


Application of new performance management system in a selected company

Mihail Martalog

Master's thesis
2023

 Tomas Bata University in Zlín
Faculty of Management and Economics

**BACHELOR'S/MASTER'S THESIS
AUTHOR STATEMENT**

I hereby acknowledge that:

- Upon final submission of my Bachelor's/Master's Thesis, I agree with its publishing in accordance with Act No. 111/1998 Coll., on Higher Education Institutions and on Amendment and Supplements to Some Other Acts, (The Higher Education Act), without regard to the defence result;
- My Bachelor's/Master's Thesis will be released in electronic form in the university information system, accessible for reading only; and one printed copy of the Bachelor's/Master's Thesis will be stored on electronic media in the Reference Library of the Faculty of Management and Economics of Tomas Bata University in Zlín;
- To my Bachelor's/Master's Thesis fully applies Act No. 121/2000 Coll., on Copyright, Rights Related to Copyright and on the Amendment of Certain Laws (Copyright Act) as subsequently amended, esp. Section 35 Para 3;
- In accordance with Section 60 Para 1 of the Copyright Act, TBU in Zlín is entitled to enter into a licence agreement about the use of the Thesis to the extent defined in Section 12 Para 4 of the Copyright Act;
- In accordance with Section 60 Para 2 and 3, I can use my Bachelor/Master's Thesis, or render the licence to its use, only with the prior expressed written agreement of TBU in Zlín, which is in such case entitled to require from me appropriate financial compensation to cover the cost of creating the Bachelor/Master's Thesis (up to the total sum);
- If the software provided by TBU or other entities was used only for study and research purposes (i.e. for non-commercial use) in the development of the Bachelor/Master's Thesis, it is not possible to use the Bachelor/Master's Thesis commercially;
- In the event that the Bachelor/Master's Thesis output encompasses any software product, source codes and/or files of which the project consists of are considered part of the Thesis. Failure to submit this part of the Thesis may result in an unsuccessful defence of the Thesis.

I herewith declare that:

- I have created this Bachelor/Master's Thesis on my own and cited all used sources. In case the results are published, I shall be cited as author.
- The contents of the Bachelor/Master's Thesis handed over are identical with the electronic version entered in the IS/STAG.

Zlín
date

.....
signature

Name and surname:

ABSTRAKT

Dnes svět stojí na prahu šesté technologické zásady a má obraz neustálých trendů, které jsou vždy aktualizovány, nebo mají zcela nový směr nejen v ekonomické realitě, ale z hlediska mentality a životního stylu, bez ohledu na místo původu, s ohledem světového charakteru, v důsledku globální unifikaci, která v podstatě pochází ze západní moderní civilizace. Může se zdát, že nejdůležitější body, jako jsou provozní aspekty a aspekty konečného produktu, jsou v centru pozornosti vedení, a oni jsou bez sekundárních nástrojů. Ale, jak se říká, ďábel je v detailech a bez řádného mechanismu v podobě měření organizační produktivity nebo výkon, podnik, i když je schopen pracovat rychle a efektivně, ale jeho výnosný výroba s největší pravděpodobností nebude mít dlouhodobý charakter.

Proto je cílem této disertační práce najít odpověď na následující otázku: "jak navrhnout měřítko měření výkonu, které splňuje všechny moderní technické a metodologické požadavky?» Následně se nejprve zaměřuje na řízení účinnosti a za druhé na následné měření účinnosti. Vzhledem k tomuto backgroundu může být ve vybrané společnosti zaveden celý nový systém řízení výkonu.

Klíčové definice: Systém managementu, Řízení dodavatelského řetězce, Řízení lidských zdrojů, Řízení výkonnosti, Klíčové ukazatele výkonnosti

ABSTRACT

Today the world is on the threshold of the sixth technological order and has the picture of permanent tendencies that are always updating or having absolute new directions not just in the economic realities, but also in terms of mentality and mode of life regardless of place of origin regard worldwide character due to global unification that mostly comes from the West modern civilization. It could seem that the most important things such as operational and the final product aspects are the centre of the management attention and they do without secondary tools. But as they say, the devil is in the details and without having proper mechanism in the form of the measurement of organizational productivity or performance, which is more correct statement, the business, even though, is capable run fast and effective but its profitable production is unlikely to be of a long-term nature.

Therefore, the given thesis aim to find the answer for the following question: «How to develop the performance measurement scale which meets all modern technical and methodological requirements?» Subsequently, first, the main attention is paid to performance management and, second, performance measurement afterwards. Considering such background new entire performance management system is capable to be implemented in a selected company.

