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7.2 Development of enterprise management strategy based on system and functional approaches

The works of well-known foreign and domestic scientists are devoted to theoretical and practical issues of strategic management and management of strategic development of enterprises. At the same time, the complexity of managing the strategic development of enterprises leads to the existence of unresolved issues regarding a unified understanding of the essence of enterprise development processes, improvement of methodical approaches to strategy formation and management of strategic development of enterprises.

N.M. Hurzhii notes that the basis of strategic management is a strategy, which includes a number of interrelated specific provisions that can apply to any field of enterprise activity [160].

According to A. Chandler, strategy is the creation of a unique and profitable position, which involves a certain set of activities [161].

There are several definitions of strategy: strategy as a plan, strategy as a position, strategy as a "clever technique", strategy as a principle of behavior, strategy as a perspective [162].

V.A. Vasylenko, T.I. Tkachenko considers strategy as a set of rules for decision-making that the organization uses in its activities [163].

Various scientists have proposed many definitions of the term "strategy", some of them are listed in the table. 1.3.

Table 1

Definition of the term "strategy"

Authors	Definition
I. Ansoff, D. Steiner	Strategy as a way of setting goals for corporate, business and functional levels
A. Chandler	Strategy as a method of establishing the long-term goals of the enterprise, its program of actions and priority directions for the allocation of resources
M. Porter	Strategy as a way of reaction to external opportunities and threats, internal strengths and weaknesses

Continuation of the Table 1

M. Mintzberg	Strategy as a consistent, agreed and integrated structure of management decisions
M. Mescon, M. Albert, F. Hedouri	Strategy is a detailed comprehensive plan designed to ensure the implementation of the enterprise's mission and the achievement of its goals
M. Hamel	Strategy as a way of developing key competitive advantages of the enterprise
A. Thomson	Strategy as a set of actions and approaches to achieve set activity indicators

From these definitions, it can be concluded that strategy is such a component of strategic management that allows the enterprise to achieve clearly established goals of the enterprise, to ensure competitiveness in the market, that is, to ensure such a state of the enterprise that will provide it the opportunity to work successfully in tough market conditions.

The strategy is interpreted as a certain plan of the company's activity related to the company's position in the market, both today and in the future. The strategy is aimed at realizing the main long-term goals of the enterprise [164].

The term "strategy" has been used in management science and practice since the 1950s. So, the strategy is a long-term, qualitatively determined direction of the company's development, aimed at consolidating its positions, satisfying consumers, and achieving set goals. It is work out in order to determine in which direction the enterprise will develop and to make decisions when choosing a course of action. According to the classification, the following types of strategies are distinguished [165, c. 7]: corporate; business; functional; operational.

The corporate strategy defines the overall management plan of the enterprise. It covers all spheres of the enterprise's activity, outlines the general development plan. Business strategy is focused on managing successful activities in one of the business areas. Its purpose is focused on achieving long-term business benefits. The functional strategy specifies details in the general plan of the enterprise's development, defining approaches, actions, and methods for managing divisions. It is aimed at effective use of resources within the framework of the implementation of the general strategy.

The operational strategy defines the principles of management of organizational structure links, methods of solving strategically important operational tasks. It is developed for functional directions in order to implement strategies of higher levels. A complex multi-level formation, in which the strategy of the lower level supports and complements the strategy of the higher level, and the implementation of each of them ensures the achievement of common goals, is called the basic strategy of the enterprise.

The classification of the basic strategies of the enterprise is given in the table. 2.

Table 2

The classification of the basic strategies of the enterprise [166, c. 58]

Strategy types	Main directions
Corporate strategy	- establishing investment priorities and directing corporate resources to the most attractive areas of activity; - strengthening of competitive positions in each type of business; - creation and management of the business portfolio of structural divisions (strengthening of business positions).
Business strategy	- development of measures, approaches to the formation of competitive advantages; - unification of strategic actions of the main functional divisions.
Functional strategy	- actions related to maintaining the business strategy, achieving the division's goals.
Operational strategy	- solving problems related to the achievement of the unit's goals; - methods of solving strategically important operational tasks (purchasing, inventory management, repair, transportation, advertising).

The strategy of the enterprise is easily described with the help of four elements: strategic goals, sphere of activity, method of gaining competitive advantage and functional strategies [166-168].

