

Chapter 4

FINANCIAL ENSURING OF MANAGEMENT INNOVATIVE DEVELOPMENT OF ECONOMIC ENTITIES

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**CREATING CORPORATE
CULTURE AT MACHINE-
BUILDING ENTERPRISES
OF UKRAINE AS ONE OF
THE ASPECTS OF
IMPLEMENTING THE
STRATEGY**

When a strategy in machine-building enterprises is chosen, it must be transformed into actions to achieve the planned results. The process of implementing a strategy requires specific management skills. Market conditions determine the choice of strategy, and its implementation is determined by the specifics of the enterprise and management features, as well as the organization of business processes. Without quality management, successful implementation of the strategy, the atmosphere of cooperation and support, proper allocation of resources, developed competitive opportunities, corporate-wide support for the strategy and detailed information about the key activities of the engineering enterprise are impossible. Implementing the strategy at machine-building enterprises requires the manager to initiate necessary changes in the organization, motivate employees, develop key competencies and organizational capabilities, continuously improve business processes, create a corporate culture, and achieve organizational goals.

It takes more time and effort to implement the strategy than to develop it, because it involves a lot of managerial and organizational tasks and the participation of numerous executives, creates new tasks and their solutions, causes resistance that needs to be overcome.

The main task of the manager at the machine-building enterprise is to transform the strategic plan into concrete actions, as well as to

achieve the set goals.

The created new strategy does not have to be supported by the company's employees; the presence of support does not mean readiness to participate in the implementation of the strategy. One desire for the implementation of new strategic initiatives of corporate management is not enough; informing a subordinate about new goals does not encourage them to step up their activities. At the machine-building enterprise, there will always be managers and ordinary employees who are skeptical about the new strategy, who find it against the interests of the enterprise, doomed to failure, or see it as a threat to their own career. Each employee of the enterprise in his own way perceives a new strategy and may not understand what is required of him or his department. The existing relations, inertia of behavior, customary organizational methods are hindering the implementation of the new strategy, especially if a limited circle of people were involved in its development, and many hundreds of performers. To address this issue, top management representatives should take the responsibility to tell about the goals of the new strategy and methods for its implementation, overcome doubts and disagreements, arouse enthusiasm, ensure consistency, and enlist the support of stakeholders. At a machine-building enterprise, depending on the perception of a new strategy by the team and the changes it causes, implementation can take from several months to several years.

Experience shows that it is not enterprises that implement the strategy, but people. In this situation, the implementation of the strategy involves the transformation of the strategy into a plan of specific actions and then into results. Strategy development is carried out by managers and some senior managers. The head of the engineering enterprise and the heads of the structural units are responsible for the successful implementation of the strategy, but the entire enterprise takes part in the implementation, and each manager must decide for himself what he and his department will contribute to this process.

In his section, each manager is responsible for the implementation of the strategy, and each employee participates in the implementation of the strategy in his workplace.

A successful implementation of the strategy requires a clear and convincing management rationale for the need for change. Therefore, the implementation of the strategy becomes the business of each employee of the enterprise, regardless of his position. It is considered successful to manage the process of implementing a strategy if an

enterprise reaches the intended strategic and financial indicators and fulfills a long-term strategic plan.

It is impossible to quantify the implementation of the strategy. It is impossible to develop common recommendations, actions that ensure the success of one enterprise, which are completely unacceptable to others. Much depends on the conditions of a particular enterprise, on the experience and flexibility of management.

Managing the implementation of the strategy of a machine-building enterprise is an art, not a science.

Implementation largely depends on the specific situation of the enterprise, so the basic provisions are unchanged for all enterprises and in all circumstances. The main tasks at the implementation stage of the strategy include:

- formation of an enterprise that has the necessary competencies, capabilities and resource base.

- Distribution of resources along strategically significant links in the value chain.

- Development of policies and procedures to support the strategy.

- Search and implement advanced methodologies and policies for continuous improvement.

- Creation of conditions for workers to effectively perform strategic tasks through the introduction of information, communication, operating and electronic systems.

- Developing a system of incentives and rewards for achieving goals and good implementation of the strategy

- Organization of corporate culture and environment, stimulating the implementation of the strategy.

- Creating a system of internal leadership to improve implementation.

Such management tasks constantly arise during the implementation of the strategy and determine strategic priorities, as shown in Figure 4.1. Ultimately, one or two of these tasks become decisive, depending on which deficiencies in the resource base need to be corrected, which competences to acquire, which actions and with what urgency to carry out.

The person responsible for implementing the strategy when developing an action plan should determine what changes or improvements are required for the successful implementation of the strategy. At machine-building enterprises, experienced managers quickly determine what their enterprises lack to successfully accomplish

their plans, and creatively approach the development of measures to overcome organizational and resource deficiencies.

The quality of leadership is a decisive factor in the successful implementation of the strategy. To ensure the result, the style of leadership may be different. Such decisions can be made individually or collectively, the manager can personally go into all the details or just direct the overall process, choose a fast pace (many initiatives on different fronts) or not rush (gradual progress on a long-term basis).

