain aspects of a population or phenomena. They are studied because it is assumed that these factors are exceptionally influenced on the whole.

However, in many aspects of societal affairs (including business), descriptions over time are invaluable for systematic review of trends, discontinuities, and shift in emphases. This fact explains the longitudinal approach for this thesis. Although, longitudinal studies are also excellent for generating hypothesis for experiments, hypothesis testing is however not intended in this research for the obvious reason(s).

There are a number of ways of securing data for descriptive research. In writing this project, the researcher has purely relied on information collected through verbal interviews with disciples of **TQM** and strategic management.

Also the researcher relied mostly on secondary data such as journals, books, seminar papers, seasoned articles in Newspapers, magazines and Federal government gazettes.

CHAPTER TWO

THE ELEMENTS AND PROCESSES OF CORPORATE STRATEGIC PLANNING.

2.1 THE STUFF OF CORPORATE STRATEGIC PLANNING

For managers to be successful strategic planners, they must understand the fundamentals' of strategic planning and how to formulate strategic plans.

Planning is one of the most fundamental activities of management. All managers plan and there are a myriad of types of planning and plans. Strategic planning is specifically one of such types of planning, and as the name suggest, corporate strategic planning has to do with a particular type of plans. It involves planning for the organisation as a whole, not for its parts. So strategic planning is not the same as product planning, production planning, cash flow planning, manpower planning or any other type of partial planning conducted in organisations today[1]. Similarly, it is not co-ordinating, fore casting, or budgeting. All these are designed to plan parts or sections, or departments of organisations. Corporate strategic planning is a process designed to yield a corporate plan - a statement of strategies designed to affect the organisation as a corporate whole. Phillip Kotter specifically defined it as;

"the managerial process of developing and maintaining a viable fit

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1. **JOHN ARGENTI: Systematic corporate planning (C) 1974 Page 3**

between the organisation's objectives and resources and its changing market opportunities. The aim of strategic planning is to shape and reshape the company's businesses and products so that they combine to produce satisfactory profits and growth"[2].

George Stainer, in the book Top management planning defined strategic planning as;

"----the process of determining the major objectives of an organisation and the policies and strategies that will govern the acquisition, use and disposition of resources to achieve these objectives"[3].

Yet again, strategic planning has been defined by John Argenti as;

"the careful, deliberated, systematic taking of decision, which affect or are intended to affect the organisation as a whole (as opposed to only a part of it) over a period of time".

It is noteworthy that they all (the definitions) seem to agree on resource allocation, responding to environmental and societal changes, but however, achieving company or corporate objectives.

Presenting a model for strategic planning, Peter Drucker call strategic planning:-

"a continuous process of making present entrepreneurial (risk taking) decisions systematically and with the greatest knowledge

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2. **PHILLIP KOTLER 1993: See chapter two: Laying the groundwork through strategic planning. Page 33. 7th Edition.**

3. **George Steiner et'al: Top management planning. Page 25. (Toronto, Canada: Colier - Macmillan, 1969).**

of their futurity; organising systematically the efforts needed to carry out these decisions; and measuring the results of these decisions against expectations through organised, systematic feedback".

This is an interesting definition because it provides a critical measure of a performance standard to use in the evaluation of strategic planning systems. It also provides a useful criterion by which a strategic planning systems can be analysed to determine whether these characteristics are found in the planning system of organisations.

The first characteristic is that the system should be a continuos process. That automatically eliminates many "Strategic planning" systems because they are spasmodic. The process of managing strategically is on-going-, nothing is final and all prior actions are subject to modification. Changes in organisations's situation's either from the inside or outside or both, constantly gives rise to strategic adjustment.

Second, the process must be concerned with entrepreneurial or risk taking decisions. Many daily decisions are made in organisations each day that are not risk-taking decisions. Many daily decisions are not entrepreneurial and therefore are not in the subset of the firm's decisions involved with the strategic planning system.

Third, the organisation must be structured to implement decisions reached in the strategic planning process. In many firms, the strategic planning process is laid on an existing organisational chart and expected to achieve optimum results. This situation causes various organisation and efficiency problems. If the company, in order to survive must marshal its resources and compete in various product markets with its most effective corporate ability, then it follows that the organisation must be restructured from time-to-time. This simply means that the organisation structure must be such as to allow management to implement the strategic decisions of the organisation.

Finally, the system must provide systematic feedback. When risk-taking decision are made, there are certain expectations based on those decisions. The system fails if a systematic feedback mechanism is not installed. The system must provide feedback to allow management to know whether reality is measuring up to expectations. The benefit of a strategic planning systems is that the firm's decision makers can deal effectively with their environment. However, because of the uncertainty of the situation, continuous feedback on a periodic basis is needed to determine the firm's progress in the market place.

As a method of management, corporate strategic planning is generally thought to consist of sequential and continuing steps:-

(1) Analysing the environment of the firm, to determine specific threats and opportunities.

(2) Internal appraisal or evaluation of the firm to determine the key skills and resources that could be used to develop a competitive strategy in a given product-market situation.

(3) Integrating the unique skills and resources with the specific opportunities in the firm's environment.

(4) Establishing corporate objectives for where the company wants to be at a certain time i.e. establishing organisational direction;

(5) Creating a number of corporate policies, plans, programmes and tasks to successfully accomplish the objectives that were established.

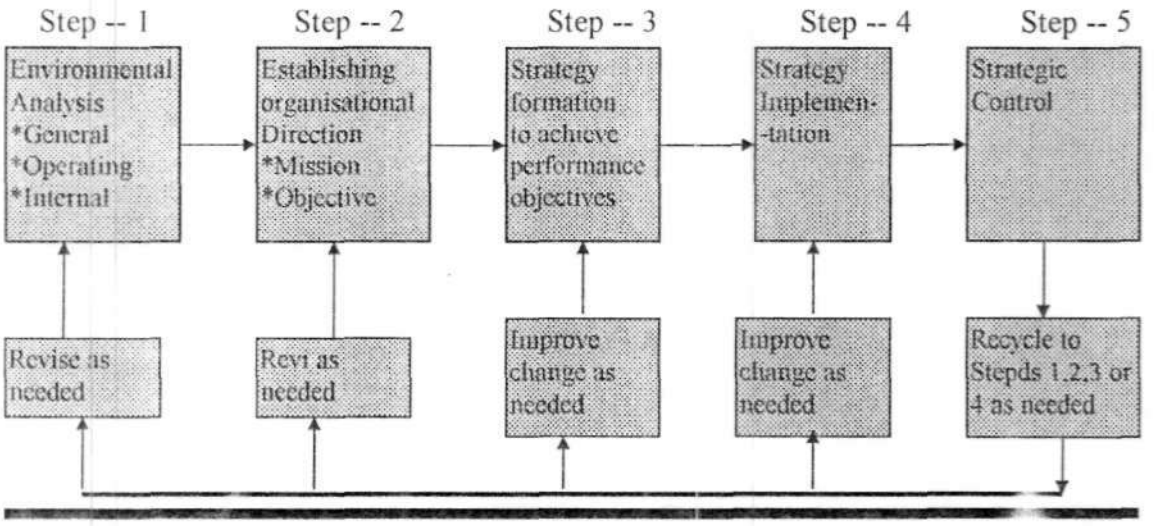
(6) Crafting a strategy to achieve the targeted performance (objective).

(7) Implementing and executing the chosen strategy efficiently and effectively; and

(8) Evaluating performance, reviewing the situation and initiating corrective adjustment in mission, objective, strategy, or implementation in light of actual experience, changing conditions, new ideas and new opportunities.

A (summarised) conceptual model of the strategic planning structure and process is shown in figure 1 below:

Figure 1: Conceptual model of systematic corporate strategic Planning



From the foregoing therefore, corporate strategic planning may be summarised as dealing with the future implications of present decisions in term of

* Setting goals and developing strategies to achieve them.

*Translating strategy into detailed operational programmes, and ensuring that plans are carried out.

It concerns the planning of the total resources of an organisation for achievement of qualified objectives within a specified time.

In striving to implement successful planning systems within organisations, managers must remember several basic differences between strategic planning and tactical planning. *TACTICAL PLANNING* is short range planning of that emphasizes the current operations of

various parts of the organisation. Short range is defined as a period of time extending only about one year or less into the future[4].

First, because upper level managers generally have a better understanding of the by lower - level management. It may therefore be said that, chief distinguishing feature is that corporate planning is concerned with plans that lie one stop up the hierarchy from all other plans for example tactical and operational plans. There are no other plans above the corporate plans, hence the corporate plans, hence the corporate plans becomes a reference point for the operational plans while operational plans becomes a means to the corporate plans.

Secondly, becomes strategic planning emphasizes analysing the future and tactical planning emphasizes analysing the everyday functioning of the organisation, facts on which to base strategic plans are usually more difficult together than are facts on which to base tactical plans.

A third difference between strategic and tactical planning involves the amount of detail in the final plans. Because strategic plans are based primarily on a prediction of the future and tactical plans on known circumstances that exist within the organisation, strategic plans generally are less detail than tactical plans.

Last, because strategic planning focuses on the long term and tactical planning on the short term, strategic plans cover a relatively long period of time where as tactical plans cover a relatively short period of time. All these major differences between strategic and tactical planning are summarised in table 1 below:

4. **This section is summerised from SAMUEL C. CERTO-in his modern management: Quality, ethics and the Global environment. 5th Edition (c) 1992. Page 209.**

Table 1: Major differences between strategic and tactical planning

Area of difference	Strategic	Tactical planning
Individuals Involved	Developed mainly by upper-level management	Developed mainly by lower -level management
Amount of detail in plans	Plans contain relatively little detail	Plans contain substantial substantial amounts of detail
Length of time plans cover	Plans cover long period of time	Plans cover short period of time.

Inspite of their differences, tactical and strategic planning are integrally related. As Rusell L. Ackoff states:

> "In general, strategic planning is concerned with the longest period worth considering, tactical planning is concerned with the shortest period worth considering. Both types of planning are necessary. They complement each other. They are like the head and tail of a coin. We can look at them separately, but we cannot separate them in fact"[5].

In other words, managers need both tactical and strategic planning programmes, but these programmes must be closely related to be successful. Tactical planning should falls on what to do in the short - term to help the organisation achieve the long-term objectives determined by strategic planning.

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5. Russell L. Ackoff, A concept of corporate planning (New York; Wiley, 1970), Page 4.

2.2 WHO ARE THE STRATEGY MANAGERS?

Corporate strategic planning is a line-management function, and the corollary of that is that a corporate strategic planning system must be designed by the general managers or the Chief Executive Officers (CEOs) who will use it.

An organisation's CEO is the most visible and most important *strategy manager*. The CEO, as captain of the ship, bears full responsibility for leading the tasks of formulating and implementing the strategic plan for the organisation as a whole, irrespective of the fact that others have a hand in the process. The CEO functions as Chief Strategic - implemented for the enterprise. What the CEO views as important usually moves to the top of the strategic priority list, and the CEO has the final word on key strategic decisions[6].

Vice presidents (or managers) for production, marketing, finance, human resources and other functional departments have important strategy-making and strategy-implementing responsibilities as well. Normally, the production V-P oversees production strategy, the marketing V-P heads up the marketing strategy effort; the financial V-P is in charge of financial strategy; and so on. Usually functional Vice Presidents are also involved in proposing and developing key elements of the overall strategy, working closely with the CEO to hammer out a consensus and make certain parts of the strategy more effective. Only rarely are all the key pieces of organisation strategy personally fashioned by the CEO.

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6. This section is summerised from Thompson Struckland's - strategic management; concepts and cases

But managerial positions with strategy-making and strategy-implementing responsibility are by no means restricted to these few senior executives; in very real ways; *every manager is a strategy-maker and strategy implemented for the area he/she has authority over and supervises.* This is because every part of a company department, plant, or district office - has a strategic role to carry out. And the manager in charge of that unit, with guidance from supervisors, usually ends up along some or most of the strategy - making for the unit and carrying the burden of implementing whatever strategic choices are made. Obviously, though, manages who are further down in the managerial hierarchy are further down in the managerial hierarchy have a narrower, more specific strategic - making/strategic implementing role than managers closer to the top of the pyramid[7].

Another reason why lower-echolon managers are strategy - makers and strategy - implementers is that the more geographically scattered and diversified an organisations operations are, the more impossible it becomes for a few senior executives to handle all the strategic planning that needs to be done. It is just too hard for managers in the corporate office to gain enough command of all the situation details out in the various geographical areas and operational units to be able to pressurize appropriate strategies. What usually happens is that some of the strategy -making responsibility is delegated to organisational sub-units where specific strategic results must be achieved. Delegating a lead strategy-making role to those managers who will be deeply involved in carrying out

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7. Thompson strickland, "who are the strategy managers?" Page 16.

the strategic in their areas fixes accountability for strategic success or failure. When the managers who implement the strategy are also its architects, it is hard for them to shift the blame or make excuses if they don't achieve the target results.

* i *The chief executive officer and other senior corporate executives* who have primary responsibility and personal authority for big strategic decisions affecting the total enterprise and the collection of individual businesses the enterprise has diversified into.

*ii *Managers who have profit - and - loss responsibility for subsidiary business units* and who are expected to exercise a major leadership role in formulating and implementing strategy for the individual business they head.

*iii *Fundamental area managers within a given business unit* who have direct authority over a major piece of the business (manufacturing, marketing and sales, finance, R&D, Personnel) and therefore must support the business unit's overall strategy with strategic actions in their own areas.

*iv *Managers of major operating departments and geographic field units* who have front-line responsibility for putting together the details of strategic efforts in their areas and for carrying out their pieces of the overall strategic plan at the grass roots level.

A single - business enterprise has no more than three of these levels - business - level strategy managers, functional area strategy managers, and operating -level strategy managers. Together, they form a management team responsible for directing the strategic efforts of the total enterprise in that one business proprietorship, partnerships and small owner managed

enterprises, however, typically have only one or two strategy managers since the whole strategy - making/strategy - implementing function can be handled by just a few key people.

Managerial jobs involving strategy formulation and implementation abound in not-for-profit organisations as well. For example, a multicampus University has four(4) strategy - managing levels:[8]

*i --The Vice Chancellor of the whole University system is a strategy manager with broad direction - setting responsibility and strategic decision - making authority over all the campuses;

*ii---The director o f each institute or college or campus customarily has strategy - making/strategy - implementing authority over all academic, student, athletic, and alumni matters plus budgetary, programmatic and coordinative responsibilities for the whole campus;

*iii---The academic deans of various faculties have lead responsibility for charting future direction at the faculty level, steering resources into some programmes and out of others, and otherwise devising a college wide or faculty wide plan to fulfil the college's/faculty's teaching - research service mission; and

8. Thompsonn Stuckland "Who are the strategy managers" Page 17.

*iv---The heads of various academic departments within a faculty or school are strategy managers with first-line strategy-making/strategy - implementing responsibility for the department's undergraduate and graduate programme offerings, faculty research efforts, and all other activities relating to the department's mission, objectives and future direction.

Managerial jobs with strategy - making/strategy - implementing roles are this commonplace. The ins and outs of strategy formulation and implementation are a *basic* aspect of managing, *not* just something for top-level managers to deal with.

2.3 ORGANISING FOR STRATEGIC PLANNING.

Companies and managers perform the strategy-making task differently. In small, owner - managed companies, strategy-making is developed informally. Often the strategy is never written but exists mainly in the entrepreneur's own mind and in oral understandings with key subordinates. The largest firms, however, tend to develop their plans via an annual strategic planning cycle (complete with prescribed procedures, forms and timetables) that includes broad management participation, lots of studies, and multiple meetings to probe and question. The larger and more diverse an enterprise, the more managers feel it is better to have a structured process that is done annually, involves written plans, and requires management scrutiny and official approval at each level[9].

It may therefore be said that the key distinction between a company that has adopted

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9. Thomson Strickland; "Approaches to performing the strategy making task" Page 52.

corporate planning and one that has not is that one has a *"System"* for taking such decisions while the other has none. A system for taking such decision necessarily need not be more elaborate than a regular meeting among top managers to consider strategic questions, that is, to give more attention to strategic problems and to do so more systematically. Hence, a strategic planning system is nothing more than a structure - that is, a designed process that organises and coordinates the activities of the managers who do the planning.

Along with variations in the organisation process of formulating strategy come variations in the way manager, as chief entrepreneur and organisational leader, personally participates in the actual work of strategic analysis and strategic choice. Hence, there is no universal, off-the-shelf planning system for the simple reason that companies are different in terms of their size, the diversity of their operations, the way they are organised and the style and philosophy of their managers. An effective planning system requires "Situational design" -- it must take into account the specific of a particular company's situation, especially along the dimension of size and diversity.

The organisation for strategic planning should be compatible with and support the objective of the organisation. The method of organising is not nearly as important as whether the organisation achieves an effective strategic process that allows flexibility in its rapidly changing environment. Strategic planning is, to some, an art more than a science; so there may be more than one best way to organise, given the appropriate circumstances.

There are probably three stages of development through which corporate planning will pass in any company. Firstly, the company will exist without a formal system. At that stage, the executive will either not be making strategic decisions at all, or will be making them ad-hoc whenever it becomes clear that a decision is required.

As the company grows or is faced with an impending strategic dilemma, the second stage begins to emerge as the management recognise the need for a more formal system. At this

stage they may either form a planning committee, or nominate a systems supervisor, or may engage an outside consultant or appoint a corporate planner in form of a corporate planning department. In this stage, the CEO will play a major role in, and show sincere concern for the corporate planning in any company should begin with a decision. The only person who can take this decision is the CEO, who must reach the conclusion that this is the way in which he wishes to manage his company. Ideally at this stage, he should carry his top management team with him, for not only must he have a measure of enthusiasm for his decision, but must also infect others with the same feeling[10]. The third stage occurs when corporate planning becomes part and parcel of the way the company is managed. (More on this in later discussion of this same section).

In the first stage, the organisation structure of the senior executives may appear in the traditional pyramid form as shown in figure 2 below.

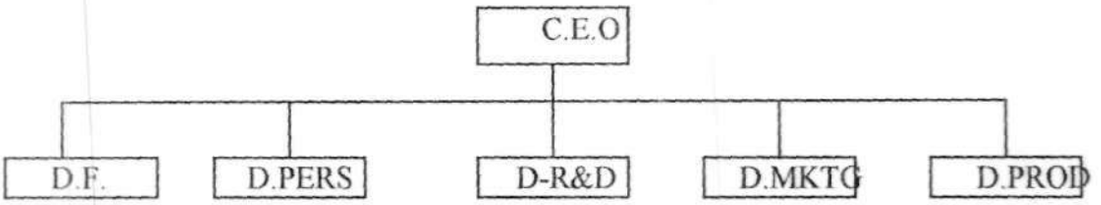


Figure - 2: The position of the CEO at development stage of corporate planning system.

10. This section is based on a seminar paper presented on "strategic planning methodology" by this researcher in November 1995 at a workshop organised by COMSEL management service Ltd at Siroro Hotel, Minna. Niger State.

In the second stage, the corporate planner may appear in a prominent position as one of the very senior members of the management team. In figure-3 for example, he appear as one of the directors reporting to and responsible to the CEO.

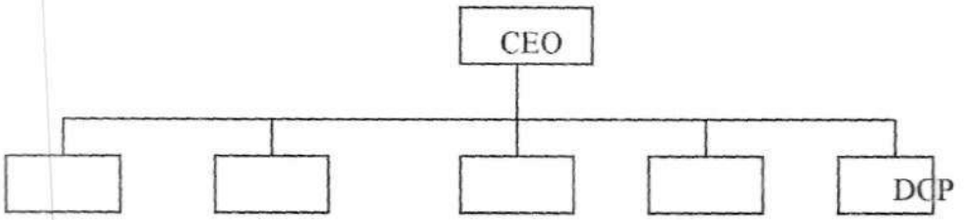


Figure--3: The position of corporate planner reporting to CEO as one of the directors.

For the corporate planner to appear as the head of a section inside one of the major departments may almost is certainly less than satisfactory because a central feature of corporate planning is that it concerns planning for the corporate whole which may be inadequately done where the corporate planner is responsible to an executive in charge of only a part of the whole. The corporate planner's advise to the company will be biased and tinted with the specialism and the politics of that part of the whole (company)[11].

The organisation structure will inevitably invite an unbalanced and inadequate planner in to lowly a position in the company hierarchy as shown in figure - 4. While figure- 4 shows the corporate planner in too weak and sectarian a position, figure - 5 shows him in an extremely strong position as a personnel adviser to the CEO.

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11. Ibid. Page 5

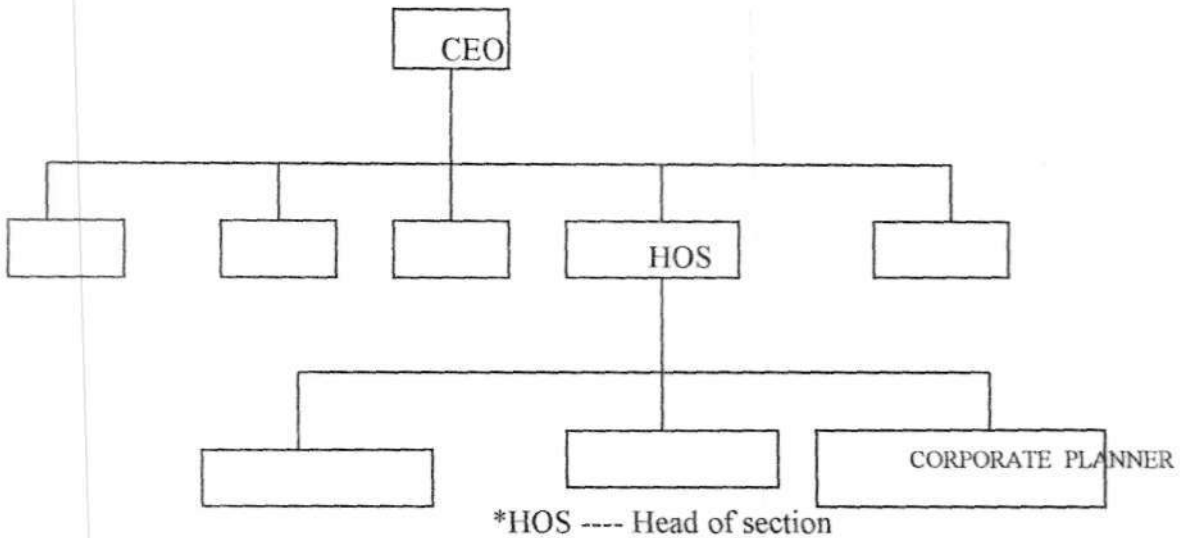


Figure --4 Showing the corporate planner in too lowly a position in hierarchy.

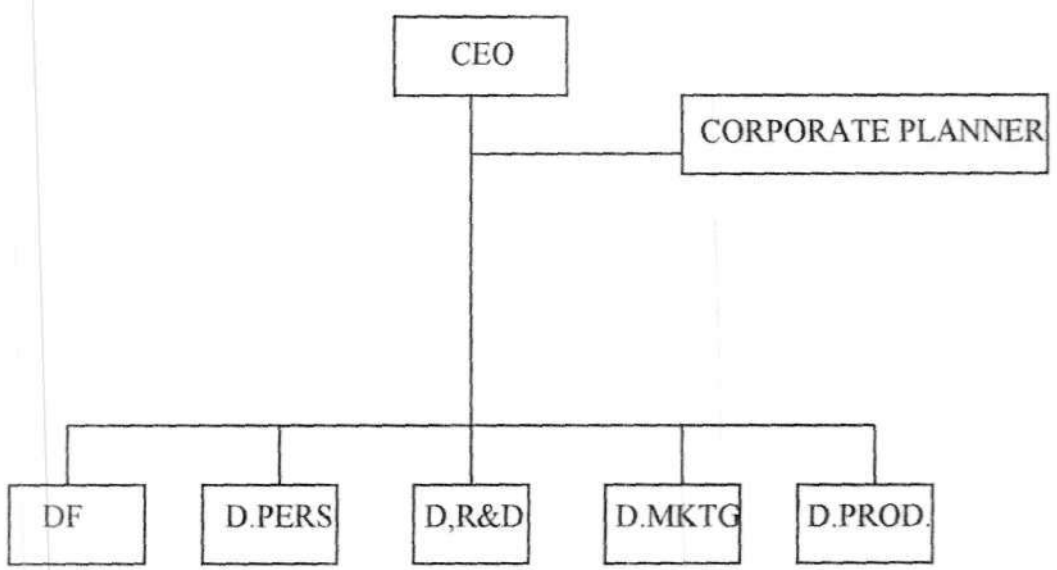


Figure-5 Showing the corporate planner in extremely strong position as:-adviser to the CEO

The arrangement would be appropriate where the CEO habitually takes the strategic decisions himself without consulting his senior executives and in a few other circumstances *(i.e. the master strategist approach to forming a strategy)*. However such configuration would place the corporate planner in a position of previledge that would be resented by the other senior executives. Thus resentment would be largely avoided of the configuration in figure - 6 was adopted.