There are three levels of strategy are distinguished at enterprises operating in the market environment:

- the company's strategy related to the selection of a set of goods-markets;
- a competitive strategy related to a specific product or market and determines the way of introducing competition;
- functional strategy (production, marketing, logistics, etc.).

Three levels of strategy form their hierarchical structure, with corporate strategy consisting of a number of business and functional strategies. To be successful, strategies must be aligned and closely interact with each other. Each level forms the strategic environment for the next level, that is, the strategic plan of the lower level is imposed by the constraints of the strategies of the higher levels of the hierarchy.

At the moment, two main concepts of building strategic management can be distinguished [169, p. 33]:

1. The classic model of strategic planning MOS - Mission, Objectives, Strategies.

2. Balanced Scorecard system - a system of balanced indicators.

The main drawback of the classical concept is the significant gap between the strategy and the results of operational activities due to the lack of tools in the form of specific and clear development goals that would be a guide to action. Strategy is formed at the top level of management in the form of a message that is not adapted for execution at a lower level. As a result, the implementation of strategic plans is weak, and most importantly, the lack of implementation of conceived ideas [170].

The Balanced Scorecard system makes it possible to integrate financial and non-financial indicators, and is especially relevant in terms of conquering the market and acquiring competitive advantages. The system of balanced indicators is not only a tool that ensures effective formation and monitoring of strategy implementation, but also a mechanism for managing this strategy [170].

The development of enterprise's strategy is a time-consuming and long-term process: from the beginning of making a decision on the development of a strategy to its full preparation and implementation. The following main tasks (phases) of strategic management are usually distinguished: strategic analysis (collection and analysis of information), creation of a development plan (decision-making), implementation of a development plan (project management). The creation of a long-term enterprise development program is carried out step by step - from the analysis of the initial situation (external and internal environment of operation), definition of strategic goals to methods of their achievement and formation of strategies of various levels.

The system of formation and implementation of the company's management strategy usually consists of the following elements (Fig. 1):

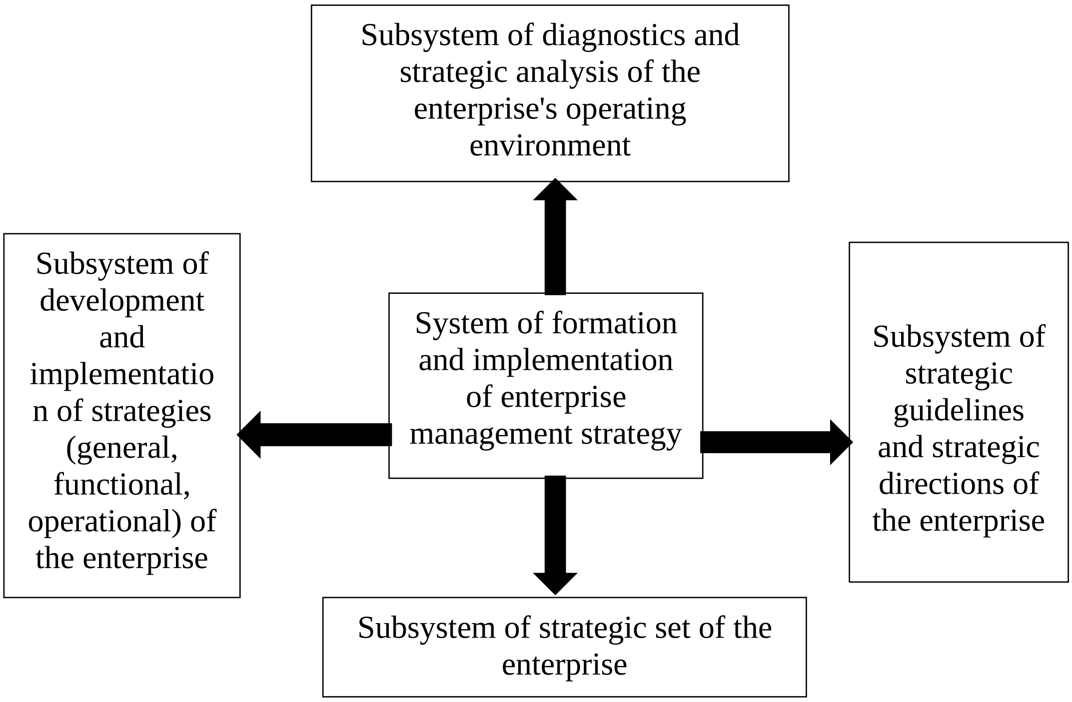

Fig. 1. Scheme of the system of formation and implementation of the enterprise's management strategy

1) Subsystem of diagnostics and strategic analysis of the enterprise's operating environment. It is aimed at the collection and analysis of information data, which are subsequently used to carry out strategic analysis and develop important strategic decisions that will allow adapting activities to changes in the conditions in which the enterprise operates.

