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**Development of strategy of the
enterprise**

The algorithm of development of marketing strategies of enterprises of mechanical engineering. Highlighted the dependence of the logistics strategies of marketing strategies. We developed a mechanism of planning the logistics strategies of the enterprise, the algorithm of designing supply chains in the SCM system.

Key words: strategy, innovation, marketing, logistics, enterprise, supply chain, design of supply chains.

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**Кәсіпорынның
стратегияларын жасау**

Машина жасау кәсіпорындары маркетинг стратегияларын жасау алгоритмі ұсынылған. Логистикалық стратегиялардың маркетингтік стратегиялардан тәуелділігі көрсетілген. Кәсіпорындардағы логистикалық стратегияларды жобалаулар тетігі, SCM жүйеде жабдықтаулардың тізбегін жобалау алгоритмі жасалған.

Түйін сөздер: стратегия, инновации, жабдықтаулардың маркетингі, логистикасы, кәсіпорыны, шынжыры, жабдықтаулардың шынжырлардың жобалауы.

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**Разработка стратегий
предприятия**

Предложен алгоритм разработки маркетинговых стратегий предприятия машиностроения. Подчеркнута зависимость стратегий логистики от стратегий маркетинга. Разработан механизм проектирования логистических стратегий предприятия, алгоритм проектирования цепей поставок в системе SCM.

Ключевые слова: стратегия, инновации, маркетинг, логистика, предприятие, цепь поставок, проектирование цепей поставок.

**DEVELOPMENT OF
STRATEGY OF THE
ENTERPRISE**

In search of effective mechanisms for managing on micro-level the executives of domestic enterprises are appealing to marketing and logistics management techniques. The subject of developing marketing strategies and logistics businesses are highly relevant for countries with economies in transition, including the Republic of Belarus, whose leadership embarked on the innovative development of the economy, as well as of large manufacturing companies.

We have repeatedly treated this topic in relation to the development of the theory of strategic marketing management as an integral subsystem of strategic management. However, there is still no clear understanding of the role, place and content of the marketing and logistics strategies in the methodology of strategic management.

In our opinion, marketing strategies play a leading role and central position in the overall corporate governance. The marketing strategy will be understood as the basic directions and ways to achieve critical market objectives. Logistics strategy is closely derived from the marketing strategies.

Figure 1 shows a general algorithm of marketing strategies design of large enterprises. Like management in general the marketing strategies designing begins with the definition of strategic (key, aimed at future) goals of the enterprise. These include goals related to improving or preserving the competitiveness of enterprises, increasing market share, profit margins and profitability.

Strategies developing are preceded by strategic analysis of internal and external marketing environment.

The analysis of the internal environment identifies the strengths and weaknesses of its activities. The analysis of the external environment involves the study of micro and macro environment of the enterprise with identifying opportunities and risks. The use of M. Porter's model permits to determine competitive forces of the industry. Special attention should be paid to the study of competitors.

As it was pointed out by M. Porter, the corporate strategies mean to select the type of business: 1) in the rejection of certain types; 2) in the development of new businesses; 3) in the investment guidance [1]. The purpose of the corporate strategy is to obtain synergies from the interaction of business corporations.

While developing new types and areas of activity there may be applied strategies of integration development, joint venture, association, companies' takeover. Implementation of vertical integration strategy «up» and «down» can be directed to the creation of vertically integrated marketing structures.

For the business units of the enterprise (corporation) market strategies are developed, they are competitive strategy, the essence of which is the main competitive advantages that gets business unit with its successful implementation. Leadership Strategy (benefits) in costs enables lower cost and allows having competitive advantage in the market. The specialty of goods nomenclature allows accumulating manufacturing experience, to achieve the high quality of goods. The implementation of the strategy of concentration on narrow market segments provides high quality customer service.

Among the many marketing strategies I. Ansoff allocated baseline (basic) strategies, defined by a set of two variables «goods» and «market» [2]. The strategies of the development of new products and new markets are important marketing strategies which start any business. Developing a new product is nothing like innovation. Strategy of market diversification can also be attributed to the strategy of innovative development (in particular, Joseph Schumpeter referred as innovative the development of new markets).

The innovative development of the enterprise involves the development and implementations of new technologies that help you not only create new products but also improve the quality of existing products.

The development of new products and new markets inevitably entails revising market strategies and competitive position of the enterprise: 1) market segmentation; 2) positioning of products and businesses in the market; 3) the choice of target market segments. After defining the target market, the company marketing service chooses the kind of marketing: differentiated or undifferentiated and develops the marketing mix.

