

## **The study of two laboratory equipment distribution firms in terms of various aspects and presenting proposals and strategic approaches to improve their performance**

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### **Abstract**

The business environment of Iran is changing dramatically. Traditionally, the competition in largest markets was always the domain of large companies, while the range of smaller companies was remained local or regional. Today, small companies and large enterprises with increased access gained through technology, have found their position on the market and play an important role in the economic growth of country. The present study attempted to examine two small economic enterprises and provide new solutions to help them become more successful. However, due to the current economic conditions of Iran, some strategies were proposed which may not be recommended under normal conditions. The present study examined the two economic enterprises including the Aria distribution of laboratory equipment (the company's name was authorized to mentioned) and the Rapid-Mehr distribution of laboratory equipment (the company's name was authorized to be mentioned). The present study intended to compare the reasons of failures and successes of both enterprises. Accordingly, this study proposed some suggestions for more success of the enterprises. For this reason, a questionnaire was developed to study the enterprises in ten aspects. The questionnaire contained 100 questions which filled by managers and employees of both enterprises and for greater understanding, some statistical tables and graphs such as pillar and Pie were used. At the end of each part, the two enterprises were compared and suggestions were given them -and at the end, the general conclusions and recommendations were presented for the success of both enterprises. The Aria Company had always a better performance and considering the current situation, preferably it should follow the stability strategy and maintain this position. However, if this condition is prolonged, the Aria also will have an unpleasant situation. However, Rapid-Mehr should find a solution quickly to be out of the question mark that is either the dog or the stars. In total, it can be said that the Aria placed in the maturity stage and Rapid-Mehr is in the introduction stage.

**Keywords:** Entrepreneurship, executive solution, facilities mobilization, human resources, management, organizational flexibility, planning system

### **Introduction**

Research is a continuous and sustained effort to uncover the unknowns and subtly seeking to uncover the truths of the studied matter (Ali-Ahmadi, 2010).

Strategic planning and having strategic view are extremely important to progress the goals of the organization. The organizations are faced with two major challenges in adopting strategic approach. Firstly, the codification of organizational strategies, and secondly, the implementation and evaluation of codified plans (Kaplan, Robert, 2004).

Today, the chief executives of many companies and non-profit organizations spend time, energy and considerable financial resources to codifying strategy and basic strategies of their organizations. However, most of them speak about the lack of optimal implementation of their strategy. But However, the characteristics of knowledge and information-based economy era, the

effectiveness of traditional performance evaluation methods that seemed appropriate for organizations in the era of industrial economy (Robert S. Kaplan, David P. Norton, 2000). Today's communities are called organizational societies, because in these societies human beings live everywhere and whatever they do is connected with the different organizations, while the organizations are part of daily life for all people (Feizi, 2004).

### **Background of the study**

#### ***The introduction of two companies (enterprises)***

The history of Aria: This Institution officially began its activities since 2006 for distributing widely used laboratory equipment. It has begun to import laboratory equipment since 2010, then due to economic sanctions of Iran, it stopped the imports and took its activities more conservative and with a slower process. Sanctions caused buying and selling cash and check to some extent. Although, according to the management, the company (enterprise) has not yet reached its top goals, surviving in these economic conditions of Iran in which many competitors were eliminated or forced to merge with other firms (enterprises), is a great success.

The major customers of this economic firm (enterprises) are diagnostic laboratories, pharmacies, clinics, hospitals, and all healthcare centers.

#### ***The mission of enterprise***

Aria intends distributing equipment in Tehran and the cities and the Middle East receives many of markets for its own and becomes an unrivaled in this field and even considered exclusive to its market as well. It also plans to gradually expand its activities through vertical integration and moves towards manufacturing activity.

The Rapid-Mehr Company's history: This enterprise (institute) is almost a family business and board members have family kinship with each other. It should be noted that their graduate education is also relevant, but these young people began their first experience with this profession.

"An integral part of the work in ethnic collaboration is family member" (Ram 2000).

This enterprise officially began its activities since 2009 to distribute laboratory equipment.

Their management style is master-slavery and participatory decision cannot be seen. In the last year, this enterprise had forced to downsize and in the thinking of switching its Chief Executive Officer (CEO) as well. This enterprise believes that the main reason for its backwardness in market is that its activity coincided with economic sanctions on Iran and acknowledges if the import was free, it would capture the market. Due to the lack of funds, massive advertisements were overlooked that according to manager, its plan was widespread advertising through the Internet, which now access to the Internet has been difficult. However it hopes with new approaches to achieve more acceptable results.

The Rapid-Mehr enterprise for distribution laboratory equipment plans to import the Chinese laboratory materials with low price, win the market and as a large and important provider develop its own work.

### **Data collection method**

In the present study, questionnaire, observation and interviews were used to collect data. As for each item a score has been considered so that items have ranked from 1 to 5 as following :

- 0 to 1 very poor
- 1 to 2 weak
- 2 to 3 medium
- 3 to 4 good
- 4 to 5 very good (Arabi2010)

The figures mentioned in the graph have been obtained from the mean responses of respondents. It is noteworthy that the numbers are used continuously, for example 2.8 has been defined as medium. Further, the questionnaires have been distributed among managers, marketers, R & D group and advertising group and even the clerk.

**Procedure**

Firstly, the questionnaires were distributed among members. Considering varied position of those who filled out questionnaires, for each member proportional to their influence on the work outcome, a weight was intended and was applied in outcome. Each sample taken from the community is potentially a guidance for the next sample correction. Naturally, this sample can be used about averages, standard deviations and other variables (Amidi, 2003).

Each of 5 questions was studied in a group individually and its table and graph were drawn and then, both firms were compared.

After collecting, coding, reviewing and processing, the data can be analyzed statistically and findings will be presented in the final report (Paul S.Levy, 1999).

Finally, we presented some suggestions for getting closer to the mission of the enterprise.

**Results**

Question	Mean obtained from Arya	Mean obtained from Rapid-Mehr
How is the strength of internal (domestic) competitors of company?	2.3	3.4
How is the strength of external (foreign) competitors of company?	4.1	4.8
To what extent does the company have a competitive advantage?	3.7	2.9
To what extent does the company compared to competitors has been able to achieve customer satisfaction?	3.9	3.1
To what extent does the company compared to competitors has used the environmental opportunities?	4.3	2.6

With the use few forces, it can be easily predicted that how many new competitors could enter in an industry and how many competitors should be waited (Arabi, 2010). In the Aria distribution, we saw that according to numbers obtained domestic and foreign competitors compared to Rapid-Mehr were considered weaker due to the comparison of its abilities with foreign and domestic competitors. In fact, if the firm considers its competitors superior to itself, this means the ability of firm to achieve its competitor’s position is less. But in the case of competitive advantage, the Aria has had a better performance than Rapid-Mehr, because in addition to price and quality, it early is equipped with reputation and relatively devotes more satisfaction of customer with more flexible structure which has benefited more environmental opportunities compared to Rapid-Mehr.

