# STRATEGIC MANAGEMENT AS A KEY TO ENHANCING THE ECONOMIC POTENTIAL OF INDUSTRIAL ENTERPRISE

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***Abstract:*** *In today's complex conditions of development and the functioning of economic entities, there is a need to improve the industrial enterprise's economic potential so that can adapt to an unstable external environment. One of the directions for solving this problem is the formation of effective strategic management and the development of science-based strategies for the development of industrial enterprises.*

***Keywords:*** *strategic management; economic potential; the management of the industrial enterprise; environmental changes; strategy implementation.*

## Introduction.

The paradigm of business and entrepreneurial activity is that each enterprise seeks to enhance its economic potential in order to effectively manage the organization whole. It is not uncommon for an enterprise when the lack of a development strategy, a low managerial responsibility, and a lack of relevant information about the economic potential of an enterprise brings to the bankruptcy of a business. The relevance of the problem is the fact that the modern environment of enterprises is characterized by an extremely high degree of complexity, dynamism, and uncertainty. The ability to adapt to changes in the external environment is the main condition in business, therefore determining the management strategy of the organization's behavior and implementing this strategy into practice are the main task of managers.

## Literature review.

The topics with the development of the strategic management of industrial enterprises have been studied in the scientific works of many scientists: Ch. Gil, G. Mintzberg, Drucker, G. G. Ackoff, D. Lempel, P. Alstrend, O.A. Ermansky Porter, B. and others. However, the theoretical issues of strategic management and ways to improve it in industrial enterprises remain insufficiently studied. The disagreements in the opinions of different scientists regarding the study of these issues indicate the need for further scientific research [1].

## Methods.

The word "strategy" is derived from the Greek word "strategos"; stratus (army) and "ago" (moving). Strategy is an action that managers take to reach one or more of the organization's goals [2]. Strategic management is the continuous planning, controlling, analyzing, and evaluating of all work processes in the company's needs to meet its goals and objectives.

Changes in innovative environments will require industrial enterprises to constantly improve their strategies for success. The strategic management process helps organizations obtain information on their present situation, develop action plan, and analyze the effectiveness of the implemented management strategies [3].

The essence of strategic management lies in the response to three key questions:

1) What is the current state of the enterprise?
2) In what position would it like to be in three, five, ten years?
3) How to achieve the desired position?

To answer the first question, managers should have a good understanding of the current situation in which the enterprise exists, before deciding where to go next. Therefore, the management should create a database that provides the process of making strategic decisions with relevant info for the analysis of past, present and future situations.

The second question reflects such an important feature of strategic management as its orientation to the future. It is necessary to clearly define what to strive for and what goals to set.

The third issue of strategic management is related to the implementation of the chosen strategy, during which the two previous stages can be adjusted. The most important components or limitations of this stage are the available resources, the management system, the organizational structure, as well as the personnel who will implement the chosen strategy. I. Ansoff recommends considering strategic management as consisting of two complementary subsystems: analysis and selection of a strategic position and operational management in real-time.

Thus, strategic management, in contrast to strategic planning, is an action-oriented system that includes consideration of the process of implementing the strategy, as well as evaluation and control. Moreover, the implementation of the strategy is a key part of management, since in the absence of implementation mechanisms, the strategic plan remains only as a fantasy [4].

The strategic management process is divided into several stages. While the end result will differ from one business to the next, there are simple chronological steps that organizations can take to put strategies into action.

Determine your strategic intent. Strategic management begins with strategic intent, which is the definition of organizational objectives and their use as a standard against which performance and progress are measured.

Strategy Development – The next step is to develop the strategy, which necessitates a company health check via a SWOTanalysis. It is where businesses examine themselves forensically, looking at their internal and external environments.

Strategy Execution – A strategic management blueprint is a good place to start, but it must be implemented. Strategies must be implemented to ensure a company's survival, growth, and expansion.

Strategy evaluation – This process can be used by an organization to determine what it does better than its competitors, where it needs to improve, and what advantages its competitors have.

The study of the current situation at the industrial enterprise by highlighting the most significant variables in specific circumstances and their interrelated consideration makes it possible to increase the efficiency of the strategic management process. To determine the main directions for the development of the economic potential of an enterprise, it is advisable to use a situational approach, the center of which is a set of specific circumstances and factors that affect the organization in the course of its lifecycle.

