1. Introduction

This topic examines the relationship between various aspects of a business and achieving excellence in the eyes of the customer. In particular, the topic examines the notion that, in today's hyper-competitive business environment, the way in which a business conducts its day-to-day processes may spell the difference between success and failure.

Objectives:

Upon completion of this topic, you should be able to

- explain how a process can be used to differentiate an organisation
- explain the relationship between "drive to value" and business processes
- examine the role of compressed time frames in today's business environment
- describe why businesses need to adopt strategies with multiple organisational focus
- explain why today's organisation might consider partnering as an alternative to integration

2. Business Processes in Organisations

Understanding business processes provides outstanding opportunities for organisations to excel in competitive environments. Processes can serve to differentiate organisations, offset legacy advantages of competitors and create niche markets.

Reflection: Business Process Re-engineering - Fad or Fundamental?

Reflect on the following questions:

- Which companies are the best candidates for re-engineering?
- Do you think process re-engineering is primarily a cost-cutting exercise?
- Does re-engineering address the actual needs of workplace practice?

Now, read the following articles to find answers to these questions:

Click the following link to review the scenario of Fiestaroba Inc., a garment manufacturing company.

Fiestaroba Inc. and their Increasing Focus on Processes

Let us review the present situation at Fiestaroba Inc., a garment manufacturing multinational that hopes to spread its retail operations into the Far East and South East Asia.

The individuals and events referred to herein are fictional. Any similarity to actual organisations, individuals and events is purely coincidental.

Fiestaroba Inc., a company based in Indiana, retails garments in the US and Europe. It sources most of its apparel requirements from the Far East and South East Asia. Fiestaroba creates its own designs at its design factories. These new designs are then sent through email to the production units, which begin working on them immediately. During the production, the progress reports are made available at a common Internet location. This helps Fiestaroba managers review the production processes for quality control.

Through this process, Fiestaroba
- keeps up with the changing fashion trends, thus gaining competitive advantage
- ensures quality control and timely deliveries and
- identifies potential problems and eliminates them

These strategies help Fiestaroba retain its position as manufacturers and retailers of hot new fashion. The next step for Fiestaroba Inc. is to grow beyond the national market in retailing. It wishes to spread their wings to China, India, Thailand and Japan.

This short scenario set the stage to help you understand how business processes offer an opportunity for organisational excellence. This segment discusses some of the challenges that organisations face, and how process excellence can help them overcome not just the challenges but also create competitive advantage. You will then revisit Fiestaroba and examine the strategies that it can implement while expanding.
3. Processes Generate Competitive Advantage

Very often organisations find that a review and re-engineering of their processes makes them more competitive.

Consider the following example in which New Balance, a producer of running shoes, resurrected itself through process redesign. The effort resulted in the company becoming the second largest after Nike. Click the link below to proceed.

The Rejuvenation of New Balance

The Rejuvenation of New Balance

Let us now review the example of New Balance, a manufacturer of athletic footwear. This example will help you understand the positive impact of a business process on an organisation.

New Balance is the second largest manufacturer of running shoes in the US, with US$1.3 billion in sales in 2002. The company's sales in 1997 were a mere US$560 million. The 131% growth in sales came at a time when the overall market in the US was declining. At one time, Nike, the market leader controlled 24.7% of the market, its share has now declined to 17.8%. On the other hand, the market share for New Balance has improved from 2% to 7.9%.

The improvement in New Balance is testimony to how a detailed analysis of business processes can help isolate organisational bottlenecks and provide action plans that result in significant gains. It was deduced that the main reason behind New Balance's success was its demand forecasting process. Each one of New Balance's 160 sales force now uses a demand forecasting system that allows the company to forecast nearly 1,000 styles of shoes a full 18 months into the future. In all, the system allows predicting of more than 100,000 different pieces of merchandise, with monthly updates.

Based on your understanding of the situation at New Balance, which of the following do you think could have been the reasons behind the success of New Balance's demand forecasting process?

