

Improvement and implementation of modern strategic management tools on the example of a commercial enterprise of the Kyrgyz Republic

Elena Zenina, Anna Kramarenko, and Maria Stoyka

Non-commercial educational institution Academic Consortium "International University of Kyrgyzstan", Bishkek, Kyrgyz Republic

Abstract. This study examines the objective foundations of strategic management as a necessary tool for studying the existing experience of the company, its indicators, as well as subsequent conclusions and justifications for the future chosen development strategy. The relevance of the research topic determines the modern challenges studied and considered in the work, and the external threats that companies face during the global economic crisis, taking into account macro and microeconomics, financial accounting and company marketing. The analysis of the existing main indicators of the activity of a commercial enterprise of the Kyrgyz Republic (on the example of "Energy Save" LLC) allows drawing conclusions and substantiating the most effective and available tools for drawing up a new development strategy for the company. The purpose of this study is to consider the foundations of strategic management, its role in the development of an enterprise, as well as to develop recommendations for improving the strategic management of "Energy Save" LLC.

1 Introduction

In a market economy, high competition and saturation of markets with goods and services, commercial enterprises need to go through a constant path of development. Today it is necessary to declare yourself, work on your promotion, constantly update and improve your products, expand markets, look for new opportunities for implementation. Domestic companies are no exception and go through their own "natural selection".

In 2020, the corona virus pandemic has tightened the conditions for the "survival" of domestic companies. Closing borders, restrictions on movement within the country, control by government agencies on compliance with sanitary standards, as well as uncertainty in the context of political changes are just the most obvious tasks that managers and owners of companies need to solve every day.

The management of companies strives to anticipate changes in the political and economic environment and are in constant search of effective tools to create favorable conditions for development. One of the ways to effectively plan, systematize processes and manage the company as a whole (especially in crisis conditions) is strategic management.

The relevance for strategic management has already been proven. I would like to emphasize that in the new conditions of existence, it is important for companies to use classical management tools, a small part of which will be considered in this study.

In the conditions of instability in which the whole world is located for the second year already, the owners of the companies have more and more questions for strategic managers. Thanks to a correctly developed strategy of the organization, its development takes place, the planned results are achieved.

However, in conditions of turbulence, all existing principles of strategic management are not fully applied as an effective tool for managing an enterprise and its long-term development.

Strategic management allows you to assess risks, prospects and create a development strategy from different angles, as well as, owing to a correctly chosen strategy, opportunities open up to overcome possible crises. Modern strategic management should take into account such fields of companies as marketing, financial management and human resource - the company's team.

2 Materials and methods

To date, about 70 advertising agencies of various forms and structures are registered on the territory of Kyrgyzstan. In 2019, the advertising market was estimated at 19 million US dollars and a significant part of the market - 54.1% - of the country's advertising market is occupied by television, in second place is outdoor advertising (15.5%), in third place is the press (13.9%), then radio (12.9%) and the Internet (2.7%)[1] ... It should be noted that these figures are given without discounts, the study was guided by the amount of time sold and the official price lists. However, due to the very large number of market players, about 60 TV channels, 20 radio stations and the rapid development of the Internet, the competitive environment among media carriers is becoming very tough. A limited number of advertisers are forcing media and advertising agencies to operate under dumping conditions.

The stages of implementing an effective strategy include the following algorithms (PDCA - Plan, Do, Check, Inform) laid down in the ISO standards:

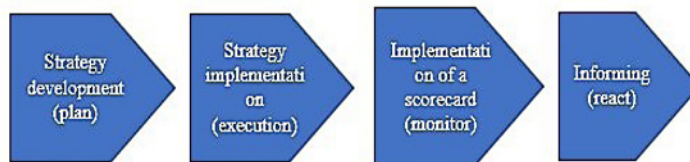


Fig. 1. Strategy implementation algorithms.

The Charter of "Energy Save" LLC reflects the goals of creation and the subject of the company's activities, it is said that the purpose of the creation of the Company is to make a profit in the Kyrgyz Republic through the implementation of commercial activities by the Company, which is not prohibited by the legislation of the Kyrgyz Republic. Initially, the main activity of the Company was the construction of other civilian facilities. However, since 2018 "Energy Save" LLC, owing to the skills and experience of the founder, reoriented itself to an advertising agency.

When the company entered the market, the company used the classic SWOT analysis model presented in Table 1 and described at the following link.

“Modern processes represent the stages of strategic analysis, forecasting, planning, implementation of strategies, as well as other strategic decisions, as well as strategic control. Each of the stages includes many sub-stages and specific implementation methods used

within their framework. For example, at the stage of strategic analysis, methods of benchmarking, competitive analysis, SWOT, EFAS analysis, in-depth interview methods, focus groups, positioning methods, etc. can be used. It is advisable to take into account that the consistent implementation of the processes allows the formation and improvement of the very system of strategic management as a whole. "[2] ...

