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INTEGRATED MANAGEMENT MODEL FOR COMPANIES WITH MULTIPLE LOCATIONS

Abstract: *Integrated management model for companies with multiple locations was designed, developed, tested and implemented from the point of functional units, processes, procedures, standards, and providing company profitability through growth. The final proposition will be the management of companies with multiple locations to have a model that combines all organizational units in one unit that is capable of providing answers based on customer demand, while simultaneously generating increased revenue for the company. The projected model will be used as a tool, which will provide the capability to put together the long-term vision, and goals inline with the expected business performance.*

Keywords: *Integrated Management, ABC method*

1. INTRODUCTION

The scientific goal related to research is focused on establishing a theoretical frame for the development and implementation of an integrated management model for companies with multiple locations. The scientific model will be tested and applied by example through the company Omni Surfaces. The experience and result of implementation in this company will be the base for experimental application, as well as the testing and modification of the developed model. The following model will act as a precedent for similar companies. The plan is to create an integrated management model that would be adjustable and attractive for companies with multiple locations in the distribution business.

Evaluating the need to focus on customers, competition, profit, flexibility and quick service response to customer needs, with the right product and in the right time this would allow the model to see adequate results. By integrating new concepts, like JIT, CIM and TQM through new implementation techniques we can expect sufficient results.

Expected results for this research include:

- The development of an integrated management model for companies with multiple locations taking in consideration the competitive advantage and environment where

the companies end goal is sustainability, profitability and growth.

- The designed model will be tested and implemented through the company Omni Surfaces. All variables which are hard to define will be forecasted and standardized in order to be predictable

The knowledge about developing an integrated management model for a company with multiple locations was created during the establishment of Omni Surfaces located in the US, Canada and Brazil. Omni Surface's growth reached a superior level that caused some processes to double. On one side this had an impact of decreased control, and on the other side it increased costs. The main solution to this problem was to start developing a working integrated management model. Various sources were reviewed in relation to existing management models that were functional. After a few years of trial and error the model was developed and adjusted to the company growth.

Understanding the current state of the business and recognizing the best practices and processes, approached the development of an integrated management model for a company with multiple locations. The mapping was done for functions, processes, databases and flow of information. By setting specific goals for business performance and measuring them for the end result we saw recognizable success in the integration of all functional units.

2. DEVELOP AN INTEGRATED MANAGEMENT MODEL FOR A COMPANY WITH MULTIPLE LOCATIONS

During the integration process of functional units, processes, information, and information flow, a special focus was put on developing documents and standards in order to automatize processes and management systems applied in all locations the same way. This standardization eliminated many irregularities. During the development of standards flexibility was taken into consideration from many perspectives. [2]

The final step for the integrated management model was to develop it for a company with multiple locations, which integrated all functional units and processes in

one cohesive structure that conducts business as one unit with a predetermined goal. The integrated model was developed in this way to give the company a clear picture of the interrelation impact and the importance of function units. The risk was recognized and the appropriate weight was given to each unit. Model efficiency was obtained through a reduction of duplicated processes and a cost reduction. Business performance was improved by identifying important functional units and the main factors of business management as well as making new priorities.

Schematically integrated management model for a company with multiple locations was presented in picture 1 and gives us a clear understanding for the various connections between different units and the importance of all priorities and important factors. [3]

