

A methodology of strategic management of regional economic development in Kharkiv oblast

The Ukrainian analytical team created under the auspices of Kharkiv Management Consulting International Ltd. has been carrying out a fundamental analysis of the Kharkiv Oblast economy, regarding it as the first stage of the regional economic development strategic planning process. Accordingly, much attention has been paid to the study of other countries experience in regional strategic planning, and first of all to the study of the corresponding methods and toolkit developed by American specialists and their practical implementation. The methods and the theory of the strategic planning of regional economic development implemented in the USA laid the theoretical and methodological basis for our analysis.

The key theses relating to these aspects were extracted primarily from the fundamental monograph “Managing Economic Development” written by American specialists [25]. That text served as the foundation for this paper except where deviations are indicated. We also referred widely to the textbook “Policies of Regional and Local Governments on Business Support” [1] written by Prof. Y.O. Chernetskiy, President of the “Kharkiv Management Consulting International” Ltd. and compiler of this paper, Doctor of Sociological Sciences, PhD in Economics, Business and Management, together with Y.V.Navruzov, head of the Department of Public Administration and Local Self-Government of the Dnipropetrovsk Branch of the Ukrainian Academy of Public Administration, Office of the President of Ukraine. Implementation of strategic planning activity was regarded as a mechanism for realizing the regional strategy of social-economic development as stated in the “Kharkivshchina - 2010” Program. However, revision of certain theses of the Program was viewed as not only possible, but was also planned in accordance with the analysis carried out by American and Ukrainian experts. The analytical efforts were focused on implementation of a U.S. algorithm of strategic planning for regional economic development.

Annotation

Poznyak S.V. The marketing analysis of competitive positions Ukraine enterprises. – Manuscript.

Thesis on competition scientific degree of economic science candidate on the speciality of 08.07.01 – Economic of industry. – Institute of Economics Ukrainian NAS, Kyiv, 2003.

Thesis dedicated to problem of determination competitive enterprises positions. On the base of analysis competitive situation at one of the basic branch of food industry had exposed an essence of competitive positions and competitive advantages mark of Ukraine enterprises.

The methods of marketing analysis, which can be apply for the mark and forming of enterprise competitive position were investigated and adapted to Ukrainian terms with purpose to promote an efficiency of function subject of economy. The typical peculiarity of modern economy system in Ukraine are making condition of effective achievement results by promotion of marketing analysis methods. Also determinate and exposed a correlation between competitive advantages, enterprise competitive positions a contradiction which arising in their development process. All these process gave possibilities to develop models of the main behavior competitive strategy, which directed for forming and improvement enterprises competitive positions in the market. There were offered a mechanism of efficiency competitive strategy mark and cultivated practice recommendation to using marketing analysis methods for enterprises competitive positions of Ukraine food industrial.

Key words: marketing analysis, competitive position, competitive advantage, competitive strategy, matrix analysis, basic branch, SWOT-analysis, demand, supply.

Why Strategic Management?

Strategic management is not a task, but a rather a set of managerial skills that should be used throughout the organization, in a wide variety of functions.

Strategic cross-functional management is central to capitalizing on functional excellence, and in order for functional specialists to make the greatest possible contribution, they must take a broader view of their functions and understand how they fit into the web of the organizational processes and, ultimately, into the overall [strategy](#).

Ten Major Schools of Strategic Management

Ten deeply embedded, though quite narrow, concepts typically dominate current thinking on strategy. These range from the early Design and Planning schools to the more recent Learning, Cultural and Environmental Schools⁴...

New Systemic Approach to Strategic Management

All the above schools, often fighting between themselves, favor different single-sided approaches to strategy formulation. They represent both different approaches to strategy formulation and different parts of the same process.

Today's managers have to deal with the entire business system - as opposite to dealing with its different parts independently - not only to keep strategy formulation as a vital force but also to impart real energy to the strategic process. They have to practice balanced results-based leadership strategies as well as apply a balanced approaches to [business systems](#).

Certain positive moves in this direction have been seen recently. Some of the more recent approaches to strategy formulation take a wider perspective and cut across the above ten schools in eclectic and interesting ways, for example Learning and Design in the "Dynamic Capabilities" approach, or the "Dynamic Strategy" one based on knowledge working.

