4.0 Research Results

4.1 Summary of Interviews with Respondents

DCS Company

DCS is a joint venture company between the Japanese Holding Company and a local Bumiputra investor with a share ratio of 30/70. The managing director of the company is appointed from its Japanese operations in Tokyo. The company has about 170 staffs and has branch offices in Penang, Johor Baharu, Kertih, Bintulu and Kota Kinabalu. Its local Head office is in Kuala Lumpur. The organisation structure is flat with Engineering, Sales, Projects, Service, Human Resource and Administration and Accounts reporting directly to the MD. The sales order intake is currently at RM 80 million and its installed customer base is about 194 in East and West Malaysia. The MD is an Economics Major. He has worked in Singapore, Brazil, England and Tokyo before heading the Malaysian operation. The company agrees with the notion that there is a need for Strategic Planning.

When asked how he organizes his strategic planning function the MD paused and replied "One man's Wisdom is limited". He said many Japanese companies face a difficult question in Industrial Automation, and that is to concentrate or diversify. When they concentrate they have become good in one area but when faced with jobs requiring them to take on a much bigger role they become un-competitive. When they diversified they are very often in situations where newly acquired companies slow them down. On acquiring companies he says that there are often cases where it has brought a lot of good to them as well. Fortunately he says the Malaysian operation is not in such a difficult situation as all the above are seen in their corporate offices in Tokyo. He says Japanese companies usually take the bottom up approach when dealing with strategies. The reason being a pool of ideas is better than one-man vision. Often he says the company announces policy, which actually have gone through various stages of idea development, review, scenario
testing, risk review and finally announced. The corporate direction is one such example, whereby it announced in year 2000 that it is going to become a service company shifting two-thirds of its resources from corporate or administrative functions to direct business activities, which is target to be completed in March 2003. In corporate Tokyo they understand that this challenge would not be so simple for some people, but that changes had to be made.

He adds of that there is talk of quick recovery in the world economy but nobody can say when such a recovery will take hold. The company should be prepared for the slump to continue in 2003. This year they will continue to uphold the slogans to increase sales and expand direct business activities. By graphing the increase in sales on the vertical axis and the expansion of direct business activities on the horizontal axis, they will be able to monitor the speed and accuracy of these two indices. The MD says that their corporate office instructed them that, all business divisions should seek an increase in sales by expanding their direct business activities in sales, research and development, manufacturing and service. The restructuring business will continue until 2005 when the target figures for the vision are achieved.

So he adds on that his everyday organisation of the strategic planning function is governed by this corporate vision, local market trends, the resources available to him locally and globally and the economic performance of Malaysia. In line with this the company kicks off every year in February. He says he organizes his company into long term plan using corporate vision, mid-term and short term plan using the local market trends and resource available to him to achieve it. How he does it is explained in the next paragraphs. A mid-term plan takes up one to two years with reviews every year.

During this time every department is given a task to come up with business plans for its division. The target would be in line with the corporate vision from Tokyo. Here the department heads together with the key managers will come up with presentation about their past activities, achievements, success
stories, problems faced in the past year, financial results of their division, forecast of activities and order intake for the next year and new ideas. This will be a day where all managers involved would be locked out from their daily activity and concentrate on their presentation of ideas. This the MD adds will given the mangers of various departments first hand information of other departments and a chance to raise question and get ideas from the pool of managers.

Using this the top management would then chart out the companies direction for the year. He says he uses Management by Objectives to help him monitor, control and stir the company's various department. In turn the department head uses their targets to set goals and objectives with “who, when, why, where, what and how” to detail out the department activities. Here staffs are assigned clear task using key performance index to put time and deliverables into practice. The MD adds on that it is more important to implement plans that increase sales than to make such plans.

The management has general managers meeting every fortnightly. Here the department heads present their departments activities, performances, raise critical issues, get collective ideas from other managers and directors. Minutes are taken and they are used to review and act on accordingly. The MD feels that this way he has clear view and control of all his middle management and is informed of all activities in a timely manner. Even tough it is seen that the MD has organized the distribution of his strategic planning function to various general managers he says that he makes all final decision on Human Resource, Accounts and Sales matters. He said this is so because these are the cores for the operation of his company.

Profit he says is the key performance indicator for his performance. When asked what takes up most of his decision making time, he replied that he is not totally in that stage yet because he does not have a planning section. The most difficult or hardest information to obtain is that to determine which direction the market conditions will move. He says market environment drives the company. In a typical long term review they will divest or shift resources.
from non-profitable business units, but he adds on that it often takes time to achieve fruits and personally don’t like to change plans mid way into the year. He would rather only make minor adjustments. Focused action with speed and following through is very important according to him. This he finds out from his review meetings and takes corrective action if necessary.

