ISSUES FOR STRATEGY DEVELOPMENT AND IMPLEMENTATION TO SMES

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Developing and implementing of a strategy involves taking a risk. For an investor, risk is the uncertainty that exists on the economic gains or losses associated with certain investments. A strategy developed for a business offering a range of possible answers to questions like: how to be competitive? Who should strive? Where? When? How? and Why? The issue is not whether to build or not o build strategy, but how we choose between the possible strategies those that can achieve strategic competitiveness. The difference between strategies is high, it can ***vary*** *between success and bankruptcy.*

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Strategy is developed through the effort of a combination of threats and opportunities in the external environment with the strengths and weaknesses of the business itself. Opportunities must to be exploited using the strengths and constraints must to be prevented by elusion of weaknesses.
The strategic process should take into account the vision and mission business, so we must answer to the following questions: What do we want our business to become? How can we use resources in order to achieve maximum effect? What can we by people obtain? What is the main target of the business?
Strategy Development grounds on mission and vision oft he company. What should we follow?
Mission company must answer to questions like: What do we do as business? What kind of products or services we provide? How we define customers? Who has the business? Vision is long-term dream of business and it indicates the path to be followed to reach the destination.
Critical factors of the organization, so those having an importance for business success, must be identified. Examples of these critical factors are: high quality products, financial health, good image, focusing on the customer, etc.. These factors should not be quantified, but to refer to financial aspects, customers, internal processes and capacity for learning and adapting of the business.
From these critical success factors we can move to the formulation of business strategic objectives. At this point it is very important to take account of SWOT analysis, as well as the interest groups involved in any business:
- Owners: what they expect from the business? Increased profits, investment recovery? Positive cash flow?
- Employees: Which purposesmust tob e found in order to improve the quality of work? Creating a relaxing environment at work measured as increased productivity, decreased number of absences, etc.
- Customers: What are the customer‘s needs? How customers appreciate products and services oft he business? Quantified as strengthening market position, enhancing the value provided to the client.

- Suppliers: what objectives we have to follow in order to increase the added value? Quantified by increasing the quality of inputs, decreasing supply costs and ultimately increasing of added value.
- Community to which it belongs: what is the attitude refering to the environment? Giving an increasingly attention to the social responsibility of any activity of the business. It is indicated not to elaborate a large number of targets, These must be selected based on the following criteria: be measurable be acceptable to all interested parts in business, to have knowledge in order to be fulfilled, to be realistic.

All these chosen objectives must keep the final goal, those which do not fall on this way, they will be eliminated. For example to achieve the final objective to increase the profits we have to consider: increasing the labor productivity, decreasing the number of waste products, high degree confidence level of the customers, positive cash flow, increasing of the added value, etc.
Once established the strategic objectives, the potentially gained performance indicators should be identified in order to to identify whether the chosen strategy is viable. At this time, among the most important are:
- Time to browse the process represents the amount of time that is running in process stages and periods of waiting from process.
- Productivity is the ratio between obtained results and costs.
- Effectiveness indicates the level to which objectives are achieved.
- Efficiency is related to the control process, the use of resources during the process implementation and the cost of operations. So, to be cheaper, faster and better controlled.
- added Value is determined as the difference between the selling price of a product and the cost to bring it to the assumed form, the place and time of sale.

Analysis. Through this activity, the manager must to identify the possibilities and the actual costs of products, potential contribution of the employees‘ various activities and cost centers economically important.
Returns usually bring the money for spending, managers must focus those resources to income generating activities and not in virtue of the inertia to activities producing nothing. Where is the error? Managers confused often the accounting analysis with the economic one.
The accountant must share those costs to all products not directly related to production. The only way how costs can be allocated is proportional to the volume of business, not to the number of transactions.
Thus for 1,000 lei obtained for one product or 100 products, the cost is the same, whether the product does not incorporates many raw materials and materials, such as services or high-tech products.
Service companies can only claim the assumption that there is one cost which is fixed for a certain period. The central activity, such as serving the customer which may be a fixed cost, can be identified. So,efficiency per customer can be calculated - both services volume used by a customer and the composition of those services - that determine the costs and profitability.
Another example represents the retailers who have low prices, they consider the presumption that, once installed on a shelf, the cost of goods fixed. Management considers the increase to a maximum return on that space within a certain time. Focusing on control efficiency allowed them to increase the profitability despite reduced prices and profit margins.
For each product, the usual problems should be considered: the volume of sales, market position, market outlook, etc. However, it would be important to make a comparison between the income made by each product and the costs involved? It is very important to know for each product category the income it bringsto hte company and the costs to be distributed for each product .

I insist to say that this calculation should be realized for all products because they are situations where a product gives to 70% of revenue and requires 30% of expenses, the expenses rest being attracted to other "poor"products as a profit margin.

Allocation. Manager should allocate resources according to the anticipated results. So, he must know, how at present, the resources are allocated, how in the future, they should be distributed to support activities that provide the greatest opportunities and what it needs to accomplishin order to reach the target position, from the position where they are.