1. Precision in demand forecasting means better input into the production planning systems and level production runs, which result in lower costs.
2. Better forecasts also mean better utilisation by matching production runs to specific plants for reduced shipping costs and faster delivery.
3. Better forecasts result in correct shipments of the right inventory to the right markets, which results in lower inventory costs and a smarter supply system.
4. Better forecasts result in higher accountability for the sales force. Visibility of numbers leads to better communication in the organisation.

If you identified option 1, Precision in demand forecasting means better input into the production planning systems and level production runs, which result in lower costs, option 2, Better forecasts also mean better utilisation by matching production runs to specific plants for reduced shipping costs and faster delivery, option 3, Better
forecasts result in correct shipments of the right inventory to the right markets, which results in lower inventory costs and a smarter supply system and option 4. Better forecasts result in higher accountability for the sales force. Visibility of numbers leads to better communication in the organisation, you identified correctly. All of the above are reasons behind the success of demand forecasting at New Balance. The production planning systems received better input, which led to reduced costs. The production runs would have been better utilised to reduce shipping costs, and good forecasts would have led to the correct shipments of right inventory to the right markets, thereby reducing costs and improved supplies. Finally, the sales force at New Balance became better at their work due to increased accountability.

This example would have helped you identify the positive impact a new process can have on an organisation. Accurate demand forecasting led to a host of benefits for New Balance. The benefits include
- reduced production costs due to better planning
- reduced shipping costs
- improved supplies
- timely deliveries
- better sales force performance

Reading: Demand Forecasting for Market Leadership

Read the following article for a complete analysis of the improvements in New Balance.


In sharp contrast to the example of New Balance, consider the example of LeapFrog Enterprises in the US.

Failure of Logistics Processes – The Case of LeapFrog Enterprises

Dipping Shares at Leapfrog

LeapFrog Enterprises is a manufacturer of educational toys. In October 2003, the company announced that it would be likely to fall short of revenue estimates by US$32 million in the third quarter. Shares of the company fell by US$11.25 or 25%.

The problem was the organisation's logistics process, which was not robust enough to handle last minute orders from retail chains, such as Wal-Mart, Target and Toys 'R' Us. LeapFrog's systems could not handle the rush of orders and were unable to foresee discrepancies between demands from consumers, orders from retailers and levels of inventory. As a result, the organisation could not respond adequately to orders placed in the last two weeks of the quarter.
LeapFrog used an internal software system but was about to deploy a new system for logistics management just before Christmas in 2003. The holiday season accounts for the majority of sales in the toy industry. At this time, LeapFrog decided to suspend the launch of its new system and continued with the old one, which failed when the holiday rush began.

References

LeapFrog's performance suffered due to inadequacies in its order-fulfilment process. In both examples, different processes affected the two organisations differently – one positively and the other negatively.

4. Pressures Organisations Face

Business processes have gained added prominence in today's turbulent environments. Organisations find themselves under constant competitive pressure with rapidly changing customer needs.

Let us review some of the pressures inherent in today's environments. Compressed options or time frames result in a drive to value, which, in turn, results in extended reach of organisations. Together, compressed time frames, drive to value and extended reach ensure that most organisations develop a multi-focal strategy.

Pressures Companies Face Today

Let us discuss the pressures faced by a modern organisation.

Compressed Options
Customers today expect to derive value faster. Organisations that can deliver faster have the competitive edge. For this reason, organisations need to review their processes for flaws and inefficiencies, and correct them.

Drive to Value
Organisations' drive to value makes them competitive. Drive to value is the desire of each employee in an organisation to create value. The customer today expects more value for money.

Extended Reach
Organisations of today extend their reach by building relationships within and outside their industries. Such partnerships have to be nurtured with care to make sure that the stress competition between partners does not build in it.

Multi-focal Strategy
Organisations today need to develop multiple foci; in order to beat the competition, create value for the customer and remain profitable. They need to analyse their processes to determine the different strategies that can be integrated smoothly to increase value.

