

# Manufacturing Strategy the Key to Business Success – A Review

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**Abstract** – Over the last few years, industrial strategy has evolved as a philosophy, field of research and experience. Nevertheless, as the clarity of production strategy has increased, as various methods and different viewpoints have arisen, the clarity of production strategy has diminished. The value of manufacturing strategy and its application by businesses to improve their output was briefly reviewed in this article. It can be inferred from the studied literature that different businesses have implemented numerous production methods in order to develop their market efficiency. Aspects such as anticipation of emerging technologies and a connexion between manufacturing strategy and business strategy, a structured strategic planning mechanism including the management of the group, and coordination of the manufacturing strategy to the workers of the company should be included in the best manufacturing strategies in businesses. This paper proposes a manufacturing approach model that encompasses five aspects of decision-making, namely: 1) product design / engineering; 2) preparation and regulation of manufacturing; 3) organisation and management; 4) plant and equipment; and 5) labour and personnel.

**Keywords** – Production, Production Plan, Efficiency of Manufacturing.

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## INTRODUCTION

In the literature on industrial management since the 1960s, the strategic power of industrial in promoting market strategies and generating competitive advantage has been a significant trend. Research by several scholars started in the late 1960s and progressed through the 1970s, arguing that connecting significant, long-term manufacturing decisions such as the degree of vertical integration, capacity, and emphasis on facilities to market strategy might turn production from a millstone to a strategic tool (Wijewardena, & Cooray 1996, Bracker & Pearson 1986, Duchesneau & Gartner 1990). More recent study has expanded on the notion of production strategy and offered empirical evidence for many of its main recommendations (Jeon & Wu, 2011). Scholars and clinicians have worked to record experience and their effect on success of strategic decisions in manufacturing. Additional proof of experience in the development and implementation of production policy has been provided by large-scale survey work on production strategy (Pelham 2000, Steel 1994, Yusuf 1995). Development was seen as a straightforward method of turning ingredients into goods during the 1960s. Most experiments begin by giving consumers what they want at the lowest possible cost in an effort to propose ideas to make development work more reliably and/or effectively (Platts, 2000). Nevertheless, this perspective is no longer acceptable as the demand climate has experienced

major volatility over the past decade. In reality, amplified degrees of uncertainty and ambiguity arising from increased globalisation, economies and activities, the diverse expectations of consumers, dramatic reductions in commodity lifecycles, and advancement in production and ICT technology are the most prominent tasks for production. In a term, manufacturing's information base has grown more difficult and this process is likely to endure. As a consequence, from a resource-based to knowledge-based perspective, from linearity to uncertainty, from person to system rivalry, and from mono-disciplinary to trans-disciplinary, it is very important to shift our perspectives on manufacturing (Pun et al, 2004). Manufacturing planning is not just about aligning practises with the current major strategic problem, but also about determining and creating the organisational capabilities that a business may require in the future. Isolating the method of industrial growth and its content has become a popular way of seeing manufacturing strategy. The material of the production plan has been viewed in method and organisation as the strategy choices. Since Skinner's initial work, writing and experience have succeeded on several various fronts of manufacturing strategy. It is possible to classify the first of these as competing by capacity. This is done by aligning production competencies with the marketplace 's strategic criteria. The second is the methodology focusing on internal and external continuity between the meaning of the enterprise and the commodity and the decisions in the content

of the production plan. This is a contingency-based strategy that is effective (Jimenez et al, 2011). The importance of planning and development planning and its application to manufacturing efficiency will be the subject of this article.