Resource allocation is a transformation of information into action, this allocation can determine if the company will or not well work. Managers should choose the best ratio between opportunities and risks. In order to achieve that purpose, a budget of capital allocation must be developed, revealing the available manners. To achieve this budget, overlapping requirements should be fulfilled:

- existence of clear deadlines;
- time when the results are obtained;
- how any negative results will be counteracted;
- how to answer to a greater success than forecast.

Once this budget is achieved, to follow closely the successes, failures is very important, through a continuous process of allocating and reallocating resources according to the received reactions from external or internal environment

A second, and most important resource is the operative staff. In an effort to create wealth, managers must allocate human resources with the same precision and attention with which they distribute the capital, then managers must study the combined effect of the two allocations. As a result of this analysis further division must be accompanied by certain expectations on the appointed employees and systematic evaluation of the recorded results as a consequence of employed staff action.

Decision. The manager must decide which products, employee activities or cost centers promote confusion rather than bring new possibilities and outcomes.

Normally, productive resources, regardless of size and potential, should never receive such destinations. With a minimum effort, what of them should be maintained? What could be converted and at what cost?

Main changes belog to external environment of the organization. A retailer may say more about his customers, but they represent only a fraction of the market, the majority being not his customer. The main changes appear and have meaning by those who are not customers. Even most companies will continue to operate only at local or regional level, they must to consider the continental or global competition that they never knew, too.

Of course, that the external environment does not always reveal their characteristics and does not provide complete information to management, but the most serious causes of failure in business is the presumption that its elements - taxes, legislation, consumer preferences, distribution channels, intellectual property rights, etc.. - must be as managers think or at least how they think that these elements should be. An effective information system must determine the manager to formulate questions also in areas where they consider to have all necessary information. In order to accomplish that first it is necessary for managers to know what information they need and regularly to ask for, then including them in the decision-making process.

Companies may generate themselves some information, such as those about customers and potential customers, about their business, about technology, but most things an organization need to know about the environment, only from external sources can be obtained. What could be those sources? Data banks, information provided by various professional associations, newspapers, government publications, reports prepared by internal or international bodies, specialized study. I would say that any organization should consider all available known information and not using them, they offer to competitors a competitive advantage. The assessment should consider the

implementation process and the time needed to obtain results. Valuation is an absolutely necessary process and it should be applied during the entire period of the strategy implementation, so when needed to intervene in order to correct and adapt it to new conditions and requirements of the competition external environment.
By evaluation, it can determined whether a strategy is or not successful. It is important that even a flop exists, its influence to be as smaller as possible and the associated losses not threaten the business's existence.
Thus, an unsuccessfully high-impact strategy may lead to bankruptcy of the organization. For example, if managers play everything on the business expansion option and for changing legislative environment reasons, it becomes impossible, the resources used for this purpose should be redirected, if possible to mitigate the failure impact or the failure effects must be recognized and to action accordingly.
Control strategy monitors all activities of an organization and evaluates them to see if they are efficiently and effectively carried out, in order to take necessary corrective measures to ensure the required performance. Strategic control does not only mean the mechanism to respond after unfolding events to the correction requirements of the organizational structure, but also to participate and prevent any abnormal or damage functional condition.
Designing effective control systems involves the following two steps:
Setting standards and targets against which the assessment will be accomplished. This means that managers have clearly defined which are the main objectives and which are associated **MATRIX** in order to make the evaluation of activities sequences through the chosen strategy is implemented for achieving the objectives.
Designing monitoring and measuring systems. The role of these systems is to provide a continuous tracking of accomplished activities in the organization, so the results could be quantified.
For some types of activities, these results measurement is relatively simple and straightforward.
For example, quantity increasing of the production and marketing of some products. For other types of activities, the measurement results are very difficult.
For example, how resulted progress could be measured each year into a research and development department, if the undertaken research project requires five or six years? How to measure results of a company training and entry on a new market segment or to promote new products. How to measure the effectiveness of organizational dynamics process, respectively of new departments or decisionsintegration?
Comparing current performance with the proposed target. Continuously, managers assess whether the current performance deviate from the proposed strategic plan and how high is this deviation. If deviation occurs in the right direction and current performance is higher than the proposed target, then the target will be changed and it will continue the organization progress on the established strategic direction. If current performance is too small compared with the proposed standards,then it a series of corrective measures have to be considered. In order to perform the necessary corrections directly on factors, the difficulty consists to identify those factors that led to poor results,.
Initiate corrections when current performance is not at the targeted level. This is the most important step in the control system, because it allows the implementation of corrective measures and chosen strategy recovery. To increase the impact of these corrective measures, it is important to be **incrementally** implemented on time, based on correct information provided to management that the system does not destabilize.
In conclusion, **a successful strategy** involves a creative performing thinking for its developing, a business opened to change and to help at an ensure effective implementation of strategy and, respectively, a proper evaluation which considers costs and profits.

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