

*"Stride into the future before it arrives"*



**Seminar on  
Managing the Future Business Opportunities**

Organized by  
The Technology Watch Centre (TWC)

@  
NATIONAL SCIENCE FOUNDATION (NSF)

On  
01<sup>ST</sup> DECEMBER 2004

Seminar on  
**"MANAGING THE FUTURE BUSINESS OPPORTUNITIES"**  
01<sup>st</sup> December 2004 @ National Science Foundation Auditorium

**TENTATIVE PROGRAMME**

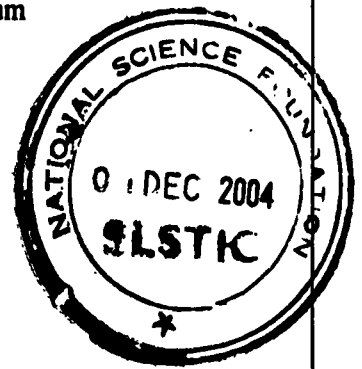
- 9.00pm – 9.30 pm Registration
- 9.30pm – 9.40pm Welcome Address Chairperson/Director (NSF)
- 9.40pm –10.30 pm **International Marketing**  
Mr.Pradeep Randiwela, Dean, Faculty of Management & Finance  
University of Colombo, Sri Lanka
- 10.30 pm –10.45 pm **TEA BREAK**
- 10.45pm –11.45 pm **Learning organizations – Use of strengths for future opportunities through SWOT analysis**  
Mr. TM Jayasekera, Managing Director- Innovative skills Limited
- 11.45pm – 12.45 pm **Applications of Quality Circles & 5S Concept**  
Mr.Lal Fonseka, Brandix Ltd.
- 12.45pm – 1.30 pm **LUNCH**
- 1.30 pm – 2.15 pm **Strategy Development - Case of IT applications in rubber industry Sri Lanka**  
Mr.Ananda/Caldera, Director/GM (Factories), Associated Motorways Ltd.
- 2.15 pm – 3.15 pm **Management of R&D, Product and Process technology**  
Dr. K. P. Hemalal, Director R&D, Applied Research and Development Center of Hemas
- 3.15 pm – 4.00 pm **Emerging business opportunities under FTAs (SL-India, SL-Pakistan etc.) and lessons from the past.**  
Mr. Kingsley Bernard, President- National chamber of Exporters
- 4.00 pm Wrapping up

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# International Marketing

Pradeep Randiwela

Seminar on  
"Managing the Future Business  
Opportunities"

1<sup>st</sup> December 2004 @ National Science foundation  
Auditorium  
47/5, Maitland Place, Colombo 07  
Sri Lanka

# Reasons for Global Marketing

- Growth
  - Access to new markets
  - Access to resources
- Survival
  - Against competitors with lower costs (due to increased access to resources)

# Global Marketing Vs. Marketing

Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of goods, ideas, and services to create exchanges that satisfy individual and organizational goals.

Global marketing focuses on global market opportunities and threats.

# Differences between Global Marketing and Marketing

- Scope of activities
- Nature of activities

## Globalization

*Globalization is the inexorable integration of markets, nation-states, and technologies to a degree never witnessed before - in a way that is enabling individuals, corporations, and nation-states to reach around the world farther, faster, deeper and cheaper than ever before, and in a way that is enabling the world to reach into individuals, corporations, and nation-states farther, faster, deeper, and cheaper than ever before.*

• Thomas Friedman

## Keys to Global Success

- Value creation
- Competitive advantage
- Focus

## What is a Global Industry?

- An industry is global to the extent that a company's industry position in one country is interdependent with its industry position in another country
- Indicators of globalization:
  - Ratio of cross-border trade to total worldwide production
  - Ratio of cross-border investment to total capital investment
  - Proportion of industry revenue generated by companies that compete in key world regions

## Value Creation

- Value = Benefits/Price
  - Price is a function of money, time, and effort
  - Benefits result from the product, promotion, and distribution
- 2 methods of value creation
  - Improved benefits
  - Lower prices

## Competitive Advantage

- Success over competition in industry at value creation
- Achieved by integrating and leveraging operations on a worldwide scale

## Globalization or Global Localization?

- Globalization
  - Developing standardized products marketed worldwide with a standardized marketing mix
  - Essence of mass marketing
- Global localization
  - Mixing standardization and customization in a way that minimizes costs while maximizing satisfaction
  - Essence of segmentation
  - Think globally, act locally

## Focus

Concentration and attention on core business and competence

*Nestle is focused: We are food and beverages. We are not running bicycle shops. Even in food we are not in all fields. There are certain areas we do not touch.....We have no soft drinks because I have said we will either buy Coca-Cola or we leave it alone. This is focus.*

Helmut Maucher

## Where in the World?

- How does a company decide which markets to enter?
  - Company resources
  - Managerial mind-set
  - Nature of opportunities and threats in that market

## Examples of Global Marketers

- Coca-Cola
- Philip Morris
- Daimler-Chrysler
- McDonald's
- Toyota
- Ford
- Unilever
- Gillette
- IBM
- USA
- USA
- Germany
- USA
- Japan
- USA
- UK/ Netherlands
- USA
- USA

## Management Orientations

- Ethnocentric
- Polycentric
- Regiocentric
- Geocentric

## Why Go Global?

- For US-based companies, 75% of sales potential is outside the US.
  - About 90% of Coca-Cola's operating income is generated outside the US.
- For Japanese companies, 85% of potential is outside Japan.
- For German and EU companies, 94% of potential is outside Germany.

