



Enterprise Management

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- Labor force and Human resources management
- Project economics and management

Enterprise

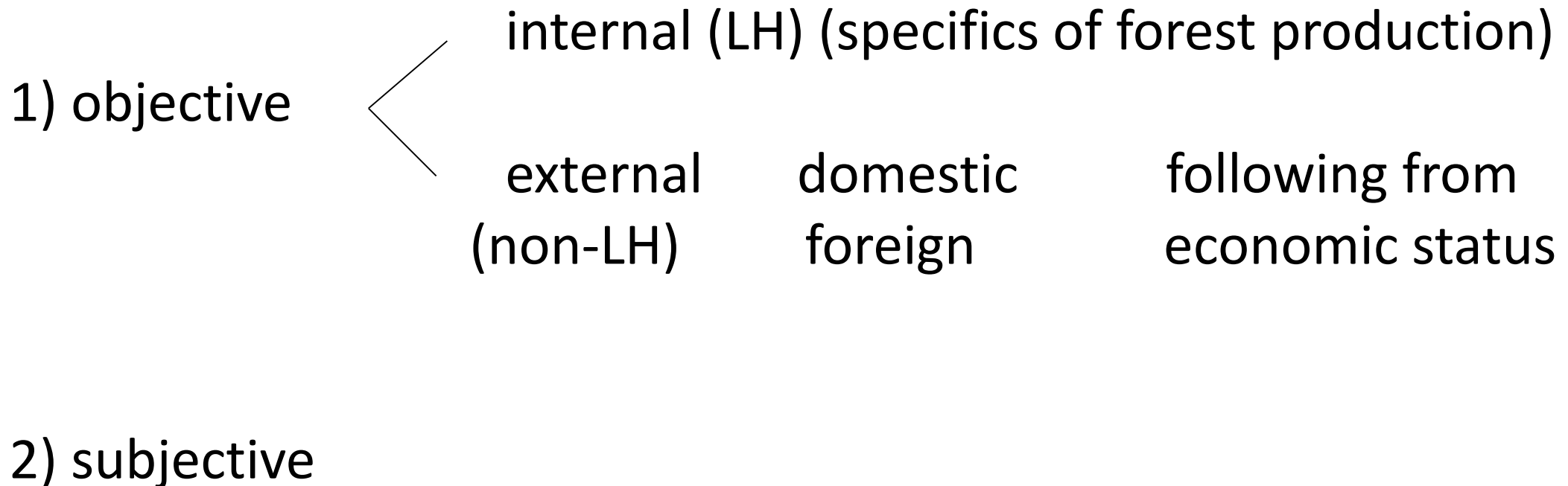
- **Economic-organisational:** the enterprise makes products and provides services used by the society
- **System:** the enterprise is a relatively isolated system with varied functions (manufacturing, employer...) consisting of several subsystems and existing in a dynamic environment (changing in time)
- **Economic-legal:** the enterprise is an economic-legal entity with economic independence (deciding about itself) and legal status (self-responsibility for in-house decisions)

Enterprise

- Types of enterprises:
 - Limited liability company
 - Joint-stock company
 - State-owned company

What types of enterprises exist in Laos?

Factors affecting economic situation of forestry enterprises



Specifics of forestry enterprises:

- Extremely long production period
- Relatively short working hours
- Link to geographic environment
- Time difference in production completion
- Different involvements in production process (work means, subject, result)
- Large spatial dispersion
- Seasonality
- Use of primeval forest
- Polyfunctionality

Subjective factors:

- Level of organisation and management of a forestry enterprise
- Calculation of economic effectiveness
- Calculation of production prices, outputs, marketing level
- Manufacturing process organisation and management
- Employee interest in economic earnings

Marketing in Forestry

- A process focused on customer need satisfaction. Tools, methods and techniques of marketing research are used by companies, state institutions and other organisations to find their customer needs and desires; on the basis of these findings the organisations adopt measures aimed at offering the customer products and services at the ideal time and on the ideal place, with the maximum added value and at a reasonable price. Marketing penetrates all corporate activities: from resource procurement via logistics, production and storage to sales and aftersale service.

