

Strategic Planning Applied to Small Businesses: A Case Study in Maués - Amazonas

Paloma Paiva de Lima

paloma.cie23@gmail.com

Centro Universitário FAMETRO – Brasil

David Barbosa de Alencar

david002870@hotmail.com

Instituto de Tecnologia e Educação Galileo da Amazônia - ITEGAM

Alexandra Priscilla Tregue Costa

ptreguep@yahoo.com.br

Coordenação de Engenharia de Produção do Centro Universitário FAMETRO – Brasil

Antônio Estanislau Sanches

novo.sanches@gmail.com

Universidade do Estado do Amazonas – UEA - Brasil

Abstract

This paper aims to present the application of strategic planning for small companies and the tools that help their development in the context of production engineering. Since strategic planning and tools such as SWOT analysis, GUT matrix, brainstorming and 5W2H are of great importance in the business environment, especially in the current economic situation, where companies need to have a differential to stay in a highly competitive market. competitive. This makes the use of methods and tools indispensable, as it is through them that the company can clearly and objectively gain insight into its strengths, weaknesses, opportunities and threats, as well as develop an action plan to defined strategies ensuring greater productivity.

Keywords: strategic planning, small business, action plan, production engineering.

1. Introduction

Today, competition between companies continues to grow, which is due to the need to survive in a highly competitive market that seeks total quality. This search leads them to undertake strategic planning that will help them find better ways to overcome competition and other ways of growth.

[10] define strategic planning as an ongoing and systematic process that concerns defining where you want to go. Even highlighting the importance and benefits of strategic planning for decision making in industries, there is a follow-up where this analysis tool is little used: that of small companies [3].

According to [5], small businesses collaborate with the economy, as they offer many job opportunities,

stimulate competitiveness and because they are small they can be more efficient as they do not tend to follow complex and bureaucratic processes.

Small and even medium-sized companies present certain difficulties during the development of strategic planning, some authors like [9], attribute these difficulties to certain peculiarities such as their size, structure, culture and resource constraints. Given this, there is a need to use some tools that can help you decide the best development alternative for such a company.

This paper presents the application of strategic planning for small companies together with the help of tools such as SWOT analysis, GUT matrix, brainstorming and 5W2H, within the context of production engineering. It aims to develop strategic planning for a small business, following the adapted proposal of [13] apud [10], in order to reduce costs, improve productivity and greater efficiency in decision making.

2. Theoretical Reference

2.1. Strategic planning

For [10], strategy is a global model of decisions and actions that place organizations / companies in their environment in order to achieve their long-term goals. For [15], the strategy concerns top management's plans to achieve results consistent with the mission and objectives set for a given organization. [2] state that "a company's strategy is defined as its theory of how to gain competitive advantage," after all, a good strategy is one that actually results in such advantages.

In fact, good strategic planning results in several advantages over the competitor because it enables a detailed analysis of the internal and external environment. According to [4], strategic planning is an administrative process that allows a methodological basis to decide the best path the company should follow, considering the internal and external conditions of the given company to act in an innovative and differentiated manner.

It can be said that small businesses somehow develop some of the stages of strategic planning, such as setting goals, diagnostics to achieve set goals, how to take action against competitors and continue with their place in the market, [1].

2.2. Guiding principles (vision, mission and values)

Mission, vision and values are considered the foundation for defining direction for a company, but they must become strategic goals and guidelines.

For [14], corporate mission and vision are the foundations on which the company is being formed, ie the reason for existing. Vision is what allows the company a consistent sense and direction for the future. This is where the company aims to reach. For this, the objectives and goals must be flexible to achieve the vision, which must have the participation of all teams and levels of the company.

A company's mission must be discussed with employees at all levels, and then written down. All members must have the same understanding of the meaning and purpose of the company, [8]. He also states that values are guides for decision making and conduct of the company during the fulfillment of the mission and in the pursuit of vision.