Table 1. SWOT analysis of "Energy Save" LLC in 2017.

<p>Strengths of the company: Mobility, Versatility, Flexibility, Knowledge and understanding of the country's advertising and media market, Individual approach to each client</p>	<p>Weaknesses: Small personnel, Dependence on the client's budget, Freelance work system of employees - waiting for their free time</p>
<p>Possibilities Loyal customer base, New and small companies with small needs for advertising services, The need for companies to produce quality promotional materials for a small budget</p>	<p>Threats: Highly competitive environment, Dependence of advertising budgets on political and economic situations in the country</p>

As such, the company did not have a strategy, the team of "Energy Save" LLC used the current client base, which had been transferred to them owing to the experience and competence of two managers. The company's managers were recruited to the company on terms of remuneration above market.

The strategic goal of the company was to attract clients, at the time of the opening of the company there were 3 clients. One of the regular clients - a construction company is placed out of season, but with a small budget, another client - a new travel operator, is accommodated seasonally 1-2 times a year, depending on their strategic directions.

When developing its strategy for entering the advertising services market, "Energy Save" LLC took into account aspects of the external environment, including political and legal factors, economic, socio-cultural, technological factors. The regulatory framework of the Kyrgyz Republic promotes the development of small and medium-sized businesses - the Law on Advertising of the Kyrgyz Republic, which regulates the activities of the company, the Law on Competition of the Kyrgyz Republic, in which the government supports competition as a free competition of economic entities in the market, stimulating the production of goods required by the consumer[3] The foreign economic policy of the government in the National Development Strategy of the Kyrgyz Republic for 2018-2040 is aimed at promoting the export of domestic products to foreign countries, attracting foreign investment, advanced technologies and innovations into the national economy of the country.[4] , which also corresponds to favorable conditions for the emergence and development of international goods and services in the country, as well as investment and social projects.

Unfortunately, our country is highly dependent on the world political and economic situation, as well as crises. One of the most important factors for business development is tracking the economic factors of the country. So, according to the National Statistical Committee of the Kyrgyz Republic, in January 2021 compared to January 2020, the highest inflation rate (10.1 percent) in the consumer sector of the economy was recorded in the Kyrgyz Republic, in January this year, compared to January 2020, prices increased the most and tariffs for food products (including alcoholic beverages and tobacco products) - by 16.2 percent [8]. In general, inflation in the Kyrgyz Republic in 2020 amounted to 9.7%, this is the highest indicator among the countries of the Eurasian Economic Union, where the

inflation target at the end of 2020 amounted to 8.7%. The main influence on the acceleration of inflation in the Kyrgyz Republic, as noted on the website of the Eurasian Economic Commission, is the growth rate of food prices - almost 5.7%. Food inflation in Kyrgyzstan increased largely due to a sharp rise in prices for meat and meat products in the fourth quarter of 2020 (1.8 p.p.) due to problems with the import of livestock. According to forecasts of central (national) banks, inflation in the EAEU countries will peak in the first quarter of this year, by the end of the year will gradually decrease and will remain close to national targets.[5] ...

In addition to analyzing external political and economic factors, an analysis of the competitive environment is required, which is the main factor for a company to enter the market. In Kyrgyzstan, there are two types of profitability for advertising agencies. The first type is when a client pays an advertising agency an agreed percentage for the service. For example, a client does not have a local representative office, marketing department, advertising department, then an advertising agency performs this function. Such clients are usually large with global brands such as P&G, Mars, Henkel, Nivea, Loreal and large pharmaceutical companies. These clients are served by network advertising agencies. For example, in Kyrgyzstan there are offices of Quattro Media Bishkek - an international full-cycle advertising agency that is part of the Dentsu Aegis Network[6] , DAS media Kyrgyzstan - part of the global network WPP and Group M, the largest group of advertising companies in Kazakhstan, Mongolia, Ukraine and the Caucasus. At the moment, there are not many network advertising agencies, only 4.

Among with network advertising agencies, there are local large advertising agencies serving cellular operators and other large advertisers. Such agencies exist at the expense of marginal income. The pricing policy of such companies is to provide lower offers for the placement of advertising information materials of the customer in the media.

Acknowledging the small market size and high internal competitiveness, "Energy Save" LLC decided to develop its vision of the company at the stage of formation: We are Energy Media! - a team of like-minded people with more than 15 years of experience in the media market of Kyrgyzstan, we have extensive experience in media planning, production of films and TV projects, in the construction and implementation of new strategies and media communications, in the development of fresh ideas to promote your products and services[7] Focusing on your mobility, and the ability to work with a client on a trusting, friendly note.