Logistics strategy depends on marketing strategy. Strategic logistics solutions aim at optimizing the material flow of the economic system (in our case – the machine building).

Figure 2 draws up a general algorithm of logistics strategy design. Like the whole management, the design of logistics strategies starts with the definition of logistics strategic (major aimed at perspective) purposes. These include goals related to improving or preserving the competitiveness of enterprises,

reducing logistics costs, increasing profit margins and profitability.

Strategic marketing analysis precedes the strategies logistics developing; it is the development of marketing strategies. Logistics strategy is based on product and marketing strategy.

The fact is that these so-called (by I. Ansoff's definition) «basic» strategies, determine the magnitude and the direction of the diversity of material flows of the enterprise.

Analysis of logistics activity is aimed at the study of material and associated streams in the area of procurement, production and distribution of goods and services.

If an entity applies the strategy of innovative development strategy of diversification of products and / or markets, the development of logistics strategy means first and foremost the design of supply chains, identifying strategic suppliers and markets. The existing supply chains are analyzed in a different way with the view of their optimization.

The next stage of strategy development is to define logistics strategy according to circulation stage (strategy of purchasing logistics – ZL, sales logistics strategy – SBL), production (production logistics strategy – PL) and consumption (service logistics strategy – SrvL). It should be noted particularly the role of service logistics for enterprises producing machines and equipment including agricultural machinery.

For strategic decision making in the area of inventory management and warehousing, firstly it is necessary to determine the choice of material flow management system (MFMS): «nagging» («pulling») or «pushing» («ejecting»).

The selection of replenishment system plays an important for determining the main directions of development of enterprises logistics: a fixed-size party supplies or fixed replenishment intervals. It will determine the strategic decisions in the field of warehousing and transport support enterprise.

Strategies for warehousing and transport services depend primarily on the choice of alternatives: insourcing (in-house) or outsourcing (outsourcing entities). It should be noted that the use of outsourcing is much wider: it is used in production logistics, service logistics, and so on.

The important strategic decisions in the field of information logistics are related to the definition of the:

- type of information system;
- complex technical means;
- basic software package and information;
- database management system;

