

# Supply Chain Management Project on Strategic Development of Enterprises

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**Abstract**— In the modern economy, competent strategic supply chain management is the most important and fundamental condition for the success of any organization. The increased attention to the strategic aspects of management is a characteristic feature of the modern enterprise supply chain management, which is associated with solving the problem of the continuous organization development in accordance with the dynamically changing conditions of the external environment.

The modern market is highly competitive, uncertain, with high rates of development and a high level of high technology adoption. For effective work in the market, it is necessary to adhere to the elaborated supply chain strategy of enterprise development. The supply chain strategy must take into account current influence and trends in order to be effective and promising. Recently, companies such as Apple, Amazon, and Virgin have developed rapidly and captured markets, harnessing consumers with their goods and services in supply chain process. The success of these companies is behind their right choice and development supply chain strategy.

The relevance of the topic is the elaboration and implementation of the company's supply chain strategy. After the assessment of the situation, any company needs to take a number of measures to increase its activities. Measures can be different, depending on what information the company had received based on the assessment. There may be measures aimed at improving the advertising strategy, increasing market share, adjusting sales policies, etc. National companies win in the competition with foreign companies by implementing a competent supply chain strategy in the market. The service and other related attributes of companies improve since when elaborating the issue of the development strategy, the quality of the products increases. Thus, with the high competitiveness of enterprises, the stability of the country as a whole is growing.

**Keywords**— competitiveness, supply chain strategy, project, product quality.

## 1. Introduction

Understanding and applying the right supply chain

management has a great impact on the success or failure of the project and the balance of time, cost and quality in the project environment. The word "project" comes from the Latin "projectus", which means "thrown forward, protruding, prominent forward". According to the supply chain management project standard ISO 21500, a project must be understood as a unique set of processes consisting of coordinated and manageable tasks with start and end dates undertaken to achieve a goal.

From the point of view of a systematic approach, a project is a time-limited, purposefully organized, targeted change of an individual system, limited by the budget of all types of resources and containing specific requirements for the parameters of a final result. [4]

Also, the project can be considered as a process of transition from an initial state to the final one, which involves obtaining a measurable result with the participation of certain restrictions and mechanisms.

A statement of purpose is at the core of any project. The goal for the project is a specific measurable result of the most successful project implementation under specific given constraints and conditions of support.

To identify and realize the goals, composition and content of the project, and its successful implementation, it is necessary to determine the structure of the project. For this, the method of decomposition of works is used. According to V.A. Zarenkov, the most significant elements of the project structure are:

1. The tree of goals and results;
2. The project budget;
3. The matrix of the work distribution in time and by performers;
4. The network model of the project;
5. Matrix of distribution and minimization of risks;
6. Schedule of providing resources;
7. Schedule of project financing;

8. Matrix of assignment of responsibility;
9. Structural decomposition of contracts;
10. Structural model of project organization.

The main requirement for the project structure is to detail the structure elements by levels. The implementation of any project takes place in a specific environment that has a direct impact on it. [2]

## 2. Methods

Supply chain management in small and medium-sized enterprises is aimed at ensuring both short- and long-term effectiveness and efficiency of these enterprises. The practical relevance is that the research results obtained in this work can be used in activities to create a company development strategy. The results obtained will be able to help the company in increasing its efficiency by building a competent development strategy.

The works of the following authors were used at the time of writing [3-7] Research methods: theoretical, analysis, synthesis, and observation.

## 3. Results

A subsystem of functional strategies was elaborated in the process of creation of the enterprise management strategy; they are developed in relation to the defining areas of the enterprise. The essence and content of the strategy, and its main features are determined. The main functional strategies are distinguished as separate blocks within the framework of the main strategic concept. An extremely important place in the strategic management of an enterprise is its development strategy, which forms strategic market guidelines [2].

It turned out in the analysis of scientific papers on the topic of enterprise strategy, that there is a lack of consensus on its nature and content.