According to the developed SWOT analysis in Table 2. the company developed at that time the slogans: 1) We are able to create advertising concepts, graphic design and video products; 2) We work to achieve an ideal result 7 days a week, 24 hours a day and value every minute of your and our time.

Table 2. SWOT analysis of "Energy Save" LLC in 2017.

Stage No.	Stage characteristics	Methods used
1.	Analysis of the external environment	Development of SWOT analysis, analysis of the competitive environment, diagnostics of the company's direction with key employees
2.	Assessment of the needs of regular and potential customers based on the results of the survey	Questioning of existing clients and partners of the company
3.	Defining strategic goals and objectives	Brainstorming with key employees
4.	Defining the company's mission	Development of a mission based on customer expectations, diagnostics are carried out during an interview with a client

It should be noted that today, in conditions of high rates of change in the external environment and the associated uncertainty, the urgent problem is the constant improvement of strategic management. "Energy Save" LLC, to define a strategic position in 2017, constantly updated it, focusing on the strengths of the company - mobility and flexibility. The company has not expanded its staff, since 2017 the company has been cooperating with two advertising managers, with two designers, one audio engineer, and one moviemaker. A small personnel allows the director of the company to instantly react to risks and threats, as well as to take part in all processes himself. This strategy allowed the company to quickly respond to the global changes that occurred in 2020 and ensured the company's resilience in a changing environment.

3 Results and discussion

The main task of any strategy is to improve the current results of the company and achieve the desired results in the future. The director of "Energy Save" LLC chose high motivation of employees as the basis for the company's internal strategy. The company's employees are a team of like-minded people, individuals, and professionals. Everyone treats their work responsibly and works both independently for themselves and in a team, if necessary. The high motivation of the team is due to the fact that the company immediately recruited professionals who value their name and time. Payment terms for work are transparent and depend on the value of the contract. The customer's budget is not confidential information for employees, so the wages are piecework. Under such working conditions, employees have the possibility of additional income, the deadlines for the delivery of work for the company are negotiated with each just as individually.

Modern business with its fierce competition and periodic shocks requires managers of all levels to search for such a strategy that would guarantee the enterprise, on the one hand, the most efficient use of resources, on the other hand, the maximum stability of the enterprise in conditions of instability of environmental factors. The choice of enterprise strategy is determined by a combination of external and internal environmental factors.

Stages of the formation of the basic elements of the strategy of economic development of the enterprise in the usual predicted conditions[8] are shown in Figure 2.



Fig. 2. Basic elements of strategy formation.

However, these steps may be unacceptable in the turbulence environment faced by Kyrgyz companies. Rapid events 2019-2020 prove that in a world of unexpected threats and opportunities, strategic decisions must be made quickly, regardless of approved planning cycles. Methods are needed for a more sensitive and receptive analysis of the external environment, constant monitoring of the information field, an increase in strategic flexibility, the development of an entrepreneurial spirit and innovation will have a positive effect on the company's results. Strategies should not obey the environment, but they should not take it for granted either. They are obliged to anticipate possible changes, to influence possible changes inside and outside the company.[9]

The attention of "Energy Save" LLC is directed to the constant study of the external environment, because the threat to the development of the company is the political and economic crises in the country. Therefore, the company decided in 2020 to use the decision-making method based on weak signals. Early detection of threats represents the time it takes to react to it. Risks are also possible here, since with the increase in the frequency of possible sudden changes, the degree of their predictability decreases. This means that by the time sufficient information is received for a thoughtful response, there is a lack of time to implement them, which can harm the company or lead to the loss of a profitable economic opportunity. This fact obliges companies to use several tools when developing a strategy.

The qualities of a successful company in the modern world are flexibility and reaction to the external environment, the ability to focus on the strengths of the company and constantly be in development. So that the reaction is not belated to the external environment, "Energy Save" LLC builds trusting, partnership relations with the team, when each employee is a manager - the manager of his work, department, and aims to take responsibility for the quality and timing of the services provided. In such a team it is easier to keep a finger on the pulse, information is not delayed, not hidden, but is openly discussed within the team.

The political crisis in the Kyrgyz Republic in October 2020, as well as news about the Covid-19 coronavirus pandemic, increased the influence of the media as a source of receiving the first signals about possible threats.

So it was decided that at the company's weekly planning meetings, account managers would share latest news. The practice of identifying new opportunities or threats helps managers make appropriate strategic decisions.

"Energy Save" LLC, recognizing external threats by weak signals, developed an action plan during the period of political unrest in the fall of 2020.

