

THE LASTING EXCELLENCE OF THE INDUSTRIAL ENTERPRISES

Grădinaru Puiu

University of Pitesti, Faculty of Economic Sciences, 71 Republicii Boulevard, gradinarupuiu@yahoo.com, 0745902875

The excellent companies are considered to be those that, by proper strategies, owning an outstanding leadership, an organizational culture and a valuable tradition, have a higher profit than the competitors. We can make out the excellence as the successful combination between resources, the way of organization and the efficiency of the managerial process. By its nature, the excellence involves a joint and an inspired and efficient use of the existing resources or of those attracted by the company. The analysis of the role of synergy appears as imperative in obtaining the excellence. The effort to maintain the excellence, for lastingness, is provided by the process for the engendering of the synergies resulted from the harmonization between strategy – organizational culture.

Keywords: lasting development, lasting excellence, attributes of excellence, productivity by people, synergetics

JEL Code: L25, L29

1. The concept of lasting excellence

The excellence of the companies and the lasting development are subjects in vogue. Debated on a large scale, both by the ordinary public, and in the academical field, the two collocations receive a content and a meaning based on the context and on the subjective interpretation of those who approach this theme.

In order to avoid the possible misunderstandings that might subsequently appear, we will demarcate the ordinary meaning, the colloquial, from the one that it is used in the present paper.

The Dictionary of Neologisms of the Romanian Academy /5/ defines the word **excellence** as a title whereby some persons are honored, either a high degree of perfection: the quality of being **excellent**, very good, out of the ordinary, high, wonderful. Thus, the word has the significance of a special appraisal, a form to accentuate the success.

Lasting means the quality to persist for an extended period of time (lastingness), to resist – durabilitas in Latin – indicating the durability. Associated with the term of development, we obtain the term of **lasting development**, a collocation which indicates the maintenance of the system – in the general environment – in an uncontaminated state, without degradation.

The meaning of the collocation **lasting development of the enterprise** can be larger, then it can regard the entire life of the accounted organization, not only its interests regarding the presentation of the environment. In an identical manner, the lasting development of the national economy and of the world economy implies multiple aspects, not only the environmental ones.

In the present paper, we will use the term **excellence** to appoint the enterprises, the companies, that have recorded or which can record an outstanding, worthy of imitation success. These companies represent a model that is worthy to be followed by other companies in the industry field, of the entire economy of a country, a goal that can be reached by perseverance, readiness, truthfulness and qualification.

We will use the collocation **lasting excellence** to refer to a company which maintains in worthy of imitation situation – success, profit – a long period of time and which it adjusts correctly and in an efficient manner to the exigencies of the social-economic environment.

2. The excellence of the industrial companies

The evolution of the thinking in the business field, especially of the strategical thinking regarding the business company, the industrial firm or company, is a process of gradual settlement of the

accumulated knowledge and less a process of exclusion of some old ideas. This evolution is marked out by two main trends of thought that appeared at the middle of the 60s.

The two paradigms are:

- The paradigm of the strategic rationality.
- The paradigm of the strategic conduct.

Our interest is focused on the latter one, whose representatives (Lindblom, Peters, Waterman) put their efforts in a field rather opposed to the schools of strategic rationality.

Tom Peters and Robert Waterman, in the paper "**Lokking for Excellence**" (1982), a bestseller of that period, spread in the academic and business environment the term of culture of enterprise or organizational culture. The term of excellence has been frequently used since then to characterize the successful companies (the excellent companies, according to the authors).

They plead that the excellent companies accomplish better than the competitors a number of eight important actions. Tom Peters and Robert Waterman showed that, the eight attributes of the excellence, applied by the successful companies, have positive results because they have a theoretical ground tested for a long time in practice. This, even it was ignored by the majority of the managers, passed the test of time and its application is attractive for the endorsed ones.

The excellent companies led to the appearance of the champions of the productivity, group of individuals who strongly believe in their ideas, which blots out the bureaucracy and promote their projects within the system and outside it, to the clients. These champions represent a permanent source of innovation; the knowledge and initiative are their favourite weapons.

