

Innovative approaches to the development of strategic planning and management

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Abstract. The article discusses modern concepts and approaches to the strategic planning development and managers' strategic thinking formation. Today the strategic thinking is considered as one of the most important and most demanded management competencies. However, there is still no understanding how managers can develop that competencies. The article proposes an integrative approach based on the use of competence, process and situational approaches. The article deals with a process model of the formation of managers' strategic thinking skills based on the use of the concept of a business model, strategic analysis, and case study. The results obtained help to increase the managers' training effectiveness and ensure its relevance to business practice. They can also be useful for practicing managers in conducting strategic sessions and strategic planning, as well as for professionals in the field of business education.

1 Introduction

For the transition of the Russian economy to an innovative trajectory of development, the knowledge economy requires managers with developed strategic thinking. They should be able to solve problems that require creativity and innovation in the face of the complexity and uncertainty of the external environment. Strategic thinking is needed today at different levels of management, in different industries. Successful strategies do not arise on their own; they are generated and implemented by managers who are able to think strategically. There are at least 25% of jobs from the "knowledge" category in the employment structure in developed countries because they have already entered the knowledge economy. However in Russia this indicator is not more than 17% [1].

At the same time, foreign research shows that only a small part (23%) of managers has strong practical skills of strategic thinking. The underdevelopment of strategic thinking is called among the main factors leading to the bankruptcy of companies and decrease of the business efficiency [2]. The results of a survey of Russian employers showed that the strategic thinking of managers is among the most relevant and demanded competencies (an average score of 4.5 out of 5) [1]. However, there is still no complete clarity on how to develop these skills.

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The widespread use of information technology and the internet further actualizes this issue. The ability of managers to think strategically, to form a vision for the future of the organization, to identify, analyze and diagnose problems in a timely manner, to solve complex, non-standard problems is the key to success, which is necessary in the strategic management of any organization in different industries. It is the developed strategic thinking of managers that is able to continuously generate a new vision of the business to achieve a competitive advantage.

2 Problem statement

In the scientific literature on strategy and in the strategic management practice, two concepts are widely used - "strategic thinking" and "strategic planning". Both are directly related to the professional activities of strategic managers. Formation of strategy and strategic planning in practice is a challenge or even stress for managers, because in conditions of uncertainty of the future, strategic managers must make complex strategic decisions, be responsible for their results, which may be significant and have long-term consequences for the enterprise in general and for managers' careers in particular.

Until the early 2000s strategy researchers focused primarily on the results of strategic thinking (strategies, strategic decisions) in order to show what the rational choice of a strategic manager should be. However, the very process of strategic thinking often remained out of sight. This is partly due to the complexity of research on the strategic process itself as well as the cognitive and socio-behavioral aspects of intellectual managerial activity.

It is obvious that an effective solution to complex strategic problems cannot be achieved by simple methods. It seems that the development of strategic thinking of managers requires the use of the concept of a business model, strategic innovation, an integrative approach, which is based on the systemic inclusion of three main approaches: competence, situational and process.

Business transformations in the time of the external environment volatility lead to radical changes in the business models of enterprises. The business models of successful enterprises are of great interest to business scientists and practitioners. However, these business models are poorly represented in the practice of strategy training for managers.

The purpose of the article is to develop a process model for training managers in strategic thinking skills based on the use of a business model as a conceptual and analytical tool and to test it on the basis of a case study of the real existing company.

We have used the case of Russian company called the Pobeda LSR JSC (part of the LSR Group) as an empirical basis for the study. This company is successfully operating in the construction materials market in the northwestern region of Russia. Our case study covers the ten-year period (1997-2007) of the LSR Group's leadership strategy implementation in the Russian construction materials market [3]. The data collection and analysis for the case study was carried out on the basis of the methods of structured interviews by top managers, employee surveys, observation, analysis of primary documents and other company materials. A longitudinal study was conducted in 2006-2008 and 2013-2014.

