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Best Management Practices in Sri Lanka: Manufacturing Sector

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This paper describes and analyzes the best management practices of a few selected firms in Sri Lanka's manufacturing sector, and compares these practices with those found in subsidiaries of major multinational corporations operating in Sri Lanka.

INTRODUCTION

Profound changes which are now taking place on the global scene are bound to have far reaching implications for nations, organizations and individuals alike. A powerful secular trend that has already manifested is the trend towards globalization with its prospects of ever-increasing competition. Advances in transport and more importantly, modern telecommunication technology has allowed people around the world to share voice, video and facsimile in minutes. Technological advances have made isolated places and communities exposed to the attractions of modernity. Events taking place in one part of the globe have their inevitable repercussions on the rest. The slowdown in the Japanese economy and the East Asian currency crisis have compelled the IMF to revise its global growth projections. All this is bound to have its implications for Sri Lanka, which is now closely integrated with the world economy. No firm in Sri Lanka, whether serving the global or the local market, is now immune from the pressures of international competition. Given the above context, this paper purports to describe and analyze the best management practices adopted by a few selected firms in Sri Lanka's manufacturing sector.

THE SAMPLE AND COMPANY PROFILES

Given the basic parameters of sample selection in the general research program, namely, size (large), ownership (public) and business success (LMD Ranking) that guided the selection of sample companies, attention was also given to the characteristics of the operating environment of the manufacturing sector in Sri Lanka. Some directions as to the relative importance of value addition in manufacturing could be obtained from the Central Bank of Sri Lanka classification of manufacturing products. Among the important categories are food and beverages, rubber-based products, construction materials and agricultural implements. Since the number of companies (8) that were within the basic parameters were considered too small and not sufficiently representative of the diversity in manufacturing, it was decided to include two large private companies and three large foreign-owned companies in the sample. Table 1 gives a summary profile of the surveyed companies.

The study is based on a perusal of secondary sources and interviews with CEOs and senior managers of the enterprises concerned. This was supplemented by factory visits. While the best management practices identified in the study would be of wide applicability to the business sector, it is also to be understood that the findings are of a tentative nature in view of the heterogeneity and limited size of the sample selected.

Table 1
Profiles of Manufacturing Firms

No.	Name of Company (Year established)	Ownership type	Employment	Annual Turnover (Rs. m.)	Product Category	Market Share
1	Ceylon Cold Stores (1866)	Public	2061	1200	Food & Beverages: Carbonated soft drinks, Ice cream, Processed meat	Local-99% Foreign-1%
2	Keels Food Products (1982)	Public	350	404	Food & Beverages: Processed Meat products	Local-98% Foreign-2%
3	Hettigoda Industries (1974)	Private	1080	N.A.	Medicinal products (Ayurvedic), Herbal Balms, Soap, Toothpaste	Local-90% Foreign-10%
4	Richard Pieris & Co. (1932)	Public	2068	2099	Robber-based products, Household and Industrial products, Tyre-retreading	Local-72% Foreign-28%
5	Dipped Prudcts Ltd. (1976)	Public	1000	1896	Rubber Glover	Local-1% Foreign-99%
6	Central Industries (1984)	Public	260	196	PVC pipes	Local-100%
7	Singer Sri Lanka (1974)	Public	750	3065	Sewing machines, Consumer electronics, Household appliances	Local-65% Foreign-35%
8	Jinasena Ltd. (1905)	Private	4000	N.A.	Agricultural implements, Water pumps, Solid tyres	Local-35% Foreign-

						65%
9	Dankotuwa Porcelain(1984)	Public	1056	655	Porcelain tableware	Local-20% Foreign-80%
10	Haycarb Ltd. (1973)	Public	291	232	Activated carbon	Local-0% Foreign-100%
11	Nestle Lanka Ltd.(1980)	Foreign	321	3315	Range of milk/chocolate/wheat products under Licence from Nestle SA Vevey, Switzerland	
12	Glaxo Welcome Ltd. (1956)	Foreign	447	847	Pharmaceuticals, infant milk foods	
13	Smith Lkine Beecham	Foreign	N.A.	N.A.	N.A.	N.A.