The **eight attributes of excellence** are:

- The predisposition for action: the preference to do something, instead of convey an idea on endless cycles of analysis and at the reporting committees;
- To remain close to the client: to find out the preferences of the clients and to fulfill them;
- Independence and entrepreneurship: to divide the corporation into small companies and to encourage them to think independently and in a competitive manner;
- Productivity by people: to create in all the employees the conscience that their efforts are essential and they will enjoy themselves of the reward of the success recorded by the company;
- The company must be run by values: to insist for the managers to keep focused on the essential business of the company and to promote a strong culture;
- Maintaining within the base business: to remain within the business that is better known by the company (to decide which is the essential speciality of the company and to fight for its development);
- Simple organization, the allocation of the exact staff that is necessary: to maintain a minimum number of hierarchical levels, with a small number of employees at the superior levels; a sole structural dimension must take precedence (the product, the function, the geographic area);
- Keeping of the flexibility and firmness: to stimulate a climax of high devotion to the essential values of the company, correlated with the preferences if the employees who accept the fundamental values (a paradoxical combination of the directing from the center with the individual autonomy).

From the eight attributes of the excellence, the complex and tight connection is revealed in a transparent way, which denotes in fact the harmonization between the strategy of the company and its organizational culture.

The achievement of the excellence within an enterprise implies policies which should mobilize the staff for their performance. Thus, for example, some enterprises included in the project for the achievement of the excellence the implementation of the method regarding „the multiple zero” in the enterprise, according to which the activity must be performed with zero flow, zero stocks, zero delays, zero paper, zero troubles, zero accidents and zero conflicts.

The internal effects of the application of the method mentioned above are: cost cut, flexibility, better information, reliability and efficiency, improved conditions of labor, and, from the external

effects we can mention: the image of the products in point of quality and prices, feedback in point of the competitive environment, reacting, reliability of the couple product-system, a favourable social image.

In the paper “**In Search of Excellence**” (1994) Robert Waterman launches a new solution for the achievement of excellence: „the self-directed work team”. The message, presented right in the subtitle of the book is that we must learn from the companies that give the right of way to the use of human potential. The author advises us to learn from the best as long as they head and continue to gain on. Even the best are not always as good as they seem to be. A lot of companies hid their weaknesses behind the gigantic dimensions. A new type of excellent companies is asserting: they are flexible, fast in reactions, daring. Their characteristic feature is the permanent improvement and change.

A decade and half later, in Europe, Robert Heller continues, completes and updates the studies of Peters și Waterman. In the paper “**In Search of European Excellence**” (1998), Heller analyzes the main ten strategies, implemented by the European companies to achieve excellence.

He believes that the **rebirth of the European companies** is pursued by ten ways:

1. the conveyance of the authority (a profound delegation of it) without involve the loss of the control or of the final decision;
2. the conversion of the enterprise structure in the secret to gaining a long term success;
3. the start of some radical changes, in the entire system of the corporation and not only in a division which proves to be in the red;
4. the division of a company in order to reach success, by keeping or gaining the advantages which marks the small sized firms, while the company remains or becomes bigger;
5. the use of the organization’s potential by new ways to approach the leadership of a company;
6. the maintaining of the company at the head of the competition, in a world in which the old ways to win have started to work;
7. the achievement of a constant renewal, the avoidance of the contamination of success with the virus of decadence;
8. the leadership of those who motivate – of the managers – in order for the employees to motivate themselves;
9. to make the work teams to perform successful actions becomes a needful ability to reach excellence;
10. the achievement of the total quality management by the better administration of all the activities.

From the more cautious analysis of the work of Robert Heller issues that the companies do not apply a sole method in an absolute manner. Indeed, confronting the valuable ideas of R. Heller with a European reality on the whole, the managers are noticed to prove creativity, where there is no necessary need or it is undesirable.

We believe to be excellent the companies which, by adequate strategies, having an outstanding leadership, an organizational culture and a value tradition, succeed in recording profit regard the competitors, facing with success the adversity of the economic environment, improving with high efficiency its opportunities.