3 Materials and methods

The study of the strategic process is associated with the achievements of a number of scientific schools and each of them has contributed to the understanding of strategies. The researchers of each school considered the formation of strategies from their positions, in particular: the school of design as a process of comprehension, the school of planning as a formal process, the school of positioning as an analytical process, the school of

entrepreneurship as a process of foresight, the cognitive school as the cognition process taking place in the mind of the strategist [4].

In modern literature there is no unambiguous generally accepted interpretation of the concept of "strategy", which can be used in several senses: as a plan or its equivalent (direction, directive, course of action); as a principle or model of behavior (pattern) in making strategic decisions; as a position (in the market); as a development perspective; as a "trick" or "maneuver" to outsmart a competitor [4].

G. Mintzberg first showed the fundamental difference between strategic thinking (creating strategies) and strategic planning. He emphasized that creating a strategy is a mental, conceptual creative process associated with intense thinking, thinking through the prism of competitive advantage, the purpose of which is to form a vision of in which direction and how to move on. At the same time, strategic planning is a highly formalized process focused on making the strategy work, helping to translate the proposed strategies into the implemented ones [5].

Modern researchers pay attention to the dual nature of the strategic process (analysis and synthesis) [6]. Strategic thinking is seen as a process that includes: 1) design - identifying the key activities required to bridge the gap; 2) analysis - collection and processing of the necessary data; 3) synthesis - the formation and selection of a solution from various alternative options for action. [7]. Strategic thinking requires innovation, the use of intuition, the ability to ask the right questions.

The need to integrate analysis and synthesis in solving complex strategic problems, the relevant application of analytical methods and procedures taking into account the context, the inclusion of internal motivation of managers in the development of strategic thinking - all this poses a challenge: how to combine the development of analytical skills in one process using a creative approach, shaping a vision of the future, developing strategies, understanding the effectiveness of further actions? [8,9].

We consider strategic thinking and strategic planning as different, but at the same time interrelated and complementary processes. Strategic planning is more related to the implementation of strategies, rather than their formulation. Note that from the point of view of cognitive psychology, thinking is a psychological process, and planning is an action carried out with its help. From our point of view, the formation (renewal) of the business model is an important link in the strategic process between strategy development and strategic planning. We have used the following methodological basis of the study: the concept of a business model; strategic, process, competence and situational approaches; a case study design.

The phenomenon of strategic thinking was initially considered in the literature mainly from the point of psychology as a special cognitive ability [10,11]. However, over the past ten years, an increasing number of researchers have interpreted it as a unique set of competencies of strategic managers [12,13]. We consider strategic thinking as a special, complex type of intellectual managerial activity, the implementation of which depends on a set of competencies. The implementation of the competency-based approach involves the use of strategic thinking competencies: a set of skills and abilities that affect the development of strategies, business models and strategic actions that lead to effective business[14,15].

It is known that best results of trainings for the Russian students and practice managers required the case analysis developed on the basis of successful companies and the Russian business practices [16,17]. Therefore, the situational approach (case study) was the basis for the development of strategic thinking skills.

The process approach for the strategic thinking development has included the implementation of a certain sequence of individual and collective cognitive actions that unfold in time and in a specific context [18]. The learning process should be based on an integrative approach based on competency, situational and process approaches.

The starting point in the learning process is to determine the essence of the business model. In modern literature, there are three main positions of scientists that reflected the economic, operational and strategic levels of its understanding. The first of them focuses on the financial and economic aspects of activity. The second one focuses on internal business processes and operations. We adhere to the third (strategic) position, which focuses on the strategic aspects of the company's business. It is based on the following understanding: "A business model is a brief description of how a set of interconnected elements that reflect decisions in the field of strategy, structure and economic activity of an enterprise will be used to create a sustainable competitive advantage in certain markets" [19].

Different authors in the structure of the business model propose to consider a different number of components: from four to eight. As a basis, we have taken the structure (integrative framework) [19].

