

# Thoughts on Fine Management Assessment

## -Taking Product Oil Sales Company X as an Example

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**Abstract**—Fine management assessment is an important part of fine management. Effective assessment mechanism is a powerful guarantee to achieve the objective of fine management. Based on the actual situation of Product Oil Sales Company X and the requirements of fine management, this paper considers how to establish a scientific and reasonable fine assessment mechanism, which is of great significance to further improve the management level and achieve the increase of management efficiency.

**Keywords**—product oil sales enterprise; fine management; assessment; mechanism

### I. INTRODUCTION

Fine management is a business management concept originating from developed countries. The contents of fine management are mainly reflected in five aspects: fine operation, fine control, fine accounting, fine planning and fine analysis [1]. The most basic characteristics of fine management are to emphasize detail, process, foundation, concreteness, implementation, quality and effect, focusing on intently doing everything well, keeping on improving and striving for the best in every detail.

Fine management requires establishing a set of scientific and practical assessment mechanism. Fine management will become an empty talk without a set of fine assessment mechanism. Implementing fine management is to provide a fair and impartial platform for employees to display their talents by establishing a scientific assessment system and introducing an incentive and competition mechanism, and to form the management effects of self-pressure, self-drive, self-management, self-motivation and self-realization, so as to promote the sound and rapid development of enterprises.

#### A. Fine management

Frederick Winslow Taylor [2], an American managerialist first put forward the theory of scientific management in his book *The Principles of Scientific Management*, which is the origin of the original concept of fine management. Thereafter, based on practical research, Taylor perfected the theory of scientific research management, pointed out that if enterprises

want to achieve the highest efficiency, they must choose to replace traditional experience management with scientific and perfect management methods. In order to achieve the highest productivity of labor, it is necessary to explore a scientific management path. Following Taylor, William Edwards Deming [3] put forward the total quality management related theory, including "14 Points for Management", "PDCA cycle (Plan, Do, Check, Act)", etc., which enriched and improved the fine management theory, and had an important impact on it. Since then, under the leadership of Deputy General Manager Taiichi Ohno, Toyota Motor Company of Japan has formed a set of complete management system through many years of efforts of its employees, namely, Toyota Production Style (TPS) [5], including two pillars of "Just in Time Production" and "Personnel Consciousness" and a major foundation of "improvement". The production mode of Toyota helps to improve the efficiency of enterprise management. As a management theory with oriental culture, it has far-reaching influence on the enrichment of fine management theory.

#### B. Management by objective

Peter F. Drucker [4], an American management scientist, has put forward the theory of management by objective in *The Practice of Management*. He believes that the purpose and task of an enterprise must be transformed into the objectives. If an enterprise has no general objective or sub-objectives consistent with the general objective to guide the production and management activities of employees, the larger the enterprise scale is, the larger the number of personnel is, the greater the possibility of internal consumption and waste is. He elaborates the theory of management by objective from three links: goal setting, process management and result formation and feedback. The most effective way in business management is employee's "self-control". Only when each employee has an objective consistent with the general objective, can self-control be achieved. The objective is the basis of control, and specific work needs to be determined through the objective. Subsequently, American psychologist Douglas McGregor puts forward Theory X and Theory Y in *The Human Side of Enterprise*, and the proposal of Theory Y enriches the connotation of management by objective theory. Subsequently,

George Audion, McConkey and other experts and scholars in industry or academia put forward their own understanding of management by objective, and continue to improve it.

It is precisely because the theoretical foundation many experts and scholars have laid for fine management makes fine management become an important management method for modern enterprises. This paper hopes to build a more reasonable assessment mechanism for fine management of product oil sales company X through the related theory of fine management and combining with management by objective.