Marketing in Forestry

- Definition:

“Marketing is a set of activities, institutions and processes for creation, communication, submission and exchange of offers with value for customers, clients, partners and the community as a whole.”

Philip Kotler: “A social and managerial process through which individuals and groups satisfy their needs and desires in the process of production and exchange of products and values.”

Marketing in Forestry

- Leo Lintu (FAO) describes the importance of marketing in forestry:
„The forestry sector has only recently recognized the importance of marketing. At all three levels of processing - the forest ecosystem itself, logging, and conversion into products - marketing has a crucial role to play. Foresters must also recognize that marketing can play a significant role in "non-wood forest products" and in services. Special conditions exist in the forest sector of developing countries which present specific problems - and opportunities - for marketing. Marketing is a basic function that ties together the several levels of processing in the chain from the forest to the final consumer.“

Aspects of forestry sector:

- Product oriented sector
- Foresters do not follow the market needs so much
- Foresters do not try to find the best solutions for improving processes / technologies
- forest-based products are usually raw materials or semi-processed goods
- Forest products are sold without marketing

Marketing in Forestry

- A change of attitude to marketing can be perceived
- Forestry sector begins to analyse its products and services
- Market needs need to be identified

Marketing in Forestry

- 3 levels of marketing activities:
 - chain of actions starts with the forest ecosystem – natural forest or plantations
 - the logging industry converts the trees into logs and residues (sawmills, wood-based panel plants and pulp and paper mills)
 - These industries convert the logs and residues into sawnwood, wood-based panels, pulp and paper and market them to the building, construction, furniture, packaging, printing and other similar industries

Marketing in Forestry

- What is subject to marketing:
 - Wood
 - Non-wood products (oil, berries etc.)
 - Services (scenic beauty, ecotourism, an abundance of wildlife, form of watersheds of land)

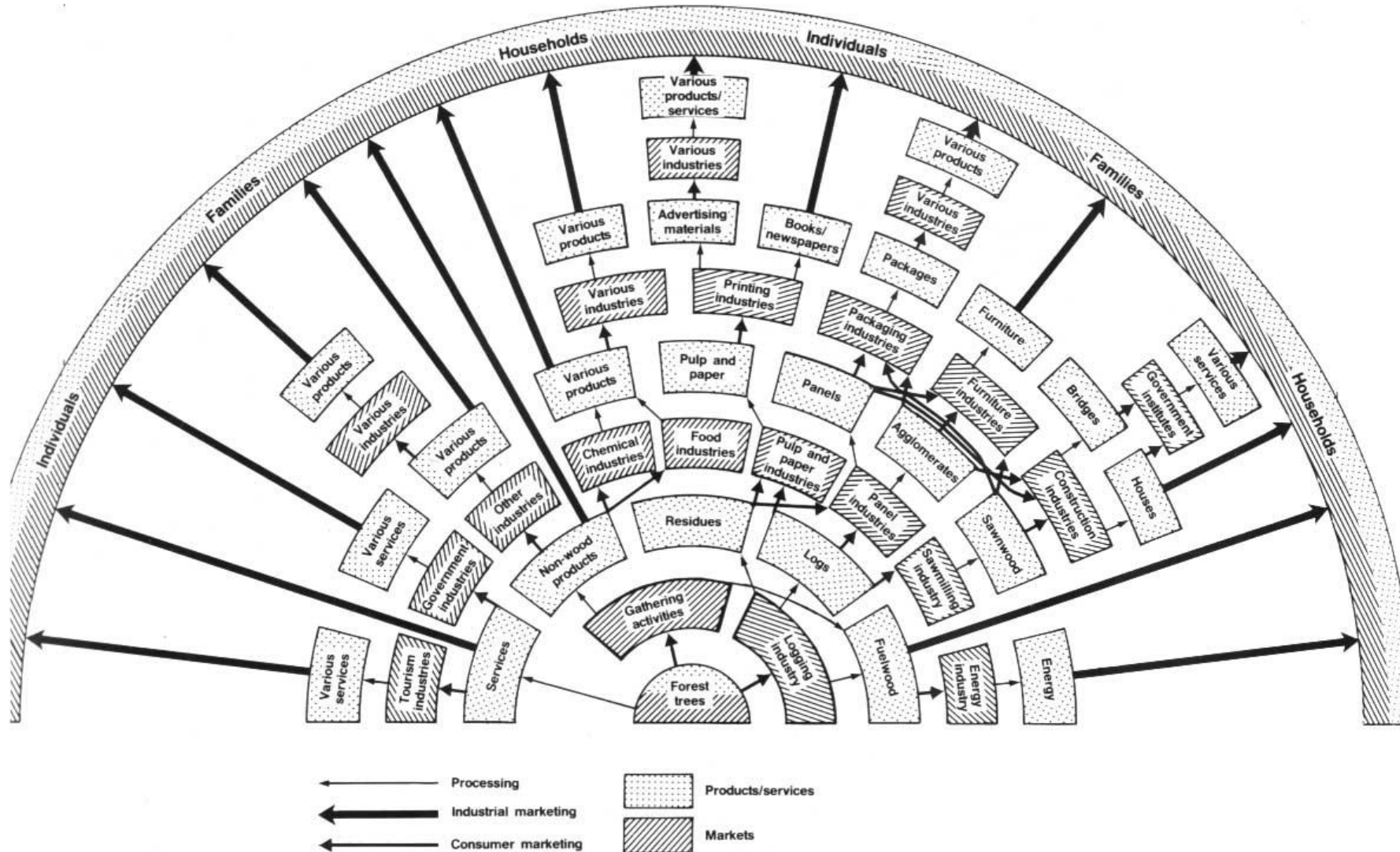
Special conditions of developing countries