## Ethnocentric Orientation

- Assumes home country is superior to the rest of the world; associated with attitudes of national arrogance and supremacy
- Management focus is to do in host countries what is done in the home country
  - Sometimes called an *international company*
  - Products and processes used at home are used abroad without adaptation

## Polycentric Orientation

- Management operates under the assumption that every country is different; the company develops country-specific strategies
  - Sometimes called a *multinational company*
  - Company operates differently in each host country based on that situation
- Opposite of ethnocentrism

## Geocentric Orientation

- Entire world is a potential market
- Managerial goal is to develop integrated world market strategies
  - *Global companies* serve world markets from a single country and tend to retain association with a headquarters country
  - *Transnational companies* serve global markets and acquire resources globally; blurring of national identity

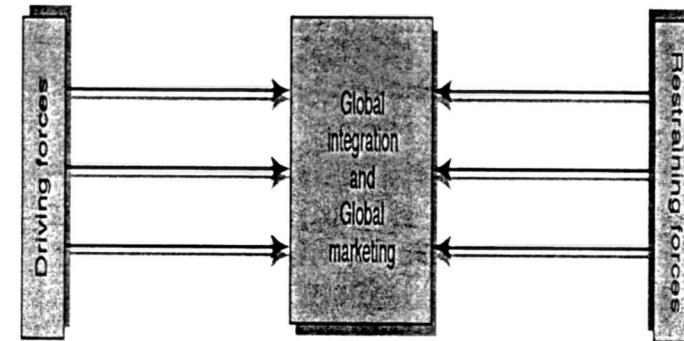
## Regiocentric Orientation

- Region becomes the relevant geographic unit (rather than by country)
- Management orientation is geared to developing an integrated regional strategy
  - European Union
  - NAFTA

## “Transnationality” Rankings

- |   |  |
|---|--|
| 1. Nestle (Switzerland)                   | 8. Unilever (UK/<br>Netherlands)                 |
| 2. Thomson Corp<br>(Canada)               | 9. Royal Philips<br>Electronics<br>(Netherlands) |
| 3. Holderbank Financiere<br>(Switzerland) | 10. Roche Holdings<br>(Switzerland)              |
| 4. Seagram Company<br>(Canada)            | 11. SCA (Sweden)                                 |
| 5. Solvay (Belgium)                       | 12. Northern Telecom<br>(Canada)                 |
| 6. ABB Asa Brown Beveri<br>(Switzerland)  | 13. Glaxo Wellcome (UK)                          |
| 7. Electrolux (Sweden)                    | 14. Cable & Wireless (UK)                        |

## Forces Affecting Global Integration



## Driving Forces

- Regional economic agreements
- Market needs and wants
- Technology
- Transportation and communication improvements
- Product development costs
- Quality
- World economic trends
- Leverage

Seminar on  
Managing the Future Business Opportunities

**Strategy Development  
Case of IT Applications in Rubber  
Industry – Sri Lanka**

By  
**Ananda Caldera**  
1<sup>st</sup> December 2004, Colombo.

**Rubber Industry of Sri Lanka**

**An overview of the Rubber Industry**

- ◆ The local raw materials with the highest possible value addition (66% according to the BOI)
- ◆ 4.2% of the foreign exchange earnings. (Raw rubber + Finished products – Rs. 20 billion 2002. Rs. 28 billion 2004 estimated)
- ◆ Contributes 4.2% of the GDP
- ◆ Large contribution, to the environment
- ◆ Possibility of earning additional foreign exchange through carbon trading.

**Future Projections**

**Global**

- ◆ Total rubber (NR+SR) consumption in 2004 – 19.5 Mn mt
- ◆ Total rubber (NR+SR) consumption by 2020 – 28 Mn mt.
- ◆ Current SR:NR ratio 60:40
- ◆ Projected growth in 2004 – 2020 - 2.7%

**Domestic**

- ◆ Domestic industries projected to consume 175,000 mt of raw rubber by 2015
- ◆ Required national rubber yield by 2010:1500 kg/ha/yr
- ◆ Rubber products exports by 2015 – 30% increase on dollar value.

**Rubber Industry Today In Sri Lanka**

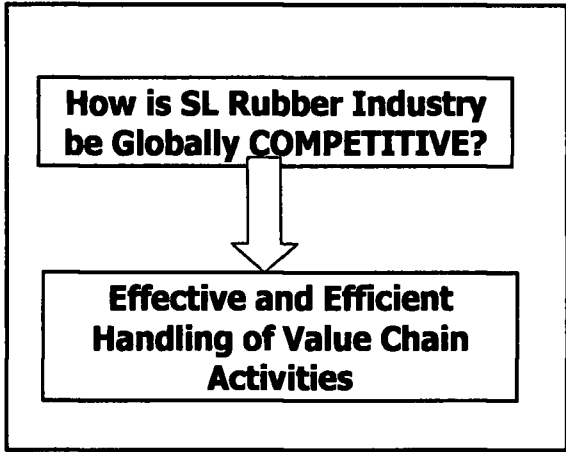
- ◆ 35% of the world solid tyre market is catered by Sri Lanka, Solid tyre industry in Sri Lanka is a leading industry, largest solid tyre companies in the world Trelleborg Lanka & Loadstar (Pvt.) Ltd.
- ◆ Dipped products Ltd., 4<sup>th</sup> largest gloves manufacturer in the world.
- ◆ Tyre retreading industry in Sri Lanka is capable of retreading over 2 million tyres/ annum.
- ◆ Footwear industry today is capable of meeting total demand and it is lead by DSI & Bata.

**Global Competition**

- ◆ Open economy and globalization removed geographical boundaries.
- ◆ Consequently capital, labour, technology markets etc. were opened to every country and to every industry
- ◆ This openness created intense competition.
- ◆ Therefore every country had to become competitive industrywise.

**Rubber Industry of Sri Lanka Today**

- ◆ Internationally accepted machinery, hence equal with competitors.
- ◆ International technology in manufacturing rubber products.
- ◆ Employs – Trained, skilled manpower and technologist not second to the competitors
- ◆ Use standard raw materials, accepted internationally.