The currently dominant view of business strategy - resource-based theory - is based on the concept of economic rent and the view of the company as a collection of capabilities. This view of strategy has a coherence and integrative role that places it well ahead of other mechanisms of strategic decision making.⁵

Working On Your Business

"Most businesspeople are so busy working for their business or in their business that they never find time to work **on** their business. Thus they fail to anticipate what might happen or what they might be able to make happen."⁷ Unless you regularly schedule time (one-day out-of-the-office meeting a month at least) to work on your business and answer critical questions, you'll never achieve your stretch goals...

Strategic Innovation: Road-Mapping

The goal of the road-mapping is to develop the innovation strategy - to choose and do the right things. The goal of innovation management is to implement this strategy well...[More](#)

Links Between Individual Learning, Collective Learning and Ethics...

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Without knowledge-driven and carefully planned steps towards development strategy elaboration and implementation, it is impossible to achieve and sustain a strong competitive position. The drafted strategy will have "candy-box beauty", if it is not consistently and systematically implemented at a company-wide level.

Strategic management is implemented on a phase-by-phase basis: formalisation of the company mission, elaboration of development strategy and related functional product and regional strategies, design of organisational tools of control over achievement of the set goals. **The role of the Consultant** may vary from development of business strategy and its implementation mechanisms to support of the process to bring the business and management system to a condition ensuring attainment of specific strategic goals.

The major principles and contours of "as it should be" management system are identified at the level of business architecture optimisation.

The next moves include detailed description, examination and improvement of separate management processes.

Strategic management solutions:

- competitive strategy (positioning in the marketplace, assessment of business viability);
- financial modelling and evaluation of strategic scenarios;
- investment strategy;
- growth management ("where to grow" and "how to grow");
- cost management;
- development of balanced scorecard;
- strategic HR management;
- informatisation strategy.

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Strategic management

For enterprise management and estimation of its performance in modern life conditions non-material/non-financial showings starting to play the major role. Collecting, processing, integration and analyzing of financial showings for decision making take a long time. With steady tendency of economy globalization, decreasing of serendipity and charisma factor in management processes, with constant growing of volume and speed of information coming, it arose a demand of optimal formalization and system quality estimation on each stage of movement toward company's goal attainment. The existent estimations exclusively relays on financial showings and do not consider today's business environment (relations with customers, quality), thus sacrificing long-term perspectives (hard action on expenses decreasing affects on sort-term financial reports.)

Balanced ScoreCards gained wide distribution from the middle of 90th and proved itself as understandable and effective management tool for strategy performance for undoubted purpose – profit.

System is:

- possibility to 'digitalize' and manage non-financial company's activity showings
- selected showings set for all employers based on company's strategy
- except financial results, BSC estimate enterprise from point of view inside business processes, clients and markets, staff and development
- manager's tool for make employers to know activity factors, thanking to witch organization fulfills its mission.

BSC services strategy, helps to focus on essentials, to link strategic and operational levels, allows to answer actual business questions (for example, were income

appears from), makes to think about customer and marketing – two key business components: ‘Who are our customers and why they buy our staff? In with things we overcome our competitors?’

From autoimmunization point of view there are decisions from standard office and accounting programs to specialized strategic management software.

Our experience is valuable for enterprises willing to raise operational quality and responsibility level. In this context BSC brings the largest benefit through transformation from one business model to another one (for example, from state regulation organization to enterprise on free competition market), where focus changes from product to customer.

There are already examples when some States develops national strategy on the base of Balanced ScoreCards. In this case, one strategy component is natural resources, another one is orientation on technological evolution.

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SWOT Analysis

**Discover New Opportunities.
Manage and Eliminate Threats.**

SWOT Analysis is a powerful technique for understanding your Strengths and Weaknesses, and for looking at the Opportunities and Threats you face.

Used in a business context, it helps you carve a sustainable niche in your market. Used in a personal context, it helps you develop your career in a way that takes best advantage of your talents, abilities and opportunities. Click [here](#) for Business SWOT Analysis, [here](#) for Personal SWOT Analysis.

