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CHAPTER 8

Strategic management of food products

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8.1 The basics of strategic management

„Without a strategy, an organization is like a ship without a rudder and going round and round." (Joel Ross and Michael Kami)

With the onset of the Fourth Industrial Revolution and the changing development dynamics of products and markets, operational excellence has become more critical than ever for any organization. In a world where development is the constant driver of progress, strategic management has a distinguished role. "Continuous external and internal environmental effects, the growth and transformation of organizations all contribute to the development of the strategy of organizational transformation and change."[1] Strategic management provides a basis for managing these changes. Strategic management deals with the formulation and implementation of managerial decisions, the purpose of which is to create sustainable competitive advantages.

8.1.1 Operational and strategic management

The strategy of long-term value creation (e.g. a better, cheaper or faster offer than that of competitors) is a key condition for long-term competitiveness. Yet, we do not have generally accepted measures of value creation, such as are commonly used and accepted to define value. "Value" is an elusive and multidimensional concept that varies widely over time, place and the customers, users or stakeholders involved.

Strategy is the basis for the effective and long-term operation of any organization. The creation and application of strategy goes beyond simply "operating on the basis of experience." The correct strategy maintains the continuity and security of the company's operations and ensures that the possibility of errors is minimized.

Verdin & Tackx disagree with the statement that the more competitive the business, the less it needs to focus on competition[2]. Strategic success is determined by the ability to continuously innovate and create added value for the customer. This will determine whether we will be able to "beat the competition" in the process".

The strategy is a specific way of thinking, a form of behavior, a specific problem management tool that forces the management of the organization to deal with the solution of important/non-urgent issues before a possible crisis situation arises. Strategy is a harmony-creating activity. It is necessary to know the challenges of the environment, the expectations of the owners and the resources of the company, and to create harmony between them.

It is a proven fact that the crisis of most organizations can be traced back to incomplete or faulty management, which is why it is important that this is properly set up. On the basis of types, we can distinguish operational management, where the day-to-day operations of the company and its management take place, and strategic management, where long-term decisions are made.

Three levels of strategy can be identified: the company level, the strategic business unit level and the functional level, which differ in several aspects.

Markó[3] writes based on Marosán[4] that operative management deals with the continuous operation of the company. Its problems are either temporally, territorially, organizationally, or functionally delimited. He cares about issues that – "no matter how painful" – never threaten the existence of the organization as a whole. On the other hand, the challenges of strategic management – even if they seem to be postponed at a given moment – take effect in the long term, affect the organization as a whole, and are directly related to the survival of the organization.

The table below shows the difference between the two types of management:

Table 1. *Differences between strategic and operational management*

Strategic management	Operational management
Complex situations, unique solution methods	Routinely manageable, clear decision-making situation, frequently used decision-making models
Decisions that affect the organization as a whole and are of fundamental importance	Decisions affecting parts of the organization and specific isolated functions
Long-term effects and consequences	Short-term effects and consequences

Source: Marosan[4]

8.1.2 Pillars and processes of strategic management

Strategic management processes are practically grouped around five main tasks:

1. Defining the strategic vision and the mission and developing them.
2. Setting goals.
3. Developing a strategy in order to achieve the goals successfully.
4. Implementation and execution of the strategy.
5. Evaluation, continuous monitoring[5].

Problem solving requires a strategic analysis in order to get a realistic picture of the company's situation. The internal and external conditions must be assessed and planned, how they can be restored. It is necessary to prepare a plan, which must include where the business is headed.

The strategy is formed during a rational decision-making process. Three stages of the decision can be distinguished: the analysis, the choice/decision between the options and the implementation/execution. The starting point of the process is the appearance of a problem affecting the organization. In reality, the steps of analysis, decision and execution often overlap.

As a result of the circumstances, it may happen that a decision has to be made before all the decision variants have been explored (and this is especially typical in agriculture), and since the strategic position is constantly analyzed during the implementation, a new decision situation may arise based on this. In general, the creation of a strategy consists of stages built on each other, which most companies go through step by step. Each section can be broken down into further sub-tasks (Figure 1). The management steps and sequence are of course the same in the field of agribusiness.

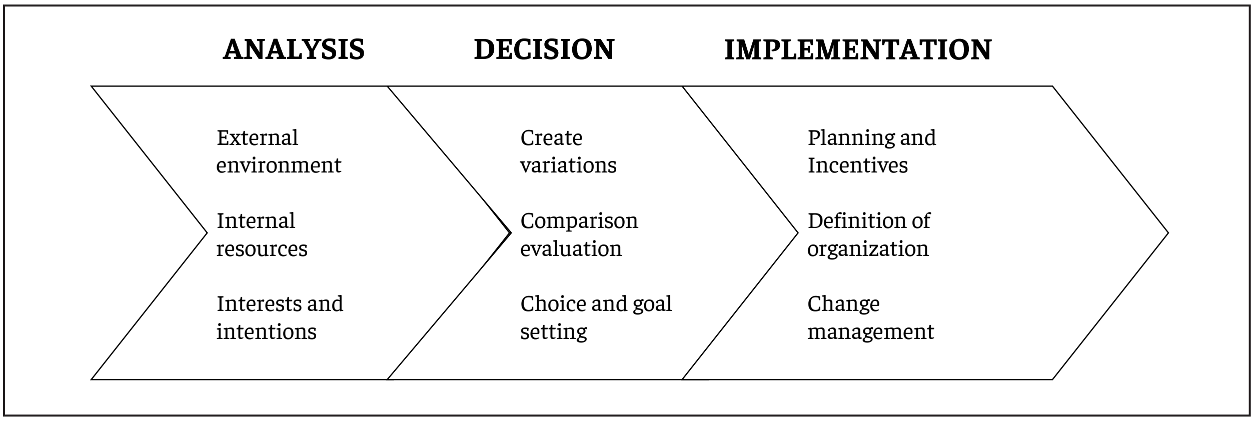

Figure 1. *The simplified process of strategic management*
Source: Marosán[4]

In the course of the analysis, the organization's external environment, internal resources, and the interests influencing its efforts must be connected to each other, as a result of which the organization's strategic situation can be revealed, which contains many opportunities and threats.

The first step of a strategic decision is the creation of decision variants, the second step is the comparison and consideration of these variants, and finally the decision itself is the last step. In the past, the decision stage was only considered a formality and no deeper analysis was done, but nowadays it is seen as a complicated process accompanied by conflicts of interests within the organization. Taking into account the interests of the groups influencing the decision is an important factor.

In the implementation phase, the implementation of the selected strategy is institutionalized. The first task is to create the organizational conditions for the strategy, which mostly includes strategic planning as well as the appropriate distribution of the resources necessary for implementation. The next task is to develop the organizational form and culture. Finally, in this stage, the implementation control system is created, as well as the management of changes.

8.2 Organizational culture

8.2.1 The company's core values, mission, vision, and the Golden Circle

The main goal of the strategy is value creation. It defines the possibilities (value creation), is related to the implementation (value configuration) and the end result is profit, as the benefit of value expenditure.

Regarding the strategy, the first step is to develop the strategy (mission, values, vision, strategic analysis). This is followed by planning (strategic map, measures, goals), organization "in order" (business, support units, employees), organization of operations (development of key processes, sales planning, budget). This is followed by the process of monitoring and learning (strategic and operational reviews) and testing and adaptation (profitability analysis, strategic relationships, emerging strategies).

Management typically develops its strategy based on five main tasks[6]:

1. Developing a strategic vision and mission is the first step – Where are we going? Why were we created? What are our core values?
2. Setting goals.
3. Developing a strategy to meet the objectives.
4. Strategy implementation and execution.
5. Monitoring, evaluation and corrective measures [7].

Before formulating a strategy, managers must agree on the company's purpose (mission), the internal compass that guides its activities (values), and the pursuit of future results (vision). An organization's mission and values tend to remain stable over time. While vision is not as stable as mission and values, it is often constant throughout an organization's three- to five-year strategic vision. A company's values (often called core values) dictate its attitude, behavior and character. For example, the Euralis seed distributor, which has been serving European producers with corn, sunflower, sorghum, soybean, and rapeseed seeds for more than 60 years, "We create value and trust!" he tries to summarize the values behind his strategy with his slogen[1]. The Bonafarm group, involved in plant cultivation, feed production and livestock breeding, does the same with the labels "Passion and expertise", "Old passions, new values", "Everything that is fresh"[2].

All strategic work must begin with a description of core values. We can return to them at any time if we experience a blockage in the business process. Core values always help you find the right answers.

A mission statement is a short statement (usually one or two sentences) that defines why the organization exists. The mission should describe the fundamental purpose of the organization, especially what it provides to customers. A mission statement should inform managers and employees of the general purpose for which they have come together. "The business mission is therefore nothing more than an organization's (company/sector's) basic statement regarding its values and expectations." [8]

It states that the organization:

- what (what basic activity)
- why (for what social goal, future vision)
- for whom (which target group)
- how (through which projects, services, with which methods)
- where (in what geographical scope) it operates[6].

For example, John Deere declares: "At Deere, we have always believed in business activities that promote life. Whether it's road paving or tree planting, we shape the spaces that sustain us. We turn raw materials into machines that create a chain of livelihoods - from supplier to trader, from our customers to their consumers, from us to our community. For the sake of productivity, profitability, and the planet, we build our innovations not on finding problems, but on revolutionary solutions that make every life better in the only world we know. With the dignity with which we are worthy of the Deere name, we live with nature, carefully operate our factories and support the people who trust us and the planet that sustains us. Working together to design and delight, test and educate, outperform and overcome difficulties to make life even better."[3]

The vision defines the medium- and long-term (three to ten years) goals of the organization. It should be market-oriented and expressive – often interpreted as a vision. A statement that provides a clear, specific aspiration.

„The vision is therefore the definition of a target state that constantly shows the direction to be followed for all those involved in the implementation of the strategy. The target state must be fixed at all levels of the strategy, regardless of whether it is the implementation of a company, a settlement or region, a country or an international strategy"[9]. On the basis of all this, creating a vision of the future is also a choice of direction, as it expresses the values, activity and risk-taking ability of its creators. With its help, you can focus on change, innovation, the development of organizational capabilities, the continuation of strategic activities, and generally staying competitive.