- Data availability
- Size and structure of the markets
- Size and structure of the domestic industry

- **Stratification of developing countries according to market conditions**

Import-dependent
1. With resources and with adequate markets
2. With resources and without adequate markets
3. Without resources and with adequate markets
Self-sufficient
1. With sustained adequate resources and with adequate markets
2. With diminishing resources and with adequate markets
3. With abundant resources and with adequate markets
Self-sufficient exporters
1. With sustained abundant resources and with adequate markets
2. With diminishing resources and with adequate markets

Marketing in Forestry



Labor force and Human resources management

Basic purpose of human resource management:

- Employee planning
- Employee recruitment
- Employee allocations
- Employee evaluation
- Accumulation of documentation for job descriptions – a tool for objective employee planning
- Development of methods of employee motivation (involvement)

Labor force and Human resources management

Basic purpose of human resource management:

- Planning, preparation and organisation of corporate education
- Collective bargaining
- Organisation of complex social care
- Organisation of various leisure-time activities
- Building and maintenance of a human resource information system

Labor force and Human resources management

Motivation:

- Motivation is an internal or external factor or a set of factors leading to energisation of the organism. Motivation control our behaviour and actions aimed at achievement of a certain objective. Motivation expresses a sum of – joy, curiosity, positive feelings, positive expectations supporting of attenuating the individual to act or to avoid acting.
- Motives are personal causes of certain actions – they are stimuli, psychological causes of actions and reactions, human conduct and activities focused on certain need satisfaction.

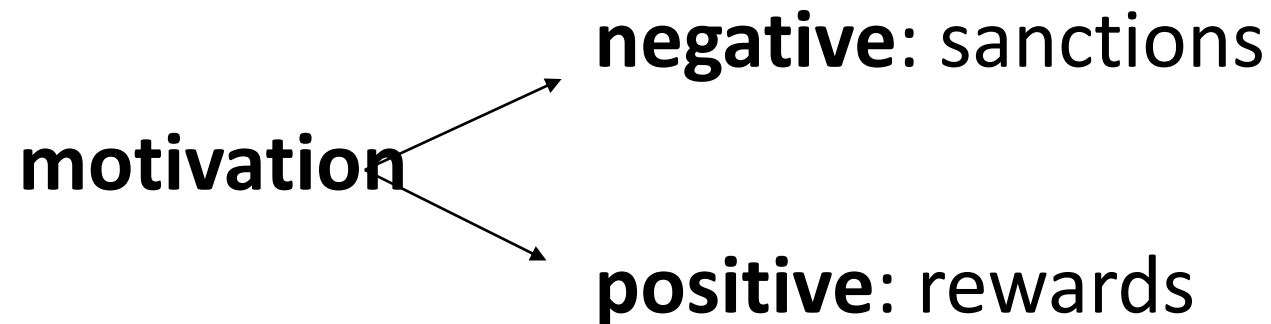
Labor force and Human resources management

