The role of a modern industrial manager in ikea

Profession, Manager

Management is an organizational process, which includes effective planning of objectives, managing resources and technology, the ability to respond to change, as well as managing the labour force strategically to achieve the desired outcomes for their customers whether it is a product or a service. The beginning of management was first recorded in 3000B. C. by the Sumerians, who used written rules and regulations for governance (Kreitner, 1998).

Management can be broken down into three major sections, the operational tasks, the strategic tasks and the task of managing people. These three sections are what drive the inputs, operations process and outputs of a company.

An industrial manager’s duty is to coordinate the workforce and all the resources available in the manufacturing process effectively and efficiently within the company’s objectives. Effectively managing operations is one of several key factors in sustaining and developing an organizations growth and success. It is a key factor as a high proportion of an organizations staff, costs and investments reside within this function and its role in supporting the needs of customers (Hill, 2005).

Henri Fayol, a French industrialist, theorised that managers perform five basic tasks, planning, organizing, commanding, coordinating and controlling (Fayol, 1949) based on his industrial experience. Henry Mintzberg more recently developed a more modern concept, identifying ten general behavioural roles of an industrial manager which are Figurehead, leader, liaiser, monitor, disseminator, spokesperson, entrepreneur, disturbance handler, resource allocator and negotiator (Mintzberg, 1973), both theories are equally valid from different perspectives.

A good example of successful organization would be IKEA, a home furnishing chain store. IKEA has a totally different process line compared to its competitors. IKEA products are designed, manufactured, transported and sold to the customer as “ flat packs”. The stores are designed around a self-service concept. The organizational structure was completely updated compared to its competitors, therefore customer’s needs were better satisfied, and IKEA have made a great success due to this. This is an example of a brilliant operational management, by changing the organisational structure to the customers liking and reducing costs by producing everything in-house, and then importing them in from Sweden, they were able to reduce costs therefore keep prices lower, compared to its competitors (Slack et al., 2007).

The role of an industrial manager, in terms of responsibilities and tasks, involves the internal day to day/operational role. This involves efficiently managing the tasks involved, necessary to provide the product or service it delivers as well as keeping costs to a minimum. These tasks include purchasing the inputs required such as materials, services and energy, to then be transformed through the skills of the people and the equipment available to produce the required output. (Hill, 2005)

The external role comprises of meeting competitive drivers within the company’s market. (Hill, 2005), as well as government regulations and keeping up with customer’s demands of the product.

Figure 1 – Overview of the Operations Process (Hill, 2005)In operational management the Input-transformation-output model can be used, to analyze the organization. The operations process will vary depending on factors such as, size of the organisation, volume of product being produced, nature of the product, the variety available, the technology used in the product as well as the technology used to make the product and the extent to which the products are made in-house (i. e. or if it is viable to outsource instead). (Hill, 2005)

The “ Operation Process” as described in Figure 1, is a single “ sub-process” or function which is responsible for providing a product/service. Similarly, the marketing function is responsible for selling to and working with customers. There are many functions within an organisation, which have their own set of tasks, of which they are responsible for. Each of these functions/departments, will be managed by different people and have their own inputs, outputs and constraints to deal with. Other examples of functions are finance and accounting, technical and personnel. (Chalker, 2008)

The operations process has well defined criteria’s to follow not only by the company’s higher management, but also by the constantly changing economy, government regulations and customer needs and other drivers. The operations process or indeed in any other function, the operations manager has five general performance objectives to fulfil, that apply to all functions. These are quality, speed, dependability, flexibility and cost. (Slack et al., 2007)

A simple example of an operations process is a sandwich making factory. The factory will either outsource by purchasing the raw materials needed i. e. Bread, sandwich fillings, butter, labour or they will make them (in house), which may well be a separate function within itself. The raw materials are then transformed into a sandwich, which will then be packaged and sold to supermarket stores. Each operations manager is responsible for making sure, that the processes are running smoothly, efficiently and effectively in the short term. This is where operations strategy comes into its own, in order to accommodate for the long term aims and objectives of the organization.

Operations Strategy embodies the aspect of direction and implementation. Direction concerns the approaches an organization can use to help choose its present and future market, competition and help influence its market position. Implementation concerns how the organization can better meet its competitive drivers by prioritizing how and where to spend its time and money. (Hill, 2005)

Strategy for an organization can be broken down into three sections. Corporate, Business Unit and Functional. Corporate strategy is to do with the business as a whole, and in which sector it competes in or wants to compete in. Companies decide where to invest and where not to, depending on what they wish to develop in the organization for the present and the future.

Business unit strategy – within an organization there are business units e. g. for a bank, they will have corporate banking, retail banking, mortgages, insurance etc. and each business unit must analyse their competition market, and decide where they intend to grow, and then agree on a strategy that will help them reach their targets.

