

THE IMPORTANCE OF AN INNOVATIVE-ENVIRONMENTAL APPROACH IN THE STRATEGIC MANAGEMENT OF ENTERPRISES - A CASE STUDY

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Abstract. *The aim of this contribution in the form of a case study is to point out the importance of an innovative and environmental approach in developing the optimal sales strategy of the company. The author points out the importance of analytical tools and focuses on a product characterized by innovative environmental benefits. On the basis of this benefit and value for the customer, a sales strategy is formed, which is also defined in relation to competitors and has specific communication and distribution features. The paper points out the necessity to think strategically about the optimization of the sales strategy from the point of view of 4 perspectives and focuses. The subject of the investigation was a small manufacturing company that has been operating on the Slovak market for 31 years. Based on the fact that the company is currently mostly in the maturity phase with its product portfolio, the article highlights that it is necessary to monitor the development of individual influencing factors and aspects from the point of view of innovativeness, consumer preferences in the context of quality and environmental sustainability. The starting point for clarifying the situation of the investigated problem will be a description of the current state of the established and investigated company and the development of a SWOT analysis to define an optimal sales strategy focused on four key areas: product, customer, competition and communication. At the same time, we point out the use of the strategy of low prices on the international market in order to ensure quick turnover and market penetration..*

Keywords: *Analytical tool, Environmental element, Innovative benefit, marketing strategy.*

ВАЖЛИВІСТЬ ІННОВАЦІЙНО-ЕКОЛОГІЧНОГО ПІДХОДУ В СТРАТЕГІЧНОМУ УПРАВЛІННІ ПІДПРИЄМСТВАМИ - ПРИКЛАД

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Анотація. *Метою науковою статті є довести на прикладі важливість інноваційного та екологічного підходу в розробці оптимальної стратегії продажів компанії. Автор вказує на важливість аналітичних інструментів і зосереджується на продукті, який характеризується інноваційними екологічними перевагами. На основі цієї вигоди та цінності для клієнта формується стратегія продажів, яка також визначається по відношенню до конкурентів і має специфічні комунікаційні та дистрибуційні особливості. У статті наголошується на необхідності стратегічного мислення щодо оптимізації стратегії продажів з точки зору 4 перспектив і фокусів. Об'єктом розслідування була невелика виробнича компанія, яка працює на словацькому ринку 31 рік. Виходячи з того факту, що компанія в даний час перебуває в основному у фазі зрілості зі своїм продуктовим портфелем, у статті підкреслюється, що необхідно відстежувати розвиток окремих факторів впливу та аспектів з точки зору інноваційності, споживчих уподобань. При цьому, увага зосереджена на якості та екологічності. Відправною точкою для з'ясування ситуації досліджуваної проблеми було обрано опис поточного стану створеної та досліджуваної компанії, а також розробка SWOT-аналізу для визначення оптимальної стратегії продажів, зосередженої на чотирьох ключових сферах: продукт, клієнт, конкуренція та спілкування. Водночас відзначаємо використання стратегії низьких цін на міжнародному ринку з метою забезпечення швидкого обороту та проникнення на ринок.*

Ключові слова: *аналітичний інструмент, екологічний елемент, інноваційна вигода, маркетингова стратегія.*

JEL Classification: Q560, Q570.

Formulation of the problem. A prerequisite for successful business is reflecting the achievement of business goals and, last but not least, the growth of the market value of the business. The environment in which the company operates, the opinions and intentions of the owners, the reflection of trends, as well as the financial situation of the company itself have a key influence on the compilation of strategy approaches. Exploring the environment is the initial phase of analytical processes. Examining the external environment is one of the first important steps in performing analysis and should be given due attention. According to the theory of strategic management, the

external environment is perceived as a relatively wide space with different layers. At the same time, it is necessary to identify the company's weak and strong points within the analysis of the internal environment. In order to better understand the changes and development trends in the external environment, the identification of key competencies as a source of competitive advantage, it is necessary to apply the recommended analytical approaches.

Analysis of recent research and publications. I have selected some publications from the given issue. These are scientific papers (Antošová 2012), (Majtán 2013), (Nenadál et al. 2018), (Papula et al. 2019), (Papula and Papulová 2010) and (Šatanová and Mokrišová 2010). I consider this selected literature to be a sufficient basis for theoretical preparation for further research.

Contribution methodology and methodological procedures. We decided to apply the case study in a company which, with its number of employees, is categorically classified as a small business. The main research methods are the method of synthesis, analysis, deduction and induction. We defined the industry structure of the investigated company on the basis of its business portfolio, we identified the area of innovative-environmental elements that we consider to be key with an impact on the sales strategy of the products. We pointed out the importance of human potential in the form of the company's sales representatives, we identified the supply-customer chain and the company's relationship to the macro environment.