Business SWOT Analysis

What makes SWOT particularly powerful is that, with a little thought, it can help you uncover opportunities that you are well placed to exploit. And by understanding the weaknesses of your business, you can manage and eliminate threats that would otherwise catch you unawares.

More than this, by looking at yourself and your competitors using the SWOT framework, you can start to craft a strategy that helps you distinguish yourself from your competitors, so that you can compete successfully in your market.

How to use the tool:

To carry out a SWOT Analysis, print off our free [worksheet](#) (why not do it now, and try the technique out?) and write down answers to the following questions:

Strengths:

- **What advantages does your company have?**
- **What do you do better than anyone else?**
- **What unique or lowest-cost resources do you have access to?**
- **What do people in your market see as your strengths?**
- **What factors mean that you "get the sale"?**

Consider this from an internal perspective, and from the point of view of your customers and people in your market. Be realistic: It's far too easy to fall prey to "not invented here syndrome". (If you are having any difficulty with this, try writing down a list of your characteristics. Some of these will hopefully be strengths!)

In looking at your strengths, think about them in relation to your competitors - for example, if all your competitors provide high quality products, then a high quality production process is not a strength in the market, it is a necessity.

Weaknesses:

- **What could you improve?**
- **What should you avoid?**
- **What are people in your market likely to see as weaknesses?**
- **What factors lose you sales?**

Again, consider this from an internal and external basis: Do other people seem to perceive weaknesses that you do not see? Are your competitors doing any better than you? It is best to be realistic now, and face any unpleasant truths as soon as possible.

Opportunities:

- **Where are the good opportunities facing you?**
- **What are the interesting trends you are aware of?**

Useful opportunities can come from such things as:

- **Changes in technology and markets on both a broad and narrow scale**
- **Changes in government policy related to your field**
- **Changes in social patterns, population profiles, lifestyle changes, etc.**
- **Local events**

A useful approach for looking at opportunities is to look at your strengths and ask yourself whether these open up any opportunities.

Alternatively, look at your weaknesses and ask yourself whether you could create opportunities by eliminating them.

Threats:

- **What obstacles do you face?**
- **What is your competition doing that you should be worried about?**
- **Are the required specifications for your job, products or services changing?**
- **Is changing technology threatening your position?**

- **Do you have bad debt or cash-flow problems?**
- **Could any of your weaknesses seriously threaten your business?**

Carrying out this analysis will often be illuminating - both in terms of pointing out what needs to be done, and in putting problems into perspective.

Strengths and weaknesses are often internal to your organization. Opportunities and threats often relate to external factors. For this reason the SWOT Analysis is sometimes called Internal-External Analysis and the SWOT Matrix is sometimes called an IE Matrix Analysis Tool.

You can also apply SWOT Analysis to your competitors. As you do this, you'll start to see how and where you should compete against them.

Tip:

SWOT can be used in two ways - as a simple icebreaker helping people get together and "kick off" strategy formulation, or in a more sophisticated way as a serious strategy tool. If you're using it as a serious tool, make sure you're rigorous in the way you apply it:

- Only accept precise, verifiable statements ("Cost advantage of US\$10/ton in sourcing raw material x", rather than "Good value for money").
- Ruthlessly prune long lists of factors, and prioritize factors so that you spend your time thinking about the most significant factors.
- Make sure that options generated are carried through to later stages in the strategy formation process.
- Apply it at the right level - for example, at product or product line level, rather than at the much vaguer whole company level.
- Supplement it with other option-generation tools - none is likely to be completely comprehensive.

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Successful businesses *build on their strengths, correct their weaknesses and protect against internal vulnerabilities and external threats*. They also keep an eye on their overall business environment and spot and exploit new opportunities faster than competitors. Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis is a tool that helps many businesses in this process.

"SWOT" is an acronym which represents "Strengths", "Weaknesses", "Opportunities", and "Threats". To undertake a SWOT analysis, ideally, the first step is to make a long list of every factor that defines the company's situation. If you have a detailed one-sentence description of the company, this is a great place to start. If the company already has a [business plan](#), page through and start "circling" the various factors that are descriptors of the company and its situation.

The next move is to triage this long list in order to sort the entries into legitimate "planning issues" (List A) and true "problems" (List B).