## II. THE CURRENT SITUATION AND PROBLEMS OF ASSESSMENT OF COMPANY X

Company X is a city-level product oil sales enterprise, with more than 60 gas stations under it, covering the urban areas and suburban counties of the whole city. The company's management mode is the three-level management mode of departments of company organ, business districts and gas stations. The administrative departments of the organ mainly include the General Manager's Office, Marketing Management, Finance Department, Administrative Personnel Department, Gas Station Management Department, Warehouse Security Department, Party-mass Work Department, and Internal Audit Department and so on. There are nearly 80 employees of the organ, and nearly 400 employees of the gas station. The management by objective (MBO) is the main method adopted by Company X to assess the fine management work. At the beginning of each year, the management formulates the implementation scheme according to the key points of the current business management work, sets the objective of the company level, and then subdivides it according to the characteristics of the department, matches with the corresponding weight, assesses and scores the achievement of the objective in the quarterly or annual period, appraises the achievement of the objective according to the scoring situation, and evaluates the effect of fine management.

At present, the company is in the mature stage, and the market development space is limited. It is urgent to improve the operating efficiency through the improvement of the internal management. In the process of business management of the company, a set of unique assessment indicator system has been formed. However, the assessment indicators mainly involve income, cost, profit and other indicators, such as: The sales volume of product oil, total marketing cost, total profit, marketing cost per ton of oil, gross profit per ton of oil, total expenses and so on are all in vain in the actual assessment process. The company's management cost remains high, the staff's enthusiasm is not high, and the assessment mechanism is relatively extensive, which cannot be implemented to all departments in accordance with the specific conditions of each department. The existing assessment mechanism cannot meet the needs of business management, and gradually exposes the drawbacks, and there are many problems:

1. The assessment system is not perfect. There is no systematic quantitative assessment indicator system closely combined with the rights and liabilities; 2. Assessment objectives are not clear enough. The evaluation is carried out once a year in the existing assessment. Once the objective is formulated, it will not change. Even if the objective is found to

have problems, it will not be modified in time, so there is a certain shortcoming in the precision of objective; 3. The assessment objectives are lack of linkages between departments. Many departments only focus on a few indicators which are very important to themselves. The overall effect of fine management is affected to a certain extent by the low degree of relevance between the objectives of departments, the more vertical linkages and the insufficient horizontal linkages; 4. The objective area is set narrow, and it is easy to marginalize the departments with low relevance to benefit realization. 5. The incentive policy of fine management assessment lacks pertinence and fails to mobilize the enthusiasm of employees in an all-round way. Job responsibilities and assessment are mismatched and so on.

Therefore, it is necessary to optimize and improve the methods of fine assessment in order to better and comprehensively stimulate the enthusiasm of fine work and maximize management benefits.

## III. IDEAS ON PERFECTING THE FINE MANAGEMENT ASSESSMENT MECHANISM

### A. Principles and methods of assessment

It is needed to set up the assessment content scientifically and solve the problem of "what to evaluate" to establish and improve the fine assessment mechanism. It is necessary to set the assessment score scientifically and solve the problem of "how to quantify it"; It is necessary to set the assessment methods scientifically and solve the problem of "how to assess".

(1)Persist in the "people oriented" principle. Only by adhering to the principle of people-oriented, can we activate the team potential and enhance the overall work efficiency. It is necessary to establish and improve an effective scientific and reasonable management assessment model to realize the transformation from "managing people by people" to "managing people by system".

(2)Standards should be refined to solve the problem of "what to assess". Determine a more scientific system of management assessment elements, formulate a more detailed post responsibility, horizontally divide posts and vertically grade, and refine the assessment to posts and individuals.

(3)The method should be scientific and solve the problem of "how to assess". It should adhere to the method of combining process with result, quantitative assessment with qualitative evaluation, and highlight the work indicators of result, subject and testability. In the principle of assessment, it should avoid multiple assessments and adopt "form type" as far as possible, one form for one department, and one form for one person.

(4)It should take into account all aspects and solve the problem of "fair assessment". It should dig out the reasons why the task has been completed well and badly, adjust the assessment methods and measures in time, and prevent the disconnection between work and assessment.

**B. Assessment mechanism**

For Company X, the fine management assessment mechanism should be combined with the reality, take the performance objective growth as the central task of fine management and the main benchmark of the test results, and take the system construction and process improvement as the guarantee project and long-term mechanism.