An interesting point he mentioned is that he feels many have the tendency not to consider the actual planning from the real world scenario. A point he brings out is that in his organisation the sales feel planning is not important. Therefore he decided to organize sales around him and make all-important decision for that matter. He also says that he very much looks into quality and speed, which he feels that can be improved here in his Malaysian office. The situation is not critical in Malaysia because the industry is still growing and has not reached limits like in Japan where they have to look into newer ideas. He says that the management should always have patients when reviewing and waiting for results to bear fruits, because inherently it takes time form some to act in that way.

Finally he adds that “One man wisdom is limited, many peoples wisdom through planning creates team work, the Japanese style”.
ESD Company

ESD is an international company operating in the fields of safety, supervisory and control technology. ESD's headquarters is based in Apeldoorn, the Netherlands. There are sales offices in United Kingdom, Kuala Lumpur and Houston, USA. With over 30 years of experience, ESD provides standard and custom-made solutions to the Oil & Gas, Chemical and Petrochemical industries. Based on this experience, ESD is able to interpret customer needs and to respond with sound and cost effective solutions. A Malaysian Managing Director who reports to the head office runs its Malaysian operation. Currently ESD has about 28 staff and is taking on RM 20 million sales order intake per year and growing according to its Regional Sales Manager. The organisation structure is flat with Engineering, Sales, Contracts, Admin and Finance reporting directly to the MD. Engineering department has the highest number of staffs. It's a regional office that covers the Asia Pacific region from Kuala Lumpur operations. Malaysian business covers for 30-40% of the company's activity here. The MD is a Chemical Engineer. He is seen as being street smart. The company agrees with the notion that there is a need for Strategic Planning. ESD has a wealth of experience in project implementation. This, combined with the use of modern engineering tools, ensures successful projects.

The company kicks off every year with the start of the financial year in March. The MD directly heads the Sales department because he feels the whole company's strategies depend on the forecasted order intake for the coming year. He gets his regional sales manager to come out with the budget using the information gathered from the market thru vendors and its regional customer sales offices plus past proposal trends and hit rates. From the Contract and Engineering department managers he gets the past order intake results and performance together with the active projects to determine the resource requirement for the coming year. All these are done during the company budget meeting in the months preceding the start of the new financial year.
The duration of each planning is for a year with reviews at each quarter and a mid term adjustments cum review whereby updates are done to further enhance the targets and goals. During these reviews the MD together with the department managers look into the areas where they are lacking or away from targets. They also look into areas where they can enhance if the performance is much better than the initial plans. There were often occasions when midway through the planning year they had to make minor adjustment or changes to the plans made during the start of the financial year. Usually such meetings are carried out in their office. On top of this there is the management meeting every month where the MD checks and gets feedback of all departments and they collectively get ideas to make decision.

The MD distributes the planning activities among the department heads. The MD does not have major involvement in the day-to-day activity of the various departments. All department heads make their own decision and are accountable for them. The MD is given regular report during the management meeting. Nevertheless he still heads and makes all key decisions in Sales department. The finance Managers also has a second responsibility whereby she is also the HR Manager. The MD usually have a final say in the recruitment and staff compensation of the company.

The key performance area for the MD is seen in the showing increasing profit every year. He has done this without much long-term investment in the company the last few years. This is seen as pushing and maturing the company upwards by increasing productivity. The company does not have a marketing department or have allocated budget for this function but their activity is organized around the Sales forecast of the company, which spearheads the company’s direction.

When asked what takes up most of his decision making time, the response given is that: "We currently take on risk and the MD's confidence is high due to his knowledge about the industry, network and experience. "

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Quick decision are often made by the MD which resembles the one-man decision making machine. Every department head has a part to contribute. But the MD can obtain this information rather quickly and has often been able to gather information without much difficulty, which makes the company lean and efficient. It shows that he has organized his strategic planning function in a way that he has full control and is accountable for every move in the company.
PME Company

PME is a local company with its operations in Kuala Lumpur and a branch office in Johor. The company does electrical, mechanical and instrumentation contracting work. The company has a staff count of 58 staffs. The MD has his educational background in Finance and Accounting. He agrees with the notion that there is a need for Strategic Planning. This company started out doing contracting work for companies like DCS. It also employs some wiring contractors to do jobs during high loads. The MD has organized his company under various Business Unit (BU) and other auxiliary functions. It has Projects department, Engineering Department, Construction and Installation department, Admin and Finance.

According to the MD there is no specific marketing department. The sales come under projects department. The sales general manager plus the MD himself do all the key sales work. He is solely responsible to determine the price of various orders on the advice from managers of his departments.