Among the works on the theme, we could highlight the papers by [8]. They specify the strategy principles which should be its base, and could be its main task. In [9, 10] argued that the development strategy of the enterprise:

- Is long-term oriented, manifests itself in the long term of implementation; that is, it is aimed at long-term market growth of the enterprise, and not at short-term profit;
- Is a means of realizing the goals of the enterprise;
- Is based on the results of strategic analysis and is

associated with the study of the marketing environment; therefore, the basis and the necessary prerequisite for its formation is strategic analysis;

- Has certain subordination in the hierarchy of enterprise strategies; it is also an integral part of the strategic pyramid of the enterprise;

- The strategy is an integral part of the strategic planning process and therefore should be coordinated both with the mission of the enterprise, the corporate strategy, and with the strategies of the following strategic levels of enterprise management;

- Determines the market direction of the enterprise (in relation to consumers and / or in relation to competitors);

- Reveals the strengths of the enterprise that allow it to win the competition, that is, determine the competitive advantage of the enterprise;

- Is an integral part of a certain process of strategic enterprise management, which has a certain logic, sequence and cyclicity.

However, according to the authors, one can distinguish such shortcomings of the interpretation of the term "development strategy": [4]

- The definition of a strategy solely as an action plan is inappropriate, because the strategy may not constitute a detailed plan or program;

- The definition "strategy is a means of achieving the goals of the enterprise" is too generalized, because it does not reveal the essence and differences of a particular strategy, including in the service sector;

- The weakness of the definition of strategy as a means of influencing the company on consumers is that the competitors of the enterprise remained outside the scope of this definition.

Thus, the authors believe that the strategy is a strategic direction of the enterprise, which ensures that the capabilities of the enterprise are brought into line with the market situation and consists of special medium- or long-term decisions regarding target segments, marketing mix, and cost level.

Enterprises achieve their power and influence in the market in various ways. The company's market forces are shown in table 1.

**Table 1.** Market forces of the company

Name	Description
Through customers	High quality service; customer loyalty; better awareness of consumer behaviour; business model is built around the maximum satisfaction of customer needs through service and building CRM systems
Through the channels	The dominant position in the channel; partnership with leading channel members; controlling network position
Through product or ability (competency)	Low cost production; the best and unique product features; innovative products; patents; market leadership is achieved through the invention of a completely new product, or manufacturing method
Through capital	Availability of capital; ability to invest, which allows staying ahead of competitors

In [3] notes that different enterprises need to focus on strategies differently. In order to achieve the sustainable development of most diversified enterprises, it is necessary to focus their activities in order to reduce the number of growth platforms. Each growth platform requires resources and is usually not enough at all. Resources diffuse and efficiency is reduced. When we focus our activities in a certain direction, resources are accentuated here and efficiency increases in the direction, thereby increasing the competitiveness of the company. At the same time, enterprises that occupy low positions in several activities should restructure their portfolios to create one strong core business. This position is based on the following facts [9]:

- Most enterprises that consistently create value have one or two strong cores;
- Diversification is characterized by lower average indicators than enterprises with a focused core;
- Some companies create value through restructuring and focusing on a strong core, which in the end most often gives a new impetus to their growth.

A correctly selected strategy can ensure the long-term growth of an enterprise, which will determine the establishment of a leading position in the market by the enterprise. According to [12], leaders

are companies with the maximum market share in the industry.

To maintain a leadership position, an enterprise should direct efforts to search for opportunities and means to increase in aggregate demand, to increase in market share, to reduce constant cost; to protect current market share.

There are many business development strategies. The use of a particular strategy depends on the existing situation of an enterprise, its market environment, target audience, competitive environment, marketing activity, and other factors. We can distinguish the main group of development strategies:

1. Strategies for concentrated growth.
2. Strategies for integrated growth.
3. Diversified growth strategies.
4. Reduction strategies [4].

These groups of strategies are divided into subgroups. These subgroups are shown in table 2.

