

CORPORATE STRATEGY ELABORATION IN RETROSPECTIVE

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In this article the author considers the evolution of the concept of strategy and strategic development. The most popular concepts of strategic management, the characteristic features and the background of the elaboration are dealt with.

The concept "strategy" came into general use of the business elite in 50-ies of the XX-th century and, initially, was used as a synonym of a policy of the enterprise. Its further development is connected with scientific researches in the field of strategic management.

The representative of the Harvard business school A.Chandler was the first to formulate the definition of enterprise development strategy, characterizing it as "the definition of the basic long-term objectives and problems of the enterprise and the confirmation of a course of actions, distribution of the resources necessary for the achievement of these purposes" which are actual issues for current situation. The main idea of the above-mentioned approach is to form long-term purposes of an enterprise which aren't the subject to change until the administration decides to alter the priorities of the organization. Being guided by the planned purposes, the enterprise chooses "a course of actions", the most corresponding to the current internal and external situation at the enterprise, and also the most effective ways of distributing the resources. Corrections can be made to the operational process, but the final goal remains the same.

M.Porter defined strategy as the choice of a direction for development, which depends on the competitive advantage the company possesses or may possess. Continuing his idea about the importance of the choice of competitive advantages, G.Hamel and K.Prahalad assume that "the strategy essence consists in creating competitive advantages for tomorrow faster, than your competitors can imitate what you possess today".

G.Mintzberg has tried to generalize all the definitions formulated before, depending on the best suitable version. The Five P's strategy of Mintzberg includes a plan (a list of actions prepared in advance), a ploy (dodge, maneuver), a pattern (sequence of actions which will bring the

necessary result), a position (position in relation to environment) and prospect (internal ideology). However, the author believes that several definitions are correct and that the development strategy of an enterprise can be defined with various combinations of the above-mentioned treatments.

According to the author's opinion, nowadays we can define "corporate strategy" as a long-term plan of actions, aimed at achieving competitive advantages by raising the standards of distribution and use of the resources and technologies disposable, which can be transformed as a result of external and internal changes according to the principles of legality, international environmental safety and also moral and ethical laws of the society.

Strategic development originated when there appeared several concepts of management, as a consequence of the events that happened in the external and internal environment of the enterprises in the middle of the XX-th century.

It is necessary to notice that the general ideas to form the development strategies of enterprises bear their trace at the end of the XIX-th century. They are brightly expressed in A. Marshall's work "Principles of Economics".

The development of the concept of strategic management became the result of the evolution of the theory of corporate planning. In 1916 Anri Fayol outlined five basic elements of management one of which was "prediction". "Prediction" (with "the program of actions" as its main tool) became a model of the future concept of planning in economics. At that time planning was considered in short-term prospect and was based on the stability of the external business environment. M.Weber and C.Bernard also considered that planning is one of the basic functions of management.

In Germany at the beginning of the XX-th century M.Weber established the School of bureaucrat-

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ic management. The system he offered was based on quantitative evaluations of the company's activity. Weber introduced the concept of "formal rationality" as one of the properties of bureaucracy. From his point of view, it was vital to formalize all business processes so that no subjective opinion could have a negative impact on the course of events.

In the USA in the 30-ies of the XX-th century against the background of the increasing saturation of consumer demand companies were compelled to switch their attention from the sphere of production towards the market. Social and economic processes made some corrections to the essence of business management.

Thus, by 50-70-ies of the XX-th century senior managers and scientists became interested in the issues of strategic development of industry:

1. Changes in the external environment, including the active growth of companies in the USA and Western Europe, promoted changes in internal aims of companies. While in the past the managing director was only interested in the manufacturing process, particularly in the possibility of reduction of the price of the goods, now it was necessary to attract clients by non-price methods, such as advertizing and development of new goods.

2. Active development of technologies - becomes a negative factor for the management of many enterprises as it doesn't allow relying on the past experience, while working out projects for the future.

Thus, in the middle of the XX-th century, the beginning "epoch without laws", the top echelon of management of the enterprises and firms had a severe need in development of such model of management, which could correspond to quickly changing external conditions, thus, giving to company management a sense of stability and control over an event.

In 1954 P.F. Drucker made a grade contribution into the development of management by publishing his book "The practice of management". In this work the author determined the primary goals of companies in new economic conditions and the most important functions of a manager.

The most important theoretical discoveries of the 60-70s are the concepts of A.Chandler and K.Andrews (representatives of the Harward business school), and also I. Anosoff's practice in the sphere of management. Chandler was the first to research the questions of conformity of the organizational form of an enterprise to the aims of its strategic.

