

## Methods of the Development Strategy of Service Companies: Logistical Approach

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### ABSTRACT

The urgency of the analyzed issue is due to lack of attention of heads of service companies to the theory and methodology of strategic management, methods and models of management decision-making in times of economic instability. The purpose of the article is to develop theoretical positions and methodical recommendations on the formation of the logistical approach to the development strategy of service companies. The leading approach to the study of this issue is the logistical approach, which allows identifying the most significant factors, carrying out the quantitative assessment of their interaction with each other and determining the extent of their influence on the parameters of the system under research. This research presents a methodology for the selection of optimal functional business strategies of service companies from the alternative, based on the use of economic and mathematical modeling techniques. The authors assess the parameters of the micro, macro and internal environment of the company, represent the company's business profile, a general development strategy of based on the determination of optimal logistics, marketing, production, financial and human resource management strategies for individual strategic business areas. The contents of the article may be useful for managers of service companies, auto-transport enterprises in making rational decisions on the formation of the optimal business development strategy in uncertain environmental conditions.

### KEYWORDS

Logistics, uncertainty, factors, strategic management, transport

### ARTICLE HISTORY

Received 13 June 2016  
Revised 29 July 2016  
Accepted 04 August 2016

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## Introduction

### *Establishing a context*

Transport is an important part of Russian production infrastructure. This is due to the huge impact of transport on the economy, national security, defense of the country, and the quality of life.

Russia's economic transition to new economic conditions and the country's privatization of enterprises have significantly changed the developed system of the transportation process at auto-transport enterprises. Today, freight auto-transport enterprises operate in the absence of centralized orders, which causes certain instability in volumes of their services during the planned period of time. The result is a lack of confidence in achieving business goals, increasing the risk of their stable functioning in the competitive market.

The studies have shown that searching for ways to improve their efficiency many freight auto-transport enterprises began to expand into new activities, related, and sometimes not related to the transport services. These include: trade automobiles and spare parts, maintain and repair cars of private owners, organize loading and unloading, provide warehousing of goods, organize paid car parking, organize leasing of industrial and office premises, commercial and intermediary operations and other operation.

In these circumstances, there is a need to develop management mechanisms that will help auto-transport enterprises to adapt quickly to the environment and carry out their activities, focusing on the long-term development in the future. Of particular importance is the concept of logistics in ensuring the needs for transport services. The modern concept of logistics is considered as the most effective approach to the management system of auto-transport enterprises (ATP) to reduce costs in the supply chain.

### *Literature review*

A significant contribution to the study of issues of strategic planning and market analysis was introduced by such famous scientists as: R. Ackoff (1994), I. Ansoff (2009), G. Mintzberg (2001), M. Meskon, M. Albert & F. Hedouri (1997), M.E. Porter (2005), A.A. Thompson & A.J. Striklend (2006), V.I. Sergeev (2001), etc. A deep development in the field of the logistical approach to strategic management is carried out by D.J. Bowersox et al. (2008), M.R. Leenders et al. (2006), D. Waters (2003) and other authors.

### *Establishing a research gap*

The results of research show that strategic planning and management in enterprises have been neglected, which leads to loss of important goals and the company's inability to respond quickly to changes in the external environment. The absence of the deliberate strategy and marketing policy lead to the reduced competitiveness, loss of market positions and it worsens a difficult financial situation.

The way to solve such problems or eliminate most causes of their occurrence is the logistical support of strategic management of auto-transport enterprises, carried out on the basis of a carefully designed strategy. In terms of the logistical approach the activity of the auto-transport enterprise is the adaptation process to the parameters of the external environment. The complexity,

dynamism and unpredictability of the environment creates uncertainty in the activities of auto-transport enterprises, which negatively affects the performance of their production and business activities, but there is no universal methodology for the development of optimal development strategies suitable for all companies without exception. But a mechanism to overcome the uncertainty and increase the adaptability of enterprises to external influences must be a strategic planning concept.

