

## Basis of development of enterprise development strategy

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The article proposes the author's definition of strategy as the sum of necessary certain sets of actions, tasks and directions which, according to the vision of the top management of the enterprise, will achieve the goals of the enterprise and increase the positive economic effect. The methodological bases and principles of development of the enterprise strategy are considered. The description of the most known and effective strategies, and also ways of their realization on the example of the world successful companies are presented. External environment factors influencing the strategy building with the help of portfolio analysis are highlighted.

**Keywords:** strategy, portfolio analysis, matrix, external environment factors, competition, strategic management.

Заїка Ю.А., Кунц С.А. ОСНОВИ РОЗРОБКИ СТРАТЕГІЇ РОЗВИТКУ ПІДПРИЄМСТВА

У статті запропоновано авторське визначення стратегії, як сума необхідних певних наборів дій, завдань та напрямків яка, по баченню топ-менеджменту підприємства, дозволить досягти цілей підприємства і збільшення позитивного економічного ефекту. Розглянуто методологічні основи і принципи розробки стратегії розвитку підприємства. Представлено опис найбільш відомих і ефективних стратегій, а також способи їх реалізацій на прикладі світових успішних компаній. Виділено фактори зовнішнього середовища, що впливають на побудову стратегії за допомогою портфельного аналізу.

**Ключові слова:** стратегія, портфельний аналіз, матриця, фактори зовнішнього середовища, конкуренція, стратегічне управління.

Заика Ю.А., Кунц С.А. ОСНОВЫ РАЗРАБОТКИ СТРАТЕГИИ РАЗВИТИЯ ПРЕДПРИЯТИЯ

В статье предложено авторское определение стратегии, как сумма необходимых определенных наборов действий, задач и направлений которая, по видению топ-менеджмента предприятия, позволит достичь целей предприятия и увеличения положительного экономического эффекта. Рассмотрено методологические основы и принципы разработки стратегии развития предприятия. Представлено описание наиболее известных и эффективных стратегий, а также способы их реализаций на примере мировых успешных компаний. Выделены факторы внешней среды, влияющие на построение стратегии с помощью портфельного анализа.

**Ключевые слова:** стратегия, портфельный анализ, матрица, факторы внешней среды, конкуренция, стратегическое управление.

**Problem statement.** In the period of globalization and rapidly developing market of goods and services, increasing the level of competition and other global factors of influence from the external environment, the issue of strategic management of the enterprise is amplified and does not lose its relevance. The study of the latest methods of influencing the strategic development of the enterprise requires non-standard approaches to highlight the most effective tools for developing an effective strategy.

**Analysis of recent studies and publications.** The works of such scientists as Shershneva Z.E. "Strategic management", Zhilina N.N., Barkalova S.V., Smirnov A.V. "Strategy of the enterprise: value, role, functions" are investigated. Analysis of recent studies and publica-

tions shows that there are many approaches to the development of the strategy, but they do not fully take into account the influence of external environment factors on the strategic development of the enterprise.

**Formulation of the objectives of the article.** The purpose of the article is to describe methodological techniques and principles that will show in detail the most effective process of development of the company's strategy.

**Presentation of the basic material.** The founder of Modern business history Chandler A.D. treats the strategy of the enterprise through the system of definition of long-term goals and objectives, setting of course, directions of allocation of resources, which are necessary for achievement of goals, tasks and the company's

designated course [1]. In other definitions of a number of authors, such as Zabelin P.V., Moiseva N.K., Kazakov N.A. and others, the key task of implementation of the management strategy is the economy and profitability of the components of the strategy, the adequacy of the spent resources with the results of the implemented strategy, with the minimal possible, in conditions of uncertainty of external environment factors, level of risks [1].

Economist Petrov A.N., summarizing the existing definitions of the company's strategy, notes: "In the end, the formation of the enterprise strategy should provide answers to three main questions: what directions of economic activity should be developed? What are the requirements for investment and cash resources? What is the possible impact on the selected destinations?"[1].

The author, having the etymology of concept strategy, has proposed the own value of the given definition, namely: the strategy represents the sum of necessary certain sets of actions, tasks and directions which, according to the vision of top management The company will achieve its goals and increase the positive economic effect.

Each enterprise aspires to maximize the profit, to strengthen competitive positions, to reach the big market share, to develop recognizability and image of the brand, but at the same time to reduce expenses. For successful realization of all purposes it is necessary to approach the question of strategy development in fact from the correctly chosen strategy depends efficiency of activity of the enterprise in the long-term period.

