

6. Formulation of Potential Solutions

This chapter introduces a model that connects causes and consequences of the problem, and then proposes two potential solutions. Subsequently, the impact of each proposal will be analyzed and I will choose the most ideal according to certain factors of decision.

6.1 Model of the Problem

Figure 5.1 in chapter five explains in a quick view the problem and its causes, which provoke an underperformance of the purchase department. It also explains the main consequences resulting from the cause to solve: the low efficiency of the supply chain management, the turnover of the foreign interns and the low commitment from the employees to pursue the goal of the department.

6.2 Evaluation of Two Potential Solutions

To generate proposals for the improvement of the problem identified as:

Substandard performance of purchase department, is important to remember that the basic idea extracted from the theory building of Chapter 2. Hence, two alternative solutions are proposed:

1. To formulate an organizational design by coordinating and creating **cross-functional teams** to manage the purchase department supply chain process: this means, an evaluation and selection of a formal system communication amongst the people which are part of CBMIE, define division of labors, coordinate the teams in order to achieve the enterprise's and the entire supply chain organizational goals and objectives.

This is proposed because from the observations made during my stay in Shanghai. I realized that people did not work in teams, because of two main factors: the culture and lack of organization. I also observed that if this SOE operated more and more in internationalized and competitive markets, its position could be more successful if they adopted a team-oriented management culture.

2. To prepare the people to get involved into a **cross-cultural training** to manage the new supplier markets: This refers to a cultural awareness training in order to understand broadly business customs in Latin-America, Ukraine, India and Australia. It would also prepare people in order to receive new foreigners or expatriates in the branch. It is important to remember that foreigners will always be *Laowai*¹ for the Chinese people. The word literally translates as "old" 老 "foreigner" 外. Even when foreigners have lived in China for a long time or speak Chinese as a native Chinese.

This proposal is considered because it is one way to invest in people development.

Objectives meant to arise through any of both proposals are:

- To enhance the **communication** between functional areas of the enterprise.
- To create and reinforce a culture of **team organization** in order to fulfill the enterprise objectives.
- To have a positive impact on the **supply chain management**.

¹ Sometimes it is a good humored nickname that Chinese people use for foreigners, particularly for westerners. (*People's Daily Online*, 2010)

- To develop a **cultural awareness** and at the same time make foreigners want to stay at the company and create synergy amongst every team members.
- To initiate a work **methodology** for actual employees and future international interns.

6.3 Assessment Framework for the Selection of a Solution

From the objectives mentioned before and in order to a better understanding, I elaborated a table that helps to identify which of the two alternative solutions can solve in an effective and efficient way the causes and consequences identified in chapter four.

It is important to mention that the evaluation takes into account two core factors:

1. The Chinese culture.
2. The feasibility of applying the theory exposed into a conglomerate of the Chinese State.

Figure 6.1 Evaluation of solutions to causes

CAUSE	1. CROSS-FUNCTIONAL TEAMS	2. CROSS-CULTURAL TRAINING
No work cooperation amongst colleagues	Positive effect: When roles are defined, people will know who to communicate and they will also share objectives and information. Cooperation will be a consequence of the change.	Positive effect: Understanding of different cultures that may help improves the cooperation and achievement of task in the company and also if one is dealing with a foreign supplier.
Low investments in employees development	Positive effect: Training, recruitment and selection of people will be more important.	Positive effect: This could start the investment of people's training.
Lack of knowledge and skills	Positive effect: The share of knowledge will push to the others improve their hidden skills.	Neutral: This develop some knowledge in people
No initiative	Positive effect: Due to the importance of every person in the process, they all will have to contribute.	Neutral: This action will not contribute to the attitude of the people.

Source: Own elaboration

From the above analysis, it can be observed that the first alternative of organizing cross functional teams is an option which is supposed to produce positive results. Even though it would imply at the beginning of the implementation an effort because of the change in organization, it may also imply in the long-run a structure and methodology of work.

Figure 6.2 Evaluation of solutions in relation to consequences

CONSEQUENCE	1. CROSS-FUNCTIONAL TEAMS	2. CROSS-CULTURAL TRAINING
Inefficient supply chain management	Positive effect: the solution is one of the enablers of the SCM	Positive effect: only if tasks are related to foreign confrontations
No foreigners in the enterprise	Positive effect: Foreigners can feel comfortable in the working area due to the synergy, collaboration and communication of objectives and roles definition.	Positive effect: This could keep the new interns interested in continue with the enterprise.
Low commitment	Positive effect: As every task depends on everyone, commitment increases, in a low or high percentage.	Neutral: This action will not contribute to the attitude of the people.
Waste of time	Positive effect: At the beginning this could continue, but it will decrease as long as the activities are assigned and finally it will disappear when team achieves the required specialization.	Neutral: It will depend on the quantity of work that may arise. If no one works and no challenges facing different cultures appear, the waste of time will continue.

Source: Own elaboration

As it can be observed, positive effects support the development of cross-functional teams. Alternative solution two does not have a strong impact in people's attitudes. It is also important to take into account the **risks** that each proposal may carry; for this, I add one more table which bases on the concepts analyzed in chapter five about the examples of failed team work, this will help to complete the proposal of solutions.