Functional strategies prioritize development and investments in accordance with the needs of the current and future markets. Each business unit comprises of many functions i. e. marketing, IT, operations. (Hill, 2005)

At all three levels of strategy, it is the industrial manager's implementation, support and drive that will see the strategy to work successfully and integrate into the function, and into the organization. As well as keeping up to date with any changes in the environment and market to allow flexibility and agility, in order to stay ahead of competition.

Managing technology is also another task of an industrial manager. Technology is used throughout the operation process, as well as the input and output processes. The manager need not understand how the technology works but if there are any advantages that can be gained from implementing the technology into the operations (i. e. Lower production costs, shorter production time) compared to the cost of the technology, then it is a viable choice to make. Other management responsibilities include quality control management, inventory management, capacity management, supply chain management, facility location and layout management (Porter, 2009). An industrial manager has to manage all this and more, and therefore in most organizations, these duties are usually distributed per function/department, or however best suited to the organization.

Managing the labour workforce is another key factor of managing operations. The workforce is very different compared to other resources such as machinery, and because of this, there has been much previous research done and implemented over the years, on this particular issue, which is vital to understand to be able to gain a better understanding of this area, and to the overall role of an industrial manager.

There are two roles for an industrial manager when managing people. First, the internal role, which concerns managing the people/workforce within the operational functions of the company, as well as with other functions within the organization i. e. Human resources. Second the external role which involves managing the people outside of the organizations interface i. e. the supplier and consumer end of the supply chain (Hill, 2005).

Fredrick Windsor Taylor initially developed scientific management (Taylor, 1911 (Replublished 2003)), which brought standardisation, time and motion study, selection and training along with pay incentives in order to improve the efficiency of workers. Taylor’s Scientific Management was the attempt to treat management and process optimization from a scientific point of view. However there were a few problems with the theory such as Taylor was primarily concerned with reducing costs, and quality control was not considered and the workforce was not creatively involved (Chalker, 2008).

Theory X and Theory Y were then developed by Douglas McGregor in the 1960s, which describes two different perceptions towards workforce motivation. Theory X assumes that an average human has an inherent dislike to work and will avoid it if possible, therefore they must be coerced into doing their job and require close direction. People will also tend to avoid responsibility and have little ambition. (McGregor, 1960, pp. 33-34)

Theory Y on the other hand suggests that people are capable of being committed to the organizational objectives as long as they were rewarded for their work, and can learn to accept responsibility and implement their ingenuity and creativity for the organizations benefit (McGregor, 1960, pp. 47-48) (Bowles, 2009).

More recently a new management theory, developed by Professor William Ouchi, has shown very promising results, especially in the Japanese economy. Theory Z manages the workforce by focusing on a strong company philosophy, a distinct corporate culture, high staff development opportunities and consensus decision making (Ouchi, 1981). Theory Z workers are well supported by the company and trusted to do their jobs to the best of their ability and competently. This relationship of trust, gives the employee a sense of responsibility, without them being forced into accepting it. Under this theory, the workers are required to be generalists and must have a good understanding of the organization and the company’s operations. Due to this job promotions would take longer as a lot more training would be required. For this theory to work then, the workers are required to have a high degree of loyalty towards the company and even be willing to spend their entire career with them.

All Three Theories X, Y and Z have been proven to work, there is no correct way to manage people at work, and will vary from one organization to another. Theory Y and Z, seem to be the more popular way to create labour efficiency then Theory X, which could be because the employee feel that they are losing their freedom, and in the modern times may be due to employees unions. In essence any of the theories can be applied but the choice is dependent on the individual worker, and their attitude towards their job, which is possible to change over time and changes in circumstances (Micheal & William, 2003). In my opinion it would seem that theory X is more suited to the lower level workers of the organizations hierarchy i. e. shop floor workers, where monetary influence is much greater than other factors such as job satisfaction. Theory Y and Z are more applicable to the higher half of the labour hierarchy i. e. managers where monetary influence is less important.

There are many more factors that industrial managers have to consider in order to survive but Managing Operations; Operations Strategy and Managing people are three key factors. There are other business factors such as knowing what your competitors are planning to do, Pricing of products, advertising etc that must also be considered, albeit, they may be in their own functions/departments. There must also be high levels of communication between the functions, with suppliers and with customers, to keep the organisation efficient. It is very difficult to have a set of roles that an industrial manager has, as this is dependent on the organization itself but Henri Fayol was able to summarise these roles, which over time has been updated to, planning, decision making, organising, staffing, communicating, motivating, leading and controlling (Chalker, 2008). This, I believe, best generalises the plethora of roles undertaken by an industrial manager.