THE FIVE BEST MANAGEMENT PRACTICES:

The study aimed at finding out the most outstanding ways of managing the manufacturing firms that could be characterized as the best management practices of the sector. In the final analysis, the researchers were able to summarize the practices into the following five:

1. Increased Customer Orientation
2. Quality Focus
3. Building In-House R & D and Technological Capabilities
4. Corporate Management: Creativity and Innovation
5. Bias for Action: Task before Structure

1. Increased Customer Orientation

In a competitive market, the primacy of the customer is a rule, which no firm could afford to ignore because no private business can survive unless it has customers. A private firm that has no market has to close down. "All business success rests on something labelled a sale, which at least momentarily, weds company and customer" (Peters & Waterman, 1982: 156). Marketing, however, is viewed as going beyond one - off transactions. The endeavour should be "to build long term, trusting, 'win-win' relationships with valued customers, distributors, dealers and suppliers" (Kotler, 1994:11). It will be interesting to see how the firms surveyed in this study have managed this interface with the customer.

Ceylon Cold Stores Ltd (estd. 1866) is a firm in the food and beverage industry. Its "Elephant Brand" soft drinks were the first in the market place but this alone would not guarantee a permanent first place in the prospect's mind. With deteriorating labour relations in the late 1980's and the institution of a government Competent Authority, its market share rapidly declined. When John Keells' Group acquired this firm from Whittal Boustead in 1991, its market share had fallen to 18%. The introduction of new management and marketing techniques such as the profit centre concept, management committee concept and teams to look after profit centres enabled the firm to achieve a turnaround. The soft drink market was carefully analysed and each product was re-positioned with appeal to different market segments, e.g., Lime Crush as a natural thirst quencher; Ginger Beer as a natural drink that goes with food; Necto and Orange Crush as drinks appealing to children; Lemonade as a drink having appeal to sports personalities; and R.I.D.E. as a drink appealing to young adults. Different sized bottles - pet bottles and jumbos - were offered. A widespread distribution and dealer network supports the marketing effort, and the company has established long term relationships with its distributors. To meet the increased demand, capacity was enhanced with the installation of an automated bottling plant. The company was thus able to increase its market share from 18% in 1991 to 41% in 1998 (*Business Today*, June 1998: 22).

Keells Food Products (1982) is the second firm in the food and beverage industry. Its core product is processed meat (80 different products). The firm was set up to fill a void in the local market i.e. to provide quality foods and meat for the hotel industry. It has to meet the exacting requirements of the hotel trade and airlines, which have remained as its long time customers. It distributes its products through supermarkets and other retail outlets. It also exports its products to the UAE.

Hettigoda Industries (1934) is primarily engaged in the manufacture and marketing of a wide range of Ayurvedic medicinal products. The enterprise achieved fame on the strength of a single product *viz*. its herbal balm (Siddhalepa) which is claimed to give quick relief for aches and pains, colds and fever and a host of other physical ailments. The product formulation has remained stable over the years. On product pricing, the last will of Dr.Victor Hettigoda decrees that a directive of the Board of Directors cannot change the price. A special committee has to decide that the increase is warranted and that the product is affordable to the masses. The distribution network is extremely wide as 120 sales representatives handle it, with 100 sales vans at their command. This has enabled the company's products to reach the remotest villages. Sales are heavy in the rural sector, where the population takes more readily to indigenous medicine. The product is extensively promoted. Customer feedback is obtained from several sources. Sales staff, retail stockists, actual users, and patients visiting the Siddhalepa Ayurvedic Hospital provide feedback regarding the efficacy of the company's products. Company sales recorded exponential growth when in 1977 Dr. Hettigoda decided to set up a free clinic to treat the large number of devotees undertaking their annual pilgrimage to Sri Pada. Over the past two decades, more than one million people have benefited from this arrangement. A similar exercise has been carried out during the Kataragama festival season for the past few years.