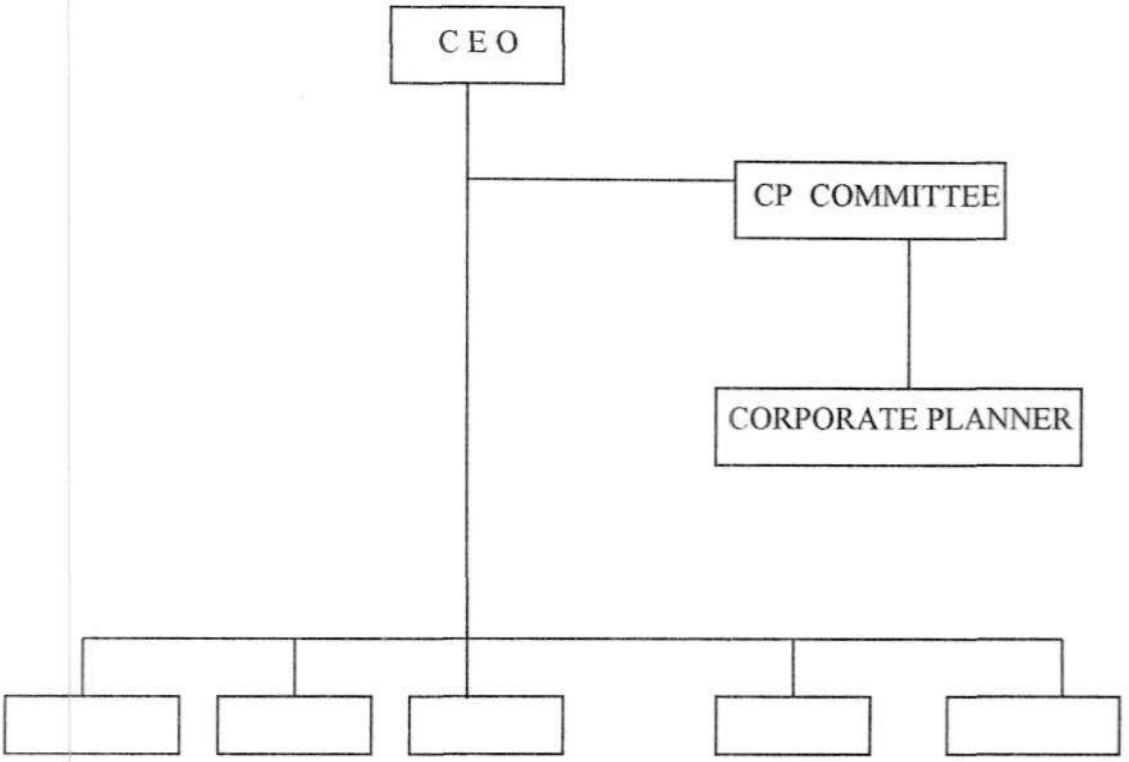


Figure - 6 Shows a corporate planning committee with appropriate selection from the senior executives and CEO as chairman.

In this, the CEO forms a corporate planning committee (of which he would probably be the c chairman) composed of an appropriate selection from the senior executives and serviced and advised by the corporate planner (the collaborative Approach to strategy formulation). This is particularly valid for large companies which consist essentially of a central head office controlling several subsidiary companies any of which may be large enough to warrant to a corporate planner[12].

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12 Ibid Page 6.

These basic managerial approaches to forming a strategy illuminate several aspects about how strategy emerges. In situations where the manager - in - charge personally functions as the chief architect of strategy, the choice of what strategic course to steer is often influenced by his/her own vission of how to position the enterprise and by the manager's ambitions, values, business philosophies, and sense of what moves to make next. The primary weakness of the master strategist approach is that the calibar of the strategy depends so heavily on the strategy - making skills of the individual functioning as strategy commander. Highly centralised strategy - making can work fine when the manager-in-charge has a powerful, insightful vission of what needs to be done and how to do it. But it can break down in a large complex organisation where many strategic initiatives are needed and the CEO's grasp of the situation is stretched thinly over many issues and problems.

On the other hand, when the manager - in - charge delegates much of the strategy - making task to others, the resulting strategy seldom bears his/her personal stamp. Often, the strategy that emerges is shaped by influential subordinates, by powerful functional departments, or by political coalitions that have a strong interest in promoting their particular version of what the strategy ought to be[13]. "Politics" and the exercise of power are most likely to come into play in situations where there is no strong consensus on what strategy to adopt; this opens the door for a political situation to emerge.

The collaborative approach is conducive to political strategy formation as well, since powerful departments and individuals have ample opportunity to build a consensus for their favoured strategic approach. However, the big danger of a delegate-do-it-to-

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13. Thompson and Strickland "Approaches to performing the strategy - making task" Page 54

others approach is a serious lack of top-down direction and strategic leadership. The value of top - down strategy - making is to add cohesion and unity to the strategy - making necessarily done in the lower echelons of the organisation.

If corporate planning is seen to be effective by the management, then, over a period of years it will become ingrained in the management style of the company. It will then no longer be necessary to employ a formal system designed to force management attention on to strategic questions. Indeed the senior executives may come to accept that strategic planning is their main task and will increasingly delegate short term management problems to carefully chosen, it may be possible to eliminate the post of corporate planner and to abolish the corporate planning department. At least it may be desirable to move the corporate planner into a management service department along with other specialists in operation, research, computing, commercial law, and so on; from where or there, he will be available to advise on planning technicalities.

2.4 ENVIRONMENTAL ANALYSIS.

The first step of the strategy management process is environmental analysis. Organisations are generally viewed as open management systems that are constantly interacting with their environment. In essence, an organisation can be successful only if it is appropriately matched to its environment. *Environmental analysis* is the study of the organisational environment to pinpoint environmental factors that can significantly influence organisational operations managers commonly perform environmental analysis to help them understand what is happening both inside and outside their organisational

strategies they develop will appropriately reflect the organisational environment[14].

In order to perform an environmental analysis efficiently and effectively, a manager must thoroughly understand how organisational environments are structured. for purpose of environmental analysis, the environment of an organisation is generally divided into three (3)

distinct levels: (1) the general environment, (2) the operating environment, (3) and the internal environment[15]. Figure 7 below illustrates the relative positions of these levels to one another and to the organisation; it also shows the important components of each level

14. See SAMUEL c, Certo: Modern management, 5th Edition (c) 1992. "Environmental Analysis" Page 191

15. Philip S, Thomas, "Environment Analysis for corporate planning," Business Horizons (OCTOBER 1974), Page 27-28

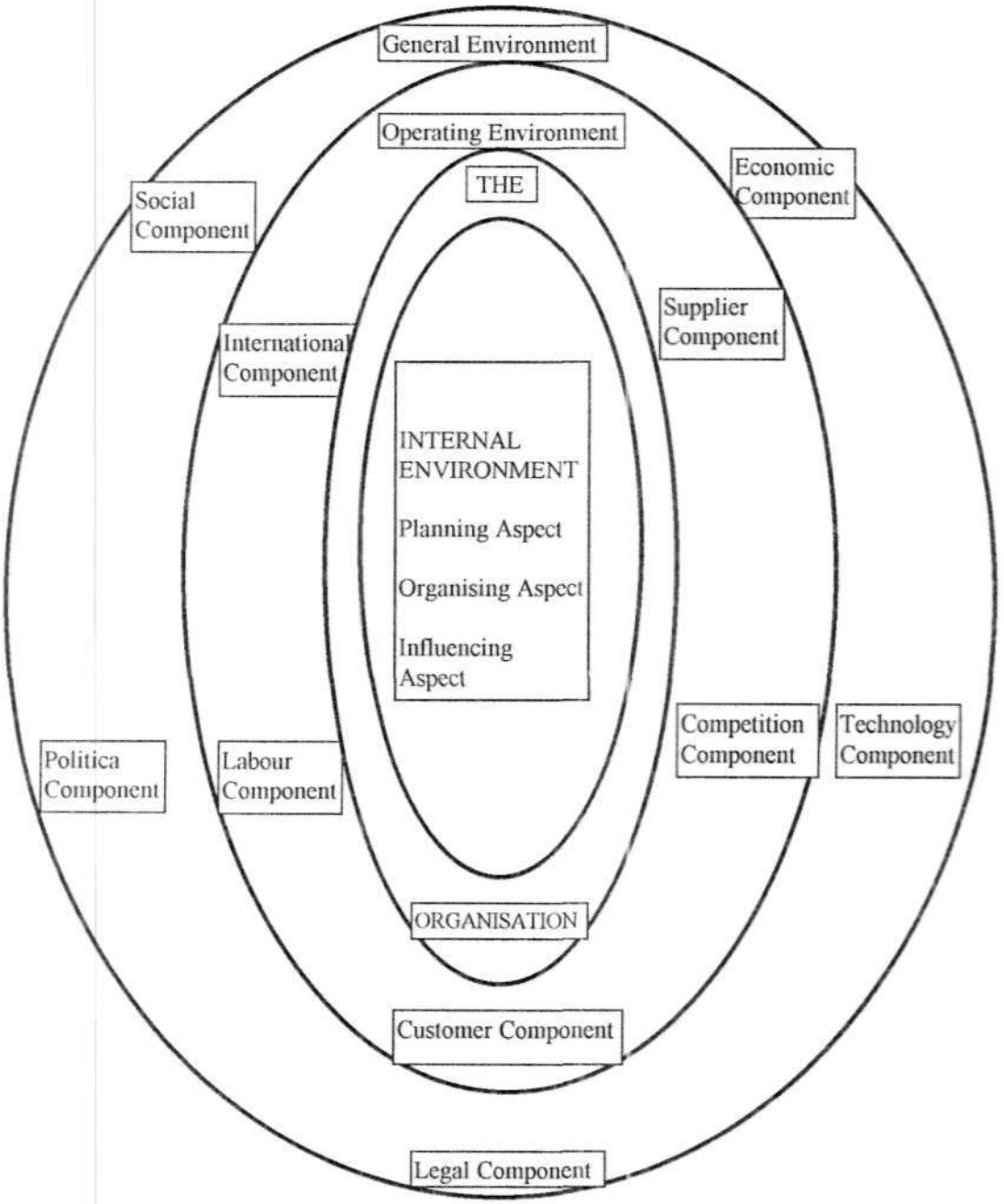


Figure- 7 The organisation, the levels of its environment, and the components of those levels.

Overall, managers must be aware of these three environmental levels understand how each level affects organisational performance; and then formulate organisational strategies in response to this understanding.

2.4.1 THE GENERAL ENVIRONMENT

The level of an organisation's external environment that contains components normally having broad long-term implications, for managing the organisation is the *general environment.* The components normally considered part of the general environment are economic, social, political, legal and technological

i.-----The economic environment is that part of the general environment that indicate how resources are being distributed and used within the environment. This component is based on *economic*, the science that focus on understanding how people of a particular community or nation produce, distribute and use various goods and services. Important issues considered in an economic analysis of an environment generally include the wages paid to labour, inflation, the taxes paid by labour and businesses, the cost of materials used during the production process, and the prices of which produced goods and services are sold to customers.

Economic issues such as these can significantly influence the environment in which a company operates and the case or difficulty the organisation experiences in attempting to reach its objectives, for example, it should be somewhat easier for an organisation to sell its products at higher prices if potential consumers in the environment are earning relatively high wages and paying relatively how taxes than of these same potential customers are earning relatively how-wages and have significantly fewer after- tax naira to spend.

Naturally, organisational strategy should reflect the economic issues in the organisation's environment. To build on the proceeding example, of the total amount of after - tax income that potential customers earn has significantly declined, an appropriate organisational strategy might be to lower the price of goods or services to make them more available carefully, however, because it could have a serious impact on organizational profits.

ii-----The social component; is the part of the general environment that describes the characteristics of the society in which the organisation exists. Two important features of a

society commonly studied during environmental analysis are demographics and social values[16].

Demographics are the statistical characteristics of a population. The characteristics include changes in number of people and income distribution among various populations segments. These changes can influence the reception of goods and services within the organisation. environmental and this should be reflected in organisational strategy.

For example, the demand for retirement housing probably would increase dramatically if both the number of people and the income of retries in a particular market area doubled. Effective organisational strategy would include a mechanism for dealing with such a probable increase in demand within the organisation's environment.

An understanding of demographics also aimed at recruiting new employees to fill certain positions within an organisation. Knowing that only a small number of people have a certain type of educational background, for example, would indicate to an organisation that it should complete more intensely to attract these people. To formulate a recruitment strategy, management need a clear understanding of the demographics of the groups from which employees eventually will be hired.

Social values are the relative degrees of worth that society places on the ways in which it exists and functions. Over-time social values can change dramatically, causing obvious change in the way people live. There a number of ways in which changes in social values can cause changes in the way people live. for example at one time, people lived in one place all their lives. Now, there are thousands of people who are nomads. They live in campers and motor homes and move from place to place as jobs open up or as the spirit moves them. This provides opportunities for and threats to firms.

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16. This section is based on William F. Glueck et-al Business policy and strategic management (New York McGraw-Hill, 1984) Page 99-110

Another similar examples that, increased education has led to new attitudes on the part of employees about how many hours they wish to work, the quality of life they expect at work, and the kind of supervisory style they expect, which can affect how strategies are developed and implemented. Now benefits programmes are also needed for new lifestyles.

These changes alter the organisational environment and, as a result, have an impact on organisational strategy. It is important for managers to remember that although changes in the values of a particular society may come either slowly or quickly, they are meritable.

iii - The Political Component;

Is the part of the general environment that contains the elements related to government affairs. Examples include the type of government in existence, the government's attitude towards various industries, lobbying efforts by interest groups, progress on the passage of laws, and political party platforms and candidates. Recent events such as the shift from a marxist-socialist government in the Eastern Europe illustrate how the political component of an organisation's general environment can charge at the international level.

iv- The legal component;

Is the part of the general environment that contains passed legislation. Simply stated, this component is the rules or laws that society's members must follow. Some examples of legislation specifically aimed at the organisations are those of the clean Air Act that focuses on minimizing air pollution, the occupational safety and Health Act that aims at maintaining a safe work-place, the comprehensive Environmental Response, compensation, and Liability Act that emphasizes controlling hazardous waste sites, and the consumer products safety Act that upholds the notion that businesses must provide safe products for consumers. Naturally, overtime, new laws are passed and some old ones are eliminated.

v - The technology component;

Is the part of the general environment that includes new approaches or techniques of producing goods and services. These approaches can include new procedure as well as new equipment. The trend toward exploiting robots to improve productivity is an example of the technology component.

2.4.2 THE OPERATING ENVIRONMENT

The level of an organisation's external environment that contains components normally having relatively specific and more immediate implications for managing the organisation is the **operating environment.** As figures 7 shows, major components of this environmental level are generally thought to include customers, competition, labour, suppliers, and international issues.

i - The Customer environment;

Is the operating environment segment that is composed of factors relating to those who buy goods and services provided by the organisation. Profiles-detailed descriptions-of those who buy organisational products are commonly created by businesses. Developing such profiles helps management generate ideas for improving customer acceptance of organisational goods, and services.

ii - The competition component;

Is the operating environment segment that is composed of those with whom an organisation must battle in order to obtain resources. Overall, strategy involves the search for a plan of action that will give one organisation an advantage over its competitors.[17]

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17. Bruce Henderson, "The origin of strategy" Havard Business review (November/December 1989) page 139-143.

Because understanding competitors is a key factor in developing effective strategy, understanding the competitive environment is a fundamental challenge to management. Basically, the purpose of competitive analysis is to help management understand the strengths, weaknesses.

Capabilities, and likely strategies of existing and potential competitors.

iii - The labour component;

Is the operating environment segment that is composed of factors influencing the supply of workers available to perform needed organisational tasks. Issues such as skill levels, trainability, desire wage rates, and average age of potential workers are important to the operation of the organisation. Another important but often overlooked issue is the potential worker's desire to work for a particularly organisation.

iv - The supplier component;

Is the operating environment segment that entails all variables related to the individuals or agencies that provide organisations with resources needed to produce goods or services. The individuals it agencies are called **Suppliers.** Issues such as how many suppliers offer specified resources for sale, the relative quality of the materials offered by suppliers, the rehability of supplier deliveries, and the credit terms offered by suppliers all become important in managing an organisation effectively and efficiently.

v- The International Component;

Is the operating environment segment that is composed of all the factors relating to the international implications of organisational operations. Although not all organisations must deal with international issues, the number is increasing dramatically and continually significant factors in the international component include

other countries' laws, culture, economics, and politics. Important variables within each of these four categories are presented in table 2 below:

Table 2 Important aspects of the international component of the organisation's operating environment.

Legal environment	**Cultural Environment**
Legal tradition	Custom,norms,values,beliefs
Effectiveness of legal system	Language; Motivations
Treaties with foreign nations	Attitudes
Patent and trademark laws	Social institutions
Laws affecting business firms	Status symbols
EC	Religious beliefs
Economic Environment	**Political System**
Level of economic development	Form of government
Population;Climate	Political ideology
Gross National Product(GNP)	Stability of government
Percapital income	Strength of opposition-
Social infrastructure	-Parties and groups
Monetary and fiscal policies	Social Unrest
Nature of competition	Government attitude toward
Currency convertibility	-Foreign firms
Inflation; Literacy Level	-foreign policy
Taxation system	
Interest rates; Wage and Salary Levels.	

2..4.3 THE INTERNAL ENVIRONMENT

The level of an organisation's environment that exists inside the organisation and normally has immediate and specific implications for managing the organisation is the **internal environment.** In broad terms, the internal environment includes marketing, finance, and accounting. From a more specifically management view point, it includes planning, influencing, and controlling within the organisation. Table 3 below contains these more management-specific factors in the internal environment and sample questions that manages can ask in exploring them.

Table 3 several management-specific aspects of an organisation's internal environment and questions related to exploring them.

Planning Aspects

- Are organisational plans clearly linked to organisational goals?
- Is the sequencing for the performance of specific tasks appropriate?
- Are the plans developed for both the short term and the term?

Organising Aspects.

- Are tasks assigned to the right people?
- Do organising efforts put plans into action?
- Are tasks appropriately assigned to either individuals or groups?

Influencing Aspects

- Do the rewards offered employees actually motivate them?
- Are organisation members encouraged to do work that actually contributes to Organisational goal attainment?
- Is communication within the organisation effective and efficient?

Controlling Aspects

- Is information gathered to measure recent performance?
- Is present performance compared to pre established standards?
- Are organisational characteristics modified when necessary to ensure that pre established standards are met?

For each of these issues, the questions are; are we weak or strong, and can we translate our weakness into assets and capabilities or our strengths. A company should use its strengths to exploit the opportunities existing and to create new opportunities. It should also use its strengths to comteract the threats posed by the external environment and to eliminate its weakness(es). The company should avoid taking action with respect to the external environment where the company knows that it is weak and can not sustain the actions if there is counter action from its competitors.

As stated earlier, an assessment of external environment pre-supposes that the enterprise is an open system. The purposes of this environment is to;

*determine the opportunities and threats facing the organisation;

*help management identify, analyse, and systematise the environmental evaluation process for better results;

*provide a forum for sharing divergent views about the changing environment;

*firm up vague opinions about the evolving environment;

*stimulate creative thinking, and to provide a base for continuing the strategy;

planning processes.

General speaking therefore, after the internal and external environmental analysis, the company is now in a position to map out strategies that are appropriate for corporate objectives formed in the light of its strength and weaknesses, opportunities and threats.

2.5 ESTABLISHING ORGANISATIONAL DIRECTION

The second step of the strategy management process in establishing organisational direction. Through an interpretation of information gathered during environmental analysis, managers can determine the direction in which an organisation should move. Two important ingredients of organisational direction are organisational mission and organisational objective.

(i) - Determining Organisational Mission.

The most commonly taken initial act in establishing organisational direction is to determine an organisational mission. Management's vision of what the organisation is trying to do and to become over the long-term is commonly referred to as organisation's **mission**. In other words, **organisational mission** is the purpose for which - the reason why-an organisational exists. And according to John Argenti, the purposes of an organisation (coperate purpose) is;

> "the reason why any organisational was formed and it continues to exist. Corporate purpose is the vindication for all its strategies, all its actions, indeed everything it ever does in its entire life history. It is the justification for its very existent, its **raison d'etre**. It is the sole criterion by which one may judge whether an organisation is a success or a failure. It is the ends as oppose to the means. An organisation's corporate purpose is unalterable. If it is

changed, the organisation itself would have to be reconstituted as a new legal entity"

In general, the firm's organisational mission reflects such information as what types of products or services the organisation produces, who its customers tend to be, and what important values it holds. Indeed, a **mission statement** specifies what activities the organisation intends to pursue and what course management has charted for the future. It outlines "who **we** are, what **we** do, and where **we** are headed". Mission statements are thus personalised in the sense that they set an organisation apart from others in its industry and give it its own special identity, character, and path for development. Organisational mission is therefore a very broad statement of organisational direction and is based upon a thorough analysis of information generated through environmental analysis.

Without a concept of what the organisation should and should not do and a vision of where the organisation needs to be going, a manager is ill-equipped to function effectively as either leader or strategy-maker.

There are three distinct aspects to the task of formulating a mission:

- A→ Understanding what business an organisation is really in(i.e defining the business.) Defining what business an organisation is really in is a composite of three factors;[18]

1. Customer needs-what is been satisfied
2. Customer groups-who is been satisfied.
3. The technologies used and functions performed-how customers needs are satisfied.

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18. Derek f. Abell, Defining the Business: The starting point of strategic planning (Englewood Cliffs, N.J,: Prentice Hall, 1980), page `169. - see Thompson Strickland page 24.

Defining a business in terms of what to satisfy, who to satisfy, and how the organisation will go about producing the satisfaction adds completeness to the definition.

It also directs management to look outward toward customers and markets as well as inward in forming its concept of "who we are and what we do". A good example of a business defining that incorporates all three aspects is a paraphrase of polarviod's business definition during the early 1970s: "Perfecting and marketing instant photography to satisfy the needs of more affluent Nigerian families for affection, friendship, ---------and humour".

- **B→** Deciding when to change the mission and alter the organisation's strategic course.

Mission and alter the organisation's strategic course.

***C→** Communicating the mission in ways that are clear, exciting, and inspiring. Communicating the mission to subordinate managers and employees is almost as important a task as developing the mission. Effective mission statements are inspiring- they call for the best in one way or another. But, if senior executives fail to communicate the mission in ways that induce buy-in and a sense of purpose, or if they don't provide a convincing rationale for why the organisation has to move in new directions, the mission statement will do little to change employee's' attitudes, thinking, and behaviour. Such an outcome makes it almost impossible to move the organisation down the chosen path/direction.

ii - Establishing long-range and short-range objectives: the second direction-setting task.

The act of setting objectives serves the purpose of converting the mission and direction into something specific to shoot for, something specific to achieve. Objectives or goals are in this sense, general statement(s) of measurable results to be achieved. Objectives or goals

therefore represent not only the end point of planning but the end toward which organising, staffing, leading, and controlling are aimed.

According to Bozeman, Phatac, and Shellen Berger in their book strategic management; text and cases, corporate objectives are synonymous with strategic objectives. And they defined strategic objectives as "the ends that the total organisation hopes to achieve, in fulfilling its basic mission."[19] Organisational objectives are therefore those ends which the organisation (or even units, sections or departments within it) seeks to achieve by its existence and operations.

Objectives are needed for each **key result** that managers deem important to success. Specific key result areas where objectives are usually needed include overall

size and rank in he industry, annually growth in the revenue, and earning return on investment annual dividend increases, market share, reputation for product quality and/or technological leadership, recognition as a ' blue chip ' company ability to ride out ups and downs in the economy, degree of diversification, financial strength, customer services and cost competitiveness.

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19. The literature of management is filled with references to goals and objectives. These terms are used in a variety of ways, many of them conflicting. Some writers use the term goals to refer to the long-run results an organisation seeks to achieve and the term objectives to refer to immediate, short-run performance targets.

Some writers reverse the usage, referring to objectives as the desired long-run results and goals as the desired short-run result. Others use the terms interchangeably. And still others use the term goals to refer to general organisation-wide performance targets and the term objectives to mean the specific targets set by subordinate manager in response to the broader, more inclusive goals of the whole organisation.

In the view of this researcher, there is little point in getting bogged down in semantic distinctions between the terms goals and objectives; the important thing is to recognise that the results on enterprise seeks to attain vary both in scope and in time perspective. In nearly every instance, organisations need long-range and short-range performance targets. It is managerially irrelevant which targets are called "goals" and which are called "objectives".

To avoid creating any move of a semantic jungle, the single term OBJECTIVE is here used to refer to the performance targets and results an organisation seeks to attain.

The adjective long-range(or long-run) and short-range (or short-run) is also used to identify the relevant time frame, and attempt is made to describe objectives to indicate their intended scope and level in the organisation.

* sununarised from Thompson and Stricklang - page 30-31

Both long range and short rang objectives are needed. Long -range objectives services two purposes. Fist. they raise the issue of what actions to take **now** in other to reach the targeted long-range per formance **later** (a manager can seldom wait untill the end of the year -4 to begin working on what need to be achieved in year -5 !). Second having long range objectives pushes managers to weight the impact of today 's decision on long -range performance. Without the pressure to meet long-range performance targets, managers invariably base decisions on what is most expedient in the near term.

Short-range objectives spell out immediate and near-term results to be achieved. They indicate the speed at which the organisation needs to move along its charted path as well as the level of performance being aimed for. They represent a commitment by managers to produce specified result in a specified time frame. This means objectives must spell out how much by when

Short-range objectives, spell out the immediate and near-term results to be achieved. They indicate the speed at which the organisation needs to move along its charted path as well as the **level of performance** being aimed for. They represent a commitment by managers to produce specified results in a specified time frame. This means objectives must spell out **how much by when**.

Short-range objectives can be the same as long range objectives when an organisation is already performing at the target long range level. For instance, if a company has on going objective of 15 percent profit growth every year and is currently achieving this objective, then the company's long-range and short range profit objectives coincides. The most important situation where short range objectives differ from long-range objectives occurs when managers are trying to elevate organisational performance and cannot reach the long-range /on going target in just one year; Short-range objectives then serve as steps for reaching the ultimate target .

Unless an organisation 's mission and direction are translated into **measurable** performance targets, and until real pressure is put on managers to show progress in reaching these targets, the organisation's mission statement will likely end up as nice words ,good intentions , and unrealised dreams of accomplishment. The hard knocks of experience tell a powerful story about why objective setting is a critical task in the strategic management process : **companys whose managers set objectives for each key result area and then aggressively pursue actions calculated to achieve their performance target are strong candidate to outperform the companies whose managers operate with hopes, prayers and good intensions.**

It is essential that performance objectives be stated in quantifiable or measurable terms and that contain a **deadline for achievement** .This means avoiding statements like "maximize profit s , "reduce costs" , 'become more efficient', or "increase sales", which specify neither how much or when .