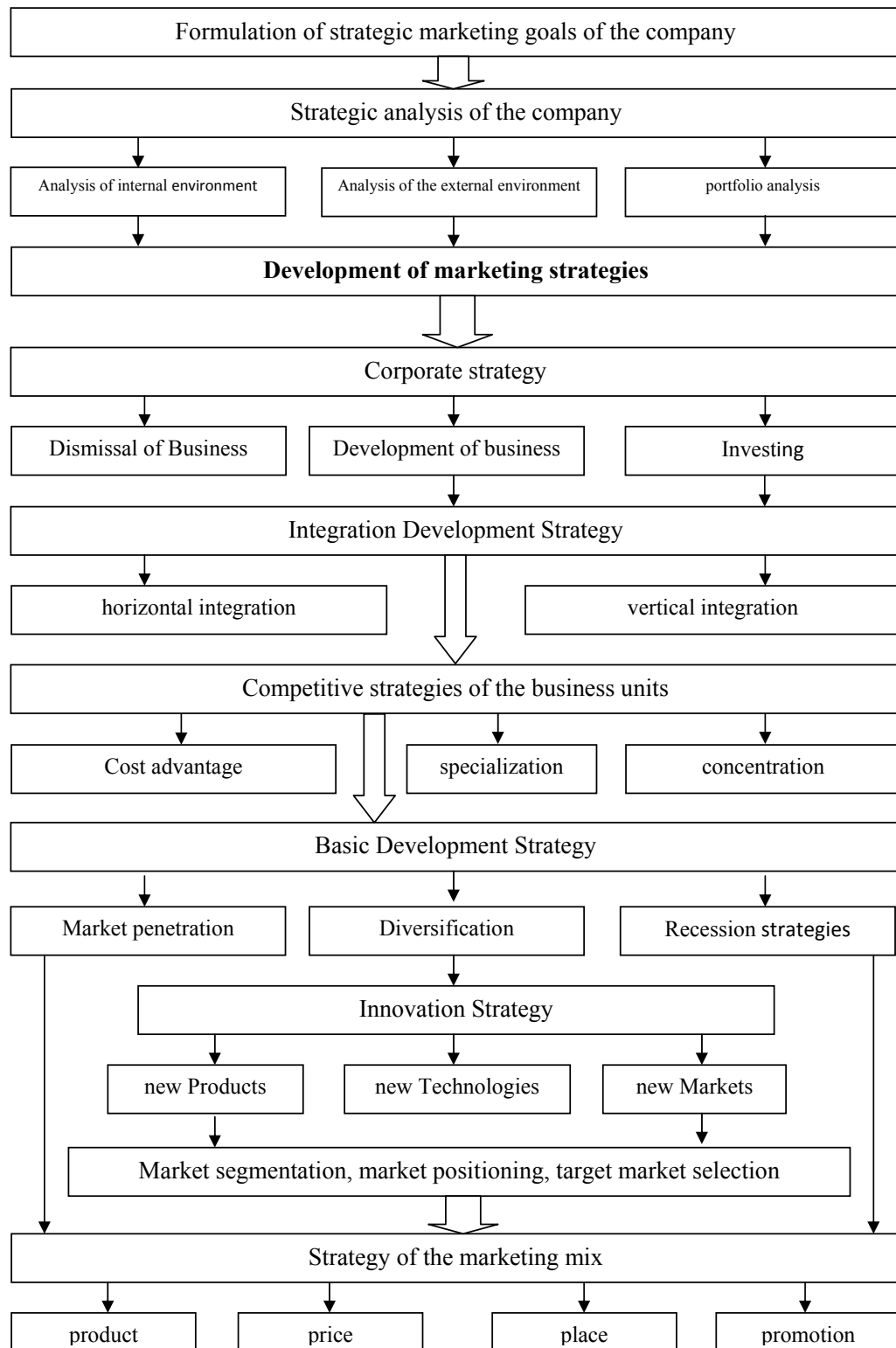


Figure 1 –Algorithm for the marketing strategy development

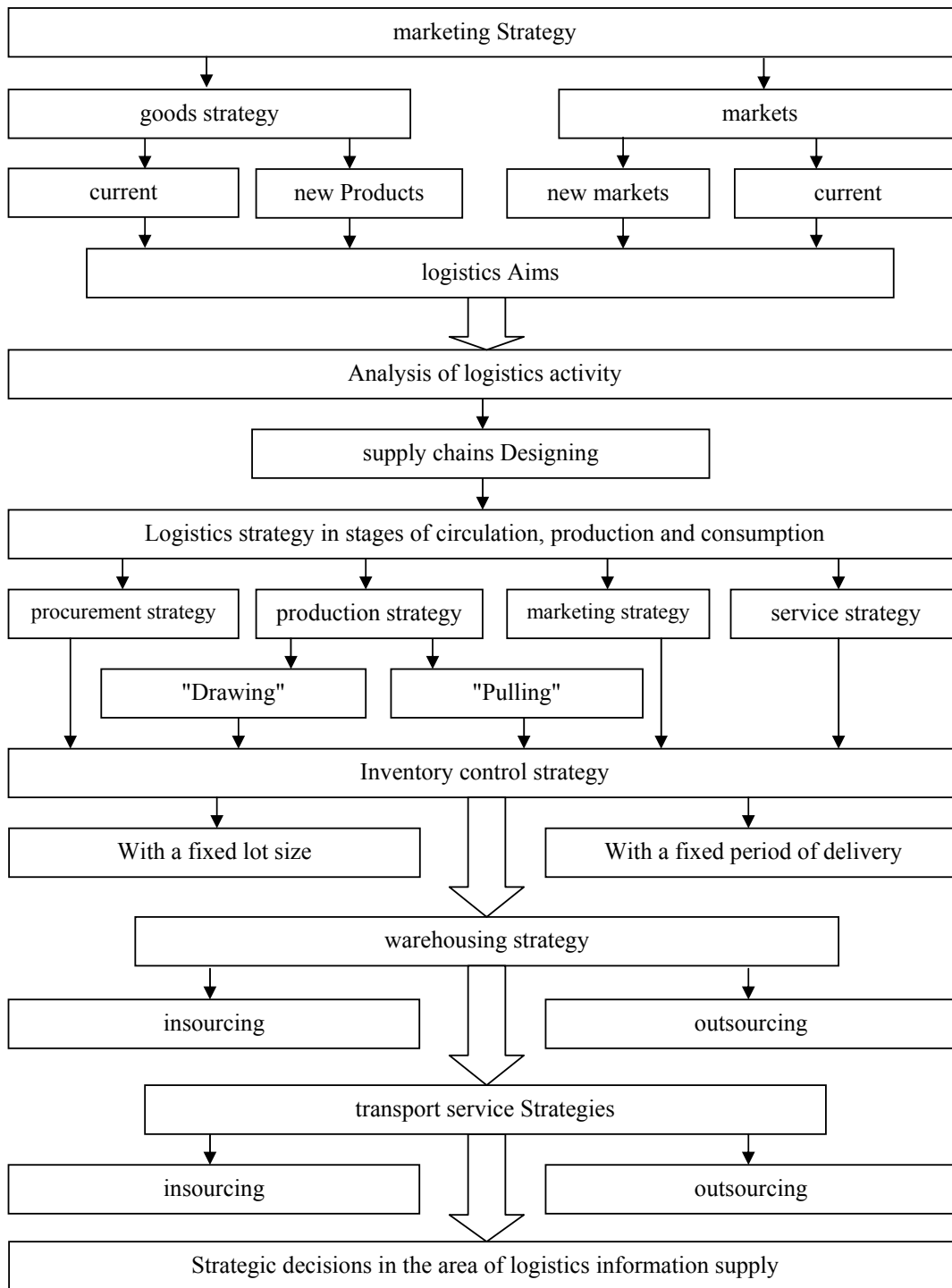


Figure 2 – Algorithm for the marketing strategy development

- configuration of the computer network;
- method of distribution databases on network nodes.

The supply chain management (SCM) is considered as modern theory of integrated logistics management. The concept of SCM assumes the functions of planning, organizing and controlling the supply chain, the links of which are raw material suppliers, product manufacturers, intermediaries and consumers of goods.

The crucial role in the SCM system is played by supply chains design, which consists mainly in determining the supply chain links with the focal position of the enterprise and the establishment of links among them. We propose a variant of a technique of designing the supply chain, the mechanism of which is shown in Fig. 3.

When designing the supply chains it is necessary to distinguish the input supply chain of the logistics system of the focused company, which provides input material flows, and the output of the logistics system – output material flows. That will determine the criteria for selection of links in supply chains.

It is also important to take into consideration the features of the technologies used in the production, the requirements and the restrictions of production logistics of the focused company.

The designing of the supply chain at the entrance of the logistics system depends on the purpose of purchasing logistics and includes the following steps:

- 1) The formulation of purpose and goals of the supply chain;
- 2) The formulation of performance criteria for the selection of units;
- 3) Identifying restrictions;
- 4) Search of the producers of material resources;
- 5) Selection of candidate producers (general suppliers) taking into account the restrictions;
- 6) evaluation of suppliers;
- 7) the choice of the supplier on the basis of the criterion;
- 8) search and selection of intermediaries options;
- 9) Evaluation of intermediaries;
- 10) The choice of intermediaries on the basis of the criterion (criteria);
