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BASIC ECONOMIC ISSUES ACCORDING TO THE IATF

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Abstract

The paper discusses the problem of the correct setting of a business plan in a manufacturing company in the automotive sector. The aim of the work was to point out the significant penetration of economic standards in the IATF technical standard, to point out its requirements and possible implementations on examples. Based on the facts, the aim was to formulate specific questions that each similar company should ask and to derive measures in terms of optimization from the answers.

Key words

Business plan, IATF, Risks, Competences, SWOT, Processes, Knowledge, KPI.

JEL classification

A10; D12; L10; M20

1. Introduction

Basic economic issues can be formulated from different angles, by type of economy, by type of products or services, and so on. Simply asking yourself the question of what, how and for whom to produce is just one small group of essential questions that follow but also other questions. Many private organizations as well as the public sector, either voluntarily or based on the requirements of the state, institutions or business partners, had to pass various certifications. In my work I will focus on the automotive industry and the IATF16949 standard. Gradual transformation of ISO9001 standards, later ISO / TS16949 up to IATF16949, technical standards were also added to technical standards, e.g. resource planning, risk management and action planning, the need for an emergency plan and the like. In a way, modern certification according to these standards does not only deal with the purely technical side of production of products or provision of services, but also tasks the organization in accordance with the chapter "leadership" to take on all assigned tasks arising from defined competencies and powers. The work will point out the penetration of the economic and technical world and the aim will be to formulate the basic economic issues in the above models and outline a business plan.

2. Materials and Methods

To determine the basic economic issues, it is necessary to define several basic assumptions. Entrepreneurship as such is guaranteed in Slovakia by the Constitution of the Slovak Republic, Article 35 and paragraph 1. Everyone has the right to do business or carry out other gainful activity in the country. At the level of laws, business is also regulated by the Commercial Code. It regulates business, institutes related to it, business actors, business procedures, regulates documentation related to business and also manages business and legal relations between stakeholders. Entrepreneurship means a continuous activity that is carried out by an entrepreneur with the aim of making a profit or a measurable positive social impact. Entrepreneurship is not only a basic precondition for the functioning existence of a market economy but also human activity, which causes an equilibrium state in the economy.

Assumptions for successful business activity can be divided into objective and subjective. By objective we mean business activity on market stimuli, monitor them and use them effectively. Entrepreneurial competencies, such as intellectual, emotional or economic abilities, are classified under subjective assumptions in business. Both assumptions should be in some balance for a successful business process. The research goal of my descriptive research design is a manufacturing company in the automotive industry that is certified according to the IATF16949 standard. This company has been operating on the market since 2007, which means that it is well-established and, based on the results, successfully defends its position on today's market. The already mentioned economic questions of what, how and for whom to produce are not the subject of everyday communication, as the company is already integrated in the market. However, these issues may arise during operation during reprofiling, depletion of all production capacities or major changes in the market. Based on the above facts, we will focus the issue of economic issues on the procedural level. The aim of the business, resp. company is not only to monitor the economic result, the amount of profit, but also the efficiency of individual processes. This view will provide us with more detailed information about the individual activities of the company, about the inputs and generated outputs, the profitability of processes and the like. The IATF16949 standard also defines from an economic point of view several meaningful attributes that need to be declared for processes:

- inputs,
- outputs,
- interconnection of processes,
- measuring the efficiency of processes through indicators,
- identify resources for the running of processes,
- assign responsibilities and powers; and
- define and assess risks and measures.

3. Results

We will take an exemplary process of "business activity". The purpose of the attributes is to methodically contribute to the implementation of business activities in order to improve this process, satisfy the basic economic goals of the owner and the requirements and expectations of other stakeholders such as suppliers, customers, the state and the like. A smooth function of this process is to apply for new projects for the organization at the customer. From a strategic and economic point of view, this is one of the most important processes, given that all others are dependent on this process, the output of this process ensures the future and fluidity of all other processes. This process strategically and prospectively shapes the company and ensures its future operation, employees work and owners, provided profitability profit. **The inputs** to the process can be considered:

- demand, technical documentation,
- requirements for products, annual quantities,
- internal information on manufacturability, capacity, technology and
- documentation and offers from suppliers.

