

MANAGEMENT OF COMPANY'S COMPETITIVENESS FROM THE STANDPOINT OF ACHIEVING THE DESIRED GOAL

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The problems of evaluation of the competitiveness of a company related to the determination of a comparison basis, a list of factors of competitiveness have been considered. It has been proposed, by evaluating company's competitiveness, to compare its available capabilities with the need for resources and the level of their use to achieve the desired competitive position. Partnership potential is regarded as one of the factors for increasing the competitiveness of a company. An algorithm for management of competitiveness, which allows to adjust objectives of company's strategic business units with consideration for company's capabilities has been proposed.

Keywords: competitiveness of a company; desired competitive position; factors of competitiveness of a company; strategic business units; the need for resources; importance of strategic business units; control algorithm of competitiveness; manufacturing, marketing, scientific, technical and financial potentials; potential of partnership relations.

Significant increase in the intensity of competition, instability of economic development - all this enhances the importance of work related to the competitiveness of enterprises (COE); today there are many such studies, but they all somehow involve comparison of the major indicators of techno-economic activities of a company with those of competitors. The problem arises - how to obtain the data of competitors, necessary for calculation (eg, competitor's costs, its level of efficient use of resources¹, etc.). A number of company's indicators are published in statistical reporting, but their range is quite limited; in addition, these data are published with a significant delay, which makes them almost of no use in assessing competitiveness. Most of the indicators represent company's commercial classified information; in addition, information leakage is quite strictly traced.

Level of efficiency of resource use depends on what resources the company has and how it is able to manage them. In other words, this level is achieved by appropriate manage-

ment. Here comes human factor into play - management of each enterprise is unique, therefore, it is quite unlikely to fully replicate it. Perhaps, it is more important to know not what is being done by competitors, but what the enterprise needs to do in order to achieve the same or better results. We need to know, not what equipment is installed at the competitors' sites, but what achievements are now on the market of labor instruments, what equipment is now the most progressive and ensures efficiency and enables to solve the set tasks, how much funds are needed to purchase equipment and where to find financial resources. In practice, company's management usually does not waste time looking for inside information of competitors, and does seek its own ways and methods of production and sales in the market. Advances are made not by those who pattern themselves on competitors, but those who introduce industrial, technological and marketing innovations.

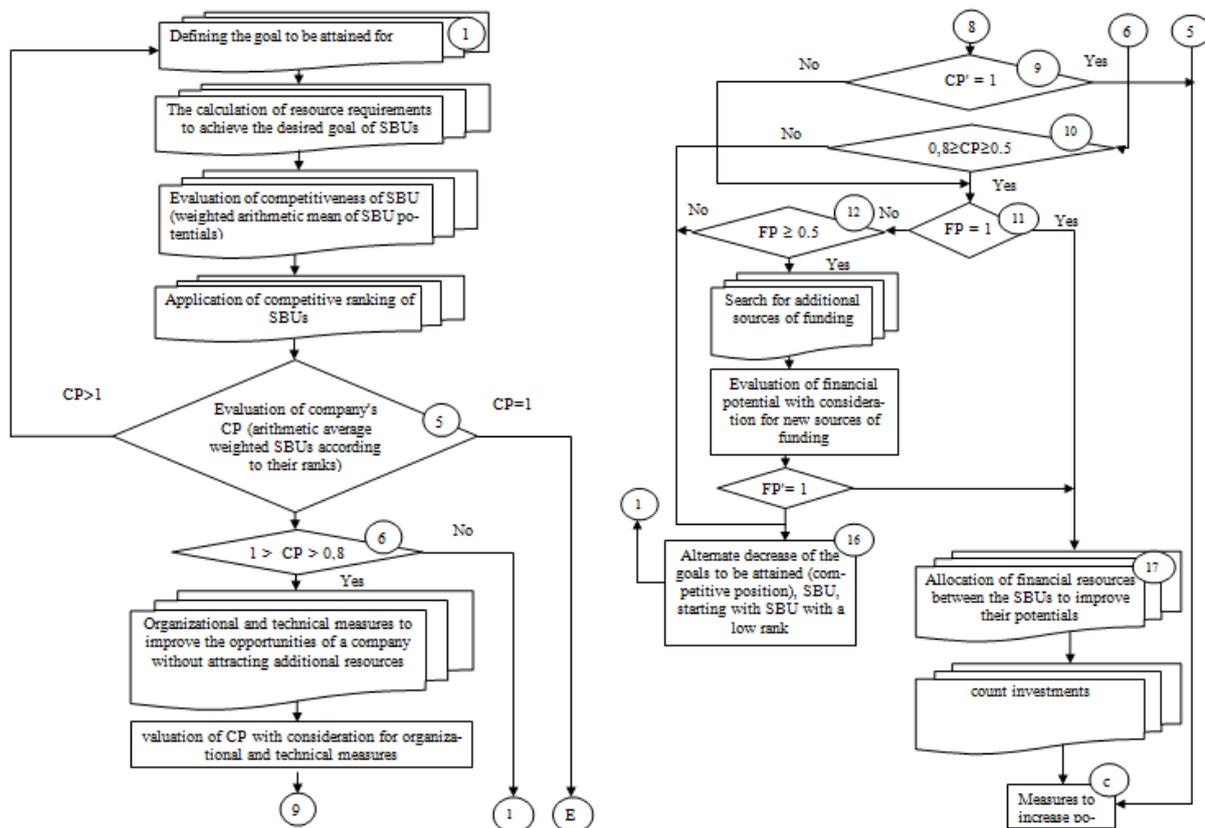
Company's competitiveness management must be carried out from the position of achieving the set objectives. Hence, as a basis for comparison, when assessing company's competitiveness, it is advisable to use the

