

DEVELOPMENT STRATEGY

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Abstract: The article investigates the base strategies of management. Three ways of external environment are described. The main basic strategy is examined and the article describes five elements of the strategy.

Keywords: strategy, management, M. Porter, external environment, business strategies

Formation of strategy is one of the functions of management. It is the process of selecting the organization's goals and how to achieve them. The strategy is a detailed comprehensive and integrated plan designed to ensure the implementation of the organization's mission and its objectives. The main overall objective of the company is a clear reason for its existence which is designated like its mission. The objectives are developed for the implementation of this mission. Mission details the status of the company and provides direction and guidance to define the objectives and strategies at different organizational levels. After the establishment of the mission and objectives managers should develop a diagnostic phase of the strategic planning process. The first step is to study the environment.

Managers evaluate the external environment in three ways:

1. Estimate changes that affect various aspects of the current strategy.
2. Determine what factors pose a threat to the current strategy of the firm.
3. Determine which factors are more opportunities to achieve company goals by adjusting the plan.

Analysis of the external environment is the process by which developers of the strategic plan control external factors in connection with the enterprise factors to determine the opportunities and threats for the company. Analysis of the external environment helps to get important results. It gives the organization the opportunity to predict the time, the time to plan for possible threats and the time to develop strategies that can turn into any previous threats profitable opportunities. From the point of view of assessing these threats and opportunities, analysis of the role of the environment in the process of strategic planning is essentially a response to the three specific questions:

1. Where is the company?
2. Where, from the point of view of top management, must the company be in the future?
3. What should the leaders do for the company to move the company from the position where it is now, into the position where the leaders want to see the company in the future?

As part of strategic planning the most common business strategies are examined in this article. Typically, these strategies are called basic. They represent four different approaches for growth of a company and state changes associated with one or more elements:

1. Product;
2. Market;
3. Industry;
4. Position of the company within the industry;
5. Technology.

Each of these five elements can be in one of two states: the current state or the new for example, in relation to the product it may be a decision to produce the same product, or to go to the production of a new product

General competitive strategies

One of the main objectives of many organizations is to achieve an advantage over its direct competitors. The central question in this case: how the organization will receive this benefit? M. Porter provides an answer to this important question. He highlights three key generic strategies: cost leadership, differentiation and focus (Porter, 1985). Each of these strategies are examined more detailed.

Leadership cost

When implementing this, strategy seeks to achieve cost leadership in the industry through a combination of operational measures to this problem. As a strategy, it implies a tight control over costs and overheads, minimizing costs in areas such as research and development, advertising, etc. Low costs give the organization a good chance in its industry, even if there is a stiff competition. Cost leadership strategy often creates a solid foundation for competition in an industry where competition is fierce in other forms which have already established.

Differentiation

This strategy involves the differentiation of the product or services of the organization from those which are offered in the competitive industry. As the Porter's approach to the individualization can take many forms, including image, trademark, technology, distinctive features, special services to customers, etc. Personalization requires significant research and development and sustainable markets. In addition, customers should give their sympathy to the product as something unique. The potential risk of this strategy is the changes in the market or issue analogues initiated competitors that will destroy the competitive advantage obtained by the company.

Focus

The objective of this strategy is to focus on a specific group of consumers, market segment or geographically isolated market. The idea is to have goods for a unique purpose, rather than the industry as a whole. It is assumed that the organization is able to provide services/goods for a narrow target group better than its competitors. This position provides a protection against all competitive forces. Focus can also be combined with a cost leadership or customize a product (service).

In conclusion we'd like to mention that development strategy is vital for a company to be competitive in local and international markets

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