**Table 2.** Types of development strategies [4]

Development strategies	Subgroups of strategies	Description
Concentrated Growth Strategies	Competition strategy	It is aimed at achieving maximum results in the market by highlighting competitive advantages, increasing market position, applying marketing solutions.
	Market / Market Position development strategy	It is used when a new product or service enters the market. The essence of the strategy is to find new niches and markets for the product.
	Product development strategy	Implementation of the company's growth through the introduction or improvement of the product. The implementation of the strategy takes place in the developed market.
Integrated growth strategies	Inverse vertical integration strategy	The company growth is due to the takeover of another companies, suppliers and competitors. This strategy is being implemented in order to avoid the influence of prices and requests from suppliers, the influence of competitors, and the creation of a synergistic effect.
	Direct vertical integration strategy	The growth of the company is due to the takeover of intermediary companies that stand between the company and the end user. Acquisition of intermediary companies is advantageous in those cases when they greatly overestimate product prices, and use poor-quality service
Diversified Growth Strategies	Centred diversification strategy	There is a search for new opportunities for the production of a new product through market development and the use of competitive technologies that the company uses
	Horizontal diversification strategy	There is a search for opportunities to introduce a new product through the use of technologies that the company does not have
	Conglomerative diversification strategy	The growth of the company occurs due to the production of a new product, which is not connected with the technologies used in the enterprise, or with other processes. A completely new product is being introduced
Reduction strategies	Elimination strategy	It is applied in those cases when the enterprise cannot carry out its activities; so, the enterprise winds up its activity

	Harvesting strategy	It is used when the project is not promising and it will collapse in the future. When applying this strategy, maximum profit is achieved through the sale of existing stocks of goods, due to the reduction of costs for the supply of materials, labour and production
	Reduction strategy	The company reduces the unit or structure, because it does not see the point of its further functioning. This strategy is used by diversified enterprises when they want to use the released financial resources for the implementation of more promising projects.
	Cost reduction strategy	There is a search for ways and opportunities to reduce costs. When these opportunities are found, measures are being taken to eliminate the greatest costs

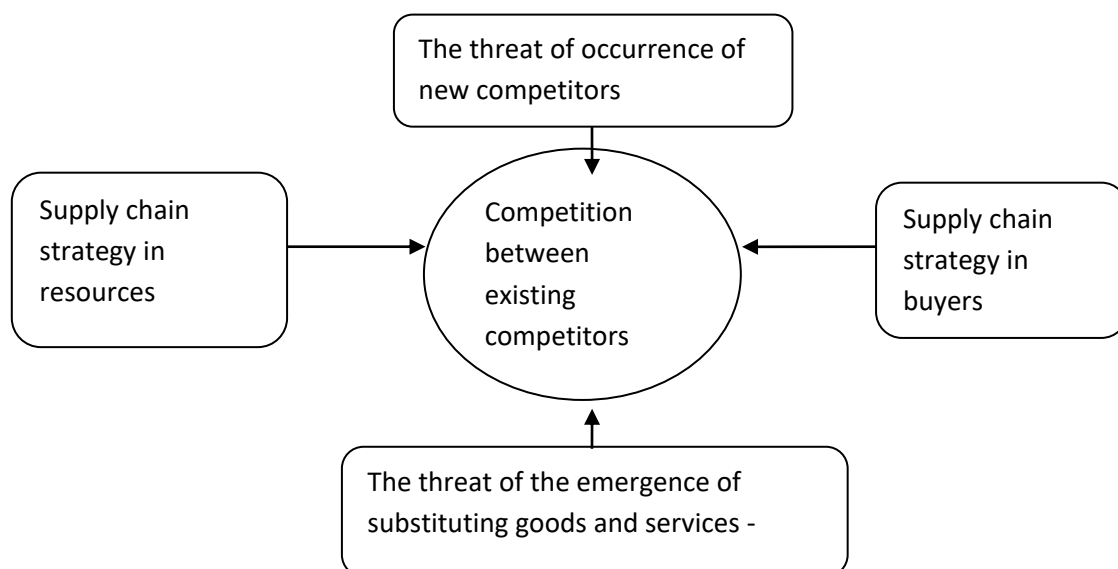
Next, we will analyse in detail the competition strategy, since, according to the authors, it is most suitable for photo service enterprises.