Richard Pieris & Co. (1932) is a highly diversified company engaged in the manufacture of value added rubber products, plastic products, furniture and tyre re-treading. The total product range exceeds four thousand items. Rubber-based products and furniture are distributed in the local market under its corporate brand "Arpico", which is a household name. Aggressive retailing is resorted to, with price discounts as the main attraction. It has a wide distribution network. The company also serves export markets, through foreign distributors. The company adheres strictly to delivery schedules. At times, cargo has been air freighted at the company's expense to meet delivery deadlines. The company has successfully forged long term relationships with its overseas distributors. LAB International has served as the firm's European distributor for the past 20 years.

Dipped Products Ltd. (1976) is a company within the Hayleys Group, producing household and industrial rubber gloves from natural and synthetic latex. These are made to specified requirements and standards agreed with its overseas distributors. Through visits to overseas exhibitions and supermarkets, meetings with distributors (which are reciprocated), and the study of journals, the company learns about product developments and changing styles. The product is marketed under the name of the distributor, with whom it has forged long-term relationships.

Haycarb Ltd (1973) is a 100 % export-oriented company within the Hayleys Group. It manufactures activated carbon, which is a versatile product used in air and water purification and precious metal recovery. The manufacture of activated carbon takes place in accordance with orders and specifications set out by its overseas partners and distributors. Since the mid 1980's, Haycarb has setup joint ventures in USA, Europe and Australia, and this strategy has helped the company to get closer to the customer and assure the quality and reliability of its products. The company pays close attention to delivery deadlines.

Central Industries Ltd. (1984) is a company that is primarily engaged in the manufacture of PVC pipes. Despite being a late entrant to the industry, it has gained 25% market share by providing a branded product (National) PVC pipes and fittings known for their quality, reliability and fine finish. The manufacture of pipe fittings is out-sourced. It has built durable relationships with its suppliers and distributors. The company obtains customer feedback through its sales representatives, distributors, building contractors and engineers.

Singer, Sri Lanka (1974) produces and markets a wide range of home appliances and its brand name is widely known. In its attempt to build the image of a family company, it endeavours to build trusting relationships with households. Two hundred Singer shops, located strategically, provide customer convenience and corporate visibility. Singer service centres provide after sales service and handle repairs. Customer panels and focus groups help to assess the level of customer satisfaction.

Jinasena Ltd. (1905) is a privately owned engineering company. It rose to fame on the strength of its household water pump, which is known for its manufacturing excellence. Distribution is undertaken through company sales centres (10 in number) and an islandwide distribution network, with 325 dealers. Each sales centre has a manager and some mechanics to attend to after-sales service. The company also operates a mobile demonstration service and a mobile repair service. Advertising and promotion expenditure is deliberately kept low as the product is said to speak for itself. The company obtains a feedback on customer satisfaction and competitor products through its sales centres, dealers and actual users.

Dankotuwa Porcelain Ltd (1984) produces porcelain tableware under the brand name 'Laklain'. With respect to the overseas market, it has no direct access to the end user. The foreign distributor, who is an intermediary, sells the product under the distributor's label. Market information is obtained through visits to agents and distributors, which are reciprocated. Company staff visits overseas departmental stores and international exhibitions. The company has developed long term relationships with its overseas distributors through its strict adherence to quality, and delivery deadlines.

2. Quality Focus

Quality is an important factor in competitiveness and is regarded as a passport for entry into international markets. Garvin (1987:104) identified eight critical dimensions in the concept of quality *viz.* performance, features, reliability, conformance, durability, serviceability, aesthetics and perceived quality. The relevance and relative importance of each attribute is likely to vary according to the product category studied.

