

INSTITUTIONALISATION OF THE ENTERPRISE PROACTIVE ANTI-CRISIS MANAGEMENT SYSTEM THROUGH THE DEVELOPMENT OF SITUATION-ANALYTICAL CENTRES

INSTITUCIONALIZACIJA PROAKTIVNOG ANTIKRIZNOG MENADŽMENT SISTEMA PREDUZEĆA KROZ RAZVOJ CENTARA SITUACIONE ANALIZE

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Abstract: *The objective of the present paper is to provide a close examination of the enterprise proactive anti-crisis management system. Put forward is a conception of its essence and structure. Straightforward clarification of its key components is as follows – conceptual, functional, instrumental and institutional. Brought into primary focus are the possibilities for organizational development of the enterprise proactive anti-crisis management system through its institutionalization in the so-called Situation-Analytical Centre (SAC). Paper provides an account of the SAC's functional organizational structure and its respective components.*

Key words: *proactive anti-crisis management system, enterprise, crisis situation, early warning system, situation-analytical centre.*

Sadržaj: *Cilj ovog rada je da detaljnije istraži proaktivni antikrizni menadžment sistem preduzeća. Radi se o posebnom sistemu po svrsi, ali i po strukturi. Jednostavna klasifikacija njegovih glavnih komponenti uključuje: konceptualne, funkcionalne, instrumentalne i institucionalne. U primarnom fokusu su mogućnosti za razvoj antikriznog proaktivnog menadžment sistema preduzeća putem institucionalizacije u tzv. situaciono-analitičkim centrima (SAC). U radu je predstavljena funkcionalna organizaciona struktura SAC-a, kao i njegove odgovarajuće komponente.*

Ključne reči: *proaktivni antikrizni sistem za upravljanje, preduzeća, krizna situacija, sistem ranog upozorenja, situaciono-analitički centar.*

1. INTRODUCTION

In recent years, the development of the industrial enterprise anti-crisis management theory has resulted in significant expansion of the range of issues it resolves especially those associated with reinforcing its preventive nature. The emphasis has moved away from the mechanisms, methods and tools of the reactive anti-crisis management as a way of overcoming a crisis situation towards the primary prevention or prophylaxis of the crisis and

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avoidance or non-occurrence of a particular crisis situation, i.e. the so-called proactive anti-crisis management (PAM).

2. ENTERPRISE ANTI-CRISIS MANAGEMENT SYSTEM

Proactive anti-crisis management refers to a system of functions, techniques, methods and tools, directed towards identifying and responding to early signals of potential crisis situation, analysis and prediction of its advancement and developing respective preventive or prophylactic measures.

PAM system, being an important element of the enterprise anti-crisis management system, implies interaction between the following components:

- conceptual (PAM objectives and tasks);
- functional (PAM functions);
- instrumental (PAM tools);
- institutional (organizational structuring of PAM).

Within the context of the stages of the enterprise's financial crisis, PAM directs its activities towards the so-called potential or latency stage, i.e. towards the hidden stages of inactivity, in which the crisis is not yet evident.

The main objective of the PAM system is – crisis avoidance, or non-occurrence of a crisis situation in a certain enterprise, through proactive activities in response to signals of potential adverse effects of the external and internal environment of the enterprise.

In the light of this objective, PAM system is intended to accomplish the following tasks:

1. Continuous monitoring of the external and internal environment with the purpose of detecting early signals of a potential crisis situation within the enterprise and their analysis;
2. Forecasting the advancement of a potential crisis situation within the enterprise;
3. Developing warning measures for a potential crisis situation within the enterprise;



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4. Developing measures for response, prophylaxis and prevention of the probability for crisis occurrence within the given enterprise.