The organizational strategy must be renewed at least annually. At the meeting, the team reviews and confirms the company's mission, values and vision. Analyzes external and internal information and summarizes critical strategic issues in a SWOT analysis. If the management sees that significant strategic and cultural changes are needed in the coming years, it clarifies the need for change through strategic change, which can be communicated throughout the organization. If the existing strategy continues to work effectively, the team may decide to change it only gradually.

The leader definitely has a significant role in how the given decision will be made, what the basic goal will be, and what the core values will be. According to SINEK the best leaders think according to a so-called "golden circle" method[10]. The golden circle concept takes its name from the golden ratio, a simple math-

[1] euralis.hu, 2021

[2] bonafarmcsoport.hu, 2021

[3] deere.hu, 2021

ematical relationship that often appeared in nature and art, and was used by mathematicians, architects, and artists even at the beginning of history. The golden circle method helps us understand why we do what we do, and also shows how much more we can achieve if we ask the question "Why" before every activity we start. It's all about "Why?" starts with a question.

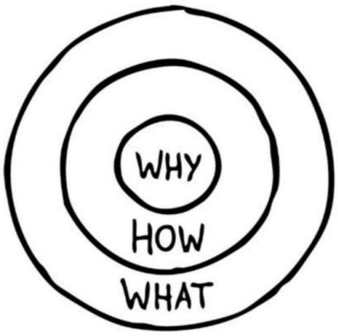

Figure 2. *The golden circle*
Source: Sinek[10]

WHAT: The management of each company probably knows what it does (what product, service it offers). This is true in all cases, regardless of the size of the given company and the industry. All organizations can easily define what they do and describe their products and services in detail. The „What?" based on these, it is easy to answer the question.

HOW: Some companies and people know "how" to work on the "What?" with a question. The "how" typically gives a precise description of why or in what way the given product or service is better compared to competitors on the market. What makes it unique? Difficulties may arise here for some organizations.

WHY: In the end, very few organizations and top managers articulate clearly why they actually do what they do. When we look for the answer to "why", we search for why do I get up in the morning and do everything to make the business successful? Why is this important to me as a manager or employee? Therefore, "for money or for results" is an incorrect answer. When in most organizations they start with the "what" and then close the strategic planning with the "why": they rarely answer the question "why" we do what we do[11]. On the other hand, those managers who are able to motivate their employees at a high level always give the answer to "why" first and will be number one committed to making the "cause" a success.

8.2.2 The relationship between values and organizational culture

Values and culture determine what strategy a company considers or rejects. A fundamental statement that a company should not take strategic actions that conflict with its culture and/or guiding values widely held by its leaders and employees.

The formation and implementation of a culture that enhances the competitiveness of a company requires systems approach, understanding, intuition, ability to combine, calculations, judgment and communication skills from the top management. The management must create the culture of the company, its coordinated components and system, as a result of the "discussion" with the division strategy. Culture, unlike "hard" factors such as buildings or external elements of image, is difficult to copy. This is especially true when looking at international markets.

Corporate culture is a special immaterial resource: a system of values that is present in the company's organization, operation, management, and material and non-material output, and the more it is integrated into these, the more significantly it can increase the competitiveness of the organization and its operations. The corporate culture must be integrated into the entire system: starting with the formulation of the company's mission and concluding with the definition of the basic elements of the customer relationship.

A better understanding of organizational culture is illustrated with some models in the following.

8.3 Organizational culture models

8.3.1 Iceberg model

The classic model of Edward T. Hall[12] compares the organizational culture to an iceberg (Figure 3), the part above the water is clearly visible and can be easily examined with the naked eye, while the parts below the water lie unnoticed in the depths. Newcomers can cling to the tip of the iceberg, but they can only learn about the hidden, invisible characteristics during interactions with old members and during a longer time spent in the organization.

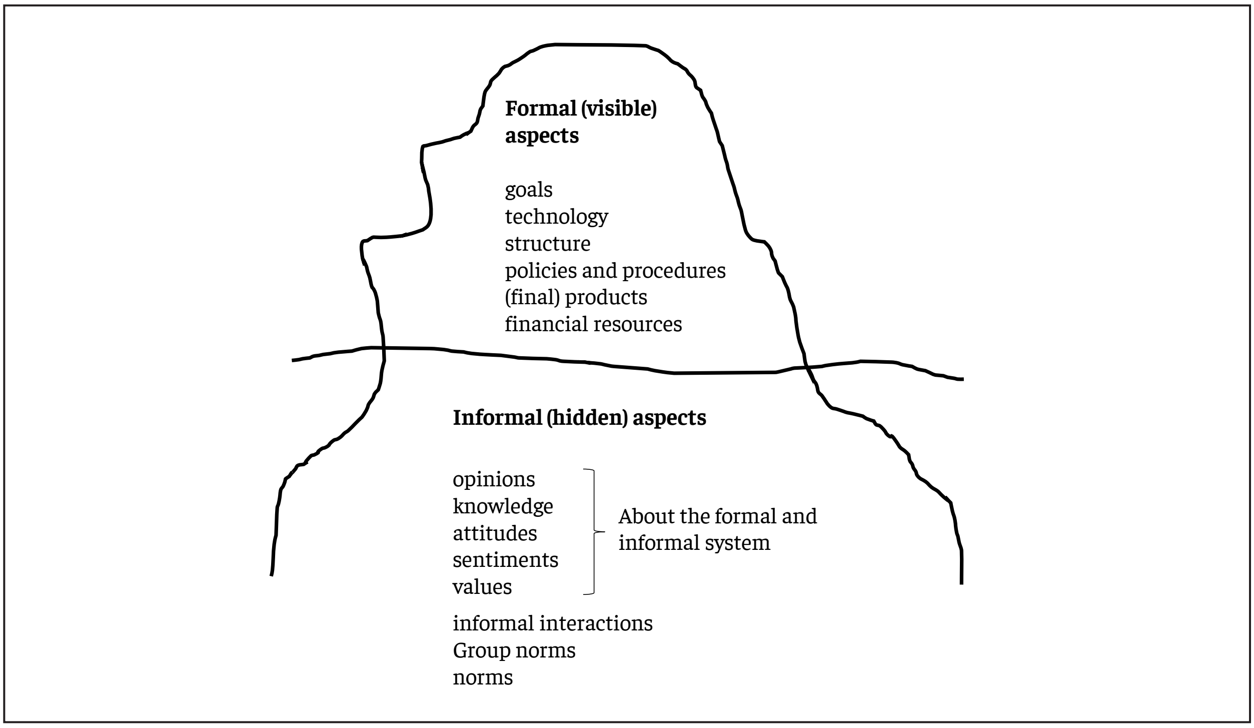

Figure 3. *Iceberg concept illustration*
Source: French and Bell[13]

If we ignore the hidden characteristics of culture, we make a serious mistake, as we did then, because we are not aware of the unexplored piece of the iceberg. If we stay on the surface, of course we are constantly faced with "symptoms", but we can never understand what lies behind them, what are the real root causes, the essential driving forces. "Real organizational culture can be seen in the values, assumptions, beliefs, feelings and attitudes"[14]. John Deere, for example, adheres to these values: honesty, loyalty to the roots, leading technical solutions, always staying green.

8.3.2 Cameron-Quinn model

Based on Bakacsi[15] the model (Figure 4) takes a closer look at what values organizations strive to increase their efficiency by taking into account. He identifies two such values based on research:

Inward or outward focus: when the organization focuses on the efficiency of processes and members or on the fit with the environment (and its needs).

Flexibility or tight control: we can observe greater freedom of movement and greater freedom of decision based on discretion or tight control and more regulation of the behavior of the members in the organization.

The two dimensions form a four-quadrant matrix, and each quadrant shows the types of organizational culture.

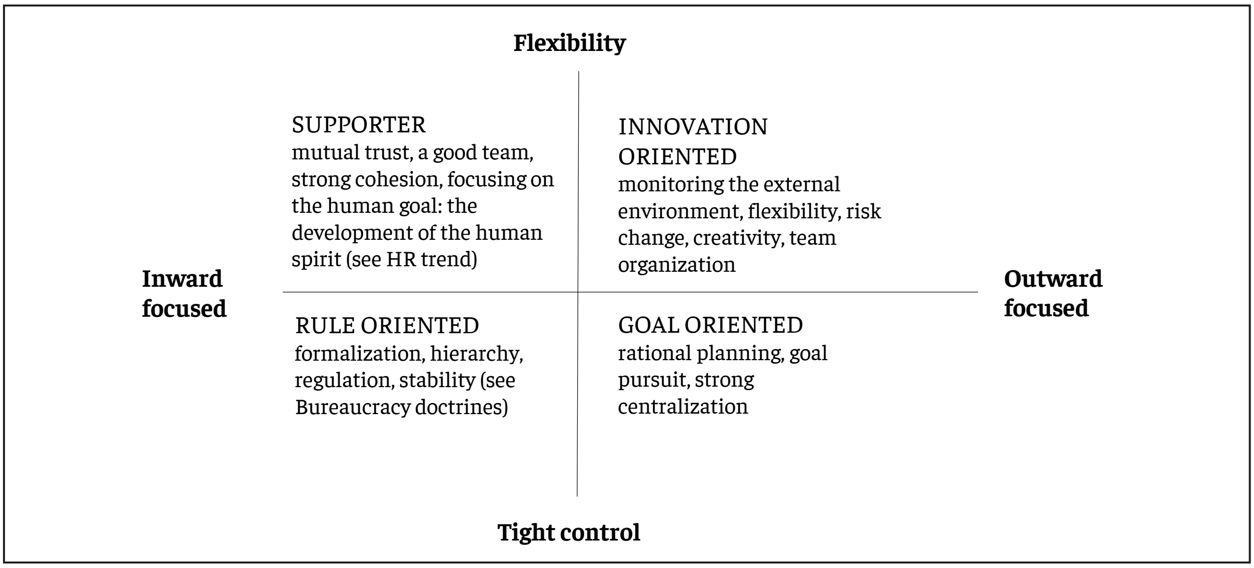

Figure 4. *Elements of the Cameron-Quinn model*
Source: Cameron and Quinn[16]

Supportive culture: characterized by mutual trust and responsibility, joint participation, cooperative behavior among members, good team spirit, strong cohesion, individual development, and the realization of self-fulfillment. In addition, the sufficiency and acceptance of informal and mainly oral communication, commitment to the organization. Its central value is the development of human resources (e.g. through training, coaching, and the use of coaching). For management, employees are more important than environmental challenges.

