

IMPROVING THE OPERATIONAL STRATEGY OF INDUSTRIAL ENTERPRISES

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ABSTRACT: In the post-industrial period, at macro and micro level services are combined with industrial production, and the main competitive benefits are the characteristics of the product not only in the technological process, but also in the process of collaboration with supply chain members, in this case it is more appropriate let's talk about the operational strategy not of the industrial production-oriented enterprise, but of the industrial enterprise. Linguistically, the term "strategy" comes from the Greek term "strategos", which means driving force. Solutions that increase their influence throughout the organization and refer to the definition of its position in relation to the business environment, and determine the organization's orientation towards long-term objectives can be approved as strategic decisions. In this case, the strategy is a model of decisions and actions that help the long-term development of the business. The operational strategy is related to the structure of strategic decisions that determine the role, tasks and processes of operational activities. The operational strategy depends on the corporate strategy, which is based on the main mission of the organization and shows how the company wants to use all its resources and functions (marketing, finance and operations) in order to provide a competitive advantage.

KEY WORDS: operational, strategy, industrial, enterprises.

1. INTRODUCTION

The instrumental-methodological apparatus of the research is based on the use of scientific-general, economic-general and special methods: abstract-logical, economic-statistical, structural-functional, constructive. In the research process were used the methods of systemic analysis, economic-mathematical modeling, mathematical statistics, as well as the methods of economic analysis. The informational - empirical basis of the research was formed by the materials of monographs, articles in scientific publications, periodicals, as well as the materials of scientific-practical conferences. Normative acts, reports of transport companies, articles, scientific data and scientific reports, presented on the websites of scientific centers around the world, were used. Consider that the concept of "operational strategy" is contradictory, as operational tasks usually overlap with strategic ones. [2]

Operational functions in industry refer to the change of raw materials into a component of

the finished product. Through operational management, the activity of managing the resources that are involved in the production and delivery of products and services on the market is perceived. The importance of decisions in the field of operational activities is compared to the high cost of their implementation and, therefore, production planning errors also have a high price.

The aspects that are directly related to the elaboration of an operational strategy are the following:

- to buy or produce;
- which process do we choose (working with projects, serial processes, mass processes);
- where do we place the company (in terms of customers, labor policy, materials management policies, risks and political climate);
- automation of work processes or workforce;
- to what extent can planning and control be achieved and implemented.

The operational strategy is in fact a long-term action plan of the enterprise, which shows the production aspect of the activity and

materializes the technologies used in transforming the main resources into products proposed by the enterprise, the volume of production capacities, developing products and how to adapt them to the market, the ultimate goal being to strengthen competitiveness.[1] The operational strategy has the basic principles of value creation and is presented as a standard, based on which decisions are made on machine replacement, supply and logistics system development, physical asset planning, change production processes, production planning and control methods.

Some authors state that the main operational priorities are: duration of work and timing of orders; quality of products and works; cost reduction; customer service; regulation of product lines; the company's ability to respond to changes in demand; flexibility and speed of acceptance of a new product.

It is correct to assume that the basic decisions consist in determining their production capacity and degree of use, organizing the work of employees and organizing jobs, forming information and managerial flows in operational activity, structuring production. To accomplish all these tasks, the operational strategy would be appropriate to be regularly checked and monitored and to be based on the study of best practices in the field. [3]

2. WAYS TO IMPROVE THE OPERATIONAL STRATEGY

To a large extent, the success of the operational strategy also depends on the completeness of the implementation of other functional strategies. Also, modern ideas about efficient management are related to the representation of the organization's process, which allows operational managers to work without misunderstandings with all functional departments. It is known that when integrating on functional levels of activity, coordinating functional strategies with the overall strategy of the organization is difficult.

Functional integration prevents the support and implementation of a single goal of the organization. In turn, the procedural approach to the management and operational and inter-organizational integration of activities, ensures

the effective realization of the purpose and mission of the organization as a whole. [5]

According to the evaluations of the experts known in the field, the success of the company on the market depends 20% on the right strategy and 80% on the execution of the chosen strategy.

Opinions are increasingly encountered, including from scientists R.B. Chase, Aquilano N. and Jacobs R., that the company's operational strategy, as a medium-long-term action plan, must not envisage radical changes in the technological process of production, but modernization must be based on the introduction of new technologies in the already existing process. The introduction of new technologies must be done on a real basis, in order to create skills that will help attract new customers. Among other things, new technologies should make it possible to rebuild the production system so that it is more efficient than that of competitors. As there are different types of operational strategies, we consider it natural to take into account the classification characteristics and types of operational strategies. [6]

The analysis of the literature showed that based on the priorities of the business system, the operational strategies are divided into the following types:

- a) cost minimization strategy;
- b) the strategy of increasing the flexibility of the operational system;
- c) the strategy of increasing the quality of business processes and products;
- d) the strategy for minimizing the execution time of orders.

