

PROBE ON THE DELICACY MANAGEMENT OF SALT MARKETING

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Abstract: Based on the processes of planning, implementation, inspection, improvement, etc. adopted by Yunnan Salt & Salt Chemical Co., Ltd. (YSSCC) to promote the delicacy management in recent years, the present paper conducted a theoretical probe and reflection on its efforts to improve the conventional salt marketing pattern, which might be considered a reference for a salt operating enterprise to raise its modern management level. The results in promoting the delicacy management can be uninterruptedly verified and updated with the continuous improvement in the long run for the management is a sort of practical social activities that need sustained efforts.

Keywords: delicacy management, salt marketing

I. Delicacy management is needed to raise the benefits in salt industry

Influenced by the long-term exclusive operating system, a rough management has been adopted for salt industry, which emphasizes the completion of transport and sales plan and pays less attention to the economic results in operation. In recent years an increasingly higher demand to improve the industrial benefits has been raised with the variation of external operating environment and the implementation of internal operating responsibility system. In order to improve the industrial benefits, the mode of management must be changed apart from obtaining favorable policies and only in this way can the "policy benefits" be turned into economic benefits. Therefore, the implementation of delicacy management has become a must for us.

(I) Basic situation at the establishment of YSSCC

YSSCC was established out of the former Yunnan Salt Industry General Company. In July 2002, Yunnan Salt Industry made a stripping reform with a form of advantageous assets centralized restructure, in which Yunnan Light Industry & Textile Group, with the major assets of the former Yunnan Salt Industry General Company stripped as financial contribution, joined with 6 companies such as Yunnan Nonferrous Geological Mineral Co., Ltd. to establish YSSCC for the table salt exclusive operating work of the whole province.

At the beginning of its establishment, YSSCC had totally 25 marketing branch companies, 3 iodized salt distribution centers and 142 entrusted wholesale units all over the province. Due to the lack of uniform planning, the marketing organizations were overlapped with redundant employees and low efficiency in many prefectures; the transport of table salt was dominated by highway and the railway

transport was in shortage (only 7 of 16 prefectures and cities under its leadership had railway, which accounted for 41%; only 42 of 128 counties under its leadership had railway, which accounted for 33%), the transport capacity was scattered, the relay links were excessive, the logistics cost was on the high side and each table salt marketing unit frequently had mutual conflicts in sales since the marketing branch companies and entrusted wholesale units organized transport by themselves; as an enterprise of production and sales with its subordinates all over the prefectures in the province, its internal communication was mainly based on the conventional means of telephone, letter, fax, etc., which was slow, lagging behind and inefficient; since there was a price gap between table salt and industrial salt, which were hardly identified in appearance, the table salt market was frequently impacted by privately-made fake salt, which was featured with concealment and fluidity, the market supervision encountered many difficulties and private or fake salt could not be fully forbidden; under the long-term planned economic management system, the executives at each level had antiquated managerial concept and mode, the basic management was rough, the managerial means lacked scientific and systematic ways, and there was an increasing gap between the concept, knowledge and professional qualities of the employees and the continuous development of the company.

(II) Major problems in raising the benefits of salt industry

1. Since table salt belongs to a special commodity with a relatively small flexibility in demand, its consumption quantity is relatively stable and there is hardly any big growth in sales, there is little chance to raise the benefits by increasing the sales quantity.

2. According to the current policy of China on salt, the price of table salt is fixed by the state. The current selling price of table salt is still based on the price fixed by the State Planning Commission in 1996, so enterprises have less and less profit margin with the increasing costs of raw materials and labor.

(III) Solution and target

Based on the analysis of its situation and task, the company decided to change the past rough and small-scale managerial mode, introduced the modern managerial mode with the internationally standardized management and information management, sought the benefits from management and promoted the development of the company.

— In its internal management, it introduced the ISO9001: 2000 managerial mode since 2003 and gradually passed the authentication of the ISO9001 quality control system, the ISO14001 environment management system and the vocational health and safety management system;

— It established the enterprise information management system, realized the network transmission of the operating data and management information of the company, gradually carried out the paper-free office work and improved the management efficiency;

— By establishing the modern circulation mode of "logistics distribution, chain operation and electronic commerce", it accelerated the reform of table salt circulation, reduced the links of circulation and achieved the target of lowering the selling cost and improving the efficiency.

II. Practice of the delicacy management

As a systematic managerial concept and technology with regular systemization, delicacy and standardization, the delicacy management provides the employees with accurate guidance and realizes a sustainable improvement with each element's accurate, high efficient and coordinative operation of the organized management by giving a scientific training to the employees. A common interpretation of the delicacy management is a systematic, dynamic and detailed management under the guidance of target. Ever since its establishment, YSSCC has probed the delicacy management of salt marketing. With the deepening of the practice of the delicacy management for various business, some experience has been obtained, which has laid the foundation for further raising the level of the delicacy management.

