

# **STRATEGIC PLANNING FOR A READY-MADE GARMENT BUSINESS**

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การวางแผนกลยุทธ์สำหรับธุรกิจเสื้อผ้าสำเร็จรูป



นาย สุรเจต เกิดสุข

สถาบันวิทยบริการ

จุฬาลงกรณ์มหาวิทยาลัย

วิทยานิพนธ์นี้เป็นส่วนหนึ่งของการศึกษาตามหลักสูตรปริญญาวิศวกรรมศาสตรมหาบัณฑิต  
สาขาวิชาการจัดการทางวิศวกรรม ภาควิชาศูนย์ระดับภูมิภาคทางวิศวกรรมระบบการผลิต]

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วิทยานิพนธ์นี้มีวัตถุประสงค์ในการจัดทำแผนกลยุทธ์และแผนปฏิบัติการสำหรับโรงงานผลิตและจำหน่ายเสื้อผ้าสำเร็จรูปส่งออกแห่งหนึ่งในประเทศไทย

ขั้นตอนการจัดทำวิทยานิพนธ์นี้ประกอบด้วย (1) การวิเคราะห์สถานการณ์ปัจจุบันโดยการรวบรวมข้อมูลจากสัมภาษณ์พนักงาน ผู้บริหาร และลูกค้าของบริษัท อีกทั้งยังรวบรวมข้อมูลจากแหล่งข้อมูลที่เชื่อถือได้ เช่น ผลการวิจัยและหนังสือ เพื่อประกอบการวิเคราะห์ (2) ประยุกต์ใช้หลักการ five generic competitive strategy เพื่อเลือกแผนกลยุทธ์ระดับองค์กรโดยการประชุมของผู้ถือหุ้นและผู้บริหารระดับสูง (3) ประยุกต์ใช้ทฤษฎีการเลือกแผนกลยุทธ์ระดับฝ่ายเพื่อเลือกแผนกลยุทธ์ระดับฝ่ายและแผนปฏิบัติการที่เหมาะสมโดยการประชุมของผู้ถือหุ้นและผู้บริหารระดับสูง

ผลสรุปของวิทยานิพนธ์นี้คือ (1) ข้อได้เปรียบ เสียเปรียบ โอกาส และ อุปสรรค ขององค์กรที่ได้จากการวิเคราะห์สถานการณ์ปัจจุบัน, (2) แผนกลยุทธ์ระดับองค์กรที่เหมาะสมคือ การเป็นผู้ผลิตที่ตอบสนองต้นทุนที่ดีที่สุด (Best Cost Provider), (3) แผนกลยุทธ์ระดับฝ่ายและแผนปฏิบัติการที่เหมาะสมจำนวนทั้งสิ้น 14 แผนกลยุทธ์ ซึ่งถูกคัดเลือกจาก 18 แผนกลยุทธ์ระดับฝ่าย

หลังจากกระบวนการศึกษาและจัดทำแผนกลยุทธ์ได้ถูกจัดทำขึ้นบริษัทได้มีแผนกลยุทธ์และแผนปฏิบัติการที่เหมาะสมสอดคล้องกับ วิสัยทัศน์ พันธกิจ วัตถุประสงค์ และสถานการณ์ปัจจุบันขององค์กร ทั้งนี้ผู้บริหารระดับสูงได้อนุมัติใช้และประกาศให้พนักงานทุกคนทราบถึงแผนกลยุทธ์และแผนปฏิบัติการที่จัดทำขึ้นอย่างเป็นทางการแล้ว อีกทั้งวิทยานิพนธ์ฉบับนี้สามารถใช้เป็นแนวทางสำหรับบริษัทผลิตเสื้อผ้าสำเร็จรูปอื่นๆในการจัดทำแผนกลยุทธ์ของตนเอง

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ลายมือชื่อผู้เขียน.....  
ลายมือชื่ออาจารย์ที่ปรึกษา.....  
ลายมือชื่อที่ปรึกษาร่วม .....

# # 4471623121 : MAJOR ENGINEERING MANAGEMENT

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SURAJET KIRDSUK : STRATEGIC PLANNING FOR A READY-MADE GARMENT BUSINESS, THESIS ADVISOR : ASSISTANT PROFESSOR PRASERT AKKHARAPRATHOMPHONG, THESIS CO ADVISOR MR. KRIANGSAK BOONMAPUENG, 135 pp. ISBN 974-17-5997-5.

The aim of thesis is to formulate appropriate strategies and action plans for a company that manufactures and export clothes. The Plant of the company is located in Thailand.

The research methodology is consisted of: (1) Analyzing the existing situation by collecting the related information from company, employees, and customers and outside sources, (2) Applying five generic competitive strategy to formulating the business strategy by discussion of share holders and top managements, (3) applying the test of a wining strategy to determine the appropriate strategies and action plans by discussion of share holders and top managements.

The conclusions of the study indicate that: (1) The SWOT analysis that can indicate overall environment from analysis of existing situation, (2) The appropriate business strategy is best cost provider from applying the five generic competitive strategy, (3) share holders selected the most 14 appropriate operating strategies form 18 candidate strategies from the test of wining strategy.

Since the strategic planning has been developed, the studied company has the appropriate strategies and action plans that meet to vision, mission, Critical Success factors, objectives, and overall environment. The strategies and action plans are also committed by top management and communicated to everybody in the company. Moreover this strategic planning process can be guideline for the other garment company to formulate their strategies and action plans

Student's signature .....

Field of study Engineering Management Advisor's signature .....

Academic year 2004 Co-advisor's signature.....

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# CHAPTER 1

## INTRODUCTION

### 1.1 Introduction

The garment industry is one of the most important industries in the kingdom, contributing directly to the economic growth and prosperity of Thailand. In fact, the industry has been one of the kingdom's top export earners since 1985, employing over one million work force people. This performance has been achieved through the close co-operation of both the public and private sectors, which is essential if we are to remain at the forefront of today's increasingly competitive world. Garment business is also a very important business in Thailand. Thai Garment Manufacturing Associate (TGMA) presented export values of Garment business in Thailand is normally make more than \$3,000 million every year (See more information in Appendix A).

Strategic planning is one of the most important factors to maintain and increase the competitive advantage of the business. However many garment organizations in Thailand are still lack of the strategic planning. ABC Garment has begun consider about the strategic planning since last two years. Many strategic issues always are discussed among managements of the organization but they have never been concluded. Therefore ABC Garment now wants to establish the appropriate strategies of the organization.

ABC Garment was established in 1985 for produce and export clothes. ABC Garment currently has about 1,800 employees with 350,000 units per month capacity to produce and export to USA. The organization consists of two sections, office and factory. There are six departments in the office section that is financial, import & export, human resource, purchasing, marketing, and information technology department. In factory section, there are eleven departments that are planning, cutting, finishing, research & development, store, engineering, quality assurance, and four of sewing production departments. (See more information about organization and business process chart in Appendix B, and C)

## 1.2 Statement of Problems

Garment business in Thailand has been very competitive because low labor cost but it now does not longer competitive because labor cost in Thailand has been rapid increased continually for last 10 years. Many developing countries that have much lower labor cost such as China, India, Pakistan, and Lao have invested more in the garment business (See more information for the labor cost rate in Appendix D). Moreover many Thai owned companies work either with stitching orders provided by US, Hong Kong or other buyers agents or produce as sub-contractors with overflow orders from other garment manufacturers. It must be really huge problem if those agents change to purchase product from the other country that have lower labor cost.

ABC Garment is one of the garment factories that have huge problems for this change. The ABC Garment decided to improve its quality management system by ISO9001: 2000 but it does not guarantee that only better quality management system will bring the organization to servile and growth in uncompetitive situation of labor cost. Therefore ABC Garment needs the appropriate strategies and action plans in order to drive the organization the right direction.

The function of strategic planning can align all the efforts of the organization to customer satisfaction, quality, and operational performance goals. Many organizations in the world such as Zytac, Cadillac, and Southern Pacific Transportation use their strategic planning process to drive the whole successful improvement process.

## 1.3 Objectives of study

To establish the appropriate strategies and action plans for the ABC Garment

## 1.4 Scope of the study

This thesis focus on the strategies and action plans of the director and manager level, the implementation of the strategies and action plans will not be covered in the scope of research.

## 1.5 Methodology

### 1) Perform external and internal audit

To perform an internal audit, representative managers and employees must be involved to identify the strengths and weaknesses about the firm's management, marketing, finance/accounting, production, research & development, and information system operation

To perform an external audit, ABC Garment must gather important information such as economic, social, culture, demographic, environmental, political, government, legal, and technological trend from various sources of information such as key magazines, newspaper, research, and journals.

External and Internal audit will be summarized into SWOT analysis in order to communicate and highlight key factors.

### 2) Develop a vision, and mission

Every Organization has a vision and mission even if these elements are not consciously designed, written, or communicated. Top management interview by using questioner must be a very effective way to develop a vision, and mission of ABC Garment.

### 3) Generate, Evaluate, and Select Strategies

Strategists never consider all feasible alternatives that could benefit the firm because there are an infinite number of possible actions and an infinite of ways to

implement those actions. Therefore, a manageable set of the most attractive alternative strategies must be developed.

Generate, Evaluate, and Select Strategies will come from many managers and employees. All participants in the strategy analysis and choice activity should have the firm's internal and external audit information.

**4) Management Meeting Seminar**

To ensure that vision, mission, strategies, and action plans are appropriate and useable to ABC garment. Management Meeting seminar must be an effective way to get useful feedbacks and suggestions from managements.

**5) Write up and Submit Thesis**

## **1.6 Expected Results**

- 1) Internal and external analysis results of ABC Garment
- 2) The appropriate vision, mission, strategies, and action plan for ABC Garment
- 3) Guideline to formulate strategy for the other garment factories in Thailand

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# CHAPTER 2

## LITERATURE SURVEY

### 2.1 Introduction

This chapter is explained the literature review and the theoretical consideration will be illustrated. The theoretical compose of history, definitions, external and internal analysis, strategy planning Model, strategic formulation, benefit and risk, and related thesis.

### 2.2 History

The concept of strategic planning first found application in the private sector in the late 1950s and early 1960s. On the other efforts to apply strategic planning in the public sector began to surface in the late 1960s and early 1970s (Alan Walter Stesiss, 1985). According to Steiner (1969), three-quarters of the large industrial corporation in the United States applied formal strategic planning at the end of the 1960s. Denhardt (1985) estimated that by the mid-1980 more than half of publicly traded companies in the United States were using some form of strategic planning.

### 2.3 Definitions of strategy

There are many professors identify the definitions of strategy. Some of the definitions are shown as below;

James R. Evans and James W. Dean, Jr. (2000) defined a strategy is a pattern or plan that integrates an organization's major goal, policies, and action sequences into a cohesive whole. A well formulated strategy helps to marshal and allocate an organization's resources into a unique and viable posture based on its relative internal competencies and

shortcomings, anticipated changes in the environment, and contingent moves by intelligent opponent.

Peter Wright, Mark J. Kroll, and John A. Parnell (1996) defined a strategy that it refers to top management's plan to attain outcomes consistent with the organization's mission and goals. One can look at strategy from three vantage points: (1) strategy formulation (developing the strategy), (2) Strategy implementation (put the strategy into action), and (3) strategic control (modifying either the strategy or its implementation to ensure that the desired outcomes are attained)

Bryson (1988) identifies and describes more than 15 used and available choices. There are many different definitions and approaches, but almost all tend to view in strategic planning as a method for creating an improved set of organizational payoffs and consequences in face of competition, obstacles, or adversity.

## **2.4 External and Internal Analysis**

The organization must analysis the external environment to identify possible opportunities and threats and its internal environment for strengths and weaknesses for strategy formulation. Environmental scanning can help the organization to monitoring, evaluating, and disseminating of information from the external and internal environments to key people within the corporation.

### **2.4.1 PEST analysis**

PEST analysis is a very useful technique to analyze the board environment. This is consisted four areas which will be explained below

### 1) The socioculture Context

Social or lifestyle change is a powerful influence on the customer choice and their requirements. Jeffery S. Harrison (2003) recommended that an analysis societal trend is important from at least four perspectives.

- Broader societal influences can create opportunities for organizations
- Awareness of and compliance with the attitudes of society can help an organization avoid problems associated with being perceived as a “bad corporate citizen”.
- A positive organizational reputation among stakeholders may increase demand for products or lead to increased business opportunities.
- Correct assessment of social trends can help businesses avoid restrictive legislation, which can be a threat to organizational success

### 2) The economic Context

Economic forces can create opportunities and threat to owners, employees, and suppliers. Jeffery S. Harrison (2003) determined the most critical economic environment factor below;

- Economic Growth
- Interest Rates
- Inflation
- Exchange Rates
- Trade Deficits

### 3) The Political Context

Governments provide and enforce the rules including regulations and policies. Every organisation must run their business under those rules either agree or disagree. Jeffery S. Harrison (2003) defines a four influence political drivers below;

- Lawmakers
- Regulatory agencies
- Revenue-collection agencies, and
- The court

#### 4) The technological context

Technology developments create new product, process, and services that comes from human knowledge and innovation. Jeffery S. Harrison (2003) said that the technological development is difficult to predict but they are not impossible to predict. He also recommended the three characteristics of innovation can help a organization to develop a plan for monitoring technological change.

- Innovations from existing technologies
- Adoption of a dominant design
- Radical innovations from out side the industry
- Dealing with technological change

#### **2.4.2 Five force analysis**

Michael Porter developed a very useful model for managers to evaluate industry competition. It is called “five force analyses”. The five forces analysis is consisted five force of industry competition. Detail of five force analysis is explained in figure 2-1.

#### **2.4.3 Value Chain analysis**

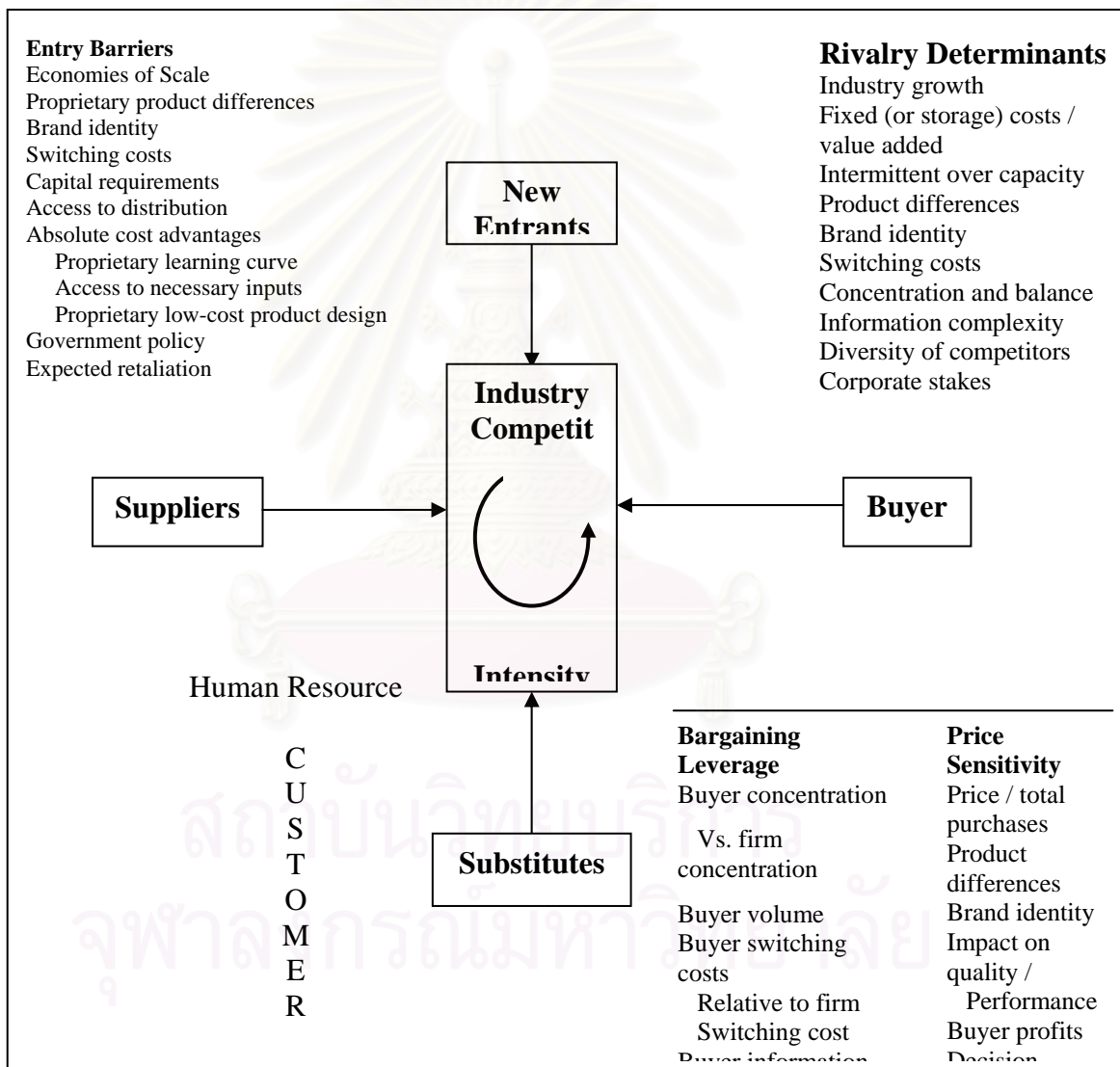
A generally analytical tool of the internal analysis is a value chain. The value chain start at the purchasing process and continues on through parts and components production, manufacturing and assemble, wholesale distribution, and retailing to the end user of product or service.

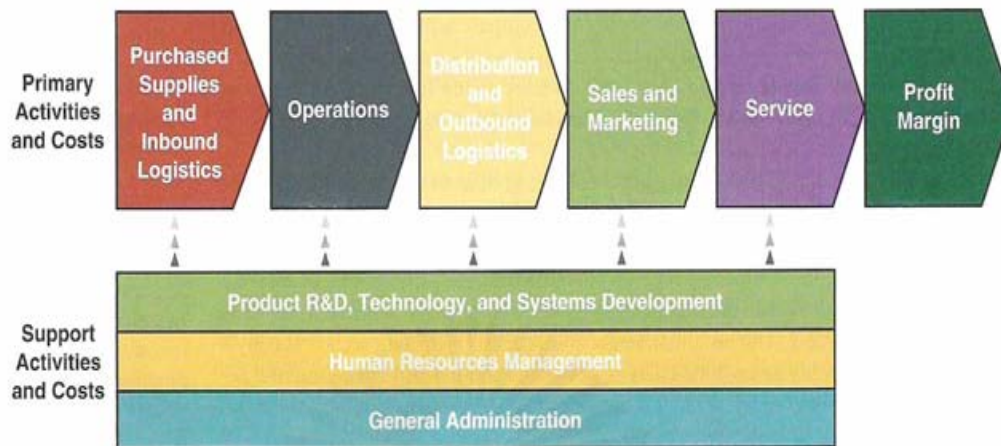
The linkage of each activities or functions is shown in the figure 2-2

### 2.4.4 SWOT analysis

SWOT analysis is grounded in the basic principle that strategy-making efforts must aim at producing a good fit between a company's resource capability and its external situation (Arthur A. Thompson, Jr. A.J. Strickland, 2003). SWOT analysis consisted Strength-Weakness-Opportunity-Threat.

**Figure 2-1: Force driver Industry, Source: Michael E. Porter (2003)**



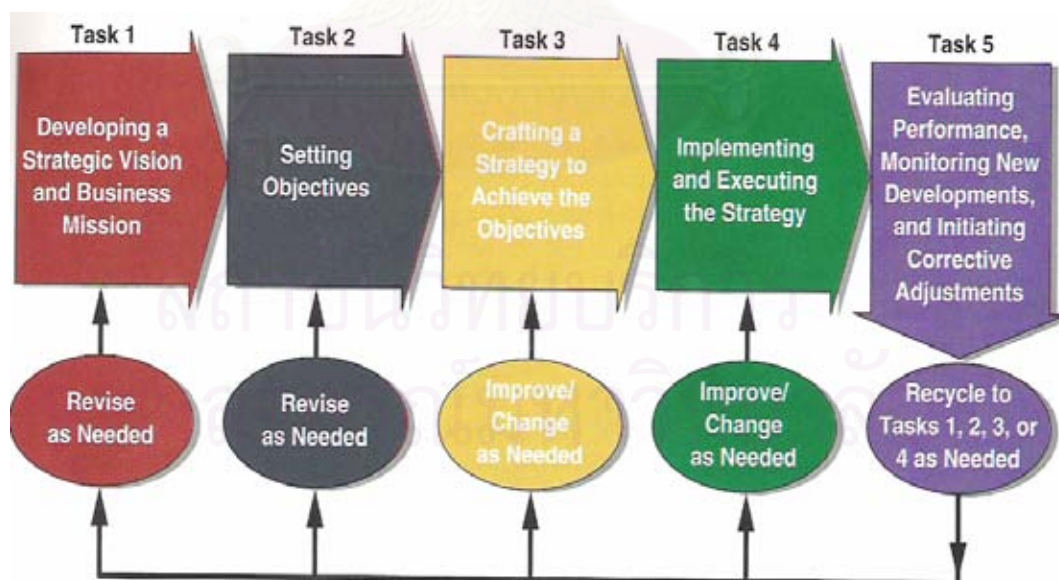


**Figure 2-2: Representative company Value Chain**

Source: Thompson and Strickland (2003), *Strategic Management*, pp 130

## 2.5 Strategic planning Model

There are many Strategic planning models. Arthur A. Thompson, Jr, A.J. Strick Land III (2003) defined the model for strategy management. The strategy – making/strategy- implementing process consists of five interrelated managerial tasks



**Figure 2-3: The Five Tasks of Strategic Management**

Source: Thompson and Strickland (2003), *Strategic Management*, pp 7

### **2.5.1 Forming a strategic vision of where the organization is headed**

Fred R. David (2003: pp56) presented that a vision statement answer the basic question “What do we want to become”. The vision statements should be short, preferably one sentence, and as many manager as possible should be input into developing the statement.