Rule-oriented culture: its characteristics are respect for formal positions, rationality of processes, regulation, strong division of labor and formalization. In such companies, hierarchical organizational solutions, written communication (often based on instructions and subsequent announcements of "we made this decision"), and the complexity of decision-making (slow turnaround) come to the fore. Its central value is stability and balance, communication serves this, and decisions are based on this. For management, the most important thing is to preserve the results achieved up to that point. Its background in organizational theory: bureaucracy theories focusing on internal processes, as well as organizational culture, which is also common in agriculture.

Goal-oriented culture: its characteristics are rational planning, central goal setting, efficiency, expectation and respect for high performance, the central role of managers, oral communication tied to tasks. Its central value: productivity, efficiency, profit. Management focuses primarily on achieving goals. Typically, top-listed companies operating in a highly competitive environment can be found here.

Innovation-oriented culture: characterized by increased monitoring of the external environment, risk-taking experimentation, creative problem-solving, competitive spirit, future orientation, foresight. In addition, the free flow of organizational information, working in teams, creating task groups, constant training and learning. Its central value: growth and acquisition of environmental resources, flexibility, constant readiness. Management focuses on exploring and seizing opportunities.[17]

The role of culture is essential in terms of management processes. It decisively determines the values along which the mission and vision are built, and at the same time designates the toolkit for strategic planning, implementation and control as well.

8.4 Competition and strategy

The first step in planning the strategy (Figure 5) is the analysis of external and internal conditions. This can be followed by the formulation of strategic goals. As a final stage, the tools and methods for implementation are assigned to the goals. We analyze the organization's external environment, study the position of competitors, and identify our future partners. We examine our resources (material, human, technological, innovation, etc.) and capabilities. Continuous and conscious analysis of the external environment is essential in order to timely assess the opportunities and threats that can improve or worsen the organization's performance.

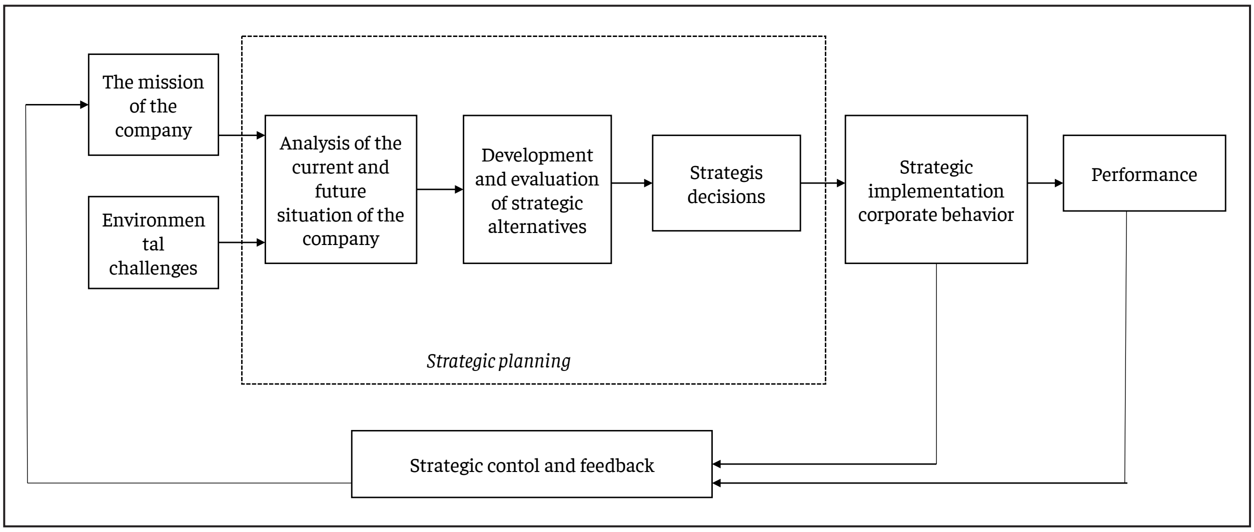

Figure 5. *The design model of strategy creation*
Source: Tóth[18]

In planning, the establishment of long-term strategic goals is the primary priority, without them the survival of the organization is quite doubtful. The long term means a period of 2-5 years.

The strategy is basically created to make the company competitive and to maintain and/or increase its competitive advantage. In order to improve our competitiveness. P. Drucker recommends following actively the next information[19]:
- The unexpected external event, success, failure,
- contradiction between plans and reality,
- The needs of the processes of use,
- changes in the structure of the industry or the market,
- demographic changes,
- the transformation of consumers' attitudes and
- new knowledge, either scientific or non-scientific.

The competitive strategy is usually modified in the following main dimensions[20]:
- Specialization takes place.
- Brand recognition is in focus.
- They increase the quantity/quality of indirect and direct advertising.
- A sales form is chosen/changed.
- They change the quality of the product.
- They strive for technological leadership.
- Vertical integration is initiated
- Cost position is improved.
- Customer service is being improved.
- They use a price policy.
- There is a change in ownership influence.
- The quality of the relationship with the parent company changes.
- The relationship with one's own and the host government changes.

In the field of agriculture, Fleet, Fleet & Seperich identified eight factors that influence strategy and make this field special[21]:

1. The product is food, with all its special characteristics.
2. The biological nature of agriculture (e.g. weather, pests, diseases, weeds, pregnancy cycle, climatic determination of wine grapes).
3. Seasonal nature of the business.
4. The uncertainty of the weather.
5. There is a huge variety between the types of agricultural, food and food industry enterprises.
6. Diversity of market conditions: cotton growers present an almost textbook case of perfect competition in a market where individual sellers have almost no influence on price. At the same time, Coca-Cola and PepsiCo have a literal duopoly on the soft drinks market. Some markets are global, others are local. Some markets are characterized by an almost equal bargaining position between the buyer and the seller, while in others a dramatic imbalance may develop in favor of one or the other player.
7. Close connection with the countryside: many agricultural enterprises are located in small towns and rural areas, thus playing a very important role in the economic development of the countryside.
8. The role of the government is of particular importance (e.g. price regulation, income regulation, health protection, use of plant protection products, animal waste management, customs duties and quotas, etc.)

8.4.1 The process of strategic planning with hierarchical levels

Strategic planning can be based on the three hierarchical levels:
1. Company-level strategy,
2. Division strategy (about market and product) and
3. Functional strategy (about processes, resources).

David et al. describe that when measuring performance, the payment of bonuses at the company-level strategy is 75% based on long-term goals and only 25% on short-term goals, while at the functional level this ratio is the exact opposite: 75%. At the level of the divisions, this ratio is approximately 50-50%[22].

Based on Mező et al.[23], Porter distinguished three basic types of company-lrvel strategy basic strategies by analyzing the possibilities of creating and maintaining a competitive advantage (Figure 6).

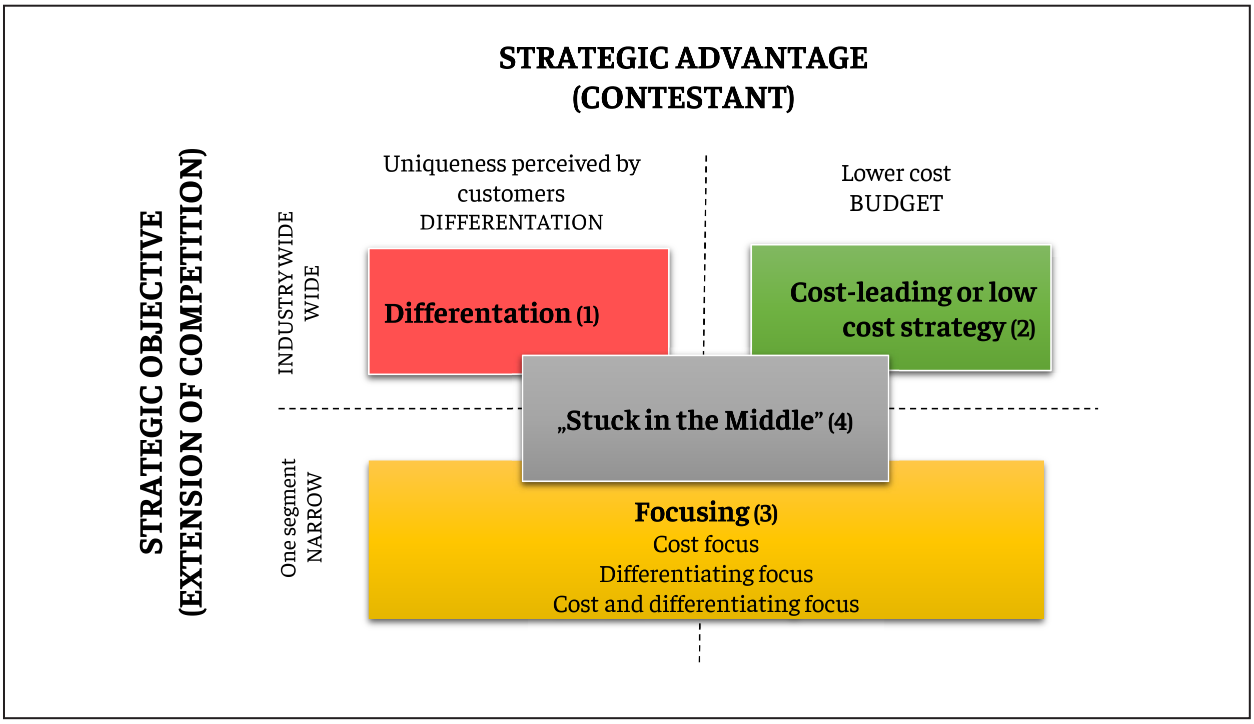

Figure 6. *Porter's basic strategies according to competitive space and competitive advantage*
Source: Lőre[24]

A company may have industry-wide competitive advantages that enable it to pursue a cost-controlling (cost-leading) strategy. For example, in the case of pocket calculators, the number of competitors was radically reduced in the 1970s, so Texas Instruments was able to offer its products at more advantageous prices than its competitors, and established a price-controlling position. Taking an example from today, the general strategy of Hyundai and KIA can typically be classified here.

