Business Excellence and Management
Volume 3 Issue 1 / March 2013

OBJECTIVES FOR A COMPETITIVE MARKET ADVANTAGE

Cătălin Cristian BABALÂC
The Bucharest Academy of Economic Studies, Bucharest, Romania
babalac.catalin@gmail.com

Abstract
The paper analyses the present market that is a continual evolution and underlines the main objectives a company has to concentrate in order to obtain increasingly results. Clients become more and more interested by customized products rather than one standard product. As a result companies face major challenges and need to prepare as to responds to customer needs.
Keywords: Flexibility, Performance operations objectives, Process improvement.

1. INTRODUCTION

In today's market, companies are facing uncertainties originating from various market factors, resulting from the growth of competition, generated by the break of economic, social, technological, environmental and organizational paradigms. Increasing customer awareness is the main factor that determined companies to change their thinking model in order to remain competitive. The competition is increasing and becoming more dynamic affecting all type of organizations weather companies proving products or services both from public and private sector.

In order to change the evolution of a rigid production into a dynamic one without loosing competitiveness, organization have to promote the reorganization of their functional structures, suffering some modifications as the change from a vertical structure to an horizontal one. This reorganization gives the change to reduce loss and offers the possibility to a faster response to the market.

Increasing the ability to perform changes quickly may be considered an irreversible trend, proven to reduce the lifecycle of products. At the moment the new technologies have been discovered and presented on the market to companies, a flow of demands was generated from clients with new requirements, leaving behind players exceeded from technological point of view. For Correa (2001) in the future the possibility to easy modify will be the main concept that will be responsible for new born companies and as consequence this phenomenon will affect the managerial activity.

Market competitiveness has an immediate impact towards company activity taking into account the personalized demands coming from clients. To avoid from losing profitability an absolute necessary improvement has to be constructed beyond services and has to encompass the tress P's: Products, Processes and People.

In order to keep a strong position on the market, congruence between environment, values and resources has to be followed. John L. Thompson, the creator of this model, identifies that the environment is the source for opportunities and threats as resources constitute strengths and weaknesses, globally representing a SWOT analysis. It is the values and culture, which entrepreneurship can influence, of the organisation which determine first, the effectiveness of the current match between Environment and Resources and second the ability and will of the organisation to change and strengthen this matching.

As an example for the above mentioned IBM has responded to a high competition with emerging technologies keeping the business advantage. An important role is played by the considerable resources in cash, assets and intellectual property that gave more profitability to the business.

Correa and Slack (1996) divide the modifications to an organization into two main types: changes unplanned and planned changes.

Referring to the unplanned modifications, the company has not the control over the appearance of modifications, but can react by absorbing them, for example, machinery that broke up, the variety of demands and lack of resources.

The planned modifications take part at the managerial level of decision, for example the implementation of quality programs, always referring to the development of the organization.

In both cases flexibility may contribute to soften the impact for unplanned modifications to react promptly and for planned modifications as 'buffer' for the new situation.

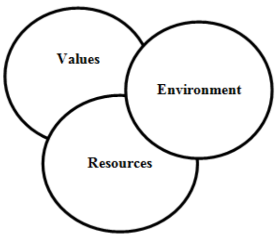

FIGURE 1 - MVR MODEL
Source: Thomson, 2001

Business Excellence and Management
Volume 3 Issue 1 / March 2013

Competitiveness requires a clear strategic thinking. Strategies should be formulated in such a way as to take account of the business, organizational values, and company resources. Thomson (2001) brings as the MVR (environment, values, resources) finding a link between business - opportunities, threats, values of the organization - managerial culture, company resources - skills, abilities and capabilities.

2. PERFORMANCE OBJECTIVES

Nigel Slack, Professor of Operations Management and Strategy at Warwick Business School, identifies five performance operations objectives that apply to any organization:

- Quality
- Speed
- Dependability
- Flexibility
- Cost

The degree of importance for the five objectives differs from one organization to another depending on its specificities.

- ***Quality***

Looking in business dictionaries Quality has many interpretations and the definition evolved in time. Peter Druckner says "Quality in a product or service is not what the supplier puts in. It is what the customer gets out and is willing to pay for" compared to Six Sigma view that defines it as "Number of defects per million opportunities.' Another meaning that can be given to quality is that products and services are ‚fir for pupose', they functions as they have build for. Customers expect to buy every time products with the required amount of quality to bring them satisfaction, but companies seldom see in these objective an opportunity for improvement, As described by Slack (2008) there are hard and soft dimensions that describe the specification of a product (security, integrity etc) or service (helpfulness, communication etc.).

- ***Speed***

Form customer perspective speed means the time elapsed from the initiation of the demand until the final product or services reaches him. An example could be the time consumed from for an online bookstore from the moment the order is placed until the package is received at home. Of course in this case the flow can be divided in several stages. From company view speed might mean the time needed to receive the raw materials used to produce a certain product. In case of the online bookstore in case the client needs his package to a gift then the company has to buy in advance coloured paper.

- ***Dependability***

The term it is used to define the fact that the delivery was honoured as promised by the company or as requested by the client, Changes may appear alongside as the client may decide to modify the delivery time or due to some external factors the company might notify the client that the delivery will be late. For example if a client orders online ,using a provider outside his country, a digital camera he may ask the delivery to be rescheduled when he goes on holiday or the company may notify that the time declared at the beginning cannot be respected due to some strikes in the region.

Slack (2008) defines the dependability as the difference between due delivery time and actual delivery time. If the difference is means the delivery is on time.

