

# [Abstract of the organizations strategies. david garvin (1993)](https://assignbuster.com/abstract-of-the-organizations-strategies-david-garvin-1993/)

Abstract            Thisresearch case study considers the following question: “ Why is supply base an important but complex issue for automotivemanufacturers?” The hypothesis governing this research case study is one ofthe major performance measurements that companies use: the evaluation ofsupplier’s performance. Research on the use of performance measurement betweenorganizations, such as supplier performance measurement is very rare. In recenttimes the automotive industry has established a variety of new forms oflogistics integration between automobile assemblers and their suppliers, inparticular those in the first tier. In this paper we offer a brief discussionof the literature on inter-organisational performance measurement and contractexisting concepts of intra-organisational performance measurement with theconcepts of performance measurement within a supply chain.                 ResearchCase Study                   The research question that we have chosen to examine using a case studyapproach in this: “ Why is supplybase an important but complex issue for automotive manufacturers (based onperformance measurement).

The hypothesis governing this research case study isone of the major performance measurements that companies use: the evaluation ofsupplier’s performance. 1.      Introduction:                MajorOriginal Equipment Manufacturers (OEM) co-operate with hundreds of different. The management of the supply base has been described as a key competence for acompany. There is a vast amount of literature on performance measurementframeworks and systems. The recent transformations and great growth of theBrazilian auto industry open up a vast field of research involving supply chainmanagement and performance measures.                 In the last fifteen years, several new productive arrangements have beenimplemented in the automotive sector in Brazil, among them the modularconsortium and the industrial condominiums.

This article discusses about the performancemeasurement as a disputable concept and also about the major issues inperformance measurement. 2.      PerformanceMeasurement –a disputable concept?                     A big change in measurement systems occurred when executives felt thatthere are need for instruments or systems that will help them ensure themaintenance of the organizations strategies. David Garvin (1993) coined a phrase in the Harvard Business Review that has become paradigmatic forthis view: “ If you cannot measure it, you cannot manage it.”                   In general, the Performance of Logistics Processes changes in the waythey organize their operations and manage their supply chains in order tobecome more agile and flexible are not exclusive to Brazilian organizations. All over the world, companies have been struggling to become more competitiveand the global market and one way of achieving that is by improving the coordinationof their supply chains in order to succeed in delivering more efficiently.

The fact is that the internal performancemeasurement system of the automaker unfolds upstream and downstream, with clear implications on theperformance measurement systems. More such demands on supply chain performancemeasurement have been presented by other authors. According to these authorsperformance measurement should include: -·        Changes in both the average volume ofinventory held and frequency of inventory turns across the supply chain. (Fawcett and Clinton 1996) ·        Adaptability of the supply chain as awhole to meet emergent customer needs. (Bello and Gilliland 1997)·        The extent to which supply chainrelationships are based on mutual trust. (Fawcett and Clinton 1996) Major issues in performance measurement: –           Some of the major issues in performance measurement are as follows:- Cost of data collection Assuring appropriate comparisons to other operations Data quality Data completeness Extrapolating from partial coverage Matching measures to their purposes Understanding extraneous influences in the data Conflicts with other measuring programs – which is “ right” Timeliness of data for measures Use of measures in allocation of funding Liability for action (or lack thereof) based on measurement results Responsibility for measures for which there may be limited control Benchmarking and targets External factors Good multimodal measures  Conclusion:-           Performancemeasurement is surely not the safe way to success.

The major key in finding theperformance measurement falls in identifying the major function of theperformance measurement system. In order to research supplier performance measurement, we have to keep our focus on the functions performance measurement in this contextfulfills and the organizational setting in which it is placed.