For several reasons, the Aria feels not so much threaten from domestic competitors. We suggest the Rapid-Mehr following these methods.

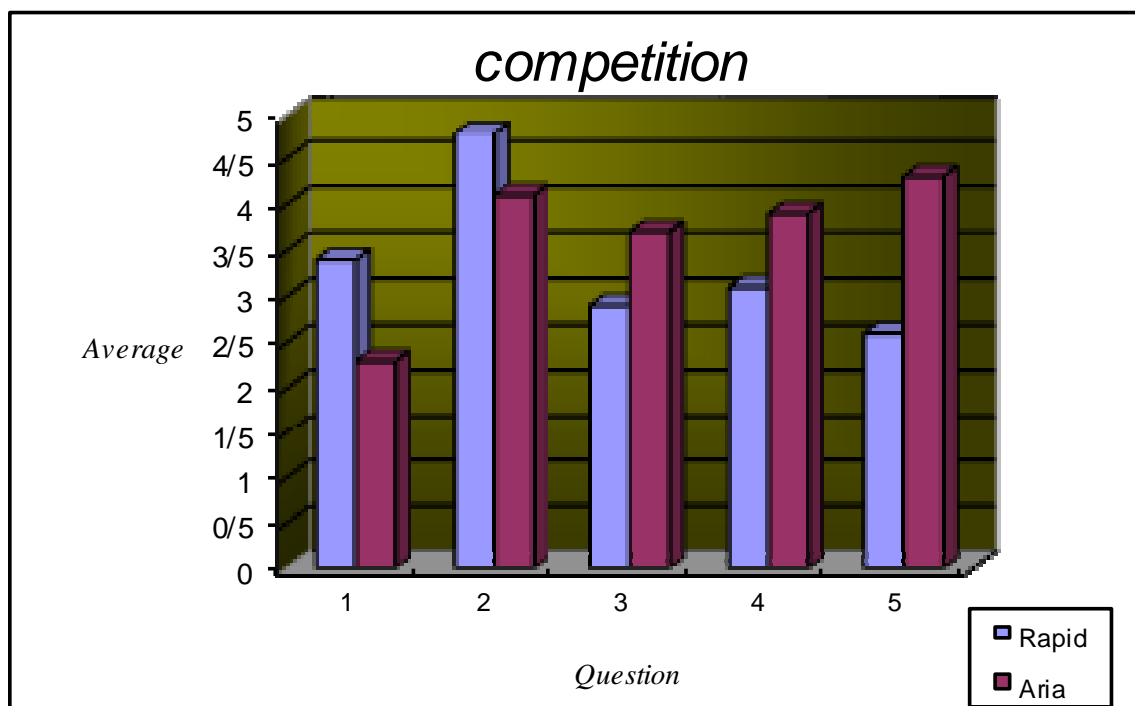
- Quality standard

- Reasonable prices
- Sufficient advertisement
- The consumer understanding from the product (customer fidelity)

However, despite the crises that Aria has left behind some of its advertising, costs have been reduced and this in turn benefits the organization.

The crisis management emphasizes on the following:

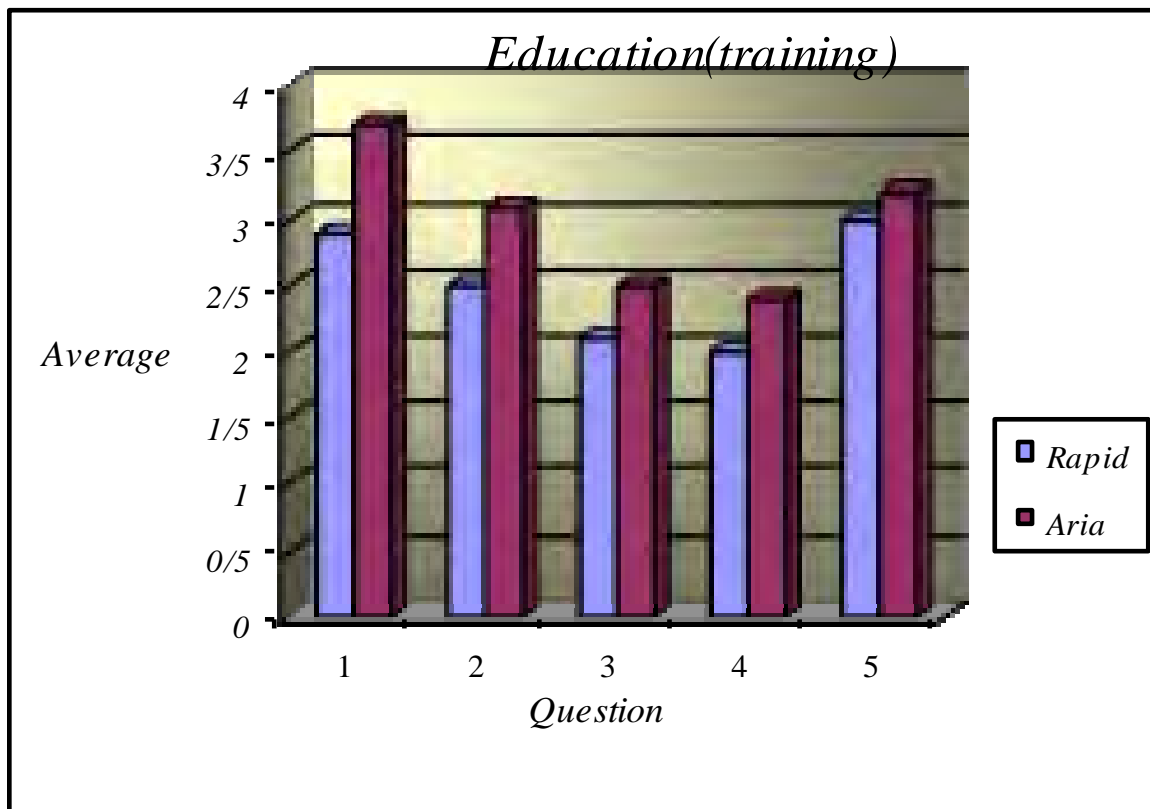
- The need for regular forecasting of hazardous events
- Ready to deal with those issues at home and abroad that seriously threaten an organization's reputation and profitability or life.
- Generally it is placed in the sphere of strategic management
- Specifically it is placed in the area of strategic control (Rezaian, 2007)



**Education (training)**

Question	Mean obtained from Aria	Mean obtained from Rapid-Mehr
To what extent, does the company pays attention to education (training)?	3.7	2.9
What is the status of training (education) facilities?	3.1	2.5
How much training conditions appropriate to the circumstances on the world?	2.5	2.1
How much training is tailored to the needs of the company??	2.4	2
What is the effect of education on improving the performance of employees and the company?	3.2	3

As can be seen in Table 2, Aria pays more attention to education as well as the condition of educational facilities, fitness with today’s training and training tailored to the needs of firm, and the impact of education on improving the performance of employees compared to Rapid-Mehr. However, is the status of education at this level sufficient? Although Aria focuses on education more than Rapid-Mehr, investment in the education has not been enough and it is recommended both firms pay more attention to education.