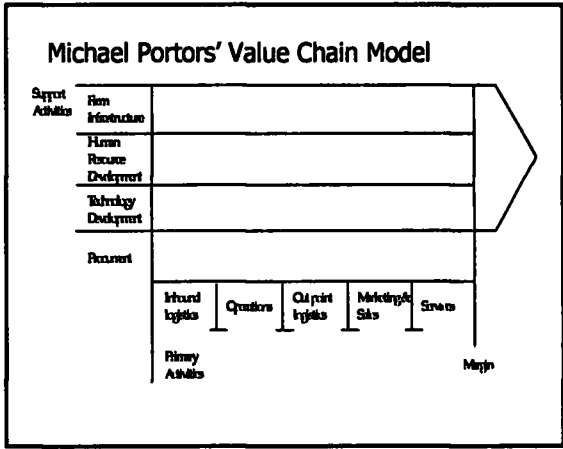


**Value Chain Activities**

- ◆ In Manufacturing products or providing services the activities involved in creating value for customers.
- ◆ The value a company creates is measured by the amount that buyers are willing to pay for the products or service.
- ◆ A business is profitable if the value it creates exceeds the cost of performing the value activities.
- ◆ To gain competitive advantage over its rivals a company must either perform these activities at a lower cost or perform them in a way that leads to differentiation and premium price (more value)

**A Company's Value Activities**

- ◆ Primary activities – involve in the physical creation of the product, marketing, delivering and after sale service.
- ◆ Support activities – Provides inputs and infrastructure that allow the primary activities to take place. Eg. General management, legal work, accounting support etc.
- ◆ "Value Chain" is a system of interdepartmental activities, which are connected by linkages, which needs to be coordinated.



**Information Technology and Value Chain Activities**

- ◆ IT permeated the value chain at every point, transferring the way value activities are performed and the nature of the linkages among them.
- ◆ IT effects the competitive scope and reshapes the way products meets buyers needs.
- ◆ Every value activity creates and uses information of some kind.
  - (1) A logistics activity, for example uses information like scheduling promises, transport rates and production plans to ensure timely and cost effective delivery.
  - (2) A service activity uses information about service requests to schedule calls and order parts, and generates information on product failures that can be useful to service product design and manufacturing methods.

**IT and Value Chain Activities**

- ◆ During the industrial revolution, companies achieved competitive advantage by substituting machines for human labour.
- ◆ But, today, the information technology which is advancing faster than other technologies, has changed the industry totally.
- ◆ The information revolution affects all nine categories of value activities, from allowing computer-aided design in technology department, on time procurement of parts, automated warehousing, inventory control system, enterprise resource planning (ERP), automated order processing systems, sales and debtors control systems etc. and e-commerce activities.

### Information Technology Permeates the Value Chain

Support Activities	IT Infrastructure	Planning models Controlling System				
	Human Resource Management	Automated personnel scheduling HRM packages, e-mail.				
	Technology Development	Computer aided design CAD/CAM		Electronic Market Research		
	Procurement	Online Procurement of parts				
	Automated warehouse inventory control system	Flexible manufacturing ERP & MRP Payroll	Automated order processing Sales & debtors system	Telemarketing E-commerce for sales person Web advertising	Remote servicing equipment	Computer scheduling and routing of repair track
	Inbound logistics	Operations	Outbound logistics	Marketing Sales	Service	

### IT as a Strategy

- ◆ Today many players of our rubber industry have identified many IT applications in their value chain activities.
- ◆ IT should be appropriately used by the industry to yield better results.
- ◆ Effectiveness of the IT usage can be measured by the productivity increase.
- ◆ Productivity is a measure of competitiveness – hence use of appropriate IT would enhance competitiveness of our rubber industry.
- ◆ Use of appropriate IT would be a healthy strategy for the rubber industry.

### Some Research Findings on Use of Appropriate IT in Our Rubber Industry

### Competitiveness

- ◆ It is the sustainable increase in productivity resulting in the improvement of the standard of the average citizen of a country (J. E. Austin Associates)
- ◆ Competitiveness refers to productivity the magnitude and rate of change in value added (per unit input) achieved by firms, (World Bank Report on competitiveness indicators)
- ◆ Among the several indicators of competitiveness the writer selected productivity as the best indicator and is appropriate for this survey and can be measured accurately.

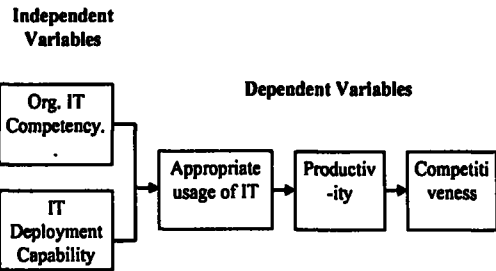
### Productivity

- ◆ Productivity can be defined as an indication of effectiveness of process to add value on input. (Tohru Sage - Integrated Productivity and quality improvement, Japan.)
- ◆ Productivity is the degree of effective utilization of each production element. (European Productivity Agency, (EPA))
- ◆ Productivity is an attitude in mind, based on conviction that one can do things better today than yesterday, and better tomorrow than today. (EPA)

### Information Technology

- ◆ Information technology permeates through each value chain activities.
- ◆ Some of the IT systems that one could use are, Automated Inventory Control Systems, Enterprise Resource Planning Software packages, Sales & Debtors Controlling packages, Telemarketing, Web Advertising, Computer scheduling and routing of repair track to provide after sales service.

### The Conceptual Model Relationship Between the Study Variables

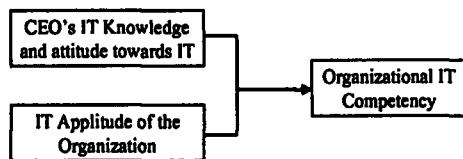


### Explanation of the Model

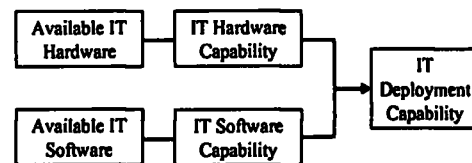
This model suggest the following relationships.

1. Competitiveness is influenced by productivity.
2. Productivity is influenced by appropriate use of IT.
3. Appropriate use of IT is a function of;
  - (i) Organizational IT Competency
  - (ii) IT Deployment Capability

### Organizational IT Competency



### IT Deployment Capability



### Defining the Key Variables

#### Organizational IT Competency-

This is a measure of the organization's ability to identify IT tools, techniques, systems etc. that can be appropriately used in value chain activities and is measured in terms of;

- CEO's IT knowledge and attitude towards IT
- IT aplitude

i.e. IT Policy  
IT Strategy  
IT Structure

### Defining Key Variables

#### IT Deployment Capability -

This is a measure of the organization's ability to execute/Implement identified IT tools /systems etc. appropriately in value chain activities and is measured in terms of;

- (i) IT hardware available for use
- (ii) IT software available for use

## Defining Key Variables

### Productivity -

In this research investigations on productivity is done based on value chain activities.