Classification of motivation:

- *Internal motivation* – a result of human needs and interests (the need for knowledge, self-fulfillment, cultural needs)
- *External motivation* – determined by external stimuli and their action (the threat of punishment, the possibility of reward)

Labor force and Human resources management

Another classification of motivation:



Labor force and Human resources management

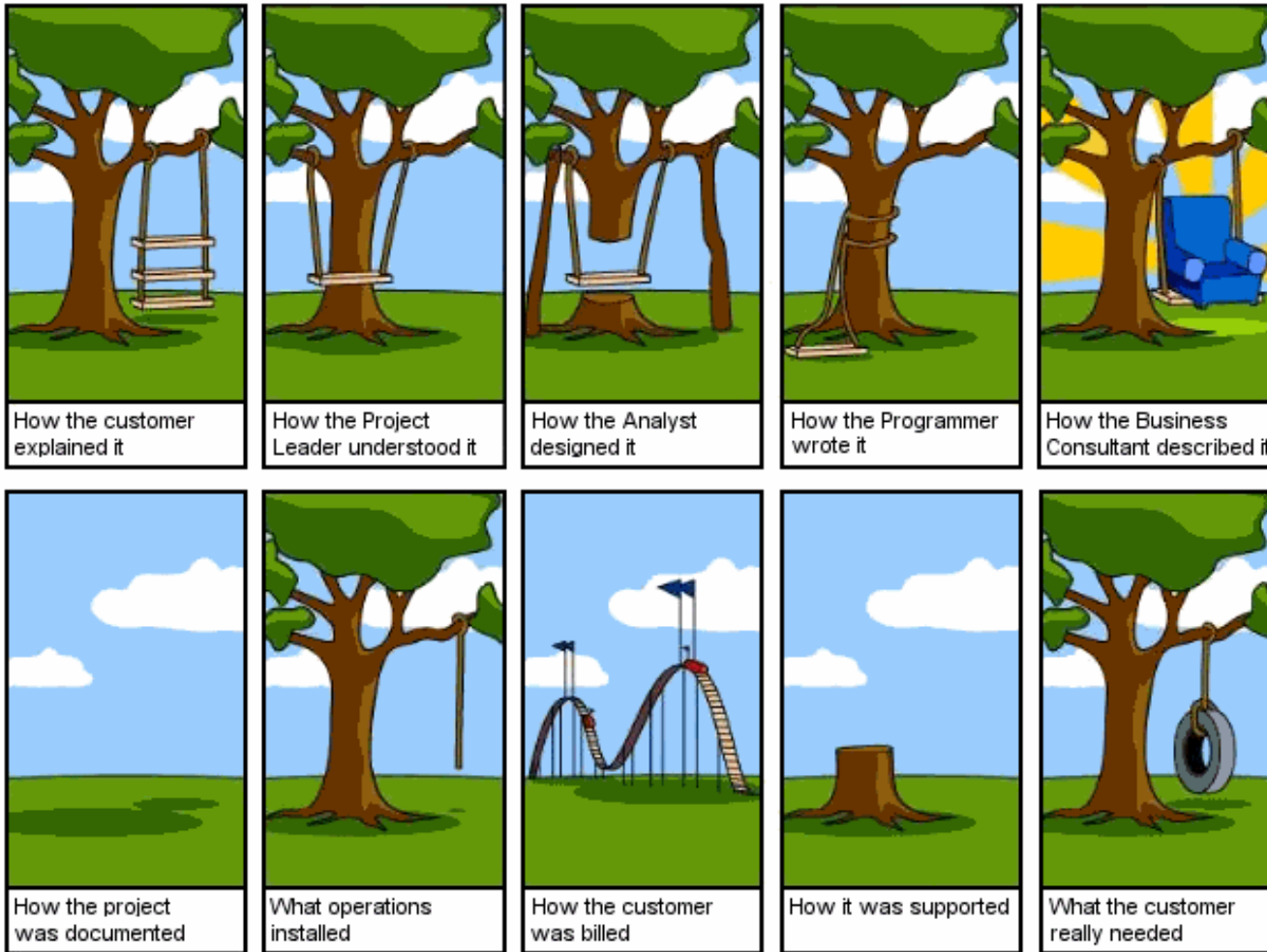
Monetary elements of motivation:

