BUSINESS- CUTTING EDGE INFORMATION METHODS FOR SUSTAINED GROWTH

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ABSTRACT

Numerous methods can be used for the improvement of profits in an organisation. For long term success it is however important to take all influence factors into account. The Proper Management Information System addresses all aspects which contribute to organisation results. These are factors such as price, quality, costs, logistics, staff motivation, safety, technology and the environment. The entire process chain - from supplier via the internal customer to the final customer – is therefore taken into consideration.

There are many isolated initiatives that can deliver short term improvements for a company. However, to achieve sustained long term success it is essential that all facets of a company are approached in a systematic manner, based on world class methodologies.
INTRODUCTION

We are living in information age. This is right, true and very much relevant to entities in today’s business perspective. Two to three decades before business option was a viable in all industries almost. However those who were already in the business or kith and kin of businessmen only would enter into business. The businesses were earning profits without much of a difficult thanks to less competition and status quo in the manner in which it was done. There were no big surprises with regard to turnover, cost, margin etc., as the inflation was under control and imports were discouraged by Government.

But last two decades have changed the business order in the world due to liberalization and globalization. Rapid improvement in technology has been a major factor which enabled globalisation easier. As a result growth opportunities emerged and this attracted many to enter into business. After some period competition has increased to many folds and the quality and price have been decided by the market. In essence the market has changed to buyers market from sellers market.

This change in scenario altered the business environment, with the advent of technology, introducing sale of goods without meeting the buyer and seller. Information and communication technology has played a significant role in spreading out production of services across countries.

Those business houses which took advantage of technology and implemented various software tools in production as well as in sales were participating in the international market as they were only fit to complete in the global level. Others concentrated on local market only for survival. Since many organisations had to share the demand in local market some of them had to opt out.
So broadly there are two categories of players’ viz. 01. Dealers in local market and 02. Exporters.

The success of the organisations is success of the society as the stakeholders of an organization are shareholders, bankers, investors, employees etc., If an organization fails to deliver, as a consequence it may have to downsize followed by firing of employees. If continued with losses the organization would have to default in repayments of loan and hence the loan amount shall become NPA for the banks. Even after sometime if the same scenario continues and many organizations failed to repay the dues, the banks may have to announce bankruptcy. The deposit holders who are part and parcel of the society shall be in deep trouble, as their money are being circulated, and the consumer demand would become less resulting in recessionary trend in market. This is a chain effect and the linkages are very tight and the effects would be spiral.

**WHAT IS BUSINESS INFORMATION**

The information requirement in today’s scenario which is witnessed by tough completion, modern methods of production, high quality, expensive borrowing, increased stakeholders expectation, change in laws, change in taxes etc., forces entities to go for data integration, data base maintenance, reports configuration and generation, updating the system to suit the change in operations and also for the compliance with statutory provisions.

The need of the hour efficient, dynamic and strategic information architecture put in place of the organisation and to which decisions to be based on.
This explained above has been made somewhat easier as nowadays systems are computerised. However many entities still are not in opposition to take advantage of technology development and suffer in various ways. The risks that are faced by entities are many viz. decrease in demand, change in trend/alternate, change in taxation, new technology introduction, adverse change in monetary policies of the Government, increase in turnover of employees, poor collection from customers, non-availability of raw material etc.,

**The objective of any organisation is profit only and it should be profit only. If organizations fail the society will fail ultimately. This is explained one of the paragraphs above.**

However the solutions seem to be available. Basically the results are followed by actions and actions are followed by decisions. Hence decisions must not be made out of intuitions but based on information. Informed decisions may have less chance for failure. Even if it fails the number of time the chances of meeting failures should be less. So the power of systematic information generation of business can save the entities from being incapable of managing the surprises to from being empowered to address the expected challenges.

Sustainable growth refers to “organisations continue to exist with minimum use of natural resources without significant or permanent damage to environment. “ Certain organisations are supposed to exist in the interest of the society for the sector/industry there are in-agriculture or agriculture related.

“The earth has enough resources to meet the needs of all but not enough to satisfy the greed of even one person”. 
List of failures – an example

A list of failures for strategic planning failure is available on Wikipedia (Wikipedia 18/02/2007) that includes the following:-

1. Failure to understand the customer.
   a. Why do they buy.
   b. Is there real need for the product
   c. Is market research is correct & adequate.

