



## STRATEGIC POSITION OF THE OBSERVED ENTERPRISE

Received: 01 April 2022 / Accepted: 15 June 2022

**Abstract:** Strategic planning is the choice of strategy that determines the direction of enterprise development and achieving the set goals. The adopted vision and mission of the realization of the strategic planning process should be based on the possibilities of the company's potential and its focus on both innovation and creative thinking of employees. The analysis of the strategic position of the company and the creation of strategic planning of its development can be done by applying various methods, including SWOT analysis, which is presented in detail in the paper. In the observed company, which deals with Cold and Hot vegetable processing, using SWOT analysis, an assessment of its market position was made and strategic directions in the market were defined, including proposed improvements in strategic planning.

**Key words:** Organisation, enterprise, SWOT

**Strategijska pozicija posmatranog preduzeća.** Strategijsko planiranje predstavlja izbor strategije koja određuje pravac razvoja preduzeća i postizanje postavljenih ciljeva. Usvojena vizija i misija realizacije procesa strategijskog planiranja, treba da bude zasnovana na mogućnostima potencijala preduzeća i njegovoj usmerenosti kako inovacijama i kreativnom razmišljanju zaposlenih. Analiza strategijske pozicije preduzeća i kreiranje strategijskog planiranja njegovog razvoja, može da se vrši primenom različitih metoda, među kojima je i SWOT analiza, koja je detaljno prikazana u radu. U posmatranom preduzeću, koje se bavi Hladnom i Toplom preradom povrća, primenom SWOT analize izvršena je ocena njegove tržišne pozicije i definisani strategijski pravci na tržištu uključujući i predložena poboljšanja strategijskog planiranja.

**Ključne reči:** Organizacija, preduzeće, SWOT.

### 1. INTRODUCTION

Organisations that can adapt to a change have better chances for growth. Without that adaptability, they are at risk of bankruptcy [1].

The way of survival of the organisation is to become aware of the necessity of internal adaptation to continuous changes in the environment. In the previous decades, two concepts stood out, both with the idea of adapting to changes in market conditions:

- The concept of strategic (organisational) development and
- The concept of organisational transformation.

There are three models of strategic development [2]:

- Model of evolutionary changes,
- Interrupted equilibrium model, and
- Model of revolutionary change.

Methods of the organisational transformation concept:

- Reengineering,
- Restructuring,
- Mergers and acquisitions, and
- Change of culture.

„Organisational development is a set of theories, values, strategies, and techniques based on the science of human behaviour and aimed at planning change in organisations to enable individual development of organisation members and increase organisational performance through changes in the conduct of organisation members in the workplace [3].“

The organisation and the product have their life cycle.

At the beginning of each phase of the life cycle, the company faces new challenges and difficulties.

Depending on how the company responds to these challenges, the result can be a positive or negative business. Leading an organisation and moving from one phase of the life cycle to another is not an easy task [4].

The growth and aging of the organisation are reflected in the relationship between flexibility and control, figure 1, [4].

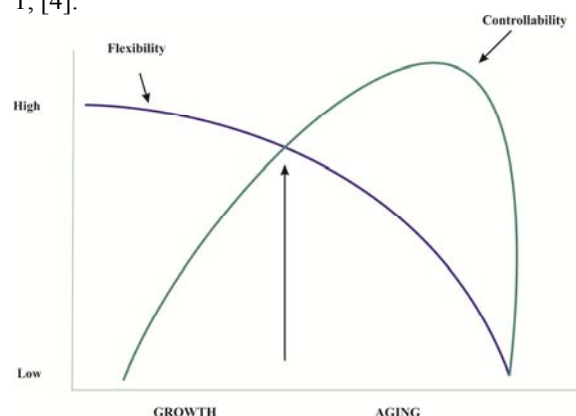


Fig. 1. Flexibility and control

Strategic planning is a systematic process to determine the company's future development direction. The first step is defining the company's vision and mission and setting goals. An effective strategy requires innovation. Companies must monitor trends and focus on innovating all their products and services. Innovation should be an integral part of strategic thinking, planning, and implementation.

Every company has the potential to achieve success. It is essential to recognize that potential in time and continuously improve it regarding the employee's education, plants, and machines. The key is in the continuous process of improving the company as a whole.

It is required to determine the company's current position to define strategy. Based on this, it is also vital to identify the company's potential using adequate analysis methods, such as SWOT analysis.

Innovations related to the product and service, technological processes, staff training, information technology, etc., help the observed company to achieve the desired strategy.

