

## TEN STEPS TO EXCELLENCE IN THE INDUSTRIAL ENTERPRISES MANAGEMENT

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**Abstract:** *The paperwork aims to identify the most important strengths and weaknesses of the management and, on this basis, to point out some modalities to amplify the viability potential of the car making enterprises. From the perspective of their performances amelioration, the managerial reengineering, promotion of the strategic management, promotion of managerial complex and sophisticated tools, improvement of the organizational and managerial culture parameters, transformation of the managers in decisive factors of the process of achieving excellence in management and business are decisive. There are pointed out the ways of manifestation of the enterprise's performances and the impact of the managerial modernization modalities toward them.*

**Key words:** *reengineering, methodological and strategic management, performances, managerial culture.*

### 1. CURRENT SITUATION OF INDUSTRIAL ENTERPRISES MANAGEMENT

The diagnosis of managerial viability for industrial enterprises has brought to light a few generally valid common aspects of the managerial approach, regarding:

- managerial functions;
- management system components (methodological, decision-making, informational, organizational).

We notice a sinuous evolution of the industry in general and of the manufacturing sectors in particular, from the economic and commercial points of view. Among the main causes for this evolution, we find the uncompetitive management - not to call it defective - created and operationalized at the level of the economic operators from this field of activity.

In what follows, we limit ourselves to presenting the most important strengths and weaknesses which could be seen as genuine „launch pads” for the managerial changes we have unfortunately been expecting for several years. We mention that the aspects presented below are mainly related to manufacturing enterprises.

#### **Strengths:**

- a significant part of the managers' acknowledgment of the decisive role of performances in management;
- turning - more and more obviously - from a „passive” to a „reactive” behaviour, as regards the national and international environment;
- the visible managerial progress, in the line of amplifying the scientific character of management, especially at the level of private companies;
- intense decision-making activities, leading to the adoption of a great number of decisions, of a large variety, as a result of the contradictory influences of the background against which they are taken, of the political, fiscal and juridical instability;
- emphasis laid on restructuring and reorganizing, especially by firms wholly-or majority-owned by state;
- existence of an extremely diversified range of organizational structures, from the hierarchical ones to the hybrid ones,

at the level of both state-owned firms and privately-owned firms;

#### **Weaknesses:**

- obvious discrepancies in the application of managerial processes; how the latter's functions are perceived, functions such as forecasting, organizing, co-ordinating, motivating, controlling, assessing;
- lack or shortage of realistic strategic planning, especially at the microeconomic level;
- insignificant economic performances of the enterprises in this sector;
- reduced application of the forecasting function
- decisions to privatize, restructure or reorganize have not always had the necessary consolidation, coherence and continuity;
- alarming concentration of bureaucracy at the top and medium levels of the manufacturing industry;
- frequent „short-circuit decision-making” on the path between ministry and enterprises;
- obvious discrepancies between salaries in the state-owned enterprises and in the privately-owned ones;
- motivation according especially to position and seniority;
- reduced level of methodological management;
- insufficient use of the services offered by managerial consultancy firms;
- inconsistent international transfer of managerial know-how;
- reduced level of contextualization of the decision-making process;
- questionable managerial and professional competence of certain managers of wholly- or majority- state owned companies, designated according to political criteria;
- reduced level of informatization of the management processes;
- reduced economic and managerial decentralization at the level of industrial firms.

## 2. MANAGERIAL PERFORMANCES AND MANAGERIAL EXCELLENCE

Managerial excellence is a superior stage in conceiving and applying management, which differentiates between organizations based on the criteria of the quality of the decisions adopted, and of the efficiency and effectiveness reached as a result of their implementation. The enterprises with the best practice in the organization and management of the production factors thus become know-how suppliers for the others.

Such a stage is attained when managerial performances are achieved, the latter in turn generating economic performances. There is an obvious connection between managerial excellence and business excellence.

In order to be „the best” in management, one needs to capitalize on both endogenous variables and contextual factors related to the national and international environment in which the economic enterprises from this field operate. The results materialize in managerial general and specific performances, which are outlined below [5]. By carefully examining them, we notice that such indicators can be quantified, their maximum level being 100%. It is very difficult to have the results of all managerial objectives reach such a level. In our opinion, a standard of 75% can be considered reasonable, with any attainment or surpassing of this standard qualifying for managerial performance. The latter refers to:

### a. *General performances:*

- Methodological-managerial performances

- the degree of management scientization,
- degree of implementation of the managerial tools in the application of managerial functions.

- Decision-making performances

- the degree of solutions solved by decision-making
- degree of decision application.

- Informational performances

- the extent to which the managers' informational needs are satisfied,
- extent to which the accomplisners' informational needs are satisfied,
- level of informatization.

- Organizational performances

- the level of processes needed to attain certain objectives,
- extent to which the organizational structure meets the needs regarding labour processes.

### b. *Specific performances:*

- Methodological-managerial performances:

- the quality of the managerial tools,
- quality of the managerial methodologies.