The head of the company and top managers have the main role in the implementation of corporate and business strategies, which in their work rely on middle and lower level management, and they, in turn, ensure that subordinates constantly improve the quality of strategically significant activities and fight for achieving the goals. Determine the effectiveness of the implementation of the strategy of organizational skills of middle and lower level managers; the role of these managers is hard to overestimate.

According to the experience of large enterprises with geographically dispersed units, the task of top management is to explain the goals and objectives of the strategy, the overall coordination of activities and the personal management of the most important processes to employees. Based on this, the larger the enterprise, the greater the overall success depends on the operational and line managers, whose efforts ensure the implementation of strategies at the lower levels of the enterprise. In small enterprises, the implementation officer works directly with line managers and employees, personally directing their activities and making decisions. In this regard, regardless of the size of the enterprises, management must clearly understand what it wants to achieve and what it needs to do. The management of a machine-building enterprise must possess all the full information and understand what is happening in the enterprise and in the industry as a whole.

Not only the effective implementation of the strategy depends on a high level of competitiveness, but also the competence of the staff and an effective internal organization, the creation of which is the first and main task at the implementation stage of the strategy of the engineering enterprise. The data in Figure 4.2 show that an effective organization involves work in three areas: staffing, improvement of key competencies and competitive opportunities, improvement of the organizational structure and work activities.

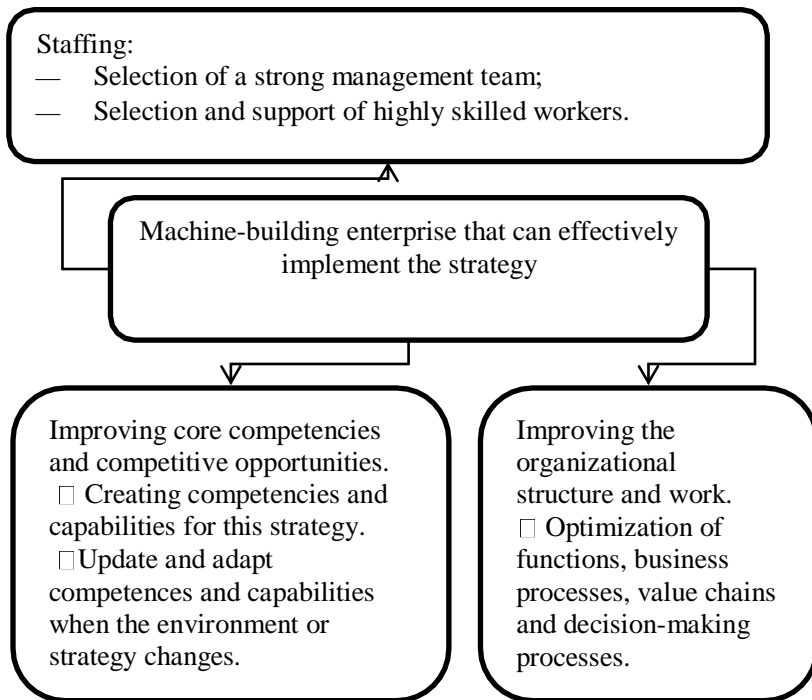


Figure 4.1 The main managerial components of the implementation of the strategy in machine-building enterprises (created by the author on the basis of [1], p. 350)

It is impossible to count on success if the company does not have experienced managers and a sufficient number of employees with the necessary knowledge and intellectual capital.

Managers of an engineering company responsible for the implementation of the strategy should determine the specifics of management and find a suitable specialist for each management position. At the enterprise there are situations when there is a sufficiently active team of managers, sometimes it is necessary to attract new personnel, both from the enterprise itself and from outside. Inviting new managers to a company is usually used in conditions of overcoming a crisis or rapid growth, or when there is a shortage of own personnel. One of the first steps in the implementation of the strategy is the creation of a strong management team with a good combination of personal qualities and a complex of skills and abilities.