The delicacy management of salt marketing of YSSCC was carried out in the activities of introducing the ISO9001: 2000

standard. In accordance with the requirement of the systematic method and process method in management science, we carried out the delicacy management of salt marketing with four stages of Planning (P), Do (D), Check (C) and Action (A), i.e., promoted according to the PDCA Cycle.

(I) Identification and planning of business process

We had done a great deal of preparation work in introducing the delicacy management. With a full understanding of the business process of the company, we compiled the Managerial Handbook, process documents and operating documents, made the working procedures of each link from the market investigation to publicity and promotion, customs, prices, storage, transport management, after sales service, etc. and formulated a documentary management system.

(II) Training and implementation of business process

The training mechanism was established, in which the department or site responsible person conducted a centralized or individual guidance to the study of the employees and the self-study of the employees was dominated with the check by the standardized managerial personnel as auxiliary means. On the basis that the employees were familiar with the relevant system and professional knowledge related to their posts, various business was carried out with the necessary recordings according to the stipulated process of the company, in which anything could be traced back and the bases for continuous improvement could be provided.

(III) Check and evaluation of the business process

The inspection and check method for the delicacy management was established and perfected to regularly check the basic management work of each department and office for the completion and implementation of the operating target of the company. The check and inspection involved several aspects:

firstly, the routine check was jointly carried out by the unit, department and office's comprehensive inspection and the group on the monthly or quarterly basis to check the implementation of the systems of the unit, department and office; secondly, each department of the company organization was responsible for conducting a self-check on the process or control point related to itself and irregularly checking the implementation of the internal control system of the business department related to itself; thirdly, the internal auditing group of the standardized management of the company conducted a check and evaluation on the implementation of the internal control system of each unit, department and office once a year; fourthly, the third party (standardized management system authentication institution, the grade appraisal institution for the management quality of table salt wholesale, etc.) conducted the reappraisal and supervision check each year or once every two years.

(IV) Continuous improvement of the business process

The implementation results of the business process were continuously tracked and improved with the forms such as the implementation of the standardized management, the planned routine check, the internal auditing, the management appraisal, the investigation of customers' satisfaction, the data analysis, etc.

III. Achievements brought about by delicacy management to YSSCC

(I) Establishment of standardized management system raised the overall operating level

Starting from the implementation of standardized management, the company has successively established the ISO9001 quality control system, the ISO14001 environment management system and the OHSAS18001 vocational health and safety management system, revised its managerial standard, working standard and technical standard according to the internationally practiced managerial standard, perfected the internal management mechanism, straightened out the management process, standardized

management system, strengthened the basic management and made the rules and regulations for each piece of work. With the implementation of the budget management, a market-oriented operation was carried out for table salt marketing under the condition of exclusive operation, the annual operating target was delegated to the specific department and post in connection with the income of the employees. With the operation of three managerial systems, the duty and authority of each department and post were effectively defined; the consciousness of quality, service, responsibility, market and economic result as well as the concept of totally participating in the management were continuously enhanced among the employees; the style of "sitting as official" and "official business", which was long time formed under the planned economic system, was effectively reversed; the product quality, service quality, working quality and overall operating level of the company were continuously improved.

Additionally, with the launch of the activities for table salt marketing and wholesale enterprises to reach the standard, the company made renovations to the storehouse, building and business lounge of each marketing branch company, standardized the management of the marketing work of table salt according to the standard, let each table salt marketing network operate with uniform shop image and working process. As a result, the operating image and operating effectiveness of the company were further improved and 16 marketing branch companies smoothly passed the Standard AA authentication for table salt wholesale enterprises.

(II) Perfecting the marketing network construction improved the operating efficiency.

Under the principle of taking the

economic district as major and the administrative district as minor, the company optimized and integrated the marketing organizations, canceled the repetitive marketing branch company in the same prefecture and set up the iodized salt distribution center in each big city and county; purchased Zhaotong Sugar, Wine and Salt Co. and Zhengxiong Sugar and Wine Co. that have the managerial authority for table salt and set up Zhaotong and Zhengxiong branch companies; submitted the application to the provincial salt administrative bureau for canceling the agency wholesale qualification of the agency wholesale unit that was under poor management and with insufficient market supervision and directly set up the distribution center for the distribution work; adopted the form of franchise for the agency wholesale unit with considerable operating capacity, detailed and perfected the contractual terms and conditions for the agency wholesale, took the form of collecting the earnest money to manage the agency wholesale unit according to the mode of branch company, quantitatively checked the submittal of its sales statement, the progress of its plan, the establishment of its customers' files, its distribution service, etc., which greatly improved the operating efficiency and service consciousness of the agency wholesale unit and further solidified the table salt marketing networks in the whole province. Currently established are 4 table salt production enterprises, 4 logistics central storehouses, 16 marketing branch companies and the modern table salt distribution system with 22 iodized distribution centers as major and 99 agency wholesale units as minor. Through the integration of marketing channels, the table salt sales volume of the agency wholesale units was reduced from 73% in 2002 to currently 51%, while the direct sales volume of the company was increased year by year, which effectively improved the operating effectiveness of the company under the precondition that the table salt circulation of the whole province was carried out smoothly.