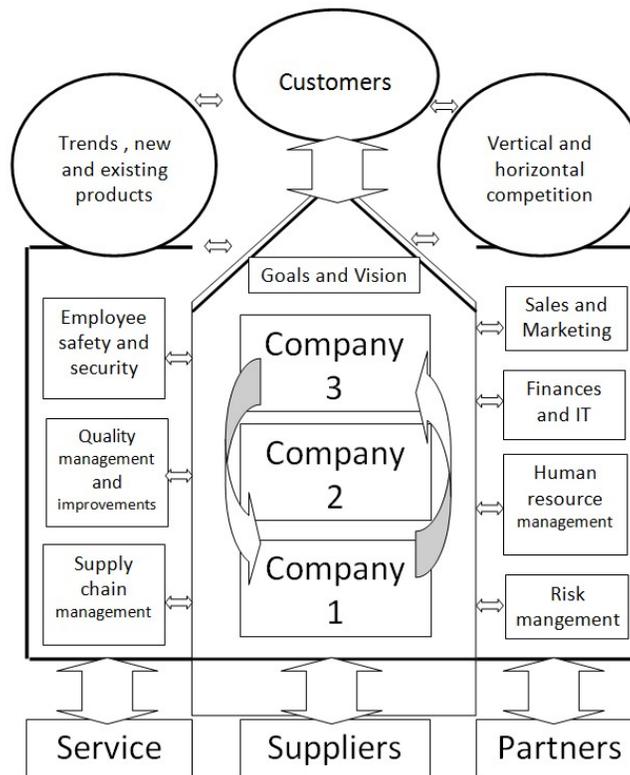


Figure 1 - Integrated management model for companies with multiple locations

Major elements for developed integrated model include:
 1. Vision, mission and goals
 2. Output and business environment:

- a) Customers
- b) Trends; new and existing products
- c) Vertical and horizontal competition
- 3. Internal factors

- a) Safety
- b) Quality management and continuous improvement
- c) Supply chain management
- d) Sales and marketing
- e) Finance, information technology and measure of business performance
- f) Operation and human resource management
- g) Organizations on multiple locations
- 4. Input factors
 - a) Service
 - b) Suppliers
 - c) Partners
- 5. Other important factors
 - a) Core values
 - Customer enthusiasm
 - Team approach
 - Innovation
 - Continuous improvement for all important business performance parameters
 - Respect and responsibility
 - b) Profitability and growth
 - c) Cost management
 - d) Local and global impact on business
 - e) Priorities
 - Focus on goals and attaining them
 - Approach for all locations to act as one company
 - Approach with immediate problem resolution
 - Focus on product, service, quality, cash flow and reputation
 - f) Risk identification
 - g) Continuous improvement
 - h) Process, procedures, best practices, and standardized work and communication

3. SUB MODEL FOR RISK MANAGEMENT FOR A COMPANY WITH MULTIPLE LOCATIONS AS PART OF AN INTEGRATED MODEL

As part of an integrated management model for companies with multiple locations that combine all organizational units in one, the sub model for risk management was developed. This is just one of seven sub models. The goal for this sub model is to have a focus on its customers, competition, profit, company flexibility and have a fast response to customer demand, with the right product and in the right time which will provide that company the best profitability long term growth. It is very important for this sub model to be continuously improved and adjusted for the new standards,

customer needs and business environment. [6]

The approach to develop this sub model was based from an understanding and documented existing situation, recognition of the best practices and processes on all company locations for the company Omni Surfaces. Mapping was done for all functions, processes, databases and information flows. This way a developed model was given a clear picture for the company and a relationship between organizational units, functions and processes. Risk was clearly identified and appropriate weight was given to each. The efficiency of this sub model was gained through the elimination of processes, which were duplicated, reduced in cost, and improved in all business performance indicators by recognizing important functional units and main factors, as well as prioritizing the importance during the implementation process. [7]

The sub model for risk management contains identification, assessments, and works on minimizing the risk for companies and all the locations involved in picture 2.

Each risk must have a certain weight factor allocated to it and according to the weight priority needs must be assigned to handle the risk. All the risks need to be integrated with respect to the suppliers, customers and locations from one side. On the other side consideration must be taken towards the database, standards and reports. Risks must be divided by internal and external properties.

3.1. Risk management; review of main elements for the developed model

Internal risks can be reviewed through the following elements:

- a) Strategic risk, which is one of the most important. This is the risk we measure based on how good a strategic decision is. In case this strategy is not right the survival of a business is questionable. This risk needs to be minimized. In order to do that an appropriate model for strategic development and the best people and consultants must be used.
- b) Management risk needs to cover all of the five phases of risk management. From risk identification, assessment, determining the risk, identifying how to reduce certain risk and prioritizing how to manage the activities identified. In the case that just one link in the chain is not covered and with attention to all the details, risk can be huge.