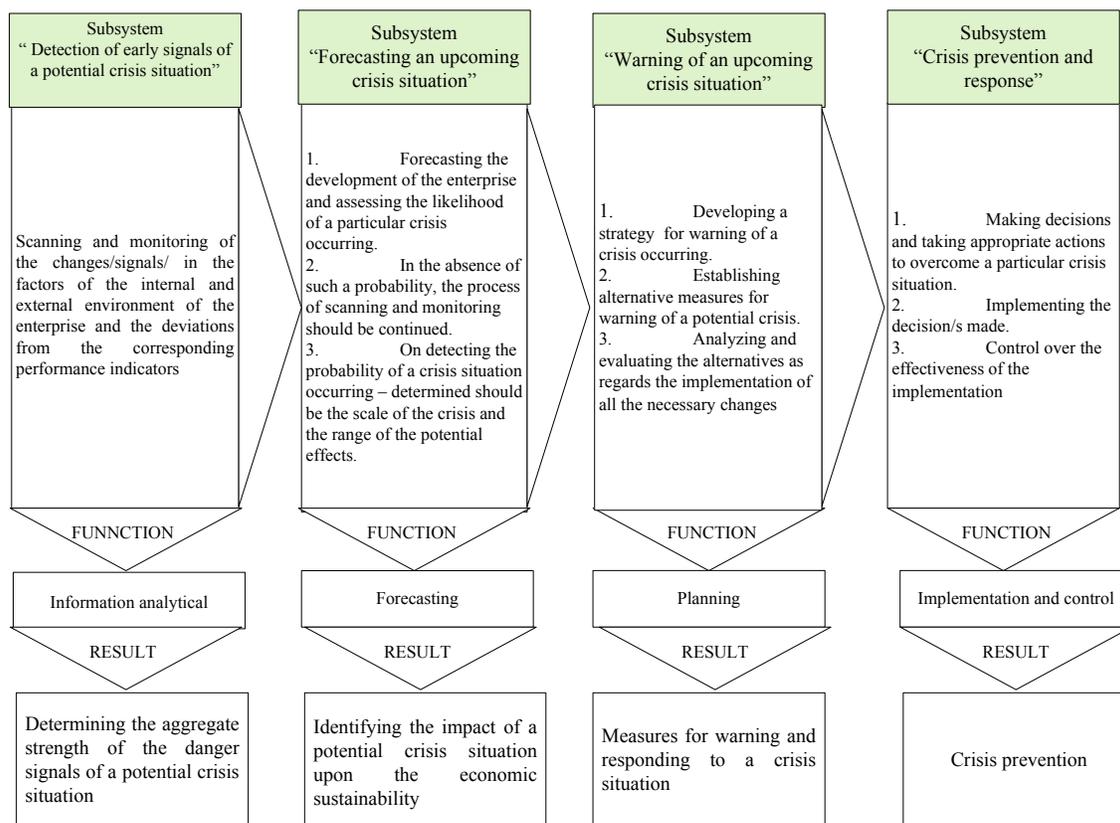


Figure 1: Functional - structural model of the enterprise proactive anti-crisis management system

The functions of the PAM system, as a set of activities, directed towards achievement of the tasks defined above, are shown in fig.1 as subsystems of its structural-functional model.

The PAM system consists of four functional subsystems corresponding to the functions performed:

- Subsystem 1 “Detection of early signals of a potential crisis situation”;
- Subsystem 2 “Forecasting an upcoming crisis situation”;
- Subsystem 3 “Warning of an upcoming crisis situation”;
- Subsystem 4 “Crisis prevention and response”.

The main task of the subsystem of early detection appears to be the timely collection and analysis of information related to the direction and rate of change of the indicators, characteristic of the enterprise activity and indicative of its external and internal environment. The result of the information-analytical function performed in this subsystem determines the aggregate strength of the risk signals of a potential crisis situation in the enterprise. On this basis, the second system aims to predict the development of the enterprise in relation to the probability of a crisis occurrence, and to determine its intensity, scope or extent, along with the corresponding consequences, if it occurs. As the result of the forecasting function performed in the second subsystem, determined is the degree of impact of a potential crisis situation upon the state of the economic sustainability of the enterprise. The third subsystem solves problems related to the development of a strategy and alternative versions of measures

for warning and response to a potential crisis situation. The main purpose of the fourth subsystem is to provide response and ensure prevention of a potential crisis situation in the enterprise. At this stage the management team in the enterprise makes a decision upon the selection of concrete measures for prevention of a potential crisis situation, followed by implementation of the decision made and its control and assessment.

Efficient and effective management tool that allows the accomplishment of the functions of the enterprise PAM system is the early-warning system of controlling. It is functionally dependent on two control mechanisms and their integrative effect upon the prevention of a possible crisis in the industrial enterprise:

- early – warning system mechanism and
- preconditions control mechanism.

