

Research on total quality management



INTRODUCTION I. Importance of the Study The intangibility element of San Miguel Brewery as a business service, the job of the developing a wider marketing program and better management system for the company had put a distinctive twist on its continued existence and expansion to the industry. With the situational analysis, the researcher hopes to develop a profitable operation, better management and marketing program for this company. It is in this context that this study was undertaken. Findings are expected to improve the human resources management system, the operations and management of San Miguel Brewery, to make its marketing system more effective and efficient and to improve further financial system of the company The companies that have the same line of business will be able to obtain insight from the results of this research.

This will give added information in organization and management, operations, marketing and financial orientation and will also provide them information on how they had been doing in the industry as a whole. The strengths and weaknesses could be used to enhance their skills, thus, it will provide them a competitive advantage over other companies. Knowing the weaknesses and threats this company is facing could serve as a challenge for them to improve those identified feeble points and avoid and lessen those problems that may come along their way. They may also consider the recommendation given by the researcher to fully attain their company goals. For the potential businessmen, who care planning to put up a similar business, this company case study may serve as their reference.

The results of the study may provide useful insights on the operations of the San Miguel Brewery. This study will give the consumers sense of pride for

having an endeavour that is up to date with the technology and inspire them further services of San Miguel Brewery. The researchers of this study help them to be more knowledgeable and to know how to sustain good relationships with their customers when they engage in their own businesses. By considering this study, the basis of creating a health relationship with their future clients can be easily established.

II. Historical background

The original San Miguel Brewery was founded in 1890 in Manila. Later renamed as San Miguel Corporation (SMC) in 1963, it has grown into one of the Philippines' largest business conglomerates with interests in alcoholic and non-alcoholic beverages, food, packaging, power, oil and telecommunications. San Miguel Brewery was spun off from SMC on October 1, 2007 and was subsequently listed on the Philippine Stock Exchange on May 12, 2008. In 2009, Kirin Holdings Co. Ltd. of Japan bought 48.3% of the company from SMC for PHP 8.841 per shares. San Miguel Brewery Inc. (SMB) is the largest producer of beer in the Philippines, with a total market share of approximately more than 95% in 2008.

The Company has five breweries strategically located across the Philippines and a highly developed distribution system serving approximately 471,000 retail outlets. Prior to the creation of San Miguel Brewery Inc., all of SMC's beer operations were under the San Miguel Beer Division ("SMBD"), a business unit of SMC. San Miguel Brewery Inc. was incorporated on July 26, 2007, and the domestic beer business was spun off from SMC effective October 1, 2007. The spin-off of SMC's domestic beer business into SMB was

intended to realize the value of SMC's flagship business. From a single product produced in a single brewery in 1890, San Miguel beer has, over 117 years later, grown into an array of popular beer products catering to the distinct tastes and preferences of beer drinkers across all segments and markets in the Philippines.

Products

San Miguel Brewery carries a portfolio of nine beer brands: San Miguel Beer/Pale Pilsen, San Miguel Premium, All-Malt Beer, San Miguel Super Dry Cerveza Negra (San Miguel Dark Beer), San Mig Strong Ice, Red Horse, Extra Strong Beer, San Mig Light, San Miguel Alcoholic, Malt Beverage and Gold Eagle Beer.

III. Vision and Mission

We, the San Miguel Beer Division Sales Force, will be a respected and admired sales organization in the global beverage industry. We will fulfil the present and anticipated needs and wants of our customers. We will delight them at all times through the excellence and ready availability of our products systems and services. Through the productive and efficient selling and distribution of SMBD's products we will ensure the expansion of the Philippine beer market, contribute to beer Divisions quest for market, cost and quality leadership, and generate optimum returns for the Company. San Miguel always be available wherever and whenever our customers so desire.

Total Quality Management of the company

A. Company Quality Human Resource Planning

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SMB practice human resource planning which enables them to cope up with uncertain events that may happen in the future that will affect their human resource. In planning, they consider the availability of human resources that they have. They see to it that they have enough number of employees as well as the capabilities of each employee so that if there would be some instances that are needs to improve, they can easily adjust because they have already planned of the uncertain or the unexpected occurrences.