Key words: Management system, supply chain management (SCM), human resource management (HRM), performance management, key performance indicators (KPIs).

ACKNOWLEDGMENTS

First of all, I would like to thank my supervisor prof. Ing. Boris Popesko, Ph.D for his unlimited support in lots of difficult situations during two last years. I would like to highlight support prof. Ing. David Tuček, Ph.D. and doc. Ing. Michal Pilík, Ph.D. which was real inestimable in general. Also, help of Ing. Lubor Homolka, Ph.D. also had an important impact for Masters accomplishing in the last academic year of mine. And to be honest, I'm very grateful to every teacher that taught me during these years and their open attitude, especially in hard moments.

Such colleagues as Meryem Ari and Moataz Lashin helped me a lot during exam period and in terms of FSE preparation as well. Islam Abdalhafez played crucial part during my study and his motivation supported me until the end.

My father, Nikolay Martalog, and my mother, Evdokia Martalog, did fundamental efforts me to study in the Czech Republic and applied huge sacrifices with support, so I would like to dedicate this thesis to them.

Mihail Martalog,
Zlín, Czech Republic

CONTENTS

ABSTRAKT	6
ABSTRACT	7
ACKNOWLEDGMENTS	8
CONTENTS	9
INTRODUCTION	11
THEORY	13
1 GENERAL MANAGEMENT SYSTEM.....	14
1.1 Creation of management system	14
1.2 Supply Chain Management (SCM)	15
1.2.1 Capacity management.....	16
1.2.2 Inventory management	17
1.2.3 Resources management.....	17
1.2.4 Lean synchronization.....	18
1.3 Quality management.....	18
1.4 Human Resources Management	19
2 PERFORMANCE MANAGEMENT.....	22
2.1 Importance of Strategic Performance Management	22
2.2 Market-based strategic analysis.....	23
2.2.1 Five forces of competitive position analysis.....	25
3 PERFORMANCE MEASUREMENT	28
3.1 Necessity of performance measurement.....	28
3.2 Strategy and objectives of performance measurement	29
3.3 Definition and characteristics of Key Performance Indicators (KPI).....	30
ANALYSIS	33
4 ORGANISATIONAL ANALYSIS OF PRUT	34
4.1 Concept of strategy in the organization	34
4.1.1 Principle of strategy formation	34
4.1.2 Working with the strategy during the year	35
4.1.3 KPI in the company: duties, power and responsibilities distribution	37
4.2 Driven values of the company	38
5 STATISTICAL ANALYSIS OF THE COMPANY	40
5.1 Global market segmentation.....	40
5.2 Strategy developed 2025 and its targets	41
6 OVERALL EVALUATION OF PRUT PROCESSES	46

6.1 SWOT analysis	46
7 PROJECT IMPLEMENTATION.....	50
7.1 'Growth' plan	50
CONCLUSION	57
BIBLIOGRAPHY	59
LIST OF ABBREVIATIONS	63
LIST OF FIGURES	65
LIST OF TABLES	66
APPENDICES.....	67
APPENDIX P 1: TARGET STRUCTURE PLANNING PROCESSES	68
APPENDIX P 2: EBITARGET FROM INITIAL POINT	69

INTRODUCTION

The main goal of the present thesis is to apply new performance management system considering its measurement in a company that has a foreign profile on the territory of the Czech Republic. To reach correctly such goal, it is needed to find the answers for the substantial questions:

1. What is the most common practice to establish management system as a first step for an organization?
2. How do organizational activities like supply chain management (SCM) influence on the performance?
3. What is the place of quality management in the company?
4. Does human resources management need to the given thesis topic?
5. How to reach organizational goals with the help of strategic performance management and its analysis?
6. Is it possible to measure the performance?
7. What is the current situation in terms of performance in the chosen company and how it can be improved in the long-term?

To fulfill the goal of the thesis by implementing new performance measurement, the organizational strategy of the company is going to be revealed as the basis before the performance projecting desing, especially if we are speaking about the company incipient from scratch.

Additionally, it has to be mentioning such critial fields like supply chain management (SCM) and human resources management (HRM) as they considered as important mechanisms for performance running and improving based on the personal perspective, not mentioning quality management. For instance, HRM lays as a base in the down-top hierarchy what allows to realize the subsequent processes like productional and market ones. Strategy which is already installed in a selected company has long-term as it is engineered until 2025 and focuses on different things as a profit and internal processes. Also, it is showed the pillars standing on, especially in the beginning, to make clear how «indoors» look like and to emphasize the point of difference what is in theory and what is in real. And due to non-disclosure document signed the company has a fictional name in the Master thesis – PRUT (after the river in the Republic of Moldova).