For innovation to occur, it is necessary to provide security and enable employees to think creatively and, if their invention becomes an innovation, to be adequately rewarded. The most important innovation is the one that improves the competitiveness of the company.

The creative thinking of an individual or a team enables the birth of an idea that creates innovation, Figure 2.

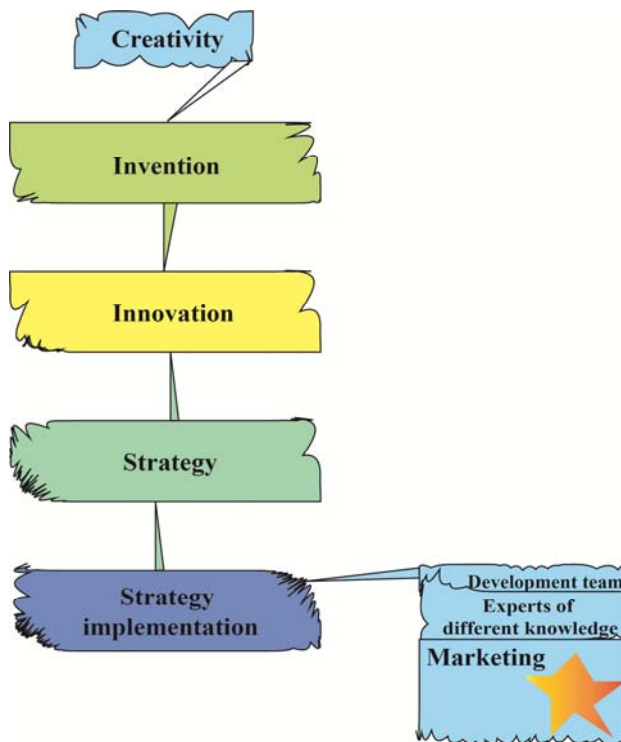


Fig. 2. From creative thinking to innovation

The relationship with clients, internal processes, education, increasing employment, and finance have a remarkable influence on the company's development, business, and strategic positioning.

The primary factor for its business and results is its relationships with customers. The company should strive to meet the needs of consumers with the quality of its products. In addition to quality, it is required to determine the product's price to be acceptable to customers in conditions of economic crisis. It is necessary to inform customers about their products, quality, and prices. Also, products should be available to consumers. Innovation of existing products and innovations related to developing new products is also

crucial for retaining existing customers and cooperating with new customers.

When we talk about a company's internal processes, we always refer to the internal organisation of production processes, product distribution, delivery times, work technology, etc. For a company to perform its tasks on time, it is necessary to plan, anticipate and rationally use its human, technological and other resources. A company can quickly achieve this if all employees function as a team with a common goal. That goal is to produce with quality, deliver agreed, make a profit, etc.

All employees should strive to improve and acquire knowledge related to the tasks they perform in the company. The management's mission is to enable the employees to attend seminars, courses, etc. It is necessary to allow employees to be creative, i.e., to work on innovating their tasks. The company's policy should be such that the company constantly strives to acquire new knowledge because such a policy leads to strengthening the company in every aspect.

The financial condition is the result of the company's operations. For a healthy financial position, it is critical to invest in relations with clients, modernise and harmonise internal processes, and for the company to strive for higher competencies of employees. And if the company has some financial problem, it can use the services of financial institutions, consulting companies, etc.

## 2. THEORETICAL FUNDAMENTALS

In the paper, we used SWOT analysis to identify and analyse the strategic position of the company's business, for which the theoretical foundations will be briefly presented.

The SWOT analysis combines four parameters: Strengths, Opportunities, Weaknesses, and Threats.

The synthesis of the observed parameters gives a clearer picture of the company's position and facilitates the choice of the proper strategy in the new situation [5]. The SWOT analysis and its explanation of strengths, opportunities, weaknesses, and threats are shown in Figure 3 and its application in Figure 5.