(1)Scientific assessment content is the foundation. On the basis of management by objective (MBO), it can better promote the alignment of fine management objective with the long-term development of the company by introducing the

advanced design concept of Balanced Scorecard (BSC), which is, combining corporate strategy and performance management.

*1) Comprehensive and systematic in the company level.*

Make a comprehensive and systematic assessment for the macro-operation of the whole company, so that the company's management and persons in charge of departments clarify objectives and identify gaps. It is mainly composed of 15 indicators, and the subordinate company is evaluated by the superior company, as follows:

**TABLE I ASSESSMENT INDICATORS IN THE COMPANY LEVEL**

Assessment Indicators of Operating Indicators			
Indicator name	Weight	Indicator name	Weight
Cash contribution per ton of oil	8	Annual sales of self-operated single station	6
Profit per ton of oil	10	Price achievement rate of product oil	5
EVA per ton of oil	8	Convenience store business growth rate	3
Profit growth rate	6	Marketing cost per ton of oil	10
Labor productivity of total workers	5	Product oil sales growth rate	6
Inventory turnover rate	3	Per capita profit	6
Sales volume of product oil	8	Total profits	10
Ratio of self-operated retail sales of product oil	6	Total score	100

*2) Highlighting differences in the departmental level.*

Based on the macro operation of the company, three important performance indicators are selected: For the sales volume of product oil, retail sales volume of product oil and profit indicators, based on the different duties of different departments in the operation of the company, different indicators are selected for differentiation accordingly to conduct the assessment according to the duties of the departments in order to avoid the marginalization of departments with low relevance to fine management indicators, which mainly consists of three parts. The first is performance indicator, the second is management indicator, and the third is control indicator. In this paper, the Marketing Department,

Finance Department and Gas Station Management Department are selected as examples to elaborate.

*a) Marketing Department*

The Marketing Department is directly linked to the company's performance. It plays a leading role in the company's operation. The improvement of sales volume largely affects the achievement of the company's performance. Therefore, it tends to increase sales volume and expand the market in the setting of indicators and weights. The assessment of this department shall be carried out by the corresponding assessment department, which shall be included in the range of fine management assessment of the department.

**TABLE II ASSESSMENT INDICATORS OF MARKETING DEPARTMENT**

Indicator category	Key performance indicator	Weight (%)	Assessment Department
Performance indicator	Total sales volume of product oil	20	Management
	Total retail sales volume of product oil	15	Management
	Profit indicator	15	Finance Department
Management category	Price Achievement Rate	5	Finance Department
	Gas Card Issuing Quantity and Information System Operation	15	Information Department
	Total resources transported	10	Management
	Transportation Cost Control	5	Finance Department
	Corporate Culture Construction (Publication Situation of Internal Publications)	5	Party-mass Department
	Construction of Internal Control System (through Superior Testing and External Audit)	5	Internal Audit Department
Control category	Combat corruption and uphold integrity, operate according to law and stabilize the team	5	Internal Audit Department
	Supervise tripartite vehicle dispatch	5	Each District

*b) Finance Department*

Finance Department and Marketing Department are the key departments to realize profits. They are of great significance to the management of company expenses, cost reduction and

efficiency increase. Therefore, the focus is on cost control, such as the marketing cost per ton of oil, pre-tax profit per ton of oil and other indicators.

TABLE III ASSESSMENT INDICATORS OF FINANCE DEPARTMENT

Indicator category	Key performance indicator	Weight (%)	Assessment Department
Performance indicator	Total sales volume of product oil	15	Sales Department
	Total retail sales volume of product oil	15	Sales Department
	Profit indicator	15	Management
Management category	Pre-tax profit per ton of oil	5	Management
	Marketing cost per ton of oil	5	Management
	Fund management (safe operation of funds, no new arrears, use of funds according to plan)	15	Management
	Financial Foundation Work (Standardization of Basic Work, Timely Financial Accounting)	18	Management
	Corporate Culture Construction (Publication Situation of Internal Publications)	2	Party-mass Department
	Construction of Internal Control System (through Superior Testing and External Audit)	5	Internal Audit Department
Control category	Combat corruption and uphold integrity, operate according to law and stabilize the team	5	Internal Audit Department

*c) Gas Station Management Department*

Gas Station Management Department is not directly linked to the company's performance indicators, but it plays the most

important role in the company's brand and image, so the assessment focuses on equipment management and customer satisfaction, etc..