2. Inability to predict environmental reaction.
   a. What will competitors do.
      i. Price wars
      ii. Fighting brands
   b. Will Government intervene.

3. Overestimation of resource competence
   a. Can the staff, equipment and process handle new strategy
   b. Failure to develop new employee and management skills

4. Failure to coordinate
   a. Reporting and control relationship not adequate
   b. Organization structure not flexible enough
5. Failure to obtain senior management commitment
   a. Failure to get management involved right from beginning
   b. Failure to obtain sufficient company resources to accomplish task

6. Failure to obtain employee commitment
   a. New strategy not well explained to employees
   b. No incentives to employees to embrace new technology

7. Under estimation of time requirements
   No Critical Path Analysis done

8. Failure the follow the plan
   a. No follow through after initial planning
   b. No tracking of tracking progress against plan
   c. No consequence for above

9. Failure to manage change
   a. Lack of understanding on the internal resistance to change
   b. Lack of understanding on the relationships among processes, technology and the organization.
10. Poor communications

   a. Insufficient information sharing among stakeholders

   b. Exclusion of stakeholders and delegates

UNDERSTANDING THE GOALS OF BUSINESS INFORMATION

From the above, where the entire value is chain covered, it can be easily figured out that the root cause for failure of organizations is the non-availability of suitable information methodology in place, since right information at the right time leads to right decisions.

The cutting edge integrated information system is so vital, to maintain the following to continue to be in business suggested by Porter’s competitive forces model.

   a. Cost leadership
   b. Differentiation
   c. Focus
   d. Strategic position
   e. Customer service

Business environment and strategy analysis consists of all business information needs such as, accounting analysis, financial analysis and prospective analysis.

Let us discuss about an organisation Hindustan Motors, India which started its initial production in 1942 failed to appreciate the need of proper information on external factors for business and finally lost their business after four decades of business experience.
The company had to face many surprises, on threat of new entrants, competitive rivalry within the industry, bargaining power of suppliers, bargaining power of customers and threat of substitutes due to poor quality of its vehicles, presumably, not known to the top management.

In another case an organisation **Amul, India** which formed in 1946, a dairy co-operative in India appreciated the need for integrated information and has become a great success, which can be understood from the operations enumerated under.

The background has it that Every day Amul collects 447,000 litres of milk from 2.12 million farmers (many illiterate), converts the milk into branded, packaged products, and delivers goods worth Rs 6 crore (Rs 60 million) to over 500,000 retail outlets across the country. Its supply chain is easily one of the most complicated in the world. The detailed activities would enlighten the kind of information flow and its integration and the paraphernalia put into place for its success.

- Marketing of milk & milk products processed / manufactured by Milk Unions.
- Establish distribution network for marketing of milk & milk products.
- Arranging transportation of milk & milk products from the Milk Unions to the market.
- Creating & maintaining a brand for marketing of milk & milk products (brand building).
- Providing support services to the Milk Unions & members like Technical Inputs, management support & advisory services.
- Pooling surplus milk from the Milk Unions and supplying it to deficit Milk Unions.
• Establish feeder-balancing Dairy Plants for processing the surplus milk of the Milk Unions.
• Arranging for common purchase of raw materials used in manufacture / packaging of milk products.
• Decide on the prices of milk & milk products to be paid to Milk Unions.
• Decide on the products to be manufactured at various Milk Unions (product-mix) and capacity required for the same.
• Conduct long-term Milk Production, Procurement & Processing as well as Marketing Planning.
• Arranging Finance for the Milk Unions and providing them technical know-how.
• Designing & providing training on Cooperative Development, Technical & Marketing functions.
• Conflict Resolution & keeping the entire structure intact.

Conclusion

Implementation of a tailor made vibrant information processing methods is a key to a sustained growth of an entity. The methods catering to only accounting information for statutory purposes as well as to other stakeholders as per their demand will no longer ensure existence forever. An early warning signal information generation and decisions dynamic environment is fundamental for any organisation.

It is no longer a Childs game. The business has evolved and it is going far more competitive and resources will be scarce. To demonstrate further a prospective analysis of five year projection of cash flow and profitability should turn out to be precise and match the actual.
Then, a set of relevant information may lead to employee empowerment; improve their morale and also a sense of satisfaction leading to less employee turnover. Meetings will become meaningful and decision necessary will be generated so that allocation of resources will be proper.

Reference

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