Let us now review each of these pressures in detail.
Drive to Value

The pressure for strategic innovation in order to enhance value options has never been greater. As boundaries between industries blur, organisations find themselves competing on each other's turfs every day. This causes them to examine value propositions not only in their own industries, but in related (and sometimes unrelated) industries as well. Consider a retailer such as Wal-Mart. It competes against Amazon.com, Home Depot, Ralph Lauren, as well as traditional competitors such as Kmart and Target. Yet, it must create value. Stockholders who were happy with a 6% return a decade ago today demand returns of 15%-20%.

Drive to value may become embedded in the culture of an organisation and employees adopt it as a guiding principle. BP, for example, continually asks how it can improve what it does and hence, create new strategic options for itself. The company recently created a new internal network for trading marine oil, changing its former top-down allocation method to a stock-market-like free exchange.

Resource-based View (RBV) of Competitive Advantage

Organisations constantly struggle with attaining competitive advantage, that is, outperforming their competitors in the marketplace by attracting more customers, providing better or more services, and so on. A number of researchers have examined competitive advantage, and how firms can work to achieve such advantage. When properly identified, such drivers of competitive advantage can then be managed to the firm's benefit. In the article, "Organizational Culture: Can it be a source of sustained competitive advantage?", Barney (1986) noted that in order for something – a resource, for example – to be a source of competitive advantage, it must have the following attributes:

- Inimitable: Competitors cannot duplicate easily this characteristic or attribute.
- Scarce: Competitive advantage will not accrue to a resource that is equally available to all organisations.
- Valuable: A resource that has no value to the business or its customers would not be classified as or thought of as valuable.

Although the research initially described these three attributes in terms of the contribution of an organisation's corporate culture to the firm's competitive advantage, the three attributes have been applied to other strategic resources, as well.

IT for Sustainable Competitive Advantage

Other researchers have examined the role that information technology can play in the quest for competitive advantage. One note of caution with regard to IT and competitive advantage is that any competitive advantage due solely to information technology cannot be sustained. Why not? Because the same technology is available to all firms. Thus, other firms would be able to duplicate easily the technology possessed by one firm. As more and more firms duplicate the technology, its competitive advantage is lost. However, Clemons and Row (1991) have noted that IT can be used to leverage structural differences in firms in their article, "Sustaining IT advantage: The role of structural differences". Consider the role that ERP systems may play in the supply chain. Properly utilised, an ERP system may not only enable a firm to predict the amount of resources needed, but also may aid in alerting a firm that critical shipments are running behind schedule. This notice may allow time for the firm to take a proactive stance (ordering from other sources, or shuffling warehouse resources) rather than a reactive stance in order to maintain its productivity and performance at their planned levels.
Much of the work concerning the firm's ability to attain competitive advantage has resulted in the establishing of new organisational theories, i.e., theories that explain why firms exist, as well as how they operate. In his article, "The Resource-based theory of the firm", Barney (1996) suggested that a firm's resources as well as its capabilities (the ways in which it can operate) have a profound impact upon the firm's performance. Another theory, Transaction Cost Economics, will be discussed in a later segment.

**Compressed Options**

Organisations no longer have the luxury of long time periods to return value. Compressed time frames are the norm in most industries – time to market, time to profitability, product development time, inventory cycle time and strategy execution time. Any and all strategy adjustments, therefore, need to be made quickly.

Wal-Mart has been the one American company most successful in delivering value to its stockholders. The foundation of Wal-Mart's success is its continual innovation and vendor relationships and also the continuous, incessant and real-time adaptation that must happen. In its regular Saturday morning meetings, senior managers analyse the stores' computer information and recast strategies 'on the fly', i.e. as the situation develops. Wal-Mart's precision in dealing with compressed options usually enables it to deliver superior returns.

**Wal-Mart's Saturday Meetings**

You will review more information on the Saturday meetings at Wal-Mart that help deal with compressed options and formulate appropriate strategies to address the pressures.