### ***Aim of the study***

The aim of this research is to develop basic theoretical, organizational - methodical positions and practical recommendations for the development of logistic support for the development strategy of freight auto-transport enterprises.

Realization of this research aim required solving the following tasks:

- To analyze the influence of individual factors of the macro and micro-environment of the auto-transport enterprise which have a significant impact on its activities;
- To optimize the system of performance indicators in order to determine the strategic position of the auto-transport enterprise in the competitive environment;
- To justify the use of mathematical models and methods based on the theory of fuzzy sets in selecting the optimal strategy of auto-transport enterprises;

The object of research is the freight auto-transport enterprise “Trans Auto”.

### ***Methods***

#### ***Research methods***

In the course of research the following methods were used: economic and mathematical methods of expert estimations and graphic results.

#### ***Experimental research base***

The experimental research base is LLC “Trans Auto”.

#### ***Research stages***

This research was conducted at three stages:

At the first stage the authors define the company’s environment profile for each strategic business area (SBA) using the method of expert estimations. At the second stage the authors represent a comprehensive assessment of the strategic position of the freight auto-transport enterprise, taking into account such strategic index as “strategic external environment”, “strategic market advantages” and “strategic competence” and identify the most profitable activities. At the third stage the authors develop the overall enterprise management strategy that is based on the determination of optimal logistics, marketing, production, financial and human resource management strategies for individual strategic economic zones.

The basis of the strategic planning methodology and the main tool for the development of the auto-transport enterprise is its strategy. For example, A.D.

Chandler (1962), the founder of the theory of strategic management, believes that the strategy – is “the definition of basic long-term objectives and tasks of the enterprise and the approval of resource allocation actions necessary to achieve these goals.” M. Meskon, M. Albert & F. Hedouri (1997) give a more precise definition: “the strategy – is the overall, comprehensive plan to ensure the implementation of the organization's mission and the achievement of its goals.” G. Mintzberg (2001) notes that “the strategy is not only a plan and a set of decisions and actions.” One of the founders of management - I. Ansoff (2009) believes that the strategy is “a set of rules for making decisions that guide the company in its operations.” According to M.R. Leenders et al. (2006), the strategy is a plan of activities designed to achieve long-term goals by a certain company.

The need to develop a common strategy is due to the specific characteristics of the sector, which depend on many factors of the environment common for the market economic conditions. Various sources set out different approaches to the market analysis procedure. For example, M.E. Porter (2005) suggests using “national diamond”, which helps to estimate the competitive advantages of industries, regularities of their origin, development and decline. In contrast, A.A. Thompson & A.J. Striklend (2006) proposes his algorithm analysis and he claims that it is necessary to identify only the dominant or important factors of economic growth and industry dynamics in this period.

Today, the science of strategic planning is based on technologies developed for large foreign firms, and practically does not offer a methodology to assess the capabilities of the enterprise, to predict the impact of future events on its activities. Managers and specialists of most businesses, including auto-transport enterprises, take strategic decisions, relying only on their own experience and intuition. They are armed with little strategic planning methodology and technology, based on the use of the logistical approach.

Studies of modern transport conditions in this area illustrate the need to develop guidelines on the methods of the effective strategy development of auto-transport enterprises, which will be adequate to the level of external instability and will aim to achieve the strategic objectives of ensuring long-term sustainable operation of ATE, based on the principles of logistics.

The total enterprise strategy should have a structure that involves three major strategy blocks.

These units vary by the scale of the tasks and the degree of detail design. To be successful, the strategy should be mutually agreed upon and work closely with each other. Each unit has a well-defined and finished character. At the same time, each subsequent block is developed on the basis and in the development of the previous one.

Three-level strategies form a hierarchical structure: a corporate strategy consists of a series of business strategies and functional strategies, the main component of which is a logistics strategy.



