

IV. DISCUSSION

Before the gross profit analysis, the managers of the sampled manufacturers thought they did not need to use ITs strategically because their sales were growing. Although profits were low, they were not negative; therefore, they thought they were running their businesses well. However, as shown by the profitability analysis, the gross margin of some products is below zero (i.e., the products are unprofitable). By changing the product portfolio and sales strategy, they could thus increase profit. Discontinuing unprofitable products and focusing on the promotion of high margin products are representative strategies in this regard. Indeed, in order for regional small and medium-sized manufacturers to be more competitive and to continue their businesses in the increasingly globalized market, it is necessary to utilize ITs in a strategic way. For this to occur, managers must begin to recognize the importance of ITs.

V. CONCLUSION

In this study, we reviewed the status of IT introduction in 15 small and medium-sized food manufacturers in Miyagi prefecture, Japan. We found that many of these manufacturers used back-office software such as accounting; however, few used core operation-related software such as production management and material inventory management. In order to highlight the importance of the strategic utilization of ITs, we conducted a profitability analysis of each of their products. The results of the field survey showed that only a small proportion of the manufacturers conducted such an analysis. Further, based on the data provided by two manufacturers, we found that some of their products had a gross margin below zero, meaning that the more of the product they sell, the lower their profits become. This important finding showed the importance of the strategic utilization of ITs in SMEs in Japan.

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