Wal-Mart's weekly strategic meetings, which every employee of the company attends, are a heady cocktail of business and fun. Managers and executives meet and compare notes over the weekly happenings at their store. If a division experiences reduction in sales, the Saturday meeting is used as a forum to determine the reasons. These meetings help bring into open issues that could otherwise be brushed under the carpet.

These weekly meetings begin at 7:00 in the morning and are interspersed with discussions on current performance, future plans, even visits by executives of different multinational corporations. The size of Wal-Mart makes it susceptible to corporate politics. These meetings help reduce distortion of communication, cull rumours and reduce politics.

According to Michael Bergdahl in *What I Learned From Sam Walton: How to Compete and Thrive in a Wal-Mart World*, Wal-Mart isn't successful because of its strategies so much as because of its lockstep tactical execution of those strategies.

Wal-Mart's weekly strategic meeting is an innovative strategy, which is well executed at the tactical level.
Multi-focal Strategy

Today's environment demands the development of multiple strategic foci. In order to grow, organisations need to identify areas that are strategically related to their own and form partnerships with those who could provide the synergy for growth. Review the following example of Johnson Controls, Inc., which will help you understand this theme better.

Multiple foci at Johnson Controls

Let us review the multiple approaches that Johnson Controls has adopted in the recent decades.

1980, Johnson Controls was a manufacturer of Thermostats and Automotive Parts

Johnson Controls, Inc. (JCI) is an American organisation that in the early 1980s was a sleepy manufacturer of thermostats and temperature monitoring devices, with a small automotive parts division.

Mid 1980s, JCI acquired Hoover Universal

JCI acquired Hoover Universal, a manufacturer of components for car and truck seats. To manage the new US$300 million acquisition, the company hired an engineer, John Barth, who quickly realised that the auto component industry was changing. Large manufacturers in Detroit and Japan were moving to outsource components. More importantly, outsourcing was expanding from strictly parts to sub-assemblies. John Barth realised that competing in the new marketplace would require a shift in orientation if it were to become a developer, designer and supplier of innovative seating systems that work together. No longer was a single focus acceptable.

1990, JCI was the most advanced just-in-time supplier

In the early 1990s, JCI became one of the most advanced just-in-time suppliers in the business. It developed the operational capabilities to assemble car and truck seats in sequence, so that they could be unloaded without sorting to match the trim coats, colours and other requirements of each car as it rolled along the assembly line.

Around 1992, JCI partnered with Toyota

JCI partnered with Toyota, which allowed JCI to learn how the world-class Toyota production system worked.

1994, JCI's automotive business revenues equaled US$3 billion

By 1994, JCI's automotive business was US$3 billion. A new direction was set for the company – creating contracts that stretched the time cycle of a product from one year to eight years. This allowed JCI to be involved in seat design and innovation.

2000, JCI bought Price at a premium

In a pre-emptive move, JCI bought Price, one of the most respected auto interior design companies, at premium value. By taking these steps, JCI fully responded to the need for multiple approaches in the automotive industry and developed the internal capabilities to service each need in a benchmark way.
Extended Reach

Historically, organisations have tended to integrate vertically to reduce transaction costs and increase internal capabilities. However, today’s environment necessitates a change in this model from internal hierarchy to external relationships.

Hong-Kong-based Gammon Construction is a case in point. It is the leading organisation in the construction industry in the Hong Kong market, commanding 7% of the market share with annual sales of US$1 billion. However, to expand into the Asian market, the company has had to establish relationships with local experts in the region. Therefore, it has partnered with Finance One and Thana One Finance and Securities in Thailand. Both Thai partners are developers as well as financiers, which can help Gammon by providing a base in the Thai market.

Partnerships require careful management so as not to breed competition. Investing developmental resources and training into local partners creates skilled employees who may ultimately become competitors or leave to work for competitors. Technology transfers must be done carefully as well. Linking processes together between extended partners is an art in the true sense of the term.

