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IDENTIFICATION OF KEY STRENGTHS AND STRATEGIC POTENTIAL IN MODERN MANAGEMENT

Predrag Pravdić[1]
Violeta Đorđević[2]
Jelena Erić-Obućina[3]

SUMMARY

The company achieves its mission in cooperation with internal and external factors. Management is the one who must understand and predict the scope of chances and dangers in the environment and determine the way the company operates, taking into account the company's strengths and weaknesses. Management is a process by which, by planning, organizing, leading and controlling with the help of people and resources, the company's goals are efficiently and effectively achieved in the environment. The management is expected to have a relationship with the environment that allows the company to define the right goals, operate in accordance with the possibilities and to react to new opportunities and dangers that appear in the environment.

KEY WORDS: *business goals, strategic management, key strenghts*

IDENTIFIKACIJA KLJUČNIH SNAGA I STRATEŠKIH POTENCIJALA U SAVREMENOM MENADŽMENTU

SAŽETAK

Kompanija svoju misiju ostvaruje u saradnji sa internim i eksternim faktorima. Menadžment je taj koji mora razumeti i predvideti obim šansi i opasnosti u okruženju i odrediti način poslovanja kompanije, uzimajući u obzir prednosti i slabosti kompanije. Menadžment je proces kojim se planiranjem, organizovanjem, vođenjem i kontrolom uz pomoć ljudi i resursa efikasno i efektivno ostvaruju ciljevi preduzeća u okruženju. Od menadžmenta se očekuje odnos sa okruženjem koji omogućava kompaniji da definiše prave ciljeve, posluje u skladu sa mogućnostima i da reaguje na nove prilike i opasnosti koje se pojavljuju u okruženju.

KLJUČNE REČI: *poslovni ciljevi, strateški menadzment, ključni pokazatelji*

1 dr Predrag Pravdić prof.s.s., Akademija strukovnih studija Kruševac, Srbija
2 msc Violeta Đorđević asistent, Akademija strukovnih studija Šumadija, Srbija
3 msc Jelena Erić-Obućina pred.s.s., Akademija strukovnih studija Šumadija, Srbija

INTRODUCTION

The company achieves its mission in cooperation with internal and external factors. Management is the one who must understand and predict the scope of chances and dangers in the environment and determine the way the company operates, taking into account the company's strengths and weaknesses. The way the company is managed changes with the development of the environment. If the company achieves and maximizes its business goals through a combination of financial, material and personnel resources, then the initiation and implementation of its activities depends on the combination of entrepreneurs, leaders and managers, with the successful cooperation of which the company achieves its mission. Capital, innovation and risk acceptance, business ideas, as well as the ability to manage the production process through the processes of planning, organizing, leading and controlling are important for the creation, survival and successful operation of a company.

The company is constantly faced with the opportunities presented to it in the environment, although they are often disguised as problems. It is up to the company, that is, the management of the company, to identify them, predict and determine their size and strength. This requires the company to have an active attitude towards the environment, as well as having information about the opportunities and dangers arising from cooperation with the environment and knowing its strengths and weaknesses. Osmanagić Bedenik (2004) said that strategy is understood as a decision that gives the direction of growth and development of the company on the domestic and international market. Osmanagić Bedenik (2004) also claimed that strategy often requires a change in the organizational structure and it represents a rational response to events in the environment. The purpose of the strategy is the choice of business activity, the allocation of resources and the creation of a sustainable competitive advantage.

The choice of business activity concerns the effectiveness of the company and depends on the product, market and technology and on the category of customers whose needs must be satisfied. Resource allocation is an internal problem and is oriented towards business efficiency. According to the Pim Roest (2010) the company's resources are limited and due to the impossibility of reusing them once allocated, it is important that the selection of the business area and the allocation of the company's resources are carried out simultaneously. Creating a sustainable competitive advantage means that the company has more favorable business results compared to other participants in business operations. The ability and speed to adapt to change are critical to the success of businesses in today's economy. The characteristics of strategy are the existence of a strategic situation that implies a competitive relationship between participants in a particular market. Most often, strategy is understood as a decision that gives the direction of growth and development of the company on the domestic and international market. The strategy indicates the resources that need to be mobilized, it starts from the goals in order to indicate the best ways, with its rationality it enables the limited resources to be allocated to the chosen strategic direction. With the help of strategy, the company defines and realizes its goals, it represents the way in which the company reacts to the environment over time. Management is a process by which, by planning, organizing, leading and controlling with the help of people and resources, the company's goals are efficiently and effectively achieved in the environment. DeWayne (2004) stated that the management is expected to have a relationship with the environment that allows the company to define the right goals, operate in accordance with the possibilities and to react to new opportunities and dangers that appear in the environment. Efficiency - means doing the right things, and effectiveness - doing things the right way, that is, choosing jobs and organizing processes, or combining and using resources, represent the basic dimension of management. The task of management is to ensure the right combination of using resources and achieving goals, and establishing a balance between effectiveness and efficiency is the most important component of management activity.