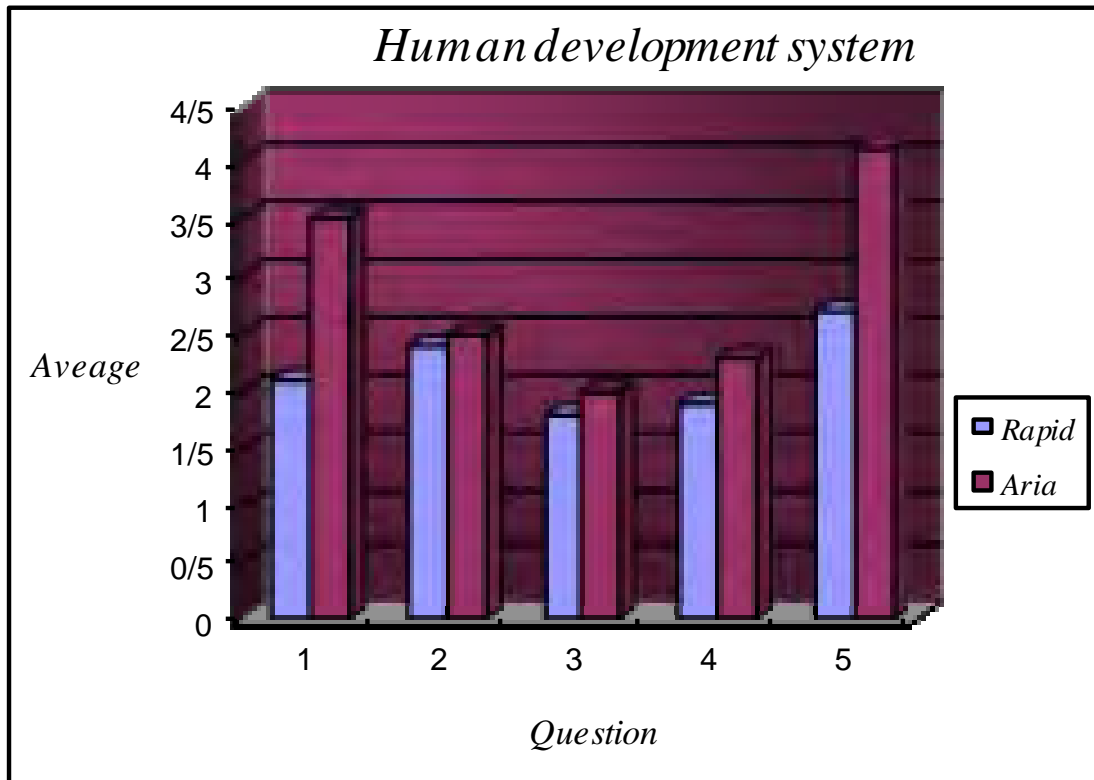


Question	Mean obtained from Aria	Mean obtained from Rapid-Mehr
To what extent does teamwork has an impact on improvement of human resources?	3.5	2.1
What is the effect of education and expertise on promoting human resources?	2.5	2.4
To what extent does the connection of the company with external providers is based on mutual respect and needs?	2	1.8
To what extent does the upgrade system of staffing of company is in accordance with criteria?	2.3	1.9
To what extent does the performance appraisal system, to increase their motivation?	4.1	2.7

The impact of innovation and teamwork on job promoting of employees is too low in the Rapid-Mehr. It is suggested that the activities should be done not only in group but also for the team (the multiplier effect of synergy are also included) and more certain rules and regulations should be used in Rapid-Mehr.

The concept of growth theory recognizes human capital as an engine of growth (Martin, Ron1999).

I recommend a mild benefit bureaucracy to employees in order to be more motivated.