When asked how he organizes his strategic planning function he has this to say. Every year a brainstorming meeting is organized for key managers away from the office environment. It usually last for 2 days. On the first day the participants are broken into groups of 4. They usually consist of members from different departments. This is to ensure unbound idea generation without bias. Usually the teams are just given some key words more like slogan for the coming year. They then set out to brainstorm and prepare for the presentation. The afternoons and nights are spent preparing the presentations with breaks for games/sports in the evening. During all this session the teams stay together. The next day each team presents their ideas. Questions are thrown at the groups and sometimes members of the floor contribute and take the discussion to great lengths. The MD with the help of his directors evaluates these ideas. During this the MD takes presentation and question and answer session notes for implementation.
The generated ideas are taken later and reviewed in the office to check its feasibility to be implemented. When asked how he measures the effectiveness of these ideas, he replies it is often difficult to measure, but it certainly brings about other benefits for example in new markets. The company has enjoyed some success from this session and it is necessary to gather ideas from the rich pool of people in order to grow.

The MD leads the Finance and Admin functions of his company. His key area of performance is seen in meeting targets and profit. He says he very much depends on his key managers to deliver and give him feedback on market conditions. He makes his decision after hearing out all the feedback and this is seen as risk evaluation. They also have the ISO 9000 procedures in place with the help of Quality Assurance department. The MD does not have any specific strategic planning function department. The organization is done the way it was explained above by contribution from various managers.
PTF Company

PTF has an office situated in Kuala Lumpur. It has 11 staffs working for it. Its Sales Manager heads the Malaysian office. The owner of the company is a Malaysian who is also the Managing Director of its Singapore operation. This company started of as a sales office offering services and products out of Singapore with a staff count of 3 persons. Recently it has expanded its operation to offer more local service and commissioning activities due to the demand of the local customers. The Sales Manager is an Electrical Engineer and is responsible for an order intake of RM 3 million. The company agrees with the notion that there is a need for Strategic Planning.

The company specializes in Fiber Optics, Data Communication, network devices and field instruments. Their Singapore office is the leading supplier cum consultant in the supply and installation of its products.

The sales Manager says he gets his directives from his head office in Singapore. Currently the active parts of the sales are being done together with the help of regional Sales Manager from Singapore. The management in Singapore sets the sales target. This is set using market trends, information about upcoming project and growth targets obtained under the long-term plans of the head office in Singapore. The local sales manager uses primarily his sales targets as guide and tackles the market on a day-to-day basis.

He says that he prepares a project list with his regional sales manager putting in date, value and strategies to go about winning these jobs. They start of visiting their customers, making presentation about their products and offering training to engineering companies one of which is PME in this case. They help companies like PME in their bid proposal, which eventually help companies like DCS in the market. PTF goes on a step further to visit the end-users and consultants to the end-users to educate them on the new technology. This is often called "Spec-In", specifying the products in the tender bids. This helps them later in the execution of the order intake.
The sales manager adds that his work is tailored around the above activities during sales, and upon securing an order he gets his project engineers to work on them. He points out that being a small company they do not have a formal section to look into strategic planning and all the planning that is being done is together with the regional sales manager using the sales targets set out by the head office. He even points out that he does all the human resource and accounts work with the help of his secretary. He also does all the manpower logistic coordination and invoicing and payment collection together with help of his secretary.

His plans have thus far been short term and he had to make changes due to market conditions and has the advantage of making decision quick. This he iterates helps him in his execution and running of the day to day business. Nevertheless he points out that he has been given limit of authority from his head office. Beyond the limit (order value) he refers back to his head office. This is how he organizes his strategic planning activity and feels that in order to grow he has to do more of the managerial work and planning rather than visiting customer on technical meeting. He intends to get a business development manager and organize his work to further take on more orders and grow.

His is responsible for the finance and sales of the Malaysian office. His key performance is seen in achieving the target set out and the profitability of the company. In his daily organisation the most difficult task he faces is project coordination. The company has to send staff on short notice and solve problems immediately as they are vendors to companies in this dynamic industry. Being a small company he it is often difficult to maintain a positive cash flow. He says the bargaining power is low and often spends substantial amount of time chasing payments. They have tried to do the cash upon order but this strategy has not been successful.
Company

erates out of Kuala Lumpur and has been operation for the past 3
The MD of the company has his expertise in Bioengineering. The
company has 5 staff and has about another 4 staff on contract basis. The
MD was set up to provide solution to the companies in the Power
in the area or Advance Control and Optimization. The company
was set up to exploit its know-how of its staff in the very specialized area. It is still
in a growth stage and is expecting an order intake of RM 1.5 million. The
MD explains that their work is very much dependant on projects and thus
maintain a lean organisation to cap overheads.