2.3. SWOT Analysis

There are several definitions of SWOT (Strengths, Weaknesses, Opportunities, Threats) matrix, one of which is that it is a tool often used in the planning of strategic actions, where it analyzes the internal (strengths and weaknesses) and external environment (opportunities and threats) of the company. The result of this analysis is called the strategic stance, [8].

Following this line of thought [12], he states that the most important part of the analysis of the internal and external environment is the joining of the two and that their goal is to bring together all the items considered as company strengths and relate them to opportunities, weaknesses. and threats.

2.4. GUT matrix

According to [6], the GUT matrix is an efficient simple tool, which aims to help managers prioritize existing problems. The letters G, U and T are initials that represent gravity, urgency and tendency. [10] state that for each strategy that has been defined, the factors must be given a rating and the higher the rating, the higher the level of G, U and T.

2.5. Brainstorming

According to [7], brainstorming is a collective process in which people express ideas freely, without criticism and in the shortest possible time. Brainstorming is considered one of the tools that generate ideas most in teams, because one of its principles is the non-judgment of ideas, as absurd as they may appear.

There is a variation of brainstorming, brainwrinting. This tool is known to be closed brainstorming, the difference is that instead of ideas being presented verbally, they are written, [6].

2.6. 5W2H

According to [7], 5W2H is a tool used especially in the elaboration of action plans, as well as in the mapping and standardization of processes. It is a management tool that has the intuition to easily understand what needs to be done, such as deadlines, methods, goals, etc. Given this, [4] defined 5W2H as a form for execution and control of tasks, where it is defined who will perform and how the work in question will be performed, as well as department, reason and deadline for completion at all costs involved.

It was named because it represents the initials of the English words what, who, when, where, why, how and how much it costs).

3. Methodology and Tools

The choice of this area of study was through visit and research in the city of Maués - AM, where it was found that most small companies do not carry out a strategic planning. Through informal interviews with the owners, it was possible to notice that most of them perform some strategic planning steps, even informally. Among these small businesses was the company studied in this article.

The proposed solution for this small company is the development and application of strategic planning, using auxiliary tools such as SWOT analysis, GUT matrix, brainstorming and 5W2H. Data collection was done by applying questionnaires to customers and employees, as well as an interview with the company

owner.

The customer questionnaire was applied for three days in October 2019. The questionnaire structure was based on eight marking questions, where they could mark more than one option and had a space for suggestions, criticism and praise. In total there were thirty questionnaires answered, this limited number of answers was due to refusal of some clients claiming lack of time to answer. Another questionnaire was applied to all employees, ie 5 people. They answered the structured questionnaire with eight scoring questions, where they could mark more than one option and there was room for suggestions, criticism and praise. In the interview with the owner was established a questionnaire with fourteen open questions, lasting 30 minutes. Secondary data obtained from informal conversations with the owner's customers, competitors and family members were also used.

4. Application of Study

4.1. Company presentation

The company Delicias da Sonha has been in the salty and food market for 5 years and is located at Rua Deputado João Verçosa, 435 - Bairro: center in the city of Maués. Through an informal interview with the owner, it was concluded that strategic planning was never undertaken for her small business for the following reasons: lack of knowledge to carry out strategic planning, lack of time and resources.

4.2. Strategic Planning Preparation Steps

The strategic planning of this small company will be elaborated according to the steps in figure 1 below.

