

A portfolio management system in the strategic management process

Qifan Huang

Dhurakij Pundit University, Bangkok, Thailand

ABSTRACT: Strategic management is the process of “what we are” which decides and implements “what we intend to be and how we are going to get there.” Strategy describes how an organization intends to compete with the resource available in the existing and perceived future environment. “Project management” is ancient, but also emerging. The wise human ancestors left numerous miracles with us, project management is a branch of the discipline of management, including the pyramids, statues of Zeus, Lighthouse of Alexandria, etc., which are brilliant pages in the history of project management. A project is a plan to solve the problem and effectively complete the established goal of the projects, so you have to go on strategic management for the project. Policy management is the means to achieve its objectives, including planning, implementation and control process. Strategic management is to gather staffs with different functions and form the project team. Due to its properties with a variety of different functions, more flexible management of property strategy in accordance with its special functions should be made in response to the changing internal and external environment. Management of functions is the role and performance management. It is not crime and punishment, but sparse and guide. Instead of the occurrence and discovery of issues, the difficulty is finding the solutions to problems by observations and recommendations. The management functions need to recognize their own responsibilities, and help the company to have a more long-term development of rational thinking.

Keywords: portfolio management system; strategic management; management functions

1 INTRODUCTION

As a discipline, project management developed in the last half century as a branch of management discipline in the project activities which use specialized knowledge, skills, tools and methods to enable the project to achieve or exceed the set requirements and expectations with limited resources and in limited conditions. A project is a plan to solve the problem and effectively complete the established goals, so you have to go on strategic management of the project. Policy management is the means to achieve the objectives, including planning, implementation and control process. Strategic management is to gather staffs with different functions and form the project team. Because of its properties with a variety of different functions, more flexible management of property strategy in accordance with its specific functions has to be made in response to changing internal and external environment. The functions of management are the role management and performance management, which are not crime and punishment, but sparse and guide. It is

not difficult to raise and find issues. The difficulty is the problem itself and proposing corresponding solutions which are found in the observations and recommendations. During the 25 years' development, China Hengan Company insists on following the principle of “pursuit of health, you and I grow together”, and is engaged in creating a harmonious enterprise with quality products and services; the practice of the commitment to social responsibility should be the pursuit of enterprises and employees. The company grows with customers, business and society, establishes a good cooperation, and lead China to enhance the quality of life of the revolutionary paper products, excellent quality, good brand reputation, and China's domestic life.

As the overall environment in the modern world economy continues to be mature, Hengan changes the expansion pattern that more industries emerge, and its market has extended to international area. With the scale of enterprise development in the growing process, the enterprise undertakes larger and larger engineering projects, so a scientific management project

team can create huge business performance.

2 PROJECT IDENTIFIED-DEVELOPMENT OF “MIND ACT UPON MIND” BRAND

2.1 Background of the project

With continuous reforming and technology development of the industry, the product differentiations increasingly become smaller. The trend of product homogeneity, innovation, and quality improvement is closely related to the business survival. Under the new external environment of Hengan, the “Mind Act upon Mind” developed a new brand, and launched new “Heart of India” series of new household paper products. “Mind Act upon Mind” is tough and exquisite, and is easy to carry; return to natural, healthy and comfortable life, anytime, anywhere, which aims at obtaining a good feeling for the brand positioning. The target consumer group focused on the crowd after 70s, 80s and 90s. Enterprises use “Mind Act upon Mind” theme to establish the project, including goals, planning, and development team. (See Figure 1)

3 ANALYSIS OF THE QUALITY MANAGER PORTFOLIO IN PROJECT

With the significantly increasing importance of product quality, the level of product quality is the core competitiveness of enterprises. Improving the product quality is the guarantee of market share, which can be an important means of continuing operations. For the “Mind Act upon Mind” development project, the good product quality is important, so managers need to focus on quality and have a good grasp of the functions of management properties. As a functional department of the project, the quality manager’s job responsibilities must be clearly identified firstly.