Manufacturing policy has been a forgotten theme of controversy in the past. The output feature was perceived to be simply a set of tools and restrictions. The output goals produced by the marketing strategy within the capability and capital expense constraints placed by the financial strategy (Skinner, 1969) were required to be met as effectively as possible. Skinner was the first to notice that the production role of a corporation might do more than just manufacture and ship goods. One of the factors for the lack of a competitive advantage by western manufacturing firms has become increasingly obvious after Skinner's (1969) post, "Manufacturing-Missing Link in Corporate Strategy." Manufacturing has long been seen as the weak guy in the operating hierarchy of the organisation. It was viewed as messy, disruptive, and the technicians' domain. As a result, senior management discouraged engagement in manufacturing, actions were made on a situational basis by experts who were not generally informed of general business policy, and manufacturing became a risk instead of becoming a valuable commodity and an instrument of corporate strategy (Skinner, 1969). As Fillipini and Raffo (1990) point out, this method was sufficient in the developed countries' supply-driven economic climates since World War II, when clients were not too discerning.

The role of the production function was merely to fulfil the necessary amounts and deadlines, with a minimum of cost variation (Fillipini and Raffo, 1990), while the financiers and marketing individuals focused on working out corporate strategy. In the organisational strategic planning phase, Skinner described the shortage of manufacturing. The need for a development strategy was developed since the manufacturing strategy may be used to take advantage of some aspects of the manufacturing function to gain competitive advantage (Skinner, 1969). Hayes and Wheelwright (1984) characterise production management as the implementation and growth of production capacities in complete harmony with the priorities and objectives of the business. Platts (1990) describes manufacturing strategy as a pattern of strategic and infrastructural decisions that decide a manufacturing system 's potential and specify how it will work to accomplish a series of manufacturing targets that are compatible with overall business goals. A strategy creation method (Baines et al . , 1993) is the framework required to select the substance of a strategy. Manufacturing firms utilise processes of plan design to choose the many improvements required to succeed and thrive as competitive rivals in the future in their enterprises (Gunn, 1987). One of the main activities for operations managers (Platts, 1990) may be the development of a production plan. There are several

methods of formulation of development strategy in literature (for example, Gunn, 1987; Miller, 1988; Platts, 1990; DTI, 1988). The dilemma is that it is far from necessary to devise a production plan in order to obtain the required benefits. An exploratory longitudinal research was performed by Maruchek et. al. (1990) where executives from a cross-sectional representation of leading-edge corporations suggested that the real gains of a production plan came from execution as opposed to the strategy's formulation hand.

The manufacturing strategy formulations (DTI, 1988) contribute to the selection of a collection of desirable manufacturing capabilities or substance of the manufacturing strategy and a list of SMIs. The concurrent or simultaneous application of SMIs pushes the manufacturing function towards the formulated material of the development strategy. In order to acquire the strategic production capabilities selected, SMIs are intended as implementation measures. Control and execution of SMIs requires the introduction of a development plan. The notion of match between the substance of a manufacturing strategy and SMIs is focused on the statement of "internal continuity," which notes that a functionally driven move that appears to have merit when viewed alone may lead to poor results due to its incompatibility with the orientation of the manufacturing strategy (Kotha and Swamidass, 2000).

To graphically reflect the match between the principles of manufacturing strategy, SMI, and the implementation of SMIs, Figure 1 was developed. A SMI may be defined as a new development initiative that will have a substantial strategic effect on production capability: the external competitive advantage of manufacturing, its internal capabilities or its financial results, or all three. A SMI is described by Garvin (1993) as "a major manufacturing effort pursuing change over a specified period of time." This entails both quantitative objectives and concrete milestones; it can be extended equally importantly to the whole 3 development enterprise. In order to accomplish these policies, they must be converted at some point into an organisational action strategy that needs to be managed efficiently and rigorously. The exploratory research undertaken by Maruchek et. al. (1990) reveals that execution of the production policy is a project-oriented activity where a hierarchy of projects comprises the implementation plan. Individuals in control of executing SMI initiatives fail to identify a fitting approach that appeals to their experience or willingness to execute the planned SMIs effectively and rigorously. An observational research was undertaken by White and Fortune (2002) to capture the "real life" perspectives of people involved in project management.