Spelling out strategic targets in measurable terms and then holdings managers accountable for reaching their assigned targets within a specified time frame .

(i) - Substitutes purposeful, strategic decision making for aimless actions and confusion over what

to accomplish and

(ii) - Provides a set of bench marks for judging the organisation 's actual strategic performance.

There is some controversy about whether an organisation should use the top-down or bottom-up approach in setting objectives. In the top-down approach, upper level managers determine the objectives for subordinates; while in the bottom-up approach, subordinates initiate the setting of objectives for their position and present them to the superior. Proponents of the top-down approach suggest that the total organisation needs direction

through corporate objectives provided by CEO(in conjunction with the board of directors). Proponents of the bottom-up approach, on the other hand, argue that top management needs to have information from lower-levels in the form of objectives.

Experience has shown that the bottom-up approach is under utilised, but also that either approach alone is insufficient. Both are essential but the emphasis should depend on the situation, including such factors as the size of the organisation, the organisational culture, the preferred leadership style of the executive, and the urgency of the plan. Some scholars have argued that objective(s) may be set through bargaining (compromise) of the different stake-holders within the organisation.

However, in-so-far the establishment and definition of corporate objectives is concerned, the responsibility can not be effectively delegated. Top management lives in an environment different from that of the other members of firm. How they perceive trends in the environment, based upon their experience and their ability is obviously different from how lower-level management perceives them. Consequently, top management, with its broad responsibility for long-run efficiency of the firm must assume this task.

The point must however be stressed that for strategic thinking and strategy-driven decision-making to penetrate deeply into the organisational hierarchy, performance targets must be established not only for the organisation as a whole but also for each of the organisations separate business and product lines and down to each functional area and department within the business-unit/product-line structure[20]. Only when every manager, from the CEO down to the lowest strategy manager, is held responsible/accountable for achieving specific results in the units they head is the objective-setting process complete enough to ensure that the whole organisation is pointed down the chosen trail and that each part of the organisation knows what it needs to accomplish.

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20. Peter F. Drucker, management: Tasks, Responsibilities, Practices (New York: Haper & Row, 1974), page 100.

2.6 CORPORATE STRATEGY DEVELOPMENT

After managers involved in the strategic management process have analysed the environment and determined organisational direction through the development of a mission statement and organisational objectives, they are ready to formulate strategy. **Strategy formulation** is the process of determining appropriate courses of action for achieving organisational objectives and thereby accomplishing organisational purpose.

As a concept, a strategy is a specific action that a firm will take to achieve an objective. Defined more technically, a strategy is a long-term commitment of resources to achieve specified objectives in a competitive environment. And by corporate strategy therefore, we mean the mix of policies and strategy plans that will enable a firm to achieve the objective established. Strategy is very much a question of choice from the alternative paths open to the company. The number of alternatives available to any company is legion, and their identification and analysis may be a complex task.

Organisations need strategy in order to have guidelines for **how** to achieve objective and **how** to pursue the organisation's mission. Strategic making in all about **how** - about choosing from the array of options. Without a strategy or overall game plan, there can be no consistency and ineffectively to generate a coherent response to the situation and problems it confronts. In addition organisations need strategies in order to out compete rivals, to manoeuvre through threatening environments, and to focus their efforts[21]. In forming a strategy out of the many options that exist, the strategist acts a forger of responses to market change, a seeker of new opportunities, and a synthesizer of the different moves and approaches taken at various times in various parts of the organisation.

21. See Henry Mintzberg "The strategy concept II: Another look at why organisations" nees strategy". California management review 30, no 1 (fail 1987) page 25-32.

2.6.1 Toll for Developing Organisation Strategies

Managers formulate strategies that reflect environmental analysis, lead to the fulfilment of organisational mission, and result in the reaching of organisational objectives. Special tools that managers can use for assistance in formulating strategies include

- Critical question analysis
- SWOT analysis
- Business portfolio analysis
- M.Porter's model for industry analysis.

The four strategy development tools are related but distinct. Managers should use which one tool or combination of tools seems most appropriate for them and their organisations.

1→ Critical Question Analysis

A synthesis of the ideas of several contemporary management writers suggests that formulating appropriate organisational strategy is a process of **Critical question analysis**- answering the following four basic questions.

(i) What are the purposes and objectives of the organisation?

The answer to this question states where the organisation wants to go. As indicated earlier, appropriate strategy reflects organisational purpose and objectives. By answering this question during strategy formulation, managers are likely to remember this important point and thereby minimize inconsistencies among purposes, objectives and strategies.

(ii) Where is the organisation presently going?

The answer to this question can tell managers if an organisation is achieving organisational goals and, if so, whether the level of such progress is satisfactory. Whereas

the first question focuses on where the organisation wants to go, this one focuses on where the organisation is actually going.

(iii) **In what kind of environment does the organisation now exist?**

Both internal and external environments-factors both inside and outside the organisation-are covered in this question. For example, assume that a poorly trained middle-management team and a sudden influx of competitors in a market are factors that exist respectively in the internal and external environments of an organisation. Any strategy formulated, if it is to be appropriate, probably should deal with these factors.

(iv) **What can be done to better achieve organisational objectives in the future?**

The answer to this question actually results in the strategy of the organisation. The question should be answered, however, only after managers have had adequate opportunity to reflect on the answers to the previous three questions. Managers can develop appropriate organisational strategy only if they have a understanding of where the organisation wants to go, where the organisation is going, and in what environment the organisation exists.

2→ SWOT Analysis.

SWOT analysis is a strategic planning tool that matches internal organisational strengths and weaknesses with external opportunities and threats [22]. (SWOT is an acronym for a form's Strengths and Weaknesses and its environmental Opportunities and Threats). SWOT analysis is based on the assumption that if managers carefully review such strengths, weakness, opportunities, and threats, a useful strategy for ensuring organisational success will become evident. There are four alternative strategies as shown in the figure 8 below based on the analysis of the external environment (threats and opportunities) and the internal environment(weaknesses and strength).[23]

22. **This section is based on SAMUEL C. CERTO; strategic planning. Chapter 7, page 200-207.**
23. **See Koontz H and H. Weihrich, MANAGEMENT 19th Edition) © 1988 The Swot matrix; A modern tool for analysis of the situation. Page 111-112.**

Internal Factor / External Factors.	Internal Strategths(S) e.g Adequate financial resources, quality product or service, costadvantage, an acknowledge market leader e.t.c.	Internal Weaknesses(W) e.g Obsolet facilities, no clear strategic direction, A deteriorating competitive position lack o quality product or service etc.
External Opportunities(O) (consider risks also)e.g current and future economic conditions; political and social changes; new products, services and technology.	**SO strategy**: Maxi-Maxi Potentially the most successful strategy, utilising the organisation's strengths to take advantage of opportunities.	**WO strategy**: Mini-Maxi **E.G** developmental strategy to overcom weaknesses in order to take advantage o opportunities
External Threats (T) e.g lack of energy, likely entry of new competitors, rising sales of substitute products, changing buyers needs and taste e.t.c.	**ST strategy**: Maxi-Mini **E.G.** Use of strengths to cope with threats or to avoid threats.	**WT strategy**: Mini-Mini **E.G.** retrenchment, liquidation or join venture.

Figure 8: THE SWOT MATRIX FOR STRATEGY FORMULATION.

(i) The **SO strategy** is the most desirable position when a company can use its strengths to take.

Advantage of opportunities. Indeed, it is the aim of enterprises to move from any other position in the matrix to this situation. If they have weaknesses, they will strive to overcome, making them strengths. If they face threats, they will cope with them so that they can focus on opportunities.

ii * The **ST strategy** is based on the organisation's strengths to deal with threats in the environment. The aim is to maximise the strengths while minimising the threats. Tus a company may use its technological, financial, managerial, or marketing strengths to cope with the threats of a new product introduced by its competitor.

iii * The **WO strategy** attempts to minimise the weaknesses and maximise opportunities. This a firm with certain weaknesses in some areas may either develop those areas within the enterprise or acquire those needed competencies from the outside/ such as technology or

persons with needed skills, making it possible to take advantage of opportunities in the external environment.

Iv* The **WT strategy** is to minimise both weaknesses and threats and may require the company, for example to form a joint venture, or even liquidate.

So far, the factors displayed in the **SWOT** matrix pertain to analysis at a particular point in time. External or internal environments are dynamic: Some factors change over time while others change very little. Because of the rapidly changing environment, the strategy designer must, prepare several **SWOT** analysis/matrixes at different points in time. Indeed, the SWOT matrix was proposed to underscore the distinct strategic choices required for combining factors identified in the analysis of the internal and external environment.

Table 4 contains several key considerations that managers should cover in performing a SWOT analysis.

TABLE 4 Important Considerations for SWOT analysis

Internal		External	
Strengths	**Weaknesses**	**Opportunities**	**Threats**
A distinctive competence?	No clear strategic direction?	Enter new markets	Likely entry of
Adequate Financial	A deteriorating Competitive	or segments?	New competitors?
Resources?	Position?	Add to product line?	Rising sales of substitutes?
Good competitive skills?	Obsolete facilities?	Diversity into	slower market
Well thought of buyers?	Subpart profitability because--------	add complementary products?	Adverse government
policies?			
Quality of product or service?	Lack of quality product or service?	Integrate vertically?	Growing competitive
pressures			
An acknowledge market leader?	Lack of managerial depth and talent?	Integrate vertically?	Vulnerability to business
cycle?			
Well conceived functional area		Able to move to better	Growing bargaining
Strategies?	Weak market image?	Strategic group?	Power of customers or
supplier?			
Access to economics of scale?	Missing key competencies?	Complacency among	Changing buyer need or
taste?			
		rival firms?	
Insulated(at least somewhat)	Poor track record in implementing		
From strong competitive	strategy?		
Pressure?	Plagued problems?	Faster market growth?	Adverse demographic
	Operating problems?		Changes?
Proprietary Technology?	Vulnerable to competitive	Others?	
	Pressures?		
Cost advantages?	Falling behind in R&D?		Others?
Competitive advantages?	Too narrow a product line?		
Product innovation	competitive disadvantages?		
Abilities?			
Proven management?	Below average marketing-skills?		

Other?	Inability to finance Needed changes in strategy? Others?

3 Business Portfolio Analysis.

Business portfolio analysis is another strategy development tool that has gained wide acceptance. **Business portfolio analysis** is an organisational strategy formulation technique that is based on the philosophy that organisations should develop strategy much as they handle investment portfolios. Just as sound financial investments should be supported and unsound ones should be discarded, sound organisational activities should be emphasized and unsound ones de-emphasised. Two business portfolio tools are the BCG Growth-Share Matrix and the GE Multi-factor portfolio Matrix.

(i) - The BCG Growth-Share Matrix.

The Boston consulting Group (BCG), a leading manufacturing consulting firm, enveloped and popularised a portfolio analysis tool that helps managers develop organisational strategy base upon market share of businesses and the growth of markets in which businesses exist.

The first step in using the BCG growth-share matrix is identifying strategic business units (SBUs) that exist within an organisation. A **strategic business unit** is a significant organisation segment that is analysed to develop organisational strategy aimed at generating future business or revenue. Exactly what constitute an SBU varies from organisation to organisation . In larger organisation, an SBU could be a company decision , a single product or a complete product line. In smaller organisations, an SBUs might be the entire company . Although SBUs varies drastically in form, each has the characteristics of

(a) being a single business or collection of related business

(b)having its own competitors

(c)having a manager who is accountable for its operation, and

(d)being an area that can be independently planned for within the organisation.

After SBUs have being identified a particular organisation, the next step in using the BCG Matrix is to categorize them as being within one of the following four matrix quadrants as shown in the figure 9 below:

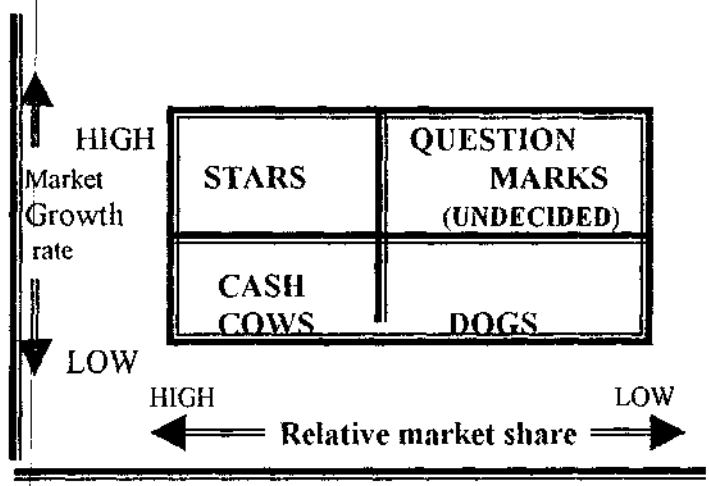


Figure 9 The BCG Growth-Share Matrix.

1* STARS: A star is a business in the high growth, strategy competitive position and typically need large amounts of cash to sup port their rapid and significant growth. A star business/ product also generate large amounts of cash for the organisation and are usually areas in which managements and earnattractive returns.

2*CASH COWS: SBUs product that are 'cash cows' have a large share of a market that is only growing slightly (or the product has reached maturity of the PLC). Naturally these SBUs provides the organisation with large amount of cash. Since the market is not growing significantly, however, the cash so generated is generally used to meet the financial demands of the organisation in other areas , such as in the expansion of the star SBU. Manager typically find "cash cows" very desirable because of the financial flexibility that a" cash cow" provides a manager.

3*OUESTION MARKS(UNDECIDED):

SBUs that are 'question marks' have a small share of a high-growth market They are called "question marks" because they are those business about which the company has to make a critical decision - Should they get in - or out ? The company/ product at this stage experiences a competitive disadvantage associated with how market share. IN this case, management would naturally attempts to turn question marks into stars through further investment. The company will therefore have to use more advertising, greater intensity of sales effort, better after sale service, attractive price offers, efficient distribution, attractive product features and other efforts which especially, in the short-run can be expected to strengthen position on shares.

4* DOGS: SBUs or products that are "dogs" have a relatively small share of a low-growth market. These businesses are usually not profitable and generally should be disposed of. They may even drain cash resources that other SBUs or products have generated. The company in this case may follow one of the concentration strategies, that is, strategic shrinking or divestment. The financial resources can be deployed in other operations.

Companies such as Shell Oil among others have used the BCG matrix in their strategy management processes. Indeed, the portfolio matrix was developed for large corporations with several divisions often organised around SBUs. There are however, some possible pitfalls in this technique. For example, the matrix does not consider such factors as **(a)** various types of risk associated with product development, **(b)** threats that inflation and other economic conditions can create in the future, and **(c)** social, political, and ecological pressures. **(d)** The model has also been criticised for being too simple, and for using growth rate criterion considered insufficient for the evaluation of an industry's attractiveness **(e)** Similarly, the market share as a yardstick for estimating the competitive position may be inadequate.

For the purpose of this research, the use of the GE Multifactor Portfolio Matrix as a strategic development tool shall not be considered just because of its similarity with the BCG Growth-Share matrix model.

4- Porter's Model For Industry Analysis

Perhaps the most well known tool for formulating strategy is a model developed by Michael E. Porter, an internationally acclaimed strategic-management expert. Essentially, Porter's model outlines the primary forces that determine competitiveness within an industry and illustrates how the forces are related. Porter's model suggests that in order to develop effective organisational strategies, managers must understand and react to forces within an industry that determine an organisation's level of competitiveness within that industry.

Porter's model is presented within figure 10 below:

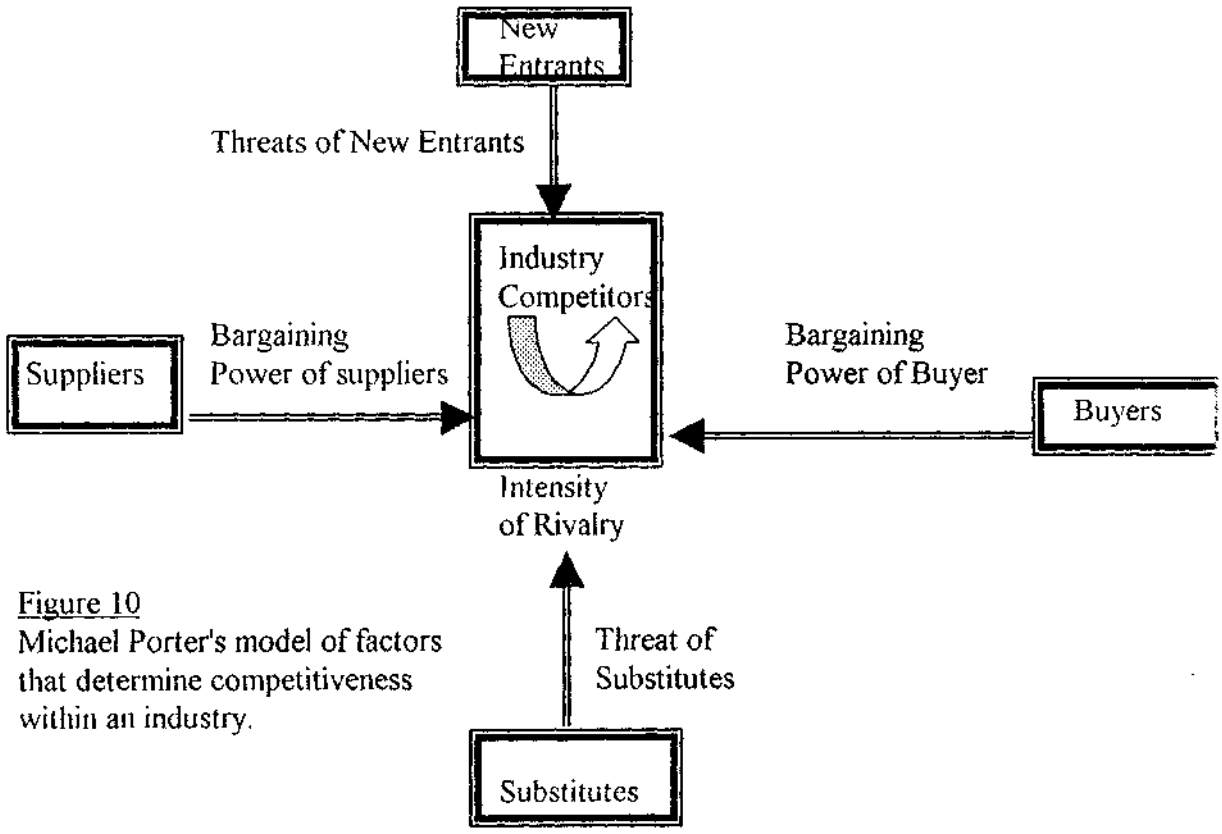


Figure 10
Michael Porter's model of factors that determine competitiveness within an industry.

Determinants of substitution threats
1- Relative price performance of substitutes
2- Switching cost
3- Buyer propensity to substitute.

According to the model, competitiveness within an industry is determined by the following:

- new entrants or new companies within the industry;
- products that might act as a substitute for goals or services that companies within the industry produce;
- the ability of suppliers to contract issues like costs of materials that industry companies use to manufacture their product;
- the bargaining power that buyers possess with the industry;
- and the general level of rivalry or competition among firms within the industry.

According to the model, buyers, product substitutes, suppliers, and potential new companies within an industry all contribute to the level of rivalry among industry firms.

Understanding the forces that determine competitiveness within an industry should help managers develop strategies that will tend to make individual companies within the industry more competitive. Porter has developed three generic strategies to illustrate those that managers might develop to make organisations more competitive:

1→differentiation.

Differentiation is a strategy that focuses on making an organisation more competitive by developing a products(s) that customers perceive as being different from products offered by competitors. Products might be offered to customers as different because of uniqueness in areas like product quality, design, or level of service after sale. Examples of products that customers commonly purchase because they are perceived a being different include SWAN (bottle) water and Honda automobiles, because of their quality.

2→ cost Leadership

Cost leadership is a strategy that focuses on making an organisation more competitive by producing its products more cheaply than competitors can. According to the logic behind this strategy, by producing products move cheaply than competitors, organisations can offer products to customers at lower prices than the competitors; and thereby hope to increase market share. Examples of tactics managers might use to gain cost leadership include obtaining lower prices for product parts purchased from suppliers and using technology like robots to increase organisational productivity.

3→ FOCUS.

Focus is a strategy that emphasizen making an organisation more competitive by targeting a particular customer. Magazine publishers commonly use a focus strategy in offering their products to specific customers. **Complete football** and **Hints** are examples of magazines that are aimed respectively at the target markets of football lovers and woman elites.

2.6.2 Sample Organisational Strategy

Analysing the organisational environment and applying one or more of the strategy tools - critical question analysis, SWOT analysis, business portfolio analysis, and porter's model - give managers a foundation on which to formulate an organisational strategy. Four of the organisational strategies that can evolve are growth, stability, retrenchment, and divestiture. The following discussion of sample organisational strategies features business portfolio analysis as the tool used to arrive at the strategy, but the same strategies could also result from critical question analysis, SWOT analysis, or Porter's model.

a→ Growth

Growth is a strategy adopted by management to increase the amount of business than an SBU is current generating. The growth strategy is generally applied to star SBUs or question mark SBUs that hold the potential of becoming starts. Management generally invest substantial amounts of money to implement this strategy and may even sacrifice short-term profit to build longterm gain. Managers can also encourage growth by purchasing an SBU from another organisation.

b→Stability.

Stability is a strategy adopted by management to maintain or slightly improve the amount of business that an SBU is generating. This strategy is generally applied to cash cows, since these SBUs are already in an advantageous position. Management must be careful, however, that the strategy doesn't turn cash cows into dogs.

C→Retrenchment

In this section, **retrench** is used in the military sense: to defend or fortify. Though retrenchment strategy, management attempts to strengthen or protect the amount of business an SBU is generating. The strategy is generally applied to cash cows or starts that begin to lose market share.

d→Divestiture.

Divestiture is a strategy generally adopted to eliminate an SBU that is not generating a satisfactory amount of business and that has little hope of doing so in the near future. In essence, the organisation sells or closes down the SBU in question. This strategy is generally applied to SBUs that are dogs or question marks that have failed to requirincrease market share but still required the significant amounts of cash.

2.6.3 Level of Strategy

The point must be emphasized that strategy-making is not just a task for senior executives. In large, diversified enterprises, decisions about what approaches to take and what new moves to initiate involve senior executives in the corporate office, heads of SBUs and product divisions, functional department heads (manufacturing, marketing and sales, finance, human resources and the like) within SBUs and divisions, and managers of geographic units, plants, and areas within major functional departments. Four (4) levels of strategy-making stand out: Corporate strategy, business strategy, functional strategy, and operating strategy. Table 5 below summarises who has the primary responsibility for each strategy level and what areas of focus are at each level.

Table 5 THE STRATEGY-MAKING HIERARCHY: WHO HAS PRIMARY RESPONSIBILITY OF WHAT KINDS OF STRATEGY ACTIONS.

Strategy level	Primary strategy development	Strategy-making functions and areas of focus
Corporate Strategy portfolio of strengthening existing longer fit into	CEO, other key executives (decisions are typically boards of directors)	*Building and managing a high-performing business units(making acquisitions), business positions, divesting businesses that no management's plans) • Capuring the synergy among related business units and turning it into competitive advantage. • Establishing investment priorities and steering corporate Resources into businesses with the most attractive opportunities • Reviewing/revision/unifying the major strategic approaches And moves proposed by business unit managers.
Lies-of-business Strategies successfully and to	General manager/head of business unit (decisions Approved by CEO!	* Devising moves and approaches to compete Secure a competitive advantage * Forming reponses to changing external conditions • Uniting the strategic initiatives of key functional departments • Taking action to address company-specify issues and operating

		Problems
Functional Strategys functional/ strategies R*d/Technology/production/manufacturing/marketing and	Functional managers(decisions Are typically reviewed/approved By business unit head	* Crafting functional area/departmental moves and approaches to support business strategy and to achieve Departmental performance objectives; functional Are needed in such areas as: Sales/distribution; finance'human resources • reviewing/revision/unifying strategy-related moves and approaches proposed by lower-level managers.
Operating Strategies approaches/moves field unit/	Field unit heads/lower-level Managers within functional Areas(decisions are reviewed/ Approved by functional area head/ Departmental head)	* Crafting still narrow and move specific aimed at business strategies and at achieving departmental objective

I →Corporate Strategy:

Corporate strategy is defined as the determination of the businesses in which a company will compete and the allocation of strategy decisions include divestitures, acquisitions, new business development projects, and the allocation of resources to each business. Obviously, a single business company will not have a corporate strategy except in the sense that its corporate strategy is to compete is one business, and that it will allocate all of its resources to that single business. For diversified companies, however, corporate strategy decisions are a key concern of top managers.[24]

ii→ Business Strategy

Business strategy is commonly defined as "the determination of how a company with compete in a given business and position itself among its competitors". Business strategy of a particular business unit. A widely diversified company with numerous business units will have numerous business strategies.

24. C. DEVANNA, Portable MBA-see three levels of strategy, page 308-309.

Business strategy refers to a specific description of how a business unit is to compete in its markets. Although the description includes the goals and mission of a business, it also contains a support policies that will be adopted to those goals. A goal to dominate a market does not constitute a business strategy; statement of

the goal must be augmented by a specific statement of what products, technologies, distribution channels, manufacturing techniques, and service policies will be employed to achieve a goal. Such strategies are often crafted to achieve business objectives such as profitability, growth, market share, building of competitive image e.t.c.

iii→ Functional Area Strategy.

The term **functional area strategy** refers to the functional-specific approaches and moves crafted by management. Functional strategies represent the managerial game plan for running particular parts of a business. A functional area strategy is needed for every major activity within a business-R&D, production, marketing and sales, finance, human resources, information systems, and the like. Functional strategies add detail to business strategy and indicate how functional activities will be managed.