In the initial stage of development of the enterprise development strategy it is necessary to carefully disassemble the real goals of the enterprise, which the management sees directly. Microsoft's research (software leader) has shown that for quite some time the main goal of the company was: "A computer in every home, every desktop, plus a first-class software Security «[2]. But with the advent of internet technology and the wide distribution of electronic devices, the company was forced to review and change its strategic goals to maintain the position of the leader on Roar. In this connection, the company's top management decided to change the old target to a new one: "To provide new opportunities at anytime, anywhere, on any device with the help of first-class Microsoft software" [2]. Thus, having changed its purpose, the company was able to keep the position of the market leader in time making changes in the development strategy.

Another successful example of an effective change of purpose and strategy can be the well-known company 3M Corporation (the leader in the field of innovation and production). Its goal is the average annual growth of profit per share at least by 10%, the profitability of the share capital by 20-25%, the issue of not less than 30% of the sold products for the last 4 years [2]. The examples of the above mentioned companies underline the importance of the company's goals.

For the purposes of the enterprise will be based all further analysis and development of both the basic strategy and the alternative. Each employee of the enterprise must know and present the vision of the management regarding the company's goals. To achieve this effect, there is an effective tool called the "Tree of Goals".

The main method of development of the goal tree is decomposition (division of one global goal of the enterprise into many simpler goals, as a result of which the enterprise will achieve the main goal). Decomposition is used to distribute smaller goals between each division, and to develop ways to achieve it.

While developing a "goal tree" there are no certain methods and techniques used in the development process, dependent solely on its author, there is a basic set of requirements for obtaining a qualitative and logical-interconnected "tree". The requirements appear as follows [3]:

1. Completeness of the process display.
2. At each level, the set of subgoals should be sufficient to describe the goals of the higher level.
3. The logical relationship between the goals of the lower and higher levels.
4. At each level, decomposition should be performed according to one methodological approach.
5. Each goal should be formulated in terms of work.

Once the goal tree is defined and developed, it is necessary to proceed directly to the development of the strategy itself. The main types of enterprise development strategies and their values are presented in table 1 [4].

The basic stage of strategy development and the obligatory requirement is carrying out the portfolio analysis of the enterprise. It has two main objectives:

- determination of the distribution of finances between divisions of the Enterprise (if any);
- agree on a future strategy.

Portfolio analysis will help to determine the attractiveness of the industry, the level of competition, potential threats, etc. at the heart of this

Table 1

**Main types of enterprise strategies and their importance**

№	Type of strategy	Strategy value
1.	Limited growth strategy	is to establish a goal from the achieved result of the enterprise
2.	Reduction strategy	Consists in closing or selling one or several departments of the company to override the vision of the company
3.	Industry development strategy	is to find a new market for the manufactured goods
4.	Product development strategy	is to produce a new product for its realization on the already developed market
5.	Mixed strategies	is to combine different types of strategies
6.	Differentiation strategy	is to create a fundamentally new product (service) within a specific enterprise
7.	A strategy of perfect leadership in costs	is to increase the market share through lower prices than competitors by maximizing cost savings

analysis is the construction of different matrices that will help shape the vision of the enterprise. Examples are such types of matrices as BCG, "McKincey" and others.

The BCG matrix is based on the position that the ability of the product line to bring profit to the enterprise depends on the growth rate of the market on which the company operates, as well as on the participation of the product in the market [5]. By collecting and analyzing the analytical data, the enterprise planning service (or top management) can make, on the basis of the above mentioned matrix, the basic strategy of which will follow the enterprise. The method of building the matrix BCG is quite simple, but at the same time, for its full implementation requires high accuracy of research, otherwise it will be able to show only the growth rate of the industry and the position of the enterprise in it.

The Matrix "McKincey" uses such indicators as: 1) the attractiveness of the industry, in which the company conducts its economic activity; 2) the strength of the enterprise itself, i.e. its ability to strengthen competitive positions in the industry [5].

On the basis of the given matrix the management of the enterprise can choose one of directions of development of the market-product strategy. An example of such a strategy could be one of the following: aggressive investment in an attractive market to increase market share (if the enterprise has strong competitive positions); care with a little attractive market with maximizing profits if the enterprise has a weak competitive position; selective growth (concentration on certain products and market segments) [5].

After carrying out of portfolio analysis of the enterprise it is possible to start development of more concrete strategy of development of the enterprise. As in the case of building a "goal

tree" there are no specific rules to develop a strategy. An example of this could be the strategy of a well-known company, the market leader of electric vehicles, Tesla Motors. The essence of its development strategy was to create all the necessary conditions to stimulate the purchase of electric vehicles. The company has built a factory for the production of electric batteries, while investing revenues in the main business for the production of electrical vehicles, thereby stimulating the demand for electricity [6]. This effect is also promoted by the company SolarCity, increasing the volume of production and sales of solar panels with the USA [6].