- 11) The determination of the parameters of operation of the CPU (the nomenclature of raw materials and components, the volume and frequency of delivery, mode of transport, and others.);
- 12) the establishment of linkages with suppliers and intermediaries.

If, in accordance with the criteria of selection it was made in favour of the producers of material

resources, and it can play the role of direct provider, the process of determining the supply chain on this step can be stopped. As a result, a short circuit will be formed at the entrance into the supply system which comprises a single link.

This criterion (criteria) of choice may be:

- the better quality of the supplied resource;
- the minimum price of the resource;
- the better conditions of the supply;
- the higher quality service;
- the minimum territorial remoteness of the supplier;
- the minimum logistic costs of the resource delivery;
- the supplier's highest reliability;
- special ("close") relationship with the supplier.

When choosing a provider it is advisable to follow the restrictions:

- political, such as for example the embargo imposed by the UN on the exportation of goods from a particular country;
- financial;
- customs;
- quantitative (by the amount of the supply lot);
- branding (supplier's low reputation) and others.

Designing the supply chain at the exit of the logistics system of the focused company includes the following steps:

- 1) the formulation of objectives of the supply chain;
- 2) market segmentation;
- 3) analysis of market segments and selection of target market;
- 4) positioning of products on the market;
- 5) formulation of performance criteria for the distribution channels of the goods;
- 6) identifying restrictions for the distribution channels of the goods;
- 7) Evaluation and selection of distribution channels of the goods in view of given criteria and constraints.

If the direct sales channel is selected, special care should be taken on the use or the formation of their own sales networks. If the choice has been stopped on indirect channels of distribution of goods, the selection process goes on:

- 8) search of intermediaries;
- 9) The selection of intermediaries options in view of restrictions;
- 10) Evaluation of intermediaries;
- 11) The choice of intermediaries on the basis of the criterion (criteria);