The primary role of functional strategy is to support the overall business strategy. Another role is to specify how functional managers plan to achieve functional area performance objective. This, functional strategy in the production/manufacturing area consists of the managerial game plan for **how** manufacturing activities will be conducted to achieve manufacturing objectives and to support business strategy. Functional strategy in the finance area consists of the array of financial moves and approaches that are planned to achieve specific financial objectives and to support business strategy. and so on

iv→ Operating Strategy

Operating strategy refers to the even narrows and move detailed approaches and moves desired by lower-level functional managers and geographic-unit managers to achieve the strategy-supporting performance objectives established in their areas of responsibility. Operating strategy, while of lesser scope than the higher levels of strategy-making, is still important from the standpoint of strategic completeness.

Even the smallest organisational units, if they are important enough to exist, are important enough to have performance targets to achieve. Managers of these units need to devise approaches and make-moves to achieve these objectives, thereby putting them in a strategy-making role too.

2.6.4 The need for Strategic Coordination

While each managerial level needs a strategic game plan to achieve the objectives set at that level, management direction-setting and strategy-making tasks are not complete untill the separate pieces are layers of strategy-making are unified into a coherent, coordinated patern. Harmonising objective setting, strategy-making effort piece-by pieces and level-by-level occurs via a review and approval process.

The key point is that, while each level of management needs a strategy game plan to achieve the objectives set at that level, vertical linkages in both objectives and strategy unify the objective-setting and strategy-making activities of many managers into a coherent, coordinated pattern. Tight linkages in the objectives and strategies of each organisational unit prevent each unit from matching off in its own direction.

An organisation's strategy is not well formulated untill the separate pieces and layers of strategy-making mesh together well-much like the pieces of puzzle. The power of business strategy is enchanced when functional area and operating-level strategies form a unified,

reinforcing pattern of approaches. Likewise, in a multibusiness enterprise, welding diverse business-level strategies together in some coherent fashion improves the power of corporate strategy.

2.7 STRATEGY IMPLEMENTATION

Strategy implementation, the fourth step of the strategy management process is putting formulated strategies into action. Without success in strategy implementation, valuable and worthwhile strategies that managers have developed are virtually worthless.

Defined more technically, strategy implementation is the process of ensuring that strategy is embodied in all that an organisation does. The objective of implementation is to create fits(consistent match) between strategic objectives and the company's daily activities. For each level of strategy, important differences occur in the implementation task.

Indeed, strategy implementation entails converting **the strategic plan into action and then into results.** Implementation is successful if it produces the intended results and levels of performance. What makes the process so demanding is the wide sweep of managerial activities that have to be attended to, the tackling each activity, the skill it takes to get a variety of irritatives launched and moving, and the resistance to change that has to be overcome. In addition, each strategy implementation situation is unique enough to require its own specific action agenda.

The manner in which strategy is implemented has to fit the organisation's situation. In addition, it has to take into account the nature of the strategy [implementing a strategy to become the low-cost producer is different from implementing a differentiation strategy keyed to superior quality and premium prices]. And it has to take into account the amount of

strategic change involved [shifting to a bold new strategy poses different implementation problems than making minor changes in a strategy already in place].

Putting the strategy into effect and getting the organisation moving in the chosen direction calls for a fundamentally different set of managerial actions and skills. Whereas crafting strategy is largely an **entrepreneurial** activity, implementing strategy is primarily an internal **administrative** activity. Whereas strategy formulation entails heavy doses of vision, analysis, and entrepreneurial judgement, successful strategy implementation depends on the skills of working through others, organising, motivating, culture-building, and creating strong fits between strategy and how the organisation does things.

Strategy implementation poses the tougher, more time - consuming management challenge. Practitioners are emphatic in saying that it is a whole lot easier to develop a sound strategic plan that it is to "make it happen". Figure II below shows the principal administrative tasks that up repeatedly in the strategy implementation process.

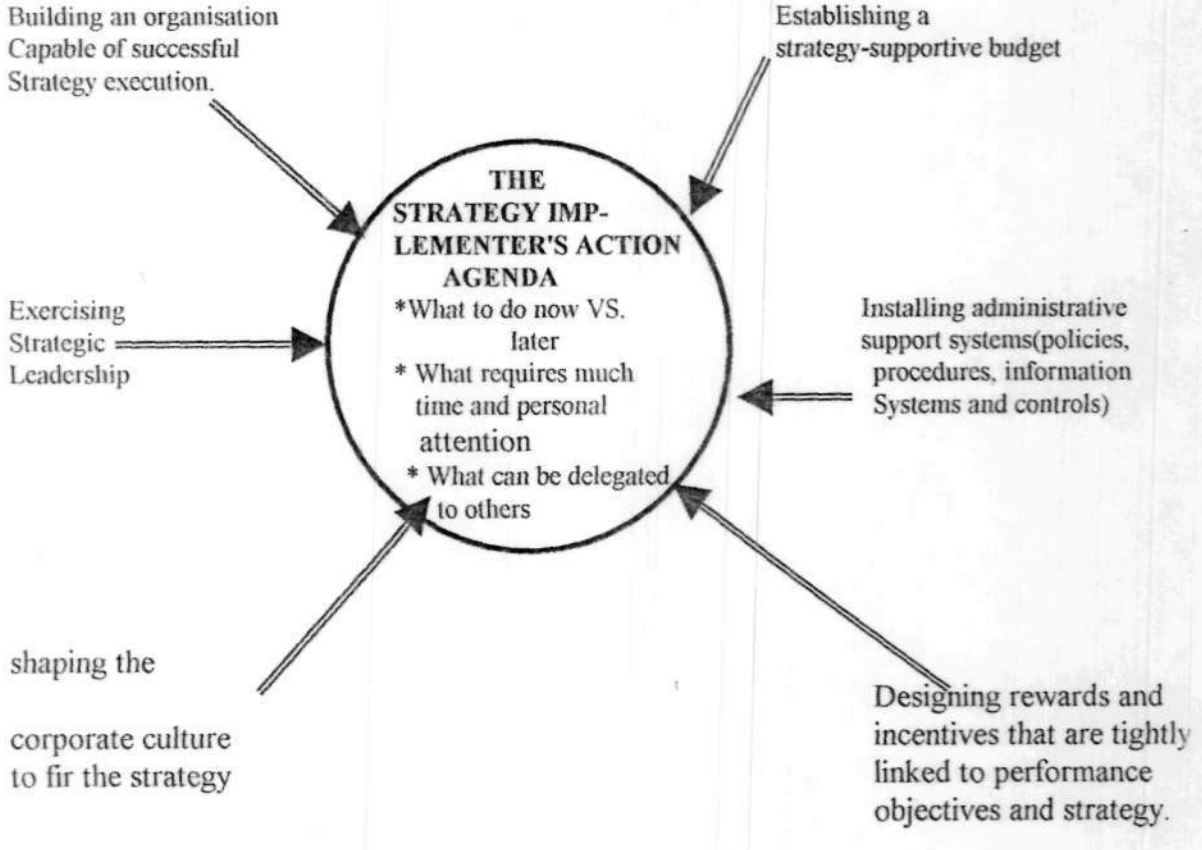


Figure II - Implementing Strategy: Key tasks.

Depending on the organisation's circumstances, some of these tasks are likely to prove more significant and time-consuming than others. To arrive at an agenda for what needs to be done to put the chosen strategy into place, managers have to thoroughly evaluate what internal conditions are needed to execute the organisation's strategy successfully and then create these conditions as rapidly as practical. **The implementation goal is to unite the total organisation behind strategy accomplishment and to fit the organisation's activities or conduct of its operations to the requirements for successful strategy execution.** The motivational and inspirational challenge is to build such determined commitment up and down the ranks that an enthusiastic organisation wide crusade emerges to carry out the strategy and meet performance targets.

As illustrated in figure II, the key tasks involved in strategy implementation process involves creating a series of tight fits:

*Between strategy and organisation structure.

*Between strategy and what the organisation's skills and competences give it the ability to do.

- Between strategy and budget allocation.
- Between strategy and internal policies, procedures, and support systems.
- Between strategy and the reward structure.
- Between strategy and the corporate culture.

The tighter the fits, the more powerful strategy execution becomes and the more likely targeted performance can actually be achieved.

Implementing strategy is not just a top management function; it is a job for the whole management team. All managers function as strategy implementers in their respective areas

of authority and responsibility. All managers have to consider what actions to take in their areas to achieve the intended results-they each need an **action agenda.**

The three major components of organisation - building are:

1. Deciding how to organise and what the organisation chart should look like,
2. Developing the skills and competences needed to execute the strategy successfully, and
3. Filling key positions with the right people.

All organisation structures have strategy advantages and disadvantages; there is no one best way to organise. In choosing a structure, the guiding principles are to make strategy-critical activities the major building blocks, keep the design simple, and put decision-making authority in the hands of managers closest to the scene of the action.

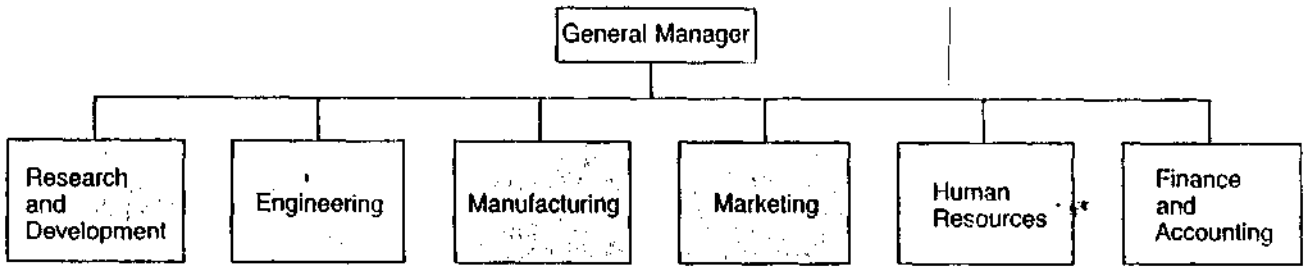
Functional and geographic organisation structures **(see figures 12 and 13 as below)** are well suited to single - business companies. SBU structures **(note figure 14)** are well-suited to companies pursuing related diversification. Decentralised business-unit structures **(also note figure 15)** are well suited to companies pursuing unrelated diversification. Project teams task forces and new venture teams can also be useful organisational mechanisms to handle temporary or one time strategic initiatives.

The other two aspects of organisation-building-skills development and filling key positions - are just as important as matching structure to strategy. Taking deliberate action to develop strategy - supportive skills and to create a destructive competence not only strengthens execution but also help build competitive advantage. Selecting the right people for key positions tends to be one of the earliest strategy implementation steps because it takes a full complement of capable managers to put the strategy into operation and make it work.

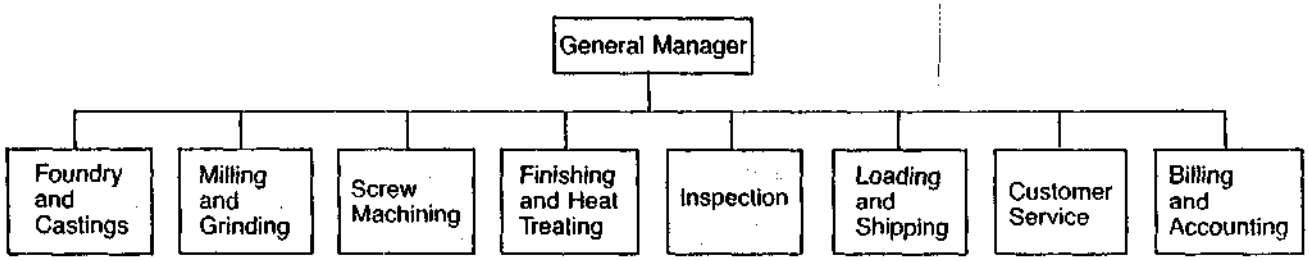
Reworking the budget to make it more strategy-supportive is a critical part of the implementation process because every organisation unit needs to have the people, equipment,

Figure 12 FUNCTIONAL ORGANIZATIONAL STRUCTURES

A. The building blocks of a "typical" functional organizational structure



B. The building blocks of a process-oriented functional structure



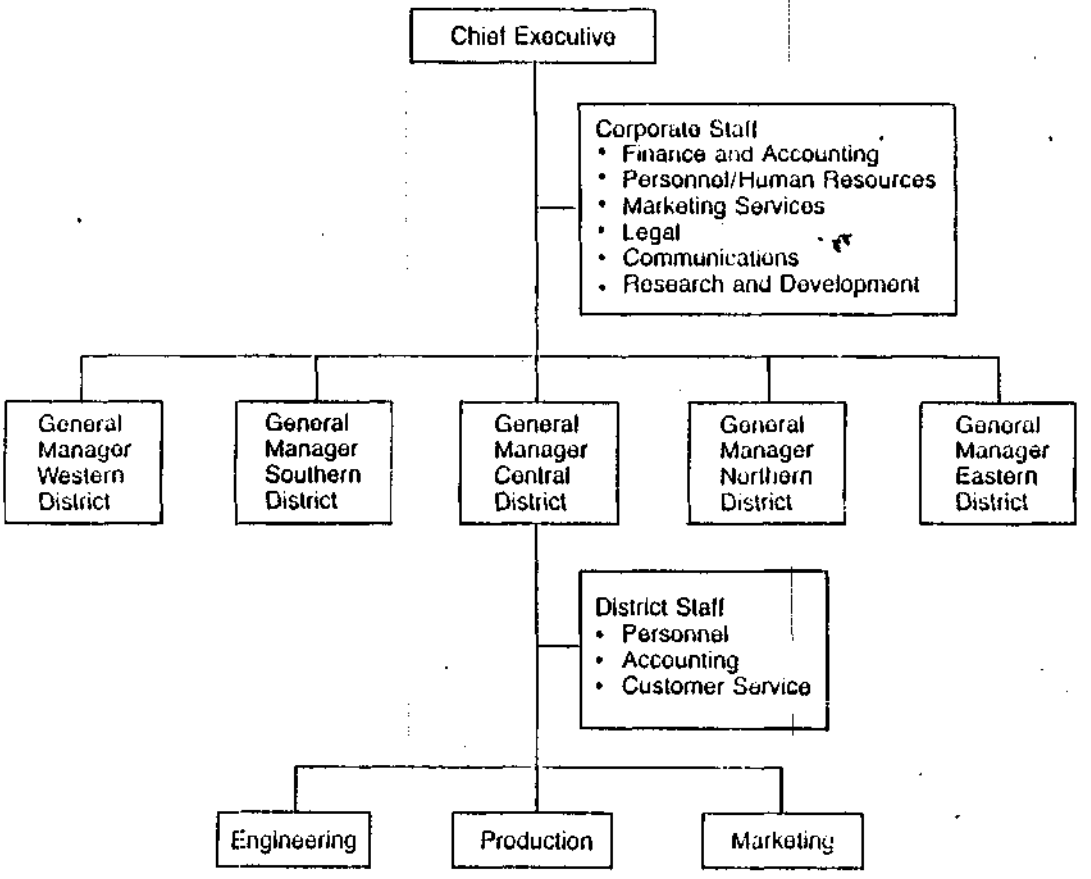
Strategic Advantages

- Permits centralized control of strategic results.
- Very well suited for structuring a single business.
- Structure is linked tightly to strategy by designating key activities as functional departments.
- Promotes in-depth functional expertise.
- Well suited to developing a functional-based distinctive competence.
- Conducive to exploiting learning/experience curve effects associated with functional specialization.
- Enhances operating efficiency where tasks are routine and repetitive.

Strategic Disadvantages

- Poses problems of functional coordination.
- Can lead to interfunctional rivalry and conflict, rather than cooperation—GM must referee functional politics.
- May promote overspecialization and narrow management viewpoints.
- Hinders development of managers with cross-functional experience because the ladder of advancement is up the ranks within the same functional area.
- Forces profit responsibility to the top.
- Functional specialists often attach more importance to what's best for the functional area than to what's best for the whole business—can lead to functional empire-building.
- Functional myopia often works against creative entrepreneurship, adapting to change, and attempts to restructure the activity-cost chain.

Figure 15 A GEOGRAPHIC ORGANIZATIONAL STRUCTURE



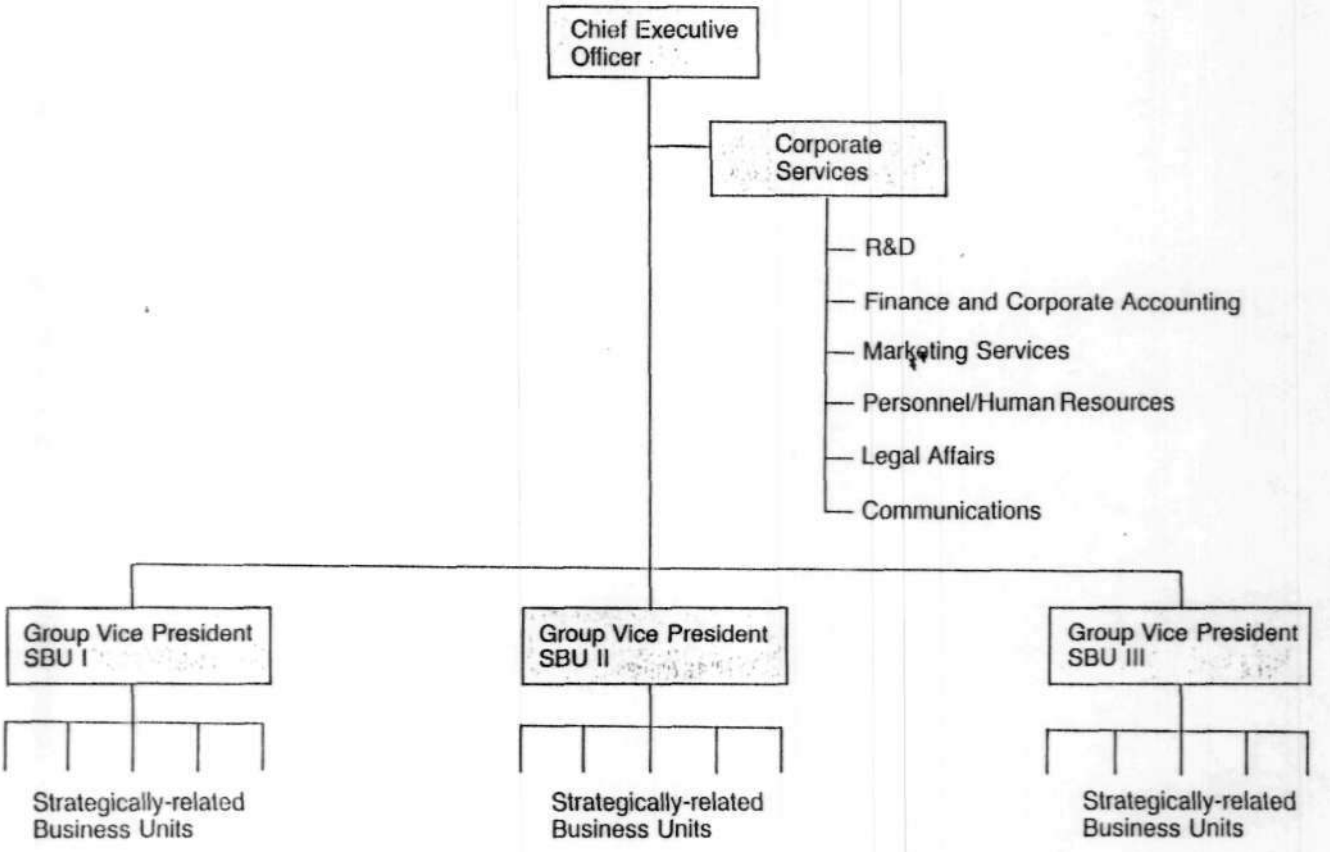
Strategic Advantages

- Allows tailoring of strategy to needs of each geographical market.
- Delegates profit/loss responsibility to lowest strategic level.
- Improves functional coordination within the target market.
- Takes advantage of economies of local operations.
- Area units make an excellent training ground for higher-level general managers.

Strategic Disadvantages

- Poses a problem of how much geographic uniformity headquarters should impose versus how much geographic diversity should be allowed.
- Greater difficulty in maintaining consistent company image/reputation from area to area when area managers exercise much strategic freedom.
- Adds another layer of management to run the geographic units.
- Can result in duplication of staff services at headquarters and district levels, creating a relative-cost disadvantage.

Figure 14. AN SBU TYPE OF ORGANIZATION STRUCTURE



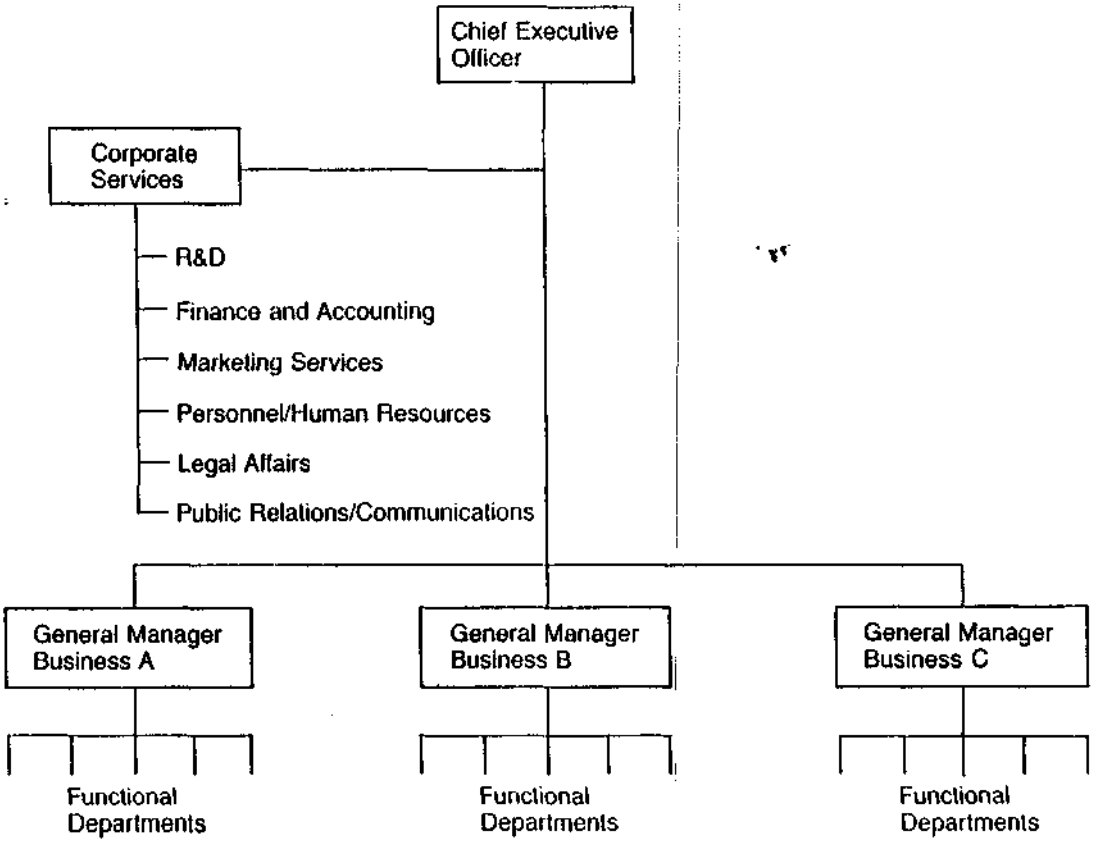
Strategic Advantages

- Provides a strategically relevant way to organize the business unit portfolio of a broadly diversified company
- Facilitates the coordination of related activities *within* an SBU, thus helping to capture the benefits of strategic fits in the SBU.
- Promotes more cohesiveness among the new initiatives of separate but related businesses.
- Allows strategic planning to be done at the most relevant level within the total enterprise.
- Makes the task of strategic review by top executives more objective and more effective.
- Helps allocate corporate resources to areas with greatest growth opportunities.

Strategic Disadvantages

- It is easy for the definition and grouping of businesses into SBUs to be so arbitrary that the SBU serves no other purpose than administrative convenience. If the criteria for defining SBUs are rationalizations and have little to do with the nitty-gritty of strategy coordination, then the groupings lose real strategic significance.
- The SBUs can still be myopic in charting their future direction.
- Adds another layer to top management.
- The roles and authority of the CEO, the group vice president, and the business-unit manager have to be carefully worked out or the group vice president gets trapped in the middle with ill-defined authority.
- Unless the SBU head is strong willed, very little strategy coordination is likely to occur across business units in the SBU.
- Performance recognition gets blurred; credit for successful business units tends to go to corporate CEO, then to business-unit head, last to group vice president.

Figure 15 A DECENTRALIZED LINE-OF-BUSINESS TYPE OF ORGANIZATION STRUCTURE



Strategic Advantages

- Offers a logical and workable means of decentralizing responsibility and delegating authority in diversified organizations.
- Puts responsibility for business strategy in closer proximity to each business's unique environment.
- Allows each business unit to organize around its own set of key activities and functional requirements.
- Frees CEO to handle corporate strategy issues.
- Puts clear profit/loss accountability on shoulders of business unit managers.

Strategic Disadvantages

- May lead to costly duplication of staff functions at corporate and business unit levels, thus raising administrative overhead costs.
- Poses a problem of what decisions to centralize and what decisions to decentralize (business managers need enough authority to get the job done, but not so much that corporate management loses control of key business level decisions).
- May lead to excessive division rivalry for corporate resources and attention.
- Business/division autonomy works against achieving coordination of related activities in different business units, thus blocking to some extent the capture of strategic fit benefits.
- Corporate management becomes heavily dependent on business unit managers.
- Corporate managers can lose touch with business unit situations, end up surprised when problems arise, and not know much about how to fix such problems.

facilities, and other resources to carry out its part of the strategic plan (but no **more** than what it really need!). Strategy implementation often entails shifting resources from one area to another - down sizing units that are overstaffed and over funded, and upsizing the budgets and staffs of units more critical to strategic success.[25]

A third key implementation task is to install some necessary support systems - policies and procedures to establish desired types of behaviour, information systems to provide strategy - critical information on timely basis, and whatever inventory, material management, customer service, cost accounting, and administrative systems are needed to give the organisation important strategy - executing capability.