Scott Adam (1996) recommenced that “The first step in developing a vision statement is to lock the managers in a room and have them debate what means by a vision statement is”

Organization mission: management’s customized answer to the question “What is our business and what are we trying to accomplish on behalf of our customers?” A mission statement broadly outlines the organization’s activities and present business make up. Whereas the focus of a strategic vision is on a company’s future, the focus of a company’s mission tends to be on the present

Paul R. Niven (2002) identified three characteristics of effective mission statement as below;

- Inspire Change
- Long Term in Nature
- Easily understood and communicated

### **2.5.2 Setting Objective**

Arthur A. Thompson, Jr., A.J. Strickland III (2003) said Objectives are to convert statement of vision and mission into specific performance target. Setting objective and then measuring whether they are achieved or not help managers track an organisation’s progress. Setting objectives are required all managers. Every unit in a company needs concrete, measurable performance targets that contribute meaningfully toward achieving company objectives.

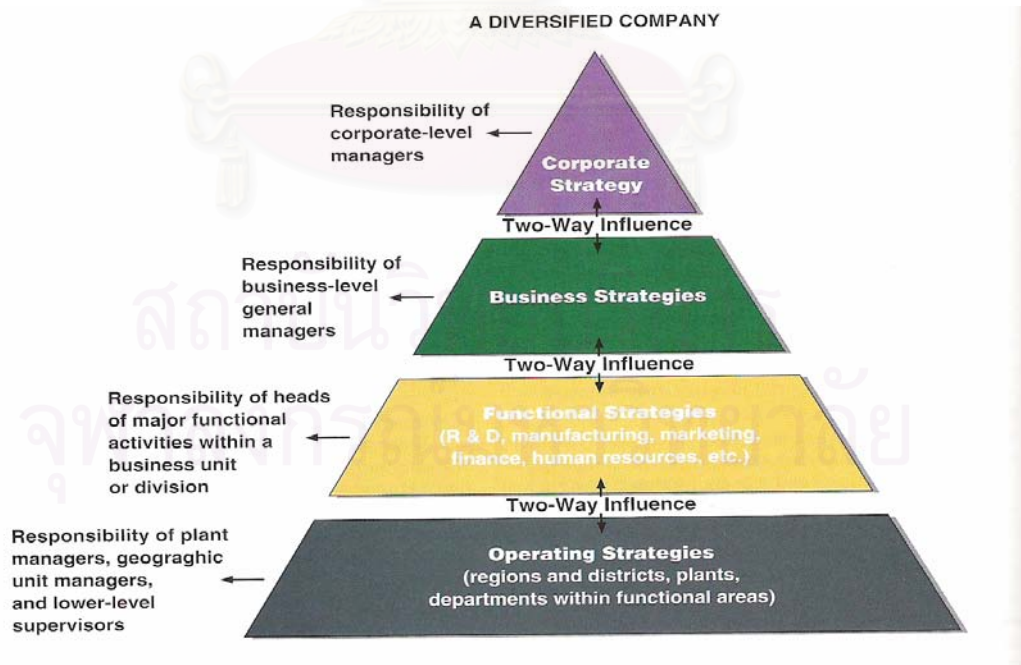
Paul R.Niven (2002) recommended to create the objectives by examine each perspective of balance scorecard in form of a question as below;

- Financial perspective: What financial steps are necessary to ensure the execution of our strategy?
- Marketing perspective: Who are our targeted customers, what is our value proposition in serving them?
- Internal process perspective: To satisfy our customers and shareholders, at what process must we excel?
- Learning and growth perspective: What capabilities and tools do our employees requires helping them execute our strategy?

Long term objectives represent the results expected from pursuing certain strategies. Objectives should be measurable, understandable, challenging, clear, and consistent (Fred R. David, 2003).

### 2.5.3 Crafting a strategy to achieve the desired outcomes

Thompson and Strickland (2003) divided strategies into four levels. A diversified company may be required four level of strategies, but a single may be required only three level of strategies.



**Figure 2-4: The strategy-Making Pyramid**

**Source: Thompson and Strickland (2003), Strategic Management, pp 52**



Thompson and Strickland (2003) defined four levels of strategies as below;

- **Corporate Strategy**

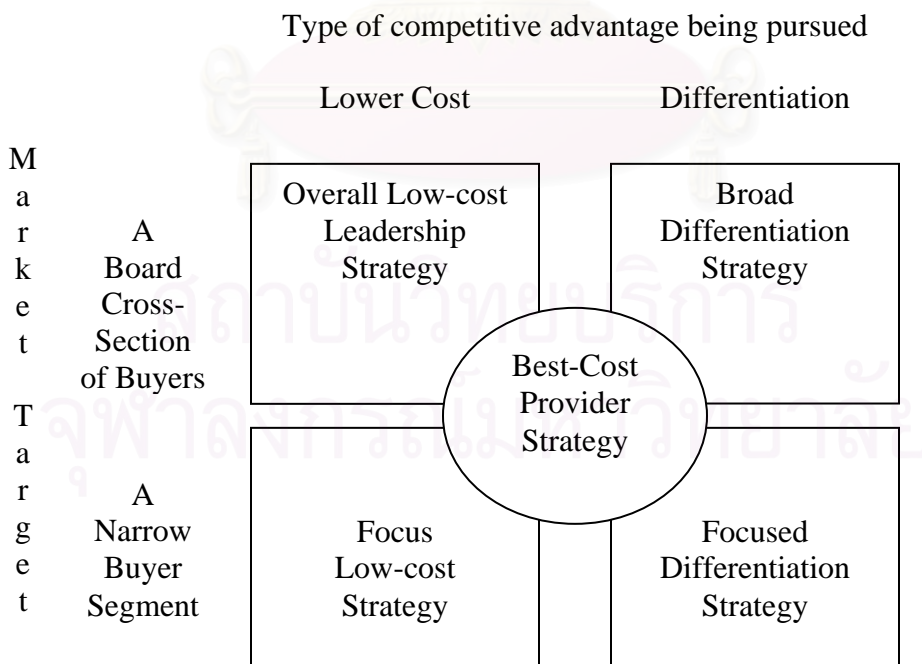
Corporate strategy is overall managerial game plan for diversified company; it extends companywide – an umbrella over all a diversified company’s business.

- **Business Strategy**

Strategies represent management’s answers to how to achieve objectives and how to pursue the organization’s business mission and strategic vision (Thompson, p48,2003).

There are many frameworks for create business strategy but the most simple and famous is five generic competitive strategies.

A company’s competitive strategy is an approach to attract customers and fulfill their expectations. The objectives of competitive strategy is to knock the socks off rival companies by doing significantly better job of providing what buyers are looking for (Arther A. Thompson, Jr., A.J. Strickland III. (2003: 150). The framework is shown as below;



**Figure 2-5: The Five Generic Competitive Strategies**

**Source Thomson and Strickland adapted from Michael E. Porter**

- **Functional Strategy**

The term function strategy refers to the managerial game plan for particular functional activity, business, or key department within a business. Functional strategy, while narrower in scope than business strategy, add relevant detail to the overall business game. Functional strategy must support business strategy and business's objective. Moreover each functional strategy should be in sync rather than serving their own narrow purposes.

- **Operating Strategy**

Operating strategy concerns how to manage front line organizational units within a business and how to perform strategically significant operating tasks.

### **Test of a winning Strategy**

The company sometimes has many candidate strategies. It is very difficult to evaluate and decide that what the best strategy is. Thompson and Strickland (2003) have set three criteria to choose the appropriate strategy. They are shown as below;

- The goodness of fit test: A good strategy has to be well matched to internal and external environments.
- The competitive advantage test: A good strategy lead to sustainable competitive advantage. The bigger the competitive edges that a strategy helps build, the more power and effective it is.
- The performance test: A good strategy must lead the company performance either gain in the profitability and gain in the company's competitive strengths and long term market position.

Thompson and Strickland (2003) believed that “the strategic option that best meets all three tests can be regarded as the most attractive strategic alternative”. However some additional criteria such as the degree of risk involved, flexibility, and internal consistency among all the pieces of strategy can be used for judging the merits of particular strategy.

#### **2.5.4 Implementing and executing the chosen strategy efficiently and effectively**

The managerial task is implementing and executing the chosen strategy. The implementation concerns the managerial exercise of putting a freshly chosen strategy into place. Strategy execution deals with the managerial exercise of supervising the ongoing pursuit of strategy making it work, improving the competence which it is executed, and showing measurement process in achieving the target results.

#### **2.5.5 Evaluate performance and imitating corrective adjustments in vision, objective, strategy, or execution in light of actual experience, change condition, new ideas, and new opportunities.**

It is management's duty to monitor and evaluate the performance of company. The managements many revise some part of the strategic plan such as budget, policy, reorganizing, making personnel change, and etc. to match to the internal and external environment. The process review is a very good way to continuously improve, and corrective adjustment.

Mark L. Blazey (2003) recommend three criteria to evaluate the strategic planning.

- Understands the key customer, market, and operational requirements as input to setting strategic directions. This helps to ensure that ongoing process improvements are aligned with the organization's strategic directions.
- Optimizes the use of resources and ensures bridging between short-term and long-term requirements that may entail capital expenditures, supplier development, new human resource recruitment strategies, reengineering key processes, and other factors affecting business success.
- Ensures that deployment will be effective that there are mechanisms to transmit requirements and achieve alignment on three basic levels: 1) the

organization/executive level; 2) the key process level; and 3) the work unit/individual job level.

Fred R. David (2003) also recommended three steps and assessment matrix to evaluate and control the strategies.

- 1) Examining the underlying bases of a firm's strategy
- 2) Comparing expected results with actual result
- 3) Taking the corrective actions to ensure that performance conforms to plans

**Table 2-1: A Strategy-Evaluation Assessment Matrix**

**Source: Fred R. David (2003), Strategic Management, pp 305**

Have major changes occurred in the firm's internal strategic position	Have major changes occurred in the firm's external strategic position	Has the firm process satisfactorily toward achieving its stated objectives	Result
No	No	No	Take corrective action
Yes	Yes	Yes	
Yes	Yes	No	
Yes	No	Yes	
Yes	No	No	
No	Yes	Yes	
No	Yes	No	
No	No	Yes	Continue

## 2.6 Benefit & Risk of strategic planning

Thomas L. Wheelen, J. David Hunger (2000) survey of 50 varieties of countries and industries found that the most highly rated benefits of the strategies to be:

- Clearer sense of strategic vision for the firm
- Shaper focus on what is strategically important
- Improve understanding of a rapidly changing environment

A survey by Bain & company revealed the most popular management tools to be strategic planning and developing mission and vision statements. Studies of planning practices of actual organizations suggest that the real value of strategic planning may be more in the future orientations of the planning process itself than in any written strategic plan.

However John A. Pearce and Richard B. Robinson (2000) presented the risk of strategic planning and strategic management into three major elements as below;

- The time that managers spend on the strategic management process may have a negative impact on the operational responsibilities.
- The formulators of strategy are not intimately involved in its implementation, they may shirk their individual responsibility for the decisions reached. Thus strategic must limit their promises to performance that the decision makers and their subordinates can driver.
- Strategic managers must anticipate and respond to disappointment of participating subordinates over unattained expectations. Subordinates may expect their involvement in even minor phases of total strategy formulation to result in both acceptance of their purpose and an increase in their rewards, or they may expect a solicitation of their on selected issues to extend to other areas of decision making.

## **2.7 Related thesis**

- Nguyen Quang (1997) studied to find out applicable solutions for conservation of the French Colonial Quarter in Hanoi based on the strategic planning approach. The research used strategic assessment of strengths, weaknesses, opportunities and threats of the community and environment. She also identified alternative strategies and selected the best scored set of option. An Action Plan has been established within this strategic choice as the most applicable for dealing with the conflict reality. To complement the conservation plan, the researcher also has

investigated the possibility of predicting the maximum capacity accommodation of a specific area. Different options are presented within the conservation framework for strategic selection.

- Thanapol Virasa (1991) studied about the strategic planning by use Analytic Hierarchy Process (AHP) as useful tools to select the best one strategy from six strategic options that a Thai manufacturing company was developed. Criteria considered important in the decision-making process include growth, profitability, and social responsibility.
- Tian Sripaijit (2002) use Thailand Quality Award framework to set up self-assessment methodology with a factory case study in order to improve weak point and effectively develop system. As result of the initial assessment, the factory was weak in strategy planning, information and data, and process management. In section 1, He then conduct a workshop meeting system to establish SWOT matrix, vision, mission, and values of the company by using of affinity diagram in order to rearrange information and define to company strategic objectives in balanced scorecard. In section 2, he collected data from key performance indicators of production section strategic plan. The resulting information was presented in control graphs of department through section and monitor in department level.
- Ukrit Chotinantasaeth (2004) studied a thesis that purpose to generate proper logistic strategy and action plan for onsite waste water treatment system based on the balanced scorecard approach.
- Rungtiwa Putphueng (2003) studied a thesis is to formulate appropriate corporate strategy and corporate scorecard for a company that manufactures and sales Polyethylene and Polypropylene resins. This study indicate (1) the appropriate corporate strategy is growth strategy through alliance with low cost producers in the middle East and with a leader of technology to improve competitiveness and sustainable growth, (2) the competitive strategy is focused differentiation strategy, (3) the appropriate corporate scorecard covers the four perspective.

## CHAPTER 3

### EXISTING SITUATION

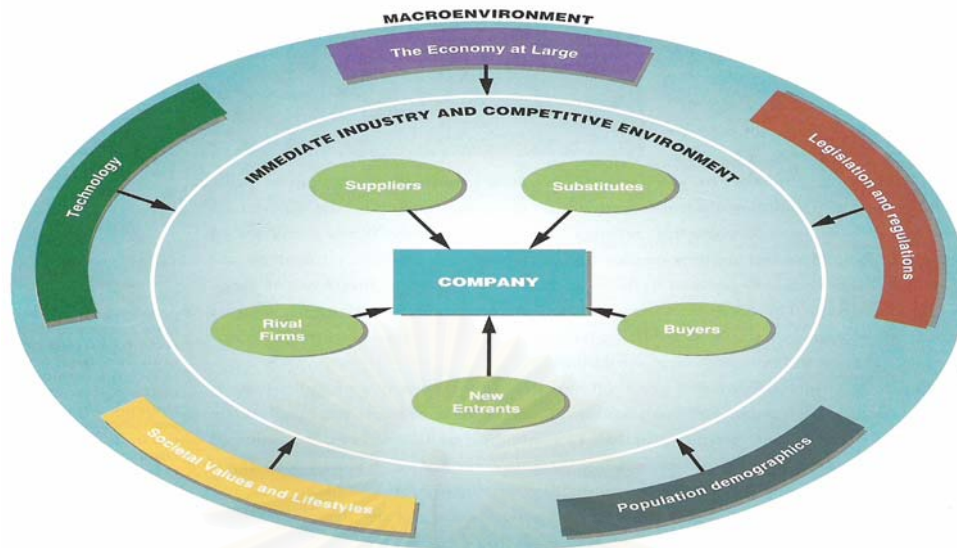
#### 3.1 Introduction

This chapter is the general analysis about the existing situation of the internal and external environment which directly concerning on strategic planning for ABC garment. It focuses on the current environment and process of ABC garment during 2003-2004.

Firstly, important information from the researches and thesis are brought to do the external analysis by using the famous frameworks called “PEST” to explain. The PEST analysis is divided into four major sections. Each section is discussed on the general external factors that impact directly to ABC garment to run the business either opportunity or threat impacts. Then, the five-force Model of competition is the key framework to analysis the competitive environment. After that, the value chain is the major framework that uses to analysis the internal factors of ABC garment. In this step, managements of ABC garment discussed to analyze the internal factors of their departments by using the value chain as the major framework to explain. The value chain is also explain the analysis either strength or weakness. Finally, external and internal analyses are concluded by using SWOT analysis.

#### 3.2 External Environments Analysis

The external environments analysis is consisted of Political-legal, Economic, social-cultural, and Technological. The author has done this analysis by collecting the information form the available researches in Thailand.



**Figure 3-1: A Company's Macroenvironment**

**Source: Thomson and Strickland (2003), Strategic Management, pp 74**

### 3.2.1 Political

There are three political/legal issues that effect to ABC garment, which are electronic data interchange, and website. The analysis of political/legal is described as below;

- **Establish private organization to support clothing industry**

Only government may be not enough to service and develop garment business. Therefore Thai government has established Thai Garment Manufacturers Association (TGMA) and Thailand Textile Institute (THTI) that participate in developing Thai clothing industry.

There are many private sectors that indirectly support garment business in Thailand such as Thai Fashion Brandname Association (TFBA), Thai Garment Development Foundation (TGDF), The Association of Thai Textile Bleaching, Dyeing, Printing and Finishing Industries (ATDP), The Thai Textile Manufacturing Association (TTMA), The Thai Synthetic Fiber Manufacturers' Association (TSMA)



It means that ABC garment and the other garment factory in Thailand now can request support from the private organization with cheap cost.

- **Political**

Thailand has not been war and strong conflict within country for long time. It represents that Thailand is a country that has the politics stability. From the peaceful political situation in Thailand, it results that most business can growth continually with out threat of political.

Thus, it is a significant potential opportunity of ABC garment factory to secure and expand the competitiveness in local and international markets.

- **City of Fashion (Bangkok)**

Bangkok International Fashion Fair (BIFF) that is established in January 2002 provides a good opportunity for Thai brand name manufacturers to present their brand on international stage. In addition, there are many leading Thai brand name, Fly Now, Seneda, Greyhound, joined in this fashion show. This fashion exhibition enable the manufacturers show their potential in design and quality of product. Moreover, BIFF will help to promote and develop new designing talents and underline their capability to create unique fashion designs that can satisfy the global market place.

In addition, BIFF is held to promote the image of Thai fashion, clothing and textile industries while underling the potential of Thai textile industries, their high quality standard, as well as the diverse range of production comprising upstream to downstream activities.

In the year after 2003, according to Asian Textile Business, issued in May 2002, the Thai government will invest 2,690 million Baht from the state budgets to support the grand plan that will make Bangkok into the international fashion city ranked in New York, London and Tokyo in 2012.

This is a potential opportunity of ABC garment factory to introduce its brand name to the international markets for value adding and increasing the export values.

### **3.2.2 Economic**

There are three major economic issues that directly effect ABC garment, which are local market in Thailand, global market, labor cost, and Tax rate.

- **Large Local market in Thailand**

Clothing products in Thailand currently distributed to both local and world markets. Moreover Thailand still need to imported high volume of clothing products for domestic demand.

According to statistic, the volume of consumed internal the country is a half section of all production volume. In addition, the volume of imported clothing products is approach 5,000 tons per year. It's appearance that Thailand is great local market for clothing products.

Therefore ABC garment has a huge opportunity to expand the market in Thailand. But ABC garment current does not work in the local market because ABC garment general focus on the export market.

- **Large global market**

Thailand exported high volume of clothes into the global market such as USA, UK, Germany, France, Spain, Japan, and etc every year. The table below is shown value and share of Thai clothing export during 1999-2002. The table is

represented that USA is the main market of Thailand. ABC garment also export all product to USA. However ABC garment is planning to expand the market into EU, Japan, and etc.

**Table 3-1 Thai clothing export during 1999-2002**

**Source: Thai Textile Statistics (2002), Economics Study & Research Group, Textile Industry Division, pp 21**

Country	Value (Million Baht)		Share (%)	
	2001	2002	2001	2002
1. USA.	76,172.6	70,076.6	55.65	56.23
2. UK.	7,521.0	7,921.6	5.49	6.36
3. Japan	8,295.8	6,836.9	6.06	5.49
4. Germany	4,882.8	4,168.2	3.57	3.34
5. France	4,257.0	4,015.4	3.11	3.22
6. Canada	3,988.3	3,733.1	2.91	3.00
7. Belgium	3,736.2	3,107.6	2.73	2.49
8. Netherlands	3,106.1	2,477.7	2.27	1.99
9. UAE.	2,425.1	2,018.6	1.77	1.62
10. Saudi Arabia	1,837.1	1,605.6	1.34	1.29

In additions, Thailand is a member of world economic and trading organizations, which are WTO, AFTA, APEC and ASEM. Thailand has a good relationship and prerogative treatment within the organization as well as corresponding obligations, which include reduce the tax rate, offering national treatment to foreign investors, and etc. Under agreements, Thai clothing industry can develop market the export value to member countries easily and can progress various the products and technology. Therefore Thailand is one of the world leading clothing exports. The table below is shown top ten clothing export.

**Table 3-2 World Leading Clothing Export**

**Source: WTO, Compiled by Economics Study & Research Group, Textile Industry Division, pp 54**

Country	Value (Million US\$)				% Of World Trade			
	1995	1999	2000	2001	1995	1999	2000	2001
1. EU15	48,458	50,228	47,421	47,088	30.6	27.2	24.1	24.1
of which :								
extra-EU export	14,940	14,617	14,688	15,753	9.4	7.9	7.5	8.1
2. China	24,049	30,078	36,071	36,650	15.2	16.3	18.3	18.8
3. Hong Kong	21,297	22,371	24,214	23,446	NA	NA	NA	NA
of which :								
domestic exports	9,540	9,570	9,935	9,263	6.0	5.2	5.0	4.7
re-exports	11,757	12,800	14,279	14,183	NA	NA	NA	NA
4. Mexico	2,731	7,772	8,631	8,011	1.7	4.2	4.4	4.1
5. USA	6,651	8,269	8,629	7,012	4.2	4.5	4.4	3.6
6. Turkey	6,119	6,516	6,533	6,627	3.9	3.5	3.3	3.4
7. India	4,110	5,153	6,030	6,030	2.6	2.8	3.1	3.1
8. Bangladesh	1,969	3,721	4,244	5,111	1.2	2.0	2.2	2.6
9. Indonesia	3,376	3,857	4,734	4,531	2.1	2.1	2.4	2.3
10. South Korea	4,957	4,871	5,027	4,306	3.1	2.6	2.6	2.2
<b>11. Thailand</b>	<b>5,008</b>	<b>3,453</b>	<b>3,757</b>	<b>3,575</b>	<b>3.2</b>	<b>1.9</b>	<b>1.9</b>	<b>1.8</b>

- **Labor Rate**

Garment industry is a labor intensive industry. Labor wage is directly impact to the total cost of the business. The average wage of Thailand is lower than many developed country but it is higher than many countries such as China, India, Sri Lanka, Vietnam and Indonesia. The table below is shown the average wage.