- wage (including bonuses, surcharges ...)
- profit share
- corporate social benefits
- extraordinary corporate rewards (for outstanding performance, for improvement proposals, ...)

Labor force and Human resources management

Non-monetary elements of motivation:

- Qualification improvement
- Promotion, self-fulfillment
- Inclusion in work team
- Management style and culture (autocratic, democratic, liberal, uncontrolled)
- Working hours and breaks
- Job description
- Technological equipment and work environment
- Corporate social programme



- The aim:
- Increase awareness about project management principles.
- Provide practical advice for the purpose of project management implementation.

- Standards of project management:

Project management standards include a **number of methodological approaches**:

1. **PRINCE2[®] method**
2. **IPMA (International Project Management Association)**
3. **PMBOK[®] (*Project Management Body of Knowledge*)**
4. ***SCRUM - Agile framework***

- Main principles of project management:
 - Best practice standards
 - Term and definition formulation before project commencement
 - Predefined structures for organisation, delegation, powers and communication
 - Product focus assuring what will be supplied (why, when, to whom, by whom)
 - Ongoing project justification
 - Simple management
 - Periodic detailed managerial reports
 - Meetings are only needed when a decision is to be taken in the project
 - The customer is involved in the decision-making process; all stakeholders are represented
 - Quality assessment on a regular basis
 - Instrument for audit and project evaluation

- Processes related to project management:
 - Strategic management and planning – identification of project intentions – opportunities (strategic documentation analysis).
 - Approval processes – selection of quality project intentions including their approval.
 - Control – processes related to internal control processes, the project process need not consider all its parts.
 - Finance management – assurance of potential inputs in the form of resource supply.
 - PR – promotion – the necessity to present the intention, the progress and the results.
 - Communication and information flows – communication matrix, communication strategy.
 - Process quality and effectiveness management setting.

PROJECT

- “Project is a **unique time, cost and resource limited process** implemented for the **purpose of creation of defined outputs** (fulfillment of project objectives) in the required **quality** and in compliance with **applicable standards and agreed requirements.**” (IPMA)
- “Project is **time-limited effort to create a unique product, service or output.** The time-limited nature is given by the fact that the **beginning and the end** are defined.” (PMI)
- “Project is a **temporary organisation** established for the **purpose of supply of one or more products according to the agreed business case** (=project intention).” (PRINCE2®)