**Figure 1.** The interaction of enterprise strategies  
Source: R. Ackoff (1994).

The logistics strategy forms the link between the more abstract high-level strategies and detailed operations carried out in the supply chain (Bowersox et al., 2014). Corporate and business strategies describe the overall objectives, the logistics strategy deals with the actual movement of materials required to achieve these goals.

The strategy development at every level ends with the creation of the strategic plan.

Each level forms a strategic environment to the next level, i. e. the lower level of the strategic plan is imposed by certain restrictions from the strategies of higher levels of the hierarchy.

The strategic analysis of the company's activity determines the range of possible policy options, depending on the status of the internal and external environment, i. e. it takes into account the most important factors affecting the company's economy.

You must choose such development strategy and development of the strategic economic zone (i.e., choose a set of services production in accordance with their respective markets, and the sequence of their development) that would give the company a maximum profit (net income) both at present, and in the expected perspective.

Based on the foregoing, the goal should be formulated in the following way: for given (vector  $F_d$ ) values of determined factors, taking into account the informational situation ( $I_s$ ) on the possible scenarios  $W = \{w_j\}, j = 1, m$ , it is necessary to choose such company's development strategy  $S = \{s_i\}, i = 1, n$ , that would provide the maximum value ( $P$ ), which characterizes the result (profit),

achieved by the enterprise in whole, in case if the costs ( $C$ ) on the implementation of the strategy would not have exceeded the permissible ones:

$$P(F_d, I_s, S(W^*)) = \max P(F_d, I_s, s_i, (w_j)) \quad (1)$$

$$s \in S, w \in W \quad (2)$$

$$C(F_d, I_s, S(W^*)) < C_{extra} \quad (3)$$

$$S = \{s_i\}, i - 1, n, \quad (4)$$

$$W = \{w_j\}, j - 1, m, \quad (5)$$

$$F_d \in F_{defined}, I_s \in I_{defined} \quad (6)$$

The dynamism of the external conditions of the enterprise development, a variety of formational flows, the complex relationships between all actors in the development and implementation of development strategies enhance the impact of uncertainty factors in the target characteristics of the auto-transport enterprise (Lukinskiy, 2007).

1. In the decision theory, there are three main types of informational situations that may arise while choosing the strategy of the enterprise:

1. Decision-making under certainty. These conditions are characterized by the presence of a clear-deterministic relationship between the taken decision and the result. In this case, the resulting index and restrictions depend only on the company's strategy and fixed determined factors (vector  $F_d$ ).

2. Decision-making under risk. Under these conditions, each strategic alternative may result in one of possible outcomes, each of which has a certain probability of their occurrence. The value of the resultant index in this case depends both on the strategy ( $S$ ), determined factors and also on random factors (vector  $I_s$ ) with known distribution laws.

3. Decision-making under uncertainty. In this case, the resulting index depends in addition to strategies  $S = \{s_i\}, i - 1, n$ , and fixed parameters  $F_d$  also on random factors  $I_s$  with completely unknown distribution laws or the influence of uncertain factors, when we only know a set of possible values. As a result of the impact of uncertain factors, each strategy is associated with many possible outcomes, the probability of which is either unknown or insufficient known to make a precise decision, or make no sense.

The uncertainty of the used information is a significant factor hindering the development strategy of the auto-transport enterprise. The enterprise strategy is implemented in multiple-valued social and economic processes, diversity of methods and possibilities, variety of possible conditions which the enterprise may face in the future. At the moment of decision-making it is impossible to obtain accurate and complete information about the real and possible environment of the strategy implementation, about existing or possible in the future internal and external factors. In other words, the information that is necessary for selection of strategic alternatives is inaccurate, incomplete, non-quantitative and the formal models of the analyzed system are either too complex or lacking. Thus, decision-making takes place in the environment where the objectives, restrictions and consequences of possible actions are known only

approximately, they are not precise. In such cases, to make informed decisions we usually involve expert knowledge that is usually expressed as some data called preferences.

