

Preface to the Third Edition

Currently in many industrial companies, strategic developments are predominantly based on marketing decisions at the front end of the debate, with operations being forced to react to these at the back end of the process. Since operations managers come late into these discussions, it is difficult for them to successfully influence corporate decisions. The outcome is the loss of the sizable and key operations perspectives and understanding of markets and customers and sometimes the formulation and later development of strategies which operations is unable to successfully support. This is not to say that this happens for lack of trying; the work ethic is strong in the operations culture. However, if the basic link between the operations processes and infrastructure (that is, operations strategy) and the market is not strategically sound, then – by definition – the business will suffer.

The many reasons why this happens are addressed in the book. Significant among them is that typically the attention of operations managers primarily focuses upon the day-to-day part of their task. It concerns operational detail and is output-oriented, while in strategic terms their role is seen as being reactive.

The purpose of this book is twofold. First, it is to help operations executives to recognize and undertake the strategic dimension of their task. It is intended to help them think, analyse and discuss corporate issues and to formulate a functional strategy in line with the needs of a firm's markets.

Second, it is to provide the wherewithal for executives in other functions to relate to, understand and discuss operations' strategic role and contribution to supporting a company's agreed markets. The way in which the book fulfils this purpose is to introduce and explain the concepts, ideas and language that underpin the emerging subject area of operations strategy.

In this way it helps to provide insights and evaluates operations' corporate contribution through strategic perspectives, rather than just through short-term performance. It not only helps operations managers to develop and provide appropriate corporate-level inputs, but also enables other executives to recognize and appreciate the strategic perspectives which emanate from operations and which need to be given due consideration within the business debate.

The strategic perspective of operations forms the basis on which the book is written, but the approach places these issues within the rightful context of the business whole. Thus, it recognizes that in today's world, the majority of companies will be unable to sustain success over a long period of time if their strategy is based upon a limited view of what is important. The book, therefore, emphasizes the essential requirement to link operations strategy to those of marketing and other functions in order to determine the best strategies for the business as a whole. In summary, the book is written as an attempt to:

- 1 Close the gap between operations and marketing in terms of strategy formulation.

- 2 Provide a set of principles and concepts which are pragmatic in nature and designed to be applied to each different part of a business.
- 3 Offer an analytical approach to the development of operations strategy rather than advocate a set of prescriptive solutions. Each business and each part of each business is different. The resolution of strategy through prescription is, therefore, by definition inappropriate. Furthermore, the complexity in operations is such that it encourages companies to take strategic short cuts. As a consequence, prescriptive approaches seem doubly attractive. The book argues strongly against such approaches. In suggesting a means of developing an operations strategy and raising essential issues throughout, it provides a way of coping with this complexity. The principles and concepts outlined provide a basis for placing operational detail in an essential strategic framework.

Outlined in the book is a basic approach to developing an operations strategy which has been used successfully in many companies throughout the world. It provides a logical, practical and effective way for operations to interface with marketing and other functions in formulating business strategy. In so doing, it ensures that the 'front-end' debate concerns not just the outward-looking stance of marketing, but the outward-looking stance of the business as a whole. This thereby reduces the number of situations in which marketing-led strategies may be adopted which – in overall terms – will be harmful to the business. It does this by emphasizing the consequences for the total business of different decisions – a technique which is a prerequisite for developing sound strategic direction.

Many executives shy away from discussions of operations because they see it as an area of technology and/or complex detail. This is because, traditionally, operations is presented in this form. The approach in this book is to group together relevant operational detail into key strategic issues, and to provide an understanding of how these apply in companies. The development of a strategic language also gives the opportunity to move away from what often constitutes current practice – a discussion of operational problems. This is not only an inappropriate operations contribution at the executive level, but also has the effect of dulling the interest of other functions in examining the operations issues involved. Strategic language, on the other hand, helps to orient and maintain the debate at the appropriate level. It stimulates executive interest and enables others to address the complexity by creating a manageable number of operations variables.

The book comprises eleven chapters, followed by a number of case studies. Chapter 1 sets the scene by drawing some important international comparisons at national, industry and plant levels. The exhibits embody a growing awareness of the fact that those countries which clearly emphasize the importance of operations' contribution to business success have consistently outperformed other developed countries with a sound industrial tradition.

The core of the book is in the nine central chapters. The headings highlight some key developments within operations strategy. Together they form the substance of the language development as well as the methodologies to be used in its formulation. Chapters 2, 3 and 4 provide the context and content on the approach to be adopted when developing an operations strategy and detail what needs to be undertaken at each step. They include some illustrations to help with this explanation. Chapter 5 deals exclusively with the choice of process, the basis for that choice and the business implications that

follow. Chapter 6 introduces the concept of 'product profiling', which provides companies with a methodology for testing the current or anticipated future level of fit between the characteristics of their markets and those of their operations processes and infrastructure. Chapters 7 and 8 deal with the concept of focus and the need to assign plants or parts of a plant to a defined set of tasks. The latter provides a detailed methodology statement on how to undertake this development. Chapter 9 examines the implications behind supply chain decisions. Companies need to address where they should position themselves on the process spectrum, while realizing that both in-house and suppliers' processes fall within the remit of a firm's operations strategy as both will impact how well a company can meet the needs of its markets.

Although at first sight these last three chapters appear to concern solely operations process decisions, it is important to recognize that they are also a critical part of infrastructure formulation, since the size and shape of plants are significant factors in what constitutes an appropriate infrastructure, the subject of Chapter 10. This chapter introduces some important concepts as a way of providing a business with the insights necessary to formulate developments in the wide range of functions within operations. This approach will enable these important, expensive and time-consuming tasks to be designed in order to support the requirements of a company's markets. It will enable them to be given strategic shape and direction rather than emanating from specialized perspectives.

The final chapter concerns the area of accounting, finance and performance measurement which is important because it provides some of the essential basic data used in the formulation of strategic decisions and its measurement. As with Chapter 10, it is not intended to be a comprehensive statement of the area, but only to represent some operations management views of serious shortcomings in this essential information provision. The professional accountant may find the approach in the front end of the chapter provocative; it is intended, however, to be more constructive than that. The issues raised aim to challenge current practice and ideas as a way to stimulate improvement.

The second part of the book contains a number of case studies developed from the research and consulting activities of the authors. They have been chosen to provide, for executives and students alike, learning vehicles that, through the analysis of actual business situations, address and illustrate the concepts and approaches explored in the preceding chapters.

Finally, we trust that all who use the book will find it helpful. It is vital that operations takes its full part in strategic formulation if industrial companies are to prosper in the face of increasing world competition.

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*To
PM and HH
LK and DT
JB, SA and OJ*