**Table 3-3: Labour rate****Source: Werner International Managing Consultants**

Country	1994		1996		1998		2000	
	Summer	Rank	Spring	Rank	Summer	Rank	Summer	Rank
Japan	25.62	1	24.31	4	20.07	5	26.10	1
Denmark	22.04	4	25.65	2	23.10	2	22.27	2
Switzerland	25.46	2	27.30	1	24.08	1	22.15	3
Germany	20.77	6	21.94	7	21.48	4	18.10	6
Italy	15.65	11	16.65	10	15.81	11	14.71	10
Canada	13.60	13	13.92	14	13.93	14	14.29	11
USA	11.89	16	12.26	16	12.97	16	14.24	12
France	15.35	12	16.45	11	14.16	13	13.85	14
UK.	10.47	18	11.71	18	13.58	15	12.72	15
Taiwan	5.98	22	6.38	22	5.85	23	7.23	22
Hong Kong	4.40	23	4.90	24	5.65	24	6.10	24
South Korea	4.00	25	5.56	23	3.63	29	5.32	26
Turkey	2.31	31	2.02	34	2.48	34	2.69	31
Mexico	3.22	28	1.52	41	2.23	35	2.20	34
<b>Thailand</b>	<b>1.41</b>	<b>42</b>	<b>1.56</b>	<b>40</b>	<b>1.09</b>	<b>45</b>	<b>1.18</b>	<b>44</b>
China	0.48	47	0.58	46	0.62	48	0.69	49
India	0.58	46	0.56	47	0.60	49	0.58	50
Sri Lanka	0.42	52	0.45	49	0.49	50	0.46	51
Vietnam	0.39	55	na	53	0.39	55	0.39	53
Pakistan	0.45	50	0.43	51	0.40	54	0.37	54
Indonesia	0.46	49	0.52	48	0.24	56	0.32	56

The table above is represented that it is impossible for the garment factory in Thailand to be the cheapest cost like the past because the labor cost in Thailand does not cheap like before.

- Tax Rate

For fiber production industry, major appreciation production costs come from imported petrochemical raw materials. Generally, the industries have to pay import tax and other import charges for the imported products. Import tax in Thailand is higher rate than other countries in raw material in man-made fiber production. Moreover, import handmade fiber and chemical substance used in dyeing and printing industry have high rate tax too. The tables below are shown import tax rate of import tax rate of fiber.

**Table 3-4: Import Tax Rate of Fiber**  
**Source: Department of Industrial Promotion**

Product	Thailand	Indonesia	Singapore	Taiwan	Korea
Man-made fiber used for spinning, made from:					
- Nylon	10	2.5	0	1.25	8
- Polyester	10	5	0	1.25	8
- Acrylic	10	0	0	1.25	8
- Others	10	0	0	1.25	8
Artificial fiber used for spinning, made from:					
- Polyester	10	5	0	1.25	8
- Others	10	5	0	1.25	8

The above tables compare the import tax rate of fiber with nearby countries in this area. It can be shown that the import tax rate of Thailand is higher than those countries, which take unfavorable of competition in world market. Generally, amount of production costs in upstream and midstream industry of import tax is the significant. The high tax rate also leads to a very high cost of material in downstream industry. In the other words, high production costs in clothing industry are suffer from high costs of raw materials and redundant tax, absorbing

in production costs of upper business sectors. And final result, high tariffs of raw materials make higher prices than other competitors

### 3.2.3 Social

There are two issues that effect to ABC garment, which are location and the world population. The analysis of social-culture is described as below;

- **Location**

Thailand has advantage geographical location in the Asia Pacific. Location of Thailand is appropriate to be the center in South East Asia. Generally, South Asia and South East Asia is a large business section in term of manufacturing quarter and populous. The amount of populations in this section is a rough estimate 500 million people, which is a quarter of the world populations. Moreover, the transportation systems of Thailand are also suitable. Thailand is the suitable location for being the center of clothing exports in this area.

According to the information from World Bank in 2001, this is a good area significant market in the world market, which is GDP estimate equal 1.7 million US\$ or it consider for about 5.5 percent of world GDP. Thailand has the highest amount of exports per GDP in this area, which accounted for 66 percent. Moreover, the production capacity of Thailand is more than other countries in this area such as, Vietnam, Myanmar, Cambodia, Laos, Singapore and Malaysia.

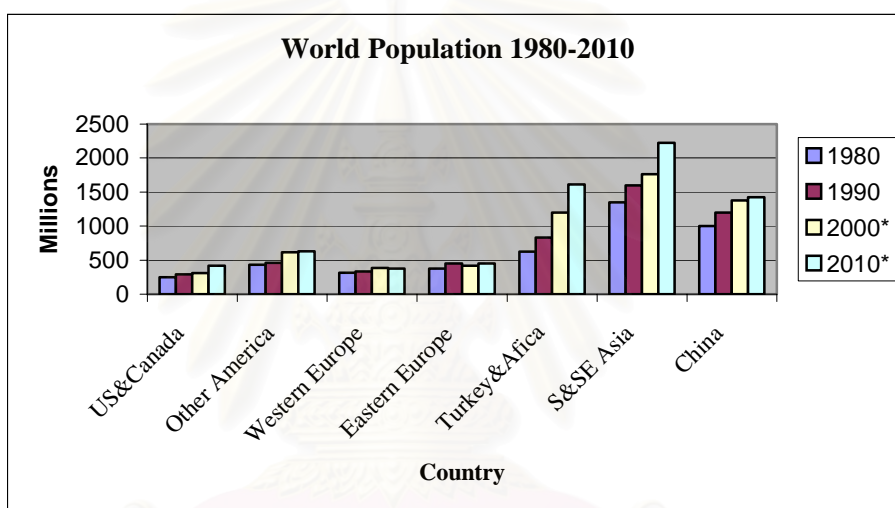
Therefore ABC garment factory can export its product to very large market with lower logistic cost.

- **Increasing of World population**

Clothing is one of four requisites, which is accommodation, medicine, food, and cloth. Some business is needed to stop or slow down after time passing such as telegraphy, film, and etc. But the clothing business will never stop because it is

one of four requisites. Therefore the market of clothing is daily increasing following the world population.

Population trends in the world are increased continually. The table below is shown the population. From this trend, it can be a very good opportunity for the clothing industry because clothing products are important to human life. When the population increases, the need for demand of clothing products will be also increased. The figure below is shown world population in 1980-2010.



**Figure 3-2: World population**

### 3.2.4 Technological

There are three major factors of technological effect to ABC garment, which are Technological of textile industry in Thailand, supply chain management, and the specialists. This analysis the author analyze from the available researches.

- **Technological of Textile industry in Thailand**

Thailand has variety of sub-industries in textile industry, which is made up of synthetic fiber production industry, spinning industry, weaving and knitting industry, dyeing and painting industry and clothing industry. Every industry is



sub-sections in the relationship as suppliers and customers. The products from textile industry will be raw materials for another industry. Processes of manufacturing are concern to running from fiber production industry to clothing industry, which is the last industry of supply chain.

Although in each year amount of textile export of Thailand is large and clothing product cover around global market. But many textile products that cannot be produced within the local are imported as usually. Many factories in Thailand including ABC garment factory still need to import raw materials in particular cotton fibers, wool and animal hair fibers, vegetable fiber, woolen yarn, yarn of animal hair, and the special ornament design fabrics or prerogative texture. The table below is shown import and export textile.

**Table 3-5: Export and import fiber**

**Source: Customs Department, Quantity: tons, Values: Million US\$**

Products	Export		Import	
	Quantity	Value	Quantity	Value
Cotton fiber	1,210.1	1.345	398,983.6	484.306
Wool & animal hair	5,673.7	14.554	10,537.9	45.280
Vegetable fiber	13,658.6	2.167	38,287.9	9.131
Woolen yarn & yarn of animal hair	4,069.3	32.934	4,981.8	56.591

Therefore It is the opportunity for Thai garment for design own brand by use Thai textile that is generally cheaper and faster to buy. However ABC garment currently need to import high volume of fabric from China.

- Lack of supply chain management

Understanding in the supply chain management is Quick Response (QR) that is a strategy for linking manufacturer, supplier and retailer to co-operate with

each other. Quick Response has the object is to abridge the manufacture process cycle and reducing the assignment of beginning production. In this case, the information data of technology is a representative for main elementary supporting in textile co-operative this business in order to successful of Quick Response. Generally, many manufacturers, suppliers and retailers are struggling to use information technology for increase their competition. At present, some textile enterprises use Quick Response system to be the upright alliances, which can take them a significant more advantage.

From this concept, it can shown that Quick Response should be developed in Thai textile industry as the upright alliances to integrate and co-operating within every sub-industries of Thai textile industry for increase the rate flow of information data between co-operate companies.

Although, supply chain management is inefficient in Thai textile industry but Thai textile and clothing industry is trending to apply this concept within their enterprises to increase their competitiveness by abridge their process cycle of manufacturing. During this time, Thailand Textile Institution (THTI) is promoting and making preparation for the major guideline to Thai textile and clothing industry to succeed in escaping for moderate position and expand our competitiveness in the international market, recommending by supply chain management.

- Less of government specialist

Thai specialists in production and research & development are not sufficient for the Thai clothing industry. The graduates from the universities in the curriculum about design, production control and production development is about 200 persons in each.

According to Thailand Development Research Institute report, the number of specialist and supervisor that working in clothing industries are about 1 percent of total workers in clothing industry. The percentage of persons who

graduated engineering or related field is nearly 0.86 percent and the specialists in research and development have around 0.58 percent. It can indicate that the amount of specialists in term of engineers, technicians and merchandisers are not sufficient for the continuous growth of industry.

### **3.3 Industry and competitive Analysis**

The five forces Model of competition is the most useful tool kit concepts and techniques to get a clear fix on key industry of competition. Therefore the managements use the five-force model to analyze the competitive environment if ABC garment.

#### **3.3.1 The threat of new entrants**

New garment business entrants in China become strong competitors because low pricing competitiveness after joining WTO's member (see more information of labor cost in table 3-3). Moreover China has available resources such as labor, area, and government support for the competition. Therefore garment business in china is very advantage for the clothing industry particular in low and medium-end markets. Thai garment business including ABC garment may have an opportunity to lose market share in worldwide market to Chinese manufacturers especially in low-end and medium market. However international consultancy network study (2001) presents that Thai garment businesses including ABC garment still have opportunity and potential export the high-end market or establish Thai own brand because garment industry in China has big problem with the quality. Therefore if ABC garment can move up to the high end market, ABC garment will be survival in the world wide clothing business at least 5 years.

#### **3.3.2 Intensity of Rivalry among Existing Competitors**

Clothing manufacturers in more countries are increasing their income and market shares for the competition such as China, Hong Kong and Mexico. It's means that Thai clothing industry is in very strong competitive environment. UK, USA, Italy

and France are leader countries for high-end market belong to fashion products. The amount of exports is not large but their clothing exports can reach the high value (see more information in table 3-2).

ABC garment is in the medium-end market that is very strong competitive both Thai and oversea competitors. However ABC garment still has a lot of order from existing customer because ABC garment has been done good quality and delivery product for long time.

Many potential customers want to order product in ABC garment, but ABC garment can not support them because limited capacity. ABC garment forecasts that ABC garment can get more sales if the production can increase the capacity in 2005-2006. However top management of ABC garment plan to move up to the high-end market to improve the profit margin and avoid fighting with the competitors in low labour cost.

### **3.3.3 Bargaining Power of Suppliers**

Raw materials are the very important factor to run business. Almost major suppliers are recommended by customer. However ABC garment has a change to purchase some material in Thailand because Thailand many kinds of material such as button, zipper, woven, and knitted.

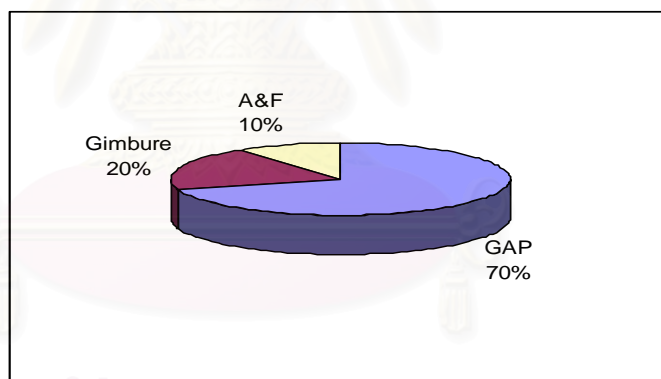
Labour is also one of the most important factors because garment industry is labour intensive industry. In Thailand many garment factory has problem in labor because lack of labour situation. However ABC garment currently can maintain number of labor in appropriate level because attractive benefit and facility.

### 3.3.4 Competitive pressures from substitute product

Clothes are one of the four human requisite. Therefore clothing business has to run and attractive in the market forever. Moreover the clothes product that ABC garment can produce is the major product in the clothing business. Therefore clothing business is very low competitive pressures from substitute product.

### 3.3.5 Bargaining of buyer

ABC garment has only three customers. Each customer is very important because they have bought a lot of product every year. Therefore ABC garment has quite low power of bargaining of buyer. In the future, buyer or customer will more much more because no barriers in world business. Moreover customer will have much more supplier to choose. However marketing department inform that ABC garment is the top best five supplier for the major customer that order more than 70% of sale volume every year.



**Figure 3-3: Percentage of sale volume of each Customer**

**Source: Marketing department, ABC garment (2004)**

The customer requirements are strict. They will be much stricter in the future. Delivery, quality, and cost are the three major factors that customer concern. But the first priority that existing customers require for ABC garment is delivery because customer has their own quality control policy and all supplier must be

passed the quality control policy before the customer take the order. Moreover customer always sent the quality control staffs to their customer to monitor the quality. Therefore customers can be confident in the quality for every their supplier.

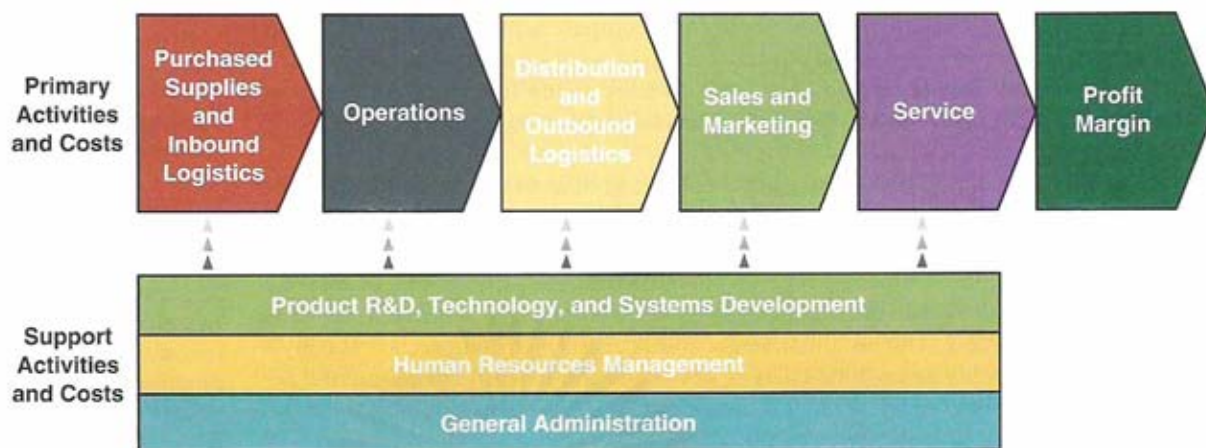
After managements discuss to analysis the competitive environment of ABC garment, they found that the competitive environment will become to war in the next few month. They summarized the competitive environment into the table below;

**Table: 3-6: Competitive analysis concluding**

<b>Force</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
New Entry	Medium	High	High
Existing Competitor	High	High	High
Power of supplier	Medium	Medium	Medium
Power of buyer	High	High	High
Substitutes	Low	Low	Low
<b>Nature of competitor</b>	<b>Win/Lose</b>	<b>War</b>	<b>War</b>

### 3.4 Internal Environment Analysis

The primary analytical tool of strategic planning is a value chain identifying the separate activities, functions, and business processes that are performed in designing, producing, marketing, delivering, and supporting a product or service. There are two major activities in the value chain: Primary activities and supporting activities. The figure below is a representative company value chain



**Figure 3-4: Value Chain Model**

**Source:** Used with permission of the press, a division of Simon & Schuster, Inc., from Michael E. Porter, *Competitive Advantage: Creating and Sustaining Superior Performance*, New York: The Free Press, 1985. Copyright 1985 by Michael E. Porter.

### 3.4.1 Primary Activities

The primary activities in the value chain analysis are consisted of six functions, which are inbound logistics, operations, outbound logistics, marketing and sales, customer service, and profit margin.

The author has conducted many small meetings with the managements of ABC garment to discuss and identify the important issues that should be concerned before do the strategic planning. The analysis will explained the strength and weakness of ABC garment in each functions.

- **Inbound Logistics**

Fabric and accessories are two major raw material groups in clothing business. Store of ABC garment is quite big and enough necessary equipments such as pallet, forklift machine, and computer. Moreover inventory control has been implemented Enterprise Planning Resources (ERP) since July of 2002. Therefore inventory efficiency and control of ABC garment is quite good if compare with

the competitors. However human error, awareness of employee for producer, and gap between documents system and ERP system bring some problems that need to improve for the inventory management.

There are some problems found in the inventory control of ABC garment.

a) Quantity missing:

Raw materials are lost about 5% in every month in particular small items such as label, snap, zipper are lost about. Moreover errors of stock card often were found while managements were internal auditing the quality management system.

b) Raw material damaged:

Even though raw materials of clothing business is not very difficult to maintain quality of raw material until push to the production if compare with the other business such as food, medicine, chemistry business but ABC garment still have problem to maintain the quality of raw materials for example a non conformance report shows that 500 Kilogram of white fabric are changed colour from white colour to yellow.

c) Not sufficient space, long lead time, and mistake of

Store of ABC garment is big but it seems not sufficient space because ABC garment use store as a place to preserve all things that the factory do not need to using currently. It makes a lot of preserve cost. We can find many things that probably should not in the store for example very old fabric, very old accessories, and machine. After investigation, we found that those old fabric and accessories came from quota system, customer change quantity, material utilization, and defect of those raw materials.



Moreover the inventory operator does not work strictly on the ISO 9001: 2000 procedure such as labeling, zoning, and etc. Finally it brings long lead time, and mistakes to the ABC garment.

d) Shortage of raw material

This problem was often found, while inventory management was working the document system because employee has no time and lack of awareness to check inventory level moreover information of used raw material from production is often error and too late. But this problem has reduced since running ERP and strong training production department for make used raw material report.

- Operations

Operation or production is the biggest section in ABC garment because it has about 1,800 employees or more than 80% of employees in nine departments; planning, R&D, Cutting, #1 sewing, #2 sewing, #3sewing, #4sewing, Finishing, and QA department. All departments report to the factory director. The linkage among these production function can see in business process chart in appendix C.

ABC garment has grown up by the family system of owner since it was born. However the business size of ABC garment is bigger every day, management method also more difficult following the size of the business. Chairman of ABC garment decided to establish the factory and re-management by recruit more professional management team and hire industrial engineer consultant. Moreover ABC garment decided to implement ISO 9001: 2000 as a very major technique for the quality management system. Those changes focus and directly impact to the operation of ABC garment. Therefore ABC garment is quite high operational performance if compare with the other competitors in Thailand. Deep analysis of the operation of ABC garment is shown as below;

a) Fabric Utilization

A senior consultant from Thai Garment Development Foundation said that “many garment businesses misunderstand that labour cost is the most important item to control cost and do not concentrate to control cost from raw material in particular fabric. Moreover lower than 20% of garment factories in Thailand have successfully implemented fabric utilization.”

According to financial report, 65% of payment of ABC garment has been spent for fabric (Source: financial report). It is the most expensive item that ABC garment always pay for the business. It means that if ABC garment can control and reduce fabric, it will have much lower. Therefore managements of ABC garment have implemented fabric utilization project by using computer program, hire consultant, training employee, and establish fabric utilization as a quality objective in ISO9001: 2000. The project has been started for two years. This project can reduce cost about 5% or at least 20,000,000 Bath (Source: Cutting department report). It makes ABC garment to have much more advantage than the many competitors in term of raw material cost.

b) Process Design

ABC garment current does not have product design because it only OEM business. However ABC garment focuses on process design in order improve productivity. ABC garment has established R&D department to respond for process design since the end of 2002. Sewing specialists and industrial engineers in R&D department will do motion and time study of each product styles for establish the best method to produce the products including estimate lead time, cost, line balancing, and supporting equipments for each product styles. Process design from R&D department is very useful for planning, and production sections. However method, lead time, and cost from R&D department are sometimes errors.

c) Quality management

Quality has been one of the strength points since ABC garment was establish. Top management very concerns on the quality by collaborate with quality control staffs of customers and strong inspection control in line production and the finished goods. But it needs very high appraisal cost and dose not consistency.

ABC garment decided to implement ISO9001: 2000 as a key quality management technique in 2003. ISO9001: 2000 of ABC garment is quite effectiveness because all employees are participated and share their opinions, while it was implementing.

d) Performance measurement

Performance measurement or factory performance indicators of ABC garment has been one of the management techniques that managements use them to control and manage the operation since 2003. ABC garment hire a senior consultant form a famous garment consultant company to study and set up factory indicators. Managements use the factory performance indicators as a huge topic to discuss in monthly meeting. Factory performance indicators finally became to quality objectives in ISO 9001: 2000 systems. These objectives have been adjusted many times to appropriate for ABC garment. Therefore management team can well use the Quality objectives to manage ABC garments. Every month Management team of ABC garment discuss to these performance measurement.