¹These indicators are used almost in all methods for evaluating the competitiveness of enterprises.

need for resources to achieve the desired objectives of the enterprise. In order to determine this requirement, it is easier to consider achievement of the desired competitive position as a company's goal [1], [2] (for example, the position taken today by the direct competitor), which can be expressed in actual sales volumes. If there are several strategic business units (SBUs) in the company's product portfolio, such a goal is to be set for each SBU. Then, the problem is limited to calculating the need for quantity and quality of raw materials, equipment and manpower to produce a given volume of output. Sales of this volume is possible under certain marketing expenses and the development of scientific and technological potential, as well as a certain level of partnership relations. Acquisition of additional equipment, raw materials with better quality and the involvement of skilled personnel may require additional financial funds, which should be taken into account in estimating. Thus, all the known factors are to

be taken into account in estimating the competitiveness: production, scientific-technical, marketing and financial potentials. Additionally, assessment of the level of partnership relations is to be introduced. Importance of this factor in the competition has been constantly increasing in recent years [3].

In accordance with the proposed approach for each SBU on each factor of competitiveness, demand for resources is estimated to achieve the desired competitive position with regard to their use. Comparison of the demand with the actual resources security will show the level of competitiveness (CP) SBUs and that of the whole enterprise. CP of SBU is defined as a weighted arithmetic average of its potentials. CP of a company is generally defined as a weighted arithmetic average of CP of SBU, where as weights the significance of SBU is taken into consideration with the aim to attain the company's strategic goal. The conceptual model of the company's competitiveness management is shown in Picture 1.



Picture 1

If the obtained level of CP of the enterprise is more than 1, the goal to be attained is

understated; the company should revise it. The level, which is equal to 1, means that the

set goal is potentially achievable. The level, which is less than 1, indicates that the company is not yet ready to reach the set objectives. For example, the level of CP - which is equal to 0.85 - means that the degree of readiness is 85%. In this case, search for opportunities to improve competitiveness is needed. First, the possibility for enhancing CP by means of organizational and technical measures without additional investment is analyzed. These measures include improving the use of working time, reducing downtime, waste, lead times, searching for new sales channels, etc.. Then, the company's own financial resources are attracted (if financial potential (FP) equals to 1) and borrowed funds equal to (if $1 \geq FP \geq 0.5$). These resources are designed to provide search for suppliers of high-quality raw materials and the cheapest channels of their supply, attracting highly skilled workers and training of employees, purchase and installation of necessary equipment, conducting research and development activities, etc. Such an analysis is conducted for each strategic business unit. In this case, each time CP is being evaluated with consideration for new opportunities. If funds can be found, then the goal is achievable, if not, then it should be adjusted according to the capabilities of the enterprise. If company's portfolio has several strategic business units (SBUs), those are to be corrected first which have low grades from the perspective of their importance for the company's image. Review of objectives is carried out in a situation where the $CP < 0.5$ and $FP < 0.5$, because the objectives in this case are clearly overstated. Thus, management of CP is carried in several steps and it

takes into account the possibility of adjusting the strategic objectives of a company according to its opportunities.

CONCLUSIONS

1. It is advisable to analyze competitiveness of a company with the aid of strategic business units, if the product portfolio comprises several BUs, making integral evaluation with consideration for their importance to the implementation of the strategic objectives of the enterprise.

2. It is advisable to make assessment of company's competitiveness by determining the level of its resources security with consideration for achievement of the desired competitive position.

3. The proposed algorithm of competitiveness management enables to adjust the objectives of SBU with the consideration for business opportunities available.

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Recommended by the editorial board. Received 03.06.11.