With respect to the food and beverage industry, the two companies studied adhere to standard quality parameters. In the case of soft drinks, it would be the use of sterilized and treated water, and checks on the carbon dioxide level and sugar content. Regarding processed meat, achieving microbiological quality starts from the plant design stage and includes good housekeeping and sanitation practices and temperature controls. The company has a laboratory and a quality control department to monitor quality. The CISIR does counter samples. Quality benchmarking is achieved by adhering to SLS standards. Food testing is done at random. If a defect is reported the entire batch would be withdrawn. Sales staff are authorised to raise 'non-conformity' reports in the event a defect is noted. Discerning customers such as the airlines and the hotels as well as supermarkets provide a regular feedback to the company.

Hettigoda Industries was the first Ayurveda-pharmaceuticals Company in Sri Lanka to receive the International Standards Certificate ISO 9002 in 1994. Company policy recognises that "the assurance and improvement of quality is not a task of specialists alone; it is everyone's concern". The company follows the traditional methods of quality assurance stated in the 'ola leaf' books by translating the quality requirements into today's measurable criteria and blends with international methods of quality control. It pays special care to select good ayurvedic raw materials. The company has standardised and partially automated its production facilities to meet international quality standards and good manufacturing practices. Only certain areas have undergone automation which management believes would not affect the traditional method of preparing products and their efficacy. For example, the fermentation of arishtas (decoctions) is still done according to the traditional method of fermenting in teak vats for 45 days, whereas the competitors would select a shorter production cycle and reduce the fermentation period to one day by adding alcohol as a preservative. The SLSI has certified that the company follows "good manufacturing practices" (GMP standards) set by the Ministry of Health.

Quality has been a concern of Richard Pieris & Co. from its inception, as it has been a founder's value. The firm's rubber mats and rings exported to Europe and USA have received the buyers' acceptance. The company has obtained ISO 9002 certification.

Dipped Products Ltd. runs three factories, all of which have received ISO 9002 certification. Each factory has a well-equipped quality-testing laboratory. Quality tests are done at various stages. The quality of latex is tested both at the plantations and after receipt at the factory premises. Other raw materials are tested at the compounding stage. With respect to finished goods, samples are tested and based on the result, further tests may be conducted. Sorting and packing has been out-sourced, but company staff supervises the work. Finally, 100% inspection is done prior to packing for export.

Central Industries Ltd. seeks to inculcate a strong quality culture throughout the organisation. This is evident in every aspect ranging from environmental cleanliness, hygiene and safety, to the manufacturing process. To this end, the company has set internal standards, which are higher than the national standards. Central Industries has thus become the only company in Sri Lanka to have obtained ISO 9002 certification for PVC pipes as well as PVC pipe fittings.
At Jinasena engineering Co. quality is an obsession, this being a value inherited from the founders. Very high standards of housekeeping are maintained at the factory. The company philosophy is "to design and manufacture an item upto a given quality and never down to a price". Thus, despite the availability of lower-priced water pumps, local and imported (e.g Singer, Hayleys, Solex and Davey), Jinasena Ltd. has been able to retain its market leadership. A new agricultural machine made by the company (e.g. a hand tractor) would be first tested in its farm at Dambulla before introducing it to the market. The testing ground at Dambulla has 12 blocks of fields, with any three of them reaching different stages of cultivation maturity at any given point of time. Here the machines are subjected to severe tests to ascertain any shortcomings. Further, the company has a policy of giving farmers equipment on loan to be used in their fields. This provides useful feedback to the company. Once the final machine is put to the market, it is a superior machine in every respect.

Dankotuwa Porcelain Ltd. consigns a major portion of its merchandise (80%) to the export market, for which quality becomes an imperative. Before it obtained ISO 9001 certification, the Japanese 5-S system was implemented in the company. A unique feature of the company's effort in obtaining ISO 9001 was that it was done solely with internal resources and without the assistance of external consultants. Another uncommon feature is that the company obtained ISO 9001 (and not 9002) because in the former the design content is high and this is a significant dimension in the firm's activities. The company undertakes a 100% final inspection of its products - no mean feat considering the fact that in 1997 it involved 8.7 million pieces of white ware. This procedure assures that all products exported by the company are of the required quality. A system of traceability ensures that acustomer complaints are traceable to the person who performed the final inspection and in some cases even to the batches of raw material.