3.1 Quality manager’s responsibilities

1) For the new product and process management

capabilities, provide excellent quality and management level in time, to ensure the quality of management and strategy with the brand and support;

- 2) According to the company management, develop policies and development strategies of company, and quality management strategy, to ensure the suitability and effectiveness of quality management system;
- 3) Involved in developing the project budget, the organization let the quality control department make work plan, annual budget, and approval to ensure implementation;
- 4) Technology development department and the departments concerned with national standards should develop the company’s corporate applications related to product testing standards, discuss the determined advocacy, and implement it at last;
- 5) Security procedures did a good job with the technology development, technical services, production, purchasing and other departments of the horizontal linkages promptly raised the dispute between the define requirements;
- 6) The guidance and supervision and inspection work of the process, quality, effectiveness, cost, etc., make appropriate records and prepare for assessment;
- 7) Constantly improve the management procedures, according to the position of the division, and be responsible for the implementation of the work, inspection, coordination, evaluation, and reward and punishment;
- 8) Careful implementation of quality management procedures and strict quality management system are in accordance with the assessment of suppliers, inspection and storage of raw materials, and other procedures. The quality department of Hengan sets its positions as Table 1.

These officers formed the team of Quality Dept., to measure its staffs on the perspective of the quality management department. Based on their actual positions, the staffs require the appropriate professional skills, and are familiar with the industry, production process, operating procedures, inspection standards

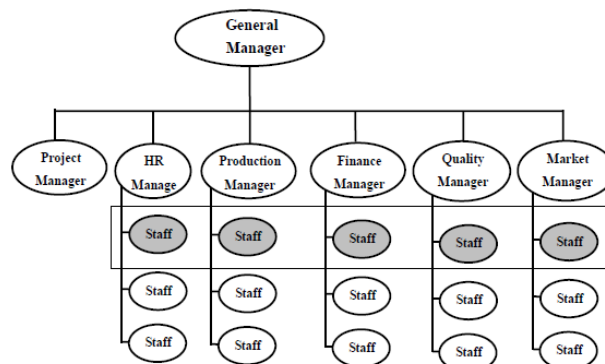


Figure 1. The chart of development of organization of “Mind Act upon Mind” (Note: The part of gray is project participants).

Table 1. Job position setting

Hengan Company Quality Department Position Settings and Personnel Situation			
Department	Job NO.	Job title	Equipped people No.
Quality department	P-01	Quality manager	1
	P-02	Quality management director	1
	P-03	Quality management agent	1
	Total number: 3		
Incoming inspection department	A-01	Incoming inspection supervisor	1
	A-02	Incoming inspection commissioner	1
	Total number: 2		
Process inspection department	B-01	Process inspection supervisor	1
	B-02	Process inspection commissioner	1
	Total number: 2		
Quality audit department	C-01	Quality audit supervisor	1
	C-02	Quality audit commissioner	1
	C-03	Technicians	1
	Total number: 3		
Product control department	D-01	Product control supervisor	1
	D-02	Product control commissioner	1
	D-03	Final quality management specialist	1
	Total number: 3		

Note: The part of gray is the project participants.

and inspection process, which is the completion of the basic requirements of quality inspection and also ensure completion of the inspection. Due to the personal cultivation, those staffs have a high sense of responsibility and dedication, and work scrupulously. The whole department is vibrant, where some innovative, active and bold young men are needed. For the internal structure of departments, there are reasonable arrangements, such as 2/3 of the officers are asked for young people regardless of gender, but 1/3 of the staffs are still the elderly with stable experience, who need lead and train the young, and make them into the state as soon as possible. The interdependence of staffs, good communication, and continuous coordination relationship create a harmonious team.

Next, I will analyze the interdependence of the location of the quality manager in internal and external company.