The paper points out that the very process of creating a corporate strategy begins with the definition of the company's vision and mission. This is followed by a complex of analytical works, which are focused on the external and internal environment of the company, analysis of production, marketing and financial development to date. The result of the strategic analysis is the identification of strengths and weaknesses, opportunities and threats, which should be the starting point for the application of appropriate solutions in the areas of the company's direction.

Basic material. The main activity of the company is the production of filter equipment and filter inserts for industrial production. The company's products are successfully used in many industries every year, where they bring various significant benefits and savings for the customer. By expanding the production program with the service of oil filtration and analysis, including the handling of hazardous waste, it provides its customers with very fast and efficient cleaning of all types of oils. This activity directly participates in reducing the volume of hazardous waste. The investigated company is largely dependent on international trade, as it exports its products to more than 30 countries around the world. The company's employees use the most modern technologies in their field and thus guarantee the highest possible quality. The company offers its customers consultations and advice in the field of technical science called tribology, which deals with the friction and wear of substances, parts of machines, mechanisms and the like, and also from the development of a specific offer according to the customer's requirements, to the realization of the production of filter equipment with the relevant documentation and certification. All products are made of materials in accordance with EU regulations and installations meet the highest quality standards. The company tries to invest a large part of its finances in its development and can therefore offer its customers a complete service with the latest technologies.

The quality of the products and services provided is the primary concern of the company, because it is about fulfilling the needs and expectations of customers and thereby achieving their satisfaction. For this reason, the company makes sure that their employees undergo all the necessary and above-standard training. The company cooperates with a high-quality network of wholesalers and supplier companies in the delivery of goods and materials for which quality certificates are issued. Currently, the company continues to have all valid certificates proving professional competence in the performance of its activities. The social responsibility of successful companies is also the support of non-profit activities and individuals who develop the company's values, contribute to building its culture and help solve current problems. In this way, it allocates financial resources every year for activities aimed at the values it shares and supports.

The following table presents a SWOT analysis, which synthesizes the results of the analysis of the external and internal environment and interprets the capabilities of the investigated company.

Table 1

SWOT analysis

STRENGTHS	WEAKNESSES
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<ul style="list-style-type: none"> • Company culture (mission, mission of the company) • High quality of products • Knowledge in the field • Overall reputation of the company 	<ul style="list-style-type: none"> • Old and inefficient business processes and procedures • Market share in the country • Location • Marketing communication
THREAT	OPPORTUNITIES
<ul style="list-style-type: none"> • Introducing innovative products to the market • Financing of projects from European funds • Obtaining public contracts (public sector partner) • Development of marketing skills • Expansion of access to foreign markets in the form of sales offices 	<ul style="list-style-type: none"> • Arrival of new competitors on the market • Declining customer interest • The outflow of qualified labor • Relatively high drainage load • Economic recession • Force majeure (war, pandemic...)

Source: compiled by the author based on data [5]

Among the strengths of the investigated company is primarily a long-standing corporate culture, which points to the fact that the planet Earth has limited resources of mineral raw materials. The company's mission is to reduce the amount of hazardous waste through its products, especially with regard to the oil industry. The high quality of products and provided services is evidenced not only by zero complaints from customers, but also by trademarks, product inspection certificates and quality management systems, ISO 9001:2015 company management system, ISO 14001:2015 environmental management system and health and safety management system at work according to OHSAS 18001:2007. Human potential, which consists of educated and professionally trained personnel, plays a very important role, as it contributes to the development of research and product innovation. The company's weaknesses include old and inefficient work processes and procedures. The production process in the company is not fully automated, and the administration has not yet undergone full digitization, which would help it to greatly streamline several activities. The company has a limited number of sales representatives, who have an impact on the variability of order volumes and also on establishing new contacts with potential customers. Without a sufficient number of sales representatives, the company's income would drop significantly, which would have a negative impact on the operation of the entire company, from reducing the number of employees to counterproductive downsizing of production. The location also plays its role as a weak point of the company. It is related to the limited scope of sales representatives, which applies to the territory of the neighboring countries of the Slovak Republic. Of course, like any company, the company under investigation is threatened by competition. There are several companies operating on the oil filtration market with a global presence, who are proud of their cooperation with large international companies. However, this creates an incentive for the company to constantly improve its range of products and the quality of services provided. From a demographic point of view, eastern Slovakia is also threatened by the outflow of qualified labor, especially abroad, which can pose a threat to the entire region of the country. The tax burden on the business sector, which is one of the highest among the V4 countries, is no better. Currently, humanity has also experienced the threat of so-called force majeure in the space of two years, such as the global pandemic of the respiratory disease COVID-19 and the escalation of the war conflict in Ukraine, which caused inflation all over the world. One can only hope that these aspects of force majeure do not trigger a global economic recession.