## LITERATURE REVIEW

### Strategy formulation for business performance

Company performance depends heavily on the production and execution of viable plans. A strategy is characterised by Pun et al (2004) as a plan, or something equal, a direction, a roadmap or course of action into the future, a route to get from here to there, and also as a trend, i.e. continuity of actions over time. In support of its goals and objectives, the plan should balance the capabilities of the company (e.g. economical, industrial, marketing, technical and workforce) with the varying landscape and, in particular, the markets and consumers. A plan becomes a necessary mechanism from which an organisation may claim its essential stability instantaneously and allow adaptation to a changing setting. "Process, material and meaning" consists of a plan. The method relates to how the plan is built and discusses strategic priority concerns, including expense, efficiency, speed of execution and reliability, flexibility and facets of creativity.

Material is a pattern or methodology that establishes and executes policy (Dangayach and Deshmukh, 2001). The framework encompasses internal influences (e.g. the structural, cultural and political dimensions of the enterprise) as well as external factors (e.g. fiscal, societal, political and competitive environments). A policy persists even though the policy is secret, casual, or unplanned and even though the organisation is unaware of it, unconscious of it, or flatly rejects it. For instance, for different periods of time, venue, premises, equipment, technology, personnel, product lines, target markets, production and distribution networks, identity, norms and procedures are selected, established and adhered to.

A structured approach may become a series of instructions for potential actions when established and applied consciously. The concept of firm objective and priorities, the evaluation of internal and external conditions, and the determination of strategic choices are associated with plan formulation (Pun et al, 2004). It combines the components of preparation and the criteria of execution and helps management to monitor success and review performance. A number of essential variables are used in the plan development phase and suggest potential cause-and-effect interactions that decide a company's organisational and business efficiency. The role of strategy development has a highly entrepreneurial nature, in the sense that managers have to select between alternate solutions and pursue methods that include adventure and risk-taking. With regard to the complex market climate, numerous preparation structures, mechanisms and methodologies for strategy development have been proposed by several scholars and specialists. There are distinct constructs in these preparation styles, systems and methodologies, each adding essential

ingredients and qualities for holistic, maximally useful approach formulation. They provide businesses with certain sources and recommendations to define options, affirm positioning and devise feasible plans. Nevertheless, with both industries, there is no one approach that is perfect. In consideration of their roles in the market and a detailed, integrated study of the external world and examination of the internal competencies of the enterprise, specific organisations have to define what makes the most sense (Pun et al., 2004). Linking the development of policy to practise is a task confronting manufacturing firms today, but the incentives would be gorgeous for those who excel. Strategy has been described as the concept of the company's specific long-term goals and objectives and the execution of the courses of action and the distribution of the resources needed to achieve these objectives. A multitude of choices are protected under such a large concept of policy. Of whose company are we meant to be? Why will manufacturing add to this business's strategic advantage? Recognizing this has contributed to the definition of a policy hierarchy of three main levels:

- **Corporate strategy:** what set of organisations are we meant to be in?
- **Business strategy:** How are we going to succeed in a given company?
- **Functional strategy:** How does this feature lead to the company's strategic advantage?

Definition of Manufacturing Strategy Several researchers has identified development strategies. Skinner (1969) was the first to begin to describe a production plan. The author claims that manufacturing strategy relates to the use as a strategic tool of certain properties of the manufacturing function.

According to Zhao, et. al. (2006), the development approach is a clear decision-making trend in the manufacturing role connected with the market strategy. Wang, & Cao, (2008) suggest that a coordinated approach to industrial policy aims to maintain continuity between technical capacities and business growth policies. Voss, C (1995) claimed that manufacturing strategy is a tool to use manufacturing power efficiently as a strategic force to accomplish company and organisational objectives. Dangayach, & Deshmukh, (2001) described the Manufacturing Strategy as a joint decision-making pattern that acts on the creation and deployment of production capital. The production plan should work in favour of the overall strategic path of the organisation and have competitive advantages in order to be most successful.

