Methodology for setting strategy goals based on diagnosis of competitive environment

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Abstract
Development of economy in modern postcrisis terms educed both the competitive edges of enterprises and their defects related to different possibilities of adaptation to the environment. The increasing complication of economic environment, conditioned by total integration, both interbranch and territorial, stimulates the leaders of enterprises more active and more careful to study a market situation and its progress trends. An aim of this work is an increase of strategic flexibility and possibility of enterprise not only and not so much operatively to react on the negative displays of competition environment, but in a greater degree to forecast its development and to preform strategic advantage.

Keywords
Strategy, strategic flexibility, competitive edges, competitive environment.

Introduction

Even today changing conditions of enterprises' operation resulted in a change in management philosophy associated with the need for strategic analysis of environment affecting the efficiency of the enterprise. The unpredictability of this environment makes companies look for new approaches for flexible manage-
ment. To successfully implement the management system within an enterprise a system of measures should be developed that would help to adapt to external factors. Knowing general economic conditions allows to reduce the risk of ineffective implementation of behavioral strategies within the genuine environment of the enterprise.

Under quality macroeconomic changes the role of new concepts, models, strategies for the development of economic systems at the micro level rises dramatically, since their behavior significantly affects the formation of development trends specific for the macro-environment.

**Formation of organizational strategies in a competitive environment**

The external environment is considered by the majority of modern management theories to be one of the main characteristics of the organization. It is a set of external factors (conditions), with whom it interacts.\(^1\)

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The very purpose of an industrial enterprise is actually – a reaction to environmental factors (Fig. 1).

\[\text{Fig. 1. Model of environmental factors influence on the organization}\]^2

In this case the external environment of organization can be characterized by a variety of elements, their interrelationship and interdependency. Despite the complexity and hierarchical structure of these elements, the impact of the external competitive environment is almost always characterized by a complex synergistic effect. It is not practical.

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\[^2\] Sevast'yanoi, A.V., Berdnikov, V.A., Resnyanski, M.M. (2008), "The development of flexible strategies as reserve and new aspect of competitiveness of enterprises of middle and small business" ["Разработка гибких стратегий как резерв и новый аспект конкурентоспособности предприятий среднего и малого бизнеса"], *Vestnik Samarskogo gosudarstvennogo ekonomicheskogo universiteta*, No. 6, p. 44.
to respond to this effect by the methods proven in the past.

The main sign of hostility specific for external competitive environment is the degree of its unpredictability, which can be evaluated in terms of variability / familiarity of the business environment and the pace of changes. If expressed in terms of a parametric model, this factor will be correlated and inversely proportional to the parameter of enterprise's strategic flexibility. Strategic flexibility of an economic entity is considered a basic factor of long-term competitiveness and effective development of an organization.

Methodological basis for the analysis of the competitive environment can be a practical implementation of the following model (Fig. 2).

The main purpose of analytical services defining a business strategy will be not only to forecast the development of the external competitive environment, but also to develop factors of impact on the competitive environment on the basis of the analysis, that will allow to do this development manageable. Level and efficiency of tools and methods determining these factors of impact depend primarily on the size and structure of the company, its financial stability and market share. It is these parameters that affect the division of environmental factors on subjective (which may be affected and changed by the company) and objective
ones (which can not be exposed, but can be predicted).

Complexity of the environment can be expressed through the number of factors the organization has to respond to, and the degree of variability of each factor. Thus, an organization being directly affected by government regulations, contracts with unions, interested groups of influence, numerous competitors and rapid technological changes, is in a more complex environment than, for example, an organization experiencing a concern over the actions of only a few suppliers, several competitors, where there are no trade unions and changes in technology are not so noticeable. In terms of factors variety an organization that uses a lot of different technologies and undergoes more rapid growth is considered to be under more difficult conditions than the organization that does not experience these issues. Organizations need less complex organizational structure in a less complex environment; such organizations also have to deal with a small number of parameters for decision making.

The pace of changes is constantly growing in the competitive environment of modern organizations. External environment in the pharmaceutical, chemical and electronic industries is particularly mobile. Moreover, the variability of the external environment can be higher for specific units of the organization and lower for other ones. For example, R&D department may face a high mobility of the environment and production department may be immersed in a relatively slowly changing environment.

Given the complexity of the operation in a highly mobile environment, the organization or its units must rely on a various information to make effective decisions relative to its internal variables. This makes the decision-making more difficult. Features of interconnectedness, complexity, mobility and uncertainty of the external environment describe factors of both direct and indirect impact. Features of the environment are different, but at the same time they are connected with its factors.

**Conclusion**

Overcoming the effects of the global financial crisis for the Russian enterprises is associated with a significant risk due to the changes in legislation regulating property relations and the business environment. Many managers of economic entities for the first time faced the necessity of SWOT analysis, market research, definition of the company's position in the industry.
Most Russian companies need to determine its place in each of the target segments, as well as to determine the position of both a product, and the company itself in the market.

As a result of strategic analysis the enterprise should clearly determine the basic tools of impact on target segments in the form of a commodity, pricing, marketing and communication policy of the company for each potential market segment.

References


Методика формирования целей стратегии на основе диагностики конкурентной среды

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Аннотация

Развитие экономики в современных посткризисных условиях выявило как конкурентные преимущества предприятий, так и их недостатки, связанные с различными возможностями адаптации к внешней среде. Возрастающая сложность хозяйственной среды, обусловленная тотальной интеграцией, как межотраслевой, так и территориальной, стимулирует руководителей предприятий активнее и тщательнее изучать рыночную ситуацию и тенденции её развития.

Цель подобной работы – повышение стратегической гибкости и возможности предприятия не только и не столько оперативно реагировать на негативные проявления конкурентной среды, но в большей степени прогнозировать ее развитие и заранее формировать стратегические преимущества.

Ключевые слова

Стратегия, стратегическая гибкость, конкурентные преимущества, конкурентная среда.

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