STRATEGIC MANGEMENT APLIED IN ORGANIZATIONS

With the growth and development of the company, ie. its increase creates new management challenges and tasks. Not only in terms of decision-making, but also in the ways of their implementation. In order to ensure vitality in today's dynamic environment, the company ie. the management of the company must react in a timely manner and at the same time influence the changes in the environment with its actions. This requires strategic thinking about the company's long-term goals and the ways of their realization, that is, it requires a strategic vision of the company's development and the process of managing changes for the efficient and effective realization of the company's goals.

Nils and others (2004) concluded that strategic management is a concept that includes both strategic planning and strategic action in a situation where the environment is changing rapidly with increasing environmental resistance, and it is based on a feedback loop that controls and directs strategies and actions. Also, Nils and others (2004) stated that effectiveness depends on the level of development of strategic management in the company. Strategic management involves thinking, decision-making and action to create a competitive advantage, while enabling structural changes in the enterprise. Strategic management is the basis of directing business in a turbulent environment. It includes making decisions about the mission, goals, directions and ways of achieving them, resource allocation, as well as creating a support system.

Strategic management belongs to the domain of top management, as it requires knowledge of the entire company and its relationship with the environment. Decision making in this domain has long-term consequences for the progress and success of the company - a wide spatial and long time horizon, as well as a vision of strategic changes. Strategic management takes into account the interests, importance and balance of power of a large number of stakeholders that directly or indirectly affect the company's operations. It also balances the requirements of effectiveness and efficiency in business. The process of strategic management implies the connection of leadership, entrepreneurship and management, but also knowledge of the company as a whole, connections with the environment, knowledge in the fields of finance, production, marketing, as well as knowledge of people and the organization of their work. Organizing the company's work implies clearly defining goals in order to use all resources in an optimal way. Even smaller companies need to plan their activities in order to fight for a position in the market. That is why strategic management is extremely important for successful business. Leading teams of people to achieve long-term and short-term goals has been present since the beginning of the development of human civilization. Although the plans were much less complex then, they were a true indicator of the future. Already at the beginning of human development, the tendency to lead a group of people for a common goal could be recognized. In his paper Leško (2005) said that modern management differs in terms of goals and more perfect methods, but the essence remains the same - devising effective solutions for challenges on the way to the intended goal. In order to achieve the intended results, strategic management methods are used.

However, before the company's strategy is formed, it is necessary to define what the company is striving for, i.e. what her mission is and how she intends to implement it. Let's start with the vision of the company, which describes in more detail its position in the future. The company strives for that ideal, and it will be reached when all the capacities of the company and its position on the market are used to the maximum. The mission presents a general description - what, with whom and for whom the organization works. By defining the vision, mission and goals of the company, the foundations for strategic management are laid. Only after that can the long-term goals of the organization be defined in order to create specific strategies. Strategic management deals with company management. This is done by means of clearly defined goals and resources for their realization. In this way, activities are planned and strategically important decisions are made. It can be the company's decision to focus on earning money on the Internet, ie. to e-commerce business. Such decisions are often focused on the future, so the right moment is chosen for positioning and ensuring the conditions for making a profit. In addition, it is extremely important to recognize the opportunity in the market in time and make the most of it. In short, it is a modern way of managing a company, where the strategy is determined based on the goals and business conditions. It is important to create a strategy that will prepare the company for all challenges in the future. In this way, the company will be ready for everything, from business opportunities to crisis situations. It is important to approach planning in the right way by applying strategic analysis. In this way, it is possible to assess what kind of changes will happen in the environment and how they will affect the company. When it comes to strategic decisions, stakeholders have a great influence. We are talking about interest groups, but also individuals whose interests are related to the company. They influence the decisions that are made and that are directly maintained on the success of the business. As everyone has their own interests, it can often happen that individual stakeholders have different expectations, so making a decision that will satisfy all parties can be very challenging. Niven (2003) concluded that disagreement in the views of stakeholders occurs due to different ambitions and reasons that bind them to the company in question. There are internal and external stakeholders, where those within the company are owners, decision makers, employees and unions. When we talk about external, ie. external influences, primarily customers, but also competitors, suppliers, trade associations, political organizations, financial institutions, and even the government of a country. In order to successfully market the company's product, it is necessary to properly satisfy the interests of all important interest groups. It often happened that even an inferior product did better in the market due to a better planned strategy. Simply put, for a company to be successful, its executives must know how to make money. Strategic management contains four important items. These components can also be seen as a kind of development path of a successful strategy.