## Manufacturing strategies adopted for business performance

For production firms, evaluating output is important. If it was not feasible to calculate the efficient effectiveness of an operation, it could not be adequately regulated. Although mechanistic or physical measurements could be conducted incredibly accurately thanks to advancements in metrology, thanks to the complex and multi-dimensional nature of production, the calculation of production output remains an awkward issue. Performance is, by definition, associated with what has occurred in the past or what is occurring in the present situation, and thus it is observable and measurable, Hon (2005). Performance metrics are essential for management to consider the condition of the output system and to take suitable metrics to sustain productivity. Wang et al (2008)'s research on the importance of continuity between manufacturing strategy and practises in achieving improved market results centred on how various manufacturing strategies and practises impact the performance of the firm. 50 Korean, 41 American and 29 Japanese production companies chosen from the Foreign Manufacturing Policy Survey database were included in the sample used for this study. The analytical test arising from this analysis suggested that in discriminating the superior from the inferior output classes, the distance variable implying inconsistency between production policy and implementation activities plays a more important role than the policy or implementation variable. The distance variables of versatility, efficiency and/or expense showed a more important contribution to discriminating market output classes for certain data sets from the US and Korea. But in discriminating output classes in Japan, neither of the distance variables overtake other approach or execution variables. Schroeder et. al. (2002) surveyed production policy on a resource-based view of the business in another report. In manufacturing plants, they realised the role of services and skills that could not be quickly duplicated, and for which ready replacements were not possible.

The authors empirically showed, based on evidence from 164 manufacturing plants, that the competitive edge in manufacturing (as determined by superior plant performance) was the result of patented processes and machinery, which was in turn guided by external and internal learning. As a result, services such as common appliances and workers with universal abilities gained in factor industries were not as successful in achieving high plant output standards as they were readily accessible to rivals. In creating tools that were imperfectly imitable and impossible to replicate, the writers have proved the essential function of internal and external learning. As a significant contributor to output efficiency, the plant's capacity to combine internal and external learning into proprietary systems and equipment has emerged. The authors indicated that the resource-based view was an appropriate theoretical paradigm

for resolving limitations in research on production strategy. The resource base view suggested that such developments could only lead to competitive advantage if they could not be quickly duplicated by rivals who have access to the factor markets. The authors confirmed the approach to understanding the connexion between long-term investment output processes and competitive advantage by empirically demonstrating that repetitive learning and idiosyncratic, patented processes is related to better results. They recognised that framing the position of production processes in this way was an input to the literature on production strategy that will promote potential theoretical advances in that line of research.

They empirically found that in a industrial sense, the efficiency and relevance of internal learning, external learning, and patented process and equipment constructs. Three independent, but connected paradigms were offered by a study by Voss (1995), which applied to the material rather than the production strategy method. These are; Competing by manufacturing: It can be claimed that this method contributes to high exposure of an company's manufacturing policy and improves market performance; the apparent emphasis on competing on a small cohesive range of variables can be a unifying force inside a company where it can lead workers and managers to express a shared goal and the opportunity for debate between

**Strategic choice:** Which will offer a simple picture of a company's changing range of options. Which will contribute to the brand positioning matching the entire operational plan, which will help in a firm's good internal as well as external continuity? This would add to a consolidated supply from which superior output would be obtained.

**Best choice:** This methodology reveals close connexions between best practise implementation and operational efficiency. Best practise companies do higher than those without. As the foundation of their industrial policy, several firms are seeking best practise.

**Manufacturing strategy and efficiency** The presence of a connexion between manufacturing strategy and market efficiency has long been supported by versatility, which is positively connected to a clear manufacturing strategy. Several experiments have found that successful production is correlated with consistency. Tella and Mutava (2011) and Kauranen (1996) have argued that production strategies that are effective typically start with quality as a foundation. Several reports identifying world-class suppliers show that the strongest rivals perform on the basis of a range of output capacities (Jeon and Wu 2011).

**Environment and manufacturing strategy** The literature also contains evidence that environmental

factors, particularly environmental dynamism, and manufacturing strategy are closely linked (Ariss, 2010). The researchers also related the association with market efficiency, indicating that high-performance factories prefer output methods that are compliant with their environments. Because of this proof, it can then be claimed that there is a direct correlation between environmental dynamism and the strategy of development.