The decision-making scheme, in which the judgment or assessment play an important role in determining the confusion or uncertain factors, is given by the theory of fuzzy sets. The advantage of the fuzzy logic approach to the classical approach, when they are used in the description of the management systems, is that if there is the fuzzy approach, we do not need the analytical description of the process, since here we process and model close, hard-defined indicators and concepts.

The theory of fuzzy sets allows working analytically with parameters that are difficult to shape and subjective views of experts, who play a decisive role in the assessment of the decision-making (Mirotin, Tyshbaev & Kasenov, 2002).

Uncertainty is an integral part of the strategy selection process. And the use of methods of fuzzy set theory in the strategy selection process of the auto-transport enterprise, taking into account non-complete information, will have a positive result.

When making decisions using the logistical concept of the system analysis, we have to choose the optimal alternatives among sets of valid means to achieve this goal. Today business leaders face a challenge – they need to choose the main environmental factors among the numerous and various ones and predict the possible changes. In order to develop the strategy and to choose the version of it, you need a comprehensive, multi-faceted analysis of the general environment of the enterprise, in which the business is conducted, and the assessment of its internal capacity.

Specifically designed analytical tables will assist in this work and summarize the results. Structurally the table consists of two parts: horizontally there are parameters of the enterprise environment therein, vertically - ball (rate) estimates of these parameters.

**Table 1.** The operating environment profile of the enterprise

The parameters of the environment		Assessment of sets of parameters
External environmental factors	Macro-environmental factors	$A = \frac{1}{m * k} \sum_{i=1}^n W_i * a_{ij}$
	Micro-environmental factors	$B = \frac{1}{m * k} \sum_{i=1}^n W_i * \sigma_{ij}$
Internal environmental factors		$C = \frac{1}{m * k} \sum_{i=1}^n W_i * c_{ij}$

Source: I.A. Toymntseva (2011). *Strategic Management of Service Transport Industries*: PhD Thesis, Samara State University of Economics.

The parameter assessment for the macro (A), micro (B) and internal (C) environment of the enterprise is calculated according to the formulas shown in Table 1.

Where  $W_i$  - the rate of the  $i$ -th factor,

$a_{ij}, \acute{a}_{ij}, c_{ij}$  - values of parameters transferred by means of the rating scale,

$m$ - the number of experts,

$k$ - the total number of factors considered in each strategic business zone.

To determine the strategic position of the enterprise in the market of transport services and to choose the optimal development strategy it is suggested using a methodology that takes into account the realities of modern economic activity of the auto-transport enterprise and a comprehensive assessment of each set of factors.

The essence of the proposed method is to use a three-dimensional matrix, the coordinates of which are the following indicators or strategic index: “strategic external environment”, “strategic market advantages” and “strategic competence”. Let us define these indicators.

Strategic external environment (A) is determined by the operating terms of the auto-transport enterprise which are created by the ever-changing external environment.

Strategic market advantages (B) are characterized by minimal costs and a high consumer value of provided services, allowing the company to achieve success in the market of transport services.

Strategic competence (C) - a set of existing tangible and intangible resources, capabilities and abilities (competences) to develop and implement strategies of the ATE, i.e., everything that allows the company to stand out among competitors.

Comparison of simulation results of the strategic economic zone and strategic opportunities of the business environment allows you to develop a common strategy for the rational growth of transport services and the stabilization of the financial and economic situation of freight transport enterprises.

Z-direction is a complex of factors that characterize the strategic environment  $A \in \{A_1, A_2, \dots, A_n\}$ , x-direction - a complex of factors of strategic advantages  $B \in \{B_1, B_2, \dots, B_n\}$ , y-direction – a complex of factors of strategic competencies that define the strategic position of the auto-transport enterprise  $S = f(A, B, C)$  Each direction is divided into three equal parts, describing the *strategic environment*: favorable (0.7-1), the average attractiveness (0.4-0.7) and unfavorable (0-0.4); *strategic advantages*: strong (0.7-1), medium (0.4-0.7), weak (0-0.4); *strategic competences of the auto-enterprise*: a strong position (0.7-1), a middle position (0, 4-0,7), a weak position (0-0.4).