Risk Management - information flow chart

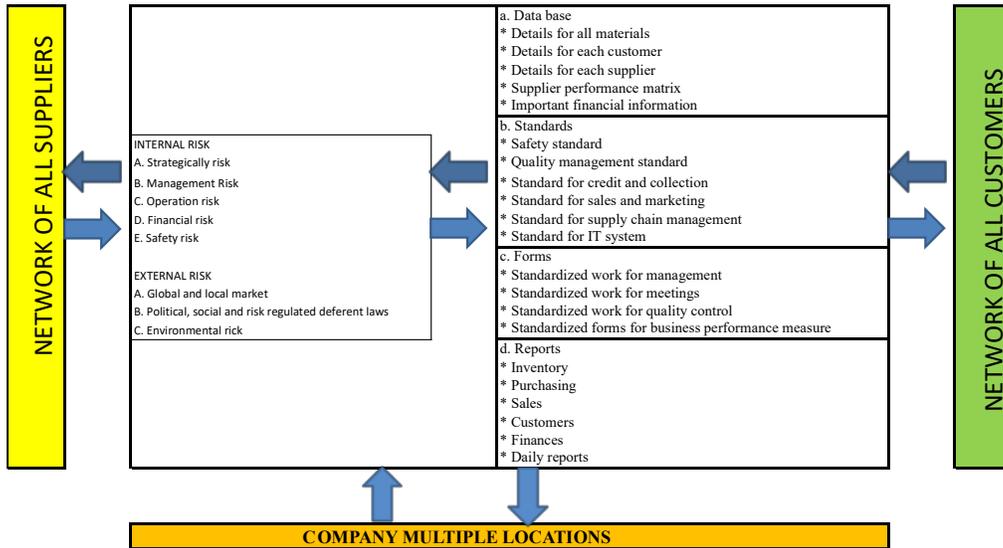


Figure 2 - Sub model for risk management for a company with multiple locations

c) Operational risks need to take into consideration operation management for a company with multiple locations. This is in relation to the data base, standards, forms and reports. This needs to be taken into consideration from the functional unit of operation.

d) Financial risks can be seen through quarterly and annual financial reports, which are in the form of profit and loss statements and contain balance sheets. Financial indicators can fluctuate a lot and they depend on the following:

- Price changes from company and competition
- Impact of global competition
- Cost impact from suppliers
- Answer on customer needs at the right time

The financial risk is the biggest right after the safety risk and directly impacts on the company's survival and growth.

e) The safety risk in the industry that Omni Surfaces operates in is one of the largest. This risk is something that every business day starts with and the first question that must be asked of all employees. Are we safe? The things that need to be in place are the implementation of all processes and procedures, training of all employees and what else needs to be done in

order to have all the employees safe and create a safe working environment. The materials that Omni Surfaces sells is very risky from a handling and transporting perspective. Companies with multiple locations need to frequently communicate on the risk and every incident becomes a lesson learned that needs to be shared. Corrective action need to occur and must be based on action prioritizing as well as checking during each step of completion.

External risk can be followed through the following

a) Market risk is the one that we can predict and control. It is very important that the management of the company is informed about industry and major parameters that can impact short and long-term goals. Appropriate information needs to be assessed and based on the understanding impact for short and long term goals and how to adjust strategies accordingly. This risk needs to be integrated between all the company's locations.

b) Political, and social risk regulated by different laws are the hardest to predict. They can impact one or more locations very quickly that a company has. If the locations are in different countries and on different continents there is a greater flexibility to reduce risk.

c) Environmental risk and stalling are unpredictable and one of the ways to control these risks is to buy insurance, which will protect the company and all its locations.