An important role in the achievement of excellence could belong to the application of the method OPT (Optimized Production Technology). According to this method, the goal of an enterprise to achieve excellence in business is to increase the sales and to diminish the stocks and the operating costs, proving that a rise of the net pay off, of the capitalization and of the treasury can be obtained in this manner. The implementation of this method imposes the observance of two basic rules, supporting in this way the idea that the sum of the local optima is not the optimum of the global system. Thus, at the level of an enterprise, to be efficient means to deliver quality products, in short time and at competitive prices. At the level of a workshop (department), to be efficient means quality products and a production as big as possible, in a unique preparation-closing time.

Therefore, we can conceive the excellence as the successful combination between resources, the way of organization and the efficiency of the managerial process. By its essence, the excellence implies a combination and an inspired use of the existing resources or of those attracted by a company. The analysis of the role of synergy in reaching excellence appears to be imperative. The systematic generation and the maintaining of the positive synergies, on long term, seem to be the essence of the lasting development of a company.

3. The integration of excellence with lastingness in the case of the industrial companies. The accumulation of the synergies of a company

There are three pillars of the lasting development, accepted by the specialists.

- The economic development: the generation of wealthiness – especially for the poor ones – in ways that are consistent with the other two pillars;
- The environmental protection: the avoidance of the negative impact on the natural and social systems (pollution, depopulation etc.);
- The social inclusion: the avoidance of the too large inequalities of fortune, health, chances for life.

The fact that the business can be lasting is a disputed one. The difficulties in the application of the principles of lasting development at the level of the enterprises result from the following grounds:

- The lasting is a property of the systems (for example, economy) rather than of the components, such as the enterprises. Nevertheless, the majority of the companies are relatively complex systems;
- The nature and the importance of the lasting varies a lot in accordance with the industrial branch.
- The concept of lasting is still a disputed one, both because of the lack of some statistics, and because of the social and cultural frictions.

Another problem that can be discussed is that of the type of lastingness. The defenders of the hardline type of lasting development tend to see the environmental protection and the social inclusion as being utterly and they do not want to make any compromise in favour of the economic development. The partisans of the lasting development of a weak / moderate type accept to negotiate to foster the economic development. The lasting development that endorses the environment and that regarding the lasting of the development of business, of the enterprise are more and more taken into discussion. Forward, we will focus on the durability of a business.

A lasting business has a few of important objectives outside the profit. These result right from the essence of the lasting development, as a principle: the environmental protection, which consists in the maintaining and even the extension of the value of the natural capital; the social inclusion, which consists in the improvement and the enhancement of the existing values of the authorised capital.

As the economic development has been largely reckons upon **knowledge and human competence**, we can add another objective of the durability of an enterprise or of a business, that of **the increase of the human capital** by education, training and other ways. The **role of the investment in knowledge** has become increasingly important.

The strategy of the business company must be focused not only on the objectives mentioned above, no matter how important they are. The strategy must create a shared vision, a common one, for the direction where the enterprise turns to. Only a strategy that is accepted by the entire staff is likely to be implemented with success, to be flexible and lasting.

This depends on the understanding of the essence of strategy, by the attractivity carried out by this on every employee. From this reason, the strategy is desired to be achieved up, to be inspired by the realities of each job. In this way, the strategy of the company will present vitality and it will be harmonized with the organizational culture.

By the persistent propagation of the binomial strategy – organizational culture is made up and the main source of positive synergies which propel the company to excellence and provide its lastingness. The harmonization between strategy and organizational culture represents in this way the essence and the guarantee of the lasting excellence.

The companies that rejoice a high level of harmonization strategy-culture have an increased flexibility (which develops even the flexibility of the technological processes and of the equipment in the manufacturing halls. This flexibility allows the faster adjustment of the company to the needs of the economic environment.

In the periods of economic recession, the company will successfully survive, and if the opportunities appear, the unit will be able to see and to improve them, assuring a stable prosperity. At a high level of the harmonization between strategy and organizational culture, the company will be able to build gradually its own ways to weather the deadlock, even if the momentary opportunities are absent.

The excellence of the company is followed by an organizational culture at the same level. The goal of the companies is to serve their clients, because they are the ultimate masters. The clients are not “treated” with untested technologies or with products with needless additions. The clients receive durable products and services delivered in the right time. The high quality and the out of hand service invariably represent the hallmark of excellence.