#### (A) Quantitative Measures

$$(A1) \text{ Labour Productivity (LP)} = \frac{\text{Value Addition}}{\text{No of Employees}}$$

$$(A2) \text{ Cost Ratio Productivity (CRP)} = \frac{\text{Value Addition}}{\text{Payroll Cost}}$$

(Value addition = Sales Revenue - Cost of Sales)

## Productivity -

### (B) Qualitative Measures

#### (B1) Quality Related Productivity (QRP)

= Percentage Rework /Reject

#### (B2) Distribution Productivity (DP)

= Indication of the ability to meet customer delivery requirements.

## Research Methodology

### The Sample

Out of the 15 leading rubber products manufacturers in Sri Lanka 12 companies are selected as samples for this survey and they are responsible for over 90% of the export turnover.

Data collection was done by the writer by visiting each sample companies and meeting people of the correct calibre. Writer explained the concept of the research and got them to fill the questionnaire.

## Research Methodology

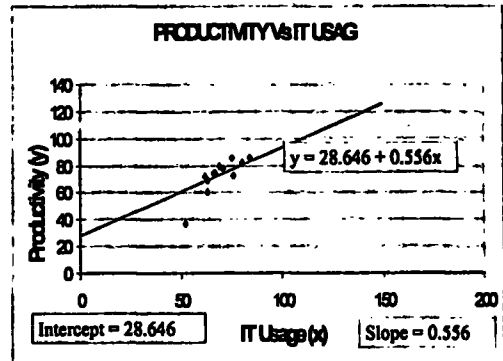
Twelve Companies included to this survey are,

- \* Associated Motorways Limited
- \* Ansell Lanka
- \* Arpitalian Compact Soles
- \* CEAT Kelani
- \* D. Samson Industries
- \* Elastomeric Engineering
- \* Eu-Retech
- \* Hanwellia Rubber
- \* Loadstar
- \* Microcells
- \* Richard Peiris Exports
- \* Trelleborg Lanka

Table 4.7

RELATIONSHIP OF APPROPRIATE USAGE OF IT Vs PRODUCTIVITY

COMPANY	Appropriate Use of IT	Productivity
AMW	74	66
Ansell Lanka	86	84
Arpitalian	73	76
CEAT Kelani	74	67
DSI (Exports)	72	62
Elastomeric	69	63
Eu-Retech	37	52
Hanwellia Rubber	60	63
Loadstar	86	75
Microcells	78	71
Richard Peiris Exp.	80	69
Trelleborg Lanka	82	80



**Table 5.5**

$r = +1.0$  - perfect +       $r = 0.90$  - very strong  
 $r = -1.0$  - perfect -       $r = 0.70 - 0.8$  - strong  
**Significant Correlation with Productivity**       $r = 0.50 - 0.6$  - moderate  
 $r = 0.0$  - No relation       $r = 0.4$  or less - weak

**ANALYSIS AND FINDINGS**

Variable	Correlation Coefficient (r)	Coefficient of Determinations (r <sup>2</sup> )
1. IT Usage	0.843	0.711
2. (i) IT Competency	0.728	0.531
(ii) CEO Related	0.466	0.218
(iii) IT Appliude	0.746	0.557
3. (i) IT Deployment Capabüny	0.889	0.790
(ii) Hardware Capabüny	0.659	0.434
(iii) Software Capabüny	0.690	0.476
(iv) HC + SC Combined	0.528	0.279

$r^2=1.00$  - 100% variance,  $r^2=0.8 - 0.9$  - good,  $r^2=0.5 - 0.7$  - fair,  $r^2=0.25-0.5$  - slight,  $r^2$  - To what degree the regression equation explain the variance[variance unexplained]

**Table 5.8**

**COMPANY RANKING AS PER STUDY VARIABLES**

Company	Productivity Rank order	IT usage Rank order	IT com. Rank order	IT Deploy. Rank order
1. ANW	8	6	5	6
2. Ansell Lanka	1	1	2	1
3. Arpitilian	3	4	5	4
4. CBAT Kelmi	7	6	4	8
5. DSI (Exports)	11	9	5	10
6. Elastomeric	9	10	9	8
7. Eu-Retech	12	12	12	12
8. Hanwella Rubber	9	11	11	11
9. Loadstar	4	1	1	5
10. Microcells	5	5	9	4
11. Richard Peiris	6	4	2	5
12. Trelleborg Lanka	2	3	3	1

L. Last

### Analysis and Conclusions

1. Ansell Lanka ranked first in productivity with 84 points (84%) has scored highest in IT usage - 86%
2. Trelleborg Lanka scored second highest with 80 points for productivity has ranked second in IT usage with 82%.
3. Loadstar, local company scored 86 points for IT usage (highest) and has ranked 4th place in productivity.
4. Eu-Retech scored 52 points for productivity ranked "Last", has ranked "Last" in IT usage.
5. Hanwella Rubber ranked one before the last in IT usage has ranked two before last in productivity.

### Conclusions

The survey results, have well supported the hypothesis "the productivity is positively related to IT usage"

One could therefore conclude that appropriate IT usage in value chain activities would increase productivity, thus enhancing competitiveness.

For Sri Lanka rubber industry it is important to develop IT usage appropriately to achieve competitiveness, and consider IT as a "factor of production" and as a "strategic - investment"

### Recommendations

1. Include IT in to curriculum of schools and Universities.
2. Establish a new research unit under Industrial Technology Institute (ITI) to carry out research in IT usage in industry.
3. Carryout a comprehensive survey /study on the use of IT by the global players (rubber industry) is developed countries.
4. Establish an advisory board to advise to rubber industrialist on the appropriate use of IT. Board to be constituted by Sri Lanka Rubber Cluster, Sri Lanka IT Cluster and academia.