Decisions on the choice of strategy (S) are made on the field (quadrant) of the matrix formed by the combination of factors, where the enterprise gets into by its parameters. On the basis of the strategic index we can define the aggregate rating of the company's strategic position: which is calculated as the geometric mean of three strategic indices:

$$S = \sqrt[3]{A * B * C} \quad (7)$$

where A - the strategic external environment;

B - strategic market advantages;

C - strategic competences of the enterprise.

The position of the enterprise in the market, the business risk of its operations and strategy selection is directly due to the combination of three complexes of factors (strategic index).

Based on the identified strategic position it is made the decision on inclusion or non-inclusion of strategic alternatives in the market portfolio of the enterprise, is developed a common strategy of the enterprise development.

## Results and Discussions

The environmental analysis is generally considered a source process of strategic planning, as it provides the basis that defines the company's mission and goals and develops the behavior strategies for auto-transport enterprises to fulfill their missions and achieve their goals. All competing organizations operate in the same business environment. Each of them can be successful if it has explicit competences to enable it to stand out from competitors. These competences are determined by factors which the organization can control and that it uses to distinguish itself from others.

Using the described techniques it is possible to assess the functioning environment of LLC "Trans Auto".

The analysis of transported goods, that are part of the economic "portfolio" of each of the analyzed enterprises by homogeneity of the whole range of transported products and provided services, makes it possible to distinguish them in some strategic economic zones (SEZ).

The structure of transported goods that are part of the economic "portfolio" of LLC "Trans Auto" consists of five main strategic economic zones (SEZ).

$CX3_1$  - Freight car industry;

$CX3_2$  - Freight agricultural industry;

$CX3_3$  - Bulk transport, as well as oversized and dangerous goods transport;

$CX3_4$  - Maintenance, inspection and repair of motor vehicles, washing of heavy vehicles, buses and specialty vehicles;

$CX3_5$  - Technical support on the road M-5.

Using a methodical approach of two-dimensional BCG matrix, as well as taking into account the volume of provided services and the share of the strategic economic zone in the market of transport services in Samara, we can select 4 strategic economic units (SEU), each of which may include several types of homogeneous provided services by the strategic economic zone.

Big SEU - is mass transportation. Demand for such services is stable, they occupy a large share in the structure of road transport and tend to rise. They are a key to the success of the enterprise development, so they should be developed, invested large investments for the development of infrastructure, rolling stock, etc. Although the tariffs on this transportation are relatively small, but due to their large volumes, they give a basic profitable part of the enterprise budget.

Profitable SEUs occupy a smaller market share, but they bring a large revenue and profit. However, the prospects for growth in demand for them are not always predictable, so it is advisable to maintain a tight control over the investments made in this sphere of transport. When choosing this SEU it is

