Manufacturing’s Strategic Role

T. J. HILL
School of Industrial and Business Studies, University of Warwick

In times of increasing world competition and decreasing product life cycles, it is important that an industrial company develops an understanding of the implications for its manufacturing processes and infrastructure of the corporate marketing decisions it is considering. The investment involved in processes, controls and procedures is so substantial that organisations are normally unable to change or even adjust these decisions once they have been introduced. This paper develops concepts and ideas on how to develop a strategic role for manufacturing and gives practical examples of the problems which can result and the alternatives to be pursued as a means of clarifying the important issues to be addressed.

Key words: Production management

INTRODUCTION

WITH GROWTH in actual sales and the consequent increase in activities which usually follows, many U.K. companies decide that the preferred way of controlling these activity levels is through the use of specialists. Whether the mix of advantages and disadvantages favours one course of action or another is unimportant here. The decision which most companies have taken in the past is to use this form of control.

A common problem which results from this choice is the relationship which develops between the line managers (the doers) and the various specialists (the advisers). As 70–80% of expenditure, investment and people are normally within the jurisdiction of the production function, then this is the group of activities where much of the work of specialists will take place. This paper then has a two-fold purpose:

1. to increase the ability of production managers themselves to explain their area in corporate terms;
2. to increase the specialists’ understanding where work concerns control and information provision in manufacturing. It is important that they help provide the ‘outsiders’ view’ of the whole. Yet too often their conceptual understanding of the important perspectives within manufacturing largely rests on the views of those line managers who are involved in ensuring that the job is done.

Manufacturing’s strategic role—the widely-held view

In many industrial companies, corporate policy and strategic decisions are, for much of the time, based on financial and marketing understandings of what is best for the company in the future. This corporate marketing requirement is then put forward to production, who are asked to comment on the plan and how feasible it would be to achieve. The degree of formality which is involved in this process will vary from one organisation to the next. The important factor, however, is that this process is all too often the way in which corporate policy is determined.

The reasons why this exists are four-fold:

1. It is the manufacturing manager’s view of his own role. He sees his job as responding as best he can to the needs of the company, as stated by marketing and finance. This, of course, implies that the manufacturing manager will make his own judgement about what is best for the corporate good in situations where trade-offs have to be made.

2. It is the 'company's' view of manufacturing's strategic role. In a recent survey of recruitment advertisements in the *Sunday Times* from 1970–79 it was found that there was a very low number of mentions concerning the corporate or long-term contribution to be made by production managers and directors, compared with the many mentions to do with work experience requirement and the content of the job (see Table 1).

3. Production managers are too late in the corporate debate. This results in their taking a reactive role, with less likelihood of contributing to strategy alternatives and influencing the eventual decision. As a consequence, they appear to be complaining about the unrealistic demands made of them.

4. Lack of language

Manufacturing executives do not, on the whole, explain the important, conceptual aspects of manufacturing to others in the organisation. Seldom do they evaluate and expose the manufacturing implications of corporate marketing decisions, so that alternatives can be considered and more soundly based corporate decisions agreed. Part of this problem is the lack of developed language which would both help express the conceptual insights which need to be considered and also provide the medium to help explain, from a corporate viewpoint, the production issues and perspectives which need to be understood and addressed.

**Manufacturing's strategic role—some new perspectives**

In broad terms, there are two important roles which manufacturing can offer as part of the strategic strengths of a company.

1. The first is to provide manufacturing processes which will give a company distinct advantage in the market place. In this way, rather than having a marketing edge through product technology developments, manufacturing will offer to bring a marketing edge through developments in its process technology and manufacturing operations (e.g. Pilkington's float glass production process).

2. The second way is to create a situation in which manufacturing is able to support, better than its competitors, the dominant performance criteria of the market place. Thus, the company is able to offer to its customers that performance requirement which makes a customer place an order with one company rather than with another.

In this paper, it is the second of these roles which will be discussed.

**INCREMENTAL MARKETING DECISIONS**

Many companies, over a period of time, implement a series of small, incremental marketing decisions which may gradually change the marketing orientation of the company concerned. This process offers many corporate advantages, including the opportunity to build either on existing know-how or on those products which have shown themselves to be more successful in the market place.

This gradual shift in product mix needs, however, to be seen as a separate, distinct, change and to be considered in this light at the corporate level. For it is essential that