Analysis of the environment - researching the internal and external environment and using the obtained results to make decisions. Examining the internal environment gives a clearer picture of the strengths and weaknesses of the organization, the state of resources, the expertise of managers, the overall strength of the company, etc.

Planning the course of action - based on analyzes and defined goals, decisions are made that will determine the company's work in the coming period. In this stage, important decisions are made, such as the introduction of new products, the development of new markets and the general planning of actions that will enable the realization of the company's vision.

Planning strategies - determining how a course of action will be carried out. In this stage, several possible strategies are created in order to properly consider all options. When deciding on the best strategy, many factors are taken into account in order to make the best decision.

Implementation of the strategy - the agreed plans are put into action in accordance with the planned strategy and defined positions of the company. This item includes operational strategies, control and efficiency, and human resource management.

A distinction should be made here between strategic planning and long-term planning. With a strategic approach, it is not expected that the future will necessarily be better than the current state.

First of all, it is important to conduct a quality analysis of the real situation so that the company is ready for all challenges. Through strategic analysis, it is possible to establish strengths and weaknesses, that is, opportunities and threats for the company. Very often, long-term plans are also called strategic plans, but not every long-term plan can be considered a strategic plan. It takes a long time to implement strategic decisions of companies. This way of making business decisions is especially developed in the IT industry. As technology develops at a rapid pace, it is necessary to always look to the future. It often happens that a wrong analysis of technological development and market tendencies leads to the downfall of companies. The Finnish company Nokia is an excellent example of how a wrong assessment can jeopardize business. The once dominant mobile phone manufacturer has steadfastly refused to create a phone with the Android operating system. Today, HMD Global licenses Nokia phones with the Android system. We can only assume what the market would look like if the strategic management was better.

This is just one example of how strategic management can influence the future of a company's business. Simply because a company is successful in the present does not mean that it will be in the future. There are numerous methods on the basis of which the business environment is analyzed. One of the most popular is the SWOT analysis. It represents the study of strengths, weaknesses, opportunities and threats per company. Based on this analysis, one can see the interrelationship of these categories, which form one common picture. In this way, a very realistic picture of the state of the company can be obtained. Based on them, very important conclusions can be drawn, on the basis of which the best strategy for the company will be formed. A very important item in the analysis is the influence of competition. It affects not only the current formation of supply and demand, but also the future of business. For example, in the IT industry there is often the study of competitors, and quite often there is also industrial espionage. One of the main reasons is the development of technology, so a company that lags behind the leaders is threatened with shutdown. That is why SWOT analysis, as well as many other ways of checking the situation on the market, is extremely important for the company. As can be seen, strategic management consists of numerous elements where data analysis is carried out to the smallest detail.

This implies control over all production processes of the company in order to ensure the effective implementation of the defined strategy. The ultimate goal is, of course, successful business in the present, but above all ensuring a successful future.