Take List B and determine which of the "problems" are likely to "just go away". Put the issues that are likely "just to go away" off to the side and focus on List A (true "planning" issues) plus the balance of list B (problems that are not likely just to go away).

Then assign the issues to the specific categories of the SWOT analysis - which ones are "Strengths", which ones are "Weaknesses", which ones are "Opportunities", and which ones are "Threats?"

Note that a company's "Strengths" and its "Weaknesses" (its "flaws") are obviously internal considerations. In "Strengths", list your company's internal strengths that make it competitive in the marketplace. In "Weaknesses", list any weaknesses along the value chain of your venture that must be strengthened to ensure success.

Note that a company's "Opportunities" and "Threats" in a company's operating environment are clearly external considerations. In "Opportunities", list the opportunities in the market your venture is going to capitalize on. In "Threats", list the external threats that your venture must be aware of problems that it has to solve.

Equally obvious is the fact that "Strengths" and "Opportunities" are both positive considerations. "Weaknesses" and "Threats" are both negative considerations. To express these relationships, it can be helpful to think of these factors in a 2×2 matrix (see below).

In order to do effective strategic planning, there are specific ways that this information can be used by the company. In general, it is clear that the company should attempt

- to build its Strengths
- to reverse (or disguise) its Weaknesses
- to maximize the response to its Opportunities, and
- to overcome its Threats.

Using the matrix below, try this exercise for your company.

СИТУАТИВНИЙ АНАЛІЗ (SWOT-АНАЛІЗ)

Ситуативний аналіз SWOT -аналіз є важливим елементом аналізу зовнішнього та внутрішнього середовища функціонування компаній для прийняття рішень про визначення місії, цілей і стратегії організації через пошук *сильних* й *слабких* аспектів у діяльності організації, *можливостей* і *загроз*, що впливають на діяльність організації зовні (*SWOT – strength, weaknesses, opportunities, threats*).

Перелік функцій і характеристик для аналізу сильних і слабких аспектів організації

Сильні аспекти внутрішнього становища організації – характеристики, що отримали в результаті аналізу позитивну оцінку. Їх можна використовувати для досягнення стратегічних цілей її діяльності. Слабкі аспекти – внутрішні характеристики, оцінені негативно. Вони обмежують діяльність організації, погіршують її, а тому мають бути усунені або виправлені.

Зовнішні загрози та можливості – чинники зовнішнього середовища, що можуть відповідно перешкоджати організації досягти своїх стратегічних цілей або, навпаки, мають потенціал сприяння організації в досягненні і навіть перевиконанні її стратегічних цілей.

Анотація

Позняк С.В. Маркетинговий аналіз конкурентних позицій підприємств України. – Рукопис.

Дисертація на здобуття наукового ступеня кандидата економічних наук за спеціальністю 08.07.01 – економіка промисловості. – Інститут економіки НАН України, Київ, 2003.

Дисертація присвячена проблемі визначення конкурентних позицій підприємств. На основі аналізу конкурентної ситуації в одній із базових галузей – харчовій промисловості розкрита сутність конкурентних позицій та конкурентних переваг в оцінці конкурентоспроможності вітчизняних підприємств даної галузі. Досліджено та адаптовано до вітчизняних умов методи маркетингового аналізу, які можуть бути застосовані для оцінки та формування конкурентної позиції підприємства, з метою підвищення ефективності функціонування суб'єктів господарювання; доведено, що в Україні характерною особливістю сучасної системи господарювання є зумовленість досягнення ефективних результатів застосуванням методів маркетингового аналізу. Виявлено та розкрито взаємозв'язок між конкурентними перевагами і конкурентними позиціями підприємства та протиріччя, які виникають у процесі їх розвитку, що дало змогу розробити моделі основних стратегій конкурентної поведінки, спрямованих на формування та покращання конкурентних позицій підприємств на ринку. Запропоновано механізм оцінки ефективності конкурентних стратегій та розроблено практичні рекомендації щодо застосування методів маркетингового аналізу для оцінки конкурентних позицій підприємств харчової промисловості України.

Ключові слова: маркетинговий аналіз, конкурентна позиція, конкурентна перевага, конкурентна стратегія, матричний аналіз, базова галузь, SWOT-аналіз, попит, пропозиція.

