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SHORT COMMUNICATION

The implications of managing production companies

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ABSTRACT

Effective management of the company is not the result of the trial and error method, but is based on modern-functioning companies on rational management instruments. They include management methods that are well-tried, logical sets of rules and stages used in the processes of managing human teams. The application of a certain management method in practice can not be accidental. Before executing the implementation decision, the management of an economic organization should: carry out a company's diagnosis in the system: factors influencing the company's success - management results, analyze whether the managerial staff is a critical element of the company's development, define a long-term program for improvement of business management systems, select a bunch of management methods adequate to the specifics of the company. After analyzing the above-mentioned tasks, the basic management method and supporting methods should be selected. The basic method should be total, i.e. applicable to all organizational entities. At the same time, at individual management levels, the so-called a free management space within which it is possible to use other partial management methods.

***Keywords*:** processes, production, products, management, enterprise

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1. INTRODUCTION

Strategic management is a whole composed of reflections, decisions and actions aimed at defining general objectives, then tasks, making choices, achieving goals, and consequently undertaking and performing specific activities, controlling achievements related to its implementation and achieving objectives. Strategic management is the management of the organization's development in the long run, focused on the use of opportunities and avoiding emerging threats in the environment [7]. A strategy is an action program that defines the organization's main goals and how to achieve them. It can be understood as a management process consisting of three stages: strategic analysis of the company (we diagnose external opportunities and threats), strategic planning - selection of strategic options (pace and direction of company's growth, way of conducting competitive struggle, division of financial resources into enterprises and markets) implementation of the strategy [8]. The strategic management model is a dynamic model. As the tasks are carried out, the company is in constantly changing conditions. Of course, people change - either as a result of staff turnover or as a result of gaining new experiences and developing their own careers. It is worth noting another property. As you can see, the strategic management model indicates not only to improve and improve the operation but also to do the right things. It can be said that when implementing strategic management, we advocate selecting the most important (strategic) undertakings and readiness to implement them, achieved thanks to constant improvement of organizational efficiency [4-6, 9].

2. IMPLEMENTATION OF STRATEGIC MANAGEMENT IN PRODUCTION

The implementation of strategic management is simple and does not require meeting specific conditions. One should be aware, however, that we will not succeed in all its aspects at once. Strategic management effort can therefore only be taken if we intend to continue it consistently and thus achieve higher and higher quality standards. The basic instruments of strategic management are: communication, risk management and organizational structure. The proper communication system plays a special role in the long-term planning process. This strategic plan assumes control and coordination of the long-term development of the business organization and its environment [3]. Thanks to the information system, it is possible to collect and analyze strategic data regarding the company's environment and its main functions - marketing, finance, research and development. This method first assesses the degree of impact of various external and internal "threats" on the enterprise, and then makes decisions ensuring the further functioning of the business organization [10]. The process includes three stages, namely:- identification of a threat situation (risk situation) by means of identifying and forecasting the development of technology and techniques, or using the method of identification of economic risk (analysis of events, threats, documentation, partial, etc.),- a risk assessment that allows the creation of 'risk classes' according to two criteria: 'probable loss' and 'potential maximum loss',- isolation of risk elimination methods; they include: avoiding, mitigating, limiting, scattering, securing external and internal protection against the emergence of a risk situation [2]. Another strategic management instrument is to determine the organizational structure corresponding to the strategic goals. Such a structure should ensure implementation of strategic decisions of the top management by the enterprise's operational units. For this purpose, the company should be transformed into a strategic production and service organization, distinguishing the departments of marketing, finance, and research and development. In the case of large business organizations operating on the market of company's final products (services), it should be centralized, i.e. research and development as well as marketing and finance functions should be placed at the highest management level. If there are small enterprises on the market, then a large production and service organization should be decentralized, distinguishing relatively independent production units within it, bearing responsibility for the manufactured products and services.

Strategic management should focus on both the company's strongest sides and on the basic production assortment, meet market signals, dispose of unprofitable production, include members of the company's top management to work in environmental (scientific and social) organizations [11].