5. Process Excellence = Organisational Excellence

It should be very clear that process excellence, organisational excellence and shareholder value are related. How to achieve long-term sustainable growth in shareholder value has been a question that consultants, academics and executives have debated over for decades. In 1997, Chuck Lucier, Leslie Moeler and Raymond Held published a study in which they examined 1,300 large organisations publicly traded in the US and isolated those which had returned a 10x value to their shareholders.

A careful consideration of the following organisations based on business processes should reveal that each one of these organisations has developed at least one outstanding business process, which it has leveraged to create sustainable advantages.

Outstanding Processes, Excellent Organisations

Let us review the outstanding business processes followed by some organisations.

Wal-Mart
Let us discuss the business processes followed by Wal-Mart. Wal-Mart is in the industry of discount retailing. The outstanding business process is a no-frills approach to merchandising.

Wal-Mart passes the value of lower price to its customers in hair and beauty care by removing the inefficiencies in its process and giving up fancy merchandising. Wal-Mart also maintains its low prices by using a sophisticated store-location strategy and working closely with suppliers to get every possible price break.

Nucor
Nucor is in the steel industry. The outstanding business process is lean and low cost manufacturing.
Nucor is a world-class steel manufacturer. It began as a manufacturer of steel joists and a regional manufacturer of reinforcing bars – the lowest-quality steel. Over time, it moved into light structural shapes, medium structural shapes and finally, flat rolled steel. It perfected the art of lean manufacturing and creating a low-cost manufacturing process that is truly the best in class.

**Southwest Airlines**
Southwest Airlines is in the Airlines industry. The outstanding business process is a focus on performance-driven culture.

According to Herb Kelleher, former CEO of Southwest, *Profit is a by-product of customer service*. In a high-pressure and time-bound industry, Southwest Airlines has carved a niche for itself through its persistent focus on people-management practices. Southwest creates shared goals, shared knowledge and mutual respect among management, employees and suppliers.

**Intel**
Let us discuss the business processes followed by **Intel**. Intel is in the microprocessors industry. The outstanding business process is product innovation - making microprocessors smaller and faster.

Intel uses technology to improve the performance of its products, thereby maintaining market leadership. The design team at Intel works on the next-generation technology even before the new product is launched.

**FedEx**
FedEx is in the industry of document delivery. The outstanding business process is electronic data integration.

The original idea on which FedEx was founded was the critical delivery of medical supplies. A subsequent examination revealed that most of the actual volume shipped was business documents. This discovery spawned an industry, which perfected the next-day delivery process.

**Reading: Efficient Processes and Superior Value**

In all of the companies that you reviewed, a single-minded concentration on a process has led to significant rewards for the organisation. Read the following short articles to understand the unique strengths of each of the above organisations and the business processes that have helped create enduring gains.

**Wal-Mart Stores:**

**Nucor:**
Arndt, M., *"Up from the Scrap Heap"*, *Business Week* 3842 (21 July 2003): 42-45

**Southwest Airlines:**
Krames, J.A., *"Performance Culture"*, *Executive Excellence* 20 no.11 (Nov 2003): 16-17

**Intel:**
Epstein, J. *"Why Andy Grove should be worried"*, *FW* 164 no.17 (1 August 1995): 28-31
FedEx:

The growth of FedEx is driven by reliable delivery of important business material. Even a slight error in this process can result in negative publicity for the organisation. Read the following article to read an example.

Fulbright hopes dashed in mail mix-up

The following exercise will provide you an opportunity to judge some process-related decisions that Fiestaroba makes, as it plans to expand its retail operations in the Far East and South East Asia. Click the link given below to attempt the exercise.

Strategies for Fiestaroba's Expansion

Strategies for Fiestaroba's Expansion

You may wish to review your understanding of the concepts you have learned. You have earlier explored Fiestaroba's expansion plans. You will now be provided an opportunity to judge some process-related decisions that Fiestaroba makes, as it plans to expand its retail operations in the Far East and South East Asia. You will be able to follow the expansion plan and question the rationale behind some of their strategic manoeuvres. This will give you a feel of the pressures that organisations face in today's competitive world. It will also highlight how processes can help organisations remain competitive as they globalise.