The early-warning and control system mechanism is based on the idea of preliminary connection and proactive action, i.e. the analysis of probable consequences (impacts) and the accomplishment of relevant proactive activities should be anticipatory (i.e. done in advance), rather than simply waiting for the adverse effects of the impact of a given factor to occur. On the basis of the preliminary connection, preventive activities could be planned and subsequently carried out. The preconditions control mechanism, as a follow-up of the early-warning system mechanism, is vital for the successful accomplishment of any proactive activity. It requires the completion of the following steps:

- formulation of the parameters of the changes, leading to the occurrence of adverse events and identification of the permissible limits (levels) of such changes;
 - establishing a check (control) system in the temporal and spatial aspects of the parameters of given changes;
 - initiating proactive activities with identifying changes approaching the permissible limit of the parameters.



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Efficient and effective organizational structure, in which the functioning of the enterprise PAM system can be institutionalized, is the so-called Situation-analytical centre (SAC).

3. SITUATION – ANALYTICAL CENTRES IN THE ENTERPRISE

The situation-analytical centre (SAC) can be considered as advanced set of methodological, information, technological and software mechanisms (tools), intended to support and facilitate the work of experts - analysts and managers in their decision-making process as regards the occurrence of crisis situations in the enterprise and their prevention as well.

SACs provide new opportunities based on technologies for transmission and presentation of information, methods of situation analysis and evaluation, along with the organization of the collective work of experts and managers brought together for the purpose of solving various intricate and complex tasks jointly as a whole. The primary function of SAC is complex evaluation of the problem (crisis) situation grounded on application of special methods for processing large amounts of information, as well as operational development and simulation of scenarios for the development of crisis situation.

The ideology of SAC creation and operation is founded on integration in an organizational-functional structure of the set of administrative and managerial, technical, information, software and telecommunications resources for provision of comprehensive, operational, intellectual analysis of the situation and development of adequate solutions for its management.

The current relevance of the issue related to the establishment of SAC in the enterprise is determined by numerous factors, with the most important ones being – the necessity of applying complex approaches to the anti-crisis management, as well as the need of making decisions in conditions of deficiency of time. In such cases, a risk assessment should be carried out in order to achieve the intended purpose, to draft prompt alternatives of possible solutions and what is more, there should also be a visual representation of the evaluation results and prediction of the possible consequences of the crisis situation in the enterprise.

The principal function of SAC is performed by the decision preparation and support system (DPSS), built upon the set of tools for information resources processing, technologies for access to information-analytical systems, instrumental - modeling tools and methods for visualisation. SAC can be defined as a set of information, software and hardware tools, which through the use of information technologies, ensure monitoring of the situation, its in-depth analysis, making managerial decisions as to the minimization of the adverse effects, bringing the decision to the agent (doer), controlling and assessing the effectiveness of the implemented decision.

The main purpose of the SAC is to provide support in the decision-making process through visualization and thorough analytical processing of all the operational, retrospective and prospective (prognostic) information, illustrative representation of the specific situation, the results of such analyses, on which grounds the management team is capable of making efficient managerial decisions.

SAC covers the following principal components:

- information assurance – information model of the controllable entity and the external environment; information models of the situation and potential risks; linguistic assurance;
- tools for controllable entity and external environment monitoring, tools for data storage;
- expert-analytical provision;
- set of technical tools, including the tools for visualization;
- control and function management tools.

SACs have their own characteristic features, setting them apart from the other systems for decision preparation and support (DPSS), from the traditional reporting systems and information collection and registration systems:

- SAC conveys the information to the managerial team in real time mode;
- SAC provides the team, making managerial decisions with aggregated data for evaluation of the situation;
- The choice of managerial decision should take into account the information SAC provides on the basis of the analysis and evaluation of multiple alternatives;
- SAC has the necessary tools to perform not only static but also dynamic situation analysis tracing out the tendencies of its development;

The organizational - functional structure of SAC comprises the following functional components:

1. Component "Leadership" (Decision-makers–DM);
2. Component "Monitoring the state of the controllable entity and that of the external environment and gathering information";
3. Component "Situation analysis and systematization of information";
4. Component "Administration and operation".