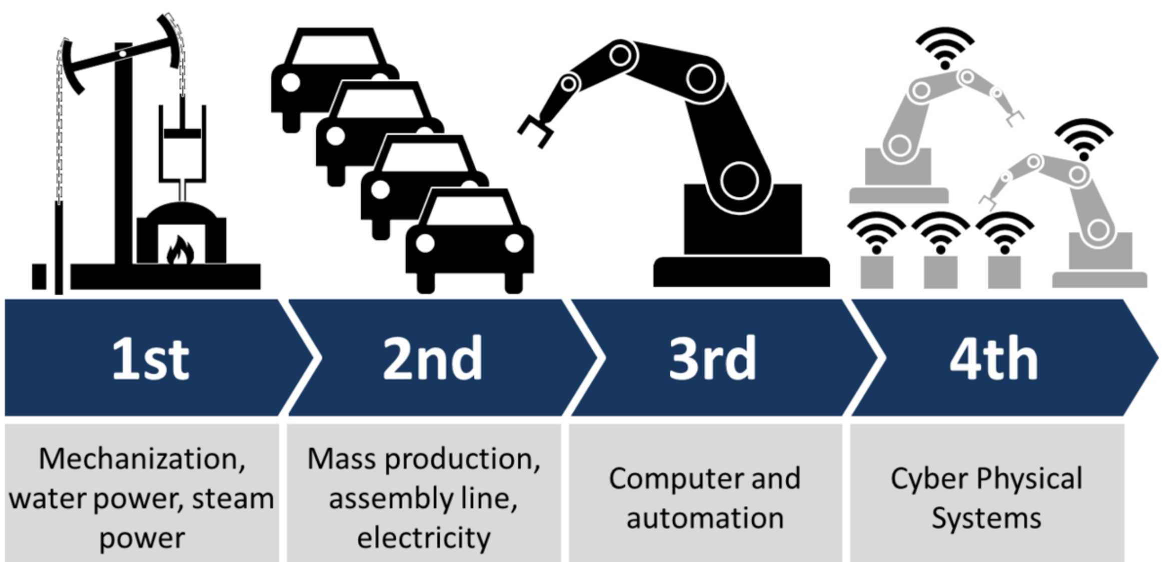

Figure 1. Elements of production processes

3. STAGES OF STRATEGIC MANAGEMENT PRODUCTION

The individual factors determining the company's development strategy must be taken into account in the process of formulating and implementing the strategy. Their approach is organized in a specific way; they can be grouped into certain stages of the management process. Depending on the strategy concept and the concept of its formulation, different models of the strategic management process are proposed. They differ in the number of stages, their content and order, and in addition the distribution of accents [12].

4. STRATEGIC ANALYSIS PRODUCTION

Strategic analysis is a preparatory phase in strategic management. The basic scope of the company's activity is to diagnose the most important segments of the environment from the point of view of their impact (positive or negative) on the survival and development of the company.

Analysis of the company's environment. one of the most commonly used methods of studying the environment is the SWOT analysis. When analyzing the company's environment from the point of view of the SWOT method, we extract important parameters in the following areas:

a) strengths of the company in relation to the environment,
b) weaknesses of the company in relation to the environment) the potential
c) opportunities (opportunities) of the companies that are located in the environment,
d) potential threats for the company, generated by the identified segments of the
e) environment.

The company's environment includes elements, processes and phenomena existing outside the company. The analysis of the environment consists in distinguishing the most important segments of the environment that have or may have an impact on the company's global strategic goals - survival and development [1, 13].

Figure 2. Production planning

Four important segments of the company's environment:

a) business environment,

b) legal and political environment,

c) socio-cultural environment,

d) technological environment.

Analyzing the economic environment, we take into account the following parameters: inflation rate, unemployment rate, income of the population, average pay, loan availability, interest rate on loans, exchange rates, deficit or surplus in the state budget, economic situation, gross national product, availability and costs of sources of energy supply. The parameters of the legal and political environment include: antitrust law, ecological law, stability of the government, customs policy, tax and employment policy, economic legislation regulating the creation of new companies. Socio-cultural parameters include: the rate of natural increase, the age structure of the population, the nationality structure of the population, the structure of education, changes in lifestyle, inclination to work, the way of rest, orientation on the consumer lifestyle. The technological environment is determined by the following parameters: the pace of transfer of new technologies to companies, the level of government spending and the ministry of industry for researching new technologies, the number of institutes and other scientific institutions occupying [14].

5. CONCLUSIONS

Strategic thinking develops perspective perspectives and analyzes of the future. It requires management to take risks to quickly reorient the enterprise to market requirements. Thanks to strategic management, it is relatively easy to adapt the company's operations to changes taking place in the environment. Flexibility in adapting to market requirements results from the fact that strategic analysis and thinking is implemented at all levels of company management. The collective development of the company's strategy leads to the leveling of knowledge about the company, the scope of its functioning, and the possibilities of expansion. The consequence of team work and the methodology of developing strategic projects is a change in thinking about the company, its functioning and its behavior in the changing environment [15].

Therefore, the basic advantages include changing the way of thinking in an enterprise at all levels of management. Managers and contractors formulating strategic plans and preparing scenarios of expected events in the future will better recognize both the market and its needs as well as its own capabilities. This leads to learning your own company, its possibilities today and in the coming years. Team integration is taking place around goals and strategic plans. This allows for flexible adaptation to changes taking place on the market as well as within the organization of the company [16].

Further advantages:

- taking the position of the company on the market is done by using a systematic method of finding the way to the clients' awareness,

- better coordination of tasks with better control, which is shifted to the lowest appropriate levels of management,
- establishing closer contacts with end users of products (products and services) of the company. A better understanding of their needs, conditions and limitations for proper product adaptation,
- greater flexibility of the company's operation; this allows maintaining the stability of cooperative links,
- better recognition of competition secrets and more complete adaptation to the needs and requirements,
- ensuring continuity of product deliveries despite market volatility,
- once established company position resulting from the adopted strategic plans must be constantly and persistently maintained using appropriate modifications [17].

The disadvantages of strategic management include considerable labor intensity in developing a strategy. The management team is removed from the current management of the company for the analysis of the company and the development of a strategy. Variability in the environment may make the developed solutions unusable [18].

It is possible to introduce a bureaucratisation of the method of developing strategic plans, as well as a tendency to centralize their development. In this way key issues concerning the future are analyzed with the preparation of decisions outside and without the participation of the relevant decision-making bodies of the company. Very often, strategic plans, a mission, and development scenarios become part of a (simulated) policy, not a way to manage it effectively [19].

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