The choice of strategy, as a rule, is dictated by the operating conditions of the company. If necessary, in order to shorten the execution time of orders, the operating system is organized using the in-line movement of work objects, which is characterized by mass or large-scale production, allowing cost reduction.

The task of focusing the priorities of these strategies is accentuated in modern enterprises. At present, cost minimization strategies are very current in some cases, because in any market the segment can be identified, for which the key factor in choosing the product is the price. Achieving a sufficient rate of return

in this segment can only be caused by lower costs.

In addition to the size of the segment, it can be argued that there are whole nomenclatures of goods and therefore markets, for which the given strategy is the only competitive strategy. However, strategic preparation for the competitive fight must be effectively coordinated, first of all by technological processes involving the use of modern forms of control, the implementation of new technologies taking into account the behavior of competitors in the market, the introduction of procedures for continuous product quality. technological extension of the product life cycle. [8]

Economic efficiency is a modern concept of activity evaluation and helps to substantiate

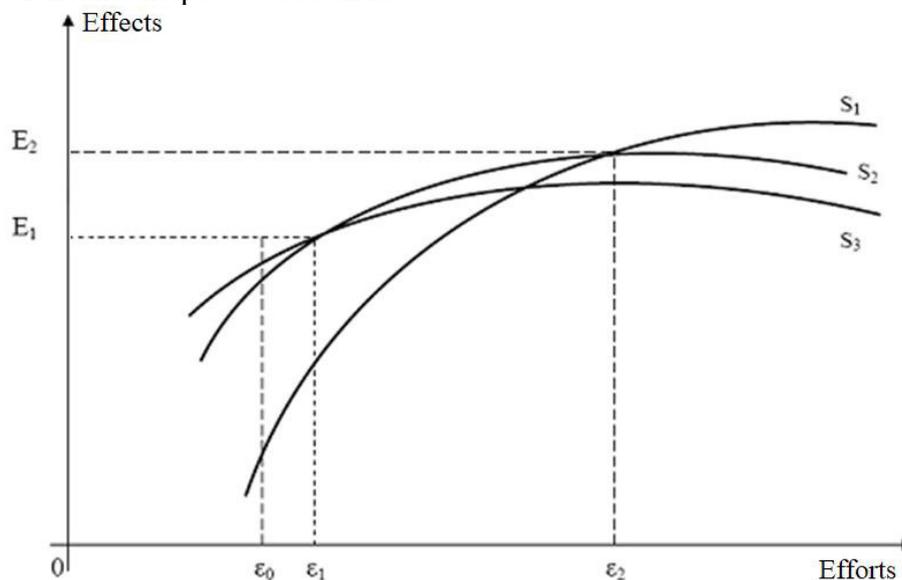


Figure 1. The essential feature, the causal relationship resource-effect.

Economic efficiency comes in a variety of forms, generally unanimously accepted by specialists in the field. Thus, as general forms of economic efficiency we can mention: Productivity, as a primary form of economic efficiency, reflects the acquisition of an activity to be useful, in the sense of achieving a certain goal, in a given time interval. Productivity, especially labor productivity, is inextricably linked to the law of the economy of time, which in the contemporary era is given special attention. Closely related to productivity are two other concepts, namely: economy and profitability. Economics is the ability or appropriation of an action to save scarce resources. [12] It expresses the extent to

decisions so that existing resources are consumed in the best way for society.

The concept of economic efficiency shows a fundamental concept and a main objective both in theory and in economic practice.

The notion of efficiency is nothing but the measurement and comparability of the effects and the close effort related to the use of resources. [10]

The essential feature is the resource-effect causal relationship. This causality is concretely expressed for each phenomenon, process or economic activity. In economics, references to efficiency can be found in the great thinkers of the last century, such as Adam Smith or Karl Marx.

which the effects of an activity correspond to predetermined performance or objectives. These effects are, in most cases, of the nature of cost savings or, in general, the release of resources, resulting from the performance of an activity. Efficiency aims to increase production at a given consumption of factors of production.