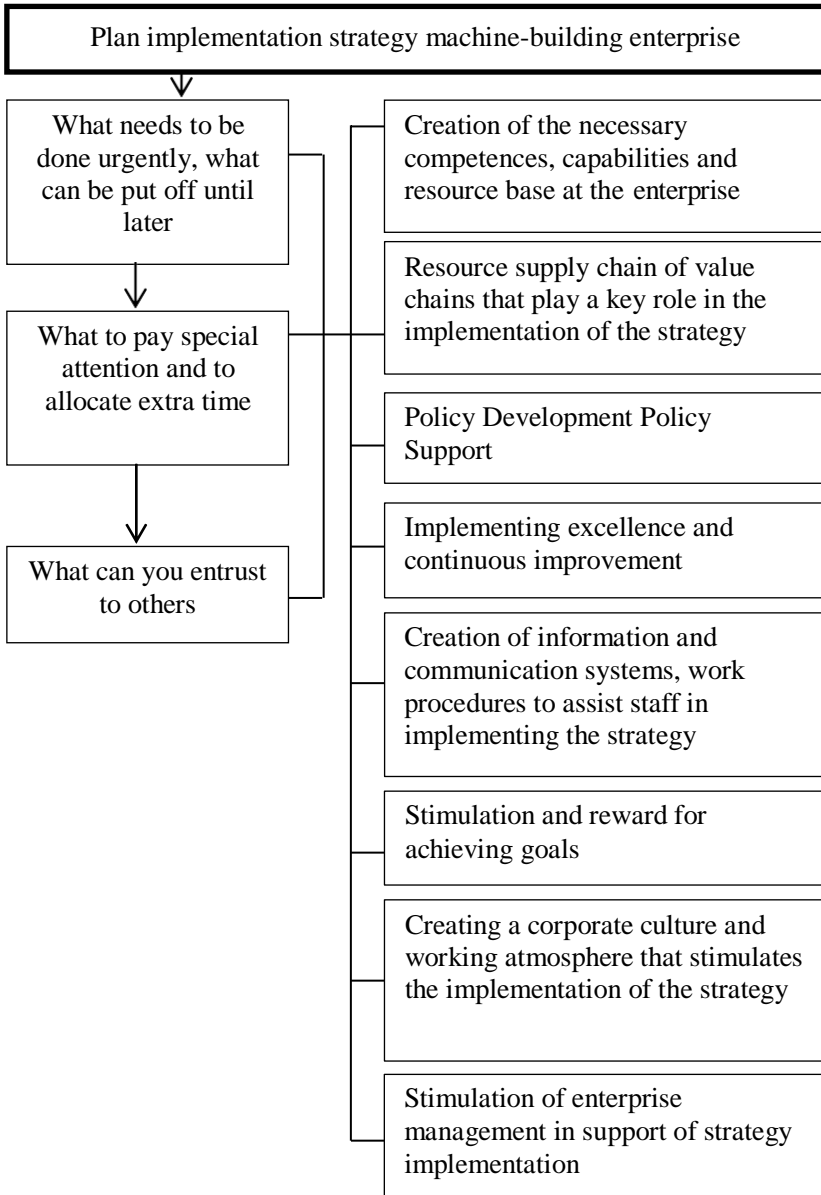


Figure 4.2 Constituent arguments for an effective machine-building enterprise (created by the author on the basis of [1], p.351)

An important role is played in the selection of top managers of their personal qualities, experience, knowledge, values, beliefs, leadership style; Equally important is psychological compatibility. It is extremely difficult to carry out serious work in the enterprise until top management is fully staffed.

For effective implementation of the strategy is not enough good management team, we need at least good employees, and in all departments and at all levels, to provide human resources and knowledge base.

At the enterprise, talented, qualified, experienced specialists are not only a resource that allows you to effectively implement a strategy, but also a source of competitive advantage.

Intellectual capital is a significant resource. Its main task is to staff the staff with gifted and energetic employees who quickly implement new ideas and create a favorable atmosphere in the company. The most important resource of the enterprise is intellectual capital, and not tangible assets in the form of machines and equipment. Therefore, engineering companies are looking for new approaches to the selection, training and retention of talented workers aged 20 to 30 years. They need to assign high salaries, a variety of bonuses and rewards. Much attention should also be paid to creating a working environment in which hard work is combined with pleasure from work, interesting tasks and satisfaction from creative activity. But unfortunately at the machine-building enterprises of Ukraine, not all managers pay due attention to this situation.

At the present stage in many industries, especially in the Internet-economy, there has been a shift from capital investment in production capacity to investment in the development of intellectual capital.

In modern conditions, many enterprises have developed special techniques for developing a knowledge base and increasing intellectual capital.

- Only specialists with suitable skills, energy, initiative, personal opinion, desire to learn and able to fit into the working atmosphere and culture of the enterprise are recruited.

- Enterprises train workers according to special programs and not only in the first years of their work at the enterprise, but throughout their careers.

- Employees are offered interesting and challenging tasks that allow them to fully unleash their creative potential.

- Work rotation is widely used – employees are transferred to new

positions in order to acquire new skills, to participate in the work of other divisions, including in other regions. Professional development through the rotation of work is considered by many enterprises as an important element of an employee's career.

□ Enterprises encourage creativity and innovative thinking, the desire to improve working procedures and change the usual ways. Advanced companies are trying to create a working environment in which ideas and proposals are generated by employees, rather than being introduced from above. Workers should feel that their opinion is interesting and appreciated. □ Management tries to create a friendly and creative atmosphere, so that the enterprise becomes a "home" for employees.

□ Wishing to retain highly qualified promising workers, enterprises increase salaries, pay additional remuneration, introduce bonuses with company shares, and offer to purchase company shares on favorable terms. Average workers are encouraged to improve performance, lazy people are fired.

When implementing a strategy, it is necessary to create and strengthen competitive opportunities and key competencies that provide an enterprise with a competitive advantage in one or several links in the value chain.

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