Competition strategy is a plan to improve the market environment due to the competitive advantages of the company. This strategy is implemented through:

- Increasing the quality of customer service;
- Application of new technologies;
- Application of CRM systems;
- Working with the database and analysing it to improve sales promotion;

- Marketing research;
- Online promotion;
- Customer feedback and service improvement;
- Application promotion in social media.

Michael Porter's competitive advantage theory. Any organization should have certain advantages for survival in a tough competition. M. Porter notes that the strategy should be based on a comprehensive understanding of the industry's structure and the process of its change. The essence of competition is expressed by five competitive forces in any industry.



**Figure 1.** Five competitive forces according to SCS

The five forces of competition determine the profitability of an industry because they affect the prices that firms can dictate, the costs they have to bear, and the amount of investment needed to compete in the industry. These forces are called

strategic resources in a different way. The threat of new competitors reduces the overall potential for profitability in the industry, as they bring new production capacities to it and strive to gain market share, thereby reducing positional profit. Strong

buyers or suppliers benefit or reduce the firm's profit by bargaining. Fierce competition reduces profitability in the industry, as we have to pay (advertising costs, R&D, etc.) to maintain competitiveness, or the profit goes to buyers due to lower prices. The availability of substitute products limits the price of goods and services, because higher prices will encourage buyers to turn to a substitute. The significance of each of the five competitive forces is determined by the basic economic and technical characteristics of the industry, i.e. its structure.

Competitive advantage determines the position of the company in the industry. The competitive advantage of the company is determined by how clearly the company can organize relations with suppliers and consumers. There are 4 types of competitive advantage of a company: [11-14]

1) Lower costs. Low costs reflect the ability of a company to develop, produce and sell comparable goods at lower cost than its competitors.

2) Differentiation of goods. Differentiation is the ability to provide customers with unique and greater value in the form of a new quality product, special consumer properties or after-sales service.

3) and 4) Focused. Organizations using this strategy focus on satisfying a specific customer in a particular product range or market in a specific geographic region. The main difference of this strategy with its alternatives is that the company choosing this strategy decides to compete only in a narrow market segment.

Thus, at present, when the condition for the economic development of organizations and enterprises is their activity in the market, knowledge of their competitive advantages and the company's ability to respond flexibly to market requirements is becoming vital. Under these conditions, the importance of effective management strategies is growing. [2]

The choice of strategy depends, first of all, on the goal that the company pursues. There are several competitive strategies that provide certain strategic advantages for enterprises in the market. [1] The establishment of an influential market position will be facilitated by adhering to a core business growth strategy. A group of growth strategies based on the potential of the core business assumes that the company has chosen the right type of activity and will develop it. It is assumed that the company has sufficient resources for development. There are such strategies that a growth-oriented enterprise

can use [15]: market segmentation (concentration), market development (instant response to market needs), product development and updating (differentiation), innovation, price leadership (cost reduction).

An enterprise can achieve an influential and competitive position in the case of market orientation of its business, which provides competitive advantages considered by the authors as some combination of greater consumer value and lower delivery costs.

During the analysis of scientific works, the authors found that key strategic decisions are made, as a rule, in the core of the economic activity of the enterprise, as well as in one or two segments bordering it. In this regard, the strategy principles based on the use of competitive advantages can be formulated as follows: [13]

- Gaining a strong and influential position in the market for the core of economic activity or its segments;

- Improving the performance through vertical integration of the main supply and distribution channels;

- Capture and retention of market share, ensuring profitability and competitiveness;

- Tracking current changes and weak signals in order to predict the future state of the market;

- Adaptation to a changing market;

- Focus on customer satisfaction.

In a competitive environment, the strategy for an enterprise to achieve an influential market position should ensure the formation and implementation of the competitive advantages of target segments being a part of photo services enterprises. [16]

The formation of competitive advantages in modern conditions of economic and social development is determined by the processes of globalization of business and the activity of innovative processes. By the definition of many researchers, the source of competitive advantages of enterprises is their distinctive properties (core competencies, product, etc.), which, when used effectively, will provide a result for the enterprises [17].