The motivation for writing the present thesis concludes in the gaining the first knowledges combined with the practical part as the first step of the career, to see real production and how

it functions. Also, it could be counted as a precious experience as it is considered valuable point in the labour market for finding suitable job. The last reason, it is an attempt to cooperate with the people within the organisation considering importance of labour relationship and to bring the usefulness as much as it valuable for the chosen company.

This study has two parts, theoretical and practical. In the beginning, it is described the managerial system itself and communication with the supplier side and total quality management (TQM). Human resources management (HRM) is no less important spot which has its fair place both in the fundament of the organization and milestone for measurement perspective. Further, it is discovered what is to have complete analysis within the market with the various matrixes and models. The last theoretical part considered a result of performance measurement – the desing of new relevant projects aimed at concrete areas.

I. THEORY

1 GENERAL MANAGEMENT SYSTEM

1.1 Creation of management system

When addressing **organizational structure**, we must consider both the type of structure required and the method by which it should be constructed. Organization structure is an indispensable means and the improper structure will severely impede, if not completely destroy, business performance. First of all, it has to be looked at the business goals, not structure. Why? As it has to be identified what kind of business is being intended to establish and how it is going to be in the different scale time perspective for short-time and long-term.

Organisation as a structure is a relationship based on common responsibilities and obligations. From the beginning, it is organized to define how the communication looks like and how authorities are distributed. There are various tools to define specific kind of structure which are activity analysis, decision analysis and relations analysis (Choudhary, 2018):

1. Activity analysis shows how the performance indicators have to be accomplished, what kind of performance needs to be finished.
2. Decision analysis (DA) is based on the principle of when to make a decision, on which specific level of organisation, and what could be impacts and consequences of such decision-making process. Also, it has to be figured out what managers could be part regards the decision policy approved.
3. Thanks to relations analysis, it is possible to define organisational structure much easier.

Federalism is a management concept established by the economic scientist Drucker (2010) who is considered as a 'father of modern management'.

It could be said that federalism is the same meaning in the management field like one regards political perspective. Basically, that is the centralized decision-making process in decentralized structure itself which definitely simplifies the ruling and minimize the overall control with the following advantages:

1. The top management busies itself with the relevant functions and doesn't distract for targets of management level lower
2. It helps to track the employees performance

Management by objectives (MBO) represents itself such approach from federalism that provides combination between employees objectives and organization objectives based on certain conditions (Dumbu, 1998):

1. Managers and employees set the objectives together
2. Employees get regular feedback about how they reach some objectives
3. Reward system for the most successful employees

Thus, it is really can be said that the key and the engine of such methodology is a permanent development and improving the performance indicators based on employees appraisal (Islami, 2018).

1.2 Supply Chain Management (SCM)

Supply chain management (SCM) – the sum of organisational activities for getting products and services to the customers (Slack, and Brandon-Jones, 2018). That's pretty crucial point as it regards delivering side of a company to bring production to the market. So, SCM is about planning and monitoring current operations as it controls the products and services flow from supply side to the end customer.

Also, another definition stands for SCM that it improves customer value and strengthens competitive advantage among other companies with the same profile (Handfield, 2021). Core of such that is a development of supply chain processes as effective as it possible by endless efforts and attempts. Also, it involves sourcing and logistics with the required modern information technology equipment.

So, supply chain management (SCM) is layed on these two important points:

1. When each product is got by the end customer, it means there is a presence of the fact of cumulative involvement by a certain number of companies behind, which represent altogether the supply chain.
2. It is reasonable to face that most organisations pay attention to only own business, especially after a while, and they basically could disorganise or at least affect the entire supply chain system established.

Every company that participates in the overall supply chain connects with each other through physical, information, and financial flows (Aluko, 2016). Speaking of the physical one, almost only one direction takes place but sometimes it could be reversed way due to returning the product by the customer, for instance, because of difference between expected characteristics and real ones. The beginning of material (physical) flow takes from simple raw materials needed to manufactures and finishes by the final distribution to the end customer.

Unlike physical flow, information one is based on the two-way direction – from supplier to the customer and vice versa. The flow is based on quotations, purchase orders, invoices and even delivery

status those refers mostly to logistic side and, at the same time, based on operational part built on partnership with retailers, dealers and distributors.

Financial flow also differs from the two previous ones as it goes from the customer to the supplier, that is, reversed direction regards the origin flow of supply chain itself. How does it happen? Once the customer gets the product, the agreed payment takes place and money goes back to the initial supplier hand.