- Decision-making performances:

- the quality of the decisions,
- quality of the decision-making mechanisms.

- Informational performances:

- the quality of the information,
- quality of the informational situations,
- quality of the informational paths,
- quality of the informational procedures.

- Organizational performances:

- accuracy of the delimitation and dimensioning of the process and structural components,
- quality of the organizational documents,

- level of supply with human resources,
- managerial competence.

## 3. TEN STEPS TOWARDS EXCELLENCE IN THE MANAGEMENT OF INDUSTRIAL ENTERPRISES

### 3.1. Promoting strategic management

Against the background of major disfunctionalities in the application of the forecasting function - by far the most important managerial function - promoting strategic management becomes the priority on the path to managerial excellence. The consolidation, elaboration and implementation of global and partial strategies, in other words the realistic projection of the future of an enterprise, based on diagnostic and marketing research, represents the support for the other directions indicated by us as steps to take on the path towards becoming „the best”, towards joining the elite of the organizations which supply „good practices” in the field of management.

This first step implies to accurately establish (define) the firm's mission and vision, to set strategic objectives and options, to appropriately dimension the resources and to realistically set intermediary and final deadlines - all of these with a view to obtaining competitive advantages on the specific market. Enhancing the strategic process implies ensuring favourable conditions - be they material, financial, human, and especially cultural and managerial - required by the efficient and effective application of the strategy. Methodological management, reengineering a.o. are meant to facilitate the attainment of this goal.

### 3.2. Implementing a quality management system

Attaining managerial excellence and, therefore, business excellence, is conditioned by the endorsement of quality management. To align the Romanian products with the international standards in the field would represent a genuine „passport” for these products, which are facing the competition of other European and international producers. For this reason, such a measure must be accompanied by management reengineering, since both are designed to facilitate a much more rigorous and beneficial process organization, with a view to reaching the objectives set.

### 3.3. Management reengineering

Redesigning the management of industrial enterprises is, undoubtedly, the most complex means of change in the managerial area, as it implies significant and radical changes of the managerial processes and of the results of their application - the methodological, decision-making, informational and organizational components [6, 7]. Viewed in a larger context, management reengineering is subsequent to promoting strategic management and relies on a new attitude towards the managerial decisions and the mechanisms used to consolidate, adopt and apply them, mechanisms from the methodological, decision-making, informational and organizational subsystems. Each of the four major managerial components requires a specific methodological „treatment”, in other words, appropriate methodologies of conception, functioning and improvement, meant to facilitate the attainment of performances. The main phases are:

- *company strategy - elaboration,*
- *management redesign,*
- *implementation of the managerial solutions,*
- *evaluating the efficiency of the new management system.*

### 3.4. Methodological management

This important step towards excellence implies:

- promoting and using modern, developed, complex and sophisticated managerial tools, adapted to the construction and functional characteristics of the enterprise and its management
- promoting and using managerial analysis, design and redesign methodologies to provide managers with the necessary „steps” towards making their work and the departments they lead more efficient.

A special status in the operationalization of this option is held by the first dimension of methodological management, centered upon the tools employed in the application of the managerial processes.

We mainly refer to the *profit center management and project management*, which - due to the methodological tools involved - are able to significantly improve the firm's managerial and economic performances [4].

The management of a manufacturing enterprise is unconceivable without profit center management, which generates order, discipline and rigorousness, taking into consideration both the fact that the managerial and economic decentralization is verifiable at the level of management centers, and the considerable participative and motivational dimension. Due to the profound complexity of profit center management, when applying such an instrument one inevitably appeals to other managerial tools, such as *project management* (necessary in order to solve complex strategic and innovational problems), *management by exception and scoreboards* (used for examining and analysing budget execution, as well as the extent to which objectives are reached), *diagnosis* and *benchmarking* (for evaluating and analysing the results obtained by a management center as compared to other centers, or by an enterprise as compared to other economic enterprises with a similar field of activity, from inside or outside the country), *methods to stimulate creativity* (for harmonizing the decisions and actions of hierarchical subdivisions, and for enhancing problem solving etc.).

### 3.5. Making the processes and structure/organization of an industrial enterprise more flexible

The above mentioned means to render management more efficient require flexible and dynamic organizational systems, able not only to capitalize on contextual influences, but also to influence the national and international environment. Before obtaining structural / organizational flexibility, a high process flexibility must be attained, as the very reason for the existence of process components (functions, activities, responsibilities and tasks) is to facilitate the achievement of objectives, the latter in turn being characterised by accelerated dynamics.

Process management, promoted by reengineering, as well as by the managerial tools recommended above, necessarily requires a more judicious delimitation and dimensioning of processes and of the structure / organization of

the enterprise, an appropriate flexibility as concerns the choice of structural configuration (functional-hierarchical, matrix, divisional or hybrid), process and structural outsourcing etc.

Escaping outdated patterns of process and structural organization requires a greater decision-making and operational freedom of the industrial enterprises, to allow for a greater mobility of the positions, jobs and departments at whose level the most important work processes are registered and true economic value is obtained; it also requires the turning of the so-called organizational documents (articles of association, organizational chart, position and job descriptions) into genuine managerial tools.