• Outbound Logistics

OEM Garment business including ABC garment generally has no problem for preserve finished goods because ABC garment only make to order. Therefore

ABC garment has no need to keep high level of the inventory. There are three major reasons that explained as below;

- a) ABC garment is OEM business, so it know exactly for the quantity that customer needed. But ABC garment has problem when it can not produce enough finished goods for the customer.
- b) ABC always gets very short lead time to produce the product, it so generally can not produce high level of finished goods for wait the shipment date. On the other hand, ABC garment will have huge problems if it can not produce finished goods within lead-time because ABC garment may need to pay for air transportation that is extremely expensive for send those finished good to the customers.
- c) ABC garment always ship the product to customer in every week. Transportation from ABC garment to the customer is always use recognized logistic Company of the customers.

- Marketing and sales

ABC garment has only three major customers from USA. These customers are very famous and popular cloth brand in the world. The relationship between ABC garment and its customers is very good because all customers are satisfied in ABC garment product. According to high quality, on time delivery, and low cost from operation of ABC garment, it bring all customers are well satisfied. Marketing survey in June, 2003 shows that average level of customer satisfactions are about 70%. It brings ABC garment in one of the key OEM companies of those customers. However, ABC garment can not extend market or number of customer because the limited of production capacity.

Marketing and sales activities of ABC garment is quite weak in many areas. It can be explained as below;

a) Lack of customer's information

ABC garment has never done formal customer survey since it was established. Therefore customer's information that ABC garment use to service the customers come from top management's experiences, customer requirement, and code of conduct.

ABC garment has done a formal customer surveys since ISO9001: 2000 was implemented. However customer survey of ABC customer is only basic survey by using customer survey questionnaires. It does not collect some important information in details.

b) Lack of marketing information

ABC garment is still very weak in marketing information because ABC garment have never done the market research and competitor evaluation. Therefore it brings difficulty for ABC garment to formulate appropriate strategies. ABC always try to do the best in every things, it also bring very high cost.

c) Lack of promotion

Only few brand clothing famous company knows ABC garment because ABC garment does not pay enough attention on promotion and communication. Only way that ABC garment use to promote itself is participate clothing affair.

- Customer services

ABC garment has a very strong policy from top management to respond to customer complains and customer recommendations. However it is not so effectiveness in term of practical because of the solutions.

ABC garment generally get customer feedbacks from chairman or marketing people. But only some feedbacks are translated into right and effectiveness improving solutions because those customer feedbacks do not have record, and action plan. Therefore it bring some feedbacks are forgotten.

Finally, we can see that marketing activities of ABC garment generally is to receive order from customer and coordinate those orders.

### 3.4.2 Supporting Activities

- Profit Margin

ABC Garment has made a lot of profit since 2000. But the profit margin does not high because ABC garment is OEM. Gross profit Margin is reducing because power of bargaining from customer has increased. It means that the price that ABC garment can sale are reduced.

**Table 3-7: Profit Margin analysis,  
Source: Financial Department, ABC Garment**

Ratio	Formulation	2000	2001	2002
Gross Profit Margin	Gross profit / Net Sales	21.20	15.80	15.70
Operating Profit Margin	Earning before interest and tax / Net Sales	7.50	3.60	2.90

Liabilities are also one of the important factors that effect to the financial performance and profit margin. Therefore the author have discuss to the financial manager to the liabilities. The analysis is shown as below;

**Table 3-8: Liquidity analysis**  
**Source Financial Department ABC Garment**

Ratio	Formulation	2000	2001	2002
Current Ratio	Current assets/current liabilities	0.88	0.83	0.86
Acid-test ratio	Quick assets/current Liabilities	0.50	0.46	0.57
Account receivable turnover	Net sales/account Receivables	4.1	9.3	6.4
Account payable turnover	Net sales/account payable	5.2	5	11.4

ABC garment has invested a lot of money for the new factory since 1999. It impact directly to the liabilities ratio. However ABC garment has better liabilities in 2002 because it has higher of working capital ratio and acid-test ratio.

Therefore ABC garment need to improve liabilities because working capital and acid-test ratio are still quite low. Moreover lower account receivable turnover and higher payable turnover are represents that ABC garment has longer receive period for the customers, but it has shorter period payment for suppliers.

### **3.4.2 Support Activities**

The business can not be successful if the business has only strong primary activities. The support activities are also very important activities that effect for the successful of the business. The next analysis will be explain of the support activities, which are consisted four major activities of firm infrastructure, human resource, technology development, and procurement. The author conducted many small meetings with the managements of ABC garment to discuss and identify the strength and weakness of the supporting activities.

- Firm Infrastructure

ABC garment has moved to the new factory since 2000. Therefore infrastructures of ABC garment are well planned for operation. Firm Infrastructure analysis of ABC garment can be explained as below;

a) R&D

ABC garment is an OEM organization. It does not have product development. However it has R&D department for work for process design and development. In R&D department of ABC garment is consisted experienced and educated employees work together. Therefore R&D department can help ABC garment to improve productivity and increase quality.

b) Equipment design

ABC garment invests on equipment because it understands that sufficient equipment can make higher efficiency. Maintenance and R&D department is responsible for equipment design. Every style of product is needed to study in R&D department before produce. R&D department will send information or equipment design requirement to maintenance department for make or buy those equipments. After completed production, maintenance need to keep those equipments for the next job that ABC garment may require those equipments again.

c) Machine

ABC invested a lot of money for machine in factory because it understands that sufficient equipment can make higher efficiency. Only new and high technology machine can not make any good job without maintenance system and training system. ABC garment therefore have implemented preventive maintenance. It also provide training program for the related employee to understand about those machine.



Top management has policy that he will invest for any kind of machine even through they are very expensive if those machine can improve productivity or quality.

d) Computer software

ABC garment hire a consultant company to implement ERP system. It will be complete in the next few months. If the ERP system is completely implantation, ABC garment will gain a lot of benefit as below;

- Supplier selection and evaluation
- Monitor by logistic real time of sale, purchasing, and production
- Preventive maintenance
- Inventory management
- Production data collection
- Employee information

• Human Resource Management

Employees of ABC garment can be divided into two major types and no sub contractor. There are salary staffs and daily staffs.

I. Salary staffs: Salary staffs are supervisors, managers, and the staff who work in office such as market, purchasing, human resource, and etc. These types of staff, ABC garment normally recruit by make the announcement in newspaper. However financial statement of ABC garment is shown that average income of salary employee are reduced about 17.81% (2001-2002). It can make those employees to have lower moral in the future.

II. Daily staffs: More than 80% of employee of ABC garment is daily staffs. The group of employee can be divided into two classes (class A, and B). The new employees or the employee who have lower skill will

be the class B staff. For the higher skill will be class A staff. ABC garment pay different for class A, and B staff. Turnover of employee is about 5% per month (class A employee who has higher skill has more percentage of turnover than class).

### III.

**Table 3-9: Compensate analysis**

**Source: Financial Department, ABC garment**

	A	B
Payment (bath)	169	170
Incentive (bath/piece)	Y	N
OT	Y	Y

After the rapid growth in 2000, the management team and human resource management of ABC garment have been changed because expansion of the business. Those changes are explained next page;

#### a) Recruit system

Many high performance managers from the other garment organizations are recruited by ABC garment. These managers generally have a good education and high experiences if compare of SME garment business in Thailand. Therefore the management team of ABC garment is quite higher performance if compare with the other garment companies in Thailand. On the other hand, almost daily labours of ABC garment have medium to high performance.

However, recruit system of ABC garment system has some problem because many necessary positions in some department recruited on time. It is because ABC garment is rapid expanded and has about 5% of turnover that is very high.

b) Training program

According to my consultant experiences, I found that many garment company are lack invest on the training. Therefore ABC garment has a strength point because top management supports for the training program by provide consultant and outside training for employee. However training selection and evaluations are still need to improve to ensure effectiveness training.

c) Appraisal system

ABC garment has very big problem with the appraisal and reward system because it does not have clear standard and criteria for employees. Therefore employees in ABC garment generally work with no their own objectives. Moreover they feel that the company does not fair for the appraisal and reward system.

- Technology Development

The outstanding point of the technology development of ABC garment is process design from R&D department. ABC garment has invested a lot of money to recruit experienced people and consultant to develop the process design activities in the R&D department. Moreover ABC garment also concern on computer software and machines. Therefore the technology development of ABC garment is quite competitive if we compare with the competitor.

- Procurement

a) Raw Material

Procurement of ABC garment is very simple because all major raw materials are recommended suppliers from customers. Therefore ABC garment has no choice to select the supplier even through some suppliers did not have well service and quality product. ABC garment often has problem with the recommended suppliers from customer. Moreover ABC garment sometimes need to respond the problem that the recommended supplier did.

However ABC garment has done supplier evaluation and report the results to the customers since ABC garment has implemented ISO 9001: 2000. It can reduce some purchasing problems.

b) Outsourcing

In the real business, the companies have to work many activities and project to run their operation. But it does not mean that they have to do all activities that related with their business because they can heir the other to work for them.

ABC garment is an organization that has low level of outsourcing. However, it outsource some activities to supplier for example preventive maintenance of some complicate machine, MRP implementation, cloth washing, etc.

### **3.5 SWOT analysis (Strengths-Weakness-Opportunity-Threat)**

After external and internal analysis by using the PEST and Value analysis, we found many factors that ABC garment needs to concern when doing the strategy planning. SWOT analysis is the basic principle that strategy-making efforts must aim at producing a good fit between internal and external analysis. Therefore this section will be summarized internal and external analysis above into SWOT analysis. The SWOT is consisted four part, which is strengths, weakness, opportunities, and threat.

Administration Director, Factory Director, and author had a discussion to determine the strengths, weakness, opportunities, and threat follow the external and internal results above. The analysis results are shown next page;

S - Strengths:

- Huge Warehouse (Inbound Activities)
- Inventory control by computer software (Inbound Activities)
- High production capacity (Operations)
- Fabric Utilization (Operations)
- Good Process Design (Operations and Firm Infrastructure)
- ISO 9001: 2000 (Operations)
- Suitable performance measurement (Operations)
- Low level for product inventory (Outbound Logistic)
- Good relationship with customers (Marketing Sales)
- Equipment design ( Firm Infrastructure)
- New and high efficiency Machine (Firm Infrastructure)
- Computer software (Firm Infrastructure)
- Training Program (Human Resource Management)

W- Weakness:

- Gap between document and computer software for inventory control (Inbound Activities)
- No Product Design (Operations)
- Low number of customer (Marketing and Sales)
- Lack of the customer information (Marketing and Sales)
- Lack of the marketing information (Marketing and Sales)
- Lack of the communication (Marketing and Sales)
- Customer service (Marketing and Sales)
- Recruiting staff system (Human Resource Management)
- Appraisal System (Human Resource Management)
- High Percentage of turnover (Human Resource Management)
- Supplier Selection (Procurement)
- Low level of Outsourcing (Procurement)
- High bargaining of buyer (competitive analysis)

O- Opportunity:

- Large Local Market (Economic)
- Large Global Market (Economic)
- Education support by Thai Government (Political/Legal)
- Private organization support (Political/Legal)
- Stable political (Political/Legal)
- City of fashion (Political/Legal)
- Good location (Social-Culture)
- Increasing of world population (Social-Culture)
- Low competitive pressures from substitute product (competitive analysis)

T- Threat:

- High Labour cost (Economic)
- High Tax Rate (Economic)
- Lack of supply management in Thailand (Technological)
- Lack of Thai specialist (Technological)
- High threat of new entrants (competitive analysis)
- High intensity of Rivalry among existing competitor  
(Competitive analysis)

# CHAPTER 4

## ESTABLISHMENT OF THE STRATEGIC PLANNING

### 4.1 Introduction

In this chapter is explained about vision, mission, strategy, and action plan of ABC garment. ABC garment develop vision, Mission, Strategy, and action by using Thompson and Strickland's frameworks that called "the five task of strategic management"

All managements including shareholders and authors study external and internal analysis in the chapter 3. They then make four formal conferences to deeply discuss and determine vision, mission, Critical Success Factors, objectives, strategy, and action plan.

In the first conference, they review the internal and external analysis. They then discussed to determine vision. They listed five potential on the board and choose the best one that shown the section two of this chapter. After that they discussed to determine mission and critical Success Factors to explain vision.

In the second conference, they review quality objectives of ISO9001: 2000. They then determine objectives and key performance measurement to convert the vision and mission into specific performance target. They then identified three year targets following objectives. They finally discuss to establish business strategy by use the competitive strategy framework and integrated or merged strategic planning (Business Plan) with ISO 9001: 2000.

In the third conference, they discussed and determined the functional strategies, operating strategy, action plans including time frames, team, and budget to support objectives, CSF, and vision.

In the fourth conference, Share holders and top managements discussed to make the decision to choose some strategies that managements have established in the third conference. They then committed for the budget, time frame, and resources in order to support vision, mission, objectives, measurements, targets, business strategy. Moreover they develop the one page business plan in this stage.

The schedule of the strategic planning conference is shown as below;

Participants	Conference 1	Conference 2	Conference 3	Conference 4
MD. and Share Holder	Y	Y	Y	Y
Share Holder	Y	Y		Y
Share Holder	Y	Y		Y
Share Holder	Y	Y		Y
Share Holder	Y	Y		Y
Factory Director	Y	Y	Y	Y
Admin. Director	Y	Y	Y	Y
Cutting Manager			Y	
Sewing Manager			Y	
Sewing Manager			Y	
Sewing Manager			Y	
Sewing Manager			Y	
Planning Manager			Y	
QA manager			Y	
R&D Manager			Y	
Inventory Manager			Y	
Engineering Manager			Y	
Finishing Manager			Y	
Marketing Manager			Y	
Purchasing Manager			Y	
Human Resource Manager			Y	
Import & Export Manager			Y	
IT Manager			Y	
Financial Manager			Y	
Author	Y	Y	Y	Y

After share holders approved the vision, mission, CSF, objectives, strategies, and action plan including budget, managing director assign the administration director to establish



one page business plan to be tool to communicate overview of three years business plan to managements and employees.

## 4.2 Developing a strategic vision

After reviewed the SWOT analysis, shareholders of ABC garment discussed to determine vision base on internal and external analysis. There are four alternative visions after the discussion.

- A. ABC garment will be the recognized global leader in providing clothing product by understanding, creating, communicating superior value for our customer.
- B. ABC garment will be the best Thai garment company in providing clothing product by understanding, creating, communicating superior value for our customer.
- C. ABC garment will be the recognized global leader in providing clothing product by lowest cost provider.
- D. ABC garment will be the best Thai garment company in providing clothing product by lowest cost provider.

After the four alternative visions are written on the board, managements voted to determine the most appropriate vision. The result of vote is shown below;

**Table 4-1: Vision Selection**

Share Holder	Vision A	Vision B	Vision C	Vision D
Share Holder 1	4	2	3	1
Share Holder 2	4	1	3	2
Share Holder 3	3	2	4	1
Share Holder 4	4	1	3	2
Share Holder 5	3	2	4	1
Average	3.6	1.6	3.4	1.4

Therefore Vision of ABC garment is **“ABC garment will be the recognized global leader in providing clothing product by understanding, creating, communicating superior value for our customer”**.

However share holders and top managements of ABC garment define gold of vision as below;

- Recognized global leader is ABC garment must be the best top ten suppliers for 3 or more premium customers in clothing business within 10 year.

### **4.3 Develop a strategic Mission**

Organization mission: management’s customized answer to the question “What is our business and what are we trying to accomplish on behalf of our customers?” A mission statement broadly outlines the organization’s activities and present business make up. Whereas the focus of a strategic vision is on a company’s future, the focus of a company’s mission tends to be on the present.

Share holder and top managements discussed to determine the mission in order to support vision. The discussion can identify the key factor to achieve the vision. They are customer, supplier, employees, and owners. The mission statement of ABC garment is shown as below;

- We will be the preferred business partnership for our customers and suppliers
- We will be preferred employer for our employee
- We will provide a return and growth for our owners

The mission statement of ABC garment meets to the characteristics of effective mission statement, which Paul R. Niven identified (See more information of the characteristics of effective mission in the chapter 2)

#### 4.4 Identify The Critical Success Factor (CSF)

Critical Success Factor (CSF) is a technique for identifying and prioritizing the information needs of managers and professionals. It is area of activity, which should receive constant and careful attention from top managements.

After establish vision and mission, the team identified Critical Success Factor (CSF) of ABC garment by look at the vision and the SWOT analysis. They then identified the most four critical success factors in order to answer vision that what areas are required to achieve vision. There are four Critical Success Factors below;

- **Strong Financial Status:** Money is always important factor to run the business because almost activities including strategies are required budget. Moreover every private organization like ABC garment always to have profitability and growth. Therefore strong financial status must be a requirement to be the recognized global leader.
- **Premium Customers:** ABC garment currently is working with medium-end customers that pay low profit margin. Premium customer in clothing industry is the preferable customers for ABC garment to get more profit margin, and volume.
- **Excellent Production Process:** To work with the premium customer that have ability to pay extra for the superior value is generally much more difficult than work with medium or low end customer. The high end market required excellent production process because those premium customers have higher quality standards, shorter lead time, more variable clothing styles and better service.

Therefore ABC garment need to improve the production process to respond for the premium customers.

- High Performing Team: Garment industry is intensive labour industry. Therefore employees and team work is very important to step up to world class factory and work in the excellent production system or work with premium customer to get more profitability and growth. Therefore high performing team is one of the critical success factors of ABC garment.

#### **4.5 Setting Objectives**

Shareholder and top managements discussed to set the proper objectives, measurement and target to convert vision, missions and critical success factors into language that motivates performance and ensures a shared understanding of the organisation's goal. The first step, they listed the potential objectives and measurements that compile to vision, missions and critical success factors on the board, they then score those objectives on the boards by use Fred David's criteria. After that they decide to choose the 10 most appropriate objectives.

After the long discussion, the managements can list the potential objectives on the board. They are show table in next page;

สถาบันวิทยบริการ  
จุฬาลงกรณ์มหาวิทยาลัย

**Table 4-2: Potential objectives and Measurements List**

Potential Objectives	Measurement
Increase Profitability	Operating Profit ratio
Increase Liquidity	Quick ratio or Acid-test ratio
Increase Grow revenue	Growth revenue
Increase fixed asset turn over	Fixed asset turn over
Increase sale volume	Sale Index
Increase number of customer	Total Number of customer
Increase customer satisfaction	%of customer satisfaction
Increase customer loyalty	Loyalty index
Increase customer confidence	Confident Index
Increase Customer profitability	Customer profitability Index
Reduce Customer complaint	Number of complain
Increase On time delivery	% of on time delivery
Increase efficiency	% of production efficiency
Lowest cost	% of actual cost per estimate cost
Reduce average lead time	Average lead time
Reduce defect percentage	percentage of defect
Increase Engage employee	Engagement Index
Develop employee ability	Performance Index
Reduce turnover rate	Turnover Index
Increase training hours	Training Hours

The team then score those objectives on the boards by use Fred David's criteria.

The scoring of the potential objectives is shown as next page;

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Table 4-3: Objectives selection base on Fred David's Criteria

Potential Objectives	Measurement	Measurable	Clear	Reasonable	Challenging	Consistent	Total Score
<b>Increase Profit</b>	<b>Operating Profit ratio</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>15</b>
<b>Increase Liabilities</b>	<b>Acid-test ratio</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>13</b>
Increase Grow revenue	Growth revenue ratio	2	2	3	2	3	12
Increase fixed asset turnover	Fixed asset turn over ratio	2	2	2	3	2	11
<b>Increase sale volume</b>	<b>Sale Index</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>15</b>
<b>Increase number of customer</b>	<b>Total Number of customer</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>13</b>
<b>Increase customer satisfaction</b>	<b>%of customer satisfaction</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>15</b>
Increase customer loyalty	Loyalty index	1	2	3	3	3	12
Increase customer confidence	Confident Index	1	2	2	3	3	11
Increase Customer profitability	Customer profitability Index	2	2	2	3	3	12
Reduce Customer complaint	Number of complain	3	3	2	2	2	12
<b>Increase On time delivery</b>	<b>% of on time delivery</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>15</b>
<b>Increase efficiency</b>	<b>% of production efficiency</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>13</b>
<b>Lowest cost</b>	<b>% of actual cost per estimate cost</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>14</b>
Reduce average lead time	Average lead time	2	2	2	3	3	12
<b>Reduce defect percentage</b>	<b>percentage of defect</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>14</b>
<b>Increase Engage employee</b>	<b>Engagement Index</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>13</b>
<b>Develop employee ability</b>	<b>Performance Index</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>13</b>
Reduce turnover rate	Turnover Index	3	3	2	2	2	12
Increase training hours	Training Hours	3	3	2	2	2	12

Remarking:

1 = Negative, 2 = Balance, and 3 = positive

According to the scoring process, the potential objectives have 11-15 points. The team decided to choose the potential objective that have 13-15 points for the objectives of ABC garment.