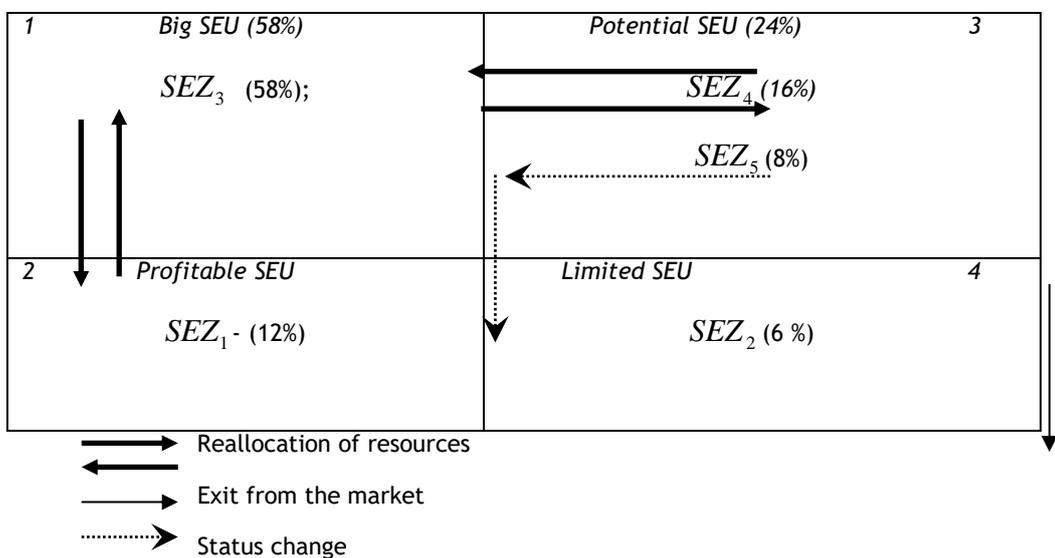
necessary to monitor market dynamics and to determine the prospects for its development. To maintain and increase the volume of traffic it is necessary to introduce a flexible tariff policy.

Prospective SEUs control a small share of transport at this point in time, but the demand for it will be more in the future time period. Therefore it is necessary to conduct additional market research of this market segment, as well as to adhere to an active investment policy, advertising and other activities so that transport operations could move into the category of the most profitable strategic economic units.

Limited SEUs - as a rule, unpromising transportation that brings minimum income. They are characterized by a low market share and minor growth opportunities. It is better to get rid from such transportation, or convert this type of services, or, if they are necessary to the population (for example, the seasonal transport of agricultural products), in this case, you should try to stabilize the current volume of traffic, etc. With the proper marketing strategy and techniques this sector of the transport market can become promising in SEUs.

According to the table it is possible to form the matrix of strategic transport zones for a single enterprise.

For each of these strategic zones there are detailed simulations at different variants of the market development, which define the necessary needs for investments and calculate the economic efficiency of the accepted strategy by comparing the projected results and estimated costs for each of the tested vehicles and provided transport services (Fig. 2).



**Figure 2.** Matrix of strategic transport zones of LLC “Trans Auto”  
 Source: I.A. Toymontseva (2011). *Strategic Management of Service Transport Industries*: PhD Thesis, Samara State University of Economics.

The analysis of the activity of the considered transport organization showed a low economic efficiency of existing production, sales and service capabilities,

which indicates the need for a comprehensive analysis of the current situation in the market of transport services, particularly in respect of those types of goods, which are defined as low-income or long-term. It should also be said about the urgent need to treat and improve the existing economic “portfolio” of the enterprise, in order to increase its efficiency in the transport market in the future.

According to the procedure discussed above, we develop a business environment profile of the analyzed enterprise, the results are presented in Table 2.

**Table 2.** Business environment profile of auto-transport enterprises

Naming	Business environment		$\bar{Y} = \mu F(x)$
SEZ <sub>1</sub>	External environmental factors	Macro-environmental factors	0,62
		Micro-environmental factors	0,55
	Internal environmental factors		0,65
SEZ <sub>2</sub>	External environmental factors	Macro-environmental factors	0,48
		Micro-environmental factors	0,42
	Internal environmental factors		0,47
SEZ <sub>3</sub>	External environmental factors	Macro-environmental factors	0,67
		Micro-environmental factors	0,71
	Internal environmental factors		0,77
SEZ <sub>4</sub>	External environmental factors	Macro-environmental factors	0,69
		Micro-environmental factors	0,76
	Internal environmental factors		0,82
SEZ <sub>5</sub>	External environmental factors	Macro-environmental factors	0,71
		Micro-environmental factors	0,69
	Internal environmental factors		0,81

Source: I.A. Toymntseva (2011). *Strategic Management of Service Transport Industries*: PhD Thesis, Samara State University of Economics.