In this case, the company's goal is to surpass the competition by reducing costs. Although every company tries to control its own costs, the cost manager has an extreme advantage in this regard, since he makes all the decisions about products, markets and special capabilities. The cost-leading company usually focuses on narrow product differentiation.

It only develops products when consumers specifically demand them, in which case the goal is not to lose the market. The cost leader usually focuses on the average consumer, and the most important special ability lies in the production function, where he strives for perfection (which can further reduce costs). Its most important danger is precisely that the competitor invents a production method that can be operated at a lower cost.

Many companies gain a competitive advantage in uniqueness, building on differentiation rather than excelling in mass production and cost reduction (differentiation strategy). For example, in the case of Coca-Cola, the soft drink vending machine was a new, unique distribution channel at the time, which had a distinctive advantage. The most important aspect in this case is to achieve a competitive advantage by creating a product or service that the consumer considers special and extraordinary. Such brands are, for example, BMW, Audi, Mercedes, Volvo, Mazda in the automotive industry, Tebike Pálpusztai cheese from agriculture and the dairy industry, or Garabonciás hand-kneaded Parenyica cheese, and in general, domestic foods with the "Hungaricum" certification.

The company typically wants to achieve differentiation through branding, better technology, better service, and thorough knowledge of the selected segments. It spreads the products more widely, just like the cost planning company, although in many cases this causes difficulties at the start (e.g. getting listed in a larger supermarket chain).

The strength of the concentrating (concentrating, focusing or specialization) strategy lies in the fact that they target one market segment and satisfy its needs to the fullest extent possible. In this case, there are at least two approaches[25]:

Low-cost approach – in this case, you compete with the cost leader in those segments where you have a local cost advantage (e.g. you get a better price on transportation or production costs). From 2004, the pivotal point of the strategy of Suzuki in general, but also of the Suzuki Swift (1983-) in particular, is clearly the low-cost production (China, Hungary, Pakistan, Malaysia, Thailand, Vietnam) and the affordable price, the small car (small-class popular car) segment getting and keeping first place. In addition, the need for differentiation quickly became apparent in several areas of development.

Differentiating attitude – these organizations are usually successful in perfecting the characteristics of the differentiated product because they know small groups of customers or a certain region intimately (e.g. Subaru, Land Rover, or Liszt Rapsódia artisan chocolate from Dombóvár, or Lolo snack products from Kaposvár, from the food industry, which are vegan, oil-free and additive-free products).

The competitive advantage of a specialized company lies in its core competence. It finds opportunities in market niches, which it fills with products and services without which consumers cannot exist. A specialized company focuses on serving the market segment defined by the territory, customer category or part of the product line. You are protected from your competitors to the extent that you can provide a product or service that they cannot. These companies are mainly threatened by the sudden disappearance of the segment due to an innovation change or a change in consumer tastes and interests.

Porter claims that these strategies are almost always suitable for creating a competitive advantage, regardless of the specific market situation. He recommends that a company focus on developing and implementing only one dominant generic strategy because differentiation and low cost cancel out each other. A company that wants to combine these will be stuck between opposing strategies and will not be efficient.

Organizations can choose from 11 different strategies (Table 2).

Table 2. *Strategic alternatives at different hierarchical levels*

The essence of strategy	The name of the strategy	Its characteristics
Vertical integration	Forward integration	Gaining ownership or control at a distributor
	Backward integration	Gaining control and ownership at a supplier
	Horizontal integration	Gaining control and ownership at a competitor
Intensive growth	Market entry	To increase the market share of an existing product in an existing market through marketing
	Market development	Distribute an existing product/service in a new geographic region
	Product development	Increase market share by further developing existing products, modifying them or creating new ones
Diversification (Offer Expansion)	Joint diversification	Acquisition of an existing, related product or service
	Independent diversification	Launching a completely new, unrelated product or service
Defense	Constraint	Reorganization, cost reduction, sale of properties
	Disconnection	Selling a division or unit
	Liquidation	Selling the entire company piece by piece

Source: David et al.[22] based on own editing

Most companies run 2-3 strategic alternatives in parallel, but in the long term this so-called combination strategy is very risky. Many of the organizations involved in the food sector have successfully integrated forward or backward into the vertical, as well as some member companies of the previously mentioned Bonafarm group, but a recent example is that Spar Magyarország Kereskedelmi Kft. acquired the manufactory of Zimbo Perbál Húsipari Termelő Kft., thereby adding new meat producers acquired interest (backward integration).

The main suggestion is to select the top priority, as resources are limited. This sustainability is especially true in the era of the green economy. In the words of the authors, "if you're heading north, the plan is to get snowshoes and a warm jacket and forget about trying to generate rapid consumer growth in the southern states." At the same time, the three defensive strategies can be operated side by side, complementing each other. For large, complex organizations, such as Mondelez and Unilever also operate several strategies side by side, since different divisions can operate according to different strategies. In a fiercely competitive situation, it is a matter of survival to maintain positions and, if possible, to further improve them. This usually requires choosing a growth strategy. It is important to note that the strategy, which is purely aimed at market expansion/growth, and the company is not a "green" company, its product/service is not useful from a sustainability point of view, nowadays in developed countries it receives more and more criticism from experts and scientists.

If the management decides on a growth strategy, it can choose from the following options (Table 3).

Table 3. *Growth strategies*

Strategies	Advantages	Disadvantages
Organic growth (the company develops new activities internally)	• Lower risk • The possibility of continuous learning • More controllable	• Slow • Lack of necessary knowledge – wrong decision
Acquisition	• Fast • Presence, purchase of market share • Buys experience	• There is a high price to pay • High risk of wrong decision • The right company is not always available • It is difficult to get rid of unnecessary wealth
Strategic alliance (agreement between two companies)	• Cheaper than pickup • Access to market knowledge • Useful if the acquisition is not favorable	• Possibility of control difficulties • Potential driving problems
Joint venture (joint venture) (independent enterprise jointly founded and owned by two companies)	• As with the strategic alliance, plus • Better incentive, closer connection • Other competitors are better excluded	• As with the strategic alliance

Source: Barakonyi[26]

For a strategic alliance, David et al. cite the example of Apple and IBM[22]. While in the 1980s the two companies acted as competitors on the market, today they jointly manage the development of more than 100 applications. With this collaboration, Apple quickly expanded in the business world, which was traditionally IBM's market, and IBM was able to successfully sell its business software on the mobile device market.

More than 10,000 joint ventures are registered every year, more than the total number of acquisitions and mergers we are aware of, the author duo writes. IBM cooperates with the Twitter and Facebook organizations, as the large amount of meaningful user data (Twitter alone registers more than 300 million monthly active users) gives its partners the opportunity to developnew so-called "social data-enabled" programs.

In addition to the strategies summarized above, being the first to enter a given market/segment, ahead of your competitors, can be a valuable competitive advantage. Outsourcing is also a popular strategy. After 2010, European and American companies in many cases outsource production, technical service or "back-office" activities, leaving only research and development in-house. During the prime ministership of Donald Trump, an effort was launched to resettle production in the mother country ("Made in the USA" program). Predictability of wages, lower gas and electricity costs, legal protection, stronger control over quality and distribution, strong economy, lower transport costs, greater respect for human rights, stable political system speak in favor of resettlement.

8.4.2 Factors influencing the strategy

The industry situation decisively determines the initial competitive strategy. Let's take a closer look, what does this mean?

In divided industries (e.g. monopolistic market conditions), the following areas come under the magnifier:

- What is the structure of the industry and what is the position of the competitors?
- Why is the industry divided, what is the reason?
- Can the division be overcome, and if so, how?
- Can bridging the division be profitable?
- How should we choose the market position of our company in order to make this step?
- If division is inevitable, what is the best alternative to deal with it and operate more profitably?

These questions must be answered in emerging and rising industries:

- Is our company a founder or a follower? Do we dictate, do we have the know-how/patent?
- Are raw material sources secured? And the sales channels? Who are the suppliers? What kind of reserves does the supplier base have? How can this range be strengthened?
- Are entrants closely monitored? Can we set entry limits?
- Coordination of product development and customer needs is essential.

If we compete in mature industries, companies are concerned with the following aspects:

- "The changes accompanying the transition to maturity hold serious dangers."
- Increasing discipline in the organization is an important task.
- Expectations regarding advancement must be moderated.
- Greater attention should be paid to human factors.
- The need for recentralization may arise.

In declining industries, strategic focuses change:

- The goal may be to preserve the leading role.
- We can stay in the industry to fill a market gap, serving the needs of "lagging" and loyal customers.
- Harvesting, collecting the profit that can still be realized with gradual downsizing.
- Rapid capital withdrawal and switching can also be the new strategy.[27, 28, 29]

It is customary to compare strategies with certain stages of the life cycle model, since strategy and strategic actions are both easy to understand and separate from each other.

The life cycle model starts from the assumption that industries, companies and products all go through a development process that lasts from market introduction to decline. The development process has 5 stages (in the classical interpretation only 4, since the breakthrough stage is not named):

- introduction,
- (breakthrough),
- growth,
- maturity,
- decline.

We examine the brief characterization of each stage in a marketing strategy approach. A different strategy and tactic is focused on for each stage. These are included in Figure 7.