The managerial tasks of designing rewards and uncreative are key facets of successful strategy implementation. The use of incentives is the single most powerful tool at management disposal in gaining employee "buy - in" and energetic commitment to carrying out the strategy. For incentives to work well:

1. The monetary pay off must be a major percentage of the compensation package,
2. The incentive plan must extend to all managers and workers,
3. The **system** must be administered with scrupulous care and fairness.
4. The incentives need to be linked tightly to performance targets spelled out in the strategic plan.
5. Each individual's performance targets **should involve outcomes the person** is able to affect personally.

Building a strategy supportive corporate culture is important to successful implementation because it produces a work climate and organisational **espirit de corps** that thrives on meeting performance targets and being part of a winning effort.

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25. This section is based on the summary of Thompson Strickland; Implementing strategy. Page 246 - 247

An organisation's culture emerges from why and how it does things the way it does, the value and beliefs that senior managers espouse, the ethical standards expected, the tone and philosophy underlying key policies, and the traditions the organisation mamtains - culture, thus, concerns the "atmosphere" and "feeling" a company has and the style in which things get done. Companies with strong cultures are clear on what they stand for, and they take the process of getting people to "buy-in" to the cultural norms very seriously. The stronger the fit between culture and strategy, the less managers have to depend on policies, rules, procedures and close supervision to enforce what people should and should not do: rather, cultural norms are so well observed that they automatically guide behaviour.

Successful strategy implementers also exercise an important leadership role. They stay on top of how well things are going by spending considerable time outside their offices, wandering around the organisation, listening, coaching, cheerleading, picking up every important bits of information, and keeping their fingers on the reinforce the corporate culture through the things they say and do.

They encourage people to be creative and innovative in order to keep the organisation responsive to changing conditions, alert for new opportunities, and anxious to pursue fresh initiatives. They provide support to "champions" who are willing to stick their necks out and try something new. They work hard at building consensus on how to proceed, on what to change and what not to change. They enforce high ethical standard. And they push corrective action to improve strategy execution and overall strategic performance.[26]

The action menu for implementing strategy is thus extensive. Virtually every aspect of administrative and managerial work comes into play. This further illustrates the fact that effective management requires a system approach that recognise the interdependence of the managerial activities.

26. **Thompson and Stuckland - KEY POINTS on Implementing Strategy. Page 279 - 280**

However, each strategy implementation situation is somewhat unique to the organisation and to its own circumstances. The strategy implementer's action agenda therefore is always a function of the specific situation at hand. Diagnosing the situation and coming up with a series of action steps to put strategy into place and achieve the desired results is a major managerial challenge.

2.7.1 Skills required for Successful Strategy Implementation

It is one thing to develop clear and meaningful strategies. It is another matter and one of very great practical importance, to implement strategies effectively. If strategic planning is to be successfully implemented, four(4) basic skills are required.

(i) Interacting Skill

This is the ability to manage people during implementation. Manager who have the ability to understand the fears and frustrations that others feel during the implementation of a new strategy tend to be the best implementers. These managers are also able to show empathy for organisation members and bargain for the best way to put a strategy into action.

(ii) Allocating Skill

This is the ability to provide organisational resources necessary to implement a strategy. Successful implementers have talent to schedule jobs, budget time and money, and allocate other resources that are critical for implementation.

(iii) Monitoring Skill

This is the ability to use information to determine whether a problem has arisen that is blocking implementation. Good strategy implementers set up feedback systems that constantly give them information about the status of strategy implementation.

(iv) Organising Skill

This is the ability to create throughout the organisation a network of people who can help to solve implementation problems when they occur. Good implementers customise this

network to include those people who can solve the special types of problems that will characterise the implementation of a particular strategy. [27]

Overall, the successful implementation of a strategy requires a focus on handling people appropriately, allocating resources necessary for implementation, monitoring implementation progress, and solving implementation problems when they occur. Perhaps, the most important requirements are to know which people can solve specific implementation problems arise.

2.8 STRATEGIC CONTROL

Strategic control, the last step of the strategy-management process, **is monitoring and evacuating the strategy-management process** as a whole in order to make sure that it is operating properly. Strategic control focuses on the activities involved in environmental analysis, organisational direction, strategy formulation, strategy implementation, strategic control itself-ensuring that all steps of the strategy management process are appropriate, compatible, and functioning properly. Strategic control is a special type of organisational control.

Control **as a concept** us any process that guides an activity toward some predetermined goals. The essence of the concept is in determining whether the activity is achieving desired result. Hence there is a need for a measuring rod, or yard stick to measure the achievement. In the process of implementation of strategies, corrective action may be taken to ensure that the strategies are in line with the mission, or in the alternative, that the mission itself be modified, if not completely abandon.

According to John Argenti in his book practical corporate Planning, the monitoring process (that is Control) is the final step and the importance should not be under estimated. Not only does it permit strategies; it also provides a mechanism for alerting the company when to restart the entire corporate planning process again.

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26. This section is based on SAMUEL C. CERTO: Strategy Implementation. Page 207 - 208

Argenti further argued that the monitoring stage is something else as well. It is not just the final stopping-stone in corporate planning process, it is also the first in the next stage to "Strategic Management", where a team of executives continually act as corporate planners for their organisation, constantly scanning the environment for new treads and events, continually thinking about the long-term future direction of their organisation.

Strategic control involves the same processes as in control generally. The basic control process where ever it is found and whatever is being controlled, involves:

(i) Establishment of standards which in this case refers to the corporate objective(s)

(ii) Actual performance.

(iii) Measuring performance

(iv) Compare performance with standards that is, evaluating performance

(v) Identify variances or deviations that is, any gap between performance and standard

(vi) Take corrective action

(vii) Implement programme for correction.

Bozeman et'al gave a model of control of strategy called A framework of strategic control as shown in figure 16 below.

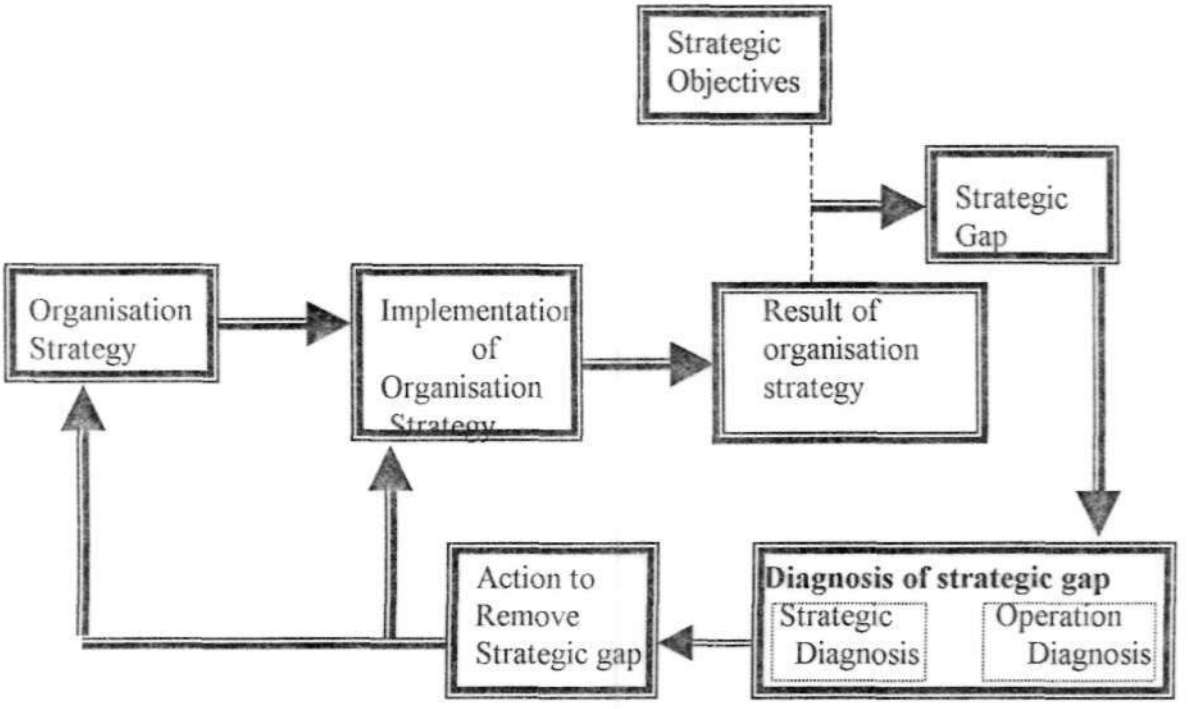


Figure 16- Framework for strategic control

The model above showns that when the results of the strategic implementation are compared with the strategic objective, there may be variations between the two-that is the result and the objective. These variations constitute the strategic gap[28]. The causes of this gap must be identified so that appropriate corrective actions can be taken. The cause of the gap may be broadly grouped into two namely The strategic cause and the operational cause.

The process of identifying the strategic causes of the gap is called **strategic diagnosis**. In Bozeman et'al words,

> "Strategic diagnosis is concerned with evaluation of the current organisation strategy and determination of whether a change in the firm's strategy is required".

The process of determining the causes of the gap is called **operational diagnosis.** Operational diagnosis according to Bozeman et'al,

> "Focuses on the evaluation of how effectively the current strategy is being implemented and on changes in implementation methods and the processes that must be made to improve the current operation of the firm".

This means that the analysis of the gap will show that the cause(s) lie either with the strategy itself and/or with the implementation of the strategy.

Where the problem is with the strategy, then the strategy needs to be changed or at least modified in the light of the analysis. And where the problem is their the implementation, then the strategy should be maintained and the processes of implementation put right to ensure that the corporate objectives are attained.

Although, strategic implementation and control are concerned with ensuring that the objective are attained, the corporate objective themselves are not constant. They may need to be changed in the light of the threat or opportunities as dictated by the external environment and also in the light of the organisation's strengths and weakness- as dictated by the internal environment.

28. This section is based on the unpublished (undergraduate) project work on comparative study of corporate strategic planning: ISHOLA, T.O 1991, see page 66-69 on control of strategy.

In other words, strategic planning or corporate strategy is a continuos process.

Indeed, because each one of the five tasks of strategic management requires constant evaluation and a decision whether to continue, with things as they are or to make changes, **the process of managing strategy is ongoing-** nothing is final and all prior actions are subject to modification. Changes in the organisation's situation, either from the inside or outside or both, constantly drive strategic adjustment. Most of the time, the adjustments involve fine-tuning, but occasions for a quantum strategic reorientation do arise-sometimes prompted by significant external developments and sometimes by sharply sliding financial performance. Strategy managers must stay close enough to the situation to detect when changing conditions require a strategic response and when they don't. It is their job to read the winds of change, recognise significant changes early, and capitalise in events as they unfold.

CHAPTER THREE

TOTAL QUALITY MANAGEMENT (TQM)

3.1 THE STUFF OF TQM

The modern concept of **'quality'** is a philosophy which aims continually to satisfy customer requirements. The term **'requirement'** covers all aspects of customer relationships -not the product alone. Traditional views on quality were generally restricted to the product being manufactured to a specification which was monitored by **quality 'control'** techniques. Modern approaches absorb the whole organisation in a **quality culture** which aims to provide the customer with a product and service of highest quality consistent with price.

Quality has earlier been defined as how well a product does what it is supposed to do - how closely and reliably it satisfies the specifications to which it is built. In general, quality was presented as the degree of excellence on which products or services can be ranked.

Adopting a quality culture is often termed **TQM**. To many, TQM may be a recent phenomenon. But to votaries of management theories, it is not so new. TQM is a culture- a total way of life, an enhancing culture which drive the entire organisation. For the TQM concept to success in any environment, its practitioners **must** inside the principles in the four vital areas-

- customer of the business
- the operations of the business
- organisation of the business and
- the culture of doing business as practised by the workers.

In other words, TQM organisationally implies a total company-wide effort involving suppliers, customers, employees, managers and executives in a life-time process of statisfying each others requirements as internal or external customers to each other.[1]

According to Dr(Mrs) Violet Arene, **operationally,** TQM is a process-focus, and places premium on prevention rather than inspection and crisis management. It is reducing errors, wastes and scarps aiming at achieving zerodefect in products and services, errors, long cycle time and delays in operations. **"Doing the right things on time, first time and every time. Working as a team and everyone being a quality manager of their own job"** is all that quality culture is about. Indeed culturally, TQM is a total movement, as total as its name implies. It is a way of life and a never-ending journey which involves being quality driven in all aspects by continuous improvement. It-involves the art of preventing problems before the occur instead of five fighting approach to problem solving.

In a quality environment, everyone is a custodian of his or her job. Quality also entails empowerment and employee involvement at all levels; team cooperation, shared values and commitment to productivity, competitiveness, good image, unfailing continuos feedback to one another as well as having standards for performance and monitoring performance.

Conceptually therefore, company-wide quality (CWQ) is the continuous process of involving all organisation members in ensuring that every activity related to the production of goods or services has an appropriate role in establishing product quality. In other words, all organisation members emphasize the appropriate performance of activities throughout the company in order to maintain the quality of products offered by the company. Under the CWQ concept, all organisation members work both individually and collectively to maintain the quality of products offered to the market place[2].

Although the TQM or CWQ movement actually began in the United States, the establishment, growth, and development of the movement throughout the world is largely

1. **The discussion here is based on special report on TQM (1) featured in the GUARDIAN Newspaper of Sunday, May 18th, 1997 page A7-A13.**
2. **SAMUEL C. CERTO: modern management; Quality, Ethics, and the Global Environment. Fifth Edition (Allyn and Bacon London) © 1992. See chapter 21-Quality: Building Competitive organisation. Page 653-655.**

credited to the Japanese. The Japanese believe that a CWQ programme must include the cooperation of all people within a company. Top managers, middle managers, supervisors, and workers throughout a company must strive together to ensure that all phases of company operations appropriately affect product quality. Such operations include areas like market research, research and development, product planning, design, production, purchasing, vendor management, manufacturing, inspection, sales, after-sales, customer care, financial control, personnel administration, and company training and education.

The TQM concept has been adopted by a majority of firms throughout Japan. In fact, CWQ in generally credited with being a major factor in Japan's underiable success in establishing that country as a major competitor in the world marketplace. Although U.S firms seem to be moving somewhat toward accepting and implementing the TQM concept, there are some basic differences between the U.S and Japanese positions on establishing and maintaining company wide quality. Table 6 below demonstrates some of these basic differences.

In essence, CWQ is a means to the end of product quality. The excellence or quality of all management activities(planning, organising, influencing, and controlling) meritably influences the quality of final goods or services offered by organisations to the market place. In general, the more effective a TQM programme within an organisation, the higher the quality of goods and services that an organisation can offer to the market place.

Table 6- U.S and Japanese Positions on TQM

United States Position	Japanese Position
* Quality is a function of how well the product or service meets the specifications.	*Same as the U.S position
* Quality depends on all departments from purchasing to engineering design to production to shipping to service	*Same as the U.S position
* The quality goal is to reach a present percentage of defectives	*Accept no defects-insist on perfection
* Quality goals are set one fiscal year at a time	*Strive to improve quality consistently, not once a year but all the time.
* There is an optional level of quality, customers will not pay for a higher level	*Increasing quality all the time will increase market share and spur new market demand
* Control quality is done through inspections during production and through final inspection of completed lots	*Every production worker is responsible for inspection, even of this means stopping the assembly line to correct an observed defect.
* Use statistical sampling methods to inspect large lots of completed product	* Inspect each lot or piece as it is produced to catch defects before a whole lot is poorly made. Keep inventory low, using the just-in-time concept
* Set acceptable quality levels(AQL) based on sampling tables. These levels are stated in number of defects per 100 units produced.	* Reject sampling tables, because no level of defects is acceptable. Express defects in number of defects per 1,000,000 units produced.
* The quality control (QC) department is responsible for testing and inspection	*The QC department monitors quality, but also teachers and spreadsQC information. Actual inspection by workers.
* Rework of defective units is done on a separate rework line with its own staff.	* Workers or groups correct their own errors, even If they have to stay late. (In reality, very few reworks are needed because of TQC
* Janitors keep work places clean	*Workers them selves are responsible for housekeeping of their work areas.
* Use a random sample, typically of size first piece	* Use a sample of n=2, consisting of the

n=5, to checks for process stability and last piece produced in each lot to assure stability.

Given the total experience of TQM, the concept is therefore better defined as both a management philosophy and a practical working process for achieving distinctive quality products and services at lowest cost to the company which "delights" the customer.

3.2 THE WHY OF TQM (THE IMPORTANCE)

There is no absolute end point in developing a TQM culture and its continuous improvement. However what come out of mind of many enthusiast particularly in our environment is WHY all the stress for TQM; is it worth all the trouble and (if so), how can't be achieved?

These questions are readily answered by one of the several fascinating definitions of TQM which tate that, it is both a management philosophy and a practical working process for achieving quality products and services at lowest cost to the company which "delights" the customer.

Quality is of paramount importance for all organisation, but each organisation has to decide the answer(s) to why she want to embark on the journey (to excellence) though some pertinent questions; the sorts that make her sit and think for a while. Some of the questions are:

- What skills will make us unique?
- Where will our margins come from us?
- What channels can we use to get to the top?
- Who will our customers be in the future?
- Does everyone in our organisation view error as opportunities for Improvement?

If after these, an organisation is still doubtful, a qualified consultant can help assess the true position of the (however big or small-) in the competitive environment.

There are many reason for wanting to practice or imbibe the culture of TQM, with Nigeria business environment as a case study, the following are the major reasons[3].

(1) SURVIVAL:

Survival in business depends on how quality is used or taken to capture the future of an organisation. Every business cannot escape the rapidly approaching changes that are already beginning to affect market and margins. Indeed, exploring quality programmes will help develop "FORESIGHT" for our organisations to take leadership positions and develop corporate wide strategic architecture with the help of the answers to those critical questions earlier stated.

(2) - COMPETITIVENESS:

This is the most important economic issue in Nigeria today, and depends on how customers view the quality of your products or services. This is particularly time when they indulge in the strategy of comparing a company with others. It is a noted fact that anybody who depends upon the quality of a company's outputs is bound to ask for guarantee; a situation which requires finding new and sustainable ways to gain competitive advantage, considering factors such as company policies and effective management practices.

(3) - COST EFFECTIVENESS:

In developing economies like ours, the percentage or level of waste is very high and calls for cost consciousness, which would trigger the journey to TQM. Most executives before exposure to quality believes that the level of waste in their organisations, does not exceed 10%-155.

2. This section is a summary of the article in the GUARDIAN Newspaper of Tuesday, July 22nd 1997 on Why TQM and how is it achieved by S. Onanusi. Page 27

They later found out that wasted resources amounted to 25% of their sales revenue in manufacturing and exceeds 30% of their operating costs in the service environment. Quality is therefore seen as ensuring cost effectiveness for them to stay ahead.

(4) INNOVATION:

It will be true to say that business have been show to harness the revolution in Information Technology(IT). What many technology are just there to speed up old fashioned systems. The revolution now is so tense that communication technology and the power of personal computers are enabling organisations in entirely new ways. Innovation in a wider sense, means that organisations can combine all the advantages of centralisation and decentralisation to bring quality back to life.

(5) - **TRADITIONAL MANAGEMENT PRACTICE:**

This factor encourages competition rather than collaboration in our organisation. It also create barners to communication as managers and people within departments or functions are dedicated only to their own objectives (which are usually **divisive)**. Quality initiative are beginning to rectify a lot of behaviours to bring better participation through team work and process thinking.

Many managers and management theorists believe that organisations with high-quality products will be unable to compete in the world market place of today. Producing high-quality products is not end in itself. Successfully offering high-quality goods and services to the market-place typically results in three important benefits for the organisation:

(i) a positive company image, (ii) lower costs and higher market share (iii) and decreased product liability costs.

Positive Company Image:

In a significant extent, an organisation's reputation for high quality results in a positive image for the organisation. Over all, organisations gain many advantages from having a positive company

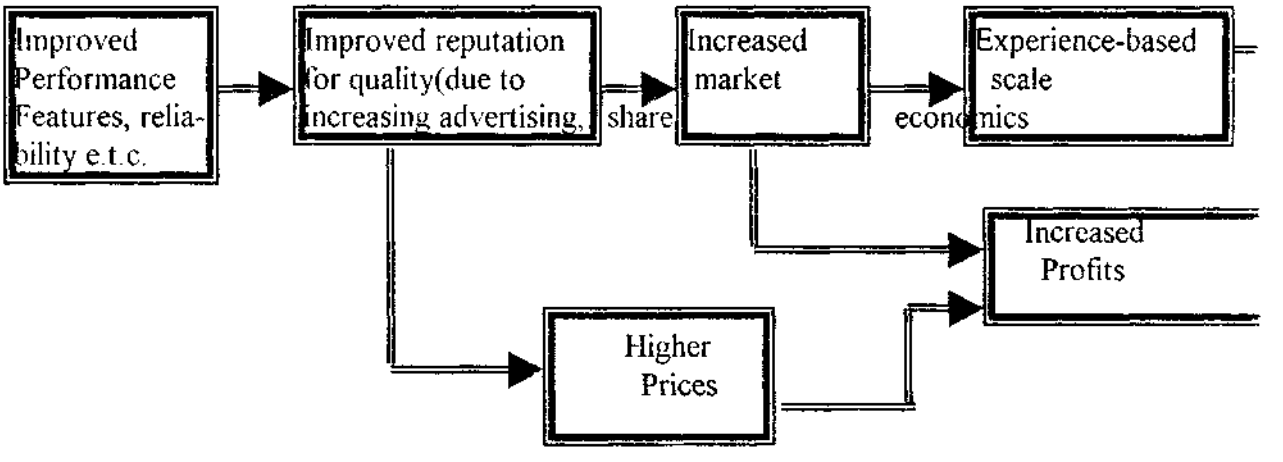
image. A positive image for example, (1) can be instrumental to recruiting valuable new employees, (2) accelerating sales of a newly offered product to the marketplace, (3)- and obtaining needed loans from financial institutions. To Summarise, high-quality products generally result in a positive company image, which in turn result in numerous organisational benefits.

Lower cost and Higher Market share:

Activities that support product quality benefit the organisation by yielding lower costs and greater market share. Figure 17 below illustrates this point.

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1. Market Gains



2. **Cost Savings**

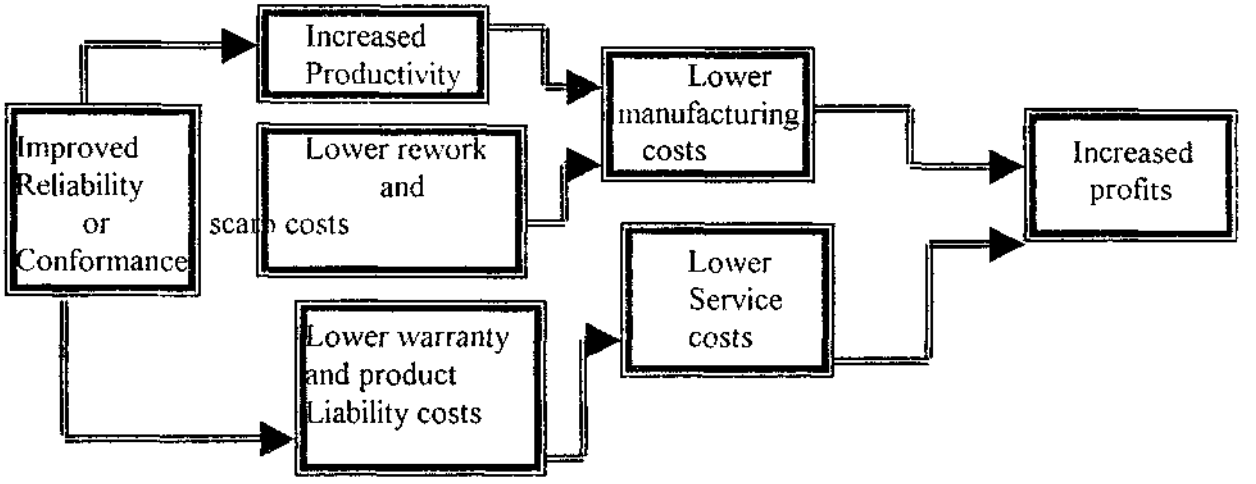


Figure 17- TQM typically results in lower costs and greater market share

According to the top half of figure 18, greater market share or gain in product sales is a direct result of customer perception of improved product quality. According to the bottom half of the figure, activities within an organisation that contribute to product quality result in such benefits as increased productivity, lower rework and scrap costs, and lower warranty costs, which in turn result in lower manufacturing costs and lower costs of servicing products after they are sold. The figure also greater market share and lower costs attributed to high quality normally result in greater organisational profits.[4]

Decreased Product Liability costs:

Product manufactures are increasingly facing legal suits (especially in the move open advance capitalist societies) over damages caused by faulty products. Organisations that design and produce faulty products are being held liable in the courts for damages resulting from the use of such products.

4. See SAMUEL c. CEERTO: "The importance of quality", page 656-658.

As a dramatic example, Pfizer, a company that develops mechanical heart valves, has recently settled an estimated 180 lawsuits by heart-implant patients claming that valves used in their implants were faulty. Successful TQM efforts typically result in improved products and product performance. Naturally, the normal result of improved products and product performance is lower product liability costs.

3.3 THE PRINCIPLES OF TQM

A common feature of non-total quality companies is easy to notice. Internal tensions are high and usually growing, leading to stronger feelings of recrimination, blame and instrust. Ignorance also abounds together with low morale and palpable discontent.