2) Subsystem of strategic guidelines and strategic directions of the enterprise. It is designed to ensure the formation of a strategic vector of development based on taking into account the goals and objectives of the activity, taking into account the strategic vision of the future of the company's development from the position of its management.

3) Subsystem of strategic set of the enterprise. Ensures the formation and implementation of all elements of strategic management, which include planning strategic development, organizing the implementation of strategies, monitoring the implementation of plans, etc.

4) Subsystem of developing and implementing strategies (general, functional, operational) of the enterprise. The process of formation of a general management strategy is implemented, resource provision for the implementation of functional strategies is agreed, the strategy implementation process is organized, strategy implementation is monitored, etc.

An effective management strategy ensures the opportunity to activate the economic activity of the enterprise. It allows developing realistic plans for economic activity, taking into account the existing resource potential and opportunities for growth, to achieve advantages in the struggle on market.

In the basis of the formation of the company's management strategy should be taking into account the influence of integration and globalization processes, which determines the main guidelines for the activation of the company's development on the basis of its cooperation with the foreign market. Systemic and functional approaches, or their combination, should be key in this matter.

The formation of an enterprise management strategy in the conditions of the activation of economic activity based on a system approach includes three main elements: coordination of actions and countermeasures of market relations, entry into new markets, and formation of competitive advantages. The functional approach of enterprise management should cover the activities of the main structural services and divisions of the enterprise, which are tangential to the general process of production of products and aims to take into account the specifics of the enterprise's marketing, competitive, financial, resource, production and product strategies.

Each enterprise must make a correct assessment of the business environment and develop effective methods and measures to increase competitiveness, which would fully take into account the specific market situation, the main market trends, as well as production capabilities.

The recommended process of developing an enterprise management strategy based on the use of systemic and functional approaches is shown in fig. 2.