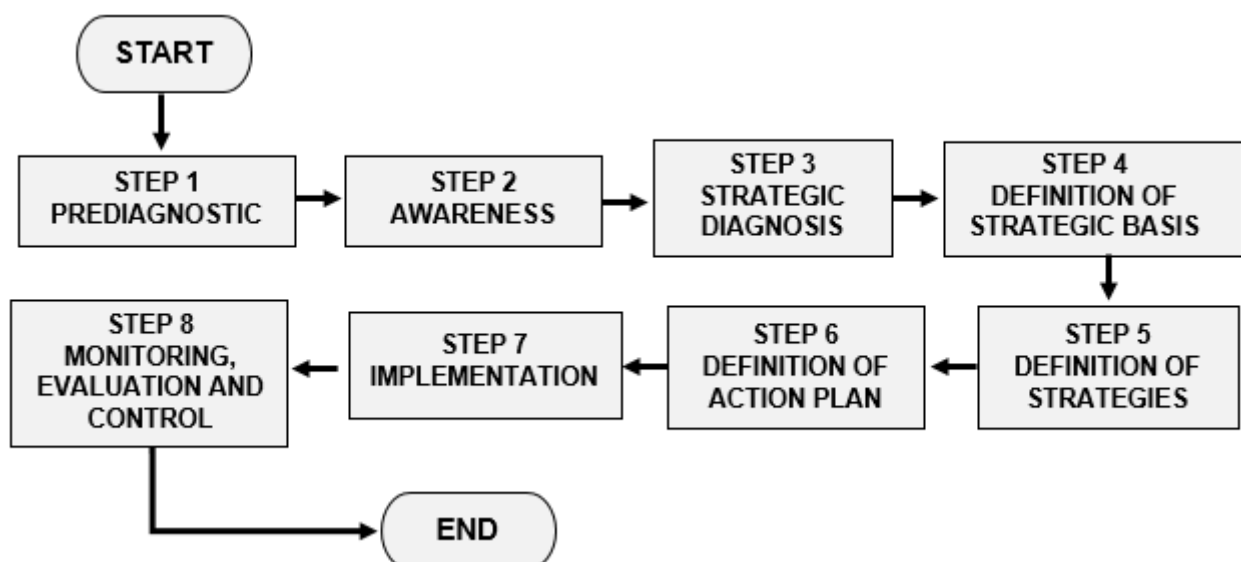


Figure 1 - Flowchart of the strategic planning development process.

Source: Author

Since steps 7 and 8 are part of the results and discussions topic.

STEP 1 - Pre-Diagnosis

The pre-diagnosis is the stage in which the company needs planning, who could develop and what the expectations related to the result. This information can be obtained through informal conversations / interviews with the contributors and owner, for example what was done in this case. After this initial assessment it was possible to conclude, according to the information obtained, that the company needs strategic planning, because it is going through a period of financial difficulties and the reason is not known. Asked what expectations related to the result of strategic planning, they answered that they expect financial difficulties to improve, stimulate the production process, stimulate employees and help overcome the competition.

STEP 2 - Awareness

As the need to develop strategic planning for the company was identified, this second step is fundamental. In a meeting with all members of the company, was explained about the objectives of strategic planning and consequently the importance of the actions that were to come that would cause some changes.

STEP 3 - Strategic Diagnosis

At this stage, the strategic diagnosis was developed. It is a detailed diagnosis of the actual situation the company is in, taking into consideration the internal and external environment. But first it is necessary to tabulate data in the application of the questionnaires to customers and employees.

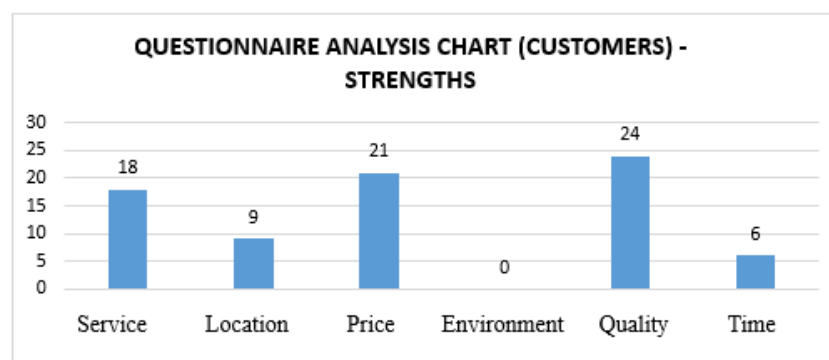
With the data obtained from the application of the questionnaire to employees, it was possible to assemble table 1 below. It shows the aspects to improve according to the opinion of the five employees.