But first, let us briefly review a brief background of the company.

Fiestaroba Inc., a company based in Indiana, retails garments in the US and Europe. It sources most of its apparel requirements from the Far East and South East Asia. Fiestaroba creates its own designs at its design factories. These new designs are then sent through email to the production units, which begin working on them immediately. During production, the progress reports are made available at a common Internet location. This helps Fiestaroba managers review the production processes for quality control.

This business process helps Fiestaroba keep up with the changing fashion trends, thus gaining competitive advantage. It also ensures quality control and timely deliveries. Finally, it helps managers identify potential problems and eliminate them. These strategies enable Fiestaroba to retain its position as manufacturers and retailers of hot new fashion. The next step for Fiestaroba Inc. is to grow beyond the national market in retailing. It wishes to spread its wings to China, India, Thailand and Japan.

Q1. Based on your understanding of the company's background, which one of the following characteristics do you think compressed options for Fiestaroba?
   1. Fiestaroba's women's wear faces competition from the kimono in Japan and sari in India.
   2. Fiestaroba needs to make sure that it is able to supply better quality
garments at lower cost than those supplied by local producers.
3. Many other US-based garment retailers already have presence in countries of Far and South East Asia.
4. Most of Fiestaroba's competitors are in the process of implementing technologies that would improve the time to market as well as the garment construction time.

If you identified option 4, Most of Fiestaroba's competitors are in the process of implementing technologies that would improve the time to market as well as the garment construction time as the correct option, you have identified correctly. Compressed options signify the pressure that is exerted on companies due to increasing time constraints. The growth of technology has brought down the barriers of time. Therefore, organisations feel the pressure of ensuring that their processes guarantee the delivery of their product or service in the lowest possible time. Any organisation failing to do so, will find itself lagging in the race to win the customer. The kimono and the sari may give Fiestaroba some competition, but the pressure will not be due to compressed options. Again, competition from local retailers or even US retailers with a presence in the South East Asia, cannot be classified as compressed options.

Q2. Fiestaroba decides to follow a strategy with the following salient points. Which two of the following are tactics that may land the company in trouble?
1. The fashion company Fiestaroba decides to approach the four markets: China, India, Thailand and Japan, in a phased way.
2. Fiestaroba decides to continue with its current production centres, but plans to upgrade their capacities. It adds 20% more machines of all kinds to existing facilities.
3. It decides to recruit Chinese fashion designers and they create designs that are routed to the production centres.
4. Fiestaroba decides to open 60 outlets around China that will sell Fiestaroba garments.

If you identified option 2, Fiestaroba decides to continue with its current production centres, but plans to upgrade their capacities. It adds 20% more machines of all kinds to existing facilities and option 4, Fiestaroba decides to open 60 outlets around China that will sell Fiestaroba garments as the correct answer, you have identified correctly. Fiesta cannot simply add 20% more machines in all its factories and expect that the requirements will be addressed. This is because fashion trends in these countries will be influenced by their own cultures. For example, in India, the company may find itself manufacturing and retailing embroidered garments for women. This may lead to a greater need for embroidery machines than other kinds of machines. Opening 60 outlets all at once will require substantial investment from Fiestaroba and may not be very effective as the risk is high.

Q3. Fiestaroba conducts a preliminary research and determines that Chinese fashion changes fast. It also finds that three local chains have the potential to become its competitors as they understand the market well and their production units are located in China. If Fiestaroba goes the partnership way with the existing local fashion retailers, which three of the following processes will help establish Fiestaroba as a consistent, high-quality brand in the local market?
1. A standards review process to ensure that the merchandising of Fiestaroba’s garments worldwide follow the same standards
2. Local forecasting systems to ensure accuracy of fashion demand forecasts in the country where it retails
3. A process to enable local vendors to cater directly to the local demand
4. Incentive schemes that integrate seamlessly with the different processes of distribution and retailing, so that everyone in the system works towards ensuring the success of the venture.