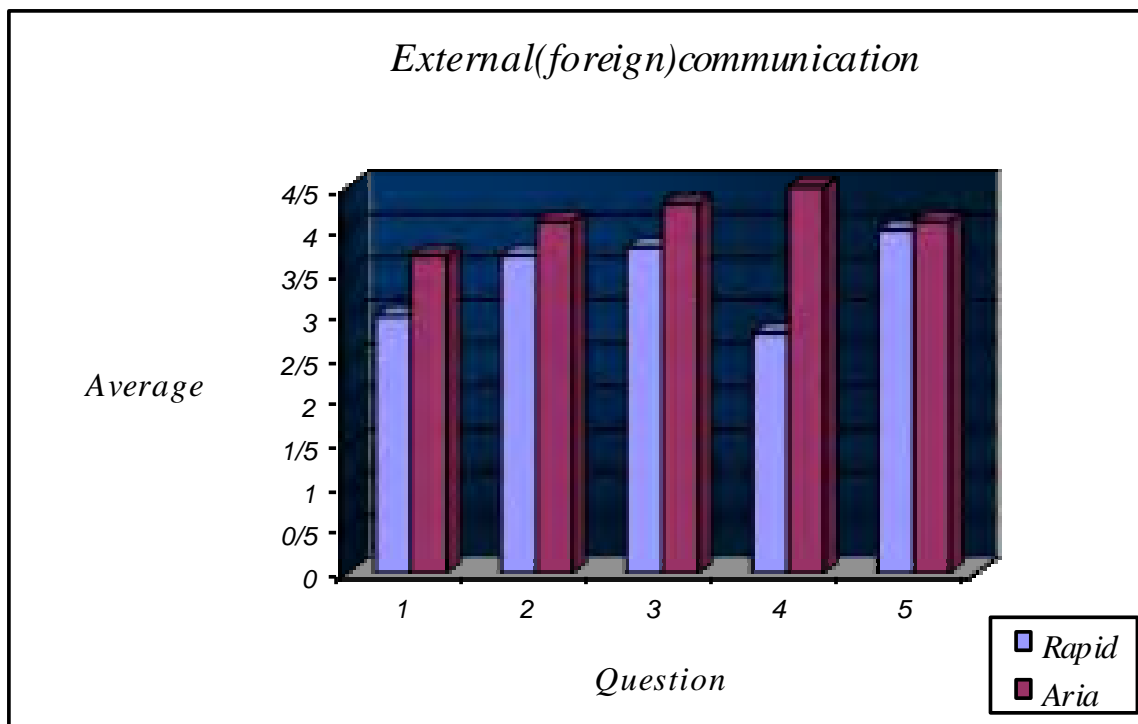


**Table 4. External (foreign) Communication**

Question	Mean obtained from Aria	Mean obtained from Rapid-Mehr
How is the relationship (communication) of organization with its competitors?	3.7	3
To what extent does the company is in relationship (communication) with the political authorities?	4.1	3.7
To what extent does the connection of the company with external providers is based on mutual respect and needs?	4.3	3.8
To what extent does the connection of company with consumers is based on the principles of supply of the needs of the parties?	4.5	2.8
To what extent does the relationship of company with government agencies is based on mutual respect?	4.1	4

The relationship of Aria with its competitors is more than Rapid-Mehr and the statistics is also true about political relations. In the case of foreign relations and governmental organization, since in the Iran most medical and laboratory centers are monitored by government, principally institutions should have a good relationship with government agencies. However, Aria more emphasizes the connection with consumers which is considered as one of the reasons for its success.

In the absence of such collaboration, businesses hardly can maintain their position as an independent and compatible entity (Huck, 1999).



**Table 5. The international and domestic market status**

Questions	Mean obtained from Aria	Mean obtained from Rapid-Mehr
How are you satisfied with the condition of the domestic market?	3.1	2.3
How are you satisfied with the condition of the international market?	1.5	1.2
To what extent can you earn a greater share of the international and domestic markets?	3.2	1.9
To what extent international markets have profitability for the company?	1.7	1.2
To what extent domestic markets have profitability for the company?	2.5	2

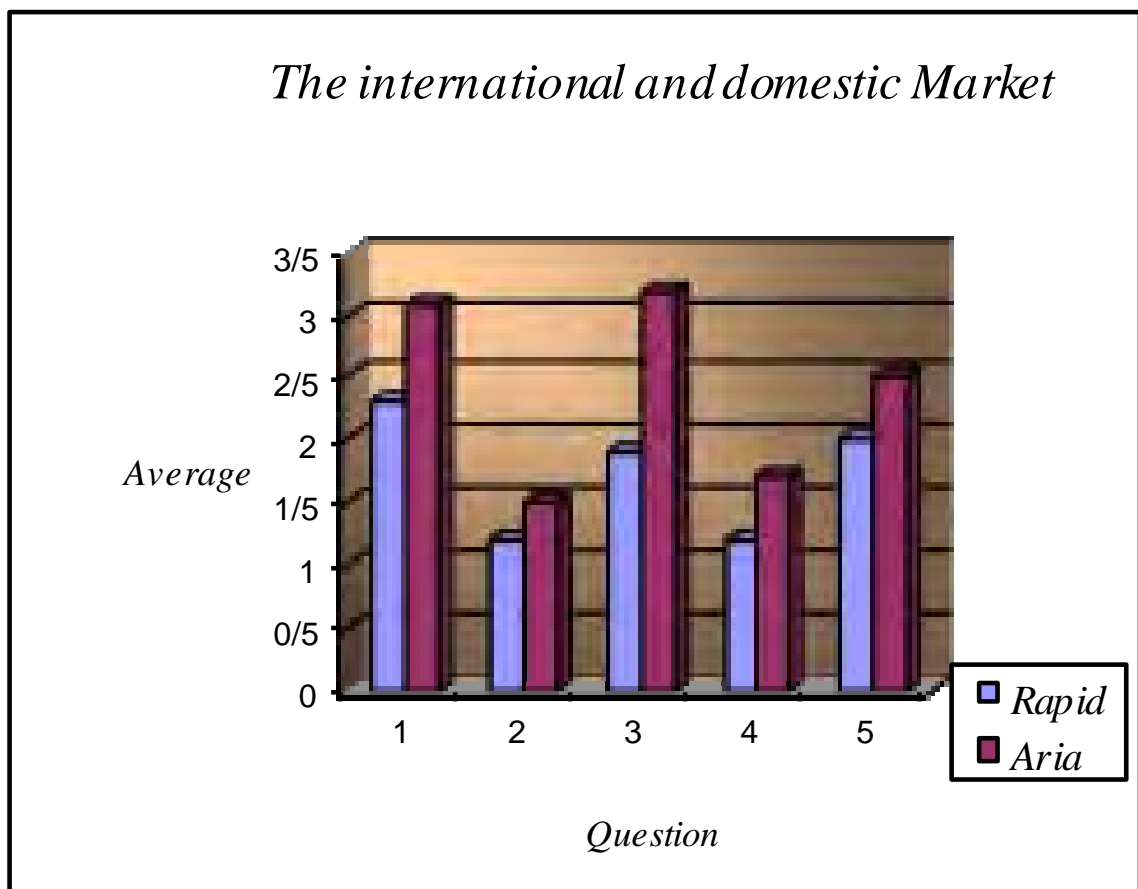
Regarding the relationship between the competitors, we recommend to Rapid-Mehr to make better and closer relationships with its competitors. Further, in the case of the relations with state and political organization, given that Iran is a country where the majority of jobs are monitored by

the government, we conclude that the Rapid-Mehr is obliged to accept the legal and customary principals and regarding the governmental organizations, it is suggested employing a political consultant. Aria should try to improve the relations with government and political agencies.

The global business environment is dramatically changing. Traditionally the competition in big markets has always been the domain of large companies, while the range and scope of smaller companies has been remained local or regional.

(Richard Wright, Hamid Etemad, 2003). Satisfaction with the domestic market in the Aria is more than Rapid-Mehr, despite its low value. Satisfaction with the international market due to sanctions and the rising dollar is very low in both firms and the ability to earn a greater share of the domestic and international markets, domestic and international markets' profitability for the Aria Company is higher than Rapid-Mehr. However, in general, the satisfaction is very low. According to the management of both firms, these very low facts and figures, are due to the chaotic economic situation in Iran which is temporary. Given the current economic situation in Iran (very high inflation, sanctions, etc.), market opportunities should be focused and should take advantage from any opportunity.

Furthermore, the internal (domestic) strengths can be enlisted to response decisively to environmental threats (better quality product, a greater variety of goods, etc.). We suggest both the firms using Porter Chu nine factors model for competitiveness in the international arena. These industries show a small company which is in balance with a small market (Buckly.P.J., 1999).