Companies struggling to get TQM or imbibe quality culture are oblivious that they have to give people new tools to analyse problems, break down barriers between functions and get better results. The proper groundwork to help people understand it is not laiddown.

The only way to survive in the remaining part of the value-conscious 1990s and beyond is to get to embrace quality culture at once. But how does a company minimise the in-fighting between different functional areas? How does it prevent people who are enthusiastic about the TQM concept from coming up with different agenda? Clearly, the way out requires an educated or well trained (company) population to contribute fully to a clearly stated strategic direction. A total quality future requires a lot of expanding the concept of training beyond traditional limits. Training in this context will be for people (the workforce) to achieve cultural change.

Education and training is needed fully down the ranks of organisational hierarchy. The primary aim into educate the entire staff on the requirements and objectives of TQM and the need for the entire staff to imbibe the culture of TQM. This calls to vigorous awareness

campaign during which period, handouts, pamphlets, slogans and music conveying the message of the need, importance and requirements should be made or designed. Part of this TQM requirement is that everybody should be carried along to join the TQM train, the journey to excellence.

Generally, all these would start with a common understanding of what the principles of TQM are. It is no coincidence that that successful TQM models all tend to embody concepts of integrity, honesty, commitment, participation and ownership. While the principles of total quality may appear in different forms, those developed by quality foundation members in the UK and U.S.A represent the core of what should be understood by the generality of the people.

These are set out as sixteen (16) principles that should present the "**walking life**" of aspiring total quality management organisations. These are supposed to be taken-in first before driving attention to other areas.

These principles include:[5]

1- * Highest Priority: Total quality must overtly (openly) be the highest priority of the organisation and individuals.

2-----* Quality Definition: Any common definition of quality must include meeting satisfying conforming to agreed, negotiated customer needs, requirements, wants and expectations.

3-----*Customer Definition: The concept of customers includes investors, employees, stockholders, suppliers, the community and every interpersonal relationship. Hence we can have both external and internal customers in **TQM** organisation.

5. The GUARDIAN, Tuesday, August 5, 1997- please refer to; The Principles of TQM by Seye Onanusi: CEO of mac-digiton Resource Ltd (CONSULT) Lagos.

4 ----***Customer Satisfaction:** Long - term satisfaction of customer needs will be an aim of any total quality organisation.

5 ----***Aim:** A total quality organisation will have a clearly stated, widely understood and generally accepted direction, aim.

6----***Communication:** A **TQ** organisation will communicate openly and clearly its principles, beliefs, values, mission statement, policy for quality.

7----***Ethos:** **TQM** embodies the values, beliefs, ethos of the organisation, and thus **TQ** is intrinsic (within/internal) to every activity, decision and action.

8----* **Values:** The highest level of integrity, honesty, trust and openness are essential ingredients of total quality management.

9----***Mutual Respect and Benefit:** There is an implicit involved with a **TQ** organisation which assumes that long-term business is intended to be mutually to all concerned.

10---***Health and Safety:** Health, safety and environmental issues have a priority within a total quality organisation since the welfare of all investors, employees, suppliers, the community as stockholders in the organisation, is intrinsic to the future of the organisation.

11---***Commitment:** Leadership of **TQM** stems from the top of the organisation and enlists individual and team players' commitment throughout.

12---***Participation and Onwership:** **TQ** offers each individual the opportunity to participate in and feel ownership of his activities, and jointly to share a sense of ownership for the success of the entire organisation.

13---***Continous Improvement:** **TQM** involves continuos and measurable improvement at all levels of the organisation, ranging from company performance, such that continuos process improvement, forever, becomes an essential ingredient of success.

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14*----Performance: **TQM** requires consistent, predictable, accurate, precise performance to high standards in all areas of the organisation, thus measurement, assessment and auditing are common **TQM** activities.

15*----Resources: An aim of every **TQ** organisation is to use resources better, to achieve greater success, financial and or otherwise.

16----*Investment: **TQM** will always require sufficient appropriate investment to ensure that planned activities can occur.

The complete set of these principle has additional explanation and description of each. **TQM** should be seen to provide a direction and a framework for morality in business. It also respects, considers and rewards the efforts of those directly involved, both inside and outside of the organisation.

In the final analysis, everything boils down to educating the management group first with external assistance, to bring wider and challenging experience into the group. This experience will usually produce the first semblance of the "management team" sharing responsibility as regards the principle, before developing facilitators by training some or all managers of change. They need to understand the principles and **TQ** concepts better, while acquiring presentation skills. Developing an in-house course is unique and will reflect an organisation's own brand of **TQM.**

In addition, every organisation should ensure that they have a proper monitoring arrangement of the costs of education and training against the benefits. So far so good, the **TQM** principle remain the same whatever the structure, size or nature of organisation.

3.4 ORGANISING AND INITIATING TQM

Having identified all the above principle and *(earlier)* the reasons for wanting to practice or imbibe the culture of **TQM** as crucial *(factors)* to embarking on the journey to excellence,

--how then could organisations with stable structures continuously strive for improvement, use **TQ** tools to generate hard facts to manage business?

The answer has in the fact that, it requires that a real management process of which the three nations of expressed quality, planned quality and carried out quality must be addressed. Any deviation from this will lead to dissatisfaction of the customer and extra cost to the organisation. Quality management must therefore be planned and integrated into all functions of the organisation, driven policy; such that establishes basic guide lines to implement it through necessary management tools in the form of the following plans;

***Marketing Plan:** The marketing plan would establish linkage with clients/Customers in order to be aware of their actual needs. The needs of customers are changing as fast as the market environment and a constant update is necessary to remain in competition.

***Research and Development Plan:** This would facilitate the design of quality product/service (ones that are valuable, reliable, safe) taking into account the identified needs of the market.

***Production/Servicing Plan:** This would enable the manufacturing/service functions to benefit from accurate specifications, in order to concentrate on the design of balanced production/service process with well educated employees and appropriate equipments.

***Purchasing Plan(where applicable):** The purchasing plan would provide for the cheapest source of supply of raw materials benefiting from appropriate partnership with suppliers which will guarantee reliability, continuity and delivery of quality resources in time.

***Finance Plan:** The financial plan would provide the organisation with the means for innovation, keeping production/service cost under control in terms of goals, achievement and performances. All cost related to quality improvement and control are thus registered and managed.

***Human resources Plan:** The human resources plan would ensure that accurate training is provided in line with the needs of the organisation.

***Quality assurance plan:** This would foresee preventive actions and guarantees that the quality goals are reached. The plan would also channel quality figures to the top management, drawing on information derived from all the above plans. Appropriate measuring devises and facilities of these sort would make sure that the whole system works, such that top management would be enabled to design updated plans.

What many manufacturing/Service companies fail to understand is that the economic of **TQM** revolve around -- process thinking, product development, and people development in line with these too. These are recognised factors in systems behaviour and management, which should borne in mind in any quality initiative.

Obviously, there is some form of cultural transformation in the practices of **TQM**, but since every successful organisation comes from a different culture, there seems to be no set rule or path to **TQM.** There is a divergence of cultures all around us. Success will stem from developing a unique model of **TQM,** reflecting the business ethic and purpose of organisation. Where one organisation will focus on team work, another may have a strong process control while a third may develop strong internal customer relationship to achieve the goal. Because the Nigeria government has yet to promulgate **TQ,** there is no definition with which we can all argue Education and training thus become the vehicle for our cultural change. As the world will never be the same again, **TQ** should begin to develop within our organisations.

Changing management and employee behaviour and attitudes within an organisation is a difficult process. Change never comes easily and it will not happen just because the chief executive is committed to a new approach. It is necessary to give attention to the existing culture which has been created steadily over time by the ways timings are done in the

company. The culture will be changed in a simmilar way; that is by steadily doing things differently. The question to ask then is how do organisations proceed down the path?

Before the structure and actions for **TQM** can be developed, there is an important alement of attitudinal change that must first be addressed and that is, the relationship between management, employees and trade unions. In Nigeria, and as in other countries, union attitudes and communication with organised labour are crucial issues in effecting cultural change. A major concern of many companies is how the unions will react and when, or if, they should be involved in the quality revolution or improvement process[6]. For example, the Japanese as late as the 1950s shot in each other in union, disputes (that looks like a very expensive exercise), but with the determination to achieve world economic dominance with quality products and services, they changed the plan. The result is what has become of Japan today.

What many executives may still not understand is that when unions and management become locked in stand-off, it is to the detriment of customers (both internal and external). For those organisations with a strong union presence, the involvement of the unions in the process is essential factor in **TQM** planning. Unions must be revolved early in the process as delay will only foster suspicion that management are "up to do something". It is often times agreed that rumour in business usually has a tendency to be negative. Quality improvement for instance, can be taken or represented as getting workers to do more for less or as another cost -cutting exercise. It is only when the unions comprehend the issues surrounding the **TQM** process that such suspicion will be removed and a way paved for closer cooperation.

Part of the activities of the initial implementation stage should just do that. Union representatives must be involved in awareness sessions (both in training and content) at the planning stage.

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6. Seye Onanusi, in an article; GETTING THE TQM BALL ROLLING. THE GUARDIAN, Tuesday March 20, 1997. Page 31.

The choice of representatives will depend of course on size of the company. Unions too have their management structure and therefore the awareness and education must mirror the 'cascade' approach within the company.

> *The **TQM** organisation should mirror and not supersede the existing organisation; All **TQM** actions are facilitating and should be designed to assist the normal organisation in taking improvement actions.

We do not need to develop separate structure to manage quality. To do that would defeat the purpose and create another departmental 'fortress' which we are trying to eradicate. Managers and people working together in the normal structure will be responsible for managing quality; this means that to start., a company will need a *shadow* organisation to plan and implement the change. See figure 18 below.

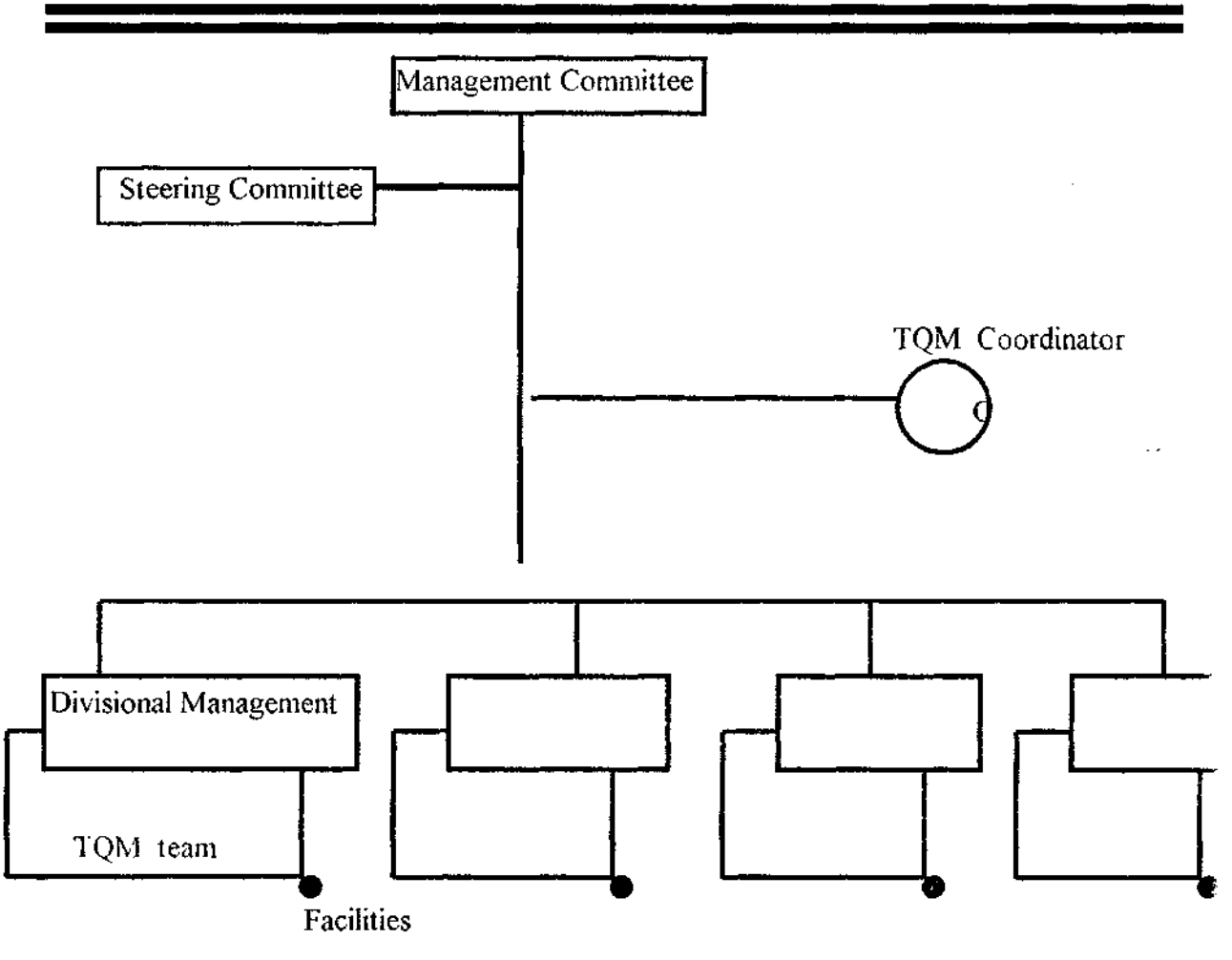


Figure 18 - TQM Organisation -- Shadow committees, TQM coordinator, and Facilitator

The plan must include a similar diagram designed to match your own management organisation. The quality steering committee *(QSC)* and **TQM** teams are effectively the management committee and divisional or departmental management teams meeting separately to focus on the process of change. The black dots represent ***Facilitators*** and other specialists to provide support for the process. A central coordinator for quality may also chair a meeting of facilitation from time-to-time.

The responsibility of the QSC and the TQM teams is to plan and design the systems and tools to be used in the process. They are never to be responsible for managing quality, therefore the shadow will only remain in place during the initial phases. The launch of the TQM process is not the moment to define the company structure. It is the activities of work process improvement that will in itself raise questions as to the state of existing structure.

Having established as above with the Quality Business Plan in place, the implementation of the plan starts with TQM actions. The key actions can be summerised as follows;

*Form TQM teams to understudy the TQM process and how it could be achieved in the company.

*Initiate company - wide awareness of TQM especially on the objectives and requirements and the need for the entire staff to imbibe the culture of TQM. This may call for the production of handouts, pamphlets, slogans and music conveying the message of the need, importance and requirements of TQM so as to achieve a company-wide embrace of TQM.

*Train the instructors i.e. a kind of TQM team audit training which may be followed by aptitude test and possibly the awards of certificate of merit.

*Implement the education element of the Business plan, starting with senior management and cascading down the organisation.

*Develop TQM systems for (control) corrective action, recognition and improvement suggestions;

*Develop TQM tools or documentation for work process analysis; requirements and measurement; and

*Establish review procedures.

It should be noted that these actions are not necessarily taken in a strict sequential order; many will start at the same time and involve separate ad-hoc teams. All of the actions should be on-going and the systems and procedures developed by the various teams are in themselves work processes an can be continually improved.

To now meet the company directive of Total Continuous Improvement (TCI), management must provide leadership. The best form of senior management action is to insist that the decision on the implementation of TQM are carried out throughout the company, and then help people to carry them out. To demonstrate this leadership trend, there should be a plan and design into the process; this is the real purpose of improvement process.

These actions are:

*Insist that all managers complete their education as schedule

*Select three key company work processes for analysis and establish management teams to carry out the analysis (with perhaps investment of external consultants(s)

*Define work process improvement goals and review departmental organisation and objective in the light of quality;

*Transfer ownership of work processes to the line management;

*Insist that line management ensure that all employees/unions membership complete their education as scheduled;

*Insist that customers, suppliers, and process requirements are defined and published for all work processes;

*Conduct departmental and process management reviews to ensure that opportunities for improvements are defined;

*Conduct reviews to TQM process to ensure that total ownership of the process can be transferred to line management.

This stated actions should normally be designed in such a way that the new culture is fully absorbed into the 'wood work' of the company, thus allowing continuous improvement. What executives should not be tempted to do is to completely reorganise the company to meet quality challenge.

Before a strategy is developed, one important principle must be understood;---The TQM organisation is not responsible for quality or quality improvement. It is responsible for managing a facilitative process -- a process that will assist managers and people to take ownership of quality and more importantly, a process in which the concept of improvement will be ingrained in each individual. The QSC should take full notes of the TQM and improvement actions at the early meetings.

3.5 APPROACHES TO TQM IMPLEMENTATION

Because the Nigeria government has yet to promulgate total quality, there is no definition with which everybody can argue. Education and training therefore become (apparently the only) vehicle for our cultural change along the quality path. However, the contrasting approaches taken by consultancies in assisting organisations with quality improvement (***agenda***) are in themselves a selection issue. The two most common approaches can be categorised as the ***packaged solution*** and the ***task force*** approach.

The Packaged Solution is usually based on the work of one of the quality gurus - Deming, Juran, Crosby, Cornway and several others. This approach recognises that changing behaviour and attitudes require education, but is heavily reliant on videos and work books and does not take sufficient account of the cultural issues or problems with organisations. As a result, a common understanding is difficult to achieve if those communicating have totally different terms of difference. This problem is most prevalent or noticeable in videos and other education media.

The task force approach is more prosouc (uninteresting) in that it provides an immediate pay back and receptive feelings. The approach is aimed at specific problems rather than the whole (sale) style and attitude to managing the organisation. It's draw back is that, it rarely allows an organisation to take absolute control of the quality process and make it a company's programme. This approach is often provided by the generalist management consultancies.

While it is now clear that **TQM** is the process of change, moving towards an organisational culture of total and continuous improvement, what is however essential is a company's chosen approach to implementation. When organising for quality, the degree to which the consultancy can demonstrate its intention to collaborate with an organisation's people to prepare a ***plan*** is of paramount importance in order to ensure a company's ownership of the quality process.

An organisation is unique in its objective, structure and culture and **TQM** is about cloning the methodologies and organisations of the quality gurus mentioned earlier. A company can rather learn from their concepts and experience, but should be adapted to a company's culture. The importance of education and training in the TQM process can not be over emphasized. The consultant's educational methods and materials should be examined in depth as considerable experience is usually reflected in them.

Fundamentally, good concepts and theories will appear remote (or impossible) if not related directly to a company's experience. This is why the adult learning approach is more relevant, as it identifies with an organisational work process. It is about learning by doing.

Many consultants rely on 'packaged' educational methods and materials which are reliant on standard videos and workbooks and projecting the guru of their choice. These factors can create barriers to identify for and project an organisational ownership of the process. Modern desktop publishing and video technology can eliminate these dangers. An organisation's consulting firm should be prepared to tailor or develop its generic materials to meet the needs of the company's culture. This should be so because the company's principles, values, vissions or mission and systems should form an integral part of the educational materials. It is therefore important that a company insist that the consultant(s) practice what they preach and be prepared to develop and modify their basic materials to meet the needs of the organisation.

Another intriguing stage for evaluating the consultant is when establishing stable processes. There are divergent approaches of preceeding stages. In order words, they tend to establish project teams which concentrate on improvement of specific processes (yes! well suited to manufacturing environment), however it has the danger that senior management and administrative processes are not involved. Concepts and systems must be put into practice - this means that the consultant must ensure that management moves from supervision to leadership; a stage at which key work processes are analysed and the improvement process begins.

A common mistake in quality initiative is for consultant to start at a stage of involving all employees. This has been aptly called the "flavour of the month" approach. Typical approaches are customer care and quality circle - these are not TQM and will not maintain expected impetus without a deep change in management behaviour. It is imperative

to examine again the consultants approach to ensure that all work groups become involved at the appropriate time in using:

*The system and tools of quality improvement;

*Measurement in their work processes;

*Goal setting

*Problem solving techniques and

*The process to communicate their problems freely.

It is when this happens that the potential of the employees will be released and are ready for the continuos improvement.

Concluding, the challenges for organisations wishing to pursue quality is how to incorporate quality management principles into the planning process and to ensure that the organisation functions adopt them. It is mandatory that proposal emanating from the consultant addresses the basic organisational issues. This will allow the organisation and the TQM consultant to work in partnership and achieve incredible success. The goal of a TQ organisation is to move to be winner in business excellence.

3.6 ACHIEVING PRODUCT QUALITY.

Ensuring that all company operations play a productive role in maintaining product quality seems like an overwhelming task. Although the task is indeed formidable, several useful and valuable guidelines have been formulated to make the task more achievable. Advice from three internationally acclaimed experts----

*Philip B. Crosby,

*W. Edwards Dening, and

*Joseph M. Duran -- on how to achieve product quality is summerised below[7].

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7. SAMUEL C. CERTO: Modern management; Quality, Ethics and the Global Environment, 5th Edition (c) 1992. Allyn and Bacon Please see Achieving Quality. Page 659 - 663.

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Crosby's Advice on Achieve Quality.

Philip B Crosby is generally known throughout the world as an expert in the area of quality and is accepted as a pioneer of the quality movement in the United States. Crosby's work provides managers with valuable insights regarding how to achieve product quality. According to crosby an organisation must be "injected" with certain ingredients relating to integrity, systems, communications, operations and policies. By adding these ingredients to an organisation, the organisation should be able to achieve significant progress in achieving product quality. Crosby calls these ingredients the "*Vaccination Serum*" that prevents the disease of law company wide quality. The ingredient of the Crosby Vaccination Serum are presented in Table 7 below.

Table 7 - Crosby's Vaccination Serum for Preventing Poor companywide quality

Integrity
A. The chief executive officer is dedicated to having the customer receive what was promised, believed that the company will prosper only when all employees feel the same way, and is determined that neither customers nor employees will be hassled.
B. The chief operating officer believes that management performance is a complete function requiring that quality be "first among equals"---Schedule and cost.
C. The senior executives, who report to those in A and B, take requirements so seriously that they can't attend deviations.
D. The managers, who work for the senior executives, know that the future rests with their ability to get things done through people --- right the first time.
E. The professional employees know that the accuracy and completeness of their work determines the effectiveness of the entire work.
F. The employees as a whole recognise that their individual commitment to the integrity of requirements is what makes the company sound.

Systems

A. The quality management function is dedicated to measuring conformance to requirements and reporting any differences accurately.

B. The Quality Education System (*QES*) ensures that all employees of the company have a common language of quality and understand their personal roles in causing quality be routine

C. The financial method of measuring nonconformance and conformance costs is used to evaluate processes

D. The use of the company's services or products by customers is measured and reported in a manner that causes corrective action to occur.

E. The companywide emphasis on defect prevention serves as a base for continual review and planning that utilises current and past experience to keep the past from repeating itself.

Communications

A. Information about the progress of quality improvement and achievement actions is continually supplied to all employees.

B. Recognition programmes applicable to all levels of responsibility are a part of normal operations.

C. Each person in the company can, with very little effort, identify error, waste, opportunity or any concern to top management quickly -- and receive an immediate answer.

D. Each management status meeting begins with a factual and financial review of quality.

Operations

A. Suppliers; are educated and supported in order to ensure that they will deliver services and product that are dependable on time.

B. Procedures, products, and systems are qualified and proven prior to implementation and then continually examined and officially modified when the opportunity for improvement is seen.

C. Training is a routine activity for all tasks and is particularly integrated into new processes and procedures.

Politics

A. The policies on quality are clear and unambiguous.

B. The quality function reports on the same level as those functions that are being measured and has complete freedom of activity.

C. Advertising and all external communications must be completely in compliance with the requirements that the products and services must meet.

Deming's Advice On Achieving Quality.

W. Edwards Deming was originally trained as a statistician and began teaching statistical quality control in Japan shortly after World War II. He is recognised internationally as a primary contributor to Japanese quality - improvement programmes. Deming advocates that the way to achieve product quality is to continuously improve the design of a product and the process used to manufacture it. According to Deming, top management has the primary responsibility for achieving product quality. Deming advises that management follow fourteen points to achieve a high level of success in improving and maintaining product quality[8].

Dr. Deming's 14 Points.

1. Create and publish to all employees a statement of the aims and purpose of the company or other organisation. The management must demonstrate constantly their commitment to this statement.

2. Learn the new philosophy, top management and everybody.

3. Understand the purpose of inspection, for improvement of processes and reduction of cost.

4. End the practice of awarding business on the basis of price tag alone.

5. Improve constantly and forever the system of production and service.

6. Institute training.

7. Teach and institute leadership

8. Drive out fear. Create trust. Create a climate for innovation.

9. Optimise towards the aims and purpose of the company the efforts of teams, groups, staff areas.

8. Ibid. Page 661

10. Eliminate exhortations for the work force.

11a. Eliminate numerical quotas for production. Instead, learn and institute methods for improvement.

11b. Eliminate **MBO.** Instead, learn the capabilities of processes, and how to improve them.

12. Remove barriers that rob people of pride of workmanship.

13. Encourage education and self-improvement for everyone.

14. Take action to accomplish the transformation.

Juran's Advice on Achieving Quality.

Joseph M. Juran taught quality concept to the Japanese and has been a significant force in the quality focus throughout the World. Juran's philosophy emphasizes that management should pursue the mission of quality improvement and maintenance on two levels:

(i) The mission of the firm as a whole to achieve and maintain high quality and

(ii) the mission of individual departments within the firm to achieve and maintain high quality.

According to Juran, quality improvement and maintenance is a clear process. Managers must be involved with studying symptoms of quality problems, pinpointing the quality problems implied by the symptoms, and applying solutions to these problems. For maximum effect of quality effort, strategic planning for quality should be similar to an organisation's strategic planning for any other organisational function/issue like finance, marketing, or human resources; that is, strategic planning for quality should include setting short - term and long - term quality goals, comparing quality results with quality plans, and integrating quality plans with other corporate strategic (functional) areas.