After the transformation, the process can generate the following **outputs**:

- comprehensive offer with price and business requirements,
- order from the customer,
- framework contract and
- information and data for the following processes.

In this case, we do not define any previous processes, the process has only subsequent processes:

- project management,
- technological preparation of production and
- realization of production.

Key Performance Indicators (KPIs) are commonly used to **measure process efficiency**. The main indicator is:

- sales revenue.

Revenues are an additional mirror of the efficiency of the business process with an interval of approximately one year. This is due to the fact that the currently acquired project cannot be immediately reflected in sales, as the implementation of the project is a time-consuming process. Strategically, this process can be evaluated additionally after about a year. However, with an established organization, this may not be a problem, it is essential to maintain continuity in sales and avoid stagnation. It is generally known that projects in the automotive industry are limited in time and when there is a cessation of production, respectively. life of the project, it is necessary to replace it with a new one in terms of continuity of production. The following image shows monthly sales with a rising trend line. The strategic goal of the company was to maintain the lower level of sales of 14 mil. euros. We can state that the goal was mostly met. The non-fulfillment in the first three months and partly in the tenth month can be analyzed by quiet periods in car sales on the market. At the beginning of the year, new models are always released, the old ones are sold out, this phenomenon can be considered the cause of non-compliance. An inseparable reason is also the winter period, which psychologically not positively affects buyers. It is obvious that during the spring and summer months there is a peak curve. The December exit can be argued for a company-wide holiday in the races. In this case, they are often supplied in advance. After analyzing the results, it is necessary to define strategic measures, if possible, in order to preserve as much as possible the financial continuity of the company with the aim of business sustainability.

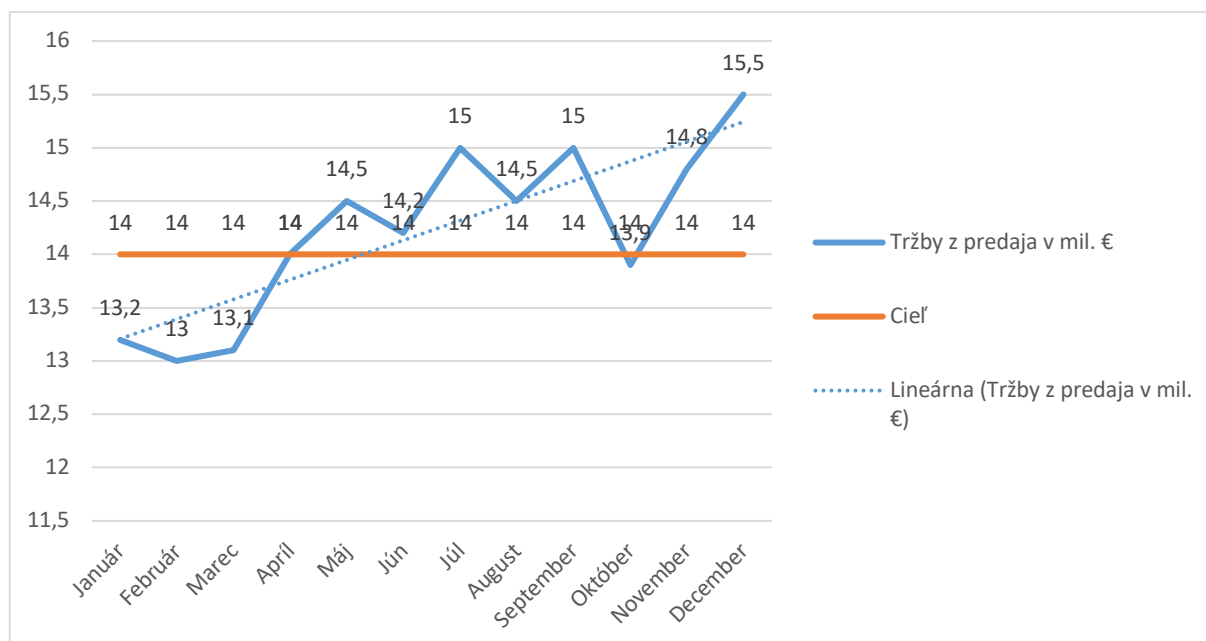


Figure 1. KPIs of Business

Source: own processing

The organization must identify **resources** for the implementation of processes. In doing so, it must take into account the capabilities and limitations of current internal resources and the possibilities of external resources. Sources can be identified as follows:

- staff (operators, managers),
- infrastructure (buildings, equipment, transport, technology),
- environment for the operation of processes (social, social spaces),
- sources of monitoring (measurement of qualitative indicators),
- knowledge of the organization.