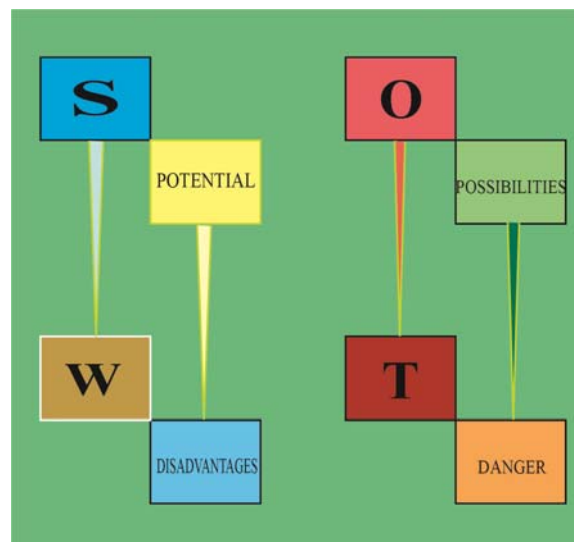


Fig. 3. SWOT analysis

- *OPPORTUNITY* is any favourable situation in the organisation's environment,
- *THREAT* is any unfavourable situation in the organisation's environment,
- *STRENGTH* is the resource or capacity that an organisation can use to achieve its goals and
- *WEAKNESS* is a limitation that prevents an organisation from achieving its goals.

### 3. CASE STUDY

The observed company, in its composition, had two production plants, a cold plant, and a hot processing plant. The analysis of the strategic business was performed at the observed period. The questionnaire was completed in the company in the same year. It should be noted that the questionnaire was filled out by the then managers of the company, i.e., organisational units. Cold Processing Plant grew frozen vegetables in the mentioned year, which included processing, required treatment according to the ISO, HACCP, HALAL quality system, and product packaging.

There were two freezing tunnels, blanchers, flotation devices, milling and shelling machines, conveyor belts, a packer for small packages (2.5 kg and 450 g), a metal detector, and a refrigerated warehouse space.

Hot processing of vegetables, sterilisation, etc., was performed in the Hot Processing Plant and filled into appropriate packaging. In addition to the vegetable preparation lines, there were two discontinuous autoclaves and a continuous steriliser to produce the pasteurised program. Pasteurised products were placed on the market in the following packages: 670 g jars, 1.55 kg jars, and 4.15 kg cans.

Sterilised products were placed in packages: 200g cans, 400g cans, and 4.15kg cans. The company had one hundred and sixty-four workers, while seasonal workers were also hired as needed.

Observed from the aspect of the structure and primary activity of the company, this company is characterised by the subject type of organisation, Figure 4.

Besides the management, the essential part of the organisational structure of this company consists of the Cold and Hot Processing processes.

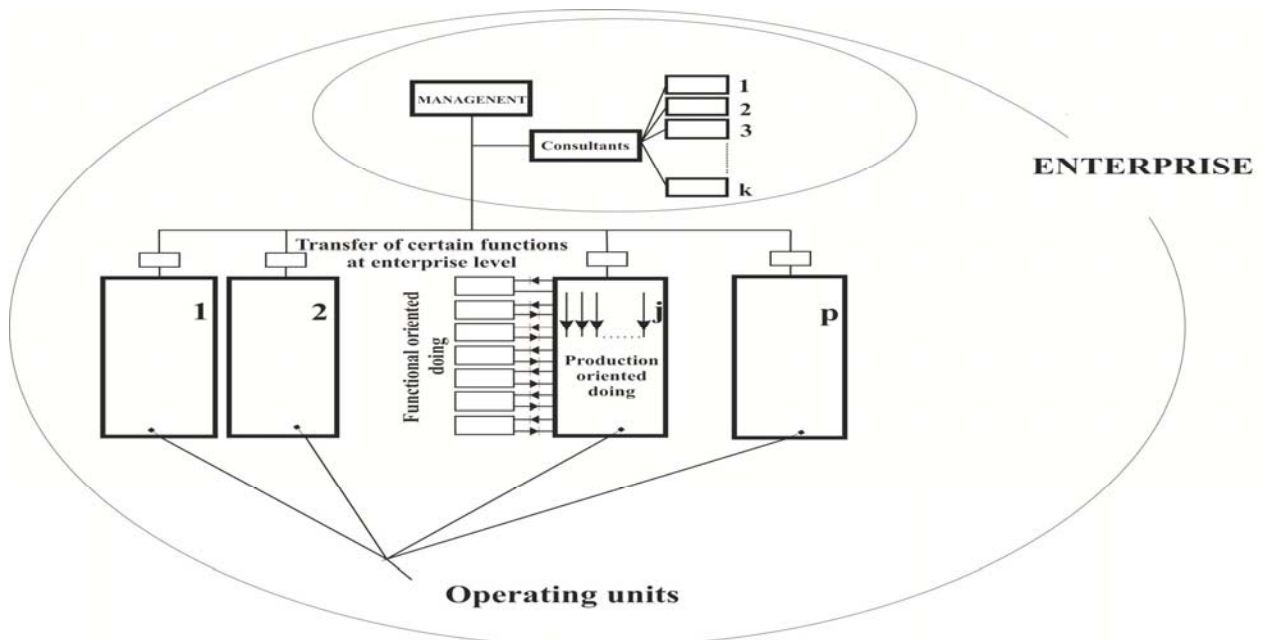


Fig. 4. Subject organisational structure [3]

#### 3.1 SWOT analysis

The practical application of SWOT analysis in the observed company explains the STRENGTHS, WEAKNESSES, OPPORTUNITIES, and THREATS with a detailed description of the intersection of parameters, figure 5.