**"May the rubber products industry in Sri Lanka use Information Technology more extensively and appropriately, under the new policies of e-Sri Lanka and face with the global competition successfully"**

A.C.



THANK  
YOU!

Seminar on  
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BUSINESS OPPORTUNITIES**

NATIONAL SCIENCE  
FOUNDATION OF SRI LANKA  
1<sup>st</sup> December 2004

**LEARNING ORGANIZATIONS**  
USE OF STRENGTHS FOR FUTURE  
OPPORTUNITIES THROUGH SWOT ANALYSIS

PRESENTED BY  
**T.M.JAYASEKERA** B Sc, MBA, C Eng,  
MICE, MSLIM, MSLITD, FIE, FIM, FCIWEM(Lond)

What is a "Learning  
organization"

The "learning Organization" is seen as  
a response to an increasingly  
unpredictable and dynamic business  
environment

Learning organization

An organization where everyone is  
engaged in identifying and solving  
problems, enabling the organization to  
continuously experiment, improve and  
increase its capacity to deliver new  
goods and services to customers

Learning organization

Learning organization encourages the  
development of ;

- Critical thinking
- Communication
- Interpersonal and
- Technical skills
- by everyone in it

Hallmarks of a Learning  
organization

The capacity to;

- Create
  - Anticipate and
  - respond
- to changing customer demographics and demand

## Learning organization

Learning organization adds value for the customer by responding quickly to new needs by developing new ways to satisfy them

It finds new ways to create sustainable competitive advantage in its industry

## Basic characteristics of "Learning organizations"

- Employees tell one another the truth
- Information on performance, quality, consumer satisfaction and competition is circulated widely
- Rewards are distributed equitably among employees
- High degree of trust among managers and employees based on a common set of customer - oriented values
- All employees are actively involved in solving customer- centered problems
- Employees will tend to not only on their functional areas but also must expand their ability to do things differently

## Basic characteristics of "Learning organizations"

- These skills are not acquired from text books or past experience but by way of continuous experimenting with new ideas and methods to satisfy customers
- Employees are respected trusted and are given opportunities to grow in their jobs
- Invest heavily on training by providing opportunities for everyone
- Top managers believe that employees are motivated by curiosity and should experience the joy of learning

## Basic characteristics of "Learning organizations- example"

- At South West airlines clerks suggested doing away with tickets
- CEO, Herb Kelleher believed that this was an interesting idea and permitted clerks to experiment with it on selected routes
- Customers were given a PIN number at the reservation counter
- At the gate they receive a reusable boarding pass colour coded for seat selection on first come first served basis
- Those who asked for a receipt was provided with it by mailing it on the same day
- SW thereby saves \$1.25 per every ticket in addition to the increased employee responsibility

## History of "Learning organization"

The "learning Organization" has its origins in companies like Shell where Arie de Geus described learning as the only sustainable competitive advantage

## Why "Learning organizations"

- Because organizations want superior performance and competitive advantage
- Improved customer Relations
- To avoid decline of their performance
- To improve quality of performance

### Why "Learning organizations"

- To understand risk and diversity more deeply
- To innovate
- For personal and spiritual well being
- To increase ability to manage change
- For better understanding

### Why "Learning organizations"

- For energized and committed workforce
- To expand boundaries
- To engage in community
- For independence and liberty
- For awareness of the critical nature of interdependence
- Because the time demands it

### Two most important definitions of "Learning organization"

1. A "learning Organization" is one that facilitates the learning of all its members and continually transforms itself – M Pedler

### Two most definitions of "Learning organization"

2. "Learning Organizations" are organizations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free and where people are continually learning to learn together – Peter Senge

### A working definition of "Learning organization"

"Learning Organizations" are organizations that have in place systems, mechanisms and processes that are used to continually enhance their capabilities and those who work with it or for it, to achieve sustainable objectives – for themselves and communities in which they participate

### Key points in the definition of "Learning organization"

Learning Organizations are;

- Adaptive to their external environment
- Continually enhance their capability to change /adapt
- Develop collective as well as individual learning
- Use results of learning to achieve better results

**Characteristics of a "Learning organization"**

Learning Organization involves the development of higher levels of knowledge ;

- Level 1- Learning facts knowledge processes and procedures
- Level 2- Learning new job skills that are transferable to other situations
- Level 3-Learning to adapt
- Level 4 – Learning to learn
- This model can be applied to learning of individuals, of Teams and of organizations
- Organizations that achieve learning to level 4 will re invent not just their organization but their industry

**Level 1- learning facts knowledge processes and procedures**

- It applies to known situations where changes are minor

**Level2- learning new job skills that are transferable to other**

- It applies to new situations where existing responses need to be changed

**Level3- learning to adapt**

- It applies to more dynamic situations where the solutions need developing. Experimentation and deriving lessons from success and failure is the mode of learning here

**Level4- learning to learn**

- It is about innovation and creativity; designing the future rather than merely adapting to it
- This is where assumptions are challenged and knowledge is reframed

**CHARACTERISTICS OF LEARNING ORGANIZATIONS**

- 1. Learning culture
- 2. Processes that encourage interaction across boundaries
- 3. Methods that aid individual and group learning
- 4. Skills and motivation that will enable to learn and adapt

### CHARACTERISTICS OF

### LEARNING ORGANIZATIONS

- 1. Learning culture – An organizational culture that nurtures learning – strong similarity with innovation
- Future, external orientation
- Free exchange and flow of information
- Commitment to learning, personal development
- Valuing people
- Climate of openness and trust
- Learning from experience

### CHARACTERISTICS OF

### LEARNING ORGANIZATIONS

- 2. Processes that encourage interaction across boundaries. These are infrastructure, development and management processes as opposed to business operational processes
- Key management processes
- Strategic and Scenario Planning
- Competitor Analysis
- Information and Knowledge Management
- Capability Planning
- Team and organization Development
- Performance Measurement
- Reward and recognition Systems