Advises and coaches the HR Accounts Management team in the delivery of high quality HR services.

Provides professional and proactive HR services and advice to managers and supervisors to ensure the delivery of quality people management in the areas of Recruitment, Manpower Planning, Organization Management, Training and Development, Compensation and Benefits, Performance Management, Management Development Program, Human Resources Information Management/SAP-HR, Culture Management Initiatives and Employee/Labor Relations. Serves as the specialist of Recruitment and Selection to ensure consistency of practices among HR staff and the timely acquisition of talents for vacant positions. B. Recruitment and Selection

In recruiting their employees, they see to it that the applicants were suited to the position the company needed according to their job descriptions and job specifications. In case of job vacancy, the branch post notice of such vacancy on the bulletin board. All applicants received by the bank for employment is referred to the HR revision for appropriate action. In the case of SMB, the manager is authorizing to screen and select applicants for job vacancies subjects to conformation or further action by the HRD. Steps

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observed during the recruitment process are reception of applicants, preliminary and evaluation interview, testing, planned or depth interview, evaluation of applicants, referral to the branch needs, advice to applicants reference checking or clearance, physical examination and selection and placement. To ensure that the branch recruits high quality applicants and select employees at the greatest potential series of procedure are involved and the standards are sited their manual.

Applicants who possess the basic specific requirement for employment and being considered for appointed to a permanent position must also comply with additional requirements such as medical and dental examinations personality evaluation or psychological test and character investigation. A probationary employee is a new employee hired to fill up a vacant position and is placed under observation or assessment for a minimum period. The purpose of the probationary period is to determine the employee's capacity and ability to carry out and perform satisfactorily the duties and responsibilities of the vacant position. Before the end of the 6th month of the probationary period, the manager submits the appropriate recommendation whether to terminate or regulate an applicant and issue a permanent appointment. A probationary employee is or dismissed for failure to qualify as a regular employee and is not entitled to termination pay. On the other hand a regular or permanent employee is one who had been issued a regular appointment after satisfactory completion of the probationary period.

C. Employee Relations

San Miguel Brewery strong social responsibility commitment contributes to better employee retention, resulting in a considerable reduction in turnover and training costs. Employees normally remain working with the company because of their feeling that SMB cares. Employee programs that help reduce absenteeism actually save the Company money as they encourage increased productivity. On the home front, programs that address employee welfare instil a sense of pride in the people for being part of the San Miguel Group. In San Miguel Brewery, boss-subordinate relationship is not practice; rather they practice a family relationship. They respect each other because some employees are also the stockholders where in they also “ own” the company and they are paid well by the company, they have good sympathy in their association and it is very cohesive.

D. SMB practice Total Quality Management within the organization San Miguel Brewery maintain a Total Quality Management within their organization through trainings like the 5 ‘ S, files management system and many more but give emphasis in Record Retention System (RRS) where in they deal with files which set a standard on the exact code for example. E. Quality Control and Quality Assurance San Miguel Brewery ensures quality control through quarterly audit as well as unannounced audit. Audit in the workplace and audit in the plant are the two (2) audits that the company practice.

Audit in workplace for example, employees are given a specific rules to be followed in using the facilities of the company, like the use of working table no things can be place or found there except their working materials, so employees are not allowed to place their bottles or anything else from the

rules they are entitled to follow for the audit in the workplace. Audit in the plant, they see to it that machines that check the bottles are all automatic. They practice a strict quality assurance in manufacturing, they have high grade machines and equipment with the newest models and very strict in production that keeps the bottles clean and free foreign matters.

F. Quality Services

San Miguel Brewery provides Quality Service that will satisfy all the needs of their customers. Quality Service for them is a “ must”, they don’t have the right to choose costumers, whether they like the customer or not they are entitled to treat them equally and properly. Employees especially in the selling department are given trainings to aid them how to deal with costumers including “ difficult customers” as quoted by the Manager. Customers are expected to be loyal if they are given the Quality Service that will satisfy them surely. SMB associated it to courting or “ ligawan” by giving those discounts, gifts, and others depends on the approach they are proposing that could provide to the customers. As the Manager says that “ the best weapon you could give to a customer is your goodwill, if you have the goodwill to the outlet and customer they will surely be loyal”.