##### Strengths- Opportunities

The team for the development of the company and the constant improvement of the organisational structure enables the introduction and creation of new jobs. The acquired reputation in the foreign market and the orientation towards continuous improvement of technological processes form a reasonable basis for increasing the volume of product placement in existing and new foreign markets and the possibility of conquering the domestic market.

##### Weaknesses - Opportunities

Perceived chances in creating new jobs, increasing the volume of placements in existing and new foreign markets, and the possibility of conquering the domestic market require specific solutions. These solutions should ensure the development of new products, innovation of technological equipment, storage, and internal transport processes, the modernization of packaging and packaging, the better motivation of employees, and increased production capacity utilisation.

##### Strengths- Threats

Improving the existing production processes, the company's organisational structure, a new information system, and a team for company development will

mitigate the consequences of insufficiently developed marketing, commercial service, and planning process based on the acquired reputation in the market. Orientation towards a modern approach to improving technological processes and organisational structure will significantly reduce the impact of unfavourable financial situations and the dinar exchange rate.

Weaknesses- Threats

For successful survival in the market, the company's development strategy needs to focus on using modern production equipment used in the technological processes of this type of food product and developing quality marketing, commercial services, and planning strategies. State and financial institutions should provide a favourable economic situation and continuous and stable business conditions.

Strengths	Opportunities
<ul style="list-style-type: none"> <li>-Gained reputation in the foreign markets</li> <li>-Orientation towards constant improvement of technological processes</li> <li>-New information system</li> <li>-Enterprise development team</li> <li>-Improved organisational structure</li> </ul>	<ul style="list-style-type: none"> <li>-Offer of the existing products to a new foreign markets</li> <li>-Increasing placements in existing markets</li> <li>-Penetration at domestic market</li> <li>-Creating new workplaces</li> </ul>
Weakness	Threats
<ul style="list-style-type: none"> <li>-Non-existence of new product development</li> <li>-A lack of modern packaging</li> <li>-Aging technological processes</li> <li>-Aging storage processes and transport</li> <li>-Insufficient motivation of employees</li> <li>-Low utilisation of production capacities</li> </ul>	<ul style="list-style-type: none"> <li>-Underdeveloped marketing</li> <li>-Underdeveloped commercial service</li> <li>-Underdeveloped planning processes</li> <li>-Untoward financial situation</li> <li>-Untoward monetary currency</li> </ul>

Fig.. 5. SWOT analysis of the observed company

### 3.2 Factor analysis

The paper discusses critical factors related to customer relations, internal processes, employee learning and growth, and finance for Cold and Hot Processing plants. The obtained results showed that the current state of the Cold Processing plant is more favourable than the current state of the Hot Processing plant.

#### 3.2.1 Customer Relations

##### *Cold processing*

The growth rate of new customers will increase through greater engagement of marketing managers and

improved work of the commercial service, whose task will be better product promotion, sales of products with stimulating prices, and better product distribution.

##### *Hot processing*

The introduction of marketing services would increase customer-oriented activities. These activities include product promotion, incentive prices, distribution channels, and advertising content.

Increasing the degree of capacity utilisation will increase the volume of product production and reduce the production price, and thus sales. Better product distribution can be solved by the improved organisation

of the sales network, i.e., by increasing the number of stores.

Market share will increase with a better and more diverse offer in terms of assortment, packaging, quality, and prices. Based on customer requirements, as feedback, new products should be developed and thus improve customer satisfaction.

Due to poorly developed marketing and the work of the commercial service, there is a poor collection of ideas from product users, which form the basis for the development of new and improvement of existing products.

### 3.2.2 Internal processes

#### *Hot processing*

Required time for making a profit from a new product and the average response time of a company to a specific business opportunity is long. It is necessary to improve existing production processes, improve the organisational structure, and better use the information system. For developing new products and work technology, it is essential to increase the team's engagement in the company's development, improvement, and innovation of the production process with better work organisation, information technology, and marketing.