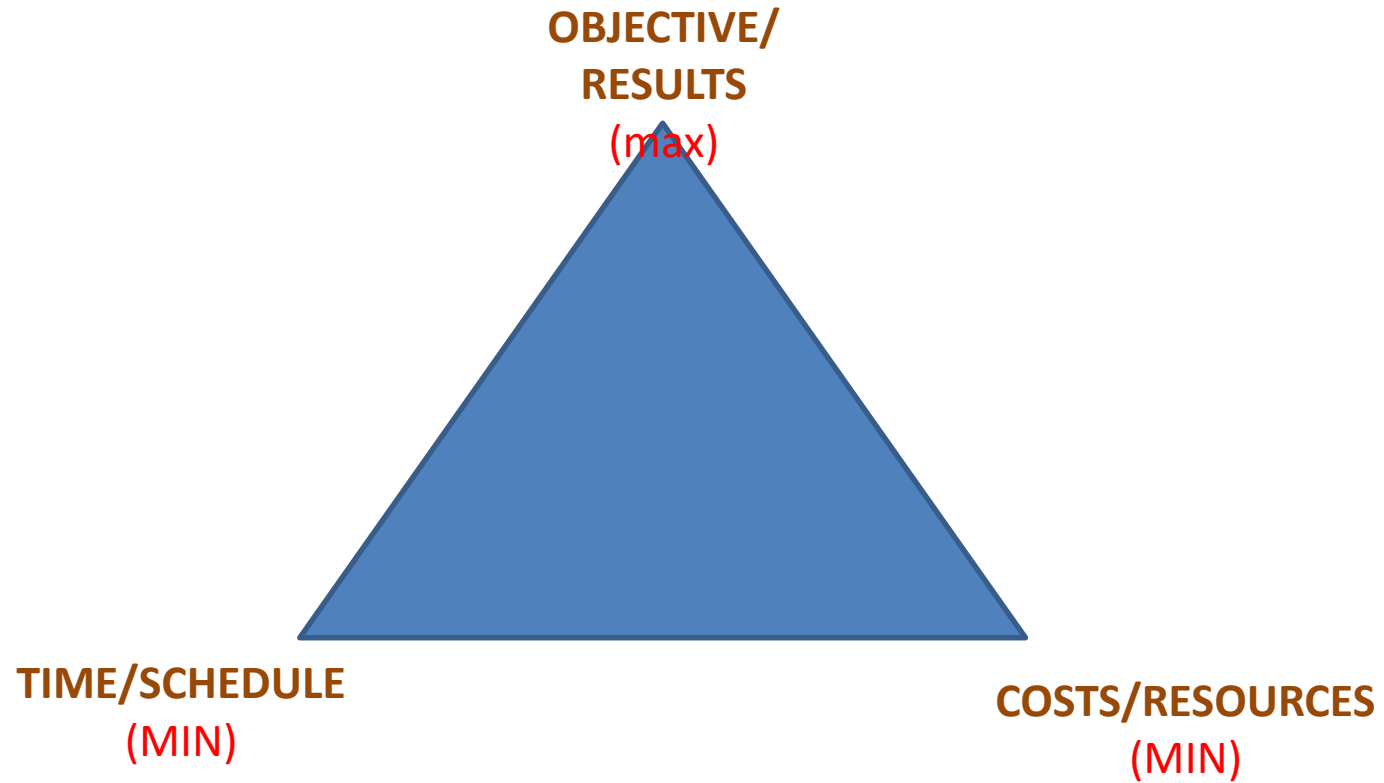
Project characteristics

Project features a couple of properties distinguishing it from normal company activities:

- Project brings a **CHANGE** in the current status,
- Project is **TIME LIMITED** (x products may last for several decades) – with a defined **BEGINNING and END**,
- Project is **COMPLEX** (unifying individuals with different capabilities, from different departments),
- Project is **UNIQUE** (by its project team, customer, environment etc.)

- What project is and what it is not?
 - Introduction of a new technology
 - Regular wage payment to employees
 - Introduction of an information system
 - New product development
 - Tax return filing by tax advisor
 - Company restructuring
 - New company incorporation
 - Product and production innovation
 - Corporate paper publishing

Project economics and management



- **Project**

= A time, cost and resource limited process with the aim to create defined outputs

- **Programme**

= Consists of related projects and related activities, with a finite time frame, unlike portfolio.

- **Portfolio**

= Includes projects and programmes of different types with different aims, costs, risks, time frames, sizes, strategic relevances etc.

- **Project management** – a professional discipline, primarily dealing with planning, organisation, management and procurement of resources needed for achievement of the defined objectives,
- **Project manager** – a person appointed by the organisation and responsible for achievement of the defined project objectives. Project manager is responsible for the project in all its stages –project team appointment, project plan preparation, project management, monitoring and evaluation of achieved objectives and overall project result.