Andrews broadened the definition of strategy given by Chandler, noticing that a strategy should define the directions of economic activity in which it is necessary either to continue or to start working. He also defined an enterprise as a system in a close dialogue with external environment.

I.Anosoff, unlike other researchers in the sphere of strategic planning, had had considerable practical experience at a large industrial enterprise. His book "Corporate Strategy: An Analytical Approach to Business Policy for Growth and Expansion" represents the result of his research of the strategic analysis at the enterprise. Anosoff's concept answers the question "Should a company aim at diversification and if it should, in what fields and to what extent?".

Simultaneously, a new direction of strategic development, competitive strategies, was elaborated. M. Porter's work "Competitive strategy", in which general strategies of competition, effectiveness of different strategies, advantages and disadvantages of practical methods of competitive struggle are formulated, became an important stage in the theory of strategic development.

Researches in the field of competitive strategy have allowed the enterprises to replace the policy of orientation on the changes in the environment by the policy of increasing competitiveness, analysis and development of competitive advantages.

The economic growth in most developed countries caused the elaboration of new concepts of strategic development. The theory of key competences of G.Hamel and C.K. Prahalad became one of the most popular. In their book "Competing for the future" the researchers defined the goals, aims and methods of the strategy of leadership.

The appearance of the concept of the balanced system of indicators ("balanced scorecard") of R.S.Kaplan and D.P.Norton was the major stage in elaborating the development strategy of enterprises. They stated that a balanced scorecard is necessary for any company, as it can be used to perform effective control over the implementation of the development strategy in order to achieve the desired result. Nowadays, Kaplan and Norton's technique is generally recognized and considered as an actual standard.

An important innovation of the concept of the balanced scorecard was that, apart from financial indicators, non-financial parameters have been included into the estimation system, such as the information on clients, on personnel training, on research workouts of the enterprise, etc. Besides,

The evolution of corporate strategies

№	Research worker	Main works	Concept
1	A. Marshall	"Principles of Economics" (1890)	Definition of the subject of "corporate strategy", its necessity
2	H. Fayol	"General and industrial management" (1916)	"prediction", corporate planning
3	M. Weber	"Economy and society" (1922)	"formal rationality", formalization of business processes
4	P. F. Drucker	"The concept of corporate enterprise" (1946), "The practice of management" (1954)	Distinguishing between the functions of a manager and the functions of an executive director
5	A. Chandler	"Strategy and structure" (1962)	The concept of structure
6	K. Andrews	"The concept of corporate strategy" (1980)	The concept of enterprising structure, SWOT model of analysis. Economic strategy
7	I. Ansoff	"Corporate Strategy: An Analytical Approach to Business Policy for Growth and Expansion" (1965), "Strategic management" (1979)	Corporate strategy
8	M.E. Porter	"Competitive Strategy: Techniques for Analyzing Industries and Competitors" (1980), "Competitive advantage" (1985)	Business strategy
9	H. Mintzberg	"Rises and falls of strategic planning" (1994), "Strategic process. Concepts. Problems. Solutions" (1995)	The concept of "5Ps": strategy as a plan, ploy, pattern, position and prospect.
10	G. Hamel, C. K. Prahalad	Article "Strategic intent" (1989), "Competing for the future" (1994)	The strategy of leadership. The theory of key competences.
11	D. Norton, R.S. Kaplan	"Using the balanced scorecard as a strategic management system" (1996), "Strategy-oriented organization" (2000)	The system of performance indicators of an enterprise, management system of strategic development.

the analysis is based not on indicators of previous periods as it used to be, but on the "advancing indicators" which give a chance to estimate the current situation and the prospects for the future.

Later on, Kaplan and Norton transformed their system of scorecards into a high-grade concept of management of strategic development of a company.

The above-mentioned concepts of strategic development of companies can be tabularized (tab. 1)

Currently, research in the sphere of working out the strategy of development of enterprises continues. In the Russian Federation this trend is not sufficiently developed yet, although positive tendencies can already be noticed. New researches, concepts and models are based on up-to-date level of market development at the places of their elaboration. Thus, the enterprises will continue working out their development strategies as long as they aspire after well-being and prosperity.

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4. *Fayol H.* General and industrial management. 151 p.
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10. *Kaplan R.S.* Using the balanced scorecard as a strategic management system / tr. from Eng. M., 2004. 210 p.

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