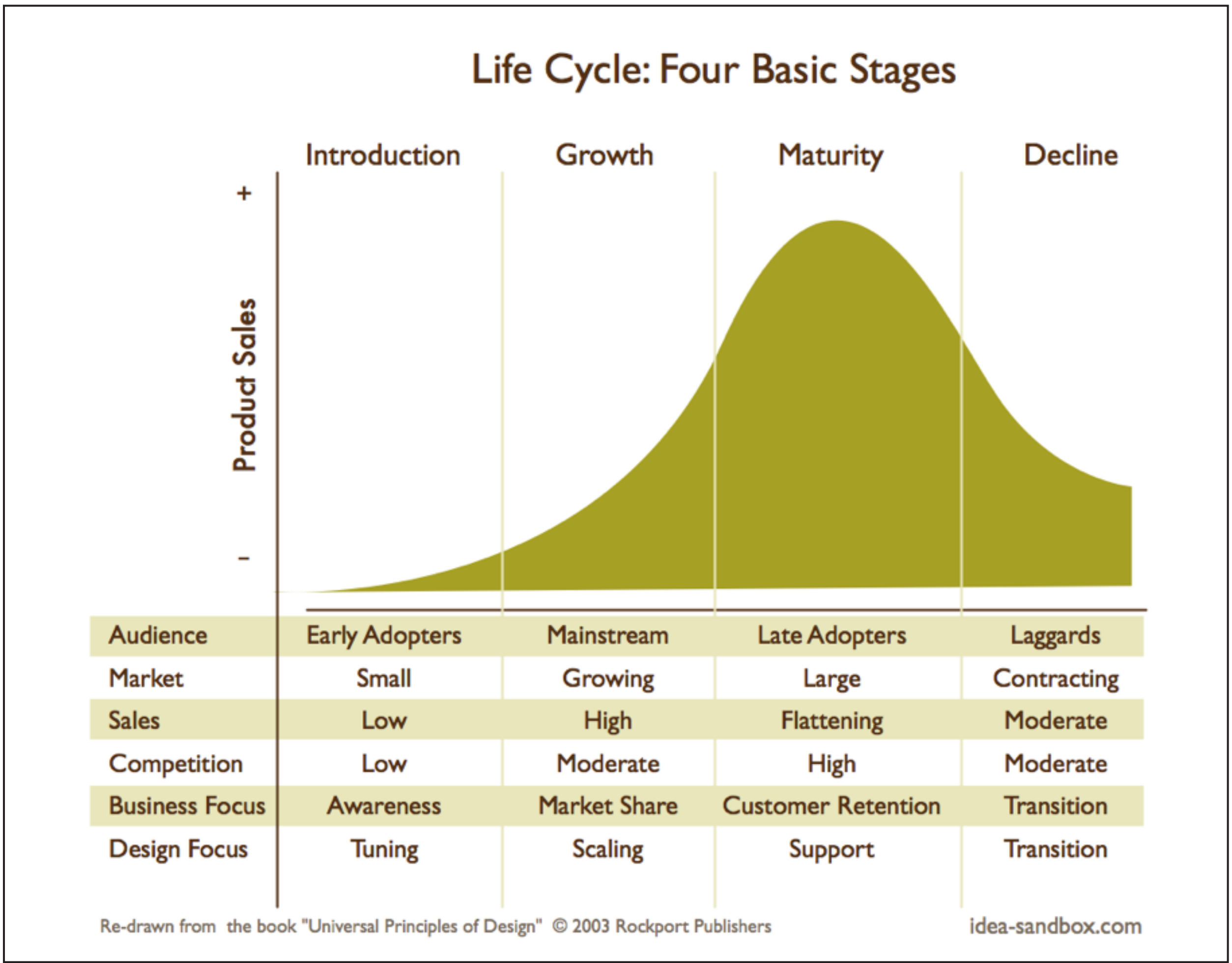

Figure 7. *Marketing strategies at different stages of the product life cycle*
Source: https://acarrascoblog.wordpress.com/marketing-concepts/product-life-cycle-stages-and-strategies/

In the case of technologies, it is easy to follow the case of life cycles running in parallel (Figure 8): in our example, the fourth generation phones are already in the maturity stage, but meanwhile the 3G phones have already reached a declining phase. Today, 5G technology is in the introduction phase, well before the breakthrough phase, while the previous two technologies are still on the market.

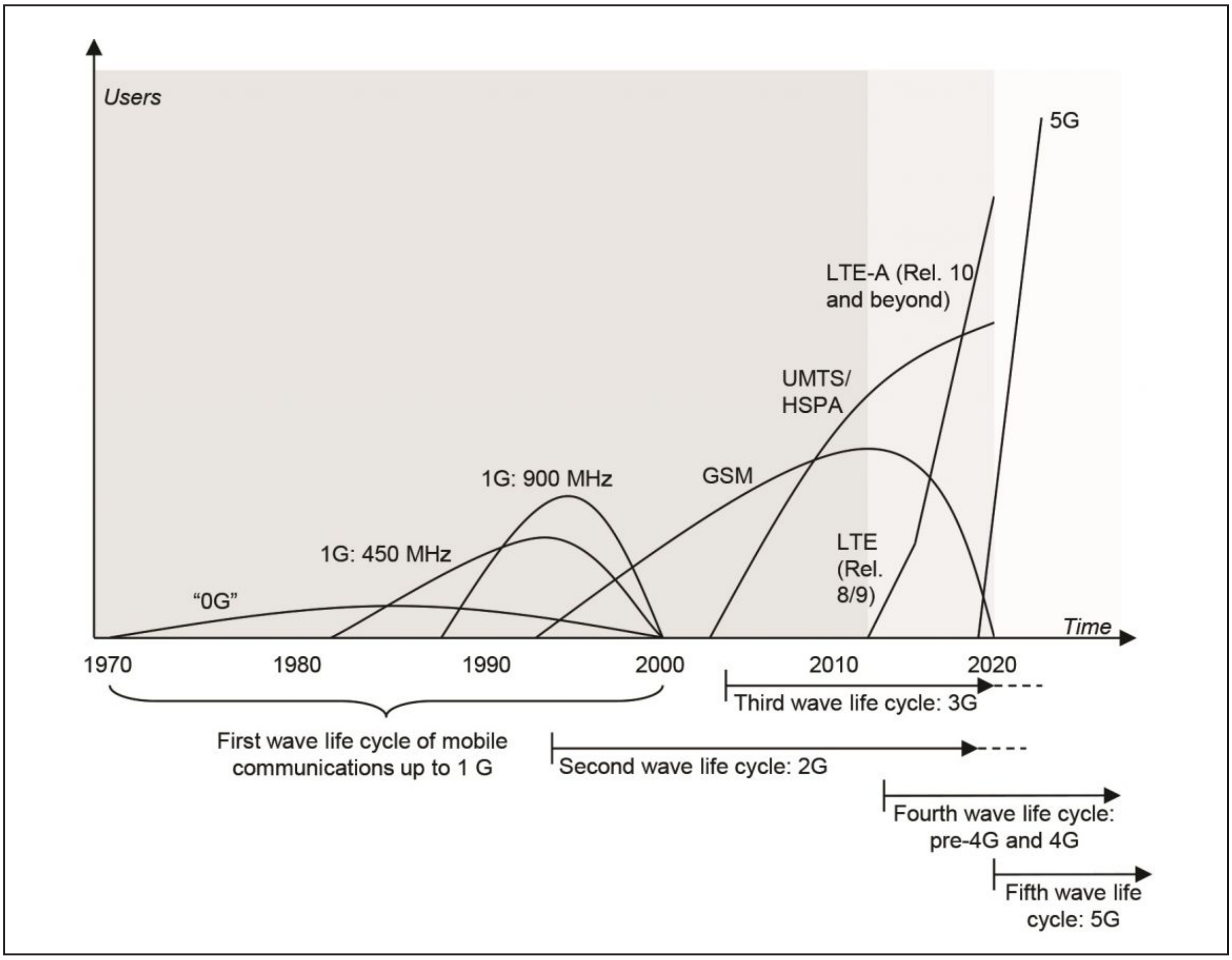

Figure 8. *Coexistence of life cycles for technologies: from 1G to 5G*
Source: https://interferencetechnology.com/mobile-generations-explained/ (2019.08.07.)

In some cases, life cycles follow a path different from the general one, and the development of the life cycle can have a significant influence on the corporate strategy.

8.5 About internal and external resources

Every organization has strengths and weaknesses in each functional area. It is advisable to analyze these areas regularly so that the processes work with the best efficiency. If we accept that the company strives to satisfy customer needs and create maximum value, then this internal audit can also be interpreted as an audit of value-creating processes.

8.5.1 Value chain model and 5 force model

The processes are vividly summarized by Porter's value chain. According to his concept, a company is able to operate effectively if it is aware of the importance of its key processes and can devote its resources to increasing the value of its products and services.

Chikán writes that the company's value chain consists of a series of activities that use resources to produce recognized value for the consumer[30]. Thus, the important question is not how the company evaluates the production process, but how the consumer evaluates it. A process group will be effective when the needs of consumers are satisfied, as consumers are then willing to pay a price for it that covers the company's costs and generates a profit.

Dobák states that the value is when the consumer not only buys the product or service, but also the process itself, which produces these products and services for them[31].

Today, we can make the following additional statements:

- The analysis, identification and development of activities that really create value have become a defining element of the corporate strategy.
- It is considered the most important issue of the strategy: deciding where to place our company within the industry value chain.
- It has become vital to understand and accept: what value does the beneficiary really require?
- Thorough knowledge of the industry and the company's value chain is indispensable.
- The real strategic question is where the organization positions itself in the global industry value chain.
- The main value-generating activity is the service, and the "foreground" (where the customer is served) increases in value compared to the "background", which the customer has no real insight into and typically does not seek to get to know it deeply [32].

The company mobilizes resources to create value. Resources are usually divided in the following way[32]:

- financial resources,
- physical resources,
- human resources,
- technological resources,
- intellectual resources,
- fame, recognition.

David et al. recommend taking stock and analyzing the following in the internal audit process[22]:

- managers' and employees' assessment of the situation of organizational culture, internal values and other components;
- management processes (especially organization, incentives and controlling),
- marketing,
- financial affairs,
- production,
- research and development,
- the management information system.

The analysis of the value chain is used to determine to what extent and how the individual functions, activities and the resources behind them contribute to the company's value creation, as well as to the company's competitive position and the implementation of the corporate strategy[33] The elements that provide the most important competitive advantages (how resources are used) are also called core competencies.

These are the following:

– added value
– cost effectiveness
– relationship management
– uniqueness

core competencies

Porter distinguishes nine value-creating activities from each other (Figure 9): primary (creating value) and supporting (not directly generating value) activities. according to him, these can be considered the key processes of a company, the efficiency of which can be measured with continuous performance-cost analyses. decomposing company processes into strategically important factors can help to make it clear where and what costs are generated.