In order to be obtained, the co-operation of all is necessary, not only the power and the effort of the leadership. The excellent companies need, claim and obtain extraordinary performances from the usual people, the ordinary ones. The carefulness, the strong decision and the permanent stimulation of the ordinary person, named “**productivity by people**”, is required.

The leadership induces the process, and, subsequently, it has an active role, to settle and to maintain the initial impulse. The effort to maintain the excellence, for durability, is provided by the process of the generation of synergies resulted from the harmonization strategy – organizational culture.

Professor Herman Haken, from the University of Stuttgart, defines the **synergetics** in this manner: the science of the auto-organization and of the auto-structuring of the systems, independent on their nature, on the ground of collaboration, of the organic co-operation, of the pieces and composing subsystems. The influx of energies or information, due to the previous accumulations, produces the passing to a state of equilibrium, characterized at microscale by a chaotic movement, by a new dynamic equilibrium, with a clear superior efficiency. Thus, the order appears from chaos. This effect is peculiar to the processes of auto-organization of the open systems and it is accentuated by synergetics.

Synergetics represents a field which, properly, attracts in a larger percentage the heed of the experienced managers who are determined to get a competitive advantage for the enterprise they run, to improve their strategic effort.

The symbol equation of synergy „ $2+2 =5$ ”, denotes the fact that the business portfolio of the company means more than the partly business, stand-alone. Thus, the synergy provides a rational support to the interest of managers for **the diversidification and the permanent improvement** of a business.

The synergy represents a measure of the effects of **complementarity** between two or more activities that, once as they are grouped in a convenient way, produce an effect that is clearly superior to the algebraic sum of the effects obtained in an individual way. The null synergy could be represented by the formula „ $2+2=4$ ”, a situation in which we have a simple arithmetic addition, the grouping of the elements having no effect to increase the technological, commercial, financial, innovation or motivation possibilities, but only an acculmulation of elements which, sometimes, can generate complications in the processes of communication, co-ordination or control.

The negative synergies, symbolized by the equation: „ $2+2 =3$ ” show that the grouping of the elements produces an effect which is low grade to the sum of the individual arithmetic sums. This

kind of situations in which the negative synergy manifests can be found in the case of the overplus of staff at an employment or in a certain technological area, to the agglomeration of the SDVs or AMCs within a manufacturing department etc.

The managers use the possibility to acquire positive synergies, in order to improve the efficiency of their own strategy by the correlation of this with the elements which they do not include directly in the strategy, but which are the subjects of the strategic action (the improvement of the location, of the way in which the human resources react etc.). Thus, the increased performances of a multidisciplinary group, especially in the situations in which an intense creative effort is necessary, requiring for multiple skills, represent an example of positive synergies accumulated and put into action. The pooling of the business of two or more companies – what justifies and recommends the strategic alliances – is another example of synergies put into action.

The concept of synergy allows to the strategic analysis to mark out the connections between various strategic activities of a company, to designate **the characteristic power**.

Two or more strategic activities that are related by synergy have an important part of shared costs, of know-hows and or skills, of values of the organizational culture and of objectives grouped together, in order to reach success, to get **the lasting competitive advantage** in regard to the competitors.

Bibliography

1. Bărbulescu, C., The Performant Steering of Enterprise, Economical Publishing House, Bucharest, 2000
2. Cârstea, Gh., Pârvu, Fl., The Economy and the Administration of Enterprise, Economical Publishing House, Bucharest, 1999
3. Mayo, A., The Human Value of Enterprise, London, Nicholas Brealey, 2001
4. Peters, T., Waterman, R., The Price of Excellence: the Secrets of the Best Enterprises, Editions France Loisirs, Paris, 1983
5. Rațiu-Suciu, C., The Management of the Dynamic Systems, Economical Publishing House, Bucharest, 2000
6. Stoica, M., Hâncu, D., Spiridon, L., “The Use of the Subtle for the Appraisalment of the Socioeconomic Phenomena”, in Studies and Researches of Economic Computation and Economic Cybernetics, No. 4/2003, A.S.E., Bucharest
7. Vasilescu, I., The Efficiency and the Appraisalment of the Investments, EfiCon Press Publishing House, Bucharest, 2004