Let us consider in more detail the approaches to developing a strategy for achieving an influential position of photo service enterprises in the market, taking into account a new point of view. This is based on a systematic approach to determining and applying competitive advantages by an enterprise in order to create and effectively benefit the

customer, and a profit in the form of a service of the enterprise.

It should be noted that an important stage in the development of the strategy is to conduct a factor analysis of the competitive environment and take into account factors that determine changes in the current and future state of this environment.

As noted by Michael Porter [15], a significant impact on business development in modern conditions is carried out by changes in the macro environment, such as:

- The pace of economic change, innovative explosions, the formation of new knowledge, the pace of which is growing rapidly, and competitive pressure, which is becoming more significant;
- Changes in organizational structures.

Since most macro environment factors are outside the control of many photo services enterprises, most of them need to take care of their own understanding of the changes that are taking place and their ability to anticipate them.

In such conditions, it is necessary to pay more attention to the analysis of trends and changes in the external environment in order to quickly respond to changing reality. It is also necessary to take into account the changes that take place in the development of modern markets. [10]

Clients are making more and more demands on the purchased services (they demand and expect to receive high-quality services in combination with fast efficient service at a reasonable price and expect that the services they purchase will satisfy their needs). Given the fact that different customers have different desires and needs, firms (enterprises) have the opportunity to choose those segments in which their offers most closely meet the needs of customers and in which photo service enterprises can create their own competitive advantages.

The authors agree with the opinion of [7], who argues that one can become a market leader by offering customers high added value.

In addition, it must be borne in mind that consumers are least willing to pay a considerable premium for products and services that clearly do not have a higher value for them (consumers increasingly deny additional value). [11]

So, we can say that the choice of strategy is the central point of strategic planning. Often, a photo service company chooses a strategy proceeding from several possible options. So, if an enterprise wants to increase its market share, it can achieve the goal in several ways: to lower prices for

services, to provide services in different ways, to introduce a new service to the market, to create a more attractive image of the company through advertising [13].

#### 4. Conclusion

Summing up the study, we can say that the development supply chain strategy is one of the most significant documents in the company. Market research results are the basis for developing a long-term marketing and pricing strategy for an enterprise, and its current policy. Due to the importance and complexity, it is advisable to prepare a company development strategy first of all by checking the data on the market, its volumes and growth rates using additional alternative sources.

The main objective of the strategic plan for the development of a photo services company is to expand its market share.

The main supply chain strategy of an enterprise should be a comprehensive strategy for the provision of services of higher quality and at lower prices, as well as expanding the range of services.

Based on this, the strategic planning of a photo service company should be a strategy for expanding demand by stimulating sales, pricing policies, and non-price factors of competition, such as creating a positive image of the company.

Based on the marketing goals and strategy, as well as taking into account the seasonal nature of demand and its high elasticity in the winter period and lower elasticity in the summer period, pricing should be carried out using the "cost plus profit" method, taking into account the expected demand and the behaviour of competitors. The price of photo products and photo accessories must be calculated based on the level of demand and costs, and target profit.

The main element of the company's policy should be the introduction of computer accounting (registration) of all customers of the company with the goal of targeted communication of all on-going actions and events. This will attract and retain regular customers and increase demand.

Based on the fact that there is a significant number of competitors on the market and an aggressive pricing policy can lead to negative consequences, the main idea of the firm's pricing strategy in setting prices for photo products and digital printing services is a gradual reduction in prices based on cumulative discounts for regular customers and a slight overall decrease prices. Such

a strategy will help to maintain regular and attract new customers, both through discounts and due to the high quality of service.

The price of services for regular customers should remain constant, but additional discounts should be introduced depending on the total cost of the services received. For photo centres, the introduction of benefits in photo development stores for photographing intended to use in documents for pensioners, schoolchildren and students is recommended.

The main point of supply chain strategic development will be the development of Internet sites, the provision of online services and the creation of operational logistics. Therefore, in today's conditions of total busyness, a client can get the necessary photo product (photographs, photo books, photographs printed on canvas, etc.) without even leaving home.

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