### CHARACTERISTICS OF

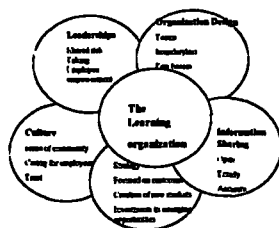
### LEARNING ORGANIZATIONS

- 3. Methods that aid individual and group learning such as creativity and problem solving techniques
- Inquiry
- Creativity
- Making sense of situations
- Making choices
- Observing outcomes
- Reframing knowledge

### CHARACTERISTICS OF LEARNING ORGANIZATIONS

- 4. Skills and motivation that will enable to learn and adapt
- Communication
- Listening and observing
- Mentoring and supporting colleagues
- Taking a holistic perspective
- Coping with challenge and uncertainty

### Building blocks of learning organization



### Leadership

- Managers and other employees share leadership
- Employees have freedom to identify and experiment with new methods and approaches to help organization reach its goals
- They allow employees to buy in to organization's goals

## Culture

- Boundaries between departments are removed and employees work together
- Problems in one department will become problems of everyone
- Free flow of people ideas and information takes place
- Creating a sense of community, compassion and caring for others is essential
- It is a place where relationships are nurtured and developed

## Strategy

- Strategy emerges from bottom up as well as from top down
- Being in touch with customers suppliers and new technologies allows employees to identify their needs which strongly influences organization's strategy
- Employees are urged to ask their customers what they want and look for what the customer may desire in the future

## Organization Design

- Less number of levels
- Lengthen the time between promotions
- Lateral movements to learn new skills and continue to be personally challenged
- Personal growth is essential
- More generalists
- Teams is the key building block
- People work in cross functional teams to create product, to deal with customers, suggest improvements and make changes
- Bosses are eliminated
- Team members take responsibility for training
- , safety, scheduling vacations and purchases

## Information Sharing

- LO is a sea of information
- To solve customer problems employees need to be aware of what is going on
- Data on profits losses market share and competitor's strategy are freely exchanged by employees
- They can pick and choose the information they need to perform their tasks
- Email video conferencing and internet allow employees in distant locations to communicate freely with one another

## Differences in traditional and learning organizations

### "Traditional"

- Vertical structure is dominant
- Few teams, task forces, or project managers
- Vertical communication and reporting systems
- Centralized strategic decision making system
- Specialized tasks
- Rigid culture

### "Learning"

- Horizontal structure is dominant
- Open information horizontal communication face to face
- Decentralized decision making participative strategy
- Empowered employees shared responsibility
- Strong adaptive culture

## Why people are so much interested in "Learning organizations"

Because People and organizations are seeking to improve existing products and services (continuous improvement) and innovation (Breakthrough Strategies) which has resulted in a plethora of initiatives such as TQM, BPR etc

### Why people are so much interested in "Learning organizations"

But, organizations have found that success or failure of those depend on human factors such as skills attitudes and organizational culture and many implementations are geared to highly specified processes defined for specific situations

They have found that these initiatives do not work by themselves and something else is needed

### Why people are so much interested in "Learning organizations"

They have found that these initiatives do not work by themselves and something else is needed to

- Cope with rapid and unexpected changes where existing programmed responses are inadequate
- Provides flexibility to cope with dynamically changing situations
- Allow front line staff to respond with initiative based on consumer needs Vs being constrained by business processes established for different circumstances

### Inhibitors to become a "Learning organization"

- Operational/fire fighting preoccupation
- Too much focused on systems and processes
- Reluctance to train
- Too many hidden personal agendas
- Too much top- down driven, over tight supervision

### Benefits of a "Learning organization"

- Rapid change
- Shifting focus
- Eroding knowledge base
- Limited Training resources
- Evolving roles of supervisors

### How to become a "Learning organization"

- Create and communicate a shared vision for the organization
- Make information in the organization accessible to all
- Help employees manage change by anticipating change and creating the types of change desired by the organization
- Empower employees to act
- Acknowledge and support the need to take risks
- Learn to manage the organization's knowledge by

### How to become a "Learning organization"

- Keeping information current
- Maintaining Historical knowledge
- Addressing increasing volumes of information
- Establish and use individual and organizational learning strategies

Characteristics of a learning organization and associated best practices			
Characteristics	Definition	Associated Best practices	Positive By products
Self Mastery Individual	The ability to honestly and openly see reality as it exists; to clarify one's personal vision	Positive reinforcement from role Models/Managers Sharing experiences More interaction time between supervisory levels Emphasis on total best business work/life-work life	Greater commitment to the organization and to the work; less rationalism; of negative eventuality to flow limitations and more for improvement/ability to deal with change
Mental Models Individual	The ability to compare reality or personal vision with perceptions	Time for learning/reflective opinions Habit of inquiry/Progression of oneself Flexibility/Adaptability	Less use of defensive routines in work; Less reactivity that lead to dysfunctional patterns of behaviour/less avoidance of difficult situations
Shared Vision Group	The ability of a group of individuals to hold a shared picture of a commonly desirable future	Participative systems; Trust; Empathy towards others; Habits of dissemination; Emphasis on cooperation; A common language	Commitment over compliance; Foster change; Greater within group trust; less time spent on ongoing internal, more effective communication flows
Team Learning Group	The ability of a group of individuals to suspend personal assumptions about each other and engage in "dialogue rather than discussion"	Participative Openness Cooperation Building; Top down, Bottom up communication; Open; support over blame Creative thinking	Group self awareness; Heightened collective learning; learning up and down the hierarchy; greater collaboration/collective creativity
Systems Thinking Group	The ability to see in the relationships rather than linear cause-effect; the ability to think in context and appreciate the interdependence of actions on other parts of the system	Practicing self enquiry; Possessing consistent mental models; Possessing a shared vision; Emphasis on team learning	Long term improvement in change; decreased organizational conflict; continuous learning among group members; Re-orientation over evolutionary change

## Strengths of learning organizations

- Based on learning culture
- Future orientation
  - They develop understanding of their own environment
  - Senior teams take time to think about future
  - Widespread use of external sources and advisors
  - Customers on planning teams
- Free exchange and flow of information
  - Systems are in place to ensure that expertise are available where it is needed
  - Individuals network extensively
  - Crossing organizational boundaries to develop their knowledge and expertise regularly
- Commitment to learning, personal development
  - Learning is rewarded
  - Take time to think and learn ( understanding, exploring, reflecting and developing)