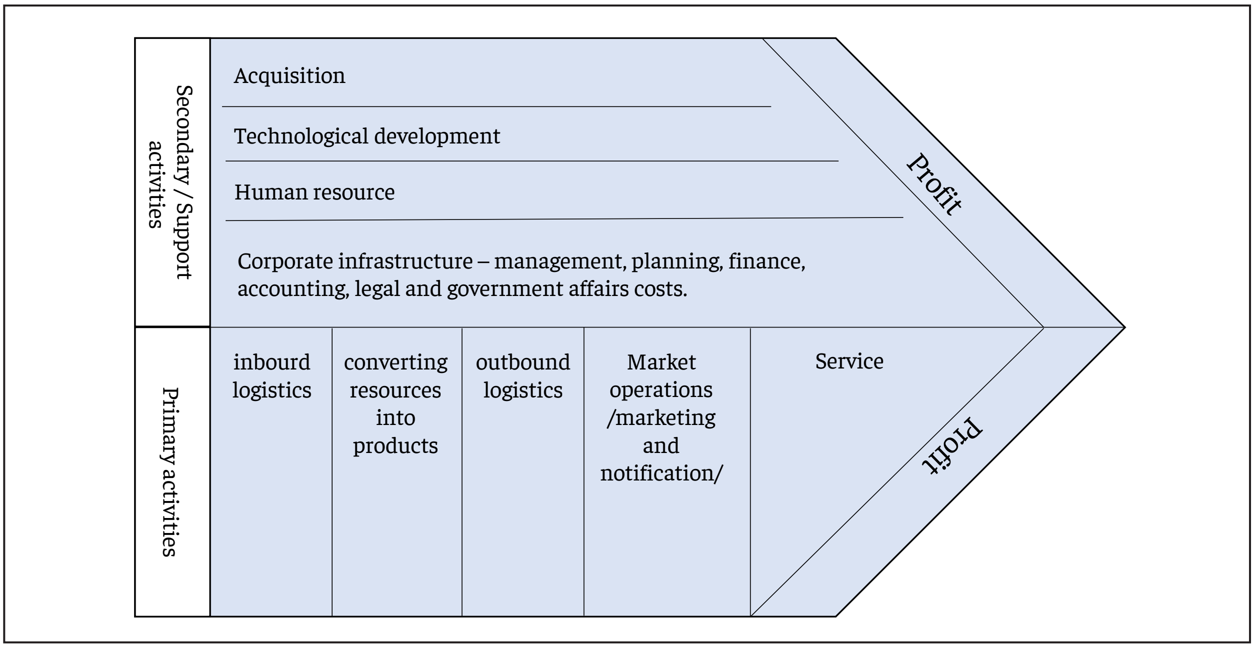

Figure 9. *Porter's value chanchain model*
Score: Keller and Kotler(2012) edited by Benedek[34]

Kiss summarizes that the activities that affect materials, semi-finished products and other inputs arriving at the company are called internal (inbound) logistics[35]. During the transformation activity, outputs are created from the incoming inputs. In addition to production, this also includes product or service packaging and quality control. The objective of outbound logistics is to deliver the product/service produced by the company to customers in the right time, quantity and quality. According to PORTER, marketing and sales are responsible, among other things, for introducing potential customers to the products offered and generating sales. He highlighted the services as an independent element and placed the after-sales contact with the customers, the areas of warranty, complaint, and sales front here.

The corporate infrastructure may include, for example, the planning, control, decision-making system, the communication and information system, the organizational culture, and cost management.

Human resource management is also a complex process, for example recruitment, selection, training, incentives are all areas that belong here.

K+F functions, the effort to develop new products, new services, further development of technologies, and process management systems appear in the technological block. To gain a competitive advantage, this is a key process element. Procurement is the group of activities that provides the inputs needed to perform the primary activities.

In several graphs, the margin (profit margin, profit) is placed at the "top" of the value chain. Based on Dankó: "The measure of the performance achieved by the company's value chain is the margin (the surplus that the consumer is willing to pay in addition to the product's production costs). This shows how well the company's "machine" works, how effectively it has been seen the previously outlined functions, and how well coordinated the relationship between them was."[36]

Modifications can be made after the analysis. For example, in the case of the production strategy, we can decide whether to outsource production or introduce a new product, perhaps change location, change the type of production process, or make a technological investment, possibly pushing for automation.

In relation to the key management processes of agribusiness, Fleet, Fleet & Seperich highlight the importance of finance, the distribution channel, marketing management and HR[21]. In the agricultural sector, the quality and quantity variability of products remains a significant challenge in the management of value creation processes. Processors, canners and freezers of lobster and shrimp, for example, must consider and differentiate between different quality raw materials. Apples and other fruits are typically sorted by size, shape and color using infrared light. Eggs and milk need to be classified, like many other products. In some cases, the weight of the products must be standardized. An additional difficulty in the production of agricultural products is the requirement of price efficiency. Production managers must produce outputs at the lowest possible price. It is necessary to produce the highest possible value in accordance with the production costs. A milk processor e.g. can rightly say that cheese has a higher market value than liquid milk intended for table consumption; but if the value is only one-third more than that of milk and requires twice as much production costs, then the price efficiency is not adequate, for this reason it is preferred to produce simple liquid milk[37].

8.5.2 Analysis of the competitors

The company and its real competitors form a specific, tight team, the so-called strategic group. They:

- in the same market segment,
- relying on the same competitive advantage,
- following a similar competitive strategy,
- with similar characteristics and
- having almost identical devices, they compete for the favors of consumers[32].

The purpose of competitor analysis is to estimate their expected future moves and how they are expected to respond to our moves. A detailed analysis of competitors is required to answer questions such as:

- Who should we compete with in the industry and what actions should we take?
- What is the meaning of our competitor's strategic move, how seriously should we take it?
- What areas should we avoid, where should we be concerned that our competitor's response will be strong?
- What are their goals? What is their strategy?
- In what direction are they changing?
- What skills and resources do they have?
- According to the customers' market value judgement, who and where is located in their minds?
- What are their strong key processes?
- What is their marketing communication based on, what is the unique product/service advantage they emphasize?

8.5.3 SWOT analysis

The development of the strategy is practically the result of a subjective decision based on objective data. Before choosing a strategy, it is absolutely recommended to carry out a SWOT analysis (Figure 10), which requires good judgment and thorough preparation from the organization. Based on this, four types of strategies can be selected, so-called "SO, WO, ST and WT" strategy[22]. The relationship between SWOT factors and selectable basic strategies is identified by Weihrich's TOWS matrix[38].

With SWOT, we can map the various markets, industries, businesses, and the tasks that are the most important for a company from a strategic point of view[39].

	THEY HELP achieve the goals	THEY PREVENT the achievement of goals
INTERNAL FACTORS (organizational characteristics)	**S**trengths	**W**eaknesses
EXTERNAL FACTORS (environmental characteristics)	**O**pportunities	**T**hreats

Figure 10. *The structure of the SWOT analysis*
Source: Pohner[40]

According to Pohner[40], Szőrös and Kresalek[41], and Czeglédi[39], strengths are the resources, abilities or other factors accumulated during the company's operation, which give it an advantage compared to its competitors. The resources of the organization are not only the factors that the owners have made available as monetary or physical capital, but also the factors that have already been exploited during the competition, as well as favorable positions that have been achieved by operating the capital. For example, a secure financial position, advanced, flexible technology and a well-qualified workforce, cost advantage, experience, know-how, new products, special services, organizational culture that supports development can be considered strengths.

Weaknesses are limitations or gaps in resources and capabilities that limit the company's performance compared to other organizations and make its market operations less and less effective. These factors can be the poor financial situation, low quality and outdated production units, outdated equipment, poor development. Even the same factors can be listed as weaknesses as strengths, depending on whether "compared to similar organizations, the examined organization is stronger or weaker in terms of the given factor"[39]. In the case of the Hart Cherry Cooperative, for example, the internal cohesion of the organization was greatly weakened, protracted internal disputes arose, even though they were faced with a simple problem. The farm was organized in 2012 with the aim of seeding and freezing the fruits of the member farms. Most of the cherries are picked from the trees mechanically, by shaking. Growers load the crop into palletized containers and transport it to the plant for processing. There are significant quality differences between the cherry shipments brought in by members, which is why it is important to be able to identify them.

Two years after the start, they were faced with the fact that the members could not be identified in all cases, as the truck drivers in several cases accidentally mixed up or left the identification cards posted on the containers. It is a simple case, but it took months to succeed with training or prevent disputes with increased control[37].

Opportunities are favorable external environmental factors beyond the control of the company that have a beneficial effect on its development. By taking advantage of these benefits, you can increase your customer satisfaction or even improve your return on capital. Such opportunities are, for example, the expanding market situation, the improvement of customer and supplier relations or falling inflation.

Hazards are also uncontrollable external environmental influences that have an adverse effect on the organization's current or future situation. Since these are more or less unexpected events, the company cannot prepare for them, so it is forced to adapt to them. Examples include rising inflation, the appearance of new competitors, the appearance of substitute products, changes in user needs, demographic changes, political uncertainty or unfavorable changes in state regulations.

The possible strategies (combinations) and the relationship between the SWOT factors are illustrated by Weihrich's TOWS matrix[38] (Figure 11).

Company	**Strengths -S** 1. Existing brand 2. Existing custumer data base 3. Existing sales	**Weaknesses – W** 1. Brand perception 2. Using intermediaries 3. Technology/ expertise 4. Cross sales channel support
Opportunities – O 1. Cross sales 2. New markets 3. New services 4. Alliances/ joint branding	**SO strategies** Utilization of strengths in order to maximize opportunities **Offensive strategy**	**WO strategies** Termination of weaknesses by utilizing opportunities Based on strenghts for offensive strategy
Threats – T 1. Consumer decision 2. New entrants 3. New competitive prod-ucts 4. Channel conflicts	**ST strategies** Utilization of strengths in order to minimize threats **Defensive strategy**	**WT strategies** Termination of weaknesses and threats Based on strenghts for defensive strategy

Figure 11. *The TOWS matrix and strategic options*
Source: Chaffey (2014) in Hajdú[42]

8.5.4 BCG matrix, GE-McKinsey matrix, positioning map

The BCG (Boston Consulting Group) matrix (Figure 12) is one of the most well-known portfolio methods for analyzing the microenvironment. It examines the products, product lines, services or business lines of a given company or division based on their relative market share and market growth. The basic purpose of preparing the BCG matrix[4][43]:

- to provide assistance for the market positioning of the company's products;
- determination of the strategy applicable to each product based on the examination of product positioning and product life cycles;
- creation of an optimal product portfolio from the company's point of view.