To be successful in the market of transport services it is necessary to reform the existing economic “portfolio” of the enterprise, focusing on the most promising services for the enterprise that can provide the enterprise the necessary growth and an increase in income from the sale of transport services.

The implementation of the proposed methodology for assessing the strategic position of the auto-transport enterprise in Samara was made in MS Excel spreadsheet processor.

Figure 3 shows the aggregate rating for each SEZ of the enterprise.

Strategic economic zone (SEZ <sub>i</sub> )	Strategic external environment (A <sub>i</sub> )	Strategic market advantages (B <sub>i</sub> )	Strategic competences of the enterprise (C <sub>i</sub> )	The aggregate rating of strategic position of the enterprise (S <sub>i</sub> )	
1	0,62	0,55	0,65	0,61	
2	0,48	0,42	0,47	0,46	
3	0,67	0,71	0,77	0,72	C1
4	0,7	0,76	0,82	0,76	C2
5	0,72	0,69	0,81	0,74	C3

Figure 3. The aggregate rating of strategic economic zones of LLC “Trans Auto”  
 Source: I.A. Toymontseva (2011). *Strategic Management of Service Transport Industries*: PhD Thesis, Samara State University of Economics.

According to the aggregate rating for each SEZ of the enterprise the authors define the alternative strategies, the results of which are presented in Table 3.

Table 3. Definition of strategic positions trucking companies

Strategic economic zone	Strategic alternative
SEZ <sub>1</sub>	0,61 Stabilization
SEZ <sub>2</sub>	0,46 Mix
SEZ <sub>3</sub>	0,72 Diversify growth
SEZ <sub>4</sub>	0,76 Cluster growth
SEZ <sub>5</sub>	0,74 Integrated growth

Source: I.A. Toymontseva (2011). *Strategic Management of Service Transport Industries*: PhD Thesis, Samara State University of Economics.

The developed system of management strategies of LLC “Trans Auto” (overall management strategy) is presented in Table 4.

Table 4. Total management strategy of LLC “Trans Auto”

Strategic economic zone	Strategy	Content

<i>SEZ</i> <sub>1</sub>	Corporate strategy (stabilization)		Ensuring a certain level of the enterprise's profitability and improving the traffic by reducing the time of delivery and increasing the degree of cargo safety	
	Business strategy (best cost strategy)		Provision of different types of rolling stock at relatively low rates	
	Functional strategies	Marketing		Active advertising, study of competitors' activity
		Logistics		Reduced total cost of cargo delivery, strengthening relationships with partners
		Production		Improving the traffic and use of modern information technologies
		Financial		Ensuring timely payments for provided services
	Human resource management		Increasing labor and financial discipline	
<i>SEZ</i> <sub>2</sub>	Corporate strategy (mix)		Increasing the competitiveness of services	
	Business strategy (cost leadership strategy)		Providing a large scope of services at comparatively low rates. It is expedient to use seasonal bulk transport.	
Functional strategies	Marketing		Targeted pricing	
	Logistics		Minimizing costs by maximizing the loading of vehicles, reducing idling runs	
	Production		Ensuring the smooth operation of vehicles	
	Financial		Controlling the unequivocal use of funds	
	Human resource management		Staff development	
<i>SEZ</i> <sub>3</sub>	Corporate strategy (diversify growth)		Updating its range of services that may be of interest to existing clientele	
	Business strategy (wide diversify costs strategy)		Developing specific services, which differ from the services of competitors	
	Functional strategies	Marketing		Increasing the number of clients, active advertising, access to new markets
		Logistics		Implementing the logistics audit of new services
		Production		Modernization of rolling stock, improving the freight forwarding services of consumers