Comparison of the marketing networks from 2002 to 2007

Item \ Year	2002	2007
Marketing branch companies	25	16
Iodized salt distribution centers	3	22
Table salt agency wholesale units	142	99
Rate of agency wholesale	73%	51%

Additionally, the company also established the databank for the selling network of each county, town and village, regularly conducted a definite and chain analysis on the sales data of its judicial areas, timely monitored the market trend with the analytical results and took immediate measures upon finding anything abnormal, which greatly improved the market occupation rate and operating efficiency and gradually increased the sales volume of table salt. In 2007, per capita table salt sales volume of almost half marketing branch companies exceeded 1000 tons.

(III) Centralizing logistics management and reducing distribution cost

In order to accelerate the modern process of table salt circulation and reduce the logistics cost, the company reformed the original form of logistics, carried out a

centralized and uniform management for the logistics transport of the whole province, established the direct transport and distribution system with the central storehouse as center, let the central storehouse directly supply the area that could be directly supplied as to avoid the secondary relay of the branch company or the allied unit. By taking the measures such as optimizing the route, establishing the platform for highway transport competition, rationally selecting the transport enterprise, dispatching the transport capacity, etc., the company took the advantage of scale transport, reduced the transport cost, minimized the circulation links and improved the transport and distribution efficiency.

Comparison of the diesel price, loading and unloading charges and transport cost from 2005 to 2007

Cost \ Item \ Year	2005	2006	2007
Diesel price (yuan/l)	3.95	4.76	4.84
Transport cost (yuan/t)	68.27	60.68	58.01
Loading/unloading charges (yuan/t)	12.19	12.16	9.51

(IV) Strengthening information construction improved the management efficiency

Since its restructure, the company has input a great amount of manpower and material resources, newly established the NC information system, internal and external

websites to timely release the information on the company's systems, documents, news, working trend, study materials, relevant policies and regulations, industrial tendency, etc. and adopted the network operation for the company's statements, contracts' signature and various statements, which has greatly improved the timeliness and accuracy and reduced the management cost. Currently, the information network of the company has covered and extended to all the units and

departments and the company has realized the centralized uniform management and automatic office for the streams of logistics, funds and information. Based on that, the company carried out an "income and expenditure two lines" management for the funds of each marketing branch company, giving the branch company a certain amount of revolving funds according to its operating scale, timely putting back the amount of each branch company that exceeded the approved amount into the account of the company as to ensure the timely backflow of funds, which greatly raised the fund centralization and utilization efficiency.

(V) Combining salt administration and sales maintained the stability of market order

Under the condition of exclusive operation, the administrative work is the specific embodiment and effective guarantee for the exclusive marketing of table salt, but the concealing and fluidity of faking and smuggling brought about many difficulties in market supervision. Starting from the subtleties, the company made a full use of the advantage that the local economic and trade commission entrusts each branch company to carry out the salt administrative work of each prefecture, changed the working style of separate action of the salt administrative and marketing unit and let the market management and commodity marketing closely combine together. In the working process, the market managerial personnel and marketing personnel recorded the market and sales situation timely and in detail, uploaded such information onto the internal website for share, the marketing department actively organized the supply for the customer using unqualified table salt according to the information on the salt administration and focused on the track service; the salt administrative department specially checked the customer and area with abnormal sales, which greatly improved the efficiency of market supervision.

(VI) Detailed service terms and conditions raised the service quality

With the implementation of delicacy management as the turning point, the company

emphasized "customer-based focus point", made efforts in detail, put all the enterprise management standards and the specific service processes into each link and service of the enterprise drop by drop, standardized and processed the marketing service. Taking our regulations for instance: the receiver must be picked up upon three rings, and standard greeting and concluding speech must be used; the business network should offer initiative services with the sound of greeting upon approaching, answering upon asking and seeing off upon leaving; handle the opinion of the customer with 6 steps of "listening — recording — analyzing — seeking for solution — informing the customer — conducting a return visit"; the customers were divided into three grades of A, B and C according to the annual purchase quantity and collection of payment for goods with different policies on settlement, a different return visit rate was given according to the type of customer, the opinion of customer was collected and handled timely; the content of customer was investigated every year, and the product and service quality was continuously improved according to the feedback of customer. By making and implementing various standards and shaping the delicacy of constant improving, the spiritual outlook of the employees greatly changed, their service consciousness and qualities were greatly improved and the market competitive ability of the company was continuously strengthened.