3.6.1 Applications of the Experts' ideas.

Information from these experts' ideas gives insights on how an organisation can achieve high product quality. Based upon the ideas of;

*i -----> **Philip Crosby,** a company management can achieve its high product quality through a focus such as complete dedication to quality, having quality oriented systems, constantly discussing and monitoring quality in its communication, making sound quality - oriented operations/production decisions regarding issues such as which suppliers to use, and setting clear policies emphasising guidelines for achieving a high -- quality product.

*ii ------> Based upon the ideas of ***Dr. Deming,*** a company can achieve its quality product by constantly improving the design of its product or service experience and the process used to actually provide the experience to its customers. Taking such actions on constantly focusing on the purpose of improving product quality, promoting cooperation to facilitate the development of product quality, and emphasizing teamwork as a means to product quality are all management activities that must be instrumental in achieving high-product quality in the company.

*iii------> Based on the ideas of ***Juran,*** a company can achieve its high-quality product by emphasizing that maintaining product quality is the challenge of the entire organisation members as well as of individual departments. Individual, a company can maintain product quality because all organisation members constantly search for symptoms that are signals of quality problems and then take action to solve whatever quality problems those symptoms suggest.

It would be difficult to conclude that the thoughts/ideas of any one of these three theorists completely outlines how an organisation can achieve product quality. Instead, managers should collectively use all of their ideas in formulating a best way to establish product quality within a particular organisation.

3.6.2 Quality Culture and Ethical Implication

Dr. Deming advises that management shout strive for ***zero defect*** within its production process. That is, as they produce their products, companies should emphasize that no mistakes can be tolerated. Although the concept of zero defects is normally thought of as applying to manufacturing situations, the service companies like NIM, Banks or Insurance firms are examples of organisations that can readily apply this concept in the area of ethics.

The NIM is a professional organisation established and maintained to meet the needs of professional managers. The NIM has adopted code of ethics that describes the responsibilities of such managers and the rights and duties of individuals involved in the management process. As with code of ethic, the NIM code will have impact only if managers understand it, become committed to it, and comply with it. If the NIM had its way, a company or person is reputable only if it has high standard for quality products/services and has demonstrated constant emphasis on maintaining high ethical practices.

The NIM philosophy about ethics indicates that an emphases on high-quality ethics should be a component of every quality programme. Naturally, maintaining high ethical practices within an organisation is not an easy task to accomplish. One philosophy that can help managers to accomplish this task, however, is to adopt a zero defects philosophy about ethical practices. That is, managers will strive to eliminate every ethical practices mistake in their organisation.

3.7 OVERCOMING BARRIERS TO TQM

In our environment today, TQM has attracted both praise and criticism. Praise for the benefits which it can bring or bestow upon organizations in both manufacturing and service

sectors; and criticism for the fact that some 85 percent of all TQM initiatives result in complete or partial failure. The conclusion that can initially be drawn from praise - criticism dichotomy are two-fold:

> *15 percent of organisations which have sought to implement TQM have either not encountered any barriers to its implementation, or they have encountered barriers which they have successfully surmounted; and
>
> *85 percent of organisations which sought to implement TQM have encountered barriers which they failed to surmount[9].

It is quite and far more in keeping with the philosophy of the concept to prevent the emergence of barriers than to wait until problems arise and the respond by throwing money at it (a kind of fire fighting approach). The objective here is to identify the origin and nature of barriers which have been encountered and then analyse these as a basis from which intending practitioners could either prevent their occurrence or surmount them once they arise. Surprisingly, given the high rate of failure of TQM initiatives, little has been said about the character of the barriers which impede its implementation. Many reasons could be cited for this omission as few organisations wish to speak of failure and many wish to talk of success. Nonetheless, the massage of TQM is positive and barriers are negative; failure does not lead to analysis but to neglect.

What appears to be one of the major barriers to the implementation of TQM is the work of the so-called attempt to consider this motion. Whilst it is easy to contend that gurus such as Deming, Juran, Crosby, Feigenbaum, Imai and others have left a rich legacy of advice on the essence of TQM, it is equally possible to contend that they have done far too little to aid the practicing organisation(s) to implement their insight/ideas. In essence the gurus have

offered only prescription; prescription which is often contradictory as depicted in table; and have given up responsibility for drawing a comprehensive and coherent pattern of implementation.

What is the practicing organisation to make of the differing definitions of quality, the differing performance standards/motivation, the differing general emphasis on SPC, the differing improvement basis, the differing interpretation often work, the differing assessment of the cysts of quality and many more, offered by Crosby, Conway, Deming and Juran? How is such variety such variance to be managed and, more importantly, to be used to guarantee a barrier free implementation? When confronted with this intention; but largely unhelpful advice from the gurus, where do we begin and to where do we proceed? ***In short prescription which fail short of offering a modusoperandi is itself a potential barrier to the implementation of TQM.***

The way out of this dilemma is to develop a model for implementation which adhere to its underlying philosophy. Such model should by emphasis upon key aspects of TQM with direct attention to the areas in which barriers are most likely to emerge. The areas may be distinguished as those which are concerned with the implementation of TQM at the ***MICRO LEVEL*** or context level: This is the level concerned with the operational activities essential to make the philosophy of TQM manifest; teamwork, process, prevention measurement, management commitment, customer satisfaction.

The implementation of TQM is not something which is an instantaneous event but is rather something which should be phased throughput an organisation overtime. It would, therefore, appear reasonable to contend that barriers to the implementation would differ depending upon which stage or phase the implementation has reached. If we think of any TQM initiative as progressing through four phases SET UP, GET UP, STAY UP and MOVE UP, then following pattern of barriers may be discerned with the support of cause/.effect

diagrams (fish bone) as scenarios to the nature of barriers to implementation, in terms of inability to start a TQM programme, inability to sustain an on going TQM programme. Such an analysis will raise two further questions:

*Is it possible to identify all of the barriers which might arise in implementing TQM? and, if this is possible;

*Can these barriers be divided between the various phases of implementation?

Taking the first question, the following response can be offered. Essentially, barriers can surface from the following causes;

ORGANISATIONAL: Lack of management will and properly managed implementation vehicle.

EXECUTIONAL: Team lacks appropriate training and education are improperly constructed and their activities are improperly coordinated. Solutions only work in the short term because of a failure to appreciate that there is a hierarchy of desirable solutions involving a degree of quality and acceptance.

EMOTIONAL: Fear of taking risks, no appetite for uncertainty and judging rather than generating ideas.

ENVIRONMENTAL: Autocratic supervision, lack of trust and cooperation, lack of support monetary, moral, physical and emotional.

Other barriers undoubtedly exist which are less readily categorised but which warrant mention here. These adverse features can be designated as ***'Traps'*** because they have the potential to become barriers themselves. They are

****Training trap*** where only tangible result which can be defined is the number of people trained.

*_Technique Trap_ where some technique is taught to provide the answer to quality improvement e.g. SPC.

*_Technology Trap_ where some technology is thought to provide the answer to quality improvement e.g. JIT.

*_Doldrums Trap_ where the organisation enthusiasm and commitment to the process falls off, typically, after the initial training period has been completed.

*_Participative management Trap:_ Management unwillingness to let go of the reigns of power or control and embrace employee participation.

The above list can be extended almost infinitely to include Quck Fix Trap, Management Isn't Committed Trap etc. However, the intention in considering the barriers to the implementation of TQM has been to raise awareness of some of the more common ones in our environment for now and the recurring ones, so that they can be prevented. As to the means of prevention, there must be located in the effective management of the operational principles which are at the centre of the philosophy of TQM itself.

The customer-driven need for change and improvement will continue to appear in our business environment. As such, the examination of the reasons for comparative failure and the reasons why some organisations have met success, future of the quality movement. However, the point must again be established that ***Consultants and practitioners of TQM can never be more than facilitators to assist organisations to think and the develop solutions which best fit their own culture.*** Rather than imposing an alien solution on an organisation distinct culture, there is the need to asses "culture issues" before ever getting started on the process. Any organisation or consultant blindly adhering to external absolutes or set of principle of a guru would do well to understand that they are climbing a dead tree.

3.8 QUALITY TECHNIQUES

Understandably any quality technique must follow a lead top management with its committed TQM programmes and indoctrination of a quality culture. The techniques are introduced when the climate is right. To help attitude change, an employee must be appropriately trained. Typical techniques are quality control including statistical quality control, quality circles, and value analysis; others schemes are process analysis techniques, departmental activity analysis and Juran project training. For the purpose of this project however, focus of discussion will be more on;

*Quality circle, and

*Value analysis

3.8.1 Quality Circle

Recently, managers have involved all of a company's employees in quality control. In general, management solicits the ideas of employees in judging and maintaining product quality. This trend toward more involvement of employees in quality control developed from a control system originating in Japan called quality circles. Although many corporations are now moving beyond the concept of the quality circle to the concept of work team, many of the ideas generated from Quality Circles (*QC*) continue to be valid. ***Quality Circle*** are simply small groups of workers who meet regularly to discuss and help solve quality related problems. Solutions to the problems are formal presentation session.

QC is based on "motivation by participation": Small group (usually from five to ten people) who are engaged in ***Similar*** activities meat regularly under a leader who may not necessarily be the member supervisor, to discuss work problems. Topics may include quality, materials, machines, equipments and safety. Figure 19 below shows the roles of management and circle members in the quality circle problem -solving process. The meetings are voluntary and in company time, although once established, there is a tendency to meet at other times.

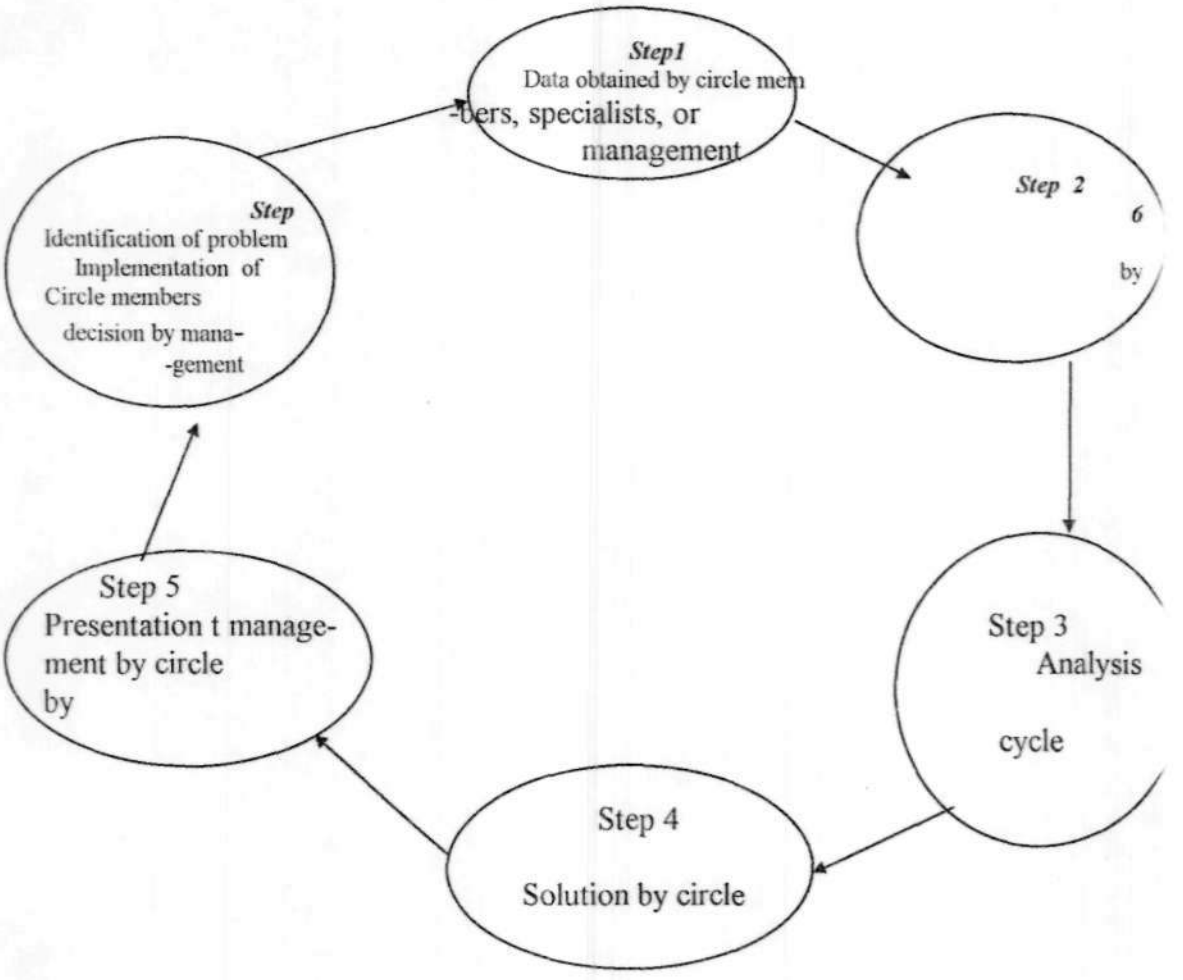


Figure 19 -- The roles of management and circle members in the quality circle problem-solving process.

Initial considerations: If the decision to install QC comes from top management, the first stage may be to establish a steering committee. Its functions will include financial allocation and considerations, responsibility for training, launching the scheme, the appointment of leaders and a facilitator, and co-ordination of the project.

Objectives: The main objectives are to improve productivity by participation, to improve quality at less cost, to reduce frustration and grievances, to reduce labour turnover and to push real power down to lower levels in the organisation.

General approaches

Obtaining the backing of management is absolutely vital otherwise the outcome may be a lowering of morale and a demotivating effect may be experienced. Also the union should be consulted and direct involvement encouraged to contribute, the subject matter is thoroughly aired, all possible solutions are considered and a written report is submitted to management. After agreement, implementation by the group must be handled with extreme care, remembering all the human problems that may be involved. The initial reaction from other employees may cause concern, therefore it is worth taking a low-key approach until the outcomes are appreciated.

Appropriate Organisation levels.

The orthodox sites for QC are on the shop-floor, in the office or, for instance on the retail stores floor. Within these sites are found the majority of employees -- using similar skills and experience --who easily identify with each other in the work situation. They can distinguish similar problems and both individually and collectively determine ways of over coming them and of implementing their ideas. This distinction avoids confusing QC with other forms of group activity such as works committees, project teams, value analysis groups are consultative committees. These groups are composed of employees who do different work and who generally deal with tabled problems or plans.

3.8.2 Value analysis

This technique aims to improve the reliability and reduce the cost of an existing product by studying critically the product and its components to assess their function and cost. At the design stage the technique is called value engineering.

A psychological questioning attitude is essential in attempting to improve design at lower cost. Success depends upon allocating sufficient time, using imagination and creating an atmosphere where people feel free to come up with new ideas or suggestions regardless of

how absurd may seem. Invariably savings occur, either by changing the method of producing a component, redesigning it, or dispensing with it entirely by redesigning other components.

Method

A typical procedure follows six phases

1. Select the product for study
2. Define the function of each part note its cost and design.
3. Determine the various ways of performing the function and how they could be incorporated in a design, or designs.
4. Cost each design idea and compare with previous costs. If one is cheaper continue with study; if more expensive abandon and try again.
5. Select the optimum design considering cost and reliability.
6. Implement design and review periodically.

THE VALUE ANALYST Generally this person is an engineer trained in value engineering, enthusiastic, and creative. Ideally, a multi-disciplinary team is chosen to conduct the study. However the supervisor may also conduct, similar studies with a group of operatives. Many improvements in quality and reliability have been recorded.

CHAPTER FOUR

QUALITY THROUGH STRATEGIC PLANNING

4. 1 INTRODUCTION

Managers in most organisations spend significant amounts of time and effort on strategic planning. If designed probably strategic planning can play an important role in establishing and maintaining product quality. As stated earlier, corporate strategic planning has to do with a particular type of plans. It involves planning for the organisation as a whole, not for its parts. John Argenti specifically defined it as "the careful, deliberate, systematic taking of decision, which affect or are intended to affect the organisation as a whole (as opposed to only a part of it) over a period of time"

TQM or the quality culture is by nature a strategic (management) option to build a sustainable competitive Advantage (SCA) in a world of business that is ever changing. The unstable operating environment has necessitated more than ever before, the need for companies to improve business efficiency in the creation and delivery of products and services. Indeed, the demand of today's market place is an insistence on ever higher standards of quality, convenience and value. This explain the general consensus among management theorists and practitioners that if an organisation is to be successful in the national and international business World of today, it must offer high-quality goods and services to its customers. Most companies have therefore embraced the TQM as a strategic business tool.

The point can however not be over-emphasized that for maximum effect of a quality effort, strategic planning for quality should be similar to an organisations strategic planning for any other organisational function or issue like finance, marketing, R&D or human resources; that is strategic planning for quality should include setting short-term and long-

term quality goals, comparing quality results with quality plans, and integrating quality plans with other corporate strategic areas. The following section therefore foam on steps of the strategic management process and discuss how each step can be used to achieve/encourage product quality[1].

4.2 ENVIRONMENTAL ANALYSIS AND QUALITY.

The initial step of the strategic management process is environmental analysis. ***Environmental analysis*** has been defined as the study of organisational environment to pinpoint factors that can significantly affluence organisational operations. In establishing the role of environment analysis to enhance product quality, special attention can be given to studying quality - related environmental factors, the quality of products offered by competitors, and special technology being developed to enhance the quality of organisational activities are all examples of such factors.

Suppliers are often given special attention during environmental analysis by managers who stress quality. Suppliers are those companies that sell material to be used in the final assembly of a product by another company. As an example, MB-ANAMMCO (motors) has many suppliers who furnish the company with parts that are then used in the final assembly of ANAMMCO automobiles. Basically, the satisfactory performance of a final product will be only as good as the quality of parts obtaines from company suppliers. Defective parts from suppliers can result in delayed delivery schedules, reduced sales and reduced productivity. Special study of suppliers during environmental analysis can alert management to suppliers who can help to improve product quality through the quality of the parts that they furnish.

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1. Ross Johnson and William O. Winchell; Strategy and Quality (Milwankee, WSC; American Society for Quality Control , 1989).

4.3 ESTABLISHING ORGANISATIONAL DIRECTION AND QUALITY

In this step of the strategic management process the results of environmental analysis are used as the basis for determining the path that the organisation will take in future. This path is then documented and distributed throughout the organisation in the form of a mission statement and related objectives. Assuming that environmental analysis results indicate that product quality is important for an organisation, a manager can use an organisational mission statement and its related objectives to give general direction to organisation members regarding the organisation's focus on product quality. The following is an example of a mission statement used to encourage companywide quality by MB-ANAMMCO, the first Nigerian Automotive plant to secure the ISO 9001 Certificate[2].

We commit ourselve to:

--- Total Quality Management (TQM) through a process of continuous improvement;

--- Motivate our internal customer to meet the expectations of our external customers;

--- A culture of clear and transparent responsibility through leadership by example;

--- An effective communication to achieve maximum cooperation and ensure team work;

--- For the achievement of positive results.

In studying how different companies establish the direction of a product quality focus, it becomes apparent that different companies define product quality in different ways. For example, at some companies product quality is defined as a stronger product that will last longer, or as a heavier, more durable product. At other companies, product quality can be the degree to which a product

conforms to design specifications; or product excellence at an acceptable price and at an acceptable

2. The EDITORIAL written by Rudi KOMMAYER, The MD of Mercedes Benz ANAMMCO to celebrate the achievement of ensuring the ISO 9001 certificate. ANAMMCO News Nov/Dec. 1997

cost. In still other companies, quality is defined as the degree to which a product meets consummer tastes. Whatever management decides that its definition of product quality might be, this definition must be communicated to all organisation members in order that they might work together in a focused and efficient way to achieve predetermined product quality.

4.4 STRATEGY FORMULATION AND QUALITY.

After determining organisational management process is strategy formulation, deciding what steps should be taken to best deal with competitors. The purpose of a strategy is to build, sustainable competitive Advantage (SCA). Sound strategies are the managers play book for competing. They essentially differentiate competitors.

Incorporating the issue of product quality as part of the focus of a SWOT analysis (Strengths, Weakness, Opportunity, Threats) can help managers develop quality based strategies. As an example, it may be pointed out as a result of a SWOT analysis that organisation members are not adequately trained to deal with certain product quality issues. Naturally, a strategy based on this organisational weakness would be to improve quality-oriented training[3].

Answering questions like the following can help managers to determine the specifics of a quality - related SWOT analysis:

*Is the quality responsibility throughout the company relegated to a quality control department, or do all functions in the company have responsibility for maintaining CWQ?

*How much emphasis is placed on satisfying the customer?

*Is CWQ an important element in a company's strategy plan?

*Does the company recognise that productivity can be improved by improving CWQ?

3. Dr W. Edwards in his article on-how important training can be in TQM/CWQ effort. See EBS journal (spring 1989) page 3.

*Is the quality of suppliers considered to be a factor in improving CWQ?

4.5 STRATEGY IMPLEMENTATION AND QUALITY

When the results of environmental analysis indicate that product quality is important for an organisation, that product quality direction has been established through its mission statement and related objectives, and that strategy has been developed for achieving or maintaining product quality, management is ready to implemen its product quality strategy. Implementation merely requires putting product quality strategy into action. Although implementing.

Although implementing product quality strategy seems like a straight forward step, in reality it is quite complex. In order for managers to be successful at implementing product quality strategy, they must meet challanges like; ---being sensitive to the fears and frustrations of employees in implementing new strategy;---- Providing organisational resources needed to implement the strategy; -----Monitoring implementation progress; ---- and Creating and using a network of individuals throughout the organisation who can be helpful in overcoming implementation barriers.

Two tools commonly used to implement product quality strategy are

**Policies and **---Organisational structure.

Policies for quality.

A policy is defined as a standing plan that furnishes broad, general guideines for channeling management thinking toward taking action consistent with reaching organisational objectives. A quality - oriented policy is a special type of policy. A ***quality - oriented policy*** is a standing plan that furnishes broad, general guidelines for channeling management thinking toward taking action consistent with reaching ***quality*** objectives.

Quality oriented policies can be made in virtually any organisational area and can focus on issues like the quality of new employees recruuited; ---the quality of plans developed within the organisation;----the quality of decision - related information gathered and distributed within the organisation;----the quality of parts from suppliers to be used in the final assembly of products,----and the quality of training used to prepare employees to work in foreign subsidiaries.

Structure for quality.

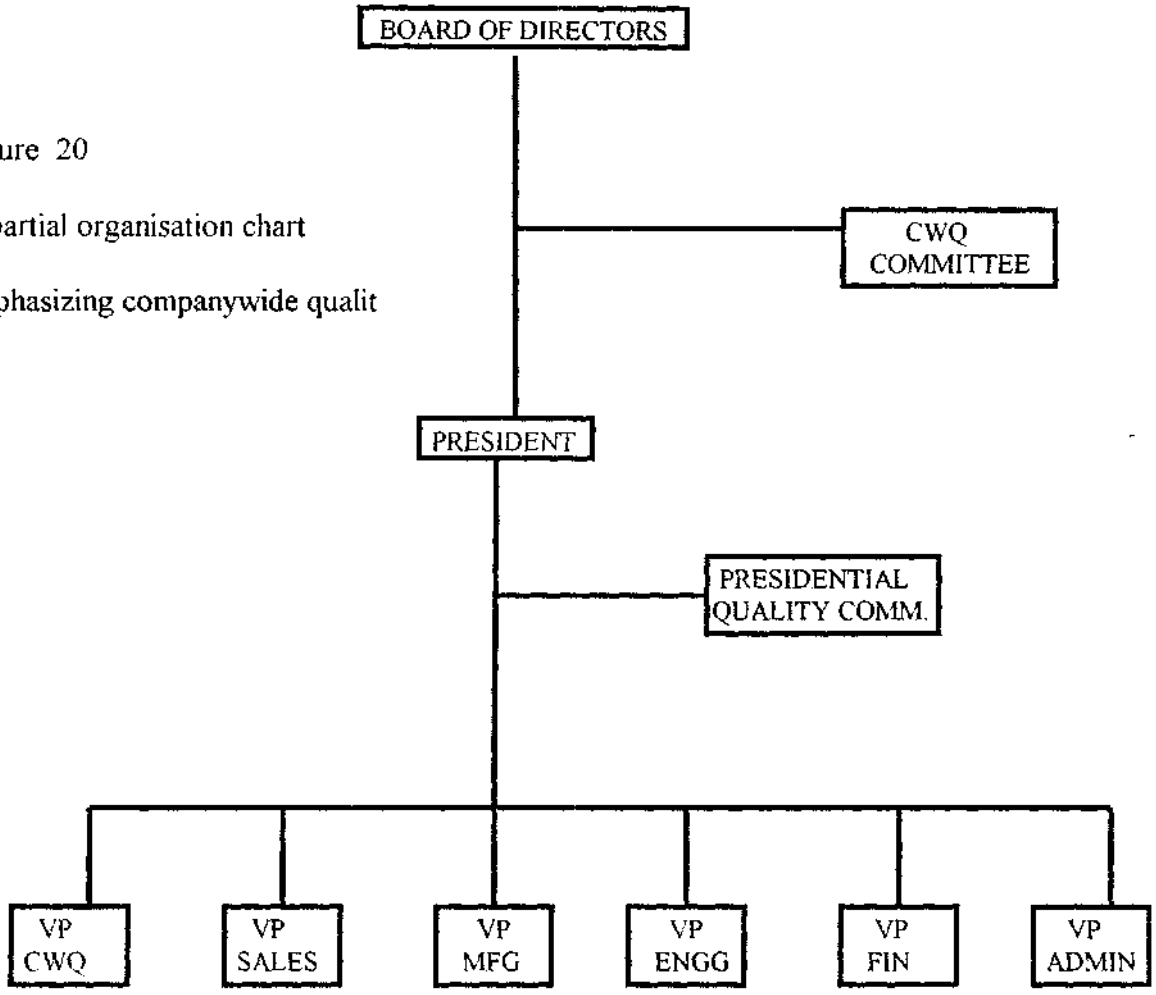
Structure can be defined as a designated network of relationships between various positions and the position holders, that is relationship among resources of the management system. A ***quality oriented structure*** is designated relationships among organisational resources that emphasize the achievement of quality objectives.