The BCG matrix divides products into four groups according to the aforementioned factors.

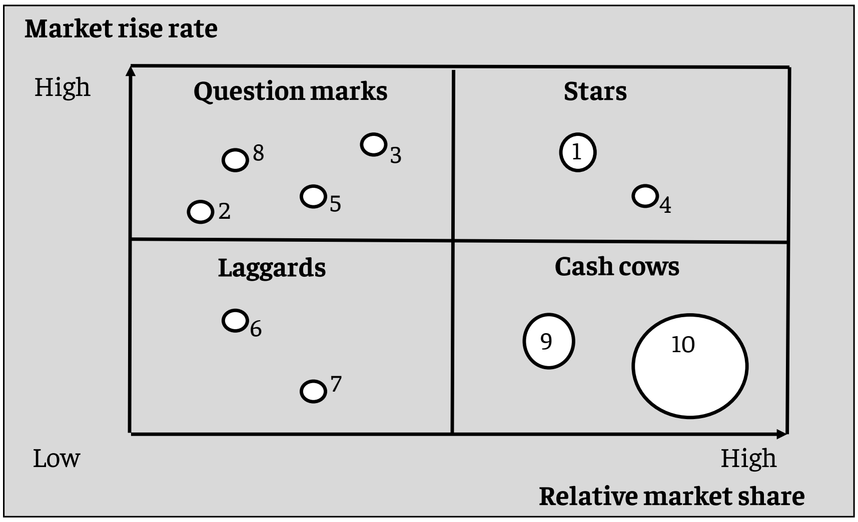

Figure 12. *elements of the BCG matrix*
Source: Gyurkó[44]

Stars are the products that occupy the best position in the target market and keep it stable. Their market share is outstanding and their growth is also high, i.e. the demand for them is strong. In the future, these products can become the primary source of company profit, so they must receive all the support: it is justified to expand production and support development, because they will be the "cash cows".

"Question marks" are typically relatively new products that still have a low market share, but show rapid market growth. It is therefore worthwhile to thoroughly analyze this type of product.

The market share of the products occupying the "cash cows" category is high, but the market rise has slowed down and is at a low level. The most important goal may be for these products to maintain their strong market position, and for the company to make full use of their potential. However, it is not worth starting new investments related to these products.

"Laggards or otherwise dogs" are those products for which neither the market share nor the market rise potential is satisfactory based on the results. Companies must stop making these products.

The General Electric-McKinsey matrix (Figure 13) was created as a further development of the previous method, providing greater flexibility and analysis accuracy. The model thinks in terms of competitiveness (competitive situation) and market attractiveness (environmental opportunities). The "upper right corner" is a safe zone and it is advisable to make additional investments here. The lower left corner is the danger zone, from which it is advisable to withdraw. The diagonal crossing the matrix (top-right bottom corner) is the "persistence" position, where you have to consider which strategy is expedient in the next period.

[4] HR Portál (2014) https://www.hrportal.hu/jelentese/bcg-matrix.html

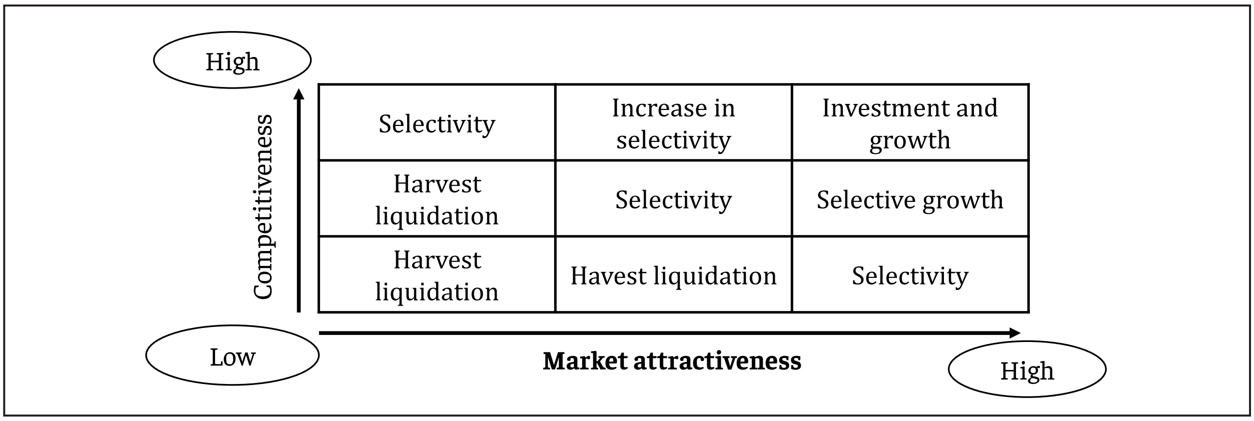

Figure 13. *Elements of the GE-McKinsey matrix*
Source: Varsányi[43]

Behind the competitiveness (competitive position) dimension can lie the evaluation of the following internal factors[32, 35]:

- market share compared to competitors,
- access to the determining competitive factors,
- profit ratio compared to competitors,
- the extent of additional services,
- effectiveness of communication,
- production efficiency,
- efficiency of K+F,
- sales network,
- product quality,
- popularity of the brand,
- development of the technology used,
- the quality of management.

A Market attractiveness (or long-term potential) depends on the following external factors:

- market size and rate of growth,
- the industry profit ratio (present and expected future),
- intensity of competition,
- inflationary tendency,
- technology and capital requirements,
- social and environmental constraints,
- market entry and exit restrictions.

All factors are rated on a scale of 1-5, at the level of business branches, and a different strategy is associated with the zones formed in this way. A result below 2.33 is considered a low value, and a value above 3.68 is considered high.

A strategy (perception) map is a two-dimensional representation that draws the companies/product categories/brands etc. its location along the two (freely chosen) most important components of the competition in the given industry. David et al. suggest that after we have designated the target segments (SZCP), we should deal with the compilation of this map[22].

The possible components are along the coordinate axes:

- degree of differentiation of the products/services,
- breadth of product selection,
- the number of market segments served,
- the distribution channels used,
- familiarity/frequency of use of the brand name,

- degree of marketing activity,
- the extent of vertical integration,
- product/service quality,
- innovation strategy (leader, follower),
- K+F capacities, role of research, etc.

With the help of the map, we can not only assess the situation, but also use it:
- We can determine the planned place of the given brand/product/service in the minds of consumers.
- We know which brands are close competitors and
- we can also be aware of what opportunities the market has for leapfrogging.

Figure 14 shows that, based on nutritional value and target group, soft drink categories can be perfectly placed on such a map. Group training offers ideas for modifying the product strategy.

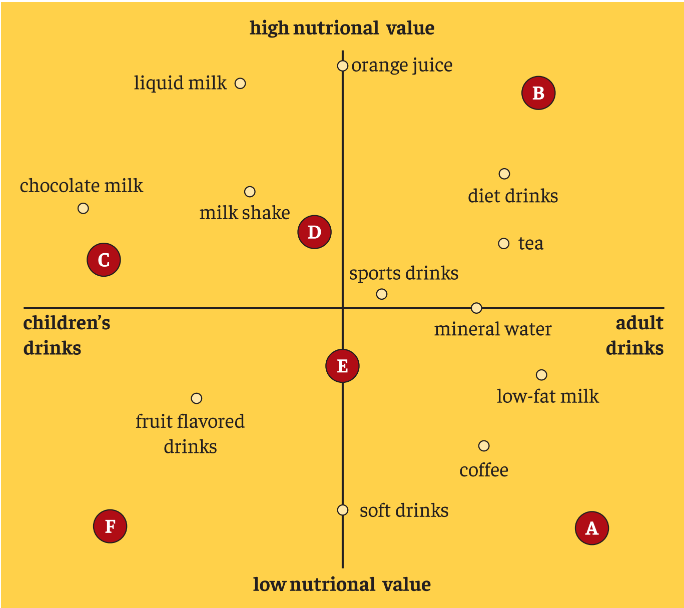

Figure 14. *Consumer perception of certain drinks based on nutritional value and target group*
Source: http://www.perceptualmaps.com/example-maps/ (2014) based on

Let's see, for example, how a seed company can develop its position. A lawn seed company markets its own seed families. The company's research department has completed the development of a new dwarf fescue variety. The variety suitable for lawns has performed very well in public cultivation. This variety produces a distinctive dark green color, dense, durable turf and is hardier than other varieties. The institute decided to try to build on these qualities and create a differentiated product that worths a higher price.

The residential market is characterized by two expected advantages: easy maintenance and environmental awareness. The position can be built on these two advantages. The variety does not grow as fast or as tall as other varieties. The fact that the homeowner spends less time mowing the lawn is an important factor. The variety also requires less fertilizer and water than other varieties, and due to the slow growth of the product, fewer cuttings need to be thrown away. This new product could be positioned as a lawn that provides more free time for environmentally conscious people[21].

8.5.5 Components for implementing the strategy

David et al. write that marketing, finance/accounting, research and development (R&D), and the management information system are the key areas for the operation of strategies[22]. The 7S model developed at the consulting company McKinsey believes that the effective implementation of strategic actions and, through them, the entire corporate strategy can be discovered in the close and balanced cooperation of the 7 (or, in addition, 8) areas shown in Figure 15[45, 46]. The model grew out of the theory of Galbraith, who analyzed the "western" corporate practices of the 1960s[47].