To plan the economic potential of the industrial enterprise, it is advisable to use an approach in which the strategic gap is assessed. "The strategic gap is the interval between the opportunities provided by the existing growth trends of the enterprise and the desired guidelines necessary to solve immediate problems and strengthen the enterprise in the long term.

In the process of developing strategic management for enhancing the economic potential of an enterprise, one should comply with the requirements of the law of correlation between the control and managed systems, which necessitates the adequacy of the subject of management to the object of management. In accordance with this law, changes in the control system affect the development of the controlled one, and vice versa. Therefore, it is necessary to provide coordination and linkage measures to transform the management object (between each type of production resources), into the measures to transform the management subject (between its constituent elements). Such coordination will ensure the proportionality and correlation of the development of the enterprise as a whole.

Coordinating the processes of developing the industrial enterprise's economic potential and reducing resistance to changes, will allow achieving the set strategic goals in a quality and timely manner. This is the reason for the need for theoretical and methodological development, as well as practical implementation of the concept of strategy management in an enterprise.

At the moment of solving each strategic task, we propose to monitor the change in economic potential, which includes a block of tactical actions, assessing the state of the enterprise's economic potential and the level of its use. The strategic goal always considers the corporate information system, which becomes an important and necessary part of enterprise management as a whole [5].

**Results.**

The managers of the companies are constantly intending to form strategies that will increase revenue and allow their organization to operate more effectively, bringing in higher profits. They should choose from a wide range of strategic alternatives while coping with human resources and limited finances. Strategic management is a creative process that starts with the business owner having a vision of what he wants the organization to achieve in the next year and over the next four, five years. Strategies are the actions taken to turn the vision into reality. The following strategic management is suggested to enhance the economic potential of industrial enterprises:

Growth

The managers should actively monitor industry trends and learn markets that are emerging from new prospective customer groups. Implementing strategies for producing additional products or services for existing consumers is another way to grow the company. Managers should constantly look for new products or services to offer consumers, as well as look for new channels of distribution for current goods and services.

Control of Expense

The manager's ability to manage expenses plays an important role in whether the business succeeds or fails. Strategic planning helps to review the company's operations to find ways of saving money. Finding suppliers or lower-cost vendors is one strategy. Training employees also save costs; when they become more experienced, more is accomplished with the same labor expenditures. Strategic planning involves managers prioritizing marketing expenditures, so dollars are spent where they result in the greatest sales increase.

Long-Range

Managers tend to focus a lot on short-term issues and challenges. Even with these pressing problems, the manager should set aside time for long-range strategy development. Growth and improvement occur only if the organization continually evolves. Goals such as implementing modern technologies or entering international markets can require executing an extensive series of steps.

Management of Risks

Managers should deal with an ever-changing business environment, which puts the goals of the company at risk. Unexpected swings in the economy can be the reason for reducing revenues or increased costs. Managing risks involves strategies in place to cope with challenges that arise. Reacting quickly to changes is vital.

Advantage of Competitiveness

Industrial enterprises build a competitive advantage by offering goods that provide more efficient solutions to consumer's problems, and do more benefits than their competitors. It is critical to form strategies for achieving target customers. Effective communications strategies require delivering a message to the marketplace that allocates the organization as superior in the minds of potential customers [6].

The fundamental principle of any enterprise is the continuity of activity, which can be ensured by the presence and optimal growth of the economic potential of the enterprise. Therefore, managers face a very difficult task, to ensure the growth of economic potential. In this regard, an objective assessment of the economic potential and the use of reserves will make it possible to effectively manage the enterprise.

Entrepreneurial business requires, on the one hand, an increase in ownership, and on the other hand, ensuring the stability of the financial situation. Thus, for a modern enterprise, analyzing and rational use of the economic potential is an important step in ensuring the sustainable strategic development of the enterprise [7].

**Conclusion.**

Today, the only correct option for the behavior of a modern industrial enterprise is to achieve effective functioning in a strategic aspect and continuous development in the external and internal environment of the company. And this requires the development and implementation of a comprehensive multidimensional analysis, considering the individual characteristics of the company with appropriate personnel, financial and technical support. Only under this condition industrial enterprises can count on the effectiveness of the strategic and operational management decisions made in relation to the economic potential.

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