

# Riordan manufacturing essay

[Business](#), [Industries](#)



## Strategic

## Plan

Riordan Manufacturing is a mid-size American company that was founded in 1991, employs 550 people and has projected annual earnings of \$46 million. Riordan has three manufacturing locations, two in the United States and one in China. Riordan understands the importance of strategic planning and will lay out their reasoning in this paper. Competitive advantages, sustainability, innovation and ethical and social responsibilities will be addressed, as well as cultural and structural leadership and assessment and feedback controls. Riordan Manufacturing, Inc. needs strategic plans because Riordan Manufacturing, Inc. is like any other business organization; divided into two governing sections of business operations a management section and a functional section. Strategic planning is conceptual, pragmatic, and can deliver the highest and best results for business decisions and practices. “ Strategic management is a set of managerial decisions and actions that determines the long-run performance of a corporation” (Wheelen, 2010, p. 4). Strategic management possesses four phases that are designed to have business managers’ focus on internal, external, and overall policy implementation of their management systems. The four phases of strategic management are financial planning, forecast based planning, externally oriented strategic planning, and strategic management (Wheelen, 2010).

The strategic management approach was developed to assist large corporations that participate in more than one industry; this approach assists management in creating and maintaining a competitive advantage, reduces risk, reduces error, and might prevent economic ruin of a business organization. Riordan Manufacturing, Inc. can benefit from developing a

strategic management system because Riordan Manufacturing, Inc. was Riordan Plastics, Inc. and are currently operating in more than one industry, market, and country. Riordan Manufacturing has more than just a fiscal or legal responsibility to their stakeholders. They have a social and ethical one, as well. Riordan has offshore operations in Hangzhou, China, a country well-known for its less than stellar human rights record. As an American company, Riordan has a responsibility to ensure their business operations conducted in China adhere to the same high ethical standards we have in the United States. This means they have an ethical obligation to pay their workers a “fair” wage, ensure there are no child laborers, and to keep the facilities as clean and safe as possible. Many American consumers don’t like the idea of their products being made in Chinese plants, mostly due to the low standards of care most companies employ when doing business in China. If Riordan wants customers to feel more comfortable purchasing their products made in China, they should advertise the ethically responsible actions taken, especially those that improve Chinese employees’ lives. American consumers are also very concerned with environmentalism and like companies that act to reduce their carbon footprints. Now, any company that is involved in worldwide shipping will have a large carbon footprint to start with, but Riordan can start at the very base of the logistics chain to ensure they’re acting environmentally responsible.

Using “clean” trucks at the harbors on both ends of the shipping chain will not only reduce fees paid to government agencies, but will help to reduce Riordan’s carbon footprint. Sending only full containers will also help to reduce excessive emissions. On the administrative side, Riordan can

implement recycling programs in their offices and encourage employees to carpool with preferred parking or free lunch. Some companies also offer discretionary responsibilities. These are not required, or even expected, but help to raise employee morale and encourage productivity. Riordan could implement day-care centers, for example. They could also institute free lunch programs with a daily spending cap per employee and bi-annual team building exercises and retreats. The benefits of addressing social and ethical responsibilities vastly outweigh the costs, when implemented correctly. Companies that follow these guidelines can charge higher prices, which helps to offset the costs incurred. They also increase customer loyalty and cultivate an image as a responsible company. Employees are happier and more motivated to work at companies that address these growing concerns. Financially, they have a much better chance of attracting capital investments. Finally, environmental and community groups are more likely to support companies that address issues like these. Riordan Manufacturing, Inc. states on their webpage “ Six Sigma, leading edge R&D and exceeding ISO 9000 standards define the attitude and abilities of Riordan Manufacturing” (Riordan Manufacturing Inc., n. d., p. 2). Riordan Manufacturing, Inc. has most likely decided to use the cost leadership and product innovation business strategies because these strategies allow Riordan Manufacturing, Inc. to compete with their competitors on two levels.

Currently Riordan Manufacturing, Inc. is operating in Hangzhou China and is partnered with Chinese affiliates that own manufacturing facilities on the Qiantang River. The cost reduction in shipping and manufacturing permits the cost leadership business strategy; underpricing competitors in foreign

and domestic markets. This brands the organization as the market maker for pricing in plastics manufacturing. Riordan Manufacturing, Inc. also states on their webpage " Our R&D is, and will remain, the industry leader in identifying industry trends" (Riordan Manufacturing Inc., n. d., p. 2). According to Riordan Manufacturing, Inc., product innovation is important to them and their consumers. Riordan Manufacturing, Inc.'s product innovation business strategy also provides a competitive advantage not only in price but also in efficiency. New technology developed by Riordan Manufacturing, Inc. creates new and improved efficiency and productivity standards. The business strategies currently used by Riordan Manufacturing, Inc. are great choices for their organization; however the continuous uses of the same strategy is not strategy at all it is simply a process of business operations. The purpose of strategy is to increase productivity, growth, and profitability then create new practices to sustain the newly achieved results. Riordan Manufacturing, Inc. should maintain the product innovation and cost leadership business strategies as a part of their normal business operations and add the differentiation strategy to make competitors' products inferior.