It includes six components that reflect a set of decisions at three specific levels: the "foundation", the "proprietary", and the "rules" level. The first component reflects the factors associated with the supply of value to the consumer and answers the question "How will the company create value?" The second component describes market factors. Its main question is "For whom will the company create value?" The third component characterizes the factors of the internal capabilities of the company and answers the question "What is the source of the company's advantage?" The fourth component reflects factors related to competitive strategy "How does the company position itself in the market?" The fifth component characterizes economic factors "How will the company make money?" The sixth component reflects factors related to the goals and ambitions of business owners.

If the first ("foundation") level focuses on what the company is doing, the second ("proprietary") level shows how company does it. The first level is sufficient to reflect the essence of the business model of any company. The second characterizes the features of the business model of this particular company. At the third level ("rules"), a set of guidelines and rules governing the implementation of decisions at the first two levels of the model can be indicated.

Researchers agree in understanding that strategic thinking is not given to managers by nature. It is not the result of innate ability or intuition. It can and should be developed. Although strategic success cannot be reduced to the level of one formula, there are still mental skills that can be developed through conscious training. The authors agree that their purposeful systematic use for a long time allows you to form a set of competencies, the ability to think strategically.

4 Research results and discussion

The process model in general can be represented as a structured process that includes five main stages that reflect key issues and actions for understanding and discussing the business model.

Stage 1. Analysis of the external environment.

Question: What are the threats / opportunities?

Action: conduct a SWOT analysis.

Assessment: threats / opportunities.

Stage 2. General characteristics of the business model.

Question: What is the existing business model?

Action: analyze the structure and main components of the business model.

Assessment: qualitative / quantitative assessment of the main components of the business model.

Stage 3. Identification of competitive advantages.

Question: What are company competitive advantages and what are its sources?

Action: identify sources of competitive advantage.

Assessment: competitive advantage.

Stage 4. Checking the business model for compliance and sustainability.

Question: What is a relation between the elements and the sustainability of the business model?

Action: analysis of the relation between the elements of the model and the competitive strategy, stability analysis.

Assessment: compliance / non-compliance, sustainability.

Stage 5. Generation of ideas.

Question: How can company use opportunities / decrease the threats level to create value; create / maintain / enhance competitive advantage?

Action: developing ideas for creating value, building up a competitive advantage.

Assessment: necessary resources, degree of readiness for changes.

Table 1. Description of the business model.

Components	Foundation level	Proprietary level
Component 1. Value factors	Product manufacturing (Ceramic Brick); Standard offer; Wide range of assortment; Deep assortment coverage; Direct sales; Sales through intermediaries	Product with delivery (on orders, just in time); High quality product; Over 40 types of bricks and ceramic products; Direct Sales (B2B): construction companies; Sales through intermediaries (B2C): construction bases, hypermarkets, dealer clubs, the brick center retail chain
Component 2. Market factors	B2B and B2C market (corporate and individual clients); Regional market (St. Petersburg and Leningrad region); Wide market coverage: -construction companies, -individual developers; Relationship building (B2B)	Managed development (growth): retention of regional market share and seizing opportunities for growth (regional expansion). B2B (80% of the market), B2C (20% of the market). Close trusting relationships on a long-term, mutually beneficial basis (for corporate clients)
Component 3. Internal capabilities	Own production / Operating systems; Mass production; Modern equipment; Advanced technology	Production specialization (in factories); Total capacity - 290 million bricks per year; Innovation in operating systems; High efficiency of factories capacity utilization; Production planning optimization; Effective marketing and sales system; Accepting orders on the internet
	Raw material base; Intangible assets; Investment resources	Own clay pits; Brick brand, trademarks ("Ceramics", "Rauf"); Access to corporate investment sources; Administrative resource