Not only financial institutions but also the IATF standard requires the company so-called. business plan. It is not aimed only at the period of starting a business, but the standard is strictly prescribed by the plan to deal with, to update it in specified periodicals and to plan on the basis of it. The plan contains four basic pillars:

- the financial budget of the organization for the calendar year and the planned investments,
- setting strategic goals of the company and goals of management systems,
- development of company policies and management systems a
- vision of the company.

The company's budget is made up of current overhead costs as a basis; based on the analyzes, it is not very likely that they will change significantly during the year. These costs are usually included in the calculations and do not represent an unpredictable situation. On the contrary, it is with additional expenses such as:

- professional training for employees,
- investment in software,

- costs of maintaining management systems,
- new bicycle stands, new interlocking tiles,
- replacement of parts on devices.

Such extraordinary costs are difficult to anticipate, so it is good to think about such costs that may occur during the creation of a business plan for the coming year, so that the organization reserves funds in advance for such events. For each single point, it is necessary to state the possible amount of costs and then continuously evaluate the drawing from this so-called. fund.

The strategic goals of the company are the sum of economic, technological, tactical goals, which are interconnected and to some extent interdependent. The IATF standard talks about setting primarily measurable goals. This means that the goal must be specific, e.g. achieving a specific profit, innovation of a specific technology, gaining a specific client. We will give an example of the developed complex goals of the company. They must include specific deadlines for implementation, responsible and sometimes specific action plan in the case of complicated objectives, the fulfillment of which must be monitored on an ongoing basis.

Table 1. Strategic goals

Goal:	Responsible:	Date:	Fulfillment:	Note:
Achieving an "A" rating from the customer	Mr. Molnár	06/2021	25%	Expected audit in June 2021
Maintain the total annual turnover compared to the previous year	Mr. Tóth	12/2021	0%	
New quality spaces	Mr. Molnár	10/2021	50%	See project
Modernization of measuring equipment with a new type of Zeiss SMM	Mr. Filip	12/2021	0%	Min. 3 offers
Maintain the total annual quality costs compared to the previous year	Mr. Molnár	12/2021	0%	
Fulfillment of KPIs of individual processes	Process managers	12/2021	0%	

Source: own processing

The development of company policies is aimed at the implemented policies in the organization:

- quality policy,
- environmental protection policy,
- information security policy,
- code of ethics,
- trade policy.

The organization should communicate, mediate and update these policies in the company. It is essential that all relevant staff are made aware of these policies, that they take these rules, expectations and the like into account in their activities. After certain periods, it is good to update them, it is possible that the profile of the organization changes partially or completely, then the policies may change in some way. More or less, all policies have a legislative background, such as a code of ethics. In some way, this document declares compliance with the Labor Code, anti-social legislation, the Commercial Code and the like. This area has also been elaborated in technical standards ISO26001 and SA8000. Routine audits are performed in the VW network for this purpose. All policies must be published and understood in the organization. They must also be examined for suitability.

The company's visions are perceived more from a long-term perspective. Here is an example of visions for the period 2021-2026:

- Transfer of the supporting external project management process from Austria to Slovakia
 - o about resources
 - office and its complete equipment,
 - description of directives and other documents.
- Extension of land
 - o examine the surrounding land and re-evaluate possible investments,
 - o Percentage evaluation of possible capacity expansion.
- Automation and digitization
 - o Nationwide introduction of BAR codes,
 - evaluate the necessary resources.

The knowledge of the organization means all the skills, abilities, know-how of the company for smooth operation. It is knowledge from trivial activities from the production environment to the skills and experience of traders how to win an order. All this information is the property of the company and it is in the interest of the company to document it for the purpose of substitutability. It is a mistake if a skilled sales director who uses his methods to negotiate the organization of the contract and after his departure the customer is lost. Every process, every asset must be as replaceable as possible.