Structural/organizational flexibility also implies choosing the best organizational formula - from the hierarchical one to the functional one, with its variants (matrix, divisional or hybrid) - depending on the complexity and diversity of the work processes, on the orientation towards insourcing or outsourcing, on the territorial dispersion of certain organizational subdivisions (business formats) or on the intensity of the competition faced.

### 3.6. Modernized and contextualized decision-making

Decisions are, undoubtedly, the essence of management, the most important „products” of the managerial processes and of their functions. The quality of the decisions, as well as that of the mechanisms of consolidation, adoption and application of decisions, decisively influences the actions initiated to reach the objectives in the respective domain. For this reason, a decision must simultaneously meet certain requirements - it must be scientifically consolidated, „empowered”, appropriate, integrated into the aggregate of microeconomic decisions, and comprehensible - and the decision-making processes which underlie its adoption and application must acknowledge the contextual influences, the stakeholders' economic interests, as well as a variety of endogenous variables (amount and complexity of objectives, necessary work processes, decision-makers' competence etc.). Moreover, the decision-making tools are also important; there is a need for extremely formalized tools, mathematically founded, such as the ELECTRE methods, the decision-making tree, global utility, mathematical hope.

The effect of the integration into the European Union is a considerable amplification of this means of making management more efficient.

### 3.7. Management informatization

Making management function „in real time” requires the increase of the level of informatization as regards the work processes and, especially, the application of the forecasting, organizing, co-ordinating, motivating, evaluating and controlling functions. Emphasis must be placed on the informatization of decision-making, that is, on the generalized use of computers for strategic-tactical decision-making processes, with immediate and significant results upon the speed and effectiveness of information transmission between managers and employees and the other way around. Such a tool ensures the transition towards the virtual enterprise [2], characterized by extremely competitive IT and informational elements (soft and hard) and by elements which envisage the knowledge-based enterprise.

### 3.8. Promoting motivational mechanisms based on performances at the individual, group and enterprise level

The previously described means to make management more efficient must be undertaken by highly motivated managers and accomplishees. Abandoning the collectivist and populist motivational mechanisms and replacing them with performance-based mechanisms are, undoubtedly, among the requirements of an active, effective and responsible implication of the human factor in setting and reaching objectives.

The „building” of such motivational mechanisms must rely on motivational criteria related to the degree of achievement of objectives, at individual, group and enterprise level, and to the degree of participation in the realization of objectives. At the same time, specific salary grids must be enforced, especially in wholly- or majority- state owned manufacturing enterprises, where motivation is far from being an economic support for employee engagement.

### 3.9. Improving the parameters of organizational culture considerably

A major aspect which influences managerial performances is organizational culture (and, within it, managerial culture).

Improving the cultural parameters of the industrial enterprise presupposes dealing with two important aspects of organizational and managerial culture [1]:

- *forms of manifestation*: symbols, organizational values, behavioural norms, rites and ceremonies, stories and myths

- *main functions*: decisively determines the behaviour of the people working for the enterprise, creates the feeling of belonging to a specific community, offers protection to the personnel, facilitates the process of organizational learning, represents an important factor in promoting and supporting organizational change, contributes to the attainment of the synergy effect within the firm and to the development of the latter's competitive advantage.

Taking the previously mentioned steps towards managerial excellence leads to:

- the emergence of new organizational values (for instance, a new attitude towards work, the custom of working with realistic objectives, promoting teamwork etc.);

- development of new behaviours, based on a changed mentality and supported by an adequate motivation (more active and responsible involvement in reaching objectives, care for resource management);

- channelling of efforts towards an objective or set of objectives;

- development of the employees' strong motivation to obtain performances;

- decrease of the formalities related to the mechanisms designed to co-ordinate the personnel's efforts.

All these challenges will facilitate the transition to a strong culture within industrial enterprises, which will lead to managerial performances.

### 3.10. Professionalizing the management and managers

Promoting a truly competitive management can only be realized by professional, competent managers, able to take decisions which could capitalize on the opportunities and challenges of the environment in which the enterprise operates, as well as on the strengths and weaknesses of the latter.

If, on the one hand, professionalizing the management implies promoting and employing modern and sophisticated managerial tools, and the existence of certain decision-making, informational and organizational subsystems, able to facilitate the transition to the knowledge-based management, on the other hand, professionalizing the managers implies the increase of the scientific dimension of their competence, that is, the increase of the amount and weight of the managerial knowledge, without neglecting the „artistic” nature of their work, resulted from their qualities and abilities.

It is very difficult to reach this target when the industrial enterprises area led by managers whose appointment is based on political criteria; the frequent restructurings (sometimes accompanied by dubious privatizations, without any evidently efficient results) represent the most conclusive evidence for such a „bad practice”.

A professional, competent manager adopts quality decisions, using modern managerial tools, in a permissive informational, organizational and cultural context, which would enable him/her to promote predominantly participative managerial styles [5].

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