Bulletin of the *Transilvania* University of Braşov • Vol. 3 (52) - 2010
Series V: Economic Sciences

BUSSINES STRATEGY OR BUSSINES POLICY MANAGEMENT APPLIED IN MODERN FIRMS

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Abstract: *In literature, the term widely used for all action levels of strategic management is that of strategy. For this reason, it is necessary to achieve a differentiation between corporate strategies (typical strategies), business strategies (with policies), operational strategies (business plans) and operational strategies (programs and tactics).*
In the same context, strategies become the basis for the definition and implementation of policies, which differ by time horizon that is lower and their higher intake of detail. The latter are updated permanently, in order to remain set on, realistic, consistent with the changes that occur and detailing in concrete plans and programs as a logical scheme. So, strategic management is that management based on the application of strategies and policies with a view to setting and achieving goals.

Key words: *modern management, strategic system, policy, competitive advantages.*

1. Introduction

Organizations, with their specific origins, know-how, skills and previous options constitute a system that is a dynamic network of relationships and exchanges between the constituent parts. If the concept is adequate and is well put into practice, the system is then the sum of economic and judicial options and is characterized by sustainable and harmonious relations between its various components, the relationships established being adjusted along time. Considering changes, the economic system is equipped with the necessary skills for success and animated by certain common values and motivations shared by all its members. Such a system will be able to generate an appropriate strategy, guaranteeing a great economic performance.

According to the principle of "chance favours the ready man" [6], companies can prepare for changes, whether or not it depends on their ability to establish (by means of complex strategies based on forecasts and laborious market studies), the direction of the main developments of phenomena and economic processes that can affect company developments in one way or another.

In this regard, the company management company can no longer think of adapting its classical managerial systems to changes in the business environment, but becomes increasingly a future management, establishing ways of taking action for the next periods, besides the present

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company's operations, so that the changes inherent in the current world surprise the least possible leadership. A decision that can choose the optimum path at a given moment, eliminating disturbances provided by strong changes in the contemporary world, can develop only on the basis of a strategic system anchored in reality, well structured and evolved from the scientific point of view.

The company which fails to establish a strategic system capable of running a proper market strategy will be convicted to extinction sooner or later. Actually, economic rivalry is always dispute between different strategic properties, possessing therefore varied skills and capabilities. A distinctive system power stems from the decision harmony and coherence of its component parts. The strategic system performance is the result of complex organizational structures and some ingenious options on economic parameters. A superficial examination of its operation could never reveal the true reasons of success. In fact, a strategic system resembles the one iceberg; it must practice true "aquatic diving" if it wants to include factors and relationships that confer competitive and economic power for the system [1].

The strategic system concept defines established strategic relationships with other legal entities. The contents of a strategic system, when the expression is understood in its broadest sense, must be designed so as to include relations with other organizations.

This sense of the concept obviously seeks alliances of all kinds, business established by the participation of several partners (joint ventures), consortia research and development programs or sharing the risk. At the same time, it tries to take into account the franchise and exclusive affermage, the network of affiliated subcontractors, the licences granted for the manufacture or distribution of products. Obviously, all these relations should be integrated into the definition of the system to understand how it works and where its force or vulnerability came from.

The organization cannot be understood without incorporating the family of suppliers and subcontractors, and the network of affiliated subcontractors.

Any divergence between the objectives, priorities and interests of the various constituent parts of the system considered in the broad sense will have serious consequences for the performance and even survival of the system, at least in its original form.

As long as strategies, viewed in the broad sense, contain several strategic partners, the administration requires a high degree of diplomacy and a great sensitivity to tempers and interests of all members of the system. On the other hand, despite the advantages of these strategic systems composed by alliances and conglomerates of independent legal firms, they comprise a high risk of inflexibility during the transformation of market conditions or technological context.

The strategic organization must include a series of clearly defined actions, which can cover the whole area of elements that are involved in the organizational structure, decision-making, functional and operational organization:

- elements that occur in the productive activities and effective research-development: existing technologies or new ones, internal or external, licenses, certificates, placement of productive lines (series or mass production; manual or automatic production) with its acquisitions or necessary reinvestments and funding possibilities by own capital, loans or other chosen resources and the main suppliers types and resources quantities;

- items related to the commercial activity and distribution of products through direct sales or agencies, aiming at increasing revenues, sales and profit, part-share of the market;
- items related to productive skills, operational marketing and management, horizontal and vertical integration in the organizational structure of the company.

Based on these items that delimitate the firm's strategic options, the major approaches are drawn up, with implications for the content of most of the company's activities, for establishing and carrying out rational strategic objectives.

There are a number of strategic options: development, reinvestments, diversification, specialization, which involves a central path being followed on the long term. In terms of strategic management, these are interesting generic strategies for the market. [3]

2. Choosing Business Strategies

The strategy can be defined as all the measures of technical, economic, organizational and optimal decisions taken in a period of time within a company, to achieve effective and profitable activities.

Strategy is developed in multiple levels of the organization. Opera strategies are carried out by corporate strategies, business strategies set at the level of strategic business units, product strategies, functional strategies and operational strategies.

Experimental studies have shown that proper or defective preparation and implementation of appropriate business strategies, namely those valid for the economic affairs of an organization, determines the success or failure of strategic choices made at company level. The studies revealed clear conclusions regarding the fact that the profitability of a unit depends on the implementation of an effective business strategy and a systematic policy of the products. On the other hand, product profitability and efficiency are directly linked to the appropriate balancing of resources allocated to the functions of marketing, research - development and production - operations.