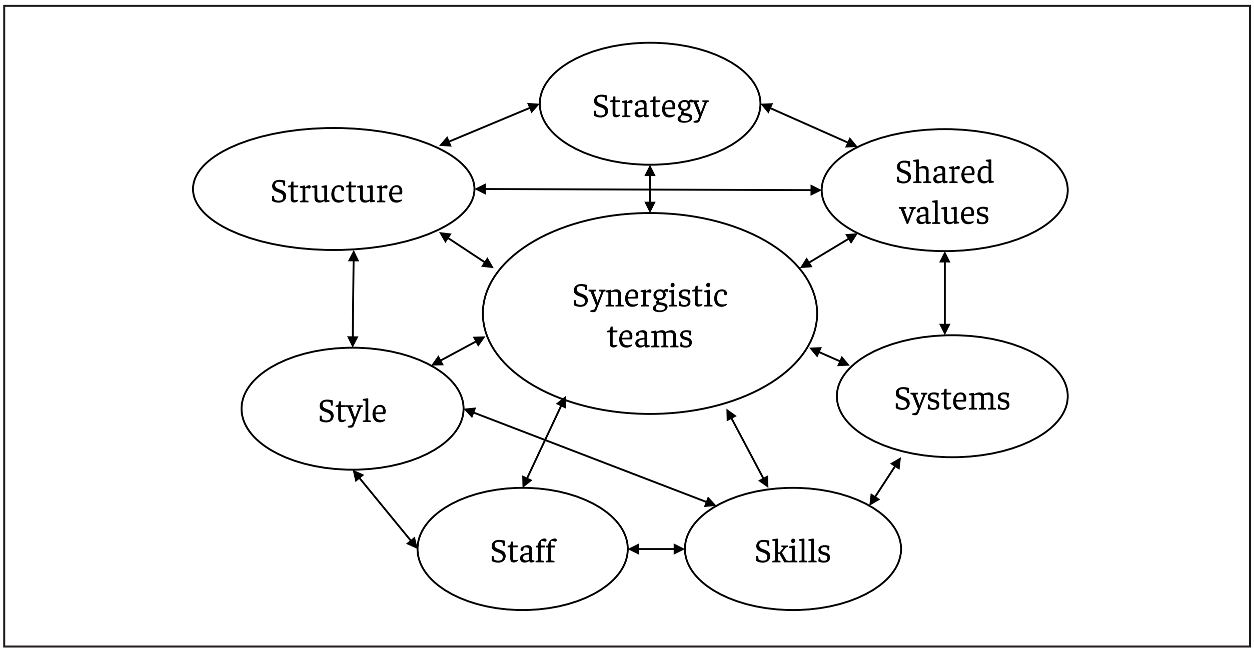

Figure 15. *McKinsey's 8S model*
Source: Fekete[9] and Csath[29]

Strategy: the combination of the vision, the set goals, the organizational values, the mission and the actions to be implemented. It defines the company's product range and services, the markets to be served, the way of value creation and the sources of competitive advantage. „The other elements must work together to help the strategy succeed."[29, 45]

Organization: Makes points of power and decision-making concrete, shows the structure of the company, the method and framework of division of labor and cooperation.

Systems: the combination of formal and informal processes appearing in the company.

Forms of behavior: it shows what decision-makers in a company consider important, what example they set, and how they behave in different situations, especially in crisis situations.

Common values (organizational culture): shows what is considered "good" and what is "bad" in the company. "What the company is proud of and what it wants to be proud of." Who is considered successful, what does the company value and what does the company refrain from doing?

Employees: characterizes all the company's employees together with their demographic data, knowledge, experience, motivation and commitment to the company.

Capabilities: include the firm's strengths, core competencies, and the quantity and quality of available resources.

Teams working in harmony: the model has recently been supplemented, and this 8th element is the central core, it brings together the other factors[29, 45].

8.6 Factors influencing the implementation of the strategy

The implementation of the strategy also means that we move from the level of strategic thinking to the level of action plans. All employees of the organization must be committed to the implementation. Human resources are the most critical factor: without understanding and commitment, management faces significant problems. The implementation strategy moves from top to bottom and affects all divisions and functional levels. An incompletely implemented but well-functioning action is better than a perfect plan that only exists on paper. Unfortunately, significant differences can arise between the formulation and implementation of the strategy in practice, due to the factors affecting the strategy. Such, for example:

- lack of clearly formulated and laid down goals,
- inadequacy of descriptions, regulations, ideas, and administrative advice supporting the realization of the goals,
- incorrect distribution of resources,
- dissension within the management,
- structural inadequacy (the structure of the organization cannot be matched to the strategy, e.g. implementing an innovation-oriented strategy in a rule-oriented structure (see Figure 8)[22].

The implementation of the strategy can have different speeds and effectiveness in the case of different organizational forms (configurations: e.g. linear, functional, matrix).

8.6.1 Change management

There are different levels of change, for example changes at the organizational level and at the individual level. At the organizational level, adaptation to changes can be realized along three strategies. We speak of reactive adaptation when the organism changes after the fact, out of necessity, only after changes in the external environment. In the case of proactive adaptation, the organization anticipates expected environmental changes, takes steps and changes. Proactive influence is when the organization tries to expand its own possibilities by influencing and changing its microenvironment.

Most changes affect companies from the outside.

There may be external motives:

- changes in the international environment,
- social changes,
- technological changes,
- economic changes, such as changes in living standards, purchasing power, competitors, suppliers, employment,
- ecological changes,
- political changes, such as election campaigns, scandals, government stability, changes in the composition and program of the political elite,
- changes in the legal environment, for example changes in laws, regulations, orders[48].

Another group of motives for organizational changes comes from within the organization. The members of the organization generate the change, which can be resource development, problem discovery, retreat or renewal. These changes typically take place in a planned manner. Changes initiated by the members of the organization can be both top-down and bottom-up, depending on the role the management assigns to the employees in planning and implementing the change.

Change management communication has been a challenge for modern organizations for a long time. In the midst of chaos and uncertainty of change, employees often look to managers for information, reassurance and support. The management of change is therefore a permanent management challenge that includes individual and collective efforts within the organization. Among the tools used by leaders to promote change, the mobilization of activities is considered particularly important, as it allows leaders to activate the necessary resources and processes[49]. It is worth mentioning here that the so-called transformational leadership significantly influences employees' trust in management and the behavior shown during organizational change.

8.6.2 Wellbeing factors in the workplace

Workplace well-being can be defined as the employees' sense of well-being resulting from work. Essentially, this includes all factors that are related to work, from the quality and safety of the physical work environment, to the employee's feelings about work, to workplace relationships. According to Kun, the defining characteristics of workplace well-being include, among others, the possibility of personal control and decision-making, the variability of tasks, physical security, the possibility of earning money, supportive management, recognized social position, social relations, supportive colleagues, the possibility of using skills, an unequivocal work environment and information[50].

Organizations that pay attention to well-being create tools and conditions that enable efficient work, maintaining work-life balance, and achieving personal aspirations and goals. The goal is to create a workplace culture where all employees are taken into account, valued and recognized. An atmosphere of mutual respect promotes the development of working relationships and contributes to productivity and business performance, while the employees' sense of well-being also becomes more favorable. Perhaps the most important factor in employee well-being is a good relationship with direct managers.

For example, on its recruitment page, Caterpillar prioritizes the following: globality, the chance to work with the best, respect for the value of work, support and motivation, and a positive company culture[5].

Farkas writes that the importance of well-being at work is well indicated by the fact that a given person spends approximately 100,000 hours at work over his or her entire life[51]. The opinion of Tancsics is that it is important for organizations not only to retain and acquire employees, but to keep the well-being of their employees in mind, as its improvement offers positive effects for the company. He puts it this way, "to the extent that employees feel better at their workplace, they miss less, their productivity increases, and thus a higher level of customer satisfaction can be achieved. And there is a need for improvement, because according to an American survey, 76 percent of people are not happy at work"[52]. The costs resulting from employee dissatisfaction and other problems are closely related to absenteeism, early retirement and job abandonment, which cause a decrease in productivity, although almost unnoticed. Companies are therefore increasingly coming to the realization that it is worthwhile to pay attention to the well-being and health of their employees in order to gain long-term benefits. Caring for well-being and health can be defined as the joint responsibility of employers and employees[50]. The situation is definitely complicated by the fact that nowadays there are more and more generations on the labor market in parallel with each other: in 2020 there will be 5 generations. Different generations think differently about well-being.

Due to the apparent labor shortage, it has become even more important for organizations that their employees love their work and perform their daily tasks with dedication. Toldy draws attention to the fact that most companies are still working on increasing commitment to the organization, "even though we have known this since Csíkszentmihályi", that flow (experience) occurs in people during work and not in relation to the company. He believes that the best way to achieve a flow experience is to support well-being, "because it frees a person from disturbing barriers."[53]

Basically, the task of management is to recognize problems related to employee well-being and to increase well-being.

8.7 Monitoring – factors influencing the success of the competition strategy

Even the most sophisticated and well-implemented strategy can become obsolete as soon as the external or internal environment of the organization changes. For this reason, it is inevitable to regularly check the strategy and, if necessary, adjustment of it. If the monitoring is continuous, we can avoid the strategy causing a critical situation, which has irreversible and serious consequences. It is always advisable to keep three steps in mind: always look back at the basics, compare the expected and actual results, and correct the given processes.

For most organizations, the evaluation analyzes whether the company's fortune, profitability, sales volume, productivity, profit margin, earnings per share, or dividends have increased. Unfortunately, this argument can be misleading, since the incorrect implementation of the competitive strategy does not neces-

[5] caterpillar.com, 2021

sarily show signs in the short term. Even the most successful, strongest companies must constantly evaluate results, pay careful attention to the actions of competitors, and not get comfortable at the height of success.

Herczeg refers to the fact that the current level of performance of each key area is summarized in tabular form. In the case of processes, for example, we can examine transparency, organization, costs, and value contribution[45]. For human resources, education, knowledge level, commitment, flexibility can be analyzed – the factors that we consider essential. The efficiency of their operation can be evaluated with "bad", "medium" and "good" ratings. After that, you can associate a goal to improve individual processes and formulate an action plan and tasks.

It is no coincidence that the management of organizations is using some version of corporate governance systems more and more frequently. If such a system works at the company, by introducing it:

- the key management processes become clear,
- the efficiency of analysis and control increases,
- it becomes possible to implement business administration at a high level in an electronic environment,
- data processing is being modernized, thus it is possible to access crucial information faster, in a traceable way and with a wide range of query options,
- external expectations are met at a higher level (e.g. towards the owner, participants of the farming environment),
- process and organizational development ideas can be introduced and controlled more quickly,
- and cost effectiveness improves[54, 55].

One of the basic questions of strategy creation: how can we develop and implement a strategy that ensures a lasting competitive advantage[56]. Let's recall: the idea of strategy was already introduced during ancient warfare, but it gained real importance in business life centuries later and became the defining tool of business success, outstanding results, one could say excellence. We think that it will not be any different in the future either: a consistently implemented, hard-to-copy strategy will continue to be an inseparable player in effective market role.

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