After ABC garment has the objective, the team discussed to identify the target in the next three year by look at the previous year performance. Therefore ABC garment can be the objectives, measurements, and the three year targets as the table below;

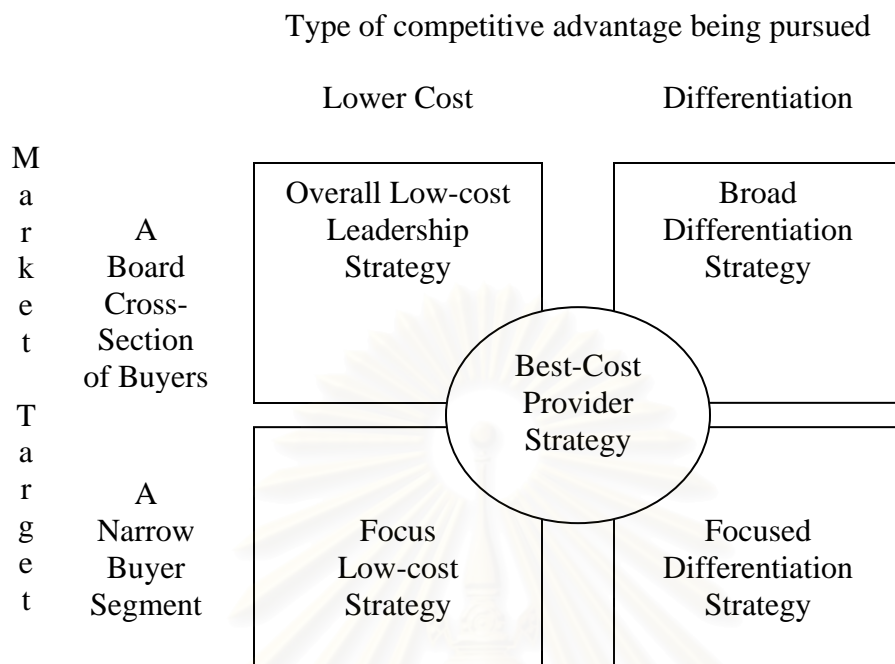
**Table 4-4: Three Year Target**

Objective	Measurement	Actual		Target		
		2002	2003	2004	2005	2006
Increase Profit	Operating Profit ratio	2.9	2.5	5	8	10
Increase Liquidity	Acid-test ratio	0.57	0.6	1	1.2	1.5
Increase Sale Volume	Amount of sale (Bath)	80	100	150	200	300
Increase number of customer	Total Number of customer	2	3	5	10	20
Increase CS	Percentage of customer satisfaction	NA	80	90	95	98
On time delivery	Percentage of on time delivery	80	85	90	95	100
Increase Efficiency	percentage of production efficiency	65	68	70	80	85
Reduce rework	Percentage of rework	NA	NA	12	8	5
Lowest Cost	Percentage of actual cost per estimate cost	120	115	110	105	105
Engage Employee	Engagement Index	NA	NA	70	80	85
Develop Employee ability	Performance Index	NA	NA	55	60	70

#### 4.6 Crafting a Business strategy

After the team determined statements of vision, mission, objective, measurements, and target, they then discuss for determine business strategy in order to support vision, mission, and objectives.

There are many frameworks for create business strategy but the most simple and famous is five generic competitive strategies. Arther A. Thompson, Jr., A.J. Strickland III. (2003) adapted the five generic competitive strategies of Michael E. Porter as below;



**Figure 4-1: The Five Generic Competitive Strategies**

**Source Thomson and Strickland adapted from Michael E. Porter, *Competitive Strategy* (New York: Free Press, 1980), P 35-40**

The team discussed to determine the business which can provide superior value to customer and business by refer five generic competitive strategies. The discussion had many difference opinions to identify the most appropriate business strategy. The discussion finally can decide to choose Best-Cost Provider Strategy as the key business strategy of ABC garment. The vote score to identify business strategy of ABC garment is shown as table next page;

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Participants	Strategy A	Strategy B	Strategy C	Strategy D	Strategy E
MD.					Y
Share Holder					Y
Share Holder					Y
Share Holder					Y
Share Holder					Y
Factory Director					Y
Administration Director				Y	
Total	3	3	1	1	13

Remark:

A is Overall Low-cost Leadership Strategy

B is Focus Low-cost Strategy

C is Broad Differentiation Strategy

D is Focused Differentiation Strategy

E is Best-Cost Provider Strategy

The reason that almost shareholder and top management decided to choose the Best-Cost Provider as the business strategy can be conclude as below;

- a) Type of competitive advantage being pursued (Lower cost Versus Differentiation):

ABC garment is OEM. The profit margin is quite low because it can not add much value to the product (see more information of profit analysis in chapter 3). Moreover the prices are set by customer. Therefore lower cost is very effective way to increase competitive advantage and make more profit.

However, ABC garment is currently working with Medium-end customers and plan to work in high-end customers. Therefore ABC garment needs to produce high quality and excellence service to the customer. Customers in the high end are normally can pay more if the supplier can meet or excess customer's expectation.

b) Market Target (Board cross section of buyer Versus Narrow buyer segment)

ABC garment can produce many kinds of product in knit industry such as jacket, shirt, skirt, and etc. that are cover more than 30% market segment of clothing industry. However, ABC garment can not produce some kind of produce such as and woven cloth, underwear, swimming suite, and etc.

If we analyses the customer of ABC garment, we found that ABC intend to work with high-end or medium customer rather than low-end because high-end customer can buy products in high prices. However ABC garment has a plan to increase more number of customers.

After the team analysis the ABC garment base on five generic competitive strategies, we found that the most appropriate business strategy of ABC garment must be **“Best cost Provider Strategy”** because type of competitive advantage is between low cost and different, market target is also between board cross-section buyer, and narrow buyer segment.

#### **4.7 Formulate Functional Strategies, Operating Strategies, and Action Plans**

After ABC garment have vision, missions, CSF, objectives, and business strategies, the management teams then can develop functional strategy. In developing function strategies, the managers of each function or department must closely work with key subordinates, manager of other functions and head business (managing director). Good collaboration will create practical and effective functional strategy in order to in sync rather than serving each functional purpose. Therefore top management needs to lead all participants to discuss, decide, and support each other to develop the functional strategy.

To develop the functional strategy, managements consider on the gap of the existing situation and critical success factors. They then set up the functional strategy to support the gap. However the managements need to implement the business strategy “Best Cost Provider” compiles with the functional strategy. The analysis of formulating the functional strategies is shown in the table below;

**Table 4-5: Formulation of Functional strategy**

CSF	Gap	Functional Strategy
Strong Financial Status	Low Profit Margin	Effective expense
Premium Customer	1. Low reputation 2. Lack of marketing activity	1. CRM 2. Marketing Development
Excellent Production Process	1. efficiency problem 2. quality problem 3. flexibility of process	Production Process Development
High Performing Team	1. low motivate 2. Not enough Knowledge and skill in world class level	Skill & Knowledge Management

After functional strategies are established, managements and their key team move forward to develop operating strategy, action plans including team, and estimated budget in order to support the business strategy, and functional strategies. The explanations of each strategy are shown below;

#### **4.7.1 Expense Management Strategy**

Profitability and growth is a very important for share holder or owner. They also very important for business when business need pay for improvement and development. Moreover the financial status is also one of the criteria that many suppliers and customers concern when they want to work with.

The expense management strategy is a very simple strategy of ABC garment to control cost and expense. The objectives of the strategy are shown below;

**Table 4-6: Financial objectives, Measurements, and Three year Targets**

Objective	Measurement	Actual		Target		
		2002	2003	2004	2005	2006
Increase Profit	Operating Profit ratio	2.9	2.5	5	8	10
Increase Liquidity	Acid-test ratio	0.57	0.6	1	1.2	1.5

**Remark:**

- Operating Profit Margin = Profit before interest and tax / net sales
- Acid-test Ratio = Current Assets – Inventory / Current Liabilities

The management team also developed the operation strategies and action plan to support the Expense management strategy as below;

**1) Effective expense**

According to financial analysis, we found that ABC garment has problem with low liabilities and profit margin. ABC garment does not have specific budget for each function or activity. Therefore if ABC garment can set the budget of each activity and monitor them, it will help ABC garment to pay more effective and gain the most value from money that paid.

According to the conference, ABC garment can set a committee and action plan for the effective expense strategy. The committees are show as below;

- Administration Director      Champion
- Factory Director                Committee
- Engineering Manager          Committee
- Marketing Manager             Committee
- Human Resource Manager      Committee
- Financial Manager                Coordinator

### Action plan

#### 1) Set up budget of each function and activity

Financial Manager responds to contract to the other management and set up the budget of each function and activities.

#### 2) Quarterly Review

The committees are responsible to ensure that each activity meets the expected result, on time, and on budget. The committee may set a short meeting to review each activity. If any strategy does not meet the target either in term of result or budget, the committees need to make an action plan to take the corrective action.

**Table 4-7: Action Plan of Effective Expense**

Action Plan	2004		2005				2006				Budget
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
1 Set up strategy	Y										100,000
2 Quarterly review	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
3 Monitoring and evaluation		Y				Y				Y	

### **4.7.2 Marketing Development Strategy**

ABC garment has three medium-end customers but ABC garment need to step up to work with the high-end or premium customer. Therefore ABC garment need to do more on the marketing activities. Marketing development strategy is the strategy that ABC garment use to get new customer and promote ABC garment to premium customers.

Marketing development strategy of ABC garment is established to respond to the objectives below;

**Table 4-8: Marketing Objectives, Measurements, and Three Year Targets**

Objective	Measurement	Actual		Target		
		2002	2003	2004	2005	2006
Increase Sale Volume	Amount of sale (Bath)	80	100	150	200	300
Increase number of customer	Total Number of customer	2	3	5	10	20

Remark:

- Create new customer can be measured by counting total number of customer
- Sale Index = amount of sale divide by amount of sale in 2003

The management team also developed the operation strategies and action plan to support the marketing development strategy as below;

### 1) Web site strategy

The internet is the one of most powerful and broad-ranging tool currently available for improving the communication of company to customers. Therefore managements agree to construct a website to communicate information and values to target market.

According to the conference, ABC garment can set a committee and action plan for the web site strategy. The committees are show as below;

- Administration Director                      Champion
- Factory Director                                      Committee
- Engineering Manager                              Committee
- Marketing Manager                                      Committee
- Financial Manager                                      Coordinator

### Action Plan

#### 1) Meeting to prepare website

The first step to construct the web site is meeting. The committee should be able to set up clear web-site requirements and determined some important agenda below for the web-site strategy.

- Identifying the target audience
- Determining the communication Objectives
- Designing the Messages and concepts
- Select vender

## 2) Build up the system

In this step, vendor is processing to build up the website. IT manager needs to communicate to the other managers to get feedback and idea. The marketing manager then must closely monitor and comments the website to meet the requirements

## 3) Promote to customers

More than million website in the internet, marketing manager must respond to communicate existing and potential customers to know and assess to ABC garment's website. The conference determined the ways to assess to customers below;

- Promote ABC garment web on the other famous web eg. Hotmail, supplier's web, customer's web, in the internet
- Send mail or letter to existing customers and potential customer at least 1,200 mail in one year.

The managements expected to have at least 50,000 visitors per year.

## 4) Evaluate the result and update

The marketing Manager needs to evaluate the result and make the action plan to update the website. IT manager is respond to update web-site to meet the updated requirements

**Table 4-9: Action Plan of Web site strategy**

Action Plan	2004		2005				2006				Budget
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
1 Meeting to prepare website	Y										610,000
2 Build up the system		Y									
3 Promote to the customer		Y	Y	Y	Y	Y	Y	Y	Y	Y	
4 Evaluate the result and update		Y				Y				Y	

## 2) Exhibition strategy

Clothing industry often has exhibition especially in US and EU. ABC garment has never been to any exhibition because ABC garment has already full capacity with existing customers. However ABC garment expect to get more sale volume and number of customers in the future because ABC garment is planning to increase the capacity.

There are many clothing exhibitions around the world. The exhibition committee needs to decide to join in some exhibition to get the effectiveness of communication. According to the conference, managements decided to join in Magic show in year 2005 and year 2006. They then will join in the Tex world in year 2007.

**Table 4-10: Alternative Textile and Clothing Exhibition**

Exhibition Name	Country	Month	period	Minimum Fee
Magic Show	US	September	4 days	70,000
Tex World	France	September	5 days	50,000

According to the conference, ABC garment can set a committee and action plan for the exhibition strategy. The committees are show as below;

- Administration Director      Champion
- Marketing Staff                      Committee
- Marketing staff                      Committee
- Marketing staff                      Committee
- Marketing Manager                  Coordinator



Action Plan:

## 1) Prepare for evidence to communicate in the exhibition

Each exhibition has the limited time. Moreover customers have many choices to concentrate. Therefore the committees need to prepare all things to attract and impress customers such as simple, poster, gift, and etc.

## 2) Execution

All selected people that join in the exhibition need to work hard to promote and communicate ABC garment's value to the customer. The committee will collect information form visitor because they are the potential customers. the market department then can keep the relation with the potential customers by mail.

**Table 4-11: Action Plan of Exhibition Strategy**

Action Plan		2004		2005				2006				Budget
		Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	
1	Prepare the evidences				Y				Y			1,100,000
2	Executions					Y				Y		

**4.7.3 Customer Relationship Management Strategy (CRM)**

To get premium customers is difficult, but to maintain premium customers is much more difficult. Customer Relationship Management is the strategy that ABC garment use to maintain existing customers and new customers. Premium customers need quick respond and excellent service from their suppliers. Therefore CRM should be a useful strategy to serve premium customers and increase customer satisfaction in long term business.

Customer Relationship strategy of ABC garment is established to respond to the objectives in next page;

**Table 4-12: Marketing Objectives, Measurements, and Three Year Targets**

Objective	Measurement	Actual		Target		
		2002	2003	2004	2005	2006
Increase Customer Satisfaction	Percentage of CS	NA	80	90	95	98

Remark:

- Customer satisfaction can be measure by send customer the survey questionnaire

The management team also developed the operation strategies and action plan to support the CRM strategy as below;

### 1) Quick Respond

Quick respond is very important to maintain the customers. ABC garment existing system collect the customer complain sheet as a tool to monitoring and respond for the customer. Most of customer complains can be corrected. But the period of time that ABC garment correct those complain are too long and some complain ABC garment did not communicate to customer after corrected. It might makes customer to miss understand ABC garment and loss confident.

According to the conference, ABC garment can set a committee and action plan for the quick respond strategy. The committees are show as below;

- Administration Director      Champion
- QA Manager                      Committee
- R&D Manager                    Committee
- Cutting Manager                Committee
- Sewing Manager                Committee
- Finishing Manager             Committee
- Inventory Manager             Committee
- Marketing Manager             Coordinator

### Action plan

1) Develop customer complain form

Marketing manager need to develop the customer complain form.

2) Train all employee to understand about quick respond strategy

Some employee feel that complains always bring the difficult issues to work. The marketing manager need to provide the training to all level of the employee to have positive attitude for the customer complain and ready respond the customer complain as the first priority.

3) Train new employee

Every month, ABC garment has many new employees. They also need to understand and aware for the customer complain. The marketing manager is respond to train all new employees to understand the quick respond strategy within three month after the new employee started working.

4) Respond all complain within 24 hours

Customer complains because they want their supplier to respond and improve the problem. ABC garment should respond all complains immediately to present customers that ABC garment respond for those complains. Therefore the managements who work in the areas that customer complained must feedback the root-cause of problem and action plan to correct the problem within 24 hours.

5) Correct credit

After ABC garment inform customer for the action plan, customers still want to know for the results of the action. Therefore administration director should communicate to customers for the

results of corrective action and preventive action. It can collect credit to ABC garment.

**Table 4-13: Action Plan of Quick Respond Strategy**

Action Plan		2004		2005				2006				Budget
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
1	Develop customer complain form	Y										100,000
2	training all employee	Y										
3	Training new employee	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
4	respond all complain within 24 hours		Y	Y	Y	Y	Y	Y	Y	Y	Y	
5	Admin director collect credit		Y	Y	Y	Y	Y	Y	Y	Y	Y	

## 2) Understanding customer

Understanding customers is one of the key strategies that many organizations use to increase customer satisfaction. How we can create value and communicate value to the customers if we do not understand “what customers want?”

There are many methodologies to find out customer requirements and expectations such as customer survey questionnaire, customer interview, customer conference, and make a research.

ABC garment currently only annually has sent customers a questionnaire for survey the customer satisfaction since it implemented ISO9001: 2000. We can see that the questionnaire that ABC garment use can not collection some important information. Moreover ABC garment take only once in a year to survey. Therefore the management decided to visit customer for collect information because it is two ways communications.

According to the conference, ABC garment can set a committee and action plan for the understanding customer strategy. The committees are show as below;

- Administration Director                      Champion
- Sewing Manager                                 Committee
- Engineering Manager                         Committee
- Inventory Manager                             Committee
- Purchasing Manager                         Committee
- Finishing Manager                             Committee
- R&D Manager                                 Committee
- Marketing Manager                            Coordinator

#### Action plan

##### 1) Revised customer questionnaire

Committees of ABC garment have a short discussion for the customer questionnaire and revised the questionnaire already. (See the questionnaire in appendix)

##### 2) Customer meeting or visiting customer

Questionnaire is only one way communication. ABC garment can miss some information that customer would like to explain. Therefore customer meeting or visit the customer must be a way that ABC garment can discuss with the customers. Moreover it is the best opportunity for staffs that is not working in the marketing department to communicate and understand customer. However customer meeting and visiting customers are generally expensive because the organization needs to pay for transportation, accommodation, gift, and etc. Therefore marketing manager should conduct customer meeting or visiting customer effectiveness by train all employee that respond to customer meeting and visiting customer. The conference determined the customer visit schedule as below;

**Table 4-14: Customer Visit Schedule**

Customer Name	Visitors	When
GAP	Marketing Manager and QA Manager	Q4/04
GAP	Sewing Manager and Engineering Manager	Q4/05
GAP	Inventory Manager and Sewing Manager	Q4/06
Gimbure	Marketing Manager and Finishing Manager	Q2/05
A&F	Marketing Manager and R&D Manager	Q2/06

### 3) Evaluations and Communications

After get a lot of information from visit customer, marketing manager need to evaluate and analysis those information and translate them into clear message. The marketing manager then can communicate to all management to aware and understand the results. There are many ways for the marketing manager to communicate the survey but the prefer way of marketing manager is to communicate in the management review that is one of the most important activities in ISO9001: 2000 system.

**Table 4-15: Action Plan of Understanding Customer Strategy**

Action Plan	2004		2005				2006				Budget
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
1 Revised customer questionnaire	Y										600,000
2 Visit Customer		Y		Y		Y		Y		Y	
3 Evaluate information		Y		Y		Y				Y	

#### 4.7.4 Production Process Development Strategy

Premium customers generally have very high standard and strictly requirements. To work with high standard and strictly requirement, ABC garment needs to have excellent production process. Therefore ABC garment need to development process to gain more ability to produce higher quality product with limited lead time. Moreover the production process is the biggest and the most important function to attract the premium customer because the production is the core competence of ABC garment.

Process Development strategy of ABC garment is established to respond to the objectives below;

**Table 4-16: Internal Operating Objectives, measurements, and three year targets**

Objective	Measurements	Actual		Target		
		2002	2003	2004	2005	2006
On time delivery	Percentage of on time delivery	80	85	90	95	100
Increase Efficiency	percentage of production efficiency	65	68	70	80	85
Lowest Cost	Percentage of actual cost per estimate cost	120	115	110	105	105
Reduce Rework	Percentage of rework	NA	NA	12	8	5

Remark:

- On time delivery = (Total of on time shipment product / total sale) \* 100%
- Percentage Efficiency = (actually man hours / model man hours) \* 100%
- Percentage of actual cost per estimate cost = (Total actually cost / model cost) \* 100%
- Rework = (number of rework / total number of production)

The management team also developed the operation strategies and action plan to support the process development strategy as below;

#### 1) ISO 9001: 2000 strategy

ISO 9001: 2000 is the most popular and famous quality management system. ABC garment has currently implemented successful ISO 9001: 2000 since 2003. ABC garment also use ISO 9001: 2000 as the major tool for drive the business in particular in production side. However ISO 9001: 2000 of ABC garment still need to develop more to achieve the organization's vision.

According to the conference, ABC garment can set a committee and action plan for the ISO 9001: 2000 strategy. The committees are show as below;

- Factory Director                      Champion
- Sewing Manager                      Committee

- Inventory Manager                      Committee
- Cutting Manager                        Committee
- Engineering Manager                 Committee
- Purchasing Manager                 Committee
- Human Resource Manager            Committee
- QA Manager                             Coordinator

### Action Plan

#### 1) Maintain ISO 9001: 2000 system

ABC garment needs to maintain ISO 9001: 2000 system, but ABC garment might to change certificate Body to reduce audit cost and different view of suggestions from auditors. The new certificate body could be MASCI because it is lower fee. It means that all function need to work follow the quality policy, standard operating procedure, and work instruction.

#### 2) Assessment by certification body

Certification body needs to do assessment to ABC garment every year. ABC garment needs to ensure the system before the auditors come to visit.

#### 3) Develop and Integrate all strategy in ISO 9001: 2000

ISO 9001: 2000 has a strength point for the audit system. Third party audit is a very useful tool for top management for maintain, and develop the system. Therefore QA manager need integrate all strategies that are completely implemented into ISO 9001: 2000. In this process, QA manager shall deploy responsibility to the other manager or supervisor to provide the integration.



**Table 4-17: Action Plan of ISO 9001: 2000 Strategy**

Action Plan	2004		2005				2006				Budget
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
1 Maintain ISO 9001: 2000 system	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	200,000
2 Assessment by certification body	Y				Y				Y		
3 Develop and Integrate all system in ISO	Y		Y		Y		Y		Y		

## 2) Suggestion strategy

Innovation is one of the most important factor to develop organization to achieve vision. Suggestion activities must be an effective tool to collect innovation from employees.

According to the conference, ABC garment can set a committee and action plan for the suggestion strategy. The committees are show as below;

- Factory Director                      Champion
- Import & Export manager          Committee
- Human Resource Manager          Committee
- Planning Manager                      Committee
- Maintenance Crew                      Committee
- Sewing Operator                        Committee
- Cutting Operator                        Committee
- Engineering Manager                  Coordinator

### Action plan

#### 1) Establish a suggestion sheet

Engineering Manager needs to establish the suggestion form.

#### 2) Training employee

Suggestion committees need to train all employees to understand and be aware to suggestion activity. Moreover they need to ensure that employee will submit the suggest report when they have

innovation idea. The expected target is more than 50 suggestion sheet per month.

### 3) Training new employee

Every month, ABC garment has many new employees. They also need to understand and aware for the suggestion activities. The committees are responsible to train all new employees to understand the suggestion strategy within three month after the new employee started working.

