

PROJECT ABSTRACT

The globalization of markets, growing inter-penetration of economies, and increased interdependence of economic agents are reshaping the international and national competitive environment. These fundamental changes are prompting pro-active organizations to re-examine and modify their competitive strategies. SMEs, of course, are not exempted from these challenges and pressures. In tradition, business strategy development, particularly manufacturing strategy development, has been tended to focus on large companies; this occurs because SMEs generally suffer from the limited size of the management team and deficiencies in knowledge, resources and time in developing competitive strategies for themselves. It is therefore apparent that a customized strategic analysis model for the SME sector should be valuable to the sector in order to give aids to SME in developing competitive strategies.

Strategic Planning Project for Local SMEs

In order to assist local manufacturing SMEs in planning their competitive strategies, this project on "Strategic Planning" is initiated. It aims to develop a strategic planning and performance auditing instrument to help local SMEs examine the activities involved in the manufacturing processes, and to assess SMEs in relation to their markets so as to let them understand their competition environment.

The Handbook

The Strategic Planning Handbook, serving as the outcome of the final-year project, has been worked out to guide local manufacturing SMEs to plan for their strategies. In order to provide a systematic and step-by-step guidance, a five-stage approach is developed to guide users in planning their competitive strategies. (see figure 1) Under the 5-stage approach, a strategic planning model for manufacturing SMEs was also developed to indicate the logic and data flow throughout the planning process. (see figure 3)

Understanding the market position

Users of the Handbook are guided to generate

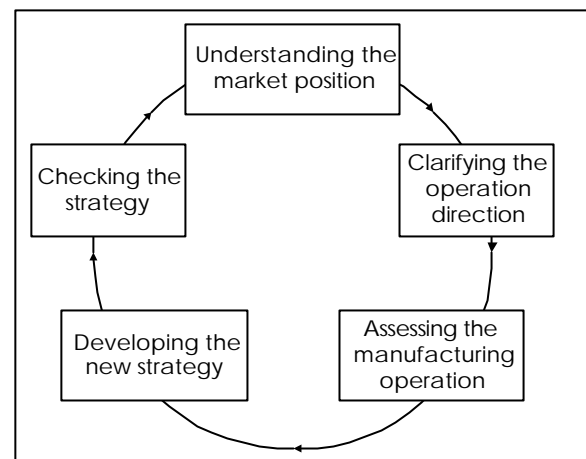


Figure 1 – the 5-stage approach of Strategic Planning

basic product family data revealing the importance of each family to the business and its relative strength within the market. Through the internal and external analysis, the competitive advantage criteria are identified.

Clarifying the operation direction

Having understanding the organization's market position. Users are guided to review their operation direction. Through the establishment of vision, mission and goals, the basis of strategic plans are built in accordance to the basic nature of business as well as the value of business owners.

Assessing the manufacturing operation

In order to develop meaningful competitive strategies, the analysis on manufacturing operations should be a comprehensive one. The handbook provides a ten-dimension analysis guide to assess the manufacturing operation policies. (see figure 2)

The 10-dimension operational analysis	
1.	Supply Management
2.	Facilities
3.	Process Control
4.	Technology Management
5.	Human Resource Management
6.	Logistics Management
7.	Quality System Management
8.	Customer Requirement Management
9.	New Product Management
10.	Information System Management