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## Strengths of learning organizations

- Valuing people
  - Ideas creativity and imaginative capabilities are stimulated made use of and developed
  - Diversity is recognized as a strength
  - Views can be challenged
- Climate of openness and trust
  - Individuals are encouraged to develop ideas, to speak out, to challenge others
- Learning from experience
  - Learning from mistakes
  - Failure is tolerated
  - Lessons are learnt from failures

## Strengths of learning organizations

- Based on Key Management Processes
- Strategic and scenario Planning
  - Approaches to planning that go beyond numbers
  - Encourage challenging assumptions
  - Think outside the box
  - Allocate proportion of resources for experimentation
- Competitor analysis
  - Continuous monitoring and analysis of all key factors in the external environment including technology and political factors
  - Current competitor analysis that gathers information from multiple sources, sifts, analyses, refines, adds value and distributes
  - Appropriate mechanisms are in place
- Information and knowledge Management
  - Using techniques to identify, audit, value (cost/benefit)
  - Develop and exploit information as a resource (IRM- Information Resource Management)
  - Use of collaboration processes and groupware

## Strengths of learning organizations

- Based on Key management processes
- Capability Planning
  - The competencies of the organization are profiled both qualitatively and quantitatively in a matrix form to allow for planning adjustment
- Team and Organization Development
  - The use of facilitators to help groups with work
  - Job and organization design and team development
  - Reinforcing Values, developing vision, cohesiveness and a climate of stretching goals, sharing and support
- Performance measurement
  - Finding appropriate Measures and indicators of performance
  - Ones that provide a balanced score card and encourage investment in learning
  - Measuring intellectual Capital
- Reward and recognition systems
  - Processes and systems that recognize acquisition of new skills
  - Team work as well as individual effort
  - Celebrate successes and accomplishments
  - Encourage continuous personal development

## SWOT Analysis

	External Environment	
	Opportunities	Threats
Strengths	Exploit	Challenge
Internal Environment Weaknesses	Analyze and Minimize	Avoid

## What is a Global Strategy

-A global strategy is a strategy adopted by a company to exist in a global environment

-International operations became complex and dynamics of competition changed extensively in the evolution

## Globalization - what actually is it

### Globalization is

The process whereby national boundaries of economic activity are removed in order to allow freer access to technology, markets of inputs and goods, and a wide range of human tastes and customs, thereby facilitating a higher degree of integration of the world economy

## Globalization - what actually is it

### Globalization is

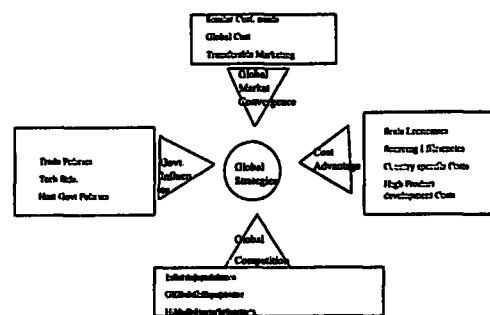
accelerated by improvements in communication and transportation and is fuelled by the inclination of individuals and societies to explore a large set of possibilities in the pursuit of well being and happiness

## Globalization - what actually is it

### Globalization is

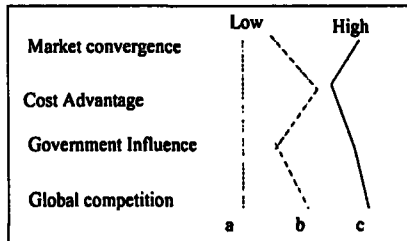
decelerated by the reluctance of societies to adjust to changing circumstances and expanding horizons as well as their aversion to added employment and income insecurity and to loss of cultural and national identity

## Drivers of Globalization

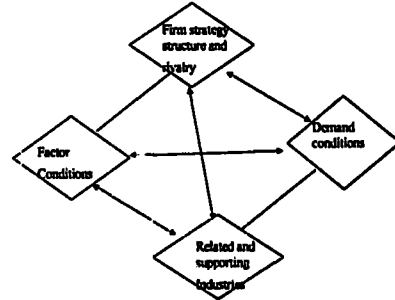


## Identifying drivers for change in industries can help to explain their development

A- OTC Pharmaceuticals  
 b- Ethical Pharmaceuticals  
 c- Automobiles



## Determinants of National advantage



How to use the Strengths of learning organizations effectively for future opportunities

•A question for You?

END  
 THANK YOU VERY MUCH  
 T.M.Jayasekera

# Implementation of 5S

## Why you need 5S?

Many people visit organizations: Customers, Suppliers, staff, local and national compliance inspectors, Public, and groups from other organizations come to study. They all gain their first impressions from the general housekeeping observed at the organization. They clearly equate cleanliness, orderliness, and tidiness with environmental consciousness and a focus on health and safety excellence.

A clean, well-organized workplace is essential for high-performance. Are improvements possible in filthy surroundings? Can we expect people in dismal environments to work at their maximum potential? Can uncluttered minds with fresh ideas function in cluttered work places? The "Five S" tool consists of techniques used to establish and maintain a quality environment in an organization.

## 5s - Keys to a more productive workplace

"Can uncluttered minds with fresh ideas function in cluttered workplaces? The answer is obvious-and the solution so simple." --Norman Bodek

We have not seen any approach to improvement that is simpler or more powerful or that can be implemented at lower cost.

5S is an approach to workplace organization, orderliness, and cleanliness that can improve a company's image, eliminate wasted time and motion, create a safer place to work, and improve morale. Studies have shown that people often spend half their time at work looking for things! Often we don't even notice the waste, but it is real nonetheless. 5S helps to eliminate that waste and allows people to work smarter, not harder.

## What is a 5S program?

A Five S program is usually a part of, and the key component of Visual Factory (Workplace) Management.

The Five S program focuses on having visual order, organization, cleanliness and standardization. The results you can expect from a Five S program are: improved profitability, efficiency, service and safety.

The precipices underlying a Five S program at first appear to be simple, obvious common sense. And they are. But until the advent of Five S programs many businesses ignored these basic principles.