Table 1 - Aspects to be improved from the employees' point of view.

ASPECTS TO IMPROVE	AMOUNT OF EMPLOYEES
Physical facilities	2
Kitchen (equipment and utensils)	1
Management	0
Marketing / Advertising	2

Source: Author

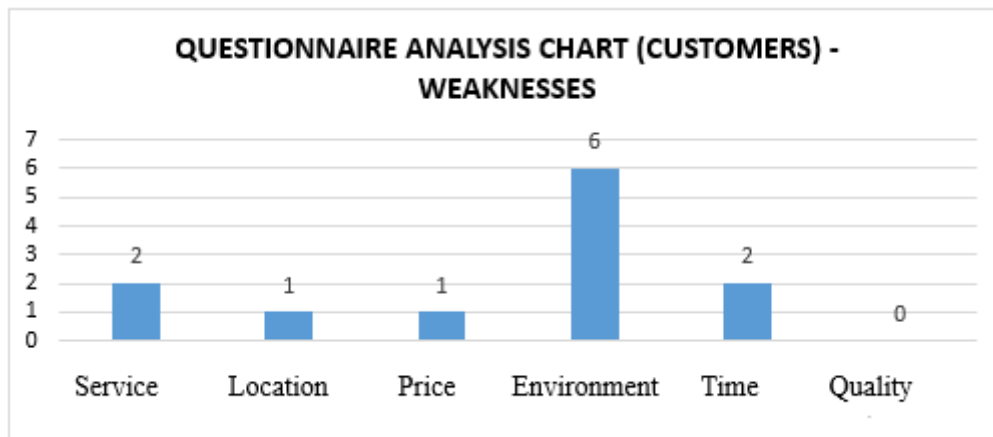
With the data obtained from the application of the questionnaire to the customer, it was possible to assemble the analysis chart 1 below regarding the company's strengths in the opinion of the customers who answered the questionnaire.



Graph 1 - Customer questionnaire analysis graph about the company's strengths.

Source: Author

Analysis chart 2 below refers to the company's weak ready-made according to customers.



Graph 2 - Customer questionnaire analysis graph about the company's weaknesses.

Source: Author

To evaluate the internal and external environment, we use the SWOT matrix tool. Also known as the FOFA (Strengths, Opportunities, Weaknesses, Threats) matrix, it is of the utmost importance that the business owner be honest in using this matrix for analysis, as this is the only way to eliminate or minimize weaknesses, devise strategies to address threats and take advantage of them. the opportunities.

Data from the SWOT matrix, presented in table 2, were obtained through questionnaires applied to customers and employees, as well as the interview with the owner.

Table 2 - SWOT matrix applied to the company Delicias da Sonha

SWOT MOTHER			
Internal (Company)		External (environment)	
Strong point: (Strengths)	<ul style="list-style-type: none"> - Employees committed; - product quality; - customer loyalty; - Market time; - Price; - Location; - Good service. 	Opportunities: (Opportunities)	<ul style="list-style-type: none"> - Higher demand in the term - Bigger demand at the holidays - Maximization of marketing through social networks
Weak point: (Weakness)	<ul style="list-style-type: none"> - Marketing; - undefined goals; - restricted view; - Management failures. - Physical Facilities 	Threats: (Threats)	<ul style="list-style-type: none"> - fierce competition; - High value of taxes; - High value of materials.

Source: Author

STEP 4 - Defining the strategic foundation

At this stage the company's strategic objectives, mission, vision, values were developed. The definition of these items, shown in table 3, came from a meeting with the owner and all employees of the company, where a brainstorming was performed.

This meeting discussed the company's strengths and weaknesses and the forward thinking of both the owner and employees.

Table 3 - Definition of the mission, vision and values of the company Delias da Sonha

Mission:	Our mission is to satisfy our customers by offering them quality products and good service in a clean and pleasant environment.
Eyesight:	To be a reference in the salty industry in the city of Maués, always aiming at the total quality of the products offered.
Values:	Respect and ethics between customers and employees, excellence in service and commitment to the quality of products offered, these values will always be priorities for our company, becoming a differential in the market.