- Why to manage changes as project:
- Most managers use the **line management structure, oriented towards fulfillment of long-term objectives** and tasks of the organisation, including solutions of routine operational tasks,
- **The extent and size of enforced change** in organisations **exceeds**, in most cases, the **framework of responsibilities of individual departments** of the line structure
- For changes assumed not to be implementable separately within the line structures and requiring cooperation of more departments, the line structure is not ideal for the below reasons:
 - **A conflict of managerial competences** within the individual involved line departments
 - Line structures as a rule use **established, time-tested work procedures and stereotypes**, with prevailing natural resistance of employees to changes

- Project goal:
- Defined status at project end,
- **New property, ability or skill of the organisation,**
- **A qualitative and quantitative change the team cannot achieve directly but only through partial outputs (IPMA),**
- The goal should be SMART

SMART goal:

A correctly defined project goal is one of the key factors of project success.

- **S = specific** and specified (for you need to know WHAT?)
- **M = measurable** (to be able to say what you have achieved)
- **A = acceptable** (the stakeholders must know what they are up to and agree on the goal relevance)
- **R = realistic**
- **T = termed** (for the above loses sense without a deadline for achievement)

SMART goal:

Examples of **non-specific** goals:

- Reduce costs
- Increase sales
- Lose weight

Examples of **specific, SMART** goals:

- Reduce costs of operation of all company cars in the latter half of 2017 by 10 % in comparison to the latter half of 2016.
- Reduce weight by the end of June 2018 to 70 kg by means of regular exercise and healthy diet.

Project lifecycle:

- Usually understood as a **description of sequence of project stages in time**,
- Project lifecycle is defined in various ways, for example:
 - **Conceptual stage** – identification of the problem to be resolved by the project
 - **Planning stage** – definition of project objectives and the plan for their achievement, specification of requirements for resources, project team appointment
 - **Implementation stage** – precision of the original definition, project specification implementation,
 - **Application stage** – project result implementation,
 - **Final stage** – project closing, result evaluation, recording of obtained experience and its utilisation as a lesson for future projects, team dissolution, record archiving.

Project planning – what needs to be planned:

- Project schedule
 - Project stages
 - Milestones
 - Breakdown to work packages
- Human resources
- Project organisational structure
- Project budget
- Project risks
- etc.

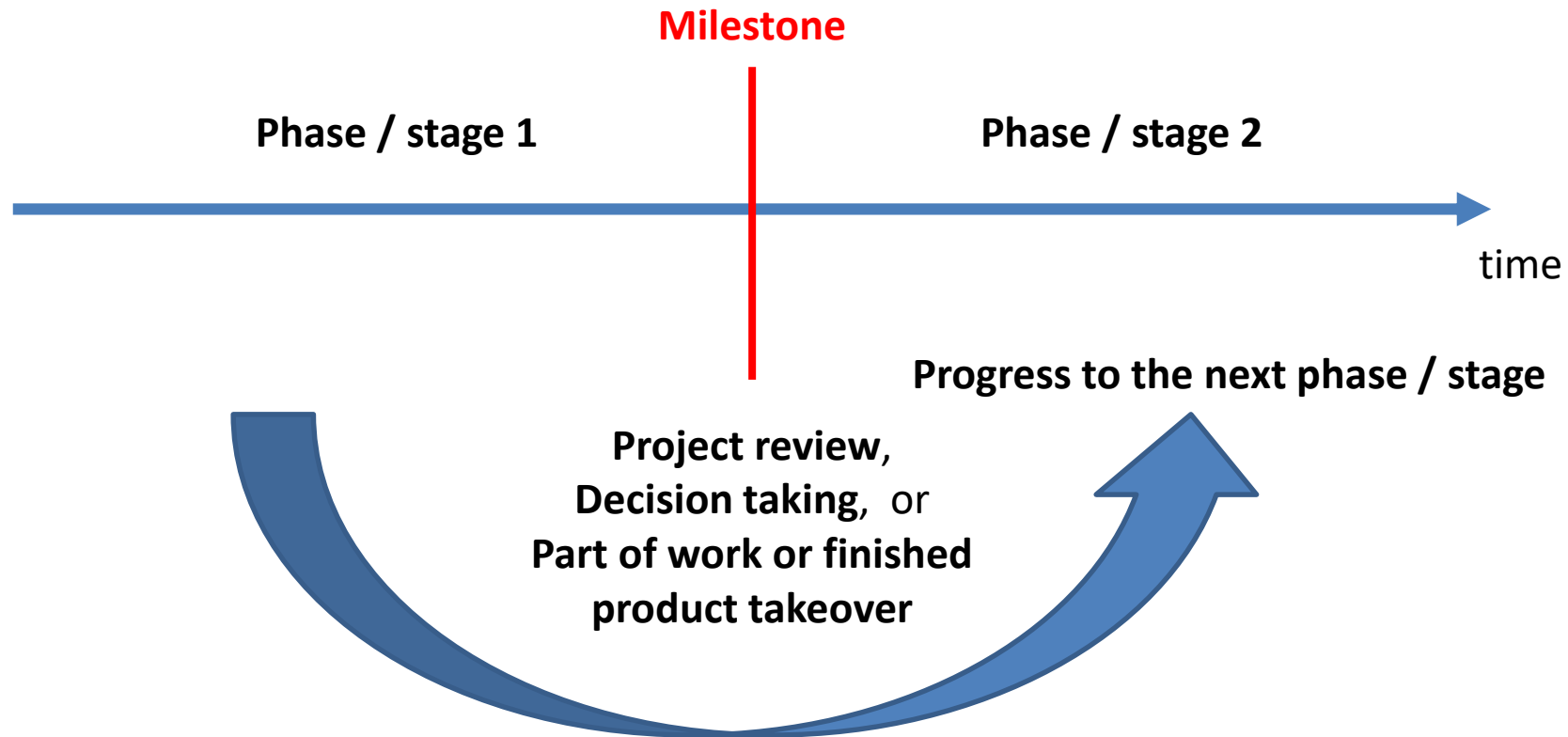
Project stage:

