

## MANAGEMENT OF STRATEGIC INTENTS OF ENTERPRISE USING THE RISK-NAVIGATOR

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The author investigates ties between strategic intents and risks of the enterprise. The methodical approach to the controlling technology in order to achieve strategic intentions of the enterprise using the risk-navigator is justified. It was proved that it allows monitoring of risks at all stages of achieving the strategic intent. The author suggests main vectors of the strategic intent achievement efficiency improvement using N-rules for determination of the sequence of measures in order to minimize risks through application of methods of reducing the risk level with the navigator.

**Keywords:** risk-navigator, strategic intent, alternative strategy, strategic set, strategic map, matrix of risk analysis.

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The modern economic development posed to business leaders a number of problems whose solution only through prior experience is not always positive. That is why most of the world market leader refuses to short-term strategic planning and forecasting, management based on intuition and feeling, but instead focuses on developing strategies that ensure implementation of the mission and goals of business development in the long run economically with acceptable risk and within the capabilities of enterprise taking into account strategic intents.

Although economic category «risk» appeared during the Middle Ages, a «strategic intent» – only at the end of last century, today you can allocate a number of scientists who pay attention to both concepts in their studies: F. Gouillart, J. Kelly G. Hamel, K. Prahalad., A. Thompson, A. Strickland, G. Kleiner, A. Utkin, A. Orchakov, I. Smolin, A. Wojnarowski, etc.

F.J. Gouillart and J. N. Kelly in their article «The transformation of organization» introduced into scientific usage the term «strategic intent», which they understand as mental image of the ultimate goal of the corporation. It is the intent that symbolizes the merging of analytical, emotional and political elements of corporate thinking. From an analytical point of view such intent based on an impartial assessment of the competitive position of the corporation. Emotional and political intents are transformed into the idea that captures the thoughts of the entire staff of the company and «around which people united» [1].

G.Hamel and K.Prahalad published an article entitled «Strategic Intent» in Harvard Business Review, in which the authors argue that to succeed, a company

must reconcile its goal with the means to achieve it through «strategic intent» [2].

According to A. Thompson and A. Strickland, strategic intent is the struggle to achieve long-term strategic goals. The authors believe that the strategic intent must be tough and ambitious, its implementation usually requires a long period of time (20-30 years). In addition, they indicate that a large company may choose as a strategic intent industry leadership on a national or global level. The strategic intent of the enterprise may be for a little leadership in a niche market, small and growing businesses – to outvie market leaders, for high-tech companies – the leadership in innovation and development of innovative products that change the way of life and work, with the intention that clearly observed in the actions of many online companies [3].

By definition of O. Orchakov, strategic intent of the company is what it wants in the long term. It may be an idea competitiveness or gain world (regional) domination, or to achieve a higher level of quality, etc. [4].

I. Smolin defines the strategic intent of the enterprise as a strategic development target means to enhance or maintain their competitiveness in strategic perspective. The content and purpose they are latent in nature and can be identified only mediocre characteristics [5].

A. Wojnarowski believes that strategic intent is not just a declaration, it need appropriate intellectual and psychological motivating support, which allows employees to reach the upper levels of the hierarchy of needs, discover new reservoirs of creative energy to achieve the goal [6].

There are also claims that strategic intent is a document in which a

description of the desired future state of the company, shared key influence groups: shareholders, managers and employees of companies and consumers.

The structure will further includes the main characteristics of business, which are used as a basis for the development strategy of the company: activities, products and services, geography presence, target customers, the main competitive advantages of the company in terms of customers, the main factors of success in the competition, travel economic indicators [7].

It should also be noted that the strategic intent is often equated with strategic planning, the company's vision, the hierarchy of goals, long-term strategies or strategic set. Indeed all these categories are to some extent related to the process of building strategic intentions, but, in our opinion, they need to clearly distinguish between these concepts. For example, strategic planning as well as strategic intentions, is an adaptive process, but uses only economic and technological variables. In addition, the strategic intent reinforces corporate values and abilities into account key factors of success and competence that already require installation of other system parameters.