	Developed network of cooperation and partnership; Key role in business network	Joint implementation of orders for complex projects; Complete set with various types of building materials
	Strong corporate culture; Personnel motivation systems	Promoting innovations and entrepreneurship (at all levels); Provision of employees: - professional career growth, - social protection programs, - salary is above industry average
	High professionalism of management; Qualified engineering staff	Sharing knowledge, information and best practices; Policies for the hiring and retention of valuable employees
Component 4. Competitive strategy factors	High quality product; Wide range of products; Image of the “company with which it is convenient to work”; Stability / reliability	Differentiation is achieved through: - high quality product; - variety of assortment; - stability, reliability, uninterrupted supply; - offer a comprehensive solution to customer problems (a wide range of building materials)
Component 5. Economic factors	Permanent income source; Large production volumes; Flexible prices; High share of fixed costs in the total cost structure; Average cost; Average rate of return	Product sales (95% of revenue); Delivery and related products (5% of revenue); Price level (between high and medium); Economies of scale; Profitability growth
Component 6. Growth factors	Growth Model	Focus on business-compatible growth opportunities

Table I illustrates the application of the previously described structure (integrative framework) to the study of the characteristics of the business model of “Pobeda LSR”. The “Pobeda LSR” has a logical and effective business model that allows it to maintain high business growth for many years. The company became the leader in the regional market with 69% market share ten years after its entering the construction materials market of the North-West region of Russia. “Pobeda LSR” was able to overcome the difficulties of the economic and financial crises in 1998 and 2008, and the construction industry crisis in 2004, which for other companies were the serious tests of survival.

There are several factors at the heart of the business model: the leader strategy, emphasis on the use of growth opportunities, including mergers and acquisitions; focus on value proposition, mass market and innovation. The first (“foundation”) level in the table gives a general description of what the company does with its resources and capabilities. This level reflects the company choice of possible alternatives for answering a standard set of questions in relation with the six components of the model. So, the table shows that on the basic level the company offers a product (ceramic brick) and services (product delivery) with a prevailing focus on the product (95% of revenue), using primarily direct sales, as well as sales through intermediaries. The company has a wide coverage of the B2B and B2C market, own mass production, access to sources of raw materials, a developed network of cooperation and partnership, etc.

The second (“proprietary”) level of the model reflects the specific features of the business model related to innovation, key competencies and internal capabilities. It characterizes the company's ability to create and use unique combinations of several business model components, which ensures the company's competitive advantages.

For example, innovations in value proposition ensured the production of high-quality products and on-time delivery, a wide range of assortments (over 40 types of bricks and ceramic products of various profiles, sizes, grades and colors). The unique characteristics of the operating system, due to the introduction of a number of process innovations, have led to stability, reliability and uninterrupted supply, as well as to significant increase in product quality, optimization of operational-production planning, acceptance of orders on the Internet, etc. Marketing innovations related to market segmentation have allowed company to develop differentiated service functionality and unique offers for each target segment. Brick brand development, the introduction of two brands (“Ceramics”, “Rauf”), organizational and process innovations in the field of marketing and sales contributed to a flexible pricing policy, improving the quality of customer service. As a result, the company have used the economies of scale, increased product profitability, and increased sales.

The experimental verification of the operability and effectiveness of the proposed process model was carried out using the experimental method in the both master students in management and practicing managers training groups. The results showed that the use of the business model learning approach can significantly clarify the manager's strategic thinking and facilitates the process of building managerial skills. The experiment in the training groups showed positive results in comparison with the control group in the development of strategic thinking skills and the level of student satisfaction.

4 Conclusion

The study showed the effectiveness of the business model as a conceptual and analytical tool for developing managers' strategic thinking skills. We have shown the implementation of the integrative approach to strategic process on the basis of the competent, situational and process approaches. We have developed and tested the process model that includes five main stages, which allows developing managers' strategic thinking skills on the real company business model basis.

The results of the study are interesting for business education and enterprises because this integrative approach can improve the training quality and its relevance to business practice. Moreover it can be useful for solving the enterprises problems, and developing strategic thinking of managers. The results of this work can be used both in modern business education and in holding strategic sessions for managers.

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