Top management must ensure that **responsibilities and authorities** are assigned to persons for relevant tasks. The sales director needs to have the right to sign when winning new orders. In case of incorrect calculation, he must bear full responsibility for financial loss and the like. All these situations bring some risks for the company, so it is necessary for the employer as well as the employee to set the best and most correct conditions, respectively. labor relations and business relations.

We will follow up on the topic of **risks** that are part of every process. From a business point of view, the SWOT analysis in the following figure is often used.

Silné stránky		kr.	1	2	3	4	5	suma	váha	E1	E2	E3	suma	váha
Orientácia na zákazníka		1		0	1	0	0	1	0,1	1	3	2	6	0,2
Firma so zahraničnou účasťou		2	1		1	1	1	2	0,2	2	2	2	6	0,2
Technická odbornosť personálu		3	0	0		0	1	1	0,1	1	1	2	4	0,13
Poloha spoločnosti		4	1	0	1		0	2	0,2	2	2	1	5	0,17
Držiteľ certifikátov kvality ISO 9001, TS 16949		5	1	0	0	1		4	0,4	4	2	3	9	0,3
Súčet								10	1	10	10	10	30	1
Slabé stránky		kr.	1	2	3	4	5	suma	váha	E1	E2	E3	suma	váha
Úverové zaťaženie		1		1	0	1	1	3	0,3	3	3	3	9	0,3
Nováčik na trhu		2	0		1	0	0	1	0,1	1	1	2	4	0,13
Nestabilná finančná situácia		3	1	0		1	1	3	0,3	3	3	2	8	0,27
Fluktuácia personálu		4	0	1	0		0	2	0,2	2	2	2	6	0,2
Špecializácia podnikateľského zamerania		5	0	1	0	1		1	0,1	1	1	1	3	0,1
Súčet								10	1	10	10	10	30	1
Príležitosti		kr.	1	2	3	4	5	suma	váha	E1	E2	E3	suma	váha
Rozvíjať marketingové aktivity do nových regiónov		1		0	0	1	1	2	0,2	2	2	2	6	0,2
Príchod nových automobiliek na Slovensko		2	1		0	1	0	2	0,2	2	3	2	7	0,23
Ponúknuť nové služby		3	1	1		1	1	3	0,3	3	1	1	5	0,17
Rozšírenie výrobných priestorov		4	0	0	0		1	2	0,2	2	3	3	8	0,27
Zakúpenie nových zariadení na prevádzku		5	0	1	0	0		1	0,1	1	1	2	4	0,13
Súčet								10	1	10	10	10	30	1
Hrozby		kr.	1	2	3	4	5	suma	váha	E1	E2	E3	suma	váha
rast konkurencie		1		1	1	1	1	4	0,4	4	4	2	10	0,33
skladovacie priestory		2	0		0	1	0	1	0,1	1	2	2	5	0,17
poruchy zariadení		3	0	1		0	0	1	0,1	1	2	1	4	0,13
neinformovanie kompetentných o havarijnej situácii		4	0	0	1		0	1	0,1	1	0	2	3	0,1
výrobná spôsobilosť		5	0	1	1	1		3	0,3	3	2	3	8	0,27
Súčet								10	1	10	10	10	30	1

Figure 2. SWOT analysis

Source: own processing

The aim of the analysis is to identify the strengths and weaknesses of the company. Eliminate possible business opportunities and threats. The result of this analysis is a guide to improve business, the direction in which the organization should be directed business and strategically. The output can be an action plan with optimizations of individual processes, areas, specific managers and the like.

4. Conclusion

The output of my work is the formulation of basic economic issues of the research sample.

- What inputs must the organization provide for the smooth and efficient operation of processes and what outputs does it expect?
- How many and what processes does the organization have to ensure to fulfill the business plan?
- What are the process indicators, are they effectively managed?
- What resources does the company have to plan for its operation?
- Are the set employment and business-legal relations optimal?
- What are the business risks of the organization and what do they entail?

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