We think that the strategic intent is a desired state of the enterprise in the long term, arising from the mission and ambition matched by staff to identify effective activities, strategic capabilities and stages of development in the future to achieve the ultimate goals of the company with minimal risks in the external and internal environment of its activities.

The practice of companies confirms the thesis that there is no business without risk, giving the close relationship between strategic intent

and the level of risk. The specificity of strategic intentions of any enterprise due to the following: first, a sufficiently long period to achieve them, and secondly, large number of participants engaged and influence the formation and implementation of strategic intentions, thirdly, changes in environmental factors and goals of the participants of the process of the strategic intentions. The set of actors forming strategic intentions, each of which takes certain decisions and influences on this process, there is also a risk factor, since the deviation of each of the participants from their targets leads to deviations from the intended result of the company as a whole.

Thus, at the time of the mission and strategic intents company already subconsciously enters into the operating risks that have a time limit. This model shows us that the decision on the level of strategic intents resulting in a risk, and vice versa risk management exercises influence on the achievement of strategic intents.

Risk management is an integral element not only of strategic intents, but their achievement. It should be noted that in achieving the strategic intent is feedback and continuous improvement in the prevailing policy sets.

The basis for improving the system of strategic intents should be risk management, because it should provide

prediction of unexpected events, and of the objectives and implementation strategies in the wild today, motivate staff by the company's confidence in the future, and improve security of the whole enterprise [8].

Depending on the level of uncertainty environment, the company can choose a strategy during the study which should take into account the amount of preventive costs and damage, as well as their influence on the final results of the company. In addition, the choice of strategy with regard to the level of risk and uncertainty entity provides several advantages, the main of which is the implementation of chosen strategic set with the ability to respond quickly to changes in the external and internal environment, to prevent possible damage and impact on activities of undesirable events strengthening the company's position in the market, expanding its capabilities and to achieve certain strategic intents. [9]

Based on the existing strategic intents alternatives enterprises are defined and strategic network maps and business processes are developed. This strategic map is the basis for risk analysis matrix that promotes identification and risk assessment company. Each identified risks assigned a separate code.

To create opportunities and systematic evaluation of research results

proposed navigation method used, the basis of which is the development of risk-navigator strategic intent of the enterprise (Fig. 1). Coordinates of risks in navigator defined in terms of possible losses and the concluding score, which takes into account the probability of impending events, the impact of the consequences of the available rate and minimize the significance of this risk factor.

The primary purpose of this risk-navigator is to develop really effective mechanism of practical importance to gather information, identify risks for certain segments and selecting the appropriate method of reducing the risk for each assembly program effective measures to minimize them.

In this risk-navigator of strategic intent of the company can be distinguished four segments of risks:

R (react) – risks that include this segment is unlikely, however, have large losses, so we need to develop an action plan or a set of techniques that we can use in case of an event to resist, to minimize the risks of the event;

I (inactivate) – occurrence of events caused by risk segment of the company in a position to prevent themselves;

S (safeguard) – against the occurrence of events of risk in this segment the company should take protective action immediately because the data risks, albeit haven't major damage, but have a high probability of hazardous events and in consequence cause even more damage than the risks of previous two segments;

K (keep down) – the company's actions should be directed not only to minimize the risk of this segment, but in general their exclusion. If it's not possible, then the company must keep them under control.

Depending on which segment is a risk, you must use the appropriate method to develop programs to reduce risks. Thus we consider:

- the amount of possible losses;
- the probability of risk;
- the consequences of the onset of a threatening event;
- the importance of risk factors;
- the existing level of risk management at the enterprise. [10]