The strategies for a strategic business unit implement the overall strategy of the organization/company, namely details are given regarding how business must be conducted to implement the chosen strategy. The detailed presentation of the strategies that work allows the clarification of those parts of the strategy aimed at specific functional areas, while understanding the overall strategy of the organization. They are different from corporation strategies by the fact that, if corporation strategies aim at company as a whole, whether this is a large or a small company, business strategies relate to the concrete business in which they engage. It is well known that many large companies conduct numerous businesses; some of these businesses operate in totally different industries.

Strategies become competitive and operate in the strategic business unit through what is designated as business policy in the company's management or marketing mix in the general marketing strategy.

Business policies include the main business which aims to maximize value and profit, a fact that represents the essence of management and marketing activities in a strong market-oriented business unit. These rules in marketing are grouped in the form of the "four P's" namely product, service, price or price range, sales promotion and place (distribution), by means of wholesalers, retailers, transport system and storage. [3]

All strategies prove truly beneficial for the company, if they are well established, correctly implemented and consistently followed. Also, they should facilitate the establishment and maintenance of competitive advantages for the company. These advantages allow more and more for the better positioning of the company on the specific industry in which it operates, as well as for increased sales and competitive force.

The company's competitive advantages are very different, and may consist of:

- The large or very large size;
- Offering products/services at the lowest prices or at the highest level of quality;
- Offering products/services best adapted to buyers' requirements;
- Domination of a specific market segment (including a specific group of buyers, a specific geographic area etc.).
- Offering the highest global values for the received price, representing a judicious and very attractive combination of high-quality, convenient price and great service to the buyer.

The frames for the selection of markets and business strategies are focused on the multiple correlations which can be made between the extension of the market and the type of product, as shown in Figure 1:

The common point of all the competitive advantages mentioned, regardless of the strategy followed for acquiring and maintaining them, consist in creating a viable segment, large enough for buyers to be interested in buying products/services offered by the company, as they are perceived as having an overall higher value.

Some of the ways to create and maintain competitive advantages, namely to ensure higher value for products/services, are represented by the supply and development of products/services at the lowest cost, by means of differentiation or offensive strategies.

MARKET EXTENSION

PRODUCT TYPE	Limited	Whol	
	Strategy of market segmentation	Volume strategy	Standard
	Strategy of product differentiation	Offensive and defensive strategy	Distinct

Fig. 1. *The types of business strategy*

Any company and any strategic business unit belonging to it have competitive advantages and disadvantages at the level of the business in which they operate.

The main factors related to business strategies are presented below:

- market structure: the number of competing firms on the market; the market shares they held; self competitive force;
- market covered by the company: its size; the target group of buyers; their specific requirements;
- efficacy of their own market research system;

- classification of the products/services offered and quality of product lines and services offered, buyers' degree of satisfaction;
- stage on the curve of life cycle for the main products/ services, but also perceptions regarding the company and products/services, the quality of products packaging;
- efficacy of policies and products/ services price/tariffs;
- the number, quality and structure of the distribution channels of the company and the efficacy and efficiency of business sales;
- the relationships with the most important buyers, efforts with the requirements of knowledge, preferences and tastes;
- the vulnerability degree of the company, when sales concentrate on a small number of customers;
- efficacy of advertising and publicity, success in creating a favourable image of the company and products/services, and in ensuring the loyalty of the buyers, efficacy and efficiency of other promotional forms;
- the range and quality of after-sales service, their efficacy and efficiency.

3. Setting Policy Business

The policies adopted by a firm represent fundamental decisions for the operating of the company. The policy means, in general, a guide for action or a mode of conduct. But distinction should be made between what is called a general policy, policies on levels or specific areas of activities, and policies which are called business policies.

In the business world, the term policy is often used in a relative manner in relation to strategy. Considering a dynamic vision, there are mutual interactions between strategy and policy. This does not mean that those two concepts are synonymous. As opposed to strategy, which outlines a path to face changes, policy means the guiding principles and rules which always guide the thinking and action of a business inside a company. We can therefore conclude that business policy is influenced by strategy, which, at its turn, is not only a passive element in this relationship. This involves practical actions, that the company values its potential, adapting to the requirements of external environment, with a view to gradually achieving objectives. Although placed in close interdependence, business policies are in a subordinating relationship with strategy. [5]

The strategy is always the foundation for the development of policies, defined as all the targets on the medium term, referring to all activities or major components, together with the volume and structure of the available resources, the main actions undertaken, the main responsibility and performers, sources of funding, deadlines and partial and global efficiency.

So, policies are different from strategies in point of at least two features, namely: a reduced horizon and a lower degree of detail.

The company's policies subsequently influence the planning of products, the general activity programs of the company (operational planning) and the specific development programs of activities. Policies are used by companies as a tool to adjust objectives and functions, the reconsideration of the chosen strategies, allowing the consolidation of the position and ensuring the efficacy of the undertaking.

Policies limit the decisions that can be taken and ensure compliance with the objectives of the company. They do not require actions to be taken to solve a problem, but define the limits within which decisions must be taken and actions carried out. I. Ansoff indicates that "policies represent default answers to problems with repetitive nature”.

There are policies at all levels of the company, for all departments and divisions that are involved in the business. Within a company, these policies concern all the activities involved in a particular business, applied by all senior management with decision responsibilities. Any decision taken in the business, regardless of the level of management, will be subject to restrictions on business policy.

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