### 4) Quick respond

Suggestion committee need to respond to every suggestion sheet as quick as possible because it can represent that suggestion activity is important. After completely the suggestion, the committees need to communicate result to employees. The committee needs to complete at least 70% of suggestion reports. Reward must be a useful tool encourage employee to submit the suggest report. The committee needs to provide some rewards for good suggestion report.

**Table 4-18: Action Plan of Suggestion Strategy**

Action Plan	2004		2005				2006				Budget
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
1 Establish a suggestion sheet	Y										120,000
2 Training employee		Y									
3 Training new employee			Y	Y	Y	Y	Y	Y	Y	Y	
4 Quick respond			Y	Y	Y	Y	Y	Y	Y	Y	

### 3) 11 Audit strategy

ABC garment currently need to do the ISO9001: 2000 audit to ensure that quality management system is working. ABC garment sometimes is audited by customers to ensure that ABC garment is following the customer policy. (US customers need to ensure that their suppliers do not violent to employee.)

Audit system is very important to develop organization. Dr. Deming (1996) present that good quality circle should have four stages (Plan – Do – Check - Action). Therefore ABC garment should develop more on the audit system. After the discussion, managements commit to do 10 audits for ABC garment. (Safety-Security-Environment-Material Utilization-Appearance-Energy-Preventive Maintenance-Personal-Best Practice)

According to the conference, ABC garment can set a committee and action plan for the 11 audit strategy. The committees are show as below;

- Factory Director                      Champion
- Administration Director              Committee
- Engineering Manager                 Committee
- Cutting Manager                        Committee
- Sewing Manager                        Committee
- R&D Manager                          Committee
- QA Manager                              Coordinator

Action Plan:

- 1) Establish 11 Audit question sheet

Committee need to participate and brainstorm to make audit questions of each audit. In this stage, ABC garment may hire experts to help and share their experiences to make the questionnaires. Each audit need to have enough positive questions to ensure that the auditor can check all important areas. After complete 11 audit questionnaire, ABC garment should keep the 11 audit as the intelligent property.

## 2) Training Auditor

After completed audit question sheet, ABC garment need to provide some training program to ensure that all auditors understand objectivities, all questions, integrity, audit technique of each audit.

## 3) Set up the audit schedule

It is impossible to audit 11 audits every day because it must be take at least two hours of auditors and auditees for each audit. Therefore ABC garment need to set up an audit schedule. The frequency of each audit should depend on period of time to audit, level of important, and result or performance in that area. The table below is shown the example of audit schedule;

**Table 4-19: Audit Schedule**

<b>Audit</b>	<b>Auditor</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>
Housekeeping	Purchasing Manager	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Safety	Finishing Manager	Y						Y					
QA	Sewing Manager		Y						Y				
Appearance	Import & Export Manager			Y									
Energy	IT Manager				Y								
Maintenance	Cutting Manager					Y							
Security	Engineering Manager						Y						
Personnel	QA Manager									Y			
Environment	R&D Manager										Y		
MU	Sewing Manager											Y	
Best Practice	Factory director												Y

## 4) Perform

The audit team needs to perform the audit following the audit schedule.

## 5) Integrate to ISO 9001: 2000

Audit system is generally find defects. The effective way to monitor the corrective and preventive action for those defects is use corrective action report in ISO 9001: 2000.

**Table 4-20: Action Plan of 11 Audits Strategy**

Action Plan	2004		2005				2006				Budget
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
1 Establish 11 Audit question sheet	Y	Y	Y								180,000
2 Training Auditor				Y							
3 Set up the audit schedule				Y							
4 Perform					Y	Y	Y	Y	Y	Y	
5 Integrate to ISO 9001: 2000						Y					

#### 4) Production design Strategy

Sewing department is the department that consist more than 70% of employee and it is also critical function in the production. Many garment company focus on line balancing to increase productivity. ABC garment also a organization that focus on line balancing, but the line balancing require the operator to sew in many styles.

According to the conference, ABC garment can set a committee and action plan for Poduction design strategy. The committees are show as below;

- Factory Director                      Champion
- QA Manager                              Committee
- Sewing Manager                        Committee
- Sewing Manager                        Committee
- Sewing Manager                        Committee
- Sewing Manager                        Committee
- Planning Manager                      Committee
- R&D Manager                            Coordinator

### Action Plan

#### 1) Skill development survey

There are many sewing styles that require for a cloth. ABC garment needs to determine that how many sewing style are required in the factory and what them are. Sewing Managers and sewing supervisors need to survey that how many sew style that their operators can sew and what are them.

#### 2) Training by training center (R&D department)

R&D department respond to train the operator following the multi skill training program at least 100 people per month. Trainees must be able to sew 13 styles with the target speed below;

**Table 4-21: Muti Skill Training Requirements**

Sewing Style	Target (mins)
1 Straight Topstitch	2.556
2 Square Topstitch	3.862
3 Curve Topstitch	3.001
4 Pocket	0.209
5 Bottom Hem	1.351
6 Topstitch front fly	1.582
7 2 double needle topstitch front fly	2.585
8 topstitch front edge	3.078
9 topstitch the collar band	1.784
10 attach the collar band	2.172
11 fell seam back yoke	0.682
12 fell seam back rise	1.195
13 attach pocket	1.319

Each operator may require different time to complete 13 training. It depends on their experience, skill, and willing. Therefore R&D team needs to train the operator in the effective way.

### 3) Line Balancing

ABC garment may recruit some more specialists to help engineers and the current specialist to design the best production process to produce each style of product. In this step, sewing manager, sewing supervisor, and maintenance crew should learn and advice their idea to set the production process.

R&D department should be champion to develop employee skill to have more various skills to produce in every possible style that customers may order.

### 4) Evaluate

After training, sew supervisors need to evaluate their sewing operator to ensure that their operator can complete the training. The sewing operator may be sent to training more in order that they can not pass the evaluation. The committee expected that number of sewing operator who can work in 13 sewing style will increase at least 20% every year.

**Table 4-22: Action Plan of Production Design Strategy**

Action Plan		2004		2005				2006				Budget
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
1	Skill Development survey	Y		Y		Y		Y		Y		2,700,000
2	Training	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
3	Line Balancing	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
3	Evaluate	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	

### 5) Lower labour cost strategy

According the labour cost in appendix D, we can see that labour cost in Thailand is higher than some countries such as China, Indonesia, and Lao. Therefore ABC garment is currently disadvantage in term of labour cost. Higher labour cost may have small problem for some business, but it is a huge problem for the labour incentive as ABC garment business.

An effective way for ABC garment to reduce labour cost is to establish a factory in the lower labour cost. According to the management conference, ABC garment decided to establish a factory in China because the reasons below;

- Huge domestic market
- High Labour force
- Strong government support
- Top management (business owner) of ABC garment is Chinese

According to the conference, ABC garment can set a committee and action plan for Lowest Labour Cost strategy. The committees are show as below;

- |                           |             |
|---------------------------|-------------|
| • Factory Director        | Champion    |
| • Administration Director | Committee   |
| • QA Manager              | Committee   |
| • Sewing Manager          | Committee   |
| • Financial Manager       | Committee   |
| • R&D Manager             | Committee   |
| • Human Resource Manager  | Committee   |
| • Engineering Manager     | Coordinator |

#### Action plan

##### 1) Project feasibility study

To establish a new factory is required a lot of resources including time and budget. Therefore ABC garment needs to carefully making decisions. Feasibility study must be an activity that ABC garment need to do to answers the questions below;

- How much are the resource required for the project?
- Dose ABC garment can support those resource?



- How long does the payback?
- What is the appropriate size and style of the factory?

Top management of ABC garment assigned factory director to respond as the leader of the project. Moreover top management should hire an expert to help the factory for this study.

#### 2) Supplier selection and monitoring project

After the feasibility study completed, committees need to select suppliers to establish the new factory. In this stage, supplier will establish the new plant and install machine follow the study. The committee needs to monitor the project closely to ensure that the project is meet requirements.

#### 3) Transfer and Recruit employee

Human resource is the most important resource in the organization. The new factory needs to recruit many employees in all departments. ABC garment need to use various channels such as newspaper, head hunter, internet to recruits its employee. Moreover ABC garment may recruit some position in Thailand if China dose not have person that meet requirements. ABC garment must recruit employee follow recruit procedure in ISO 9001: 2000 because it already determine requirement for all position.

#### 4) Training

Training is very employees especially in the new factory. ABC garment needs to provide training program below to all employee.

- Pre-orientation training
- prefer behavior in organization
- Quick respond strategy training
- Suggestion strategy training
- 11 audit strategy training

- ISO 9001: 2000 training
- On the job training
- Etc.

Management need to ensure that every employee have enough skill and knowledge to work with safety, quality, and delivery.

#### 5) Employee Evaluation

It is impossible that more than thousand employees are recruited can have high performance. The evaluation system should be a method to announce employee to understand their performance. They can develop themselves to achieve the organization's objectives.

#### 6) ISO 9001: 2000 Implementation

After six month, ABC garment in China need to certify ISO9001: 2000 to ensure that ABC garment in china can have same standard as Thailand. However, some procedures may be needed to revise for China plant because the different environment.

**Table 4-23: Action Plan of Lowest Labour Cost**

Action Plan	2004		2005				2006				Budget
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
1 Project feasibility study	Y	Y									500,000
2 Supplier selection and monitoring project			Y	Y	Y						
3 Transfer and Recruit employee						Y					
4 Training						Y	Y				
5 Employee Evaluation							Y				
6 ISO 9001: 2000 Implementation							Y	Y	Y	Y	

Remark: The budget above is only for the project feasibility study during 6 months. For the budget for chooses supplier, establish new factory, recruit employee, training, and etc. may be recommended in the project feasibility study results.

## 6) Supplier Visit Strategy

Most of the OEM garment business has a problem with the purchasing activity because they can not have raw material on time. ABC garment is also a garment factory that has this kind of problem. Supplier Management strategy is a strategy to reduce this problem. Moreover it is the strategy to bring ABC garment as the prefer customer for the supplier.

According to the conference, ABC garment can set a committee and action plan for Supplier Visit strategy. The committees are show as below;

- Factory Director                      Champion
- Marketing Manager                      Committee
- Sewing Manager                      Committee
- Purchasing Manager                      Committee
- QA Manager                      Coordinator

### Action Plan

#### 1) Planning

There are many suppliers that ABC garment purchase raw material. Therefore ABC garment need to select only some suppliers to visit. According to the conference, management can decide the visit supplier schedule below;

**Table 4-24: Supplier Visit Schedule**

Supplier	Type of Raw Material	Location	Visit time	Auditor	budget
A	Fabric	Hong Kong	Yearly	Purchasing manager and sewing manager	10,000
B	Fabric	Hong Kong	Yearly	Purchasing manager and sewing manager	10,000
C	Fabric	China	Yearly	Purchasing manager and QA manager	50,000
D	Fabric	Taiwan	Yearly	Purchasing manager and QA manager	50,000
E	Assessors	Hong Kong	Yearly	Purchasing manager and QA manager	10,000





#### 4.7.5 Skill and Knowledge Management Strategy

Human Resource is the most important resource in the business. A successful company needs to have a good team work and the right person who contribute to company.

Skill and Knowledge Management Strategy aims to increase employee ability and employee engage at the same time in order to respond to the world class of production process and world class customers.

**Table 4-27: Human Resource Objectives, Measurements and Three Year Targets**

Objective	Measurements	Actual		Target		
		2002	2003	2004	2005	2006
Engage Employee	Engagements Index	NA	NA	70	80	85
Develop Employee ability	Performance Index	NA	NA	50	60	70

Remark:

- Employee Engagement Index can be calculate by Employee Engagement questionnaire
- Performance Index can be calculate by annual appraisal

#### 1) Near Miss

If employees work among unsafe environment, they probably can not work well. Moreover unsafe environment can bring accident to organization easily. One time of accident can make huge disaster. An effective way to reduce the accident is reduce near miss environment and near miss behaviors.

According to the conference, ABC garment can set a committee and action plan for First Class People strategy. The committees are show as below;

- Administration Director                      Champion
- Sewing Manager                                      Committee
- Finishing Manager                                      Committee
- Purchasing Manager                                      Committee
- Engineering Manager                                      Committee

### Action Plan

1) Establish a near miss sheet

2) Training employee

Safety committee is needed trained for the safety activity including near miss report. Moreover they need to ensure that all employees understand the concept, and process. After employees understand, safety committee needs to motivate and encourage employee to write near miss sheet and work follow safety policy.

3) Talk about near miss and safety

Management should try to talk about near miss and safety as much as possible because it can represent that management are consider and car on the safety issue. Moreover it can built up the safe environment and employee may feel that the organization care on their health.

4) Quick respond

Safety committee needs to respond to every near miss report as quick as possible because it can represent that safety activity is important. (Safety committee responds to communicate the progress to employee)

**Table 4-28: Action Plan of Near Miss Strategy**

Action Plan	2004		2005				2006				Budget
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
1 Establish near miss sheet		Y									500,000
2 Training employee			Y				Y				
3 Talk about near miss and safety			Y	Y	Y	Y	Y	Y	Y	Y	
4 Quick respond			Y	Y	Y	Y	Y	Y	Y	Y	

### **2) First Class People Strategy**

Excellent strategy does not guarantee that the organization will be great because the implementation is much more important. Employee is most important factor to implement he strategy. If ABC garment can have first class





### 3) Key Performance Indicators Identification

ABC garment currently use quality objectives of ISO 9001: 2000 system as key performance indicator. Those quality objectives can help ABC garment to lead each department to right direction. But if we consider on smaller picture, we may see that each employees do not understand for the right direction. Therefore ABC garment should set up key performance indicators for each employee. The supervisors and subordinate need to discuss for set the KPI to find out appropriate KPI for each person by use criteria.

- Focus on what we can do to increase the value of ABC garment
- Focus on Vision, mission, objectives, and objectives
- Refer on SMART (Specific, Measurable, Achievable, Results based, Time specific)
- Refer to Goal, objectives, and standard concept
  - Goals is the excellent performance level
  - Objectives is agreement level of supervisor and subordinate
  - Standards is minimally acceptable level of performance

### 4) Training

All recognized global leader concern and support for the training activities. According to the value chain analysis, we can see that ABC garment quite support for the training activities. However almost training of ABC garment provide for employee are from policy of management. Therefore ABC garment should provide more training that employee request because it can help employee to develop themselves and increase their engage. Finally high ability employees will use their knowledge to develop ABC garment in long term. Supervisors should recommend or

lead their team for the training. (Training should relate to key performance indicator of each employee)

ABC garment can use recommendation of Chris (1987) as a guide for provide training program.

- New employee orientation
- Performance appraisal
- Time management
- Leadership
- Team building
- Hiring/selection
- New equipment operation
- Goal setting
- Problem solving
- Safety
- Product knowledge
- Motivation
- Managing change
- Train the trainer
- Orientation of the new employee
- Listen skills
- telephone
- Planning

##### 5) Annual Appraisal

ABC garment has problem with the appraisal system because ABC garment have not set the standard for the appraisal. It means that supervisors only adjust performance of their subordinate by their feeling. Therefore Annual appraisal system of ABC garment is needed to improve as quickly as possible.

ABC garment should appraisal employee follow key performance indicator and employee's behavior. Employees who have the good result should get reward.

**Table 4-29: Action Plan of First Class People Strategy**

Action Plan	2004		2005				2006				Budget
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
1 Job announcement	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	970,000
2 Selection	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
3 KPI Identification	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
4 Training	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
5 Annual Appraisal		Y				Y				Y	

### 3) Reward strategy

Reward is one of the most important strategies to motivate employee because every body will be proud when they get reward. Moreover reward will be a tool to communicate employee to the right direction that ABC garment expect employee to work. According to the conference, ABC garment can determine rewards as below;

Type of recognitions	Quantity	Rewards
Employee of the month	3 People	500
Employee of the year	3 People	1,500 +Trophy
Highest efficiency sewing line of the month	1 Line	15,000
Highest efficiency sewing line of the year	1 Line	50,000 +Trophy
Highest quality line sewing of the month	1 Line	15,000
Highest quality line sewing of the Year	1 Line	50,000 +Trophy
Housekeeping Zone of the month	1 Zone	1,500
Housekeeping Zone of the year	1 Zone	5,000 +Trophy
Manager of the year	5 people	15,000 +Trophy



by morning talk, announcement, or etc. It can motivate the other employees to understand and try to develop themselves for this reward.

**Table 4-30: Action Plan of Reward Strategy**

Action Plan	2004		2005				2006				Budget
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
1 Determine Reward				Y							1,200,000
2 Set up criteria for reward				Y	Y						
3 Select reward					Y						
4 Communicate					Y	Y	Y	Y	Y	Y	

#### 4) Strong culture Strategy

An organization's culture is bred from a complex combination of sociological forces operating within its boundaries (Arthur A. Thompson, Jr. and A.J. Strickland III, 2003).

The strong and the right behavior culture can help the organization to implement strategy and achieve vision. ABC garment is quite weak culture behavior because it does not determine and communicate what the behavior that the organization wants to. Therefore many employees in ABC garment misunderstand that working hard and responsible for their routine job are the right behaviors.

According to the conference, ABC garment can set a committee and action plan for Strong Culture strategy. The committees are show as below;

- Factory Director                      Champion
- Administration Director              Committee
- Sewing Manager                        Committee
- QA Manager                              Committee
- Sewing Supervisor                      Committee
- Finishing Operator                      Committee
- Human Resource Manager              Coordinator

### Action Plan

#### 1) Set up behavior culture

Committees should make a discussion in order to determine that what kind of behavior that ABC garment expect employee to work. However management may collect some necessary information from the operators. It could help managements to make decision. This is a very important step because if the managements make a wrong decision, it will bring all organization to work in the wrong direction. Moreover it needs longer time and higher cost to change strong culture. The list below is shown some behavior cultures;

- Discussion behavior
- Learning behavior
- Candid with everyone
- Challenge and innovation
- Eliminate waste

After ABC garment has culture, functional managers need to train to their team to understand the culture. Moreover the functional managers need to continually communicate to employee.

#### 2) Make a commit by top management and train employee

After determine behavior culture, managing director commitment could be the next step to ensure that behavior culture is effectiveness. Committees then respond to train employee to understand and refresh training may require having in every year. Moreover managements need to encourage employee to work following those behavior culture.

#### 3) Annual appraisal

ABC garment should link behavior culture to appraisal and reward system. It will make employee to work following the culture behavior.

**Table 4-31: Action Plan of Strong Culture Strategy**

Action Plan	2004		2005				2006				Budget
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
1 Set up behavior culture	Y	Y									300,000
2 Make a commit and Train		Y		Y				Y			
3 Annual appraisal		Y				Y				Y	

### 5) SA 8000 strategy

SA 8000 is one of the social accountability management systems to develop structure and function of social accountability and extrinsic and intrinsic benefits. In the existing situation, many customers especially from EU and US prefer their supplier to have SA 8000, but there is few company in Thailand that can get SA 8000. Therefore if ABC garment can implement SA 8000, ABC garment will gain competitive advantage.

According to the conference, ABC garment can set a committee and action plan for SA 8000 strategy. The committees are show as below;

- Factory Director                      Champion
- Administration Director              Committee
- Sewing Manager                        Committee
- Finishing Manager                     Committee
- Engineering Manager                 Committee
- Sewing Supervisor                     Committee
- QC supervisor                         Committee
- Cutting Operator                       Committee
- Human Resource Manager             Coordinator

### Action Plan

#### 1) Establish document and revise policy

SA 8000 committee need to be the key people to establish documents to meet with SA 8000 requirements. However the document must practical for ABC garment.

#### 2) Implementation

After developed document, managements must implement and communicate to employee to understand, awareness, and work following the document. While the implementation period, the committees need to provide training for employee.

#### 3) Assessment

Assessment process is still important in SA 8000. ABC garment needs to provide at least once a year to do internal assessment and once a year to do the external assessment by certification body.

#### 4) Take corrective action

In each assessment generally found some defect. The champion must responsible to the corrective process.

#### 5) Integrate to ISO 9001: 2000

After ABC garment has fully SA 8000 system. The team should integrate SA 8000 to ISO 9001: 2000 to improve flexible and reduce cost.

**Table 4-32: Action Plan of SA 8000 Strategy**

Action Plan	2004			2005				2006				Budget
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
1 establish document				Y								500,000
2 Implementation				Y	Y	Y	Y	Y	Y	Y	Y	
3 assessments						Y				Y		
4 Corrective action					Y	Y	Y	Y	Y	Y	Y	
5 Integrate to ISO 9001						Y				Y		



## 6) High Benefits

Benefits are the most important reason for employee to work, but the benefits are still important factor for employees to decide to change their job. If ABC garment can pay more on the benefits to the employee, it will bring employee to feel difficult to change their job. Moreover ABC garment will have more candidates for recruit the right people to work.

### Action Plan

#### 1) Buy benefits survey from agency

Employee will feel that they have high benefits when they compare their benefit to the other people that work in the same level. Therefore ABC garment should buy the survey results from human resource agency to be the important information to make decision.

#### 2) Make decision to rang percentile

After ABC garment get the research, ABC garment can rang the percentile in order to increase benefit to the employee in each position. The employees who have high performance should ne ranged in the high percentiles.

#### 3) Evaluate annually benefits

ABC garment need to adjust the benefit every year following the research and ABC garment must should the attractive increase rate to increase the employee's benefit.

#### 4) Communicate to employee

Every time when the benefits increase, supervisor must communicate to employee to understand to the benefit.

**Table 4-33: Action Plan of High benefit strategy**

Action Plan	2004		2005				2006				Budget
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
1 buy survey		Y				Y				Y	10,000,000
2 ranging percentile		Y				Y				Y	
3 annually adjustment			Y							Y	
4 Communicate			Y							Y	

#### 4.8 Select the appropriate strategies and action plans

All alternative functional strategies, champion, and estimated budget were brought to the shareholder conference by factory and administration directors. All shareholder interviewed factory and administration director in many aspects such as brief action plan, benefit, risk, time, and etc.

The shareholders of ABC garment select the strategies base on three criteria from Thompson and Strickland (2003) to test the alternative strategic that each department recommends implementing. The testing result is shown in the table of next page (See more information of theory in chapter 2).