		Financial	Planning the necessary financial resources for modernization of rolling stock, distribution and control
		Human resource management	Material incentives of drivers for highly skilled services
<i>SEZ</i> <sub>4</sub>	Corporate strategy (cluster growth)		Increasing sales volumes of provided services through the creation of new services, improving the existing ones and improving the quality of services in general
	Business strategy (diversity costs strategy)		Entering the market with a new service not previously offered by any of competitors
	Functional strategies	Marketing	Studying the demand for a new type of services, defining the influence of external factors on the cost of provided services
		Logistics	Writing a business plan for a new service
		Production	Purchasing and installation of new equipment, modernization of the existing one, improving the quality of technical maintenance
		Financial	Assessing the investment project
		Haman resource management	Staff development
<i>SEZ</i> <sub>5</sub>	Corporate strategy (integrated growth)		Increasing service sales in the existing markets, developing logistic service systems
	Business strategy (low costs strategy)		Reducing unit costs due to increase in traffic volumes, expanding markets of transportation services
	Functional strategies	Marketing	Increasing the number of customers, entering new markets, active advertising
		Logistics	Improving the most important indicators of the enterprise: cost savings, increased profits, increased service quality, level of service and speed of response to customer requests
		Production	Improving the transportation and modernization of vehicles
		Financial	Improving financial stability, controlling the unequivocal use of funds
		Human resource management	Material incentives of drivers for increased volumes of cargo and high-quality customer services

*Source:* I.A. Toymentseva (2011). Strategic Management of Service Transport Industries: PhD Thesis, Samara State University of Economics.

The assessment of the business environment of enterprises showed that the most promising strategies for the enterprise are:

C1 -  $C3X_3$  (bulk transport, as well as oversized and dangerous goods);

C2 -  $C3X_4$  (maintenance, inspection and repair of motor vehicles, washing of heavy vehicles, buses and specialty vehicles);

C3 -  $C3X_5$  (technical support on the road M-5).

Thus, it can be concluded that the analysis of the activities of the auto-transport enterprise as an object of research and justifying its approach to the optimal development strategy it is necessary to take into account the system features that characterize the enterprise in two ways. Firstly, as a subsystem of the economic complex of the country, and secondly, as a self-developing social and economic system.

The modern theory and methodology of strategic development of service companies in the global economy is described in the works of such foreign scientists as R.H. Ballou (1993), F. Kotler (2006), R.S. Kaplan & D.P. Norton (1996), C. Lovelock (2005), J. Shoal (2006) and many others.

Studies of the service management system of the transport complex and its individual segments, strategic and operational transport management are presented in the works of V.I. Berezhnoy (2000), V.G. Galaburda (1992), B.I., V.S. Lukinskiy (2007), L.B. Mirotin, I.E. Tyshbaev & A.G. Kasenov (2002), V.I. Sergeev (2001) and others.

However, the works of most scientists paid insufficient attention to the theory and methodology of strategic management of transport service companies, methods and models of management decisions that determined the choice of this topic, objectives and research tasks, theoretical and methodological basis.

## Conclusion

Modern views on the role and importance of strategic management in the companies' activities, including auto-transport enterprises (ATE) that provide transportation services, allow us to make a conclusion about the urgent need to use it to overcome the economic crisis, increasing the competitiveness of domestic enterprises on the basis of modernization and achieve a new quality of the economic growth.

In cargo auto-transport enterprises, as shown by studies in the Samara region, it is appropriate to allocate the following corporate strategies:

— A survival-strategy (or reduction), which is used in the context of economic instability, inflation. This strategy is used when the financial and economic indicators of the company's activities become a steady trend towards deterioration;

— A stabilization-strategy (or limited growth) is used in stable transport volumes and profit when management is generally satisfied with the position of the company;

— A growth-strategy expresses the desire of the company to increase the volume of provided services, profits, increase profitability and other indicators of production efficiency.

Research evidences that in the framework of the considered corporate strategy in road transport it is possible to implement various strategic alternatives, but each individual company must formulate and adopt its own specific comprehensive strategy for a particular type of business that takes into account both the features of the macroeconomic situation and the market competition, and as well as its internal capacity.

### Disclosure statement

No potential conflict of interest was reported by the authors.

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