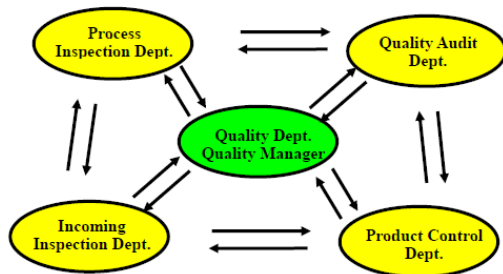


Figure 2. The diagram of interdependencies inside the quality department of Hengan Company

Quality management department manager is the most senior leadership for decision-making quality, and plays a leading role in the core of quality department. Around the work, planning departments make plans, and authorize others involved in the planning.

Department, where coordinates everything under the leadership of managers to create a harmonious and united team, is the basic objective of internal public relations.

Dealing with the quality of employee relations within the department is an important work. Its importance is reflected in:

- (1) It determines the quality of realization of department's objectives;
- (2) It reflects the overall quality and image of the department;
- (3) It determines the quality of the management's performance.

In order to create harmonious employee relations, we must do:

- (1) Regard the material and spiritual needs of staffs.
- (2) Practice democratic management, and mobilize the enthusiasm of staffs.
- (3) Enhance communication and reduce conflict and friction.
- (4) Nurture corporate culture and enhance cohesion.



Figure 3. The diagram of interdependencies inside the internal quality managers of Hengan Company

Quality managers deal with the internal horizontal relations, such as the business relationships between managers and departments. First, to determine how its

internal relations, it has significant impact on the various aspects of the enterprise.

Under the lead of general manager, quality manager carries out large-scale work after the approval of general manager, and collect quality data to make a report for general manager for a better decision-making. Quality manager and HR manager collaborate among staffs for the recruitment of quality department and the various skills training. The coordination with each other is for better promotion only. Between the quality manager and finance manager, quality manager sends the regular performance appraisal to financial manager, distributes the appropriate bonuses and salary, and the quality of the finance department also needs to rely on financial support in more flexible manner. Production manager and quality manager have close relationship. Once the quality manager does not do a good job and then quality problems occur, production delays may result in substandard products which seriously affect the production sector; if the production manager does not produce good products, there is no way for them to be passed by the quality inspection department. As for quality manager and project manager, in some special projects, manager of project ministry will calls needed talents from quality department to complete the project, which needs the full cooperation of quality manager.

According to the diagram of quality managers' interdependencies in the internal leadership, we must do as follows to form a good relationship:

- (1) Determine terms of reference, and the division of labor and cooperation;
- (2) Mutual respect and trust;
- (3) Communicate and enhance understanding. Sector relations, not only contact various departments within the enterprise business and staff agency, but also is the key to business operations. And the key to strengthen the coordination between departments is to communicate information, e.g., the trade union congress, document communication and briefings, individual talks, internal publications, seminars, tea party, and many other forms of the proposed systems can be taken to achieve full exchange of information, in order to achieve mutual understanding, trust and cooperation purposes.



Figure 5. Diagram of quality managers' interdependencies outside the Hengan Company

Quality control manager is responsible for the external relations, such as the relation between the enterprise and the public, which mainly refers to the relationship with suppliers, who provide various types of production, circulation and collaboration. The prin-

ciple of dealing with this relationship is mutual benefit. Strengthen collaboration through the establishment of information exchange system for information sharing; make close interpersonal relationships to increase trust and understanding. In addition, there is also a certain relationship between quality departments and governmental sectors, which mainly refers to the quality control department does quality assurance for production of qualified health care products to the government. Strengthen information communication with government departments, and establish the relation with basic requirements between governments and enterprises under the support.

4 ANALYSIS OF THE PROJECT PORTFOLIO IN THE STRATEGIC MANAGEMENT PROCESS

Analyze the strategic analytic tools to reflect the assessment results of internal factors, and summarize the management of enterprise and assessment, so as to form valid and necessary information architecture of marketing strategy.

First, the plan is the development process of the goals, means and time to achieve its objectives, and provisions of the choice. And the program focuses on the future states and development of the enterprise.