- A defined part of project schedule,
- **Specific with regard to project content and concept,**
- **A shorter period than project phase,**
- For example the implementation phase will be divided to
 1. SW design stage,
 2. SW development stage,
 3. SW testing stage

Milestone:

- A uniquely defined major event in the project course,
- A moment in time when the project progress is measured by the number of results achieved,
- A milestone is usually endowed with zero duration in the project schedule,
- As a rule, the purpose of a milestone is **project review, decision taking, or partial takeover or a work part or a finished product.**

Milestone:



Examples of project management tools:

- SWOT analysis
- RIPRAN (Risk PProject ANalysis)
- WBS (Work Breakdown Structure)
- Gantt Chart
- Network Diagram
- Critical Path Method – CPM
- and many more...

SWOT analysis

- a universal analytical technique focused on **evaluation of internal and external factors** affecting success of an organisation or a particular intention (for example a new product or service).
 - **S - Strengths**
 - **W - Weaknesses**
 - **O - Opportunities**
 - **T - Threats**
- SWOT is therefore an abbreviation for **internal strong and weak points of the organisation and opportunities and threats from the organisation's external environment**

RIPRAN

- A simple empirical method for project risk analysis,
- Ideal for medium-sized projects,
- Understanding risk analysis as a **process** consisting of **three activities**:
 1. Risk identification,
 2. Risk quantification,
 3. Risk reduction

WBS:

- One of the **basic instruments of project** management,
- A suitable method of the **project division to work packages or activities**,
- The purpose is to assure **logical identification and interconnection of all** required project **activities**
- **Work package** is an item on the lowest level of WBS. WP includes a unit of work volume (an output for delivery), separable from the other results and with clearly allocated responsibility.

GANTT chart:

- A **type of bar chart** named after H. L. Gantt,
- Used in project management for **graphic depiction of project activity progress in time**,
- **horizontal axis: the time period** of the project duration, divided to time units of equal lengths (days, weeks etc.),
- **Vertical axis: individual project activities**, one row = one activity,
- Individual activities are marked with rectangles (bars), left side = planned beginning of activity, right side = completion, the bar length thus identifies the assumed length of the activity,
- *In a widened form the charts may show activity relations with broken arrows or lines (start-to-start, start-to-finish, finish-to-start or finish-to-finish relations),*



Project economics and management

-ANY QUESTIONS??
-THANK YOU FOR YOUR ATTENTION😊