## **What does a Five S Program do for me?**

The bottom line is that a Five S program will improve profits, and at the same time improve both quality and safety.

It does this by reducing wasted time and materials; improving daily or shift startup times; reducing maintenance and downtime; improving efficiency and productivity; improving employee morale; and simplifying the work environment.

## **What types of businesses benefit from a Five S program?**

Everyone and all types of business benefit from having a Five S program.

Manufacturing and industrial plants come to mind first, as those are the business that can realize the greatest benefits. However, any type of business, from a retail store to a power plant -- from hospitals to television stations -- all types of businesses, and all areas within a business, will realize benefits from implementing a Five S program.

## **What are the Five S's?**

**SEIRI** (Sort) – **SEITON** (Organize) – **SEISO** (Cleanliness) – **SEIKETSU** (Standardize) – **SHITSUKE** (Training & Discipline)

## **What will it cost me?**

You can implement a Five S program without adding extra rupees to your budget.

Realistically you probably will need to spend some extra money to get your Five S program going. There will be training time; man-hours spent to get your facility cleaned up and organized; equipment purchases, such as buying a quality labeling system; and time spent on sustaining your Five S program once it is in place. You may have to spend some money as consultancy charges.

Your actual costs will depend on where you are now - for example what is the condition of your facility?

# 5S of Good House Keeping

- S1 Seiri - Sort, Keep or Discard
- S2 Seiton- Organize
- S3 Seiso - Cleanliness
- S4 Seiketsu -Standardization ( making it part of ordinary routine )
- S5 Shitsuke - Training & Discipline

S1

S2

S3

S4

S5

In order to attain wide applicability, we make use of numeric to label the different Ss. By doing this, we do not hide from the mystic of the Japanese words. From now on, we acknowledge that these are originated from 5 Japanese words, all of them starting with "s."

## The 5S in more detail...

**S1** The first S refers to our intention to do housekeeping. By sorting, we are able to prioritize the utility of each item. By sorting, we are called to make an assessment of the future and how it impacts on our work.

After sorting, we are asked to make a decision to discard those items we do not need. Hence, if we do not discard them, we keep them. We keep them either in our workplace, or in an archive area.

Critical to this first step is the identification of three areas, namely: the work

area, the storage area and the dumping area (Red Tag Storage).

As mnemonics, we can look at S1 as a "knife." It cuts those, which are not needed.

**S2** The S2 is a critical look at the Work and Storage Area. These areas must be structured geometrically. Each item must be arranged horizontally or vertically. Further, each item must be labeled and visibly identified for easy retrieval.

As mnemonics, we can look at S2 as "struc" reminding us of the word "structured."

**S3** This third S refers to cleanliness. There are many levels of cleanliness, but perhaps so long as it is clean enough so that no germs can thrive, no accidents seen and no sickness resulting, then we can say that it is clean.

We also say that we should "clean as we go." Without doing it, it might be difficult to maintain a certain level of cleanliness.

As mnemonics, we can refer to S3, and think of the 3 turned counterclockwise. It reminds us of a clean place.

**S4** The fourth S refers to making the S1, S2 and S3 be part of the ordinary routine. Hence, one must have system that forces us to at least do these "three S almost every minute" of our existence. This sounds idealistic, but we can try.

Help in this area could come in the form of checklists, notebooks, maps and locator chart.

**S5** The fifth S refers to the self-discipline of the person. The person wanting to do it by himself/herself. This means, perhaps, we could come out with a logo that calls for the implementation of the 5S (actually to carry out the 3S) voluntarily.

In this area, one must believe that S1, S2 and S3 and even S4 could positively aid him or her in making the world a better place to live in.

## The Action S

*S1 sort, keep & discard*

*S2 structured  
arrangement*

*S3 Clean and keep tidy*

## The Sustaining S

*S4 standardization*

*S5 Training & Discipline*

Implementing Techniques for each S:	
S1	Standards, a goal. Risk taking attitude. Daily Time Block.
S2	A specific place, specific locations for put-aways and pick-ups. Take Time Effort
S3	Cleaning Agents, Bins, Gloves, Daily Time Block

	<b>S4</b>	Checklist, Location Map, Notebooks, Registry, Computers, Log Books. Take Time Effort.
	<b>S5</b>	Poems, Songs, Awards, T-Shirts with Logo, Party, Recognitions. Look Ahead Time Block

## **Planning For Implementation**

Five S, like all other quality and pollution prevention initiatives, requires commitment from top management and participation by everyone in the organization. The program cannot simply be implemented by decree. It requires planning, and the plan will differ from facility to facility. It is very important to avoid the "one-size-fits-all" approach.

Five S is best implemented very gradually - often over a seven- or eight-month period of time. Rushing into it is sure to kill the program. Because implementing five S can be such a big job, some companies decide to institute it department-by-department or building-by-building.

Before embarking on Five S, it is useful to identify and address any factors that may make the program difficult to implement. Preliminary assessment should look at the tools that are needed to complete Five S projects, such as special shelves, stands, instructional labels, and placement figures.

With the Five S approach, maintenance needs to be upgraded to preventive or "predictive" mode. This starts by fixing defective machinery, instituting measures to prevent leakage of fluids, and initiating the use of computerized maintenance management system software. Any plans necessary for changing machine and process layout should also be made at this time.

An oversight team that includes the plant manager and some of the area workers should coordinate the preliminary work. In order to operate more smoothly, someone should facilitate the team who is familiar with concepts of team building and with use of problem solving and decision making techniques. The team should also be trained on the Five S philosophy. Once the preliminary work is completed, plans describing implementation of the Five S campaign should be prepared and released.

## **Implementation**

At this point, management should endorse the formal Five S plan and dates should be set for implementation. It may be best to implement the program when the area to be affected is going through a "slow time" or is scheduled for a planned shutdown.

It is useful to hold a workshop for the employees who will be serving as five S steering committee members/facilitators during implementation. These people should be separate from those employees who are serving on the facility Five S oversight team. In addition, all employees in the affected area should be familiarized with Five S techniques and with the implementation plan.