The opportunity that would represent the most significant benefit is the expansion of access to foreign markets through sales offices. This opportunity would have a significant impact on the progressiveness of sales and the stabilization of the company. In the past, the company has used public contracts and project financing from European Union funds through a non-refundable financial contribution from the Environmental Fund in the amount of €200,000. With its interesting mission, the company can currently apply again for other public projects or contributions. If the company wants to survive, it must constantly innovate its products to keep up with the times, which is currently ruled by the fourth industrial revolution, which is focused on digitization and data collection. The company has significant reserves in the field of marketing communication. The business should increase attention in this direction, because it could be an opportunity for

the company to acquire more customers and increase sales of goods and services. Most small business owners resist strategy and planning, although they generally find them useful, they do not feel the need to apply them in their specific situations. In many cases, they are of the opinion that what is good for big business is just an unnecessary burden on small businesses. Due to the size differences between businesses, it is small businesses that are much more vulnerable to lack of planning. Also, a small or large business cannot afford to ignore the future development trend in the market and must be prepared for its various modifications. Knowledge of the internal and external environment of the company significantly increases the flexibility of a small business on the market. The production of goods and services is carried out on the basis of the transformation of production factors, where the process of transformation of production factors does not take place individually, but in combination with each other. The result of the transformation of production factors and processes is a product, which can be in the form of a service or a good. The product can also be understood as a complex of tangible and intangible elements, which ultimately satisfies the needs of consumers. The product is the most important element of the company's marketing mix and represents the final label for the product or service. Every business is forced to innovate its products and services, because products have a limited lifespan, which is determined by the general pace of developing technologies and innovations in the product market. The company is engaged in the production of filter equipment, filter bodies and filters intended for the filtration of hydraulic oils and diesel in cogeneration units with a wide scope across industries such as e.g. energy, manufacturing industry or metallurgical industry. The main task of filter devices and bodies is to filter impurities in the oil. The oil after filtration is again able to fulfill its purpose in machines and equipment, while all the additive abilities of the oil are preserved, so there is no need to dispose of it. This fact represents significant annual savings for customers and does not significantly burden the environment. Filter devices are produced in different variants depending on the size of the volume of the oil tanks. Filter inserts represent the company's core business because their lifetime is limited. From the consumer's point of view, it is a consumable. The company produces an average of around 60,000 filter inserts, 1,000 filter bodies and 200 devices per year, almost 90% of which are intended for export to more than 30 countries around the world.



Fig. 1.: Product portfolio examined by the company

The product policy of the investigated company focuses on the constant improvement and modification of its products. The company not only manufactures its products in high quality, but remains true to its vision of a company that provides economical and reliable solutions in the field of oil filtration and at the same time saves the environment for future generations. Within the marketing strategy according to the product life cycle, the products of the investigated company are in the maturity phase after thirty years on the market, and new products are currently being introduced to the market with great growth potential.

The development of new products is carried out in its own laboratory and in cooperation with external consultancy, so the company can respond to marketing strategies in the maturity stage, such as by modifying the market or product. Currently, the company has developed its own application NEURON - Oil Monitoring, which communicates with the device, collects data and thus gives the customer immediate information about the condition and properties of the filtered oil. This product is currently being tested at the company's headquarters, and at the same time, it is removing the shortcomings that practice shows.

The company has sufficiently large production and distribution capacities to satisfy the expected high demand. Therefore, we recommend using the strategy of low prices for the company under investigation. This means that the company will try to penetrate further into foreign markets and thus achieve a quick turnover. The main intention and goal of business entities is to satisfy the needs of their customers. Every customer, and therefore consumer, behaves differently, so businesses must adapt to the current target market situation and fulfill the wishes of their customers. From

the point of view of dividing the target markets of customers, we divide them into three groups. Consumer market – Market focused on personal consumption by individuals such as households or individuals. Market of production consumers – Industrial markets of the production sphere, intermediary markets with the aim of reselling products or services at a profit and state markets oriented towards the provision of public services. Foreign market – Market of foreign consumers.