Therefore managing director, shareholders, factory director, and administration director agreed to commit to implement five functional strategies because they meet to three criteria of Thomson and Strickland. They then agreed to choose only 14 operating strategies from 18 operating strategies that meet to three criteria and agree to still keep the same vision, mission, CSF, objectives, measurement, and target that they already determine in the first and second conference. Therefore the champions in each strategy need to deeply work to write details of action plan.

**Table 4-34: Operating strategy selection base on Thompson and Strickland's criteria**

<b>Alternative strategies</b>	<b>The Goodness Test</b>	<b>The Competitive advantage Test</b>	<b>The performance Test</b>
<b>1 Effectiveness Expense</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>
<b>2 Web site</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>
<b>3 Exhibition</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>
<b>4 Understand Customer</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>
<b>5 Quick respond</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>
<b>7 ISO 9001: 2000</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>
<b>8 Suggestion strategy</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>
<b>9 Audit strategy</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>
<b>10 Production Design</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>
<b>11 Lower Labour Cost</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>
12 Supplier Management	Y	N	Y
13 Sub-contractor	N	Y	Y
14 Near Miss	N	Y	Y
<b>15 First Class People</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>
<b>16 Reward strategy</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>
<b>17 Strong culture strategy</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>
<b>18 SA 8000</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>
19 High benefit strategy	Y	Y	N

# CHAPTER 5

## RESULTS OF STRATEGIC PLANNING

### 5.1 Introduction

According to the methodology in chapter 4, ABC garment can have clear vision, mission, objectives, business strategy, functional strategy, and action plan. They all require strong collaborations from top management, middle management, supervisor, and every employee. Therefore, the managing director, administration director, and factory director agree to summarize vision, mission, objectives, business strategy, and functional strategy into a piece of paper and use this paper to communicate to every employee in ABC garment. Moreover, the top managements also agree to summarize each functional strategy into a piece of paper to communicate to every employee in ABC garment.

### 5.2 Business strategy

Factory director and Administration director summarized vision, mission, objectives, business strategy, and functional strategies that have been developed by four formal conferences in previous chapter into a piece of paper. This piece of paper is called "One Page Strategy". After factory director and administration director completed One Page Strategy, they passed One Page Strategy to Managing Director to sign to confirm that vision, mission, objectives, measurement, target, business, functional strategies are committed by managing director. They then distribute One Page Strategy to all functions of ABC garments. Functional Managers are assigned to present and communicate to their team. (See one page strategy in next page)

## ABC Garment One page Strategy 2004-2006

### 1. Vision:

ABC garment will be the recognized global leader in providing clothing product by understanding, creating, communicating superior value for our customer.

### 2. Mission:

- We will be the preferred business partnership for our customers and suppliers
- We will be preferred employer for our employee
- We will provide a return and growth for our owners

### 3. Critical Success Factor:

- Strong Financial Status
- Premium Customers
- Excellent Production Process
- High Performing Team

### 4. Objectives, Measurements, and targets:

Objectives	Measurements	Target		
		04	05	06
Profit	Ratio	5	8	10
Liabilities	Ratio	1	1.2	1.5
Sale Volume	Amount (Bath)	150	200	300
NO. of customer	Total Number	5	10	20
CS	% CS	90	95	98
On time delivery	% of on time	90	95	100
Efficiency	% of efficiency	70	80	85
Rework	% of rework	10	8	5
Lowest Cost	% of cost	110	105	105
Engagement	Engagement Index	85	90	95
Develop ability	Performance Index	50	60	70

### 5. Business Strategy:

Best-Cost Provider Strategy: Giving customers more value for the money by incorporating good to excellent product attributes at a lower cost than rival.

### 6. Strategies:

#### Expense Management Strategy

Operating Strategy	Champion	Budget
Effectiveness Expense	Admin. Director	30,000

#### Marketing Development Strategy

Operating Strategy	Champion	Budget
Website	Admin Director	610,000
Exhibition	Admin Director	1,100,000

#### Customer Relationship Management Strategy

Operating Strategy	Champion	Budget
Understand Customer	Admin Director	600,000
Quick Respond	Admin Director	100,000

#### Process Development Strategy

Operating Strategy	Champion	Budget
ISO 9001: 2000	Factory Director	200,000
Suggestion strategy	Factory Director	120,000
Audit strategy	Factory Director	180,000
Muti-Skill	Factory Director	2,700,000
Lower Labour Cost	Factory Director	500,000

#### Skill and Knowledge Management Strategy

Operating Strategy	Champion	Budget
First Class People	Factory Director	970,000
Reward strategy	Admin Director	1,200,000
Strong culture	Admin Director	300,000
SA 8000	Factory Director	500,000

### 7. Evaluation Period: Quarterly

### 8. Total Budget: 9,110,000 Bath Approved by:

**Managing Director**  
Date: .....

### **5.3 Operating strategies and Action Plan**

After managing director approved in One Page Strategy, champion of each activity are responsible to develop and implement the strategies. Champions agreed to summarize each Operating strategy into one piece of paper. These pieces of paper are called “One Page Plan”. One Page Plans have been developed by small meeting from committee in each strategy. Each committee then completed One Page Plan of each strategy. Champion in each strategy is responsible to sign on one page plan to commit the plan. One Page Plans finally are distributed into all level of employee to communicate the plan (See more information in appendix E).

### **5.4 Strategic Planning Relationship**

According to the strategic planning process in Chapter 4, ABC garment can established vision, mission, CSF, Objectives, measurements, targets, business strategy, functional strategies, operating strategies, and action plans. The figure 5-1 is shown the relationship among them.

According to the Strategic Planning relationship, vision is the start up points to set up the CSF. CSFs then are deployed into objectives. The objective bring idea for formulate strategies in each levels. It means that if ABC garment can effective work follow to the action plans and strategies, ABC garment finally will achieve the vision.

### **5.5 Strategic Planning seminar**

A good plan does not grantees to get a good business result. Human resource is the most important to implement the good plan to get the business results. Top management and author provided a short presentation to communicate the existing situation, vision, mission, objectives, measurements, target, business strategy, functional strategies, and action plan to managements in order to get feed back and kick off the business plan.

According to the seminar, all managements agreed in the business plan because they involved and already presented their idea in the strategic planning process (see more information in Chapter 4). However managements concerns of the implementation process because they understood that implementing process are much more difficult than the planning process.



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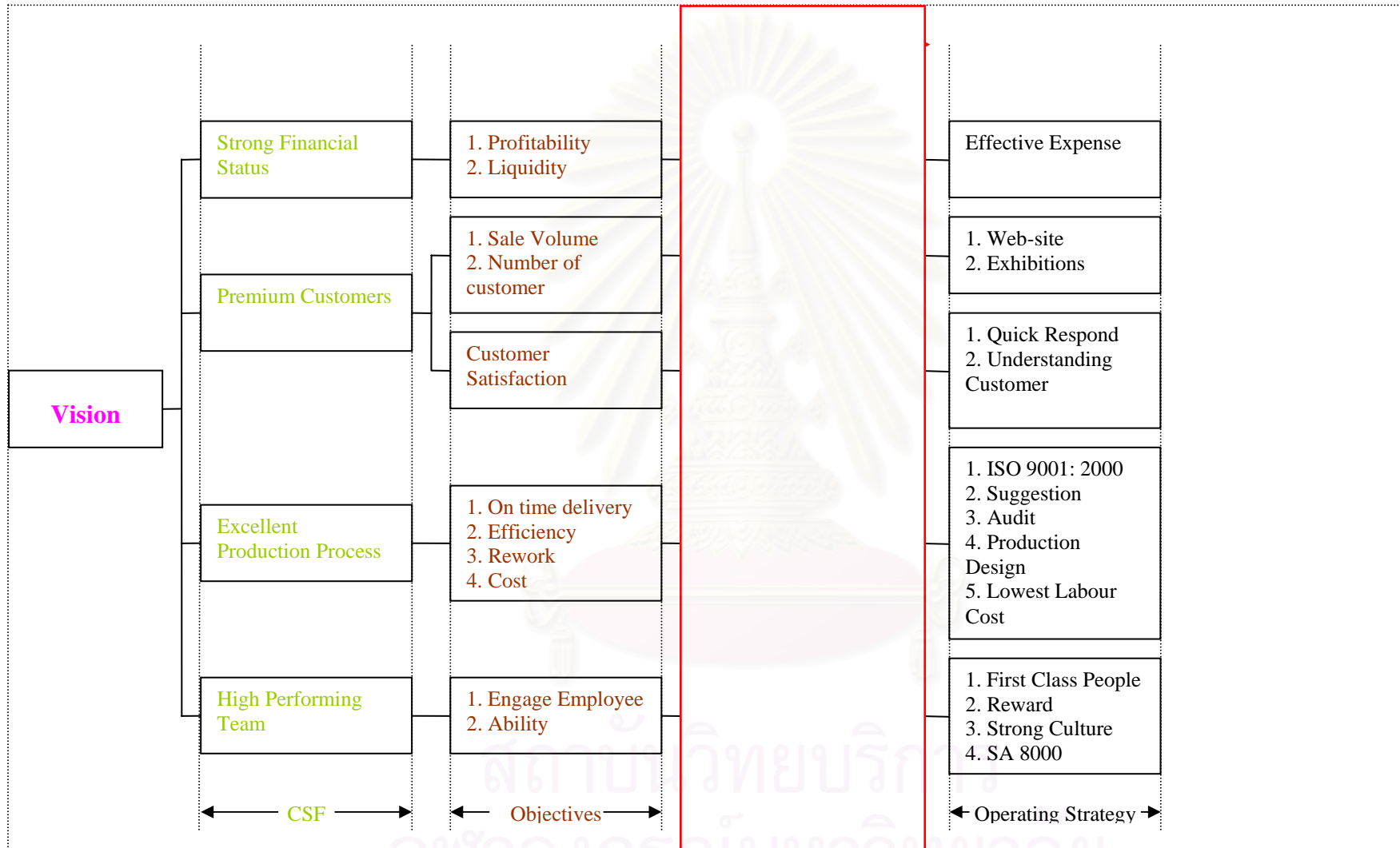


Figure 5-1: Strategic Planning Map



# Chapter 6

## Conclusion and recommendation

### 6.1 Conclusion

The purpose of this thesis is to generate proper strategies and actions for ABC garment. There are two major sections in this thesis.

In the first section, the author did the existing analysis to the ABC garment. The external analysis has been done by using PEST and five-force competitive analysis framework. The author used information from related theses and research for PEST analysis and interview managements to determine five forces in the competitive analysis (see more information in Chapter 3). The internal analysis has been done by interview managements in each function. The author then summarized internal and external analysis into SWOT analysis and passed to management's conference to review and approve (see more information in Chapter 3).

In the second section, the author creates the vision, mission, business strategy, functional strategy, and action plan by making four formal conferences.

- In the first conference, the team generated the vision by writing the five candidate visions on the board and voting by shareholders and then the team generated the mission and Critical Success Factors to communicate the vision.
- In the second conference, the team set up the objectives and measurement in order to convert vision and mission into simple language by using the matrix that was developed by the Fred Davis's criteria (Measurable – Clear- Reasonable – Challenging – Consistent) to determine the proper objective and measurement. After that, the team set up the three-year targets following the objectives and measurements. The team also

generates the business strategy by using the competitive advantage in this conference.

- In the third conference, the team discusses to generate many candidate strategies and action plan that support to vision, mission, and objectives. They then passed them to the share holder team to approve.
- In the fourth conference, share holder team made decision to choose some proper functional strategies and action plan by using a matrix that developed from Thompson and Strickland (2003).

ABC garment finally can get the proper vision, mission, critical Success Factors, objectives, measurements, three year targets, business strategies, functional strategies, operating strategies, and action plan. The summary of the strategic planning results are placed in the one page strategy and one page plan (see more information in Chapter 5 and appendix E). The linkage among vision, CSF, objectives, and strategies are show in figure 5-1 to ensure that the strategies can help ABC garment to achieve vision in the next 10 years. The finally process of the strategic planning was the strategic planning seminar that communicate summarize of business plan to all managements. The seminar was the day the start to implement the strategic planning or business plan.

## **6.2 Recommendations**

According to Fred R. David (2003: 236) said successful strategy formulation does not grantee successful strategic implementation. It is much more difficult to do something than to say you are going to do it.

Therefore ABC garment must be aware for the challenge or problem that would be occurred while implementing the business plan. The author would like to recommend some factors below that ABC garment should take considering while implementing.

- 1) Human resource: People are the most important factor that ABC garment or any organization need to concern while implement strategies. Top management must ensure that every employee are understand, awareness, and willing to work following the strategies. There are many solutions to lead employees, but the recommend solutions are continual training, communication, and listening for every employees.
- 2) Pay to strategies: Benefits is not the most important reason for employee to work for, but it is still very important for employees. ABC garment should link the three year business plan to the personnel performance and reward to the people who can achieve their target performance. The reward should significant enough for employee to believe that business plan is important either for them and company.
- 3) Conflict: Conflicts can be occurred while implementation strategies. They may come from different between two or more parties or one or two solution. Managements need to manage conflicts that will be occurred in the future. Fred R. David (2003) recommended three ways to managing conflict (Avoidance, Diffusion, and confrontation). However conflict is not always bad because it leads to innovation.
- 4) Managing Resource: Each strategies or activities are required resource. Every company including ABC garment has limited resource. Therefore they must concern on those limited resources especially critical resource such as time, budget, and people. Top management and champion must take responsibility and accountability to each strategy by monitoring and take preventative and corrective action for control resources.

The good strategy today may not be a good strategy in the future because the best-formulated and best implemented strategies become obsolete as a firm's external and internal environments change. Therefore ABC garment must be evaluate the business plan in the appropriate period to ensure that the business planning meet, effective, and competitive with the existing situation. The assessment matrix from Fred R. Davis

(2003) is the recommend tool to evaluate the strategies (see more information of the assessment matrix in Chapter 2).

### **6.3 Constraint**

A successful strategic planning process are required a lot of information, time, and people. Constrain of them are very challenge to do the strategic planning.

- 1) Information: The information of Thai garment industry is more difficult to find if compare with the developed country such as US, UK, German, France, and etc. Most of the information came from Thai Garment Manufacturing Associate (TGMA) because there are few organization that collect information and research for Thai garment industry.
- 2) Time: Strategic planning process requires many activities such as collect information, discussion, verify, commit, implement, and evaluate to get a good strategy. Each activity are also require time. It was quite difficult to get the time from people especially managements to do the strategic process because they are have their own responsible routine job.
- 3) People: People is the most important factor for the strategic planning process because people must generate idea and discuss to making a decision. The managements of ABC garment have high experience and knowledge in term of their work, but they are not really understood for the strategic planning model. It brings a lot of confusing to management in order to formulate vision, mission, objective, strategies, and action plan at first hours of the strategic planning conference. However they understood the strategic planning process and showed many innovation ideas to do the strategic planning after understood.

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[www.detthai.go.th](http://www.detthai.go.th)

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สถาบันวิทยบริการ  
จุฬาลงกรณ์มหาวิทยาลัย



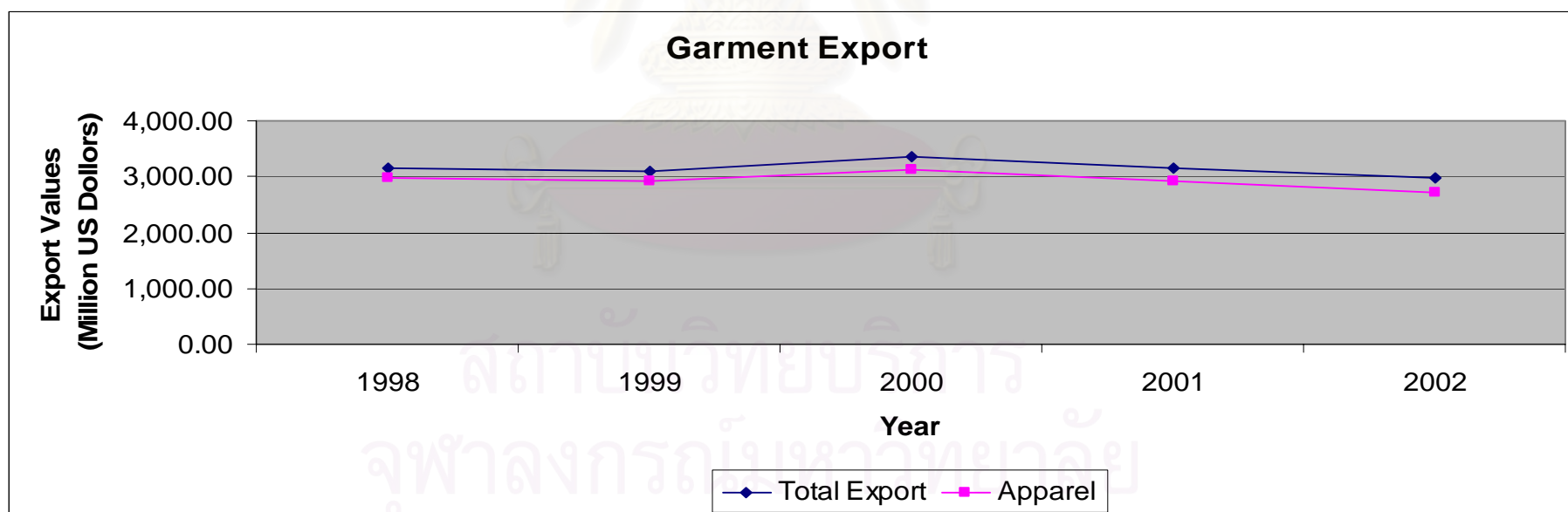
## APPENDICES

สถาบันวิทยบริการ  
จุฬาลงกรณ์มหาวิทยาลัย

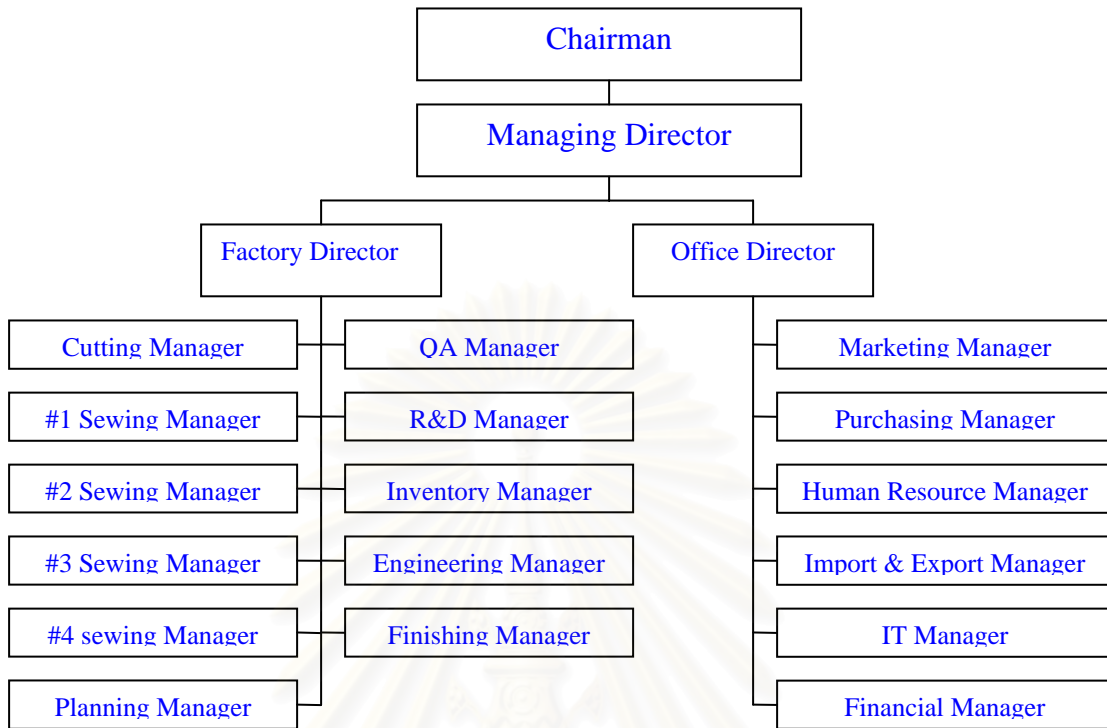


## Appendix A Thai Garment Export

Product	Export Values (Million US Dollars)						
	1998	1999	2000	2001	2002	2002 Jan-Mar	2003 Jan-Mar
1 Apparel	2,986.76	2,915.63	3,132.68	2,914.40	2,724.09	582.36	655.53
2 Brassieres and Accessory	101.35	115.83	160.19	178.46	190.03	42.11	50.22
3 Sock and Stockings	45.69	51.47	59.01	52.03	56.09	11.29	13.81
4 Gloves	18.88	19.59	17.45	15.32	11.52	2.52	2.45
5 Total	3,152.69	3,102.51	3,369.34	3,160.22	2,981.72	638.29	722.01