IV. Main experiences in delicacy management

With the business management standardization as purpose, the standardization as precondition, the digitization as guarantee, the information as means, etc., we interpret, implement and promote the delicacy management for marketing business.

(I) The rules must be definite, clear and operational

The rules in delicacy management include the working process (including the steps of the process, the working process and implementation standard of each step) and the working system to guarantee the implementation of the process.

The precondition of delicacy

management is to make a perfect working process and tries to elaborate the steps, processes and quoted standards of the process on the basis of investigation. The key to the delicacy management is to carry it out to the personnel on the specific posts, so the working system has to be established for the check.

(II) The basic management must be incorporated into the standardization

In recent years, YSSCC has made rapid development, its scale has been continuously extended and its product structure has become increasingly complicated, so the form of its enterprise management has also faced challenges. The development of the company needs to be changed from the senior management-oriented to system-oriented form. In order to raise the level of the basic management of the company, we introduced the ISO9000 serial standard quality control system and the delicacy management became a natural choice on the operating layer of the basic level of the company. The standardization of the basic management made the executives at each level fully understand their duties, the standard management cut down the quantity of coordination for the executives at a higher level and the efficiency was greatly improved.

(III) Doing well the target quantification and data analysis, and finding the direction of improvement

The anticipated target for various management work should be quantified and vividly described as possible to check if the implementation results are just the intention of the policies and analyze the deviation between the results and target. Efforts should be made to continuously improve the performance, so the delicacy management will not get astray, a leap forward can be realized for the basic management changed from quantity to quality. Undoubtedly, this is a process of long time accumulation.

(IV) Using the modern network system to improve the management efficiency

At the beginning of its establishment, YSSCC input great amount of money and manpower in the construction of the information network of the company, it has the network managerial capacity of self-maintaining and developing the application software and gradually realizes the network transmission and paper-free office of various business data, which greatly raises the managerial efficiency and provides the modern means to promote the delicacy management. For instance, the network greatly shortens the processing time for the instrument repair and spare parts requirement at our production base. As for the marketing, the submittal of requirement plan, the dispatching plan and funds transfer for each point can be timely completed on the network.

(V) The promotion and improvement of the delicacy management need the initiative of the employees.

Especially when an enterprise develops to certain scale, it is impossible to implement the delicacy management only relying on a few persons to operate the enterprise, so the principle of the whole staff's participation must be followed. Only by establishing the relevantly rational distribution system, raising the working initiative of the employees and stimulating their creativeness can the promotion of the delicacy management and the actual effectiveness be guaranteed.

V. Direction of improvement for the delicacy management

The target can make the delicacy management become more delicate.

(I) Promoting the logistics modern level, timely, accurately and economically serving customers

With the development of the highway and railway construction, we shall timely and rationally adjust the dispatching route of table

salt and improve the distribution quality. With the collection and arrangement of plenty transport information and dispatching data, the information technology is applied to conducting a linear planning, so it is possible to develop a scientific logistics dispatching model rather than empirical one, which needs to continuously input the resources.

(II) Further raising the level of business standardization

On the basis that the storehouse management and service consciousness are obviously improved, efforts should be made from just establishing and updating the file information of customers to reaching a higher standard, i.e., keeping abreast of the purchasing cycles of customers and the regional marketing tendency. The next step is to develop the customers' network information management system and make a dynamic integration of business information, loan information and storehouse information.

(III) Further establishing a good cooperative relationship with selling partners

Under the precondition of mutual benefits, the advantageous influence of the major marketing channels should be made a

full use to help the downstream cooperative partners improve the quality of serving terminal customers. Many agency wholesale units and thousands of retail spots are mobilized to publicize our quality products and sound service quality. However, there is still plenty of work to do in forging the brand value of our enterprise.

(IV) The level of market information management should be strengthened to provide the guidance in developing new projects, making production and operation decision and extending the service range for the company.

The market demand information should be timely and accurately caught to provide the dominating information for the strategic development of the company. The opinions of customers and consumers are indispensable for the delicacy management, for which the training of the business qualities and the performance management for the marketing personnel shall be intensified.

Reference:

Xu Jiang and Hu Haibo. Collection of Delicacy Management (updating version)