Source: Author

STEP 5 - Strategy Definition

At this stage of strategic planning, this is where we define strategies for mitigating or eliminating threats, seizing opportunities, and improving weaknesses detected in SWOT analysis.

Together with the owner, some strategies were developed thinking about the continuous improvement of the company. These strategies will be presented below in table 4.

Table 4 - Definition of the strategies to be implemented.

STRATEGIES PLAN TO BE IMPLEMENTED	
SITUATION	STRATEGY
Lack of marketing	Creation of dynamic page on social networks (facebook and instagram) where daily updates will be made, disclosure of information about the company.
Undefined goals	Set business goals, mission, vision and values.
Management failures	Management training on production management and control, strategic planning.
Physical facilities	Adjustment of layout of physical facilities and making some improvements.
Higher demand in the school term	Own physical facilities by the end of 2020.
Bigger demand at the holidays	Increase production by 20%.
Fierce Competition	Do a factor analysis to find out what the actual production capacity is for December 23rd, December 24th and December 30.31.
High value of materials	Do market research to know the company's differential and invest in it.

Source: Author

After defining the strategies, the GUT matrix was used in order to prioritize situations that in the SWOT analysis were detected as weaknesses and threats that require immediate attention. Below, in table 5, you can see application of this tool.

Table 5 - Application of the GUT matrix.

MATRIZ GUT				
SITUATION	GRAVITY	URGENCY	TOTAL	TREND
Lack of marketing	3	3	1	9
Undefined goals	4	5	3	60
Management failures	5	5	3	75
Physical facilities	2	2	2	8
Fierce Competition	2	2	3	12
High value of materials	3	4	3	36

Source: Author

STEP 6 - Definition of the action plan

After applying the GUT matrix, it was possible to know the order of priorities of the situations to be solved. From then on, the action plan was developed for the situations in question, as shown in table 6.

Table 6 - Plan of action.

ACTION PLAN			
	SITUATION 1	SITUATION 2	SITUATION 3
WHAT?	Management failures	Undefined goals	High value of materials
WHY?	To improve the management of the company.	Because this problem prevents the company from setting goals and achieving them.	Because it is causing problems in the financial area.
WHERE?	In the management sector.	In the management sector.	In the management sector.
WHEN?	10/19/19 to 10/20/19	10/12/19	10/22/19 to 10/23/19
WHO?	Owner	Management and employees	Owner
HOW?	Doing training on the use of techniques and tools that help improve management.	Establishing appropriate mission, vision, values and strategic objectives.	Survey of suppliers in the city of Maués for price comparison of inputs and check prices more affordable.
HOW MUCH?	\$ 0	\$ 0	\$ 0
WHAT?	Competition Analysis	Improve marketing	Improvement of physical facilities
WHY?	To benchmark	To improve advertising and win customers	Because it is causing production delays and job dissatisfaction for employees.

WHERE?	In other eateries of the city of Maués	On the social networks	In the kitchen
WHEN?	10/25/19	10/31/19	From the 24/10/19
WHO?	Management	Management	Management
HOW?	Surveying the competition and benchmarking.	Creating pages on instagram, facebook and doing daily publications.	Buying appropriate utensils and equipment (if necessary), standardizing production, minimizing risks, improving lighting, conducting safety training at work.
HOW MUCH?	\$ 0	Promote the cafeteria through radio and flyers.	The owner declined to declare.

Source: Author

5. Results and Discussions

According to the initial flowchart, step 7 is the implementation of strategic planning.

Regarding management failures, training was conducted with the business owner on the use of techniques and tools that help control management, especially financial, which resulted in a 20% reduction in monthly costs. This cost reduction was also influenced by the survey and analysis of suppliers, which allowed the owner to purchase inputs with lower prices.