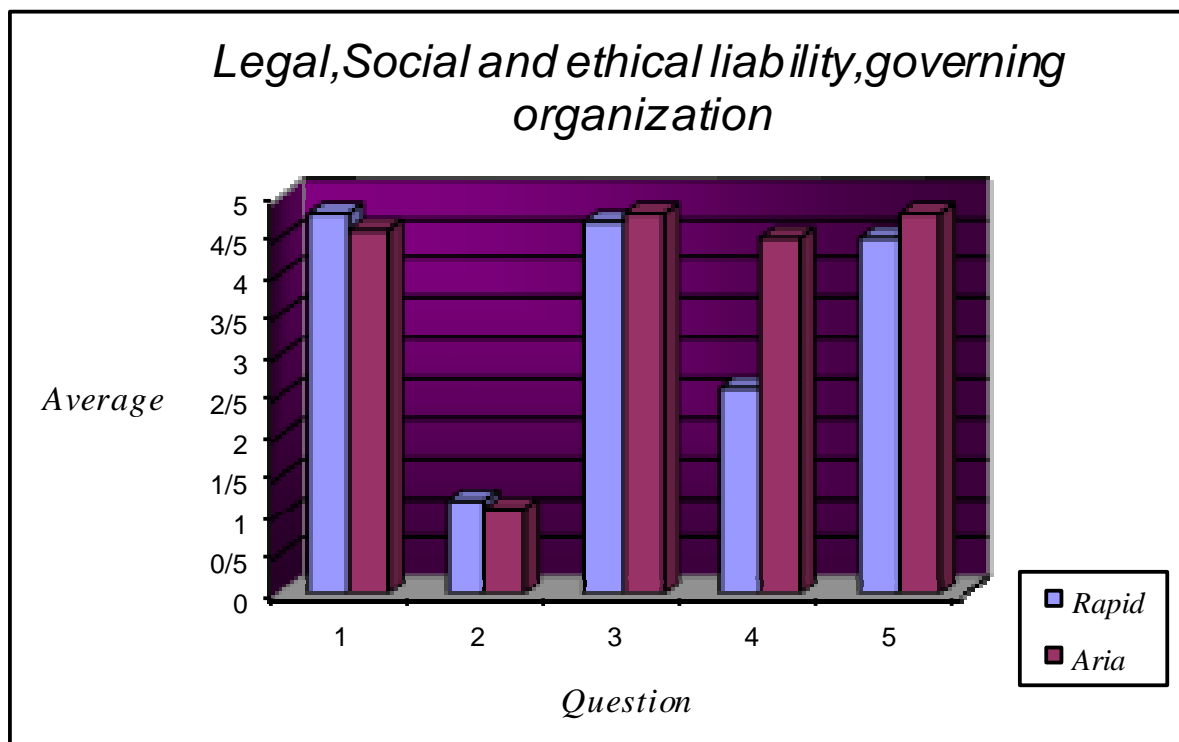




Question	Mean obtained from Aria	Mean obtained from Rapid-Mehr
How is the company's adherence to the job standards?	4.6	4.8
What is the role of company in the non-polluting the environment?	1.1	1.2
How is the company's adherence to social and public rules?	4.8	4.7
To what extent does the company respect to culture and value of organization?	4.5	2.6
How is the rate of interest of senior managers to improve environmental, health and safety status?	4.8	4.5

According to the Table 6, both firms in this case (moral, social and legal responsibilities) came to the same numbers. This shows that almost both of them largely adhere to the rules.

The only significant difference is in compliance with organizational culture that Aria is much more than Rapid-Mehr, this non-compliance is probably due to the family relations in Rapid-Mehr which is a family firm.



As we have seen both have good position. Therefore, senior management should continue this procedure and through annual surveys, the excellent performance in terms of health, safety and the environment can be assured. Only in terms of respect for corporate (organizational) culture in the Rapid-Mehr, we propose to inform the staff the importance of corporate (organizational) culture and it should be more seriously addressed.

The companies manage their legal and social performance from several aspects:

- Environment
- Safety and health
- Employment opportunities
- Social investment
- "Some scholars define small and medium businesses based on their amount and size, while others set the quality as their criteria themselves" (Von Potobsky, Geraldo, 1992).

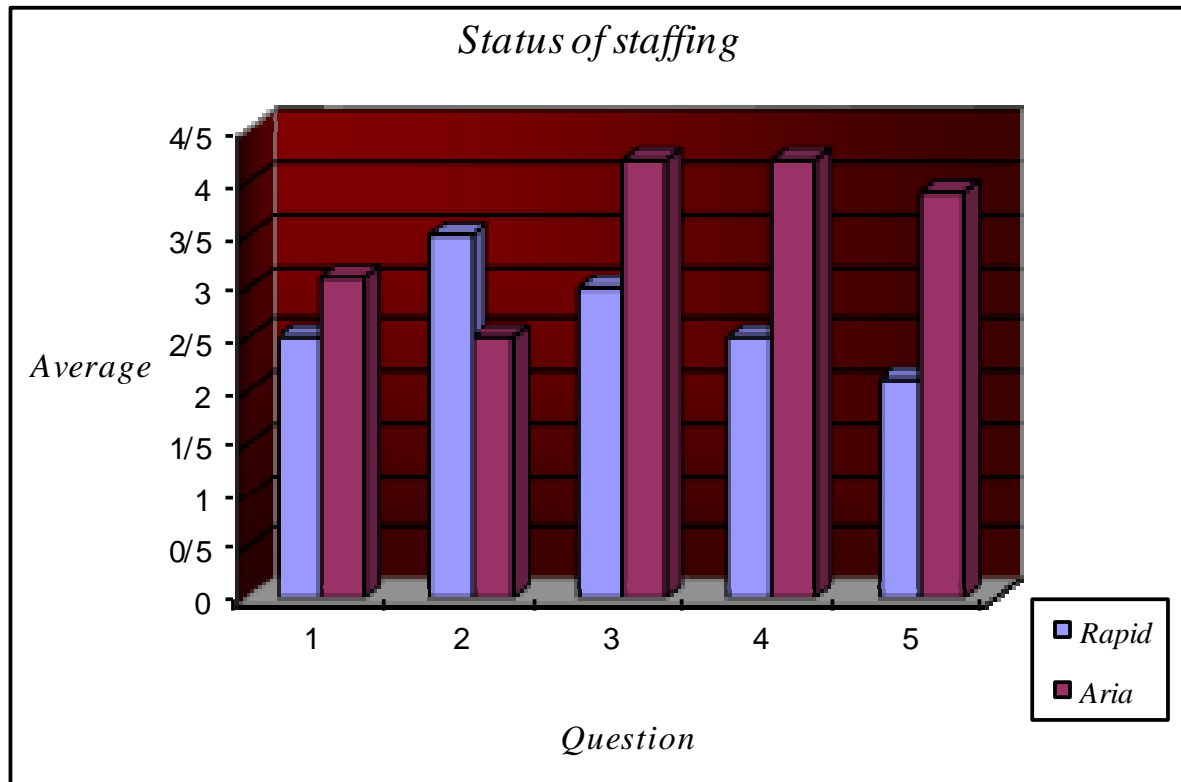
Questions	Mean obtained from Aria	Mean obtained from Rapid-Mehr
How is the satisfaction of company with its specialized staffing positions?	3.1	2.5
How is the level of respect for personal values in the company?	3.5	3.5
To what extent employees are involved in company decisions and goals setting?	4.2	3
How is the company's emphasis on recruiting committed and expert personnel?	4.2	2.5
How is the satisfaction of human resources with compensating their services?	3.9	2.1