One means of illustrating relationships among organisational resources as they are intended to help management accomplish product - quality objectives is an organisation chart, a graphic illustration of structure. Figure 20 below illustrates how can be designed to involve a focus on product - quality throughout an organisation.

Figure 20

A partial organisation chart

emphasizing companywide qualit



This particular chart indicates a CWQ committee above the president that reports to the company board of directors. In addition, a Presidential Quality Committee reports to the president, and a CWQ Vice-President maintains a constant quality focus throughout lower levels of the organisation. The chart clearly makes the point that an enphasis on maintain product quality requires resources and focus throughout all levels of the organisation.

4.6 STRATEGIC CONTROL AND QUALITY.

Strategic control emphasizes monitoring the strategic management process to make sure that it is operating properly. Interms of product quality, strategic control would focus onmaintaining company activities to ensure that product quality strategies are operating as planned. In achieving control in the area of product quality.

Insight offered by Philip Crosby state that in order to control efforts in achieving product quality, several organisational areas should be monitored. The areas include;

*Management's understanding and attitude toward Quality,

*How quality appears within an organisation,

*How organisational problems are handled

*The cost of quality as a percentage of sales,

*Quality improvement actions taken by management

* And How management summarises the organisation's quality position.

According t Crosby, organisations go through five succesive stages of quality maturity as they approach the maximum level of quality in all levels/phases of organisational activities. Each of the stages represents variations of the above monitoring areas. Figure 21(overleaf) depicts Crosby's five stages of quality and the different variations of monitoring areas represented with each stage. Figure 21 is actually a rating instrument called the ***Quality Management Maturity grid.*** Strategic control concerning quality would focus on ensuring that an organisation evolves to stage five (5) of the Quality Management Maturity Grid.

4.7 MANAGEMENT SKILLS FOR ACHIEVING QUALITY

To manage successfully managers should apply both knowledge of ***Systems theory*** and the four basic management functions to management situations that they face. Three management skills related to the application of this knowledge are

*Systems Skill.

*Functional skill

*Situational skil and

*Situational analysis skill

QUALITY MANAGEMENT MATURITY GRID

Rater _____ Unit _____

Measurement Categories	*Stage I: Uncertainty*	*Stage II: Awakening*	*Stage III: Enlightenment*	*Stage IV: Wisdom*	*Stage V: Certainty*
Management understanding and attitude	No comprehension of quality as a management tool. Tend to blame quality department for "quality problems."	Recognizing that quality management may be of value but not willing to provide money or time to make it all happen.	While going through quality improvement program learn more about quality management; becoming supportive and helpful.	Participating. Understand absolutes of quality management. Recognize their personal role in continuing emphasis.	Consider quality management an essential part of company system.
Quality organization status	Quality is hidden in manufacturing or engineering departments. Inspection probably not part of organization. Emphasis on appraisal and sorting.	A stronger quality leader is appointed but main emphasis is still on appraisal and moving the product. Still part of manufacturing or other.	Quality department reports to top management, all appraisal is incorporated, and manager has role in management of company.	Quality manager is an officer of company; effective status reporting and preventive action. Involved with consumer affairs and special assignments.	Quality manager on board of directors. Prevention is main concern. Quality is a thought leader.
Problem handling	Problems are fought as they occur; no resolution; inadequate definition; lots of yelling and accusations.	Teams are set up to attack major problems. Long-range solutions are not solicited.	Corrective action communication established. Problems are faced openly and resolved in an orderly way.	Problems are identified early in their development. All functions are open to suggestion and improvement.	Except in the most unusual cases, problems are prevented.
Cost of quality as % of sales	Reported: unknown Actual: 20%	Reported: 3% Actual: 18%	Reported: 8% Actual: 12%	Reported: 6.5% Actual: 8%	Reported: 2.5% Actual: 2.5%
Quality improvement actions	No organized activities. No understanding of such activities.	Trying obvious "motivational" short-range efforts.	Implementation of the 14-step program with thorough understanding and establishment of each step.	Continuing the 14-step program and starting Make Certain.	Quality improvement is a normal and continued activity.
Summation of company quality posture	"We don't know why we have problems with quality."	"Is it absolutely necessary to always have problems with quality?"	"Through management commitment and quality improvement we are identifying and resolving our problems."	"Defect prevention is a routine part of our operation."	"We know why we do not have problems with quality."

URE 21 The Quality Management Maturity Grid

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SYSTEM SKILL QUALITY

System Skill is the ability to view and manage a business or some other concern as a number of components that work together and function as a whole to achieve some objective. In essence, the systems approach to management is a way of analysing and solving managerial problem[4]. Managers analyse problems and implement solutions only after examinig the system parts related to the problems and evaluating the effect of each solution on the functioning of all the parts.

Systems skill is extremely imprtant in achieving product quality. Only after managers understand the ***big picture*** or how all parts of the organisation work together to produce goods or services can adequately focus on improving product quality. In essence, managers must understand completely the effect that making a change to the production process will have on other company issues like jobs, new suppliers that may be needed as a result of a production change. Without such understanding, it is quite possible that a change in the production process itended to increase product quality actually would cause significant quality problems in other areas and thereby actually reduce product quality.

Functional Skill and Quality

Functional Skill is the ability to apply appropriately the conceptrs of planning, orgganising, influencing, and controllingg to the operation of a managgement system. The application of these four basic functions is of such vital concern to management that this project presents them as subsystems of the overall managgement system. Figure 22 (over leaf) illustrates this fact.

Generally, product quality can be improved through improvements in organisational plannings, organising, influencing, and controlling.

4. J. Buckley, "Goal Process - Sytem interaction in management correcting the Inbalance"; Business horizons 14 (December 1971) Page 80 - 89

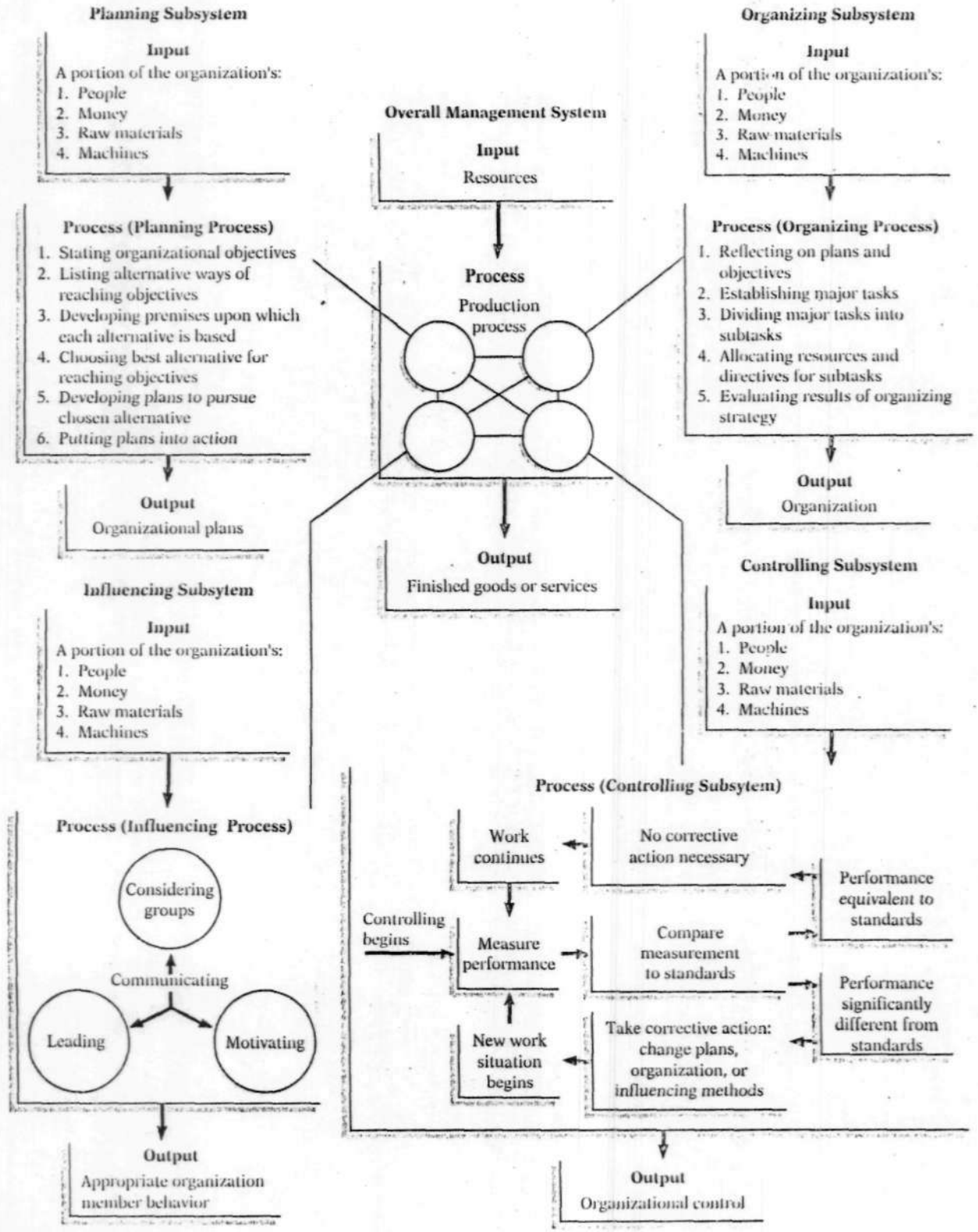


FIGURE 22 Relationships among the four major functional subsystems and the overall management system

Relevant improvements in these functional areas might include setting appropriate standards for the quality of customer relations OR scheduling of workers to allow workers to perform jobs they do best *(planning)*; better designing of organisation structure to focus resources on quality issues and/or providing employees with training necessary to reach those quality standards *(organising)*; rewarding employees for reaching those standards *(Influencing)*; and improved information systems to furnish managers better data relevant to controlling product quality and/or monitoring employee customer relations to see how they can be improved *(Controlling)*. These are ways management can use management functional skill to focus on attaining product quality.

Special Quality Situations.

Situational analysis skill is the ability to apply both systems theory to the particular situations managers face. This skill emphasis that managers must thoruoghly understand their ***own unique management situations*** before they can use systems and functional skills to their best advantage. Obviously, the importance of situational analysis skill is supported by the thoughts and ideas of the ***Contigency approach*** to management.

Situational analysis skill regarding product quality is the ability to apply both systems theory and functional theory to product quality situations that managers face. In the case of prduct quality, managers must thoroughly understand their own unique quality-situation before they can use systems and functional skills to their best advantage. A few important situational variables that many managers now face or may face in the future in striving for product quality are (1)--an aging workforce, (2)---a shrinking workforce, (3)---the quality of work life, (4) Women inmanagement, (5)--and workforce diversty.

An aging workforce:- Overall, the workforce of today is getting older. An aging workforce has many implications for maintaining product quality. Such issues as

organisations having to become more competitive in hiring talented older employees, because the supply of younger employees is shrinking, and managers having to become more sensitive to the needs and concerns of older workers are certainly important in maintaining product quality. Trying to maintain product quality with an aging workforce will probably increase the importance of wellness programmes.

Wellness programmes are special activities within an organisation designed to keep organisation members in good health. It is a fact that as workers become older, they become absent from jobs more often due to sickness chronic illness.

Wellness programmes can include health assessment of employees, strategies to stop smoking, exercise programmes, suggestions on handling stress, and general health education. Wellness programmes can help management minimise absentecism due to illness of an older workforce and thereby help to maintain continuity of product quality efforts.

A shrinking Workforce. The workforce of tomorrow will undoubtedly be smaller than the workforce of today. A shrinking workforce certainly has implications for maintaining product quality. Management needs appropriate workers to maintain product quality, and a shrinking workforce makes it more difficult for manament to get those workers.

To increase the probability that needed workers are obtained, managementy should expend more effort on human resource planning. Such efort would help management to compete better with other firms in recruiting needed employees. Icreased effort in determining the kinds of organisation members that will be needed, when they will be neeeded, and where they will come from will all help to ensure product quality in periods of short labours supply.

Quality of work life. The modern work force shows more interest in quality of worklife than any other work force in our history. ***Quality of work life*** is the degreee of opportunity of workers to make decisions that influence their work situation. The greater the

opportinity of workers to make such decisions, the higher the quality of work life is said to be workers would like to make decisions that tend to create the following[5].

1. Jobs that are interesting, challenging, and responsible.
2. Workers rewards through fair wages and recognition for worker contrbutions.
3. Workplaces that are clean, safe, quite and bright.
4. Minimal but available supervision.
5. Secure jobs that promote the development of friendly relationships with other system members.
7. Organisations that provide for personal welfare and medical attention.

A high quaity of work life is normally a prerequisite for achieving and maintaining high product quality. Without a high-quality of work life, management is simply making it more difficult to get workers excited about product-quality. When management fails to focus on developing a high-quality work life, workers are likely to view management's product quality focus as mostly aimed at squeezing more out of workers without really caring about them[6].

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5. Tom Lupton "Efficiency and the Quality of life", Organisational Dynamics (Autumn 1975) Page 68.
6. SAMUEL C. CERTO, "Management skill for achieving quality". Page 669 - 673.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 CONCLUSION

The future. That is what the present is about. All managers see the continued existence of their organisation as a prime management task.

The study has rather clearly showed that there is a process of management which almost all Chief Executives can make use of if they so desired, which sets out to systematically consider future events against every decision made in business. The method of management ---CORPORATE STRATEGIC PLANNING, --- is not a technique. It is a complete way of running a business or any other concern. Under it, the future implications of every decision are evaluated in advance of implementation. Standards of performance are set up beyond the future horizon of the annual budget. The company clearly defines what it is trying to achieve. A continual study is made of the environment in which the company operates so that the changing patterns are seen in advance and incorporated into the company's decision process.

Years ago the managerial emphasis in the typical coropration was on operations. A major question for management was how to use efficiently those scarce resources at its disposal in producing goods and services at prices consumers were willing to pay. If these tasks were done efficiently, it was believed, profits would be maximised. Today efficuent use of scarce resources is still a commanding concern of management of all organisations, but today, because of turbulent and rapidly changing environment, the ability of an organisation to adapt properly to environment, internal and external, is becoming more critical for survival.

Managers have to operate in a world that is always changing. Nothing is constant for long, whether in technology, politics, or the society. The change that sorrounds us presents

new strategic challenges, but also alters the environment in which these must be resolved. Evidently, the present time is besieged by change. The only same response is to develop a global strategy to make the company faster on its feet and more responsive to customers.

The quality of managerial strategy - making and strategy - implementation has a significant impact on organisation performance. A company that has no clear-cut direction; vague or undemanding objective, or a muddled or flawed strategy is much more likely to drift, to tolerate subpar performance and to lose its competitiveness. Indeed, in the face of increasing competition which imposes a responsibility of enhanced efficiency and professionalism, coupled with the type of complex, turbulent and surprise - filled socio, economic - political system that is evolving, it would be disastrous for companies to pursue the old policies of waiting untill crises arrrive and then trying to solve them by throwing money at them. Business organisations must ultimately engage in better corporate strategic planning.

As established in the preceding discussion, strategic planning is a tool that managers in any organisation can use to achieve product quality strategic planning employs strategies and tactics to help management focus on what must be done to maintain product quality in both the long term and the shout run. Management of an organisation (manufacturing or service organisation) can use strategic planning to further product quality by emphasizing quality throughout the strategic management process.

The modern concept of *'quality'* is a philosophy which aims continually to satisfy customer requirements. The term *'requirement'* covers all aspects of customer relationships -- not the product alone. It is indeed aim to quality which absorb the whole organisation in a ***quality culture***; a culture that aims to provide the customer with a product or service of highest quality consistent with price. Adopting a quality culture is what is today technically termed the ***Total Quality Management***(**TQM**).

TQM is a culture --a total way of life, an enhancing culture which drives the entire organisation in a journey excellence. More technically, the term TQM has been defined as both a management philosophy and a practical workig process for achieving distinction quality products and services at lowest cost to the company (consistent with price) which *'delights'* the customer. This definition is not the only effect of a world wide promotion of Japanese methods that happened to be particularly suited to international competition, it is also caused by the increasingly active participation of many industrial and service organisations in their choice of *Strategic approaches or options* to managing their businesses. As a result of the steadfast application of TQM, Japan is now a powerhouse. It's product's have become the standard by which items from other climes are measured.

For the TQM concept to succeed in any environment, its practitioners must imbibe the priciples in the four(4) vital areas:

*--- Customer of the business

*---the operations of the business

*---organisation of the business and

*---the culture of doing business as practical by the workers.

In other words, TQM organisationally implies a total company effort involving suppliers, customers, employees, managers and executives in a life-time process of satisfying each other's requirements as internal or external customers to each other.

A good starting point to the TQM (strategic) approach should be self-assessment of an individual organisation or a division of it. The assessment which obviously will differ depending on the *(unique)* economic, social and political environment, will, however involve;

*defining the level of wastes and customer satisfaction;

*identification of strengths and weaknesses throughout the work environment and the sitimulation of improvement; and

* establishment of top management commitment to change and for them to build organisational improvement objectives into business plans.

To organise for self assesssment, perception questionares would suitably be designed in varying categories that would form its basis. They are used to identify attitudinal and communication problems; current orientation; desired orientation; and strategy and action required.

What the various approaches to assessment would achieve is a series of future action plans in the short term, and a medium to long-term strategic plan formulated in the need of the business. Moreover, human resource plan would be developed in parallel with the startegic plan. Organisation's key processess are also bound to be identified. Infact, the monitoring of progress and formulation of policies and associated action plans are often time complementing the immense benefits of self assessment.

A managed quality approach/initiative through a assessment approach is likely to free wasted resources and profit would go up. The funds realised could be put to better use in delighting customers and influencing suppliers.

Tiday, total quality is still the fastest, smoothest and orgasation, delight to transform an organisation, delight the company customers and dramatically increase profitability. And for what ever name it is called (**CWQ, TQM, Quality assurance, TQ control etc**), Quality delivers:

*More satisfied customers, who spend more money, or spend money often or just more customers.

*More enthusiastic, committed, creative, and productive employees, who will stay with an organisation longer.

*Streamlined, efficient and cost-effective systems and processes, that ***reduce*** overhead and ***improve*** performance.

*Fewer delays, mistakes, bottlenecks and missed opportunities.

*Profitable new products or services: developed faster than your competitors can develop them - and at less cost.

*Profitable new market apportunities:- identified and exploited - before (an organisation's) competitors even notice them.

As it has however been clearly and severally emphasized and established in this project, TQM is by nature a strategic management option, to complete in a world of business that is ever changing. Therefore, to embrace the TQM culture, an inevitable demand is placed on formal strategic planning with its modern design characteristics in all organisations; whether large or small, manufacturing or service, profit making/oriented or nonprofit making organisations. Strategic planning is hence, a tool that managers in an organisation can use to achieve not only product quality but ultimately company wide quality; this is achievable by delibrately and consciously emphasizing quality through out the strategic management process.

5.2 RECOMMENDATIONS

Modern managers, perhaps more than any other generation of managers, face the challenge of developing and maintaining high quality in the goods or services they offer the market place. Indeed, most management theorists and practising managers agree that if an organisation is to be successful in the national and international business world of today, it must offer high-quality goods or services to its customers. A writer in *Business week of London* supports this belief:

> "Quality. Remember it?_____for business enterprises world wide, the message is simple: Get Better or Get beat".

For companies to actually survive, they must look beyond their immediate and present situation. They must develop strategies to help them optimise existing facilities and opportunities, at the same time, prepare to face the challenges ahead. This is possible only when (business) organisations adopt and embrace.

Total quality management (TQM) as a embrace business tool to enhance the level of customer satisfction. And since the entire quality effort is geared towards satifying the customer, the success of the TQM concept must also be effectively monitored through questionaires and a policy of maintaining close customer contact as information gathered often becomes crucial in the development of strategies and policies for the organisation. In other words, the TQM culture must be built on solid strategic planning foundation.

The bottom line is that, while a successfully introduced strategic planning will ensure that a company obtains a greater degree of control over its future than would otherwise be posible; it is also obvious that a company that must survive the turbulent economy must embrace the TQM culture which is still the fastest, smoothest and most reliable way to

transform an organisation, delight the customers and dramatically increase profitability. The relationship between the two concepts -- The TQM culture and strategic planning - can said to be complementary. The two methods are inevitably jointly required if a company is to become trully excellent (i.e a company whose total employees are committed to creating satisfied customers) and to know how to adopt and respond to a continuously changing market place (***i.e. company that practice the art of market-oriented strategic planning***).

It is in the light of the forgoing facts that the following recommendations are made which I hope willo be validated by their relevance and usefulness to which ever category of those who might apply to them for a valuable guide.

**1--The last two decades of the twentieth century have especially been a period of rapid professionalisation of management. Companies in Nigeria are therefore advised to embrace the chalenge of the recent/new phenomenon of Total Quality Management (TQM) as a strategic business tool to transform their organisations.

**2--In nigeria, national quality standards_should form the bed rock for the country's industrial development. This can be achieved if and only if the components of QM can be instituted and strictly adhered to viz;

(1)--recognition of international standards;(2) --definition of management responsibilities;(3)--quality cost reporting;(4)--quality in marketing of products;(5)--quality in specification and design; (6) -- quality in procurement(external suppliers);(7)--quality during product development;(8) --

Control of products development;(9) --product verification;(10)--control of test procedures;(11)--procedure for non-conformance;(12)--corrective action;(13)--quality documentation and records;(14)--safety and reliability and use of statistical methods.

**3---It is also imperative for a quality policy to be defined and it is the responsibility of the management to take all necessary measures to ensure that the policy is understood, implemented and maintained. They must get quality objective and implementation of a quality system that will deliver them, bearing in mind the cost of activities and other industry performance indicators. The cost directed at achieving quality and the resulting costs from inadequate control should be identified before a report is produced.

**4---It is important that Nigerian industries must determine the need and define the demand for the products for which they are noted. They must also accurately communicte these factors within the supplying industry and implement continuous feedback mechanism with customers to monitor satisfaction levels. The letter will translate into proposals for changing the product or the management practices and preocesses involved.

**5---In today's complex world of business, startegic planning is indispensable to effective management. It is therefore

wise for managers to understand the importance of knowing where their firm was headed and how it intended to get thre, thereby developing and applying strategies to deal with environmental threats and challenges. To therefore function effectively in a modern planned operation, every manager must have a practical understanding of how planning process works.

**6---Strategic planning must be properly designed. If it must play an important role in establishing and maintaining product quality. Management can use strategic planning to further product quality by emphasizing quality throughout the strategic management process. During environmental analysis, for example, management can strive to discover information like the level of product quality customer wants or expects and technological improvements that might be employed to make the quality experienced even greater.

Given such information, management can decide the direction that product quality should pursue and then use a mission statement and related goals to communicate this direction to all other organisation members. Normally, related product quality strategy should then be developed, implemented and controlled to make sure that it is working.

A company must strife to continue to shape its future by choice and not leaving it to chance. The reality of today's turbulent and

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massively changing business environment is for companies to change or changed. Act or be acted upon.

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APPENDIX-H

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MBA (FULL-TIME) 1997/98

Approved
25/7/98

PROJECT PROPOSALS

1. BUILDING QUALITY [CULTURE] THROUGH MARKET-ORIENTED STRATEGIC PLANNING

PROLOGUE:

There are many different "roads" to quality. One of the most successful road is a - A customer-focussed approach based on constantly measuring and improving customer satisfaction level. Indeed, a recent research evidence gathered in response to the question; "what makes a company excellent?", revealed that the company's employees are committed to creating satisfied customers. And a corollary of this fact is that, excellent companies know how to adopt and respond to a continously changing market place. In other words, they practice the art of "market-oriented strategic planning".

In today's complex world of business, strategic planning is indispensable to effective management. A number of forces at the present time reinforces this fact; companies are growing larger and becoming more complex to manage; competition is becoming more intense; the threats as well as the opportunities in the evolving environment seemingly are getting more difficult to foresee;

product research and development lead-tunes and costs are growing while product life cycles are shortening et-cetra, et-cetra. Business enterprises must therefore be skilled in identifying major problems that will appear in the future and in taking prompt action to deal with them. Business organisations must engage in better corporate strategic planning. Given the turbulent and massively changing (or what Philip Kotler called the succession of shock wave in the) business environment, a new management planning process that would keep firms healthy inspite of upsets occuring in any of their businesses or product line is called for.

Company wide Quality (or TQM) is today the fastest, smoothest and most reliable way to transform an organisation, delight the customers and dramatically increase company profitability. It is therefore a truism, the agreement among mnagement theorists and practising managers that if an organisation is to be successful in the national and international business world of today, it must offer high-quality goods and services to its customers.

Managers in most organisations spend significant amounts of time and effort on strategic planning. If designed properly strategic planning can play an important role establishing and maintaining product quality.

It is therefore the <u>intention</u> (primary objective) of this thesis to examine the stuff and constituent issues in Building a

Company Wide Quality (CWQ) culture using a market-oriented strategic planning approach as the basic analytical framework.

The need for a systematic analytical discussion of the stuff and the constituet issues involved in "building quality through market-oriented strategic planning" informs the preference for DESCRIPTIVE RESEARCH METHOD for this thesis. The argument is that, in many aspects of societal and business affairs, descriptions over time are invaluable for systematic review of trends, discontinnities, and shift in emphasis. Accurate descriptions are imparative for making a wide range of policy decisions. Indeed, the need for systematic ways of telling what a situation is means that the situation is no longer simple, hence, a descriptive approach that gives a picture of a situation is also called for in the nature of analytical discussion that this proposal seeks to address itself.