To improve the company's marketing and attract new customers, a survey of the competition was conducted in the city of Maués-AM for benchmarking, as a result made it possible to know that the company's differential is credibility, quality of products offered and focus on customer satisfaction. and thus invest in these aspects. Subsequently, the company profile was created on the social networks instagram and facebook, as well as the company's disclosure on the radio.

Regarding the undefined objectives, as presented in step 4, the mission, vision and values of the company that were disclosed to employees and customers in social networks were defined.

Thinking about job satisfaction for employees and improving production, training was given on workplace safety and risk minimization. A layout adjustment has also been made in the kitchen to allow production standardization and lamp changes to make the room brighter.

Given these improvements, it was possible to see positive results only a few days after the implementation of the action plan. Finally, step 8 is monitoring, evaluation and control. This process will be done by the owner, who received training on strategic diagnosis.

6. Final Considerations

This work aimed to develop strategic planning, with the aid of tools such as: SWOT analysis, GUT matrix, brainstorming and 5W2H, within the context of production engineering and apply in a small company.

This research enabled a greater understanding of strategic planning and the benefits it has for business competitiveness, while presenting the main limitations in small businesses.

Most small business owners are unaware or reluctant to adopt this tool. Largely because they feel they lack

the knowledge to carry out strategic planning or because they find the process complex and expensive, which is exactly what happened in the situation studied in this article. However, as presented in this article, you can adapt it to the reality of small businesses so that you can maximize profits and enable it to survive in such a competitive market, as some small businesses close before a year is up. Market

7. Bibliographical References

- [1] ANDRADE, Arnaldo Rosa de. Strategic planning: formulation, implementation and control. Sao Paulo: Atlas, 2012.
- [2] BARNEY, J. B .; HESTERLY, W. S. Strategic management and competitive advantage: concepts and cases. Upper Saddle River, NJ: Pearson / Prentice Hall, 2011.
- [3] RABBIT, J.M .; SOUZA, M.C.A.F. (1999). The importance of strategic planning for small businesses. In: IV Brazilian Congress of Strategic Cost Management. Sao Paulo-SP.
- [4] WOLF, Renato Nogueiro. Production Management - São Paulo: Érica, 2010.
- [5] LONGENECKER, Justin G; et al. Small Business Administration. Oxibridge Language Center - Sao Paulo: Cengage Learning, 2013.
- [6] LUCINDA, Marco Antonio. Quality: fundamentals and practices for the undergraduate course. Rio de Janeiro: Brasport, 2010.
- [7] MARSHAL JUNIOR, ISNARD; et al. Quality management and processes. Rio de Janeiro: Publisher FGV, 2012.
- [8] MÜLLER, Cláudio José. Strategic planning, indicators and processes: a necessary integration - São Paulo: Atlas, 2014.
- [9] NAKAMURA, M. M .; ESCRIVÃO FILHO, E. (1998). Business strategy for small and medium enterprises: a case study. In: XVIII National Meeting of Production Engineering. Anais, Niteroi, Rio de Janeiro / RJ.
- [10] NEUMANN, Clovis; SCALICE, Régis Kovacs. Factory Design and Layout. Rio de Janeiro. 2015
- [11] OLIVEIRA, Djalma de Pinho Rebouças from. Strategic planning: concepts, methodology and practices - 32. ed. - Sao Paulo: Atlas 2014.
- [12] PEREIRA, Mauricio Fernandes. Strategic planning: theories, models and processes - São Paulo: Atlas, 2010.
- [13] SILVA JUNIOR, A. B. Organizational networks as intangible assets in business management development. In: ZANINI, M. Tulio (Org.). Integrated management of intangible assets. Rio de Janeiro: Ed. Qualitymark, 2008.
- [14] TUBINO, Dalvino Ferrari. Production planning and control: theory and practice. - 3rd ed. - Sao Paulo: Atlas, 2017.
- [15] Wright, Peter; KROLL, Mark J .; PARNELL, John. Strategic administration: concepts. Celso A. Rimoli, Lenita R. Esteves. -1 ed. - 12 reprinted - Sao Paulo: Atlas, 2011.