In Figure 3., it can be seen that online news outlets, telegram channels of news outlets, where news spreads faster, become a source of information about new opportunities or threats. The signal strength is determined when analyzing publications in the media, if the same question or problem is published several times in different sources of information, then the problem becomes serious and obvious. Further, the company's management begins to take measures to reduce strategic vulnerability. If the news is broadcast in all media, including in the news blocks of the evening news, the company moves to an increased level of flexibility and begins to develop preparatory protective programs. With clear signals of possible threats, the company has already developed plans of practical actions and measures. There is a redistribution of resources, savings in current assets, and the expectation of an improvement in the external environment.

The attention of company management in conditions of weak signals requires, first of all, that when collecting information about the external environment, details are not omitted, and the information is correctly classified. Further, based on the information received, it is necessary to make correct calculations of the possible impact of the hazard and the time of its occurrence. The less information is available, the greater will be the scatter of the calculated data on the impact of the hazard and the timing of its approach.

Signals	The nature of measures to increase reality					
	Permanent observation	Signal Strength Determination	Reducing strategic vulnerability	Greater responsiveness	Development of preparatory plans and programs	Action plans and implementation
Political aggravation in the country, October 2020 News is first published on Telegram channels and sent out via WhatsApp groups						
Political instability began to be described in online news outlets						
The scale of the danger or new opportunity takes on concrete outlines - the problem is talked about in the traditional media, news in the evening on TV						
Ways to solve the problem have been established, the company has a plan B. Employees go to remote work. Signals come from all media.						

Fig. 3. Assessment of the first signals about possible threats to "Energy Save" LLC in 2020.

The general economic downfall of the country, a systematic decline in GDP and the dependence of the Kyrgyz economy on the economies of neighboring countries obliges Kyrgyz companies to be sensitive to external changes. Dynamics of GDP decline in 2020 became a record for the country's economy and among the countries of the Eurasian Economic Union (EAEU). The gross domestic product in January-February 2020, according to preliminary estimates, amounted to 69 billion soms and compared to January-February 2019. increased by 4.3%. However, already in May 2020. According to the National Statistical Committee, the Gross Domestic Product in January-April 2020, according to preliminary estimates, amounted to about 149 billion soms and compared to January-April 2019 decreased by 3.8%. The decline continued and already in July the Gross Domestic Product in January-July 2020, according to preliminary estimates, amounted to 282 billion soms and compared to January-July 2019 decreased by 6.1%[10] ...

Against the background of the economic downfall of the country in 2020, the competition is intensifying, prompting Energy Save LLC to create a new development strategy in the long term. There is a need to strengthen the company's position in the market, preserve current circulating assets, retain existing customers and attract new customers.

4 Conclusions

In this study, the issues of improving the strategic management system were considered on the example of "Energy Save" LLC, taking into account international experience and, as a result, a project was developed to introduce effective goals and objectives.

The Materials and Methods section examines the importance of strategic management in the current conditions of globalization and a rapidly changing external environment. The main principles and tasks of strategic management are considered. The first chapter also explained that the strategy determines the results of the organization, and with the help of which goals and action plans these results will be achieved, what the goals and mission of the company should be. The main approaches to the development of strategies proposed to the world by the graduates of the Harvard Business School were considered. The emphasis was placed on the study of SWOT analysis, analysis of Porter's 5 competitive forces and growth strategies using the Ansoff matrix. Based on the results of the studied material, at the

end of this section, it was concluded that the external environment is a factor in the formation of a new strategy, as well as that a strategy can never be thought out and calculated completely, and its constant adjustment as external and internal changes conditions - the procedure is necessary.

In the Result and Discussion section, it was determined that at the time the agency was launched, "Energy Save" LLC had defined its strategic position in 2017 as a mobile and flexible company. The strategic goal of the company was to attract customers, in 2018 the company had only 3 clients.

After analyzing the sales data in 2019, it was decided to apply the market development strategy / extensive growth strategy proposed by Ansoff. The company's existing services were offered to a new market - international projects. "Energy Save" LLC is reorienting itself and launching a new strategic direction of its activity - services for the creation of media products for an international project. The analysis carried out in the second chapter showed the effectiveness and timeliness of the new direction for the development of the company, owing to the contract with an international project, the company retained its financial performance. Energy Save LLC uses a strategy for recognizing external threats based on weak signals and has developed an action plan during the period of political unrest in the fall of 2020.

In the course of the study, the set tasks were solved, namely, a strategic analysis of the external environment of the advertising agency "Energy Media" was carried out, an analysis of the current state of the company - the theory, international and domestic experience of improving the strategic management system in the company were analyzed. The priority goals and objectives for improving the strategic management of "Energy Save" LLC were considered, the sales plan project was planned to achieve the set results, and the economic efficiency of the proposed strategy was assessed.

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