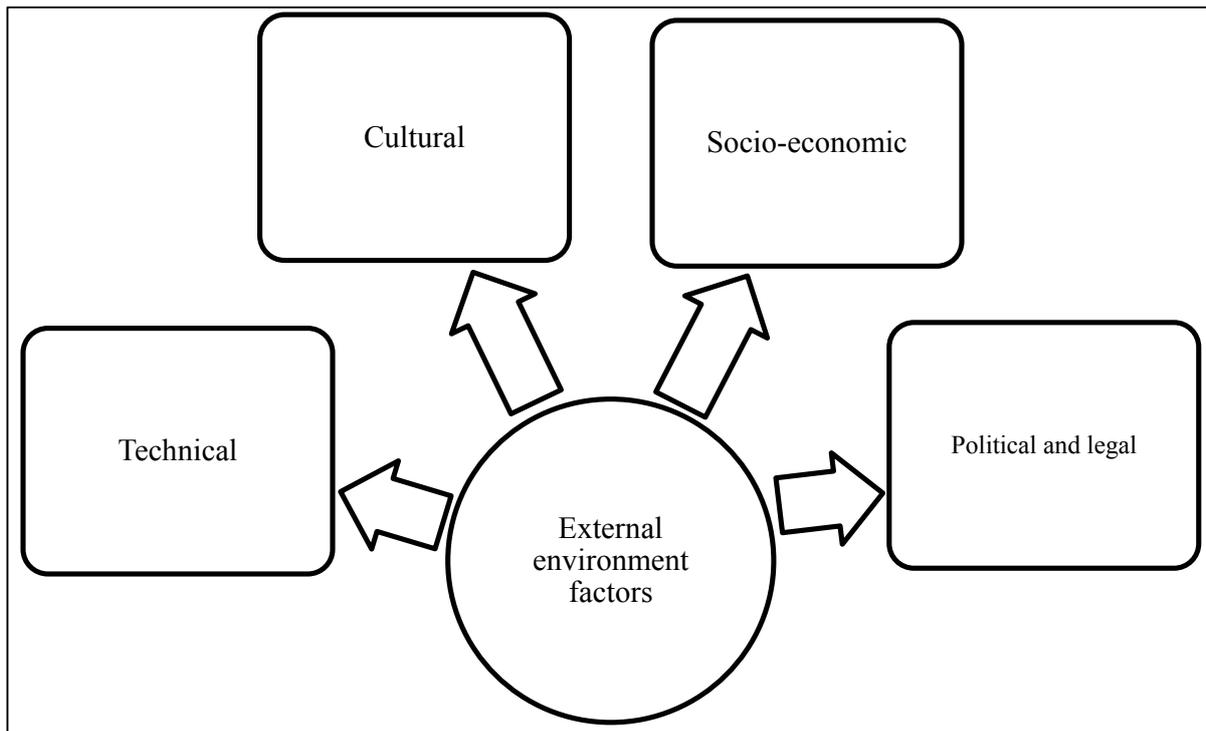
There are a number of basic criteria that a quality strategy should conform to [7]:

1. The strategy should be real and implemented for the enterprise.
2. The strategy should correspond to the resource capabilities of the enterprise.
3. The strategy must have competitive advantages.
4. The strategy should guarantee the strategic development and growth of the enterprise as a whole.

It is also necessary to use well-known methods of analysis such as SWOT-analysis and PEST-analysis. The construction of these matrices will help to assess the state of the environment around the enterprise, identify strengths and weaknesses of the enterprise, as well as opportunities and threats and analysis of the company's external environment.

According to the classification, the environmental factors influencing the company's strategy are divided into 4 groups and presented in figure 1 [1].

Using evaluation criteria when conducting an analysis, the company's management will



**Figure 1. External environment factors influencing the enterprise strategy**

be able to assess its impact on the company's activities dividing the external environment into two main components:

- Macro environment (which will include government, economy, natural factors, etc.);
- Microenvironment (suppliers, creditors, competitors, etc.).

SWOT-Analysis, in turn, will allow analyzing the internal environment of the enterprise using indicators of strengths and weaknesses, threats and opportunities. On the basis of the built matrix the top management of the enterprise will be able to create a plan of actions on elimination of weaknesses and, at the same time, use of strong, will allow revealing threats for the enterprise, and also to develop measures on their elimination either minimizes their impact.

**Conclusions.** The author's definition of "strategy" is proposed as the sum of the necessary certain sets of actions, tasks and directions

which, according to the vision of the company's top management, will allow achieving the goals of the enterprise and increasing the positive economic effect.

The types of existing popular strategies of enterprises and their significance are described.

The portfolio analysis and building of matrices of BCG and "McKinsey" which will help to form a vision on a position of the enterprise on the market is considered. The factors of external environment influencing the strategy of the enterprise are also allocated with the help of SWOT and PEST analysis.

Examples of successful companies' strategies are presented and the most effective methodical methods are described, which are expedient to be applied in the development of enterprise development strategy taking into account the active tendency to increase competition in the market of goods and services.

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