Secondly, the organization is in the process of achieving business goals by an orderly and coordinated use of corporate resources.

Thirdly, the incentive is required for employees to work according to business process. Management functions include four aspects: leadership motivation, group dynamics, communication and organizational changes. Corporate leadership is related to the enterprise employees, which effectively motivates them via coordinating all aspects.

Fourthly, the appointment as a management function, sometimes known as human resource management or personnel management, is mainly related to staff recruitment, appointment, training, deployment, evaluation, reward and punishment, and other personnel management. The quality of enterprise workers are often related to the success or failure of strategic management.

Fifthly, the control functions include all activities designed to plan consistent with the actual activities. Evaluate the activities of business managers and take the necessary corrective action to protect the business plans and objectives of effective implementation, and reduce the possible deviations and the enterprise losses. The effectiveness of corporate control functions of the effective strategies for evaluation and control is of great significance.

Sixthly, the corporate culture is shared by the enterprise and members with the various beliefs, expectations and values from generation to generation. It provides a sense of identity for employees, encourages them to work for the collective interests and enhance

the enterprise as a social system stability, which can be used as a framework for employees to understand business activities and behavior guidelines. Corporate members of the corporate culture provide a code of conduct, so the implementation of corporate strategy has very important implications.

4.1 *The portfolio for risks and evaluation*

All projects will have risks, and the potential occurrence of a particular risk may depend on the characteristics of the risk itself. Planning process needs to develop risk management plans, risk identification, qualitative risk analysis, risk analysis and the risk response plan of development of landscape setting. At this stage, there needs to identify all possible risks to see if there is a corresponding risk in the project or product which will cause impacts to a certain extent. All the risks are caused by some things, and there will be a series of consequences, which are likely to affect the project in three limited one or more specific aspects. Developing risk management plans should be noted that there are many reasons for the emergence of risk.

Risk assessment includes identification and analysis of cost, schedule, and the key technical aspects of the process of running goals. Risk identification process is actually checked in all areas in order to detect and record risks.

Risk management is recognition, evaluation, selection, and implementation of various approaches to control the risk constraints and objectives of the project itself within the process. It includes the following questions: Sleep done? When should it be completed? Who should be responsible for it? How are cost and schedule associated? It is nothing more than taking the risk approach, avoidance, control. Once you determine the best approach, it will design a relevant way for this program.

Risk control is actually a systematic tracking behavior and evaluation process of risk management, and its healthy implementation depends on the continuous feedback of monitoring system and information to approach to risk judgement, and adapt to the project development standards.

In order to control risks arising from probability, we must implement risk control strategies. Risk control not only has an effect on eliminating the risk source, but also reducing their control risk, and the probability and impacts of risk events.

The following case is used to study the specific risk analysis.

4.2 *Approach to solving the case of project*

In the “Mind Act upon Mind” project, there may be quality risks, such as raw material quality issues, and product quality issues. If the finished products of the

“Mind Act upon Mind” have quality problems, how will they deal with?

Firstly, analyze the reasons of product quality problems. Put forward problems among the project leaders, study its functions in the first time, and then list the possible reasons, which are objective factors and cannot appear in the production process, such as the production quality of a machine and unstable conditions; the second one is subjective factors which is generated in the production process and can be circumvented; thirdly, to confirm whether the reason is the product of raw materials; the fourth one is that causes chaos on the quality issues in the production process.

Secondly, clear the responsibilities. Once a quality problem appears, the quality department must hold full responsibility without doubts.

Thirdly, find the approach to solving the problem. According to the seriousness of the problem, the project manager selects the emergency plan. Based on a preview of unknown risks, generate an emergency strategy.

Emergency plan:

1. If less than 5% of the products have quality problems, directly call the production manager, quality manager, and sales manager to dispose of substandard products.

2. If 5%-30% of the products have quality problems, it must be reported to the general manager immediately and convene project meetings to analyze issues and hold specific responsibilities.