If we trace the movement of risks in navigator during all stages of achieving

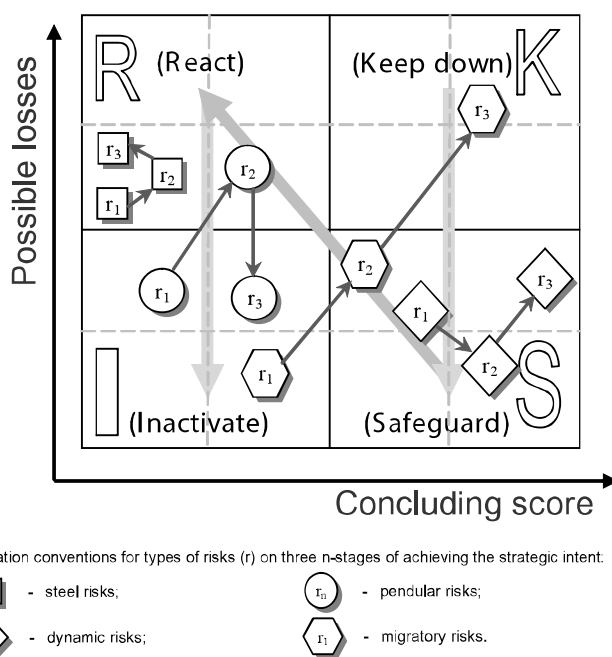


Fig. 1. Risk-navigator of strategic intent of enterprise [Created by the author]

the strategic intent, we can distinguish the characteristics of some risks and determine steel, dynamic, pendular and migratory risks that are most threatening for the enterprise and require increased control of the factors of their occurrence. Migratory risks are the most dangerous because they can change their coordinates from the segment with the least possible losses and the final assessment (for example, segment «I») to the segment with the highest potential losses and total estimate (for example, a segment of «K») throughout the period of achieving the strategic intent.

Steel risks are the risks that have the same coordinates during the period of achieving the strategic intent.

Dynamic risks are the risks that can move their coordinates immaterial and don't go beyond a certain segment. This fact allows advance not only to affect them, but also gives the possibility to eliminate them altogether.

Pendular risks are the risks that with every stage of achieving the strategic intent can change their values in the range of two segments, resembling a pendulum motion. Identifying these type of risks promotes the use of measures to minimize them to fix the segment with less risk or eliminate them altogether.

Based on the research on sequential reduction of risks in each segment, we have developed N-rule. The reason of this rule: the use of risk mitigation in the program should be done in a certain sequence «K - S - R - I», and if we connect the points in each segment, we'll get «N».

Based on the obtained results it is possible to develop recommendations for improving activity of the enterprise in achieving strategic intentions, namely:

- identify which strategies in the set are the most risky;
- the most risky strategy need to reformat in the right direction;
- if there is no adjustment option, you may decide to liquidate in activity;
- develop a comprehensive program to minimize risks, using the N-rule and identify measures to minimize risks in the order required the company.

In order to minimize the level of economic risk, the company can use other possible sources of intracompany reduction, namely:

- verification of business partners and conditions of agreements;
- organization of protection of trade secrets in the company through the introduction of a specific order to work with information and access to it;
- joint ventures, the acquisition of companies, companies with well-established system of new technologies or other benefits;
- improve the management of working capital of the company, reservation of funds, production facilities and finished products, products or redevelopment organization structure;
- attracting foreign competition experts from narrow specialization only in the area where the most potential risk;
- maximum use of previous experience, good practice, judgment and intuition to justify the likelihood of the event;
- the use of venture risk capital.

#### Conclusions

Risk management is an integral part not only for the formation of strategic intents, but their management. The basis for the improvement of forming strategic intents should be risk management, because it has to provide predictions of unexpected events, development and achievement of goals and implementation strategies in the modern business environment, motivate staff through confidence in the future of the company and increase level of economic security as a whole.

The process of forming strategic intents associated with the level of risk. Control of the interconnection can promote effective business development, growth and leadership among the competitors. Formation of strategic intents through risk-management of the company offers several advantages, namely: a depth goal setting to achieve the ultimate goal of the enterprises, the development of the least risky strategic and effective set of performance indicators of business, improve risk management, rapid adaptation to external changes and internal environment, increasing the flexibility of business models, identifying each employee of their role in achieving the strategic goal of the company.

Developing strategic intent of enterprise using risk-navigator helps the monitoring variances events at all stages

of achieving the goals and determination for N-rule in the navigator sequence of measures to minimize the risks based on the transition of the segment with the highest potential losses and the probability of occurrence of events threatening to segment with lowest relevant indicators.

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