The work-force's satisfaction with his/her expertise post in the Aria is better than Rapid-Mehr. However, in terms of respect for personal values, these two firms are almost identical. Involving the employees in setting goals and decisions, emphasizing the recruitment of committed and professional personnel, and the satisfaction of human resources with the Aria is better than Rapid-Mehr and this is due to the fact that the regulations have been replaced with relations in the Rapid-Mehr.

We propose both of them, with regard to human resource management, to apply better personnel and use all their potential and by fair performance evaluation and planning system of discipline and design try to address the demands or complaints of staff and create conducive atmosphere for progress.

Human resources management tasks:

- Selection and employment
- Designing information systems
- The determination of salary and benefits
- Designing health and safety system
- Labor relations
- Training personnel and managers
- Contributing to the growth and development of the organization
- Analysis and design jobs
- Human Resources Planning (Saadat, 2010).



**Table 8. Technology and innovation**

Questions	Mean obtained from Aria	Mean obtained from Rapid-Mehr
To what extent is the company's existing technology, satisfactory?	3.5	2.5
To what extent is the requirement for technology and innovation in company necessary?	2.1	3.7
How is the motivation of the personnel for creativity and innovation?	4	3.2
To what extent does the senior managers support the innovation?	4.6	3.5
To what extent does the research and technology of company have acceptable performance?	3.5	3

Technology has changed and transformed most organizations. The main purpose of the application of new technologies in the workplace is the replacement of machinery instead of manpower (Stephen P.Robbins, 1997).

Specifically, the satisfaction of existing technology of company in the Aria is far better than Rapid-Mehr and so evident need for technology and innovation in Rapid-Mehr is much higher than Aria. However, employees' motivation to creativity and innovation, the support of senior managers

from innovation, good performance of research and technology section in Aria are more than Rapid-Mehr.

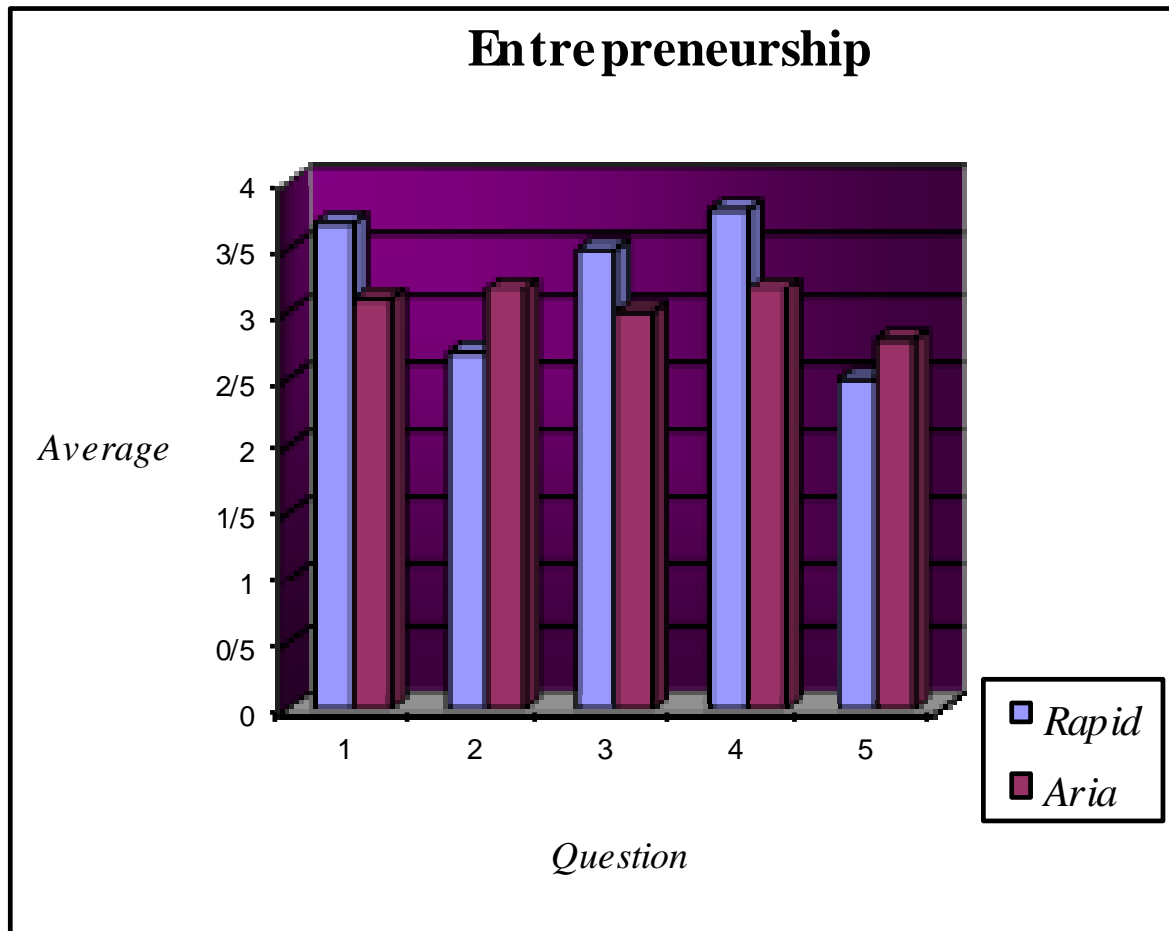
Based on the Table 8, the satisfactory amount of the company's existing technology in the Aria is far better than Rapid-Mehr. I recommend the Rapid-Mehr to employ young people, benefit from updated technology and training personnel, value the creativity and innovation. Also, having a stronger action in the field of information technology with investment in new technology can lead to some progresses. In addition, for more creativity, the brainstorming technique can also be used.