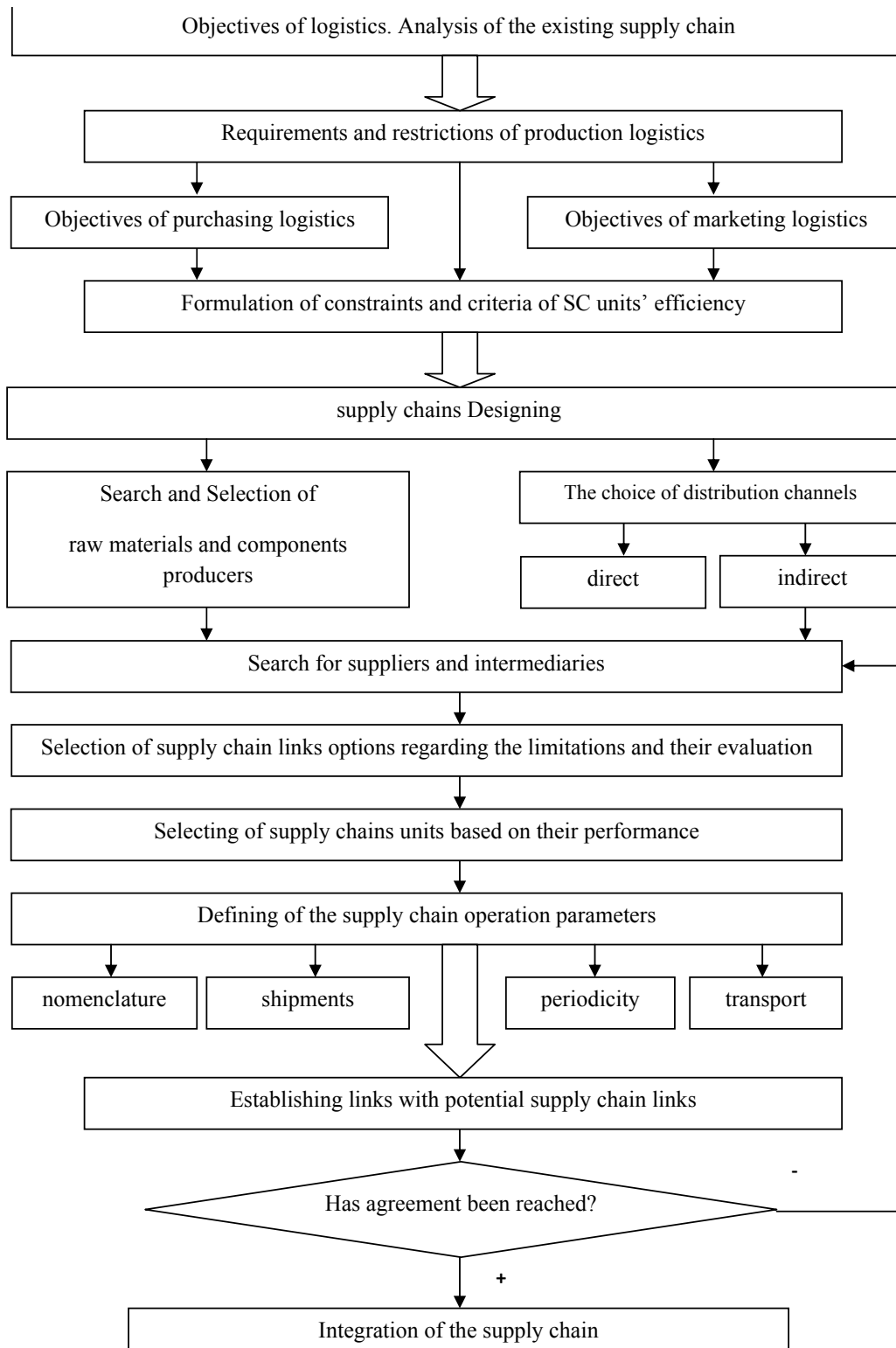


Figure 3 – Algorithm of enterprises supply chain designing

12) determination of the parameters of operation of the CPU (the nomenclature of goods, the amount and frequency of delivery, mode of transport, and others.);

13) establishment of links with intermediaries.

When selecting the links in the chain of distribution of goods (sales agents) the criteria will be somewhat different:

- maximum return on sales;
- the better conditions of supply;
- minimum logistics costs in the chain of distribution of goods;
- the highest level of reliability and the better mediator's reputation;
- special relationship with the mediator.

Establishing links with suppliers and intermediaries may not lead to an agreement on

cooperation. In such a case, you should restart the search and the selection of new SC units.

The most important and most difficult task of supply chain designing is the SC integration – the achievement of a coherent interaction of the SC units on the basis of mutual interest. As a rule, interests and goals of independent supply chain are different, sometimes diametrically opposed. Negotiating a cooperation it is necessary to seek consensus, to apply the flexibility to compromise. The focused company should serve as SC integrator when having a strong market position.

The proposed mechanism for the development of marketing strategies and logistics, supply chain design can recommend for the senior managers of industrial enterprises for use in practice.

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