3. If 30%-50% of products have problems, it must be reported to the CEO in the first time. Investigate the cause and summon the project manager to coordinate the decision-making immediately. Firstly, the quality manager makes analytical studies of quality; secondly, based on the analysis, immediately coordinate the departments' risk. For the problem of raw materials, negotiate with suppliers in the first time, and soon find qualified suppliers of raw materials to resume normal production; the production sector should adjust the production line, first serve products of “Mind Act upon Mind” series, and complete production in the given time as far as possible; sales department must activate contingency plans just in case there is no way within the specified time to deliver to the points of sale.

4. If 100% of the products have problems, it must be reported to the first board of directors. Because of the functions of the Board, a special investigation can be set up immediately. Dispose all products, the raw material suppliers must hold the responsibility, and both parties who signed the contract should propose remedy. First contact the insured unit of company for the implementation of risk transfer. At the same time, the seller of the products must be notified. Then, investigate its internal functions of the manager's responsibility, sum up the problem, and propose new strategies to avoid it.

4.3 Balance analysis of the portfolio

Balance analysis is always based on the constraints of the project which is carried out. Strictly determining the performance of research and development of projects is completed, only the permits of cost and time are within budget and plans. The management process of time, cost and performance should be emphasized by systematic approach. In the project, even the most minor changes can easily change the organizational structure of the system.

Focusing on project performance, the following questions must be answered: "can the original specification be satisfied? If not, what price can we guarantee to pay next time? Specifications can consult it? What are the advantages and disadvantages of specifications for the company and its customers in terms of the table? Will we increase or decrease performance? Will customers accept this change? Will it result in problems of products or employees? Will changes of specification cause the re-allocation of project resources? Will the changes affect our ability to get the contract?"

Assuming that the performance is fixed, the equilibrium analysis must consider the company's dependence on customers, the level of priority projects and future potential business development. Time and costs during the balance need to investigate before.

Time and cost in the labor-intensive projects are related. Because of quality problems caused by delay in delivery, the costs will always rise. So changes in delivery schedules by working overtime to minimize the cost of growth, usually is an acceptable project selection. The company's dependence on customers, the company projects a priority to in terms of sales

potential for the future of the business represents less than moderate risk areas. Such decisions are often taken into account from the same customers who get future projects, so that homeopathy can be offset against future business opportunities. Good project is to build an important part of the company's reputation.

REFERENCES

- [1] James P Lewis. 2001. *The Project Manager's Desk Reference (2nd Edition)*, US: the McGraw-Hill Education.
- [2] Project Management Best Practices: Achieving Global Excellence. John Wiley & Sons, Inc. Publishing House of Electronic Industry. 2006.
- [3] Hrold Kerzner. 2001. *A Systems Approach to Planning, Scheduling, and Controlling (7th Edition)*, Publishing House of Electronic Industry.
- [4] C.I. Barnard. *The Functions of the Executive*.
- [5] Jeffey K. Liker. *The Toyota Way*.
- [6] www.ewinbook.com.
- [7] Steven Silbiger. 2005. *The Ten-Day MBA*, translated by Zheng Fuhu, Cao Jianhai, Yang Lanfu, pp: 114-123.
- [8] *Job Responsibilities Accountabilities*, <http://wenku.baidu.com/view/3b701e5c3b3567ec102d8a3e.html>.
- [9] Project Management, <http://baike.baidu.com/view/65955.htm>.
- [10] Portfolio Management, <http://baike.baidu.com/view/1836242.htm>.
- [11] Hengan International Group Co., Ltd, <http://www.hapaper.com/chs/mind/h01.htm>.
- [12] Project management-future organization concepts. *Marquett Business Review*, 1971, 2: 90-107.
- [13] Edmund H. Conrow. 1995. Some long-term issues and impediments affecting military system/acquisition reform, *Acquisition Review Quarterly*, Defense Acquisition University.