Questions	Mean obtained from Aria	Mean obtained from Rapid-Mehr
How much is the interest of company to entrepreneurship?	3.1	3.7
How is the readiness of management for adoption and applying entrepreneurs' comments?	3.2	2.7
How is the interest of management in entrepreneurship?	3	3.5
To what extent the company has promoted entrepreneurial culture?	3.2	3.8
To what extent the reward for entrepreneurship forces is proportional?	2.8	2.5

The company's interest in entrepreneurship in Rapid-Mehr is more than Aria. However, in the Rapid-Mehr the management readiness to accept and implement comments of entrepreneurs is less than Aria. The management interest to entrepreneurship in Rapid-Mehr is higher and also promoting culture of entrepreneurship in Aria is less than Rapid-Mehr. Obviously, the entrepreneurs are not satisfied with fitness of rewards.

I suggest both firms paying more attention to entrepreneurship and by training and using entrepreneurial culture as well as appropriate payment of bonuses share in the development of entrepreneurs for entrepreneurship. I suggest to the management welcoming the new design, even if it is currently not possible to implement. Young people should be employed in research and development sector of agency (enterprise). I recommend to Rapid-Mehr to obtain more information in this field. Just interest is not enough in entrepreneurship but its condition should also be provided.

Economic developments, the relationship between entrepreneurship and employment in the formal and informal sectors in developing countries and in transition, youth position, the relationship of quality of entrepreneur human resources, and the role of these factors in poverty reduction, are the most issues of today's society. An entrepreneur after success at early stages and showing bright future can achieve a lot of interests through shares (Hartley, Robert, F, 2003).



Questions	Mean obtained from Aria	Mean obtained from Rapid-Mehr
To what extent are the values of the organization tangible?	4.8	3.9
How is the interest of staff and managers to the values and culture of the organization?	4.4	3.7
How is the impact of organizational culture on organization performance?	2.6	2.7
What is the level of commitment of staff to organizational values?	4.2	4
How much are cultures and opinions differences, important in the company?	3.5	4.8

Tangible values of the company, have been seen identical in the Aria and Rapid-Mehr. However, employees and managers’ attention to the values and culture of the organization at Aria is more than Rapid-Mehr. The impact of organizational culture and organizational performance, the commitment of employees to organizational values relatively are the same and giving importance to

different cultures and opinions in Rapid-Mehr is more than Aria, because the Rapid-Mehr is a family firm and approximately with a homogeneous culture of employees. I recommend to Rapid-Mehr to pay more attention to culture and common values in the both firms to be well defined and management ensures understanding of all staff and even training classes to be conducted. Further, reward system can be used and valuing the culture should be rewarded.

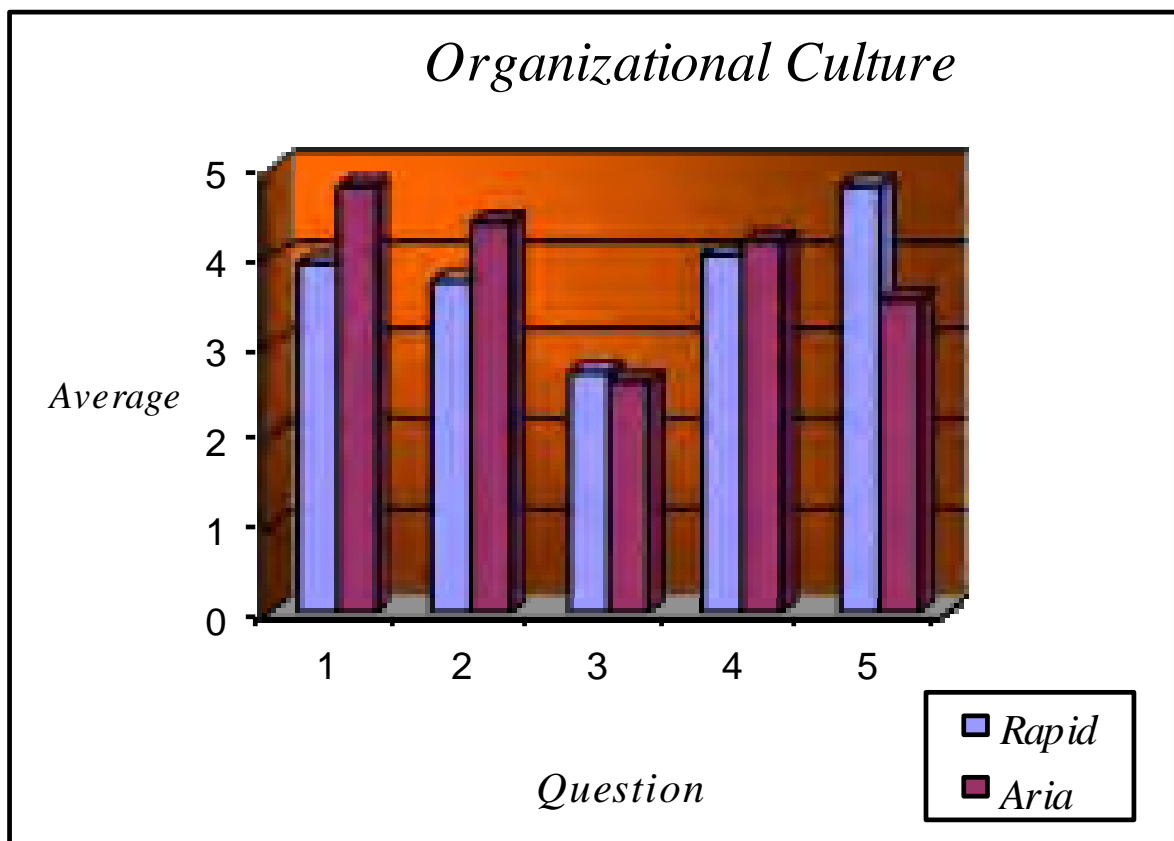
In the firm, it is recommended the staff to be from one culture and I propose to Aria to employ staff with identical culture. Organizations with cultures based on high power distance heavily rely on hierarchy (Hatch, Mary Jo, 2006).

Many experts agree that organizational culture refers to a system of shared understanding that members have towards the organization, and this feature causes a breakdown in the organization.