MANAGING BUSINESS GOALS IN ORGANIZATION

Lončarević (2005) stated that management represents the basis of directing business in a turbulent environment. It includes making decisions about the mission, goals, directions and ways of achieving them, resource allocation, as well as creating a support system. Strategic management belongs to the domain of top management, as it requires knowledge of the entire company and its relationship with the environment. Decision making in this domain has long-term consequences for the progress and success of the company - a wide spatial and long time horizon, as well as a vision of strategic changes. Strategic management takes into account the interests, importance and balance of power of a large number of stakeholders that directly or indirectly affect the company's operations. It also balances the requirements of effectiveness and efficiency in business. In the early 1980s, under the influence of the quality movement, the world's major companies became preoccupied with quality. At the beginning of that wave, however, only the increase in product quality was thought of. This had the effect that one organization after another introduced a quality system, which again resulted in better products that were arrived at faster and more efficiently. The attitude that customers will come when the products are of better quality proved to be wrong, because soon everyone, or at least the majority, had better quality products. The wise leaders of more progressive organizations were the first to realize that quality improvement is a process that should involve all parts and activities of the organization, with a special emphasis on customers (users of services). They accepted the concept that the "winning" combination lies in high-quality products backed by high-quality service. On the other hand, customers began to understand that they have a wide range of options available to them and that it depends on them where they will shop, what products they will buy and what services they are willing to pay for. If they are not satisfied in one place, they have the option to go to another. Therefore, the demand for the best service is found as a mature thought in all customers. If the level of service they expect cannot be satisfied by one company, others will welcome them with open arms, in an effort not only to satisfy them, but also to "delight" them. In developed countries, customer satisfaction has already become a thing of the past, because research shows - satisfaction remains in people and is not transferred. Kaplan (2001) stated that unlike satisfaction, enthusiasm is transmitted to an average of three other people, which not only ensures the customer's loyalty, but also opens up the possibility of obtaining new clients through referrals (attention: unlike satisfaction, dissatisfaction is transmitted to an average of ten other people). Many global companies attach questionnaires to their invoices or promotional materials, asking customers to write comments or suggestions; many hotels leave such questionnaires in hotel rooms, restaurants on tables - because this is the way that leads to good communication with customers. Regardless of the effort made to provide customers with a quality product and quality service, mistakes and problems are an integral and unavoidable part of the job. The vast majority of unsatisfied customers do not want to complain, but simply "raise their hands" and move on to the competition, many of them will be ready to respond to your concern for their interest in good faith and reciprocate "in kind". If on your initiative, with an apology, an open and honest conversation you solve the problems or eliminate their dissatisfaction, it may happen that exactly such clients become your best and most loyal customers. This attitude is confirmed by researches that say that 95% of customers whose objections are resolved to their satisfaction in a short period of time, continue to do business with the same company. In the developed business world, we are slowly but surely witnessing the twilight and sunset of mass production and mass sales as the primary way of thinking and doing business, as well as mass marketing as the dominant way of attracting customers. Instead, the era of interactivity and customer relationship management, the age of "1 on 1" marketing, is coming. What has led to such a big and fundamental upheaval, as a result of which an increasing number of companies in the world are starting to think and act in a completely new way? The reason lies primarily in the fact that customer expectations are continuously and dramatically increasing. Today, customers are the ones who choose ("I know exactly what I want and what I want - I want it now!"), and who, with their choice, determine the rise or fall of companies on the market. The second reason is caused, on the one hand, by the unexpected growth and possibilities of information technology, and on the other hand, by a significant and accelerated reduction in its price, which led to a real cultural earthquake. The most interesting and strange thing is that most people are not aware that this "revolution" is happening. Nevertheless, in just a few years, all the basic and hitherto valid rules related to trade will be practically reversed. This movement, which is called the "1 to 1" marketing revolution, will mark the post-industrial age and will affect every job, every activity and every corner of this world. Managers, regardless of their level, will not only be unable to avoid the impact of these changes, but will have to accept and adapt to them. These are changes that should lead to optimizing the size of parts of the business. The company strives to train itself and achieve its mission more effectively with success factors, i.e. seize the opportunities and avoid the dangers (threats) that arise with changes. The company's strategies and its connections with the environment can vary from a flexible organizational structure, cooperation, joint optimization and advancement to dominance of the environment. In their papers Kaplan and Norton (2004, 2006, 2008) stated that the absence of a future business plan in a company means that that company does not think about its business, but deals with daily operational tasks, that it does not have an organized influence on its business, but that the future of that company's business will depend crucially on external factors. The existence of high-quality business plans of a company, which are realistic and competent, guarantees that the company has recognized the potential for its business on the market, that it has a better offer than the competition or that it has some innovative solutions for new