In the activated carbon industry, quality control is an intricate process. Each load of coconut shell charcoal arriving at the factory is tested and approved by staff prior to unloading. Quality control and R & D staff of Haycarb visits charcoal producers regularly and advise them in order to ensure the quality of the raw material. The activation process is continuously monitored by quality control saff to ensure the quality of the product. On-line inspection is carried out at five different points and followed up by a sample test of the finished product. Quality control is a serious exercise because if the carbon fails to perform, the local company is liable to be sued. Quality controls done in Sri Lanka are followed up by checks at the buyer's end. The overseas buyer takes random samples and compares these against quality assurance certificates issued by Haycarb. Although shortcomings such as excess moisture content, poor sealing of bags had been reported, these are incidents of a bygone era. Today, Haycarb's product is known for the excellence of its quality.

3. Building In-house R & D and Technological Capabilities

Hettigoda Industries blends indigenous and foreign technology in its production process. In the manufacture of decoctions, the machine, which extracts the juice from medicinal plants, has been developed in-house. The fermentation process is carried out in the traditional way described earlier; semi-automated machines, which are imported, perform the filling, capping, labelling and packing.

Richard Pieris & Co. has played a pioneering role in the sphere of rubber technology introducing numerous rubber-based consumer items. It has mastered the technology to manufacture the plastishell water tank, which is known for its durability.

Central Industries has pioneered the manufacture of high-density polyethylene (HDPE) ducts for fibre optic cables used in the telecommunication industry.

Dipped Products Ltd. (DPL) buys plant from other countries and modifies it to suit company requirements. For example, the plant and machinery at DPL's factory at Weliveriya has been purchased from France. With in-house modifications, the plant that was designed for an 8-hour operation is now operated 24 hours. All fabrications have been effected in-house by company staff. The company has a good R & D team, with two Ph.D's working at its Kottawa factory.

At Haycarb Ltd., activated carbon technology has been developed in-house and all its machinery has been fabricated at its machine-fabricating unit. The company has a R&D laboratory and spends Rs.6 million anually on R & D.

Jinasena Ltd., has diversified into the manufactrue of industrial solid rubber tyres. Its 'Loadstar' factory at Ekala is the largest solid tyre-manufacturing unit in the world. Whilst its foreign collaborator has provided the technical knowhow in rubber, all the machines and accessories required in production have been developed in-house.

4. Corporate Management, Creativity and Innovation
In most companies surveyed, the top management has been receptive to ideas and suggestions originating from the workforce. Dankotuwa Porcelain Ltd. has eleven quality circles in operation, while Dipped Products and Haycarb are implementing a continuous improvement programme.

At Hettigoda Industries, the CEO's role in product development has been prominent, while employee input to improve the production process receives close attention. The company has clearly perceived the long-term trend towards environmentalism and natural foods and remedies, which has manifested in the West. Its herbal therapeutic tea, which comes in eight varieties, is free of artificial sweeteners, colours and preservatives. In 1996, the company developed a natural mosquito repellent, (Madutala), which is acceptable to countries such as Italy and Germany. For this product, the company holds patent rights from the Sri Lankan government.

Dipped Products Ltd. extended its product range to manufacture different types of rubber gloves for the international market.

Dankotuwa Porcelain Ltd. turns out nearly 100 new sample designs each year, on the basis of the feedback received from buyers and design directions taken from journals. The company's strength lies in the gold decoration that appears on its porcelain ware, an area in which it is regarded as one of the best in the world. This strength is based on several factors, the primary one being the skills that the workforce has developed in this largely manual process. Further, the specific printing process used by the company in producing the patterns for the gold design also enables it to achieve the intricacy of design. The company works very closely with the vendor supplying the gold applied to the porcelainware. This close matching of the gold composition to the specific glaze used by the company contributes to enhance the quality of the gold decoration.