In conclusion, it is needed to be said that supply chain management consists of other four parts of management are going to be parsed (Slack, and Brandon-Jones, 2018):

1. Capacity management
2. Inventory management
3. Resource planning and control
4. Lean synchronisation

1.2.1 Capacity management

The first very important point that goes after SCM is how to manage the capacity within the organisation. The business could overestimate own power and possibilities and be simply bankrupt if a serious miscalculation takes place. And on the contrary, maybe manufacturer has solid capabilities with big potential but it could not be fully realized for some organisational reasons. That's why the aim of such management is to balance between supply and demand, fulfill realistic goals and run the business as stable as possible.

Capacity management is to reflect the customer needs and keeping at the highest possible level the delivery system, to meet requirements dictated by the market (Armistead, and Clark, 1993). Of course, first, it is needed to have the sense of anticipation to predict what has to be produced in advance, and the production could be successfully delivered afterwards.

According to Towner (2022), there is a necessity to make exact steps to run successful capacity management process:

1. Capacity calculation – having a precise picture of the organisational capacity regards own resources, its expected shortages, and number of employees for reaching upcoming goals.
2. Detection of resources needed is determined by the requirements of some working projects that clarifies how exactly organisational capabilities must be loaded.

1.2.2 Inventory management

Inventory management goes fairly as the following part after capacity one. Basically, the name speaks for itself – it is about controlling and monitoring what the company has in their hands, the current availability of any kind of stock to the customers. Such management focuses on current sales items, upcoming products on the one hand, and consumables and spare parts on the other hand.

If to stop specifically on the sales point, it has to be considered that in case of professional inventory management such control gives the organization ability to use for sale any necessary item at any time, especially when an urgent requirement is got (Wild, 2002). Definitely, business gets the revenue after such purchase order processed. But there is another side of that because it takes also costs while the company keeps some items in warehouses (Jenkins, 2020). Thus, this kind of management requires careful balance as well between market needs and own accountability.

According to Caramela (2022) and based on the personal point of view here the most important milestones for the processing are:

1. Proper stock receiving which has the influence on the audit in the end.
2. Audit in its turn has to be taken place as regularly as possible (e.g weekly, monthly, annually).
3. Supplier performance analysis as such could not be considered as permanently successful and it could be required to make some steps whether to start for finding new partnership or rely on own stocks.

1.2.3 Resources management

This is the next key how the efficient supply chain management should look like organizing and allocating the resources that the company has in its arsenal to specific project with certain duration. The goal of such is pretty simple – to provide uninterrupted some kinds of flow described before through supply network avoiding some sort of delay (Slack, and Brandon-Jones, 2018). At the same time, the management pays attention to available or upcoming resource, especially their costs while planning various projects with its deadlines.

Material requirements planning (MRP) is a heart of the resources management based on the personal point of view considering Essex (2020). It represents the calculation purchasing system of necessary resources after inventory minimizing material and labour costs and improving the product assembly.

The most actual appliance of such at business is production of the discrete items that includes different multiple components (e.g bolts) which results in more competitive pricing of own goods in the market.

1.2.4 Lean synchronization

In essence, lean synchronisation is based on careful customer attitude with the image of the principle under the name 'just-in-time (JIT) which is represented at exact delivery time required by the end-user with zero waste (Slack, and Brandon-Jones, 2018).

Moreover, the most sensitive advantage of lean approach is exclusion some kinds of obstacles like the buffer inventory chain, thanks to which items transition can happen directly to the following stage much faster. In the event of any discrepancy or stopping at any operational stage, managers and employees could notice it pretty rapidly the next stage and escalate it to the whole operational system for a fast problem-solving making process. So, this cooperation between stages serves like a sort of insurance in an emergency case.

Also, it's necessary to highlight the point that such process won't go far without employees commitment and their high participation rate based on the corporate culture developed, which results in productivity increased and customer service perfected. So, if taking into consideration that lean approach is also called respect for human system, it makes more sense than ever in the end.

Having current great indicators within the synchronization is one thing, but another thing is also finding the way how to make them better. To solve that, the company needs such tool like Kaizen which is about continuous improvement process with the constant seeking for the perfection as a distinct moment from the benefits have been expressed above (Do, 2017).

Eliminating waste comes as the last element of this subtopic and consists of such basic things as overproduction, waiting time and defectives, etc (Rodriguez, 2021).

1.3 Quality management

Before disclosing quality management, it is better to distinguish between such and Kaizen philosophy. As the last is about improvement way but not only in terms of leaning manufacturing which guarantees ensure smooth operations processes, it also relates to sales and included in the quality management system. But the quality management represents the improvement strategy focusing on the whole organisational business structure.

Total quality management (TQM) is aiming to improve the following things as performