

Strategic Options - Elemental Component of the Organization Strategy

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Abstract

The strategic methods of achieving the set objectives - the third element of the strategy - substantiates the possibility to put them into practice. The strategic options reflect the general directions of action for the realization of the established strategic objectives and the direction in which all the activities which form the object of the respective strategy will evolve. For this reason, in the literature they are also presented under the name of "vectors of growth".

Key words: *strategic options, management system, vectors of growth*

The strategic options define major approaches, with implications on the content of one appreciable part among the activities of the firm, on the strength of what is established how the objective strategic achievement is possible and rational.

There are many methods meant to achieve a certain objective, materialized in the performance of some specific activities. The most widely-known *strategic options* are:

1. *The specialization*, consists in the precognition process of limiting the range of made products or the technological processes, in view of amplifying their homogeneity, their costs decrease, and implicitly the profit increase.

Therefore, the specialization means that the funds of the firm are trended to a contiguous profitable development of a "single" product (or of a single specialized range of products) - addressed to a "single" market and using „single" technology. This thing is achieved through the attraction of new consumers or users, the increase of installment of consumption of current customers, the attraction of the customers and the business of the quota of market held by the brand name competitor.

The level of specialization of a firm is generated with the help of more *indices*:

- the weight of the specialized production in all areas;
- the weight of the specialized equipments in all equipments of a unit;
- the weight of the standardized innards;
- the number of lines in fluxes, of workshops or of the specialised sections from a firm, corroborated with the production volume.

The specialization presents a series of *economic advantages* for the firm:

- leads to the growth of the manufactural series;
- ensures the realization of a qualitative superior level;
- the diminishing of the complexity of the preparation and pursuit of production programming and launching.

2. *Cooperation in production*

Cooperation in production represents the strategic option of the settlement of the planned bindery production on a long term between a partially specialised firm, which achieves a complex end product and other enterprise.

Accordingly, as suggested by the definition of excelsior, cooperation envisages three forms:

- on product;
- on innards;
- technological.

The level of cooperation is caused by the following *indicators*:

- the weight which the innards and the semis derived from the cooperation frame in the overall cost of the enterprise total production;
- the number of firms which compete to the realization of the end product.

The settlement of the level of cooperation is useful to the determination of its rational size.

The studies performed pointed out that, on the average, the level of optimum cooperation is of 65%-80%.

The economic effects of cooperation are similar to the ones specific to each specialization, reconsidering the plans involved: technical, commercial, financial, staff, self production, management.

3. *The diversification* represents the opposite of the strategic specialization option.

Mainly, the diversification of production consists in the enlargement of the range of ready-made products as the main method of upper capitalization of technical and human potential of a firm.

For enterprises, the diversification of the production can be proved efficient, primarily as part of big firms, with an appreciable degree of technical, human and managerial potential.

The diversification can be:

- on product – the growth of the products number that will be made;
- structural – the growth of the component number.

For diversification of the evaluation many methods can be used:

- the annual rhythm of production diversification - calculated as a report between the number of the produced innards made in double or several years and the number of the years taken into account;
- the report among the number of made products.

4. *The informatization of activities*

Primarily, through informatization one denominates the structural and functional reconsideration of a company activity focusing on the capitalization of various aspects of information if appealing on large scale to the electronic adding technique.

The informatization refers to the process of execution, and management.

The informatization of the performing process is related mainly to the area of production (Cybernetics, Informatics, the robotization of production). Certainly, the informatization of the execution process is not confined to production, but it also contains other areas: research-development, financial-accounting, commercial and personnel. More important is the informatization in the financial-accounting activity and personnel.

The informatization of the management process is more complex and demanding. The increasing of the involved costs is countervailed by big advantages: the growth of the informatization degree and the speed of decision and acting reaction of the staff, with direct effects on economic results.

5. *Re-engineering*

By re-engineering one denominates the substitution of worn-out equipment and technologies, with equipment and technologies with upper technical and economic performances .

Re-engineering can be achieved by means of many ways:

- the acquist of modern equipment;
- the purchase of licences and patents;
- engineering or franchising contacts established with partners from developed countries.

Making the choice for one or the other of these paths envisages:

- the funds of the firm;
- its capacity to produce and assimilate the new;
- the staff mentality;
- the culture specific to the organization.

The advantages of re-engineering are:

- the growth of the product quality;
- the decrease in the consumption of raw materials and energy;
- the increase in labour productivity;
- the manufacturing of new products;
- the improvement of maintainability and feasibility performances of products.

6. *The redesign of the management system*

The redesign of the management system consists in the ample modification of the structural and functional features of the firm management in decisional, informational, structural and methodological plan. This means:

- a redesign of the decisional system, in the sense of changing the range of the adopted decisions to each hierarchical level and focusing on the economic criteria instead of the administrative ones.
- at the same time, the main changes in the methodological system of management are enforced, those being:
 - the adoption of new management systems: management through objectives, management on products, management through projects, management through exceptions, management through budgets;
 - substantial changes in the use of the methods and the techniques of management, such as: diagnose, sitting delegation, dashboard etc.

- changes in the decisional and methodological management are always associated with projections on informational plans.
- all these shall cause changes in the structural organization of the firm.

The advantages of redesigning the management system are:

- avoiding certain discrepancies, "gaps" between the management of the firm and other subsequent components;
- the increasing of the capacity to perceive, analyse and interpret the multiple phenomena which are produced within the firm;
- the growth of the decisional and operational potential of the firm.

References

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Opțiunile strategice – componente de bază ale strategiei organizaționale

Rezumat

Metodele strategice de acțiune pentru realizarea obiectivelor – al treilea element al strategiei – oferă posibilitatea transpunerii acestora în practică. Opțiunile strategice reflectă direcțiile generale de acțiune pentru realizarea obiectivelor strategice stabilite și sensul evoluției tuturor activităților care fac obiectul respectivei strategii. Din acest motiv, în literatura de specialitate acestea sunt prezentate sub denumirea de „vectori de creștere”.