TABLE IV ASSESSMENT INDICATORS OF GAS STATION MANAGEMENT DEPARTMENT

Indicator category	Key performance indicator	Weight (%)	Assessment Department
Performance indicator	Total sales volume of product oil	15	Sales Department
	Total retail sales volume of product oil	15	Sales Department
	Profit indicator	15	Finance Department
Management category	Gas station inspection management (quarterly inspection and notification)	10	Management
	Quality management of the number of gas stations (no major oil quantity or quality accidents or impacts)	10	Management
	Standardized management of gas stations (satisfactory service, no complaints)	10	Management
	Facilities and equipment management of gas stations (equipment management such as refueling machines and liquid level meters to ensure the needs of production and operation)	8	Sales Department
	Operational Skills Training of Gas Station	5	Personnel Department
	Enterprise Culture Construction	4	Party-mass Department
	Construction of Internal Control System (through Superior Testing and External Audit)	3	Internal Audit Department
Control category	Combat corruption and uphold integrity, operate according to law and stabilize the team	5	Internal Audit Department

*3) Paying attention to execution in the personal level.*

Differentiated assessment is carried out on the basis of operation indicators, combined with the corresponding responsibilities of each post.

In the level of each section of the company and the gas station, the salary per ton of oil is calculated according to the wage base and sales volume, and various individual awards are set up to improve the enthusiasm of the grass-roots employees.

In the level of personal assessment of company organ, it mainly includes three parts: first of all, it is directly linked to the assessment score of the department; secondly, it is planned to complete the situation assessment. Individuals shall formulate work plans and assess the work according to the planned completion situation; finally, it is the work style assessment, which mainly includes attendance rate and other

indicators. Human Resources Department, Party-mass Department and other departments are responsible for macro-assessment on the completion of each work, working attitude and enthusiasm by introducing leader assessment mechanism. Among them, department assessment accounts for 40%, personal work plan evaluation accounts for 40%, work style and leadership assessment accounts for 10% respectively.

(2)The diversification of assessment methods is the key point. It is necessary to clarify what employee performance assessment indicators are, what the performance target value is, and how much the weight of each indicator is. For example, the key departments to achieve "profit" include Marketing Department and Finance Department, so the assessment focuses on "sales volume" and "sales progress". Sales growth rate, economic value added, per capita labor service and other indicators can be set. The key point of assessing safety and

duties of the post is "quality of safety production". Indicators such as the number of casualties in production safety accidents can be set.

(3) Perfect monitoring system is the support. One of the main preconditions for doing fine assessment well is to master how they do it. Therefore, it is necessary to establish a set of monitoring system, to make managers at all levels be able to timely grasp the information related to themselves through weekly, monthly, quarterly, semi-annual and annual series of inspection feedback and summary. On the one hand, it provides a basis for the assessment work; on the other hand, it is also conducive to the next step of work adjustment and arrangement. In this regard, it should do a good job in the design of monitoring project, the recording of monitoring contents, relevant evaluation opinions and improvement measures.

#### IV. CONCLUSION

Fine management is a necessary management means for product oil sales enterprises in the process of operation and development. Improving the management level of enterprises through fine management is also the inherent demand and inevitable choice of enterprises. Company X's existing assessment system has been unable to meet the urgent needs of operation and management. Based on the current situation of Company X's operation and management, this paper puts forward a set of fine management assessment system, which has a certain guiding and practical significance for the product oil sales enterprises.

Fine management is a long-term process. Only by establishing an effective fine assessment mechanism can we lay a solid foundation for the promotion of fine management. The basic requirement of assessing the fining is to assess the fining itself. In the future business management, enterprises also need to constantly improve the assessment criteria, improve the evaluation methods, and make the assessment as comprehensive and quantitative as possible, supplemented by relevant incentive policies, to promote the sustainable development of fine management of enterprises.

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