" Differentiation strategy is the ability of a company to provide unique and superior value to the buyer in terms of product quality, special features, or after-sale service" (Wheelen, 2010, p. 185). With the implementation of the differentiation strategy Riordan Manufacturing, Inc. should be able to increase their market share and consumer base and in the long-run achieve a sustained level of additional profits. In order for Riordan Manufacturing to improve its efficiency and manufacturing processes. The organization needs to continually measure performance. Riordan needs to measure areas within

the company that contribute to the meaningful direction of the organization. Riordan should focus on the organizations overall quality and try to improve quality within the processes of the organization. The cost that the organization incurs should be continually under observation and areas in which the organization can reduce cost should be explored whenever possible. Riordan should evaluate cycles of time in order to use time more cost efficient and effectively. The customer service within the company should be observed along with the organization delivery processes. Riordan Manufacturing will focus on manufacturing, co-engineering, design coordination, vendor supply, and customer order fulfillment as the areas within the organization that need to be measured for performance. The targeted areas within the organization are measured for cost, quality, time, flexibility, and environment. The five business processes are quantified with the five performance measures creating strategic performance indicators. By using the outlined performance measurement guidelines Riordan Manufacturing will be able to take its critical success factors and create strategic performance indicators that are relevant to the company. The internal dynamics along with cultural and structural leadership considerations that should be used in implementing business strategy for Riordan is readiness of employees in terms of supporting the new strategic initiatives. Employees should not only be committed towards the implementation of the plan, but should possess extensive knowledge and training and new strategic initiatives.

Hence, it is extremely important that Riordan should ensure extensive training for the employees to understand the importance, benefits and know-

how to handle the new processes, initiatives and strategic action plan in the organization. Further, it is also important that the existing processes, systems and infrastructure should support the new strategic initiatives in the organization. It is important for Riordan to invest in necessary upgrading of infrastructure and restructuring of processes and systems to support the new business strategies. From a cultural perspective, it is important that Riordan's leadership and management should foster a culture that empowers Riordan's employees to work in a supportive, flexible work environment with adequate decision making authority. The culture of Riordan should be such that employees feel motivated to contribute towards the growth and new initiatives of the organization and remain loyal and committed towards the organization. To develop the quality culture and embed it in each aspect of the organization's decision making, it is extremely important that employees remain committed towards such initiative and extend their full cooperation towards such programs in the organization.

Such internal dynamics will help the business continuity in the sense that it will lay down a strong platform for Riordan to implement long-term strategic initiatives pertaining to quality, customer satisfaction and process/product improvement. The focus on such internal dynamics and cultural considerations will help the organization in sustaining competitive and other risks in a more efficient manner and thus, help the organization in sailing through rough times in a better manner. Riordan can use assessments in conjunction with other evaluation tools in order to get a more complete picture of the organizations achievements. The assessment is designed to evaluate the organizations competence and overall skill level. There are

different areas within Riordan that will need to be assessed to include: manufacturing systems, employee performance, and quality. The assessment tools that will be used in order to make assessments within Riordan include: The Manufacturing Readiness Assessment Tool (MRAT), Lean Assessment Tools, and Employee assessment. The MRAT is used to determine the readiness of a particular product or technology. Lean assessment tools evaluate the organizations production process, operations, shipping, purchasing and all support functions. Employee performance assessment will be performed quarterly to evaluate competence and the skill level of the employee. Quality assessment tools will evaluate the organization against the seven dimensions of quality. The seven dimensions of quality include: Administration, management ; coordination, physical environment, access to housing ; services, supportive service design ; delivery, property ; asset management, tenant rights, input, ; leadership, data, documentation and evaluation. The various assessment tools will be used to make Riordan an efficient and productive organization. Riordan will develop feedback controls that will evaluate information gathered from measurements that will be used to manipulate variables to obtain the desired results. The feedback controls can easily be developed into a dashboard application that checks the status of the company in real time. The information displayed within the dashboard will reflect the culmination of daily status reports and evaluations. The feedback controls will provide the management information that will affect the strategic plan of the organization.



When the feedback controls reflect little variance between standard and actual performance the plan should be on target. When the controls reflect a deviation from the targeted productivity the management can use the information gathered from the dashboard to isolate the source of the discrepancy and make changes to the strategic plan in order to get the organization back on target. The feedback controls can also motivate employees because they give an accurate representation of performance within the organization. When the data gathered reflects that the strategic plan isn't meeting its desired results the strategic plan needs to be changed and re-implemented. This paper has set out to detail why Riordan needs a strategic plan, and how it will benefit from one. This was done by addressing competitive advantages, sustainability and innovation, ethical and social responsibilities, cultural and structural leadership and assessment and feedback controls. By utilizing these guidelines, Riordan Manufacturing will ensure the success of the company.