Figure 6.3 Evaluation criteria of risk for each alternative solution

CRITERIA	CROSS-FUNCTIONAL TEAMS	CROSS-CULTURAL TRAINING
Cost for implementation	+	-
Building a competitive advantage	+	+
Difficulty of implementation	-	-
Difficult of acceptance from employees	-	+
Difficulties in training	-	-

Source: Own elaboration

According to figure 6.3, proposal number one **Cross-functional teams**, implies lower risks at the stage of implementation. In China, it is crucial to know the process of a solution to implement. Because if the person in charge of implementing does not do it well, things will be wrong and his/her position may weaken. Human relations are more important than law, and the perfect way to communicate this change should also be much planned, and avoid to have a very direct communication because if not, it could be seen as a rude confrontation.

6.3.1 Performance of Cross-Functional Teams Against the Criteria.

- **Cost:** implementation of this proposal would be relatively cheap because it is not necessary to hire new personal; the branch would only expend in training to understand the methodology of working in team works, definition of roles, share of objectives, etc.
- **Competitive advantage:** this could be a result from the implementation, due to its impact on the supply chain.

- **Difficulty of implementation:** represents higher complexity because the roles would be changed as well as the responsibilities, in addition because human being is not always resilient when change is needed. If we take a look at the traditional culture in China, we could realize how difficult it would be to implement new ideas. However, the Chinese new managers profile is characterized as being *more likely to act independently and take risks in the pursuit of profits even when these actions are in conflict with traditional ways* (Ralston, Egri, Stewartp, Terpstra and Kaicheng p.11 1999). It is also important to mention that, according to the people's profile introduced in chapter five, managers are young people around 30 to 40 years old.
- **Difficult acceptance from employees:** This would be sort of difficult to implement. However, if we consider one of the Chinese attitudes: **Obedience**, it is more feasible that they follow the new rules instead of denying. This solution may emphasize staff involvement in transparent, open decision making.
- **Difficulties in training:** implies low difficulty because training conveys time and discipline, also implementation and feedback. Though, time and team cooperation would help to make it faster and easier. It has a positive argument. Due to the importance of every person involved, it will be possible to rearrange work as per skills.
- **Inefficient communication:** On the contrary, communication may arise between people. Chinese people generally take decisions individually and not in team. If people take into account the importance of sharing ideas and information, the communication flow and achievement of goals will begin.

- **Miss-involvement:** It is related with the previous statement. Chinese people may increase their involvement from the necessity of doing that. A specific work plan for each area will be defined and everyone will focus in the same objective.
- **Lack of definition of roles and responsibility:** this is one of the major advantages of Cross-functional teams, because the role definition and responsibilities are communicated to each team members.
- **Lack in understanding objectives and roles:** Team member's objectives and roles will be defined from the beginning. Probably it may not be completely clear, but considering the training and as the team starts involving with the other work areas, they will be clear.

Subsequently, alternative number two which proposes a **Cross-cultural training** in order to develop an inter-cultural understanding in the enterprise will be analyzed. Then, and based on the evaluation, I will select the one solution that promises the better **long term performance** against the criteria.

6.3.2 Performance of Cross Cultural Teams Against the Criteria.

- **Cost:** It will be higher than in the alternative number one, since the necessity of hiring or contracting an outsourcing firm which specializes in cultural awareness training.
- **Competitive advantage:** the implementation of this alternative can offer a competitive advantage amongst the other Chinese firms due to its importance when working with and for foreigners.
- **Difficult to implement:** It could be easy to explain but not as easy to implement. This proposal is more theoretical than practical.

- **Difficult acceptance from employees:** As in proposal one, the acceptance of employees could be positive.
- **Difficulties in training:** training takes time but compared to alternative number one, this option takes less time. It would take one or two weeks of training and then the implementation depends on the employees if they want to give continuity to it.
- **Inefficient communication:** This characteristic would continue because the training will not impact in communication amongst team works unless the team is formed by intercultural people.
- **Lack of involvement:** It will only be possible if the person is decided to involve amongst the people of the same area.
- **Lack of definition of roles and responsibility:** Ambiguity may continue in relation to defining roles of the team members.
- **Lack of understanding objectives and roles:** considering that people is not well related with the organization, the vision of working in the branch cannot become clearer because of the implementation of this alternative.

6.4 Solution Proposal

Drawing from the analysis of the two alternatives, I consider that the more adequate solution is the creation of **Cross-functional teams**. Notwithstanding the difficulties in implementation and the challenges in winning acceptance from the employees, in the long-term, Cross-functional teams will reduce time wasted because of the ambiguity regarding operations, roles and objectives of the enterprise.

Taking into account the **literature reviewed**, I suggest that during the implementation the following points are accounted for:

- In order to create a world-class supply chain, everyone in the organization must understand and support the concept of how a supply chain works and its importance (Trent, 2004)
- Knowledge and understanding of the respective other should be increased (Hong et al, 2008). This will result in shared expectations and perceptions about a given target.

And finally, drawing on my **own experience** at CBMIE, I recommend to:

- Re-consider job assignments in order to balance headcount of the sales and operation teams (both together forming the purchase department).
- The person in charge of the implementation should deliberately choose the right moment to give the feedback and lead the situation. He or she will have to tell in detail everything that they have to do in order to achieve this solution. This person must encourage the staff to be impartial and to avoid making choices on personal grounds, give importance to formal meetings, and, in case that foreigner people join the enterprise, they should promote the English use at work.

Thus, as in particular the assessment of the two alternatives (Cross-functional teams vs. Cross-cultural training) showed, merely implementing the rather Western concept of Cross-functional teams is in itself not likely to yield satisfying results. It is only by combining the concept outlined in business theory with the cultural requirements that promises success.