Figure 2 – the 10-dimension operational analysis

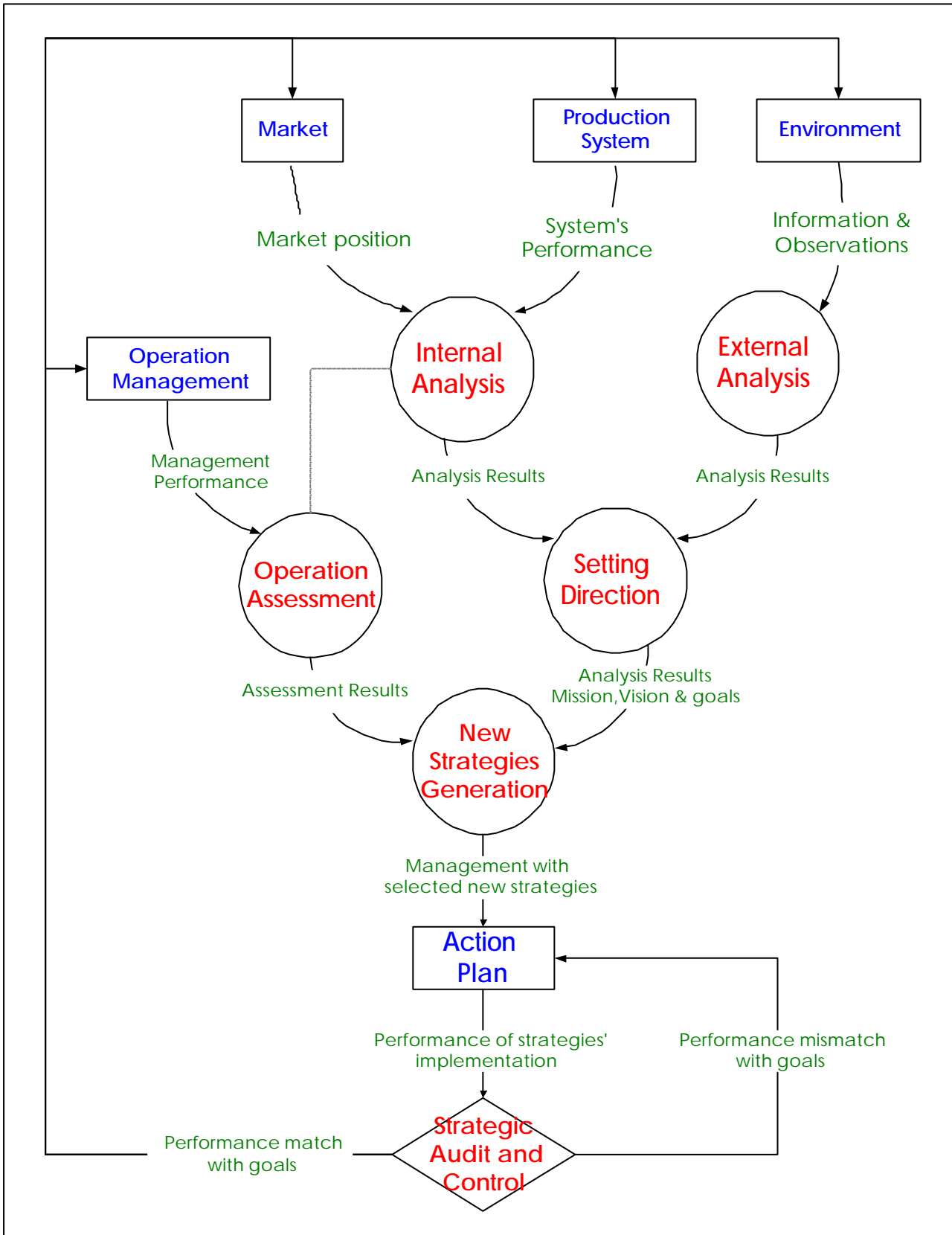


Figure 3 – the Strategic Planning Model: data flow diagram

Developing the new strategy

After a series of both internal and external analysis, the key stage that is introduced in the Handbook is forming the new strategies. The Handbook provides step-by-step guide to users in utilizing the assessment results obtained in the earlier stages to formulate the new competitive strategies. Organizations are going to prioritize the strategies and choose the most appropriate ones for implementation.

Checking the strategy

The performance of the implementation of strategy is to be assessed according to the assessment standard established in the Handbook. If any mismatch is found between the implementation of strategy and expected results, corrective actions should consequently be carried out to correct the strategies, or if necessary, to reconsider the strategic goals and objectives.

The Way to Superior Quality Management

Busy leaders of typical SMEs are often preoccupied with their day-to-day activities and focus on ad hoc decisions, that they spend little or no time on appraisal and improvement of current performance and planning for the far future. Under the ever-changing economy with the blooming information technology, this is the time for SMEs to review and rebuild their competitive strategies.

Total Quality Management (TQM) has been widely accepted as the fundamental business issue and the key to business improvement, the achievement of quality standards is not restricted to the production departments, but it extends to all parts of the business from conceptual business philosophy to ultimate marketing and services. In order to increase competitiveness, the commitment to TQM is a key factor. TQM, however is not a “quick fix”, it involves all parts of the business in the pursuit of the highest quality result. The key factors of successful implementation of TQM include the commitments to “customer focused”, “continuous improvements”, “ongoing preventive management”, “process understanding” and “teamwork”. To achieve these factors, before the implementation,

proper planning and business analysis should be done in order to pay efforts in the right way. Strategic Planning takes the role of directing and supporting the business in achieving superior quality and competitive business strategy.

Therefore, strategic planning builds up the way for superior quality management. Understanding in market position can help a company know the requirements of customers and reveal its performance, so that improvement can be fostered. Clarifying the direction and aligning with Dr Deming’s concept of ‘profound knowledge’ can facilitate a company to understand the basic nature of business processes and to control it. Assessing the operation can enhance understanding in management and thereby to reveal the problems in the first time. New strategies, bundled with the action plan, can promote preventive action and supportive strategies for competition.

Under the changing economy in 21st Century, local manufacturing SMEs should stop locking themselves by day-to-day activities. Instead, they need to carefully look into the future and review their performance, so that they can meet the future needs and to survive by means of their keen competitiveness. By utilizing the Handbook developed in this project, local manufacturing SMEs are going to be more competitive when facing their ever changing environment, and be able to continuously improve themselves on the right tracks.

1999/2000 Quality Management Student Project Competition**1st runner-up**

Project title: Strategic Planning for Superior Quality Management

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Project Year:	Sept 1999 – Apr 2000
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