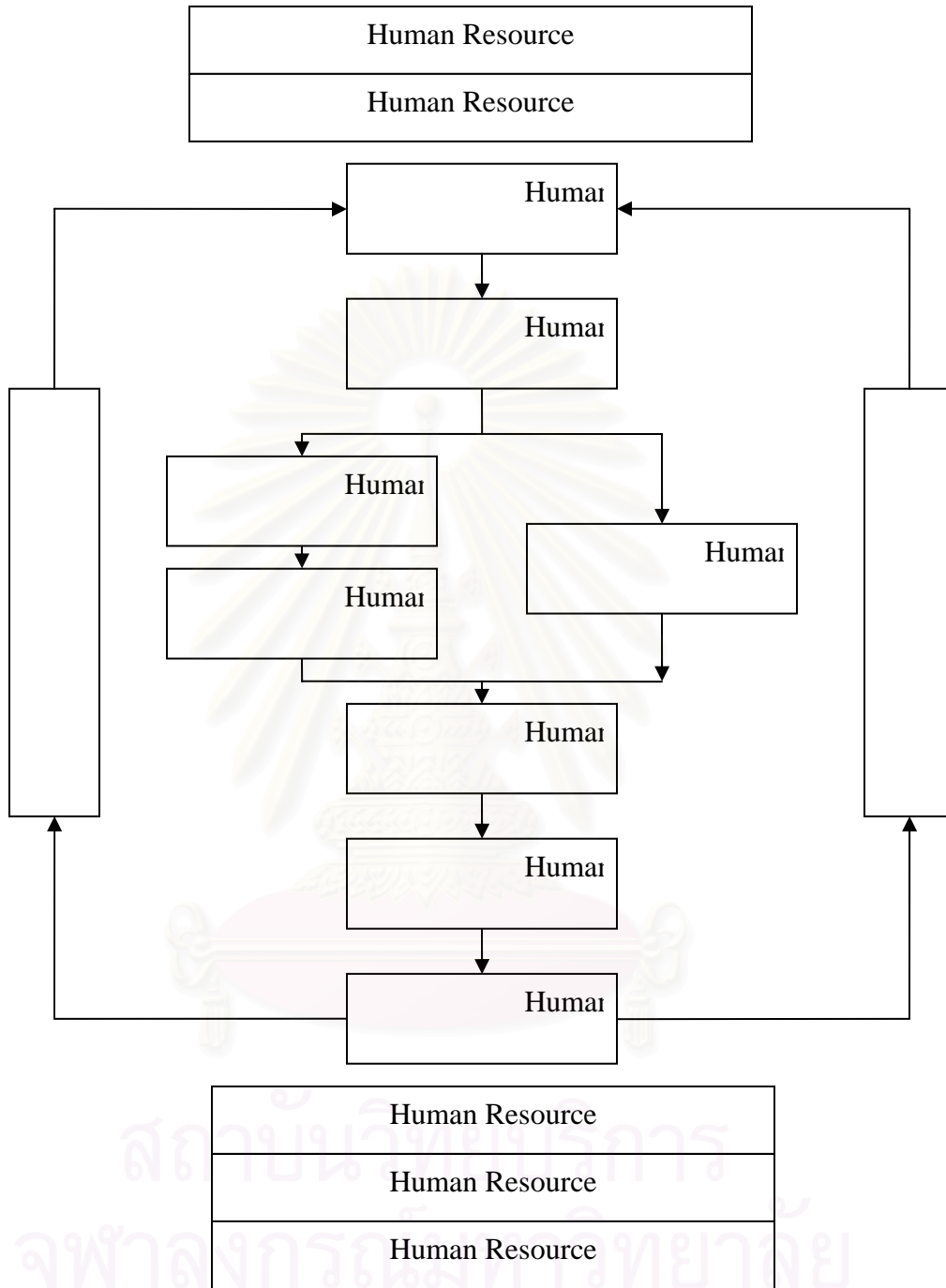
# Appendix B Organization Chart



*Organization Chart*  
*Source: Quality Manual of ABC Garment (2003)*

สถาบันวิทยบริการ  
จุฬาลงกรณ์มหาวิทยาลัย

# Appendix C Business Process Flow



*Business Process Chart, Source: Quality Manual of ABC Garment (2003)*

## APPENDIX D

### Labour Cost

Country	1994		1996		1998		2000	
	Summer	Rank	Spring	Rank	Summer	Rank	Summer	Rank
Japan	25.62	1	24.31	4	20.07	5	26.10	1
Denmark	22.04	4	25.65	2	23.10	2	22.27	2
Switzerland	25.46	2	27.30	1	24.08	1	22.15	3
Germany	20.77	6	21.94	7	21.48	4	18.10	6
Italy	15.65	11	16.65	10	15.81	11	14.71	10
Canada	13.60	13	13.92	14	13.93	14	14.29	11
USA	11.89	16	12.26	16	12.97	16	14.24	12
France	15.35	12	16.45	11	14.16	13	13.85	14
UK.	10.47	18	11.71	18	13.58	15	12.72	15
Taiwan	5.98	22	6.38	22	5.85	23	7.23	22
Hong Kong	4.40	23	4.90	24	5.65	24	6.10	24
South Korea	4.00	25	5.56	23	3.63	29	5.32	26
Turkey	2.31	31	2.02	34	2.48	34	2.69	31
Mexico	3.22	28	1.52	41	2.23	35	2.20	34
<b>Thailand</b>	<b>1.41</b>	<b>42</b>	<b>1.56</b>	<b>40</b>	<b>1.09</b>	<b>45</b>	<b>1.18</b>	<b>44</b>
China	0.48	47	0.58	46	0.62	48	0.69	49
India	0.58	46	0.56	47	0.60	49	0.58	50
Sri Lanka	0.42	52	0.45	49	0.49	50	0.46	51
Vietnam	0.39	55	NA	53	0.39	55	0.39	53
Pakistan	0.45	50	0.43	51	0.40	54	0.37	54
Indonesia	0.46	49	0.52	48	0.24	56	0.32	56

Note: Labour costs (per hour) including allowances and social expenses

Source: Werner International Managing Consultants

Compiled by Textile Economics Study & Research Group, Textile Industry Divisions,  
BISD, DIP

จุฬาลงกรณ์มหาวิทยาลัย

## Appendix E One Page Plan Effective Expense

OBJECTIVES				
Objectives	Measurement	Target		
		2004	2005	2006
Increase Profit	Operating Profit Ratio	5	8	10
Increase Liabilities	Acid-Test ratio	1	1.2	1.5
EFFECTIVE EXPENSE COMMITTEE				
NAME	Job Title	Committee		
	Administration Director	Champion		
	Factory Director	Committee		
	Engineering Manager	Committee		
	Marketing Manager	Committee		
	Human Resource Manager	Committee		
	Financial Manager	Coordinator		
ACTION PLAN				
What/How	Who	When	Measurement	
Set budget of each function and activity	Functional Manager	Q1/04	Annually budget	
Quarterly review	Committee	Quarterly	Corrective action plan	
BUDGETING				
Item	Estimated Budget (Bath)			
Meeting	30,000			
	30,000			
NOTE				

## Appendix E One Page Plan Web-Site

OBJECTIVES				
Objectives	Measurement	Target		
		2004	2005	2006
Increase Sale Volume	Sale Index	150	200	300
Increase Number of customer	Total number of customer	5	10	20
WEB-SITE STRATEGY COMMITTEE				
NAME	Job Title	Web Site Strategy Committee		
	Administration Director	Champion		
	IT Manager	Committee		
	Inventory Manager	Committee		
	Cutting Manager	Committee		
	Purchasing Manager	Committee		
	Human Resource Manager	Committee		
	Marketing Manager	Coordinator		
ACTION PLAN				
What/How	Who	When	Measurement	
Meeting to prepare website	Committee	Q3/ 2004	Establish website's requirements	
Build up the system	IT Manager	Q4/ 2004	www. ABC garment .com	
Promote to customer	Marketing Manager	Every Month	50,000 visitor per year	
Evaluate result and update	Marketing Manager	Q4/Every Year	Evaluation Result	
	IT Manager			
BUDGETING				
Item	Estimated Budget (Bath)			
WWW. ABC garment.com fee	18,000			
Advertisement web in the internet	567,000			
Letter	25,000			
	610,000			
NOTE				
Committee should asses into web-site every month				

## Appendix E One Page Plan Exhibition

OBJECTIVES				
Objectives	Measurement	Target		
		2004	2005	2006
Increase Sale Volume	Sale Index	150	200	300
Increase Number of customer	Total number of customer	5	10	20
EXHIBITION STRATEGY COMMITTEE				
NAME	Job Title	Committee		
	Administration Director	Champion		
	Marketing Staff	Committee		
	Marketing Staff	Committee		
	Marketing Staff	Committee		
	Marketing Manager	Coordinator		
ACTION PLAN				
What/How	Who	When	Measurement	
Prepare evidence	Committee	Q2/Every Year	Meet Deadline/ on budge	
Execution	Committee	Sep. / Every Year	200 visitor records	
BUDGETING				
Item	Estimated Budget (Bath)			
Air fare	500,000			
Hotel	240,000			
Meal	100,000			
Exhibition Fee	140,000			
Evidences e.g. Poster, gift, product	120,000			
	1,100,000			
NOTE				
9				

## Appendix E One Page Plan Understanding Customer

OBJECTIVES				
Objectives	Measurement	Target		
		2004	2005	2006
Increase Customer Satisfaction	Percentage of Customer Satisfaction	90	95	98
UNDERSTANDING CUSTOMER STRATEGY COMMITTEE				
NAME	Job Title	Committee		
	Administration Director	Champion		
	Sewing Manager	Committee		
	Engineering Manager	Committee		
	Inventory Manager	Committee		
	Purchasing Manager	Committee		
	Finishing Manager	Committee		
	R&D Manager	Committee		
	Marketing Manager	Coordinator		
ACTION PLAN				
What/How	Who	When	Measurement	
Revise questionnaire	Committee	Q3/04	Questionnaire	
Visit GAP	MK Manager	Q4/04	Complete survey form	
	QA Manager			
Visit Gimbure	MK Manager	Q2/05	Complete survey form	
	Finishing Manager			
Visit GAP	Sewing Manager	Q4/05	Complete survey form	
	Engineering Manager			
Visit A&F	Marketing Manager	Q2/06	Complete survey form	
	R&D Manager			
Visit GAP	Sewing Manager	Q4/06	Complete survey form	
	Inventory Manager			
Evaluation and communication	Committee	within 1 weeks	Presentation in Management	
		after visit	Review	
BUDGETING				
Item	Estimated Budget (Bath)			
Air Fare	500,000			
Hotel	80,000			
Meal	20,000			
	600,000			
NOTE				



## Appendix E One Page Plan Quick Respond

OBJECTIVES				
Objectives	Measurement	Target		
		2004	2005	2006
Increase Customer Satisfaction	Percentage of Customer Satisfaction	90	95	98
QUICK-RESPOND STRATEGY COMMITTEE				
NAME	Job Title	Committee		
	Administration Director	Champion		
	QA manager	Committee		
	R&D Manager	Committee		
	Cutting Manager	Committee		
	Sewing Manager	Committee		
	Finishing Manager	Committee		
	Inventory Manager	Committee		
	Marketing Manager	Coordinator		
ACTION PLAN				
What/How	Who	When	Measurement	
Develop Customer Complain Form	Marketing Manager	Q3/04	Form	
Training all employee	Marketing Manager	Q3/04	All employees are trained	
Training new employee	Functional Manager	Quarterly	All employees are trained	
respond within 24 hours	Everybody	Every time	clear corrective action within 24 hours	
Collect credit	Administration Director	After completed	Within 24 hours after complete	
		Corrective action	corrective action	
BUDGETING				
Item				Estimated Budget (Bath)
Training all employee				72,000
Communication Cost				28,000
				100,000
NOTE				
Customers can changed their supplier within 2 seconds.				

# Appendix E

## One Page Plan

### ISO 9001

OBJECTIVES				
Objectives	Measurement	Target		
		2004	2005	2006
On-Time delivery	Percentage of on-time delivery	90	95	100
Increase Efficiency	Percentage of production efficiency	70	80	85
Lowest Cost	Percentage of actual cost per estimate	110	105	105
Reduce Rework	Percentage of Rework	12	8	5
ISO 9001: 2000 STRATEGY COMMITTEE				
NAME	Job Title	Committee		
	Factory Director	Champion		
	Sewing Manager	Committee		
	Inventory Manager	Committee		
	Cutting Manager	Committee		
	Engineering Manager	Committee		
	Purchasing Manager	Committee		
	Human Resource Manager	Committee		
	QA Manager	Coordinator		
ACTION PLAN				
What/How	Who	When	Measurement	
Maintain ISO 9001: 2000	everybody	all time	Certification	
Assessment by Certification Body	everybody	Sep./every year	Certification	
Develop and Integrate to ISO 9001	Committee	Q1andQ3/ every year	Reduce number of CAR 20% every year	
BUDGETING				
Item				Estimated Budget (Bath)
Certification body fee				200,000
				200,000
NOTE				

## Appendix E One Page Plan Suggestion

OBJECTIVES				
Objectives	Measurement	Target		
		2004	2005	2006
On-Time delivery	Percentage of on-time delivery	90	95	100
Increase Efficiency	Percentage of production efficiency	70	80	85
Lowest Cost	Percentage of actual cost per estimate	110	105	105
Reduce Rework	Percentage of Rework	12	8	5
SUGGESTION STRATEGY COMMITTEE				
NAME	Job Title	Committee		
	Factory Director	Champion		
	Import&Export Manager	Committee		
	Human resource Manager	Committee		
	Planning Manager	Committee		
	Maintenance Crew	Committee		
	Sewing operator	Committee		
	Cutting Operator	Committee		
	Engineering Manager	Coordinator		
ACTION PLAN				
What/How	Who	When	Measurement	
Establish Suggestion Sheet	Engineering Manager	Q3/04	Suggestion form	
Training all employee	Committee	Q4/04	> 50 suggestion reports/month	
Training new employee	Committee	within 3 month	Meet deadline	
Quick Respond and communication	Committee	within 1 month	More than 70% of suggestion can be implemented	
BUDGETING				
Item	Estimated Budget (Bath)			
Training	72,000			
Rewards	48,000			
	120,000			
NOTE				
Did you submit suggestion report in this month?				
Did you respond all suggestion reports of previous month?				

## Appendix E One Page Plan 11 Audit

OBJECTIVES				
Objectives	Measurement	Target		
		2004	2005	2006
On-Time delivery	Percentage of on-time delivery	90	95	100
Increase Efficiency	Percentage of production efficiency	70	80	85
Lowest Cost	Percentage of actual cost per estimate	110	105	105
Reduce Rework	Percentage of Rework	12	8	5
11 AUDIT COMMITTEE				
NAME	Job Title	Committee		
	Factory Director	Champion		
	Administration Director	Committee		
	Engineering Manager	Committee		
	Cutting Manager	Committee		
	Sewing Manager	Committee		
	R&D Manager	Committee		
	QA Manager	Coordinator		
ACTION PLAN				
What/How	Who	When	Measurement	
11 audit question sheet	Committee	Q3&Q4/ 04, Q1/05	11 audit sheets meet dead line	
Training Auditor	Audit team	Q2/05	Score of test	
Set Audit schedule	Factory Director	Q2/05	Audit schedule	
Perform	Audit team	Every Month	Audit score and corrective action	
Integrate to ISO 9001: 2000	Committee	Q1/06	Can be added in document control of ISO 9001	
BUDGETING				
Item	Estimated Budget (Bath)			
Consultant	180,000			
	180,000			
NOTE				

## Appendix E One Page Plan Production Design

Objectives	Measurement	Target		
		2004	2005	2006
On-Time delivery	Percentage of on-time delivery	90	95	100
Increase Efficiency	Percentage of production efficiency	70	80	85
Lowest Cost	Percentage of actual cost per estimate	110	105	105
Reduce Rework	Percentage of Rework	12	8	5
<b>MUTI-SKILL COMMITTEE</b>				
NAME	Job Title	Committee		
	Factory Director	Champion		
	QA Manager	Committee		
	Planning Manager	Committee		
	Sewing Manager	Committee		
	Sewing Manager	Committee		
	Sewing Manager	Committee		
	Sewing Manager	Committee		
	R&D Manager	Coordinator		
<b>ACTION PLAN</b>				
What/How	Who	When	Measurement	
Skill Development Survey	Sewing Manager and Sewing Supervisor	Q4/every year	Meet deadline	
Training	R&D manager and R&D operator	Every day	> 100 employees are trained in one month	
Production Design	R&D specialist	Every Product Style	Line Balancing Process	
Evaluation	Sewing Manager and sewing supervisor	Every day	% of muti skill operator (Improve at least 20 % every year)	
<b>BUDGETING</b>				
Item	Estimated Budget (Bath)			
Training	2,700,000			
	2,700,000			
<b>NOTE</b>				

## Appendix E One Page Plan Production Design

OBJECTIVES				
Objectives	Measurement	Target		
		2004	2005	2006
On-Time delivery	Percentage of on-time delivery	90	95	100
Increase Efficiency	Percentage of production efficiency	70	80	85
Lowest Cost	Percentage of actual cost per estimate	110	105	105
Reduce Rework	Percentage of Rework	12	8	5
MUTI-SKILL COMMITTEE				
NAME	Job Title	Committee		
	Factory Director	Champion		
	Administration Director	Committee		
	QA Manager	Committee		
	Sewing Manager	Committee		
	Financial Manager	Committee		
	R&D Manager	Committee		
	Human Resource Manager	Committee		
	Engineering Manager	Coordinator		
ACTION PLAN				
What/How	Who	When	Measurement	
Feasibility Study	Factory Director	Q3,Q4/04	Feasibility study Report	
Supplier Selection and monitoring	Committee	Q1-Q3/05	New Factory in China	
Transfer and Recruit employee	Committee	Q4/05	1,000 new employee	
Training	Committee	Q4/05	1,000 new employees are trained	
Employee evaluation	Committee	Q4/05	More than 90% passed	
ISO 9001: 2000 Implementation	QA Manager	Q1-Q4/06	Certified	
BUDGETING				
Item	Estimated Budget (Bath)			
Feasibility Study	500,000			
	500,000			
NOTE				
The budget above is only for the project feasibility study during 6 months. For the budget for chooses supplier, establish new factory, recruit employee, training, and etc. may be recommended in project feasibility study results.				

## Appendix E One Page Plan First Class People

OBJECTIVES				
Objectives	Measurement	Target		
		2004	2005	2006
Engage Employee	Engagements Index	70	80	85
Develop Employee ability	Performance Index	50	60	70
FIRST CLASS PEOPLE COMMITTEE				
NAME	Job Title	Committee		
	Administration Director	Champion		
	Purchasing Manager	Committee		
	QA Manager	Committee		
	Human Resource Manager	Coordinator		
ACTION PLAN				
What/How	Who	When	Measurement	
Job announcement	HR Manager	Need new employee	> 10 candidate in each position	
Selection	HR Manager, and direct supervisor	New recruits	> 80% pass probation	
Deploy Key Performance Indicators	direct supervisor	30 days after recruitment	Meet deadline	
Training	HR Manager, and Functional Manager	Every Month	Every employee are trained	
Annual appraisal	HR Manager, and direct supervisor	December/ Every year	Meet deadline	
BUDGETING				
Item	Estimated Budget (Bath)			
Announcement	900,000			
Training	70,000			
	970,000			
NOTE				

## Appendix E One Page Plan Reward

OBJECTIVES				
Objectives	Measurement	Target		
		2004	2005	2006
Engage Employee	Engagements Index	70	80	85
Develop Employee ability	Performance Index	50	60	70
REWARD COMMITTEE				
NAME	Job Title	Committee		
	Administration Director	Champion		
	Sewing Manager	Committee		
	Cutting Operator	Committee		
	Warehouse Operator	Committee		
	Sewing Operator	Committee		
	Finishing Operator	Committee		
	QC Operator	Committee		
	Human Resource Manager	Coordinator		
ACTION PLAN				
What/How	Who	When	Measurement	
Set up Reward criteria	Committee	Q4/04	Criteria	
Select the right person	Committee	every month	right person on time	
Communicate	Committee	every month	Morning talk	
BUDGETING				
Item				Estimated Budget (Bath)
Reward compensation				1,161,000
Trophy				39,000
				1,200,000
NOTE				
9				



## Appendix E One Page Plan Strong Culture

<b>OBJECTIVES</b>				
Objectives	Measurement	Target		
		2004	2005	2006
Engage Employee	Engagements Index	70	80	85
Develop Employee ability	Performance Index	50	60	70
<b>STRONG CLUTURE STRATEGY COMMITTEE</b>				
NAME	Job Title	Committee		
	Factory Director	Champion		
	Administration Director	Committee		
	Sewing Manager	Committee		
	QA Manager	Committee		
	Sewing Supervisor	Committee		
	Finishing operator	Committee		
	Human Resource Manager	Coordinator		
<b>ACTION PLAN</b>				
What/How	Who	When	Measurement	
Establish behavior Culture	Committee	Q3,Q4/04	Behavior culture manual	
Committed and Training	Committee	Q2/every year	All employees are trained	
Annual appraisal	Direct Supervisor	Dec/ every year	meet deadline	
<b>BUDGETING</b>				
Item			Estimated Budget (Bath)	
Consultant			75,000	
Training			225,000	
			300,000	
<b>NOTE</b>				
<p style="font-size: 2em; opacity: 0.5; text-align: center;">ศูนย์วิจัยบริการ สู่สังคมแห่งการเรียนรู้</p>				

# Appendix E

## One Page Plan

### SA 8000

OBJECTIVES				
Objectives	Measurement	Target		
		2004	2005	2006
Engage Employee	Engagements Index	70	80	85
Develop Employee ability	Performance Index	50	60	70
SA 8000 STRATEGY COMMITTEE				
NAME	Job Title	Committee		
	Administration Director	Champion		
	Factory Director	Committee		
	Sewing Manager	Committee		
	Finishing Manager	Committee		
	Engineering Manager	Committee		
	Sewing Supervisor	Committee		
	QC Supervisor	Committee		
	Cutting Operator	Committee		
	Human Resource Manager	Coordinator		
ACTION PLAN				
What/How	Who	When	Measurement	
Establish document	Committee	Q1/05	Completed document	
Implementation	Everybody	Everyday	Number of CAR	
Assessment by certification body	Everybody	Sep/every year	Certified	
Corrective Action	Committee	Within 30 days	Completed corrective action	
Integrate to ISO 9001: 2000	Committee	Q3/05	Can be add in document control and record control in ISO 9001	
BUDGETING				
Item	Estimated Budget (Bath)			
Consultant	225,000			
Training	72,000			
Improvement	190,000			
Certification body fee	13,000			
	500,000			
NOTE				

# BIOGRAPHY

Mr. Surajet Kirdsuk was born on December 21, 1978 in Bangkok, Thailand. He graduated from Thammasat University in 1999 with a bachelor degree in Industrial Engineering.



สถาบันวิทยบริการ  
จุฬาลงกรณ์มหาวิทยาลัย