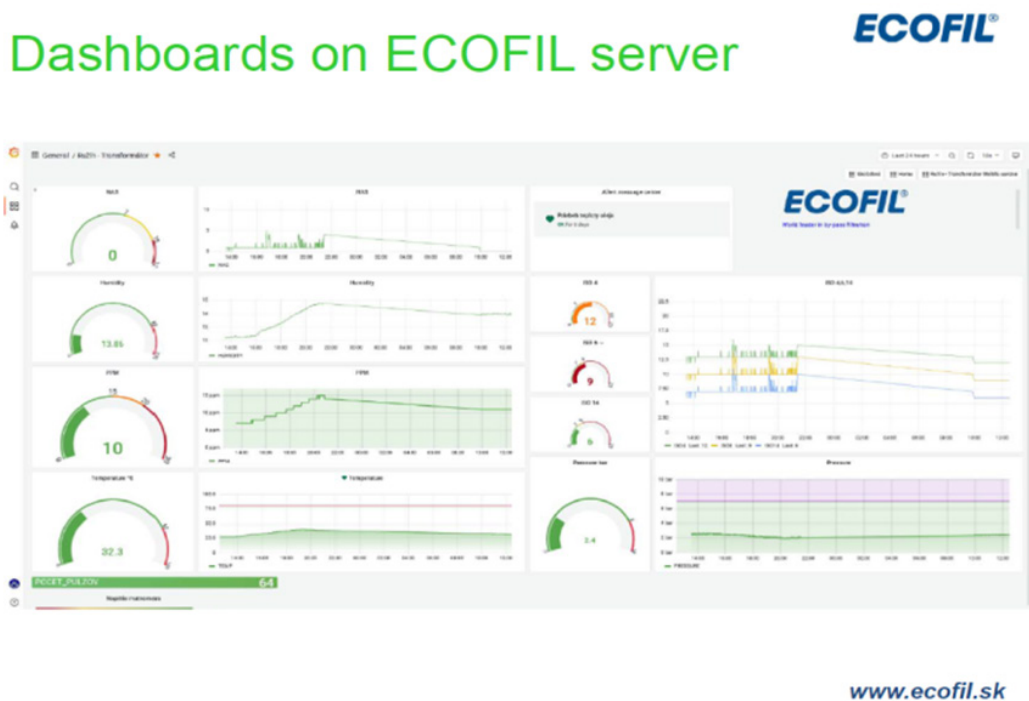


Fig. 2: NEURON software application

Consumers are characterized by a preference for various criteria to which they pay particular attention, such as utility criteria focused on the supplier or the product itself, or criteria based on marketing activity, design, advertising. The company is oriented to the market of manufacturing consumers and also to the foreign market. In addition to the fact that the company is a supplier of products and services in the production sphere, its sales are realized mainly through intermediary markets, which guarantees stability on the market from the point of view of the producer. The company currently applies a customer relationship management strategy CRM (Customer Relationship Management). For important customers, the company has favorable contract terms, customers are bound to certain annual sales, which they must meet in order to be able to purchase goods at attractively lower prices, and at the same time, the company motivates them to sell as many products as possible as an intermediary. Despite this, the company currently has a limited number of business partners, especially on the domestic market. By increasing it, the company would become aware of the wider public in the country, and with its interesting mission, it could also apply for lucrative state contracts or various subsidies, which would ensure its further growth in many directions.

From the point of view of a sales strategy focused on the customer, we recommend more frequent visits to domestic customers by way of physical presentation and introducing new trends and building new relationships and partnerships. The company guarantees the high quality of its products and services for all its consumers, which is evidenced by the use of the best materials and components, ecological product packaging, but also reliability, instruction, training and installation of products directly at the customer.

The most important part of the cost leadership strategy is justified by the fact that the company chooses to improve as a low-cost producer in the given industrial field. Nowadays, this does not only apply to manufacturing companies. The essence of the strategy is the reduction of costs for the entire activity of the company. The implementation of the strategy of maintaining market share occurs when the company has already achieved a certain position in the market in terms of growth. It is a defensive strategy that is based on the acquired experience that it is not necessary to spend as much money to maintain market share as it is to gain it. The investigated company, like any other, is

threatened by competition that tries to imitate the product and sell it as an alternative to an already existing product. There are several companies operating on the oil filtration market with a global presence. With its products, the company currently competes perfectly even with big players, while in its current research and development, the products of the ECOFIL brand are characterized by high quality and especially the affordability of the products. This is also evidenced by the feedback from customers who encountered similar products from other manufacturers, which caused them large financial investments and, ultimately, the products in question showed frequent signs of failure or provided false information. Despite these facts, the company is encouraged to constantly improve its range of products and the quality of services provided. It is essential that the company adheres to its strategy appropriate to its position in the market as a firm that has decided on a strategy to maintain market share. From the point of view of the sales strategy focused on the competition, we are currently proposing a strategy of cost leadership. This means that products of standard design should be subject to cost minimization efforts. This would translate the benefits of low costs into the selling price of the products without changing the selling price, but the overall cost of sales would be reduced. Sales promotion can be defined as a communication activity that takes the form of short-term business incentives causing an immediate purchase.