Haycarb Ltd. has broadened its product range over the years to include powdered carbon, pelletted carbon, washed carbons etc. It has taken initiatives to produce electricity by combustion of effluent gases emitted during the process of converting coconut shell to charcoal. A very innovative step taken by Haycarb has been to set up overseas joint ventures with foreign partners to serve the end user more efficiently. Its product is sold globally under 'Haycarb' brand.

5. Bias for Action: "Task before Structure"
In the companies surveyed, one observes a strong results orientation, which is to be expected as they are operating in an increasingly competitive environment. Corporate plans are drawn for a three-year period and are done on the basis of a rolling plan. Subsidiaries have to be managed as autonomous profit centres, without prospects of cross subsidisation. Employees have to meet targets that are mutually agreed upon with their superiors and there is a clear performance-reward link. Management committees meet regularly to review operating results and take corrective measures. Most CEOs display a tendency to practise the MBWA (Management by Walking About) philosophy.

Bureaucratic procedures have been relaxed to some extent for the purpose of achieving speedy results.

COMPARING WITH MNC PRACTICES

The foregoing account described the best management practices resorted to by a few selected firms from Sri Lanka's manufacturing sector. It is interesting to see how these compare with the operations of multinational corporations.

With respect to corporate management, companies such as SmithKline Beecham Mackwoods (Sri Lanka), Glaxo Wellcome and Nestle (Sri Lanka) have clear Vision, Mission and Corporate Value statements. Planning horizons are longer, often extending to five or ten years. SmithKline Beecham's values pertain to customers ("customer driven quality"), innovation (continuous improvement), integrity, people (partnership with people), performance (cycle of plan, do, choose & act), and management by facts and data.

MNCs have a strong customer focus and they seek to bridge the distance between themselves and the end-user. Considering the products manufactured by them viz. Pharmaceuticals and milk foods, R & D expenditure tends to be very high. For example, the parent company of Glaxo spends 1.2 billion sterling each year under this expense item. In the case of MNCs, much of the R & D takes place at their parental headquarters but the subsidiaries are able to benefit from the research findings. Nestle's research centre at Lausanne, Switzerland has 250 Ph.D.s and Nestle (Sri Lanka) is served by the regional R & D centre located in Singapore. Product and process innovations are a prominent feature of MNC operations.

Another significant feature of MNC operations is the existence of standard operating procedures (SOPs) for all the processes in the organisation. At SmithKline Beecham Mackwoods (Sri Lanka), SOPs have been formulated for areas such as manufacturing, finance, and HRD. Manufacturing SOPs cover items such as issue of raw materials and finished goods, calibration of machinery, machine operation and maintenance, handling of printed materials, hygienic conditions in the factory, and labelling and batch coding of the product. Glaxo's chemical laboratory also has stringent SOPs pertaining to such aspects as testing and releasing of raw materials and packaging materials, storage and handling , and housekeeping practices.

FUTURE DIRECTIONS

1. Corporate Leadership and Vision

Corporate mission statements and goals that have been formulated by companies serve to give direction to all the activities of the company and act as powerful motivators for action. The fact that the companies studied engage in medium-term planning in an environment of uncertainty is commendable. It would however, be necessary for firms to think more futuristically and set a broad time frame to accomplish their corporate mission.This is well exemplified by Haycarb's mission statement formulated in 1994.

'To be among the top 5 International Companies in activated carbon by year 2000' (Haycarb Ltd).

This mission statement is very challenging, considering the fact that there are already seven multinational companies occupying the top slots in the global activated carbon industry. All actions of Haycarb appear to be driven by this inspiring mission. Companies which are content to serve as sub-contractors to overseas buyers are not likely to proceed far in international marketing. This requires companies to think further into the future and set time frames for achievement of targets.