Simple and complex economic efficiency, pursues and analyzes a single activity or enterprise, is determined for a relatively short period, pursues a single purpose, etc., respectively pursues and analyzes an activity as part of a dynamic and complex system , quantifies all the effects resulting from an

activity, pursues an independent system of interests, etc. [11]

The real and potential economic efficiency represents the efficiency achieved in effective conditions of commensuration of resources and obtaining the intended effects, respectively the one that could be achieved, when some requirements regarding the realization of positive effects as a result of resource consumption, effects that would correspond to the volume and structure of social demand.

The efficiency of combining the factors of production oriented towards obtaining the maximum of useful effects with a minimum of resources is expressed by the productivity of the factors of production. It expresses the quantitative link between the production obtained in the conditions of place and time and the production factors used. [7]

3. INDICATORS FOR EVALUATING THE ECONOMIC EFFICIENCY

The indicators of the economic efficiency of the investments are in fact adequate tools used in order to avoid the extreme situations of making inadequate decisions materialized by economic failures. It is very important that when making an investment to study in advance several variants of investments, each with its advantages and disadvantages, trying that through the indicators of investment efficiency to be able to choose the most convenient, most efficient option.

The system of static indicators of the economic efficiency of investments includes four groups of indicators:

- general indicators;
- basic indicators;
- indicators specific to different objectives and branches;
- additional indicators.

This indicator expresses the maximum production that can be obtained in a period of time, in normal conditions of fixed capital operation, use of human resources and a certain exchange rate. The production capacity is denoted by q and is expressed, in general, in physical production units, respectively: pieces, tons, ml., Mc, etc. It can also be expressed in value:

$$Q = S \cdot j = 1 \cdot q_j \cdot p_j \quad (1)$$

Q - production capacity expressed in value;

q_j - physical production capacity of the assortment 'j';

p_j - the price of the production assortment 'j'.

The production capacity is a volume indicator, which shows an overview, on the size of the objective and concretizes a first effect of the investment effort made.

The number of employees is an indicator that must be known from the design phase. It is established starting from the production, the labor productivity and the exchange coefficient. This indicator is also known in the structure.

The production cost shows the concrete conditions of economic effort, in which the projected production will be realized. The production cost must be known at the level of the entire production, at the level of each assortment, as well as on the product unit. One of the ways to increase profit is to reduce the cost from one period to another.

Profit is the purpose of carrying out the activity of any economic agent. The company must constantly seek to maximize it; the profit must be appreciated from the design phase of an objective because it has a decisive influence in making an investment decision regarding the achievement of a certain objective.

In efficiency calculations, labor productivity must be seen more and more as a cause of production and not as an effect of it.

The actual materialization of the investments materializes both in the active fixed capital and in the passive fixed capital. The active fixed capital contains machines, equipment, installations that participate in the production process and that decide its evolution, and the passive fixed capital contains halls, buildings, and so on which ensures the functioning in good conditions of the active fixed capital. The development of an efficient investment activity supposes that the largest share of the capital expenses to be directed towards the fixed active capital. [9]

4. CONCLUSION

The specific characteristics of operational management in relation to production are: focus on managing not only the processes

related to the production of materials, but also the process of creating additional value for the consumer; emphasis on supporting the feasibility of the whole business, not just production processes; the need to evaluate the effectiveness not only of the performance indicators of the production process, but also of the indicators that characterize the change of the business value, of the market positions, of the satisfaction. [4]

The distinguishing features of the operational management of industrial enterprises compared to the service area can be reduced to: their operations and efficiency in industry can be measured in a simple way, because their result is a specific amount of material products; in the industry it is easier to introduce quality standards for products and processes; in industry, there is the possibility of accumulating reserves.

The place of operational management in the modern management system of the enterprise is conditioned by the fact that the operational process is the main value creation process within the enterprise. Therefore, a definition of the management tasks of other areas of enterprise management should be considered. Expressing the main competence of an industrial enterprise, operational management, in a tactical plan, ensures the continuity of the production process and the supply of products on the market. Definitions of operating strategy, found in contemporary literature, it is a program of concrete actions to create products aimed at the rational use and development of production capacity, in order to gain a competitive advantage and better meet market needs. The operating strategy presented in the thesis is a long-term enterprise action plan, which describes the production aspect of the technology used and specifies the transformation of basic resources into the company's supply of goods, the volume of capacity involved to develop the product and how they adapt to market, in order to strengthen competitiveness. The parameters of the operational strategy (flexibility, product quality in the extended understanding, reliability, costs, speed) vary depending on the stage of the product life cycle.

The operational strategies of enterprises change every decade, in line with the changing

approach to production management, focusing on - primarily on productivity and economies of scale, on the quality of the economy, to ensure production flexibility at the expense of customer-oriented production planning, and then speed economy, on innovation and knowledge, competence and cooperation. [4]

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