If you identified option 1, A standards review process to ensure that the merchandising of Fiestaroba’s garments worldwide follow the same standards, option 2, Local forecasting systems to ensure accuracy of fashion demand forecasts in the country where it retails and option 4, Incentive schemes that integrate seamlessly with the different processes of distribution and retailing, so that everyone in the system works towards ensuring the success of the venture as the correct answer, you have identified correctly. A standards review process, local forecasting system, and incentive schemes will help Fiestaroba grow in the Chinese market. Setting up a process to enable local vendors cater directly to local demand may lead to issues of quality. Such a process will need to be supplemented with the presence of quality inspectors from Fiestaroba. Thus, you can understand that an organisation that globalises can flourish if it sets correct processes in correct places.

The case of Fiestaroba illustrates that business strategies are closely linked with business processes. In today's business world, organisations can globalise effectively only by reviewing their business processes more closely.

The following are the main points to consider:
- Today’s businesses work within ever-reducing time frames.
- To excel, businesses have to focus on more than one area.
- Vertical integration may not always be the answer to the problems of today's organisations. They need to consider partnering as an option.

6. Discussion

Discussion: Business Process Excellence

Examine the following three organisations based on the pressures they face and the nature of the process that armed them with a competitive advantage.
- Wal-Mart
- Nucor
- FedEx

7. Self-Assessment

Now, try the self-assessment questions to test your understanding of the topic. Click the following link to open the Self-Assessment in a new window.

Self-Assessment

Q1. A company engaged in making powdered milk wishes to gain competitive advantage in the market. As the product being manufactured is fairly common and is produced by many others, which three of the following characteristics of a process could help the company establish competitive advantage?
   1. A process can be automated.
   2. A process can be re-engineered.
   3. A process can offset legacy advantages of competitors.
   4. A process can serve to differentiate an organisation.
Q2. A retail chain is facing problems in its demand forecasts, actual demand and corresponding supply. It has reviewed its operations and its mission, and decided to focus on its processes to ensure that the organisation is aligned to its mission. Which two of the following could result from the retail chain’s focus on business processes?

1. Innovating and discovering newer and more sustainable ways of doing its business
2. Reviewing past demand trends more effectively and setting up a better and more reliable forecasting system
3. Discerning discrepancies between demand from consumers, orders from retailers and levels of inventory
4. Helping the chain expand globally

Q3. Which three of the following can be considered a pressure of today's business environment?

1. Compressed options
2. Multi-focal strategy
3. Web presence
4. Extended reach

Q4. Which one of the following may assist an organisation in attaining sustained competitive advantage?

1. Concentrating on vertical integration
2. Focusing on horizontal integration
3. Concentrating on its business processes
4. Empowering its lower-level employees

Q5. Which two of the following cases exhibit "drive to value" as the reason behind their change imperative?

1. To counter opposition for its callous waste disposal, an organisation sets up a waste disposal facility.
2. An organisation decides to use robots to eliminate a lengthy process, thereby eliminating chances of errors.
3. To comply with a new environmental regulation, an organisation now sources wood substitutes.
4. An organisation institutes a process whereby ideas to improve efficiency are reviewed for implementation.

8. Summary

This topic covered the following main points:

- The way in which a business conducts its day-to-day processes may differentiate the firm from its competitors.
- Today's businesses need to examine where and how their processes add value to goods and/or services.
- Today's businesses face a shorter time frame than was common in the past.
- Businesses are called to excel within multiple areas of focus.
- Today's hyper-competitive environment necessitates that organisations consider partnering as an alternative to integration.
- Process excellence, organisational excellence and shareholder value are related. Process excellence leads to organisational excellence and shareholder value.

References

Michael Bergdahl in 'What I learned from Sam Walton: How to compete and thrive in a Wal-Mart world'.