### 3.2.3 Learning and employee growth

#### *Common factors*

The effect of employee training can be increased by increasing the number of multifunctional teams in which employees from different organisational units participate, by greater participation in seminars and courses, and by increasing training. In that way, employees' competencies and better work results are improved.

#### *Cold processing*

The level of competencies of employees can be improved through professional development and technological knowledge by stimulating workers to think creatively.

#### *Hot processing*

There is a need to increase the number of hours employees will spend in research and development activities. A quality organisational structure will achieve greater employee satisfaction. Also, the number of employees who give suggestions for improving products and ways of working will increase, innovation and support of key people will be higher, and employee productivity, level of communication between them, and human resources development policy will improve significantly.

### 3.2.4 Finance

#### *Cold processing*

The higher the percentage of savings in the production process and the higher the number of new products delivered to the market, the more favourable the financial situation.

#### *Hot processing*

The company's financial situation depends on the following parameters: percentage of revenue from sales of new products, revenue growth rate, return on investment, the share of the revenue from new customers, profit growth rate, percentage of sales, and gross margin of new products, profit as a percentage of total assets and additional market value. If these parameters are negative, the company will have a significant financial problem.

### 3.3 Suggestions for improving business operations

The company strives to introduce at least three new products and modernise production facilities by purchasing metal detectors and colour selectors. In addition, within the development plan of the observed company should solve the following tasks:

- Improving the storage and internal transport process,
- Increasing employee motivation,
- Increasing the level of utilisation of production capacities,
- Introduction of modern marketing,
- Development of commercial service and
- Improving the planning process, etc.

#### *Improving the storage and internal transport process*

Factors that affect the quality of the product are the way the product is disposed of, palletizing, temperature, amount of light, and humidity. The storage process can be improved by modernising the warehouse. Since these are food products, the company should strive to comply with the regulations relating to the warehouse itself. Internal transport can be improved by optimising the trajectory of vehicles in the plants, which depends on the layout of the machines in operation.

#### *Increasing employee motivation*

Employees are a primary condition for good business. The company should pay appropriate attention to them and their satisfaction and reward them for their achievements. Suggestions for motivating employees are additional financial resources for achieving results, paid leave, transition to a better position, etc.

#### *Increasing the level of utilisation of production capacities*

Ensuring safe sales enables better utilisation of production capacities. The company needs to advertise and be recognizable for quality, prices, and delivery. In that way, the demand for products will increase, and thus the utilisation of production capacities will be better. In addition to the above, paying attention to workers' better use of working time in the plants is required.

#### *Introduction of modern marketing*

The introduction of modern marketing allows greater visibility and recognition in the market. Marketing means promotions, advertisements, incentive prices, and distribution channels.

#### *Development of commercial service*

To develop the commercial service, the company must employ a certain number of commercial travellers

whose task would be to contract with clients. Their main job would be to work in the field and constantly offer products to customers.

#### *Improving the planning process*

Quality strategic planning, i.e., selecting an appropriate strategy that provides the direction of development of the observed company in all its segments, will ensure a more secure future and competitive advantage.

If the Republic of Serbia becomes a member of the European Union, one of the benefits would be the inclusion of its agricultural companies in the European food supply chain [6]. Likewise, Europe strives to provide consumers with a supply chain for all products produced in EU countries. The EU considers the function of research and development of companies to be very important. It primarily refers to innovative products and production processes. By monitoring products and production innovations, consumer needs that have continuous growth would be met. Some information and communication technologies are used for faster and easier operation in supply chains. QR codes, RFID cards, and tags facilitate and speed up the loading, unloading, and control of goods.

The proposal that would enable further development of the observed company refers to establishing a research and development team. Team tasks would be mostly related to the company's further development, especially developing new and improving existing products.

The company should protect the recipes of its products and strive to define new ones and introduce new products, i.e., to pay more attention to innovation. Given the importance of cooperation with related companies in Europe and beyond, it would be necessary for the observed company to collaborate with relevant companies, significantly improving its further development.

#### **4. CONCLUSION**

Based on the analysis of business factors and market positioning of the observed company, the application of SWOT analysis defined possible improvements in this company's business in past.

The noticed shortcomings of the analysed factors indicate possible improvements, i.e., the choice of appropriate strategies.

The proposed possibilities for improving the work of the observed company are the primary task of the Development Sector. The realisation of the mentioned improvements would ensure a significant strategic positioning of the company in the market.

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#### **ACKNOWLEDGEMENT**

This research is supported by the Ministry of Education, Science and Technological Development through project number 451-03-68 / 2022-14 / 200156, "Innovative scientific and artistic research from the domain of the Faculty of Technical Sciences."

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