

Problems facing sma's micro- electronic products division essay sample

[Literature](#), [Russian Literature](#)



Poor sales, a deteriorating economy, stiff competition and the internal conflicts in SMA's Micro-Electronic Products Division have contributed to its decline in sales and profits (1989-1990). Furthermore, they have led to the cutting down of employees and its operational general expenses. The conflicts within the organization are further seen as a reflection of major problem that are not yet being addressed. Introduction SMA is a leading Swiss manufacturer and inventor of microelectronics, production systems, precision mechanical components and watch products.

The Micro- Electronic Products Division led by Guido Spichty's the Division Manager, manufacturers' low voltage, low power integrated circuits and micro processors plus passive components for several markets. Just as SMA's business has grown over the years, the micro-electronic business has also grown (Beer, Tushman & Gabbaro, 2003). As much as the company has a good reputation, it can be better if it addresses the problems it is facing.

Some of the problems facing this division include: Problems in MEPD Manufacturing There was lack of growth in the division's business caused by reduction in goods produced brought about by price cuts as the Swiss franc dropped. Managers were forced to reduce costs but that did not help as such. The need for something new and unique was needed. The objectives they set were not being fulfilled and they blamed marketing and sales functions for their failures and were unhappy with the product developers. Marketing Marketing lacked the ability to forecast market trends accurately and was incompetent in its planning and formulation strategies.

Marketing blamed product development division for their lack of responsiveness to the marketing needs and said that their priorities were wrong, projects were late and no criteria was used in undertaking the projects. They also accused manufacturing for their lack of cooperation as they were conservative and were not willing to take risks and they felt destructed as they spent a lot of time dealing with the plants. Sales The sales department is not doing enough as they do not have enough information from the marketing department.

Sales and marketing blamed each other of mistrust, politicking and maneuvering. The sales people were thought of as being incompetent hence did not do their work well. Product development It was responsible for extending the current product line by using technology, research and development. They felt that marketing did not provide them with detailed product specification for new products neither did it understand what was involved in the specification changes.

Furthermore, it was difficult to get time schedule from SMA's Technical Staffs Division as they could not cope well with the pressures and caused delays. The controller was responsible for maintaining all records for the division and provide a financial summary every 28 days plus report on the performance of the division staff and corporate controller. It was found out that in most cases the forecasts presented were in accurate and little can be achieved in business with poor records. All these problems have been made worse by the people at the top who don't know how to deal or confront conflict.