- ***Costs***

The lower the costs of producing products and services the lower will be price on the market and at the same time the advantage towards competitors. Depending on the market organization may concentrate more on flexibility or other any combination of the five objective performance, but costs has to be always in the attention of the operations and strategies have to be formulated in such way to sustain it.

- ***Flexibility***

According to the dictionary flexibility means: ‘capable of being bent or flexed’, translated into operations this means the capability of a company to broce a large variety of products and services according customer needs. If we continue reading the definition further it says ‘easy bent’, transposed in business it means that is not enough to be able to produce a large variety but an essential factor is played by the time in which the business can switch from a type of product to another.

TABLE 1 - SUMMARY OF THE DEFINITIONS USED

Author	Definition
Zelenovic, 1982	Measuring the capacity of a production system to adapt to changing environmental conditions and process requirements.
Frazelle, 1986	Ability to respond or adapt to changes or new situations quickly and with less cost.
Salermo, 1992	The ability of a system to assume or to transfer between different stages without significant deterioration
Slack, 1993	Ability to move or do something different.
Upton, 1994	Ability to move or react in a short time without effort, cost or performance.
Mandelbaum & Correa, 1994	Ability to respond effectively to changes in circumstances.
Golden & Powell, 2000	Ability to adapt.
Cox & Beach is et al, 2000	Speed and ease due to which a company can meet changes in market conditions.

Source: Serrao, 2001

Main competitors for the large organizations in the garment industry are small enterprises that can change from one day to another, their production characteristics.

During their studies, Gupta and Goial (1989) identified eight types of flexibility for manufacturing process chosen by Brown (1984 by Gupta and Goial - 1989) and considered to Parker and Wirth (1999) as the general definition for literature:

- Machine flexibility ``refers to the various types of operations that the machine can perform without requiring prohibitive effort in switching from one operation to another'' (Sethi and Sethi, 1990).
- Process flexibility – the ability to change easily the sequence of the steps perfumed.
- Product flexibility – the ability to change the mix of products.
- Production flexibility – all the component that can be produced.
- Routing flexibility – "is the ability to vary the path a part may take through the manufacturing system" (Parker and Wirth, 1998).
- Volume flexibility – the ability to operate properly at different volume stages.
- Expansion flexibility – ability to expand the capacity of the system.
- Process flexibility – the ability to change between processes with minimum delay.
- Operations flexibility - "is the ability to interchangethe sequence of manufacturing operations for a given part" (Parker and Wirth, 1998).

Slack identifies in his book several types of operations flexibility:

- Product or service flexibility – possibility to swith between difrrent product/services.
- Mix flexibility – time to make a change.
- Volume flexibility – different quantities.
- Delivery flexibility – different delivery dates.

Although there have been significant searches in the last decade for understanding flexible manufacturing, more work is needed to discover this complex phenomenon.

Identifying and understanding the correlations between dimensions of flexibility can be considered topics that generate discussion but little consensus. This situation can be caused by the multidimensional feature of flexibility as existing trade-offs among these varieties. Gunasekaran and others (1993) after Parker and Wirth (1998) stated that a complete understanding between the various aspects of flexibility will encourage the development and measurement of trade-off, contributing to strategy of production

3. CONCLUSIONS

Companies have to keep the pace with the customers that change in their behavior. It is essential to respond back with new strategies and directions sustained by a good understanding of the market and of the factors that influence customer decision. Trade-offs have to be made carefully depending on the characteristic of the market, although flexibility remains the main objective that helps to reach customized products and services.

REFERENCES

Browne J., Dubois D., Ratlmill K., Sethi S.P. and Steckle K.E. (1984), Classification of flexible manufacturing systems*, The FMS Magazine*.

Correa, H. L. (2001), *Agile Manufacturing: the 21st century competitive strategy*, Amsterdam: Elsevier.

Correa, H. L. and Slack, N. (1996), Framework to Analyse Flexibility and Unplanned Change in Manufacturing Systems, *Computer Integrated Manufacturing Systems,* 9(1).

Gupta, Y.P. and Goyal, S. (1989), Flexibility If Manufacturing Systems: Concepts and Measurements. European Journal of Operational Research, 43, 119-135.

Gunasekaran, A., Martikainen, T. and Yli-Olli, P. (1993), Flexible Manufacturing Systems: Investigations for Research and Applications, *European Journal of Operational Research*, 66, 1-26.

Indulis, L S. (2003), *Process Improvement.Part 1*, retrieved October 15, 2012, from <www.qualsureassociates.com>.

Parker, R. P. and Wirth, A. (1999), Manufacturing Flexibility: Measures and Relationships, *European Journal of Operational Research,* 118(3), 429-449.

Serrao, R.O.B. (2001), *Um estudo sobre a flexibilidade de manufatura e sua percepção e efetivação em micro e pequenas empresas*, Dissertação de Mestrado, Departamento de Engenharia Industrial, Pontifícia Universidade Católica do Rio de Janeiro

Sethi, A. K. and Sethi, S. P. (1990), Flexibility in Manufacturing: A Survey, *International Journal of Flexible Manufacturing Systems*, 2, pp. 289-328.

Slack, N. and Lewis, M. (2008), *Operations Management*, Harlow: Prentice Hall.

Slack, N., Chambers, S. and Jonhson, R. (2001), *Operations Management*. Harlow: Prentice Hall.

Thompson, J. L (2001), *Strategic Management*, London: Thompson Learning.

Business Excellence and Management
Volume 3 Issue 1 / March 2013