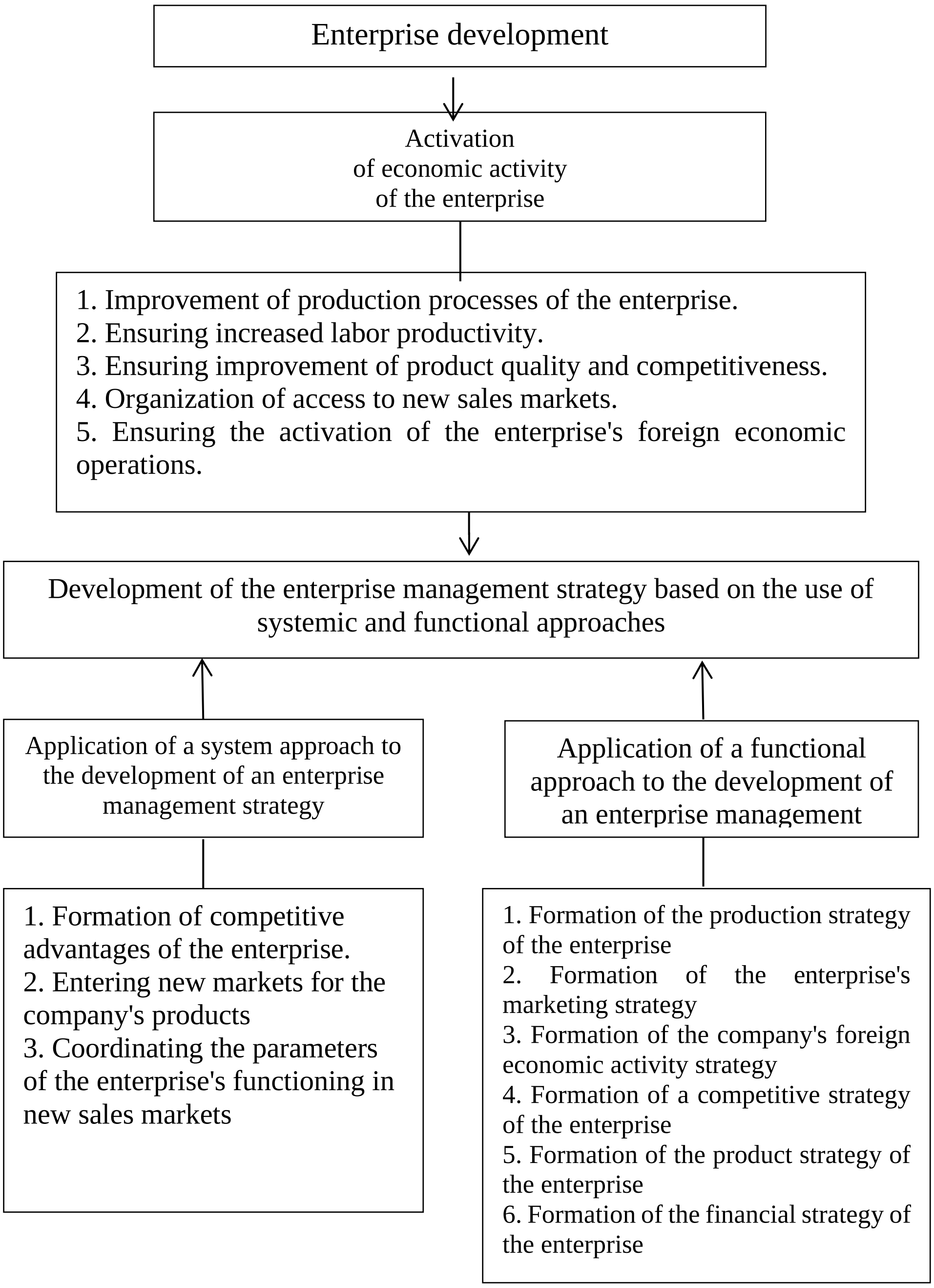

Fig. 2. The recommended process of developing an enterprise management strategy based on the use of systemic and functional approaches

In the process of forming an enterprise's management strategy, it is important to take into account several important features of its operation in modern conditions of the market economy. Such features should be divided into two groups:

– general (complexity, taking into account a limited variety of situations and factors, the relationship between the hierarchy of strategies);

- specific (taking into account the priority of the enterprise's activities, focus on the internal and external environment, a set of management decisions regarding the selection of the most optimal vectors of economic activity, a set of specific long-term measures to "conquer" the market within the general strategy of the enterprise.

At the same time, the implementation of the company's management strategy has certain strengths and weaknesses, which must be taken into account when strengthening the company's competitive position and forming its competitive advantages.

The formation of an enterprise's management strategy is a rather complex and complex process, which is divided into two stages: strategy formation and its implementation.

The stage of forming an enterprise's management strategy begins with the definition of the enterprise's mission, which reveals the purpose, priority values and directions of activity in accordance with existing market trends. The main purpose of forming a management strategy is to ensure the development and achievement of long-term goals by each of its functional departments in order to comply with the principles of corporate and competitive strategies of the enterprise. The determining and limiting factors are finance and investment, human resources, production, innovation and marketing. At the stage of formation of the company's management strategy, one of its main tasks is the study, analysis and forecasting of market changes. Further tasks of forming the company's management strategy will be based on the results of the specified strategic analysis. Along with this, among the main tasks is also the determination of criteria and possible scenarios for the activation of the economic activity of the enterprise in the target market. The next important task should be planning the development of economic activity from the side of opposing the activities of competitors.

In a simplified form, strategy formation involves making decisions about what the enterprise should do, and implementation - the practical implementation of the specified actions. At the stage of strategy formation, goals are identified and strategic plans are developed to achieve them. Therefore, in the process of developing an enterprise management strategy, managers make a balanced decision about which markets the enterprise should enter (or which markets it should leave), as well as how to ensure the competitiveness of products and the enterprise in each of these markets. In turn, at the stage of implementing the company's management strategy, the tactics of achieving the goals set for the company in the process of activation of the strategy formation stage are substantiated. As a rule, the implementation of the strategy depends on a correctly formed organizational structure, the formalization of the responsibilities of individual divisions in relation to management, the coordinated work of personnel and their proper motivation, the effectiveness of controlling and regulatory systems and processes.