**Competitive management and efficiency** Several scholars say that successful performance can be accomplished using a variety of varied, uniformly efficient methods (Bracker & Pearson 1986, Duchesneau & Gartner 1990, Bikker & Laura 2009). Implementation of policy is the main relation between competitive strategy and market results assessed progress. The authors argued that such execution is defined by functional strategy, in general, or output strategy, in particular, by offering a more comprehensive picture of how a competitive strategy is followed. Instead of having an individual influence, this contributes to the inference that output strategy mediates the interaction between competitive strategy and efficiency.

A literature review has been tailored for this analysis. The Literature Review was sufficient for the research because, as Laaria (2013) indicated, the literature review was carried out to assess the status granted and was concerned with the selection of facts rather than the manipulating of variables. In the analysis, the thesis included the interpretation of manufacturing policy and its application to manufacturing efficiency in obtaining information from literature. In addition, a literature review was beneficial, according to Good (2006), in that it not only secures information related to established circumstances or current conditions, but also establishes criteria or standards for which to compare current conditions in order to prepare the next step. An automated scan of databases such as Research Direct, Web of Science, library files and a reference list identified the findings. In addition, by utilising Google, Yahoo, Baidu, and other online search engines, the literature analysis has been expanded to the Online.

## OBJECTIVES OF THE STUDY

- To manufacturing techniques to develop their efficiency in the market.
- A major function has been played by industrial planning and output efficiency.

## CONCLUSION

Particular consideration should be paid to the personal characteristics and abilities of the project manager included in the list of KSFs and to his perception of the overall strategy of the development role and the company. The performance of SMI

implementation arises more objectively from the person or entity aspect of project management, as opposed to considerations relevant to organisation and processes. Other main results include the emphasis of the company on the tools available for the project, a common awareness of the value of completing the programme effectively, the usage of project management frameworks and, more importantly, the use of mechanisms for efficiency, expense and time management. Increased study should be the subject of managing the implementation of production strategies and SMIs. From more study into the use of project management in company and marketing policy delivery, the strategic manufacturing group will understand. It was possible to form a systematic SMI project management delivery approach based on the KSFs defined by practitioners. The likelihood of completion of the SMI implementation process in their institutions will be improved by clinicians adopting this guide. The advantages of the effective execution of a variety of SMIs derive from pushing output in the path set out in the developed manufacturing strategy.

A significant role has been played by studies dealing with the relation between production policy and production efficiency. There is no simple cause and effect relationship between manufacturing strategy and business performance in the literature; a well-selected strategy portfolio is needed to achieve manufacturing success. There are five fields of decision making: 1) plant and equipment; 2) preparation and regulation of production; 3) labour and staffing; 4) design / engineering of products; and 5) organisation and management. These basic principles (trade-offs and continuity of goals / policies) provided the framework on which the present perception of the production strategy was created. The five decision areas to offer successful output efficiency should be included in the manufacturing plan. We expect that this paper will lead to a deeper understanding of the course of research into manufacturing strategy. In the creation of a mission-based output framework, transnational manufacturing strategy comparison, corporate culture effect, green manufacturing problems, resource-based operations strategy, and sector-specific manufacturing strategy, research is felt to be essential. It is promising to notice that the most recent years, in particular from 2003 to 2011, have seen a dramatic rise in cross-sectional exploratory studies in the development strategy. Of all five methodologies (empirical, descriptive, philosophical, exploratory cross-sectional, and exploratory longitudinal), exploratory cross-sectional study methodology alone accounted for 38 percent, whereas exploratory longitudinal research was just 4 percent. It is anticipated that prospective scholars will focus mainly on longitudinal production approach exploratory studies. Similarly, scholars have given even less consideration to the method approach in manufacturing strategy. Efforts can then be rendered in this direction by the prosecutors. We

hope this paper will provide impetus to research into processes. Based on this, the following suggestions that need more consideration are suggested:

- Installation of an effective, multi-dimensional device for evaluating output contributes to superior production performance.
- In the design and execution of manufacturing strategies, corporate culture (reflected in coordination, top management force equations, decision making attitudes) plays a critical role.

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