G. Costumer Complaints

All companies deal with customer complaints, but they desire or prefer it to call Customer Care because they believe complaints are not only the one they receive but also the care of the customers. In San Miguel Brewery there are front liners of the company (Supervisors and Secretaries) train to handle customer complaints. Complaints are welcome and it is not only for products

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concern but also for employees, they listen and solve it right away, they have standard procedure that complaints should resolve within 48 hours, otherwise it will elevate automatically to the next level. Whoever receives the complaint should “contain the situation”, sometimes they challenge complainants that they will drink their products to prove that these are not poisonous or being tested before the delivery, that situation is what they call “contain the situation” and they also avoid to be destroyed by media without any basis.

Figure 2: SMB process of dealing Customer Complaints H. Marketing Strategies SMB Manager was not allowed to discuss their Marketing Strategies because it enveloped their confidential quality plans of advertising their goods. But, she pointed out that their Marketing Strategies depends on the area, for example in Ilocos different strategies are needed to design for different kinds of drinker that they will cater in that place. Moreover, she give us the sure idea that last year’s strategy is not being carried for this year, because strategies are being improve and evolve not constant.

I. Management Quality Services

The management monitors the work of their staff in providing quality service; in the part of the dealers have specific objectives that are measured quarterly and annually. The given set of parameters is measurable and quantifiable. The annual performance appraisal will determine whether they were able to achieve the key performance indicator or specific objective in a year. Furthermore, this will verify if that specific Dealer is entitled to be given an increase or decrease in its performance appraisal. There should be

a exceed expectation and below expectation that will rank the employees, where in you cannot ask the Manager to increase your points in that of what is being record .

J. Employees Training and Development SMB support their employees to help them be as productive as possible, they are trained to be multi-skilled. They undergo trainings of different department works to add and broaden their knowledge , these also serves as job enlargement for them not to feel bored for the same activities in their entire work life and to rotate so that there is no reason for the operation to paralyze if one is absent or out.

K. Performance Evaluation

SMB measure and promote excellence in their employee's job performance through key performance indicator that serves as a guide and bible of each employee. For some instances, employees are asking the Manager or Supervisor to be recommended for promotions, these are not being practice in San Miguel. The company stick to their values and quality that performance is constantly being measured, the Key Performance Indicator will support if one is qualified or good to be subjected to be a candidate for promotion.

L. Future Plans

They have future plans concerning about the progress of their company in order to maintain and uphold quality services. SMB provide annual budget for particular areas like their area in Pampanga, which needs to be developed in terms of machine or equipment upgrading, as well as,

employees to send in trainings to become more knowledgeable. The Manager gain quoted, “ Employees and machines are being improved at the same time”. They consider budgets that should be made immediately for them to make an action to a problem as soon as possible.

M. Innovation in the Company

The famous Philippine Brewer and leading manufacturer of consumer and producer goods, the San Miguel is an excellent demonstration of the wider technological capacities if Philippine Firms to engage in localised technological innovation. The firm has developed a brand image in the domestic market which was transferred successfully to other countries through the establishments of chain breweries in different countries.

The acceptance of advertising and other persuasive marketing methods, as well as the continue and adherence to quality standards in the domestic market concomitant with the development of consumer tastes and culture, are country-specific factors that have enabled the SMB to produce a differentiated consumer product. To date, the firm has engage in the production of more than five different brands and also product packaging, feed and livestock, dairy products manufacture, coconut milling and refining, product exportation, investment the fast-food franchising, as well as various other agribusiness projects. San Miguel has successfully invested in other ASEAN countries on the basis of a strong indigenous capacity for technical innovation. The firm has similarly connected on the basis of high product quality standards and product differentiation

N. Awards

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The Manager said that to attain awards, “ You need to present the product to everybody and they will judge. We do not only work to have an award, it’s just like a bonus”. The following are awards receive by the company: Silver rating award conferred by DENR EMB 3 under Eco watch, Healthy workplace award national and regional level – DOLE , Employer of the year – National level – SSS, ISO 9001 certified, cGMP & HACCP certified, Top tax payer of the City of San Fernando and 5-star safety rating.