**Seven main characteristics in total form of organizational culture:**

- Creativity and risk-taking
- Attention to detail
- Attention to the result
- Attention to the people
- Forming team
- Transformation
- Stability or sustainability

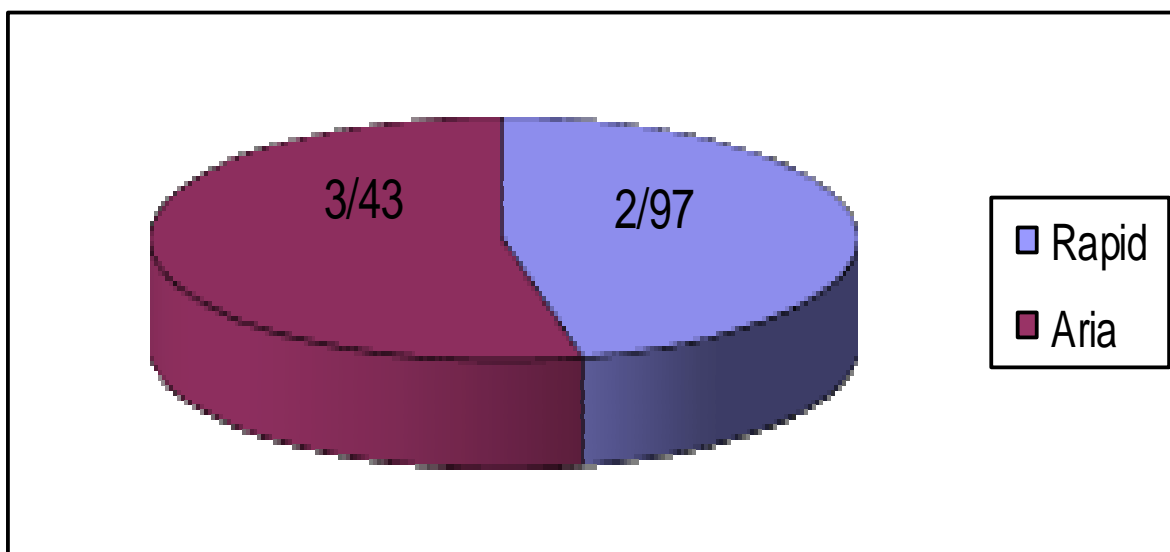
Every organization has a culture and if continuous changes occur, the culture should be changed (Arabi.2010).



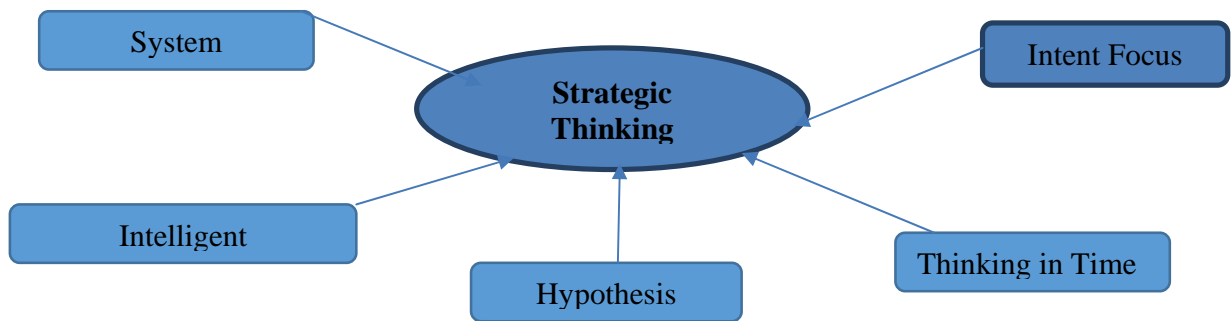
**Table 11. The results of charts as a whole**

Heading	Mean obtained from Aria	Mean obtained from Rapid-Mehr
Competitive situation	3.66	3.36
Education (training)	2.98	2.5
Human upgrade system	2.88	2.18
External (foreign) communications of firm	4.14	3.46
The international and domestic markets status	2.4	1.72
Legal, social and moral liability	3.96	3.56
Status of human resources	3.78	2.72
Technology and innovation	3.54	3.18
Entrepreneurship	3.06	3.24
Organizational culture	3.9	3.82
Total Mean	3.43	2.97

**Conclusion**



Now and considering the complexity of the issues, the most important need is the creation of a correct vision in long-term (Stscy, 1993). As already mentioned, we do not seek to see which enterprise is more successful than another and won on other, but if an enterprise is more successful than other, we find the reason and propose to the second enterprise to use the similar methods . Lidca suggests five main pillars for strategic thinking:



(Ghafoori and Kiayee, 2010)

Clemons in a paper published in the Harvard University Journal, describes the twenty-first century business environment with features such as destroying changes, fleeting opportunity, uncertainty and chaos (Clemon Eric, 2002). In the present study, we concluded that both firms are far from successful stage, but the distance from standard in Aria is much lower than the Rapid-Mehr. Undoubtedly, today's economic situation in Iran has influenced this situation and as we know "innovative strategies are not derived from neat and numerical analysis, but also be achieved by new insight and intuitions" (Wilson, 1998).

However, considering the higher proportion of Aria in the market, it should partly be expected that to be much more successful. In any case, overall performance of Aria has been better and given the current situation, it should follow the stability strategy and maintain the current situation. However, if this condition is prolonged, it also may be faced with an unpleasant situation. In addition, Rapid-Mehr should find a solution quickly to be out of the question mark that is either the dog or the stars, and in total, it can be said that the Aria is in the maturity stage and Rapid-Mehr is in the introduction stage.

#### General suggestions for Rapid-Mehr

- Involving different employees' comments in the decision-making
- Good and close relationship of management with all staff
- Lack of over control the staff and giving them independence
- Tangible superiority of regulations on relations
- Feasibility project formore understanding of staff about the firm's culture and landscape
- Fair and commensurate with performance bonuses
- A coherent and regular defined structure
- To cope with the crisis work more prepared and planning
- Having a standard quality and reasonable price for its goods
- Having enough advertising
- More diligent in cultivating loyal customers
- Accepting the do's and don'ts regarding the legal and customary about governmental organizations
- Using political consultant as well as brainstorming in the end for the original ideas

#### The general recommendations for the success of Aria

For Rapid-Mehr we saw the prospect has been defined better than Aria, but whether just defining the prospects for achieving the objectives is enough?



In the Aria it is suggested that the vision (prospect) and policies of the company to be re-defined.

It is true that in the Aria, giving importance and value to education has been more than Rapid-Mehr, but investment in education has not been enough and we encourage both firms (enterprises) to pay more attention to education. In addition, for best results, using a professional counselor and having in-service training for our employees are good idea. With full knowledge about technologies and updated education in the world, we should equip the employees to deal with today's unstable environment.

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