The first three components form the operational part of the organizational structure of the SAC, providing all the necessary support in the process of management in real time mode. The fourth component is a provisional unit. Each component of this structure consists of:

- information- analytical part – tools for situation analysis and support for the decision-making process.
- information – technological part – a set of information - linguistic provision and technologies for gathering, storage and selective distribution of data (information);
- technical part – a set of complex means of automation of SAC;

The first part is determined by the functional activities of the centre and within the specified subject area – anti-crisis management. The second one provides the necessary technology for their proper implementation on the basis of the corresponding program complexes, and the third part - are hardware-software complexes, where SAC's objectives (or functions to be performed) are immediately put into practice.

Represented in fig. 2 is the organisational – functional structure of the enterprise's SAC.

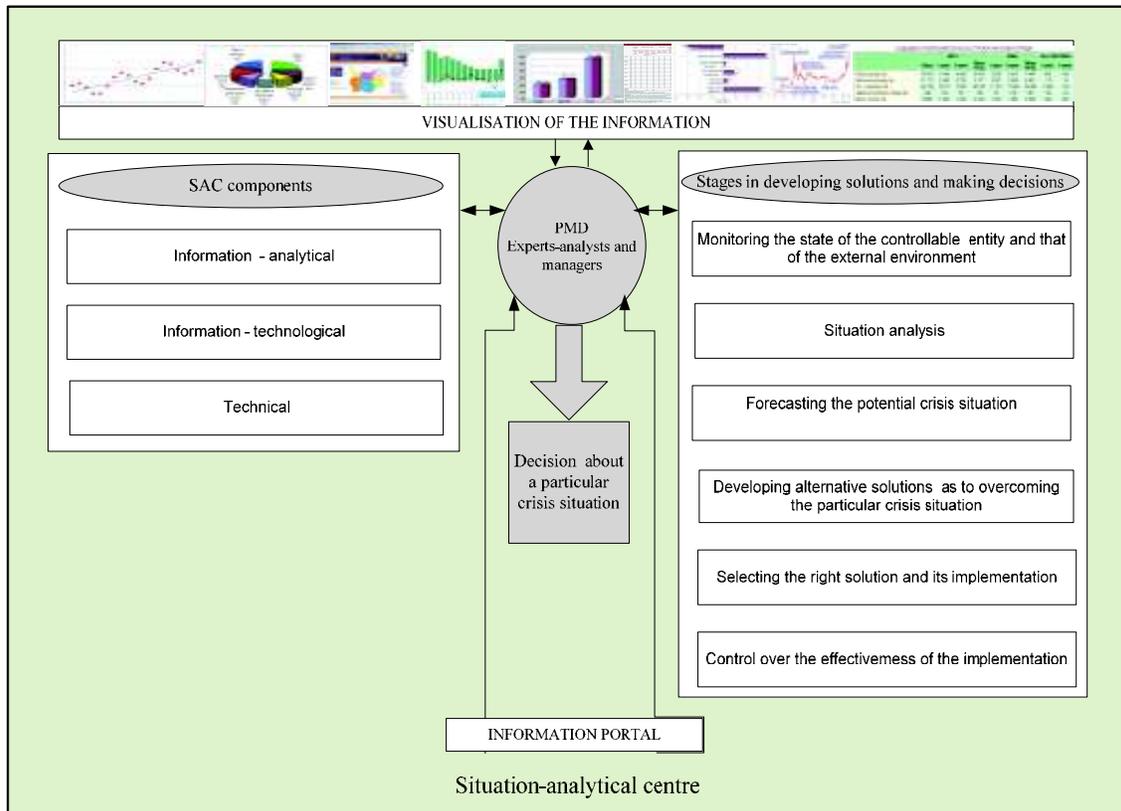


Figure 2: Situation-analytical centre in the enterprises [2].

5. CONCLUSION

The proposed model of SAC for institutionalization of the enterprise proactive anti-crisis management system, with the problems it attempts to solve and the mechanism of its functioning, provides the conditions necessary for the enhancement of the efficiency and effectiveness of the anti-crisis management, through optimization of the implemented decisions and reduction in the length of time needed to prevent an upcoming crisis situation from occurring.

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