products and services that give it a chance to dramatically improve its business and increase its market share. A high-quality business plan and its successful implementation testify to the fact that the company knows its business and has a realistic and high-quality perspective. The control of the implementation of the business plan means that the company keeps its business under control, which is a necessary condition for successful business. Creating a new business is a demanding process that requires a lot of patience and persistence, but also a great desire to progress. Every great company was born from an idea, an entrepreneur and people who were ready to work on that idea. However, in today's time when the market is unstable and when circumstances and ways of doing business change from day to day, taking a step from an entrepreneur to a company is a big risk. The investments are big and the results are uncertain. In addition, there is often a possibility that you will encounter a misunderstanding of your environment due to the fear of failure. Although there are many obstacles and at first glance they may deter you from the idea of investing in your business, it is important that you have a clear vision of what you want to achieve in your business, but also that you do not forget the reasons why you started in the first place to deal with it. Set your goals clearly and define what you want to achieve and how. It is completely natural that over time your business, if you dedicate yourself to it and invest in it, will progress and that at some point there will have to be changes in the way of doing business. So don't let these changes scare you, but be informed in time and do everything to ensure the success of your business. The way the company is managed changes with the development of the environment. If the company achieves and maximizes its business goals through a combination of financial, material and personnel resources, then the initiation and implementation of its activities depends on the combination of entrepreneurs, leaders and managers, with the successful cooperation of which the company achieves its mission. Kaplan and Norton (2004, 2006, 2008) concluded that capital, innovation and risk acceptance, business ideas, as well as the ability to manage the production process through the processes of planning, organizing, leading and controlling are important for the creation, survival and successful operation of a company. The company achieves its mission in cooperation with internal and external factors. Business strength is influenced by market share, brand image, profit margin, customer loyalty, technological capability and so on. On the other hand, industry attractiveness is influenced by drivers such as price trends, economies of scale, market virtues, market growth rates, segmentation, distribution structure, etc. Accordunh to the Dvorski (2005) despite the expected institutional resistance, lack of successful communication and lack of understanding of the role of new technology, these changes will happen, and in some areas they have already advanced significantly. What is the basic and essential difference between the old, "classic" way of marketing, sales, and in general communication with the customer, in relation to the "1 on 1" concept? Today's sales are predominantly mass sales, which consist of selling one product to as many customers as possible, with the help of advertising, promotion and publicity, as well as brand management, with the involvement of all the resources of the company's marketing department. With this type of sales, the seller's task is to present the product as unique, and to convey an interesting and attractive message to potential customers with the help of the mass media, which will influence their choice. In a traditional marketing organization, products are managed, and customers gather at the cash register. Moreover, when talking about mass sales, buyers and sellers are usually thought of as opposing parties. Customers are exposed to advertising messages like deadly radiation, even the language of mass sales is the language of war and hostility: Marketers "aim" at target markets, and measure their performance in relation to the "targets" they "segmented". If they are not fighting with customers, they are fighting through them against the competition in the battle to share the market. In such an environment, buyers simply know and feel that their interests are in direct conflict with the interests of sellers. If the company is not in direct contact with its customers, ie. if customers simply enter a company or store, buy a product and leave, without their identity being known or any deeper and designed communication taking place, then each purchase is a separate event, which cannot be connected to other, same transactions, from which no constructive conclusions can be drawn. Such a way of doing business provides an unrealistic and counterproductive view of one's own customers. In order to achieve the greatest possible number of uniform transactions per unit of time (with unspecified and undefined customers), and faced with increasing competition that has the same goal, companies are forced to lower prices, give discounts, offer more goods for the same price, or increase promotional activities. If companies base their sales concept on the uniformity (undifferentiation) of consumers and if they want to increase the volume of sales, they have to "squeeze" their profit rate, because they have no other solutions and that is simply the truth.

CONCLUSION

Changes occurring in business environment cause further changes in organization and management of profit companies. One of the ways to improve the effectiveness of management is the application of BSC method which enables an exact way of achieving progress of each identified goal on all organizational perspectives. Business golas priority which is obtained in this way, can be considered less subjective (having in mind attitudes of a management team), i.e. more precise. Based on the gained solution, management teams focus their attention on and put their effort in improving the effectiveness of attaining those goals that have the greatest priority on the perspective which is given the biggest development value. In order to improve a process in the shortest possible period of time, it is necessary that management teams undertake certain activities directed toward highest priority goals, i.e. the goals that have the biggest influence on the process efficiency. It can be said that this problem solution is one of the most critical factors for successful establishment of a firms' BSC method.

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