2. Staying Close to the Customer : Need to Bridge Distances
There is a compelling need for Sri Lankan export firms to bridge the gap between them and the end user. At present, the end user is reached via a long chain consisting of importer, wholesaler and retailer. While dependence on foreign intermediaries is understandable in the initial stages, firms should endeavour over time to get at least to the retailer. This is not unrealistic because in value-added tea and manufactured jewellery, one finds such examples.There are Sri Lankan companies that are engaged in international brand marketing, which is regarded as the highest stage of export marketing sophistication. In the case of Haycarb Ltd, it has resorted to innovative distribution arrangements and also set up overseas production facilities. Unfortunately, several companies appear to be content in entrusting their merchandise to be sold under the distributors' name and leave promotion and distribution entirely to the overseas distributor. Such firms are unlikely to achieve greater maturity in international marketing.

3. Need to Develop a Basis of Competitive Advantage
A firm operating in a competitive market has to develop a basis of competitive advantage that is sustainable. This could rest either on low cost or differentiation (Porter, 1980). Contrary to this approach, it may be possible for a firm to adopt a 'best price' strategy as was done by Japanese export firms. This involved a low cost base and re-investment in low price and differentiation. However, to pursue this strategy, firms would have to work energetically on the cost and productivity frontiers. The East Asian currency crisis has made their exports highly competitive in product categories such as rubber and coconut. This means that Sri Lankan firms would have to pay closer attention to production costs and productivity. In its absence, local firms would have to keep reducing their prices to remain competitive.

4. Productivity - A Key Indicator
Productivity is a key factor for firms to remain competitive in the market. Firms would have to closely monitor every aspect of productivity viz. raw material, labour, energy, and machine productivity. Good inventory management will bring major benefits in terms of working captal. Certain companies maintain 3 to 6 months' stocks, which is bound to place financial strains on the company. Total cycle time reduction is another aspect to be improved. This is done by analysing value producing vs value consuming elements of a process. It includes elimination of waste, simplification of methods and re-design of processes.

Cheap labour is not likely to remain an advantage for Sri Lankan firms vis-ˆ-vis competition. Wage cost has to be related to its productivity. Firms should seek to increase the level of automation in order to reduce dependance on cheap labour. Accompanying this is the need to build necessary skills in depth. Each company appears to have a handful of highly skilled operatives, but if they quit the very survival of the company would be in jeopardy.

Firms should seek to achieve a strong quality culture in their organisation. Quality should become an obsession and it shold be everyone's responsibility. Certain firms maintain a large number of employees to check, supervise and inspect the work performed by another set of workers, which invariably adds to the overheads. TQM is what a firm should strive to attain and to this end one must strive to create a responsible, self-directed and self-motivated workforce.

5. Encourage Creativity and Innovation

In a world where the external environment, technology and customer tastes and preferences keep changing, companies cannot afford to remain still. The effort of some of the companies in the sample is commendable, but organisations could excel if they could nurture an innovative culture within. This is a standard lesson that emerges from studies of high performing companies the world over. Firms could look back on their decades of existence and review the product and process innovations they have achieved. This again requires a change in organisational culture, whereby top management encourages, respects and rewards the ideas and suggestions coming up from the workforce. Companies should try to learn from the best practices of their competitors as well as from other industries (Benchmarking).

6. Build Organisational Capabilities

Firms should pay serious attention to building their competencies in all areas of activity. This would encompass not only technological capability but managerial and marketing capabilities. Upgrading human resource skills is an aspect which deserves special attention. Firms could review their past and assess for themselves the upgradating of the human resources skills over the years.

7. Forging Strategic Alliances

In the comtemporary business world, much scope exists for firms to forge strategic alliances and partnerships with other firms. The structure of this relationship would be very different from the subordinate relationship that is exhibited by some firms at present. Partnerships could be struck not only with material suppliers and distributors but also with competitors (Co-opetition). Unless local firms are able to attain sophistication in their managerial capabilities and in their internal operations, it may not be possible to find partners for strategic alliances. Inefficient players have no place in a fiercely competitive market.

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