constantly on the look out for new and aspiring service provider to form
a partnership. This ensures synergy while minimizing duplication of
cases. The MD adds that with the convergence of technologies and the
competitive landscape, progressive companies need to be equipped
with leading edge solutions to help their marketing and sales force keep up
with blistering pace of development, and combinations of products and
services to meet the changing needs of the customers and to fend off
competitors. EIS's mission is to become the premier service provider with
class professional staffs. EIS is poised to become a dominant brand
in process control automation to cater for increasing demands of such
cases in the industry. Guided by a team of seasoned engineers, the
company strives to deliver increased returns to their shareholders. Their Goal
is provide unparalleled services and support to valued customers.

the MD agrees with the notion that there is a need for Strategic
planning; he says that EIS does not have to resources to commit to such an
overall plan just yet. According to the MD, EIS does not specifically have a
Planning unit. He says that the organizations of this function are still
in an early stage and are conducted by various managers. The Sales
Manager handles sales and marketing functions, the Engineering Manager
closely with the project Manager taking on contract staffs to complete
tasks.
The company spends much of its time currently developing its network and doing market research. They maintain a small overhead and revenues are used essentially to sustain the company. The company kicked off with a long-term business plan. The various people in the group developed this plan over a month. The ideas gathered together with the cash flow analysis done to sustain very much drives the company.

EIS is looking into ways to form strategic partnership with other companies to increase revenues and service utilization. These organizations will be offered a range of sophisticated and credible educational guidance and assessment tools to serve a healthy relationship between them.

In sales EIS has a small internal sales force to market its services to other businesses. In the international market they intend to rely on their upcoming investment and strategic partner to expand their brand through licensing of products. The company hopes to achieve the international sales vision by year 2005. EIS also plans to deliver high-quality customer service thru the adaptation of ISO procedures even tough they have no immediate plans to get accreditation. They feel that if the standard operation procedures were carried out in line with adherence to ISO it would be easier later to fully adapt and get accreditation.

EIS has monthly meeting and here is where the MD gathers information about the direction of the company, issues and ideas from fellow managers about the future. The financial decision is made with consensus of the shareholders who are also the mangers of the company. This sometimes makes decision-making fast and often too brings about risk evaluation at every stage of the decision making process. The organization of the company is such that all key members shall make their view heard. The MD says this is so due to the nature the company was started and thus it makes them extremely risk averse. Currently the MD feels its good to have such measures built in but to grow EIS has to change its organization of its planning functions to keep with
the demands of the markets. He admits he already feels the EIS is slowing moving in the direction of bureaucratic sense in making decision.

The MD goes on to add that he specifically has a key performance area in ensuring that targets set out are met and growth is sustained. He is currently given the prerogative to override decision if he strongly feels so provided the risk taken is within agreed range set and collectively agreed by all concern.
4.2 Summary of Research Results

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<th>Description</th>
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<th>ESD</th>
<th>PME</th>
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| Table 1: Summary of Findings |

From the interviews the findings are summarized in Table 1. It is interesting to note that company heads all seem to agree to the notion of having formal planning department. Nevertheless none of them have a formal planning department. The need for such an explicit formal planning department was not demonstrated during the interviews. This could be either due to budget unavailability or the size of the company is too small to justify. Further to this it could also be due to the fact that such activities are already distributed to department managers together with other responsibility.

Even tough the organisation is somewhat distributed to key managers like in DCS, ESD and PME companies they are actually initiated by the ideas from
the CEO/MD. This somewhat indicates their style to distribute and reap the benefits of the larger pool of readily available ideas. This fact is evident from the DCS Company's MD response. He says that he uses the preferred Japanese Management style called the bottom-up approach. They gather inputs from their subordinates and consolidate them to reap the benefits. As for PTF and EIS the organization is such that they are not distributed like DCS, ESD and PME Company. This is due to the fact the companies are small and are concentrating on their growth.

There seems to be some control and monitoring functions, companies like DCS, ESD and PME do have reviews. The review serve to stir back the company's direction back to the planned path and also to make adjustments as highlighted by the MD of DCS. They have also organized such that they have long term and short/mid-term plans.

All the MD's have profit as their key performance. They are also directly involved in the Sales and Finance department. As for the ESD, the involvement of the MD in the Finance department was not demonstrated. This could be due to the inherent fact that during sales stage all projects profit margins are somewhat known. The MD concentrates his effort more in Sales and delegates the Finance planning solely to his Finance Manager. As for EIS since the company is rather young and the way the company has been set up the target now is to grow and not really to make profit. This does not mean they would discard profit performance for the company but then to organize activity that would grow the company.

The MD of the DCS Company also has interest in the HR department. He says that Japanese companies pay high importance to its staffs. They treat them as assets and this explains the notion of life-long employment. Creating loyalty is a key to get the staff to contribute and be productive and achieve company goals.