From the attached model for risk management we can see a direct relation with key factors, which are used for management in all locations. All the factors we need to take in consideration with an integral approach in order to reduce complexity and risk and in the same way add cost to their identification and control. The model for risk management is checked at all Omni Surfaces locations and is an appropriate tool that helped management stay on the task of accomplishing goals with minimal and acceptable deviation.

4. MODEL IMPLEMENTATION RESULTS

For a management company with multiple locations the model did provide increased control, cost reduction, and predicted trends in market demand. Financially the company is able to grow and profit at a stable rate of 10% annually which is satisfactory for company owners. In general, the model provided exceptional business performance related to all measured criteria.

The newly developed model process alongside the established superior processes during integration are automatized in order to reduce cost and possibility for mistake. During the process, the automatized new information system was implemented for all locations. Documentation for training employees was developed and training was performed with active participation of all employees. Goals for each business function was established and measured and successful integration of all functional units was recognized as a result. Quality control on a regular basis provided an insurance that model processes were working the same way as they were designed. Quality control and most of the communication was done in two ways in order to recognize opportunities for improvement.

The most important results for each location are the following:

- Houston: has very good financial performance for all the years since the model was implemented. There are many reasons for this outcome, however, the most important ones are: economical fast growth in the region; new contracts with customers; best recognized

product performance for the application that the model was designed for. Product marketing assisted as well.

- Edmonton: performing at a satisfactory level for the first 2 years. New product introduction, during 2015, was recognized as result of popularity and higher demand. Selecting the right products and supplier took 6 months which exceeded customer expectations. The end result performed to the level it did because of optimal product selection.

- Toronto: Economy and new introduction of products on the market did hurt business performance of Toronto location. Operating cost had to be reduced and revenue reduction just followed that. For the first 2 years results were good and the third year was year of transition. Plan was to invest for the better business performance in coming years.

In a dynamic global environment, a company with the above locations has a satisfactory business performance. Where Omni Surfaces has competitive advantage, there is good indication for banks and business owners to invest in the same region. [8]

One of the most important things for a company with multiple locations is to have a formal structure. In this structure it is important to know management reporting on all levels related to business performance and in relation with the corporation. Structural components at the company and location level need to be clearly defined.

Besides structure, human factors and communication are very important elements. In order to increase the level of communication, a certain amount of freedom is required for locations to contact people within the company to communicate important and urgent information.

Management for a company with multiple locations needs to be done from a central location indicated as the headquarter. The headquarters acts as the collective centre where all information is compiled, analyzed and assessed to optimize the best practices to be authorized for implementation at all locations. Based on obtained information, decisions are made and distributed accordingly to the each location.

5. CONCLUSION

Implementation of an integrated model for a company with multiple locations brings priority

recognition in all functional areas and interaction between employees, processes and locations. Exceptional business results can be attributed from a centralized team approach focused on common goals and benefits.

Beside understanding model and advantages that has, implementation is very important factor of success. Model need to be adjusted to the environment and industry that has the need for the model. Model understanding and implementation is in direct relationship with how model will be successful. During the process of implementation it is very important to take in consideration all employee suggestions. Once suggestions are taken in consideration and each appropriately analyzed and addressed to satisfy level of concern for all employees involved in implementation that will guaranty success.

The model presents all former knowledge from science and practical implementation. In line with new research in the field of integration and developing standards for management models

this model needs to be adjusted. The focus needs to be on human resources, business risks and the simplicity for managing a company with multiple locations.

The development of information technology can give important contributions for solving problems of successful functions for companies with multiple locations. In the last 20 years there are many technologies that were developed to increase the level of communication between people from all over the world. The new challenge is to connect machines and people in a unique network and viewing their work from other locations in the world. The advantage that this technology has is increased safety in the work environment, reduction in energy consumption, and higher quality with a lower price point for products. Development of cloud technologies gives new opportunity to manage production, distribution and sales while everything is in control from one central location.

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