Despite the fact that individual aspects of sales support differ from each other, they all have three basic characteristics in common: Communication - attracts the customer's attention, Motivation - can represent additional value for the customer, such as e.g. more profitable packaging, more attractive prices and the like. Challenge - strong incentives that lead customers to react quickly to make immediate purchases, because later such an option will no longer be feasible. Despite their characteristics, individual aspects of sales support are mainly used for typification and visibility of the offer, stimulation for the initial purchase or purchase with a high volume. Behind the intention of building a partnership, it is necessary to change the position towards the customer and perceive him as an equal partner, and not as a sales target. This fact increases the customer's satisfaction and will remain with the current seller.

In the past, the company under investigation invested a significant amount of funds in indirect stimulation of demand for products, such as repeated advertising on electronic advertising banners at the football stadium, or as direct sponsorship of the football club FK DAC 1904 Dunajská Streda. There was no feedback from this investment. The company continues to use the strategy of visibility through the publicity of various articles in the press or seminars in the given area. For several years now, the company has been participating in various fairs and exhibitions in the Czech Republic, Germany and the United Arab Emirates, where it presents its products and establishes new business contacts. At international exhibitions, the company is assisted by the national project SARIO – Slovak Agency for the Development of Investment and Trade, which helps small and medium-sized business entities based outside the Bratislava region with the presentation of their company at the national stand. The SARIO project helps companies at exhibitions with payment of costs such as renting an area, building a stand and other technical arrangements. Based on direct participation in trade fairs, the company tries to gain new contacts and potential customers.



Fig. 3: Participation of the company in International exhibitions

21, persons

The company also manages its communication channels on other social networks, such as Facebook or LinkedIn, which are currently without any interaction, as the management of the company does not pay special attention to them. The company thus loses the possibility of direct stimulation of demand for products. Through social networks, the company would have the opportunity to create a sales promotion strategy in the form of building channel subscriber

relationships, various contests, or price discounts for page fans. The personal sales strategy is implemented by trained sales representatives, who sell products in the form of personal sales during business visits to customers, or through sales consulting. The sales representative gets immediate feedback and response from the customer. The company has a limited number of sales representatives, who have an impact on the variability of order volumes and also on establishing new contacts with potential customers. Without a sufficient number of sales representatives, the company's income would drop significantly, which would have a negative impact on the operation of the entire company.

Conclusion. In conclusion, we can state that if the company wants to survive and continue to grow, it is essential that it has an optimal sales strategy. The subject of the investigation was a small manufacturing company that has been operating on the market for 31 years. Based on the fact that the company is currently mostly in the maturity phase with its products, it is essential that it continues to monitor the development of individual aspects both in the internal and external environment of the company, which gives it clear signals to direct attention. By describing the current state of the investigated company and the prepared SWOT analysis, we defined an optimal sales strategy focused on the product, customer, competition and communication. The case study shows us the importance of innovative and environmental aspects in the product portfolio, the importance of managing and determining the sales strategy for the growth and sustainability of the company in the industry in which it operates. We pointed out the use of a low price strategy in the international market in order to ensure quick turnover and market penetration. Given the size of the company, this strategy is logical and necessary. The company has sufficiently large production and distribution capacities to satisfy the expected high demand, and therefore we recommend sticking to the strategy of low prices. This means that the company will try to penetrate further into foreign markets and thus achieve a quick turnover. The company is oriented to the market of manufacturing consumers. It realizes its sales mainly through intermediary markets, which guarantees stability on the market from the producer's point of view. The company currently applies a customer relationship management strategy CRM (Customer Relationship Management). The company has favorable contract conditions for important customers. The company currently has a limited number of business partners, especially on the domestic market. By increasing it, the company would become aware of the wider public in the country, and with its interesting mission, it could also apply for lucrative state contracts or various subsidies, which would ensure its further growth in many directions. From the point of view of a sales strategy focused on the customer, we recommend more frequent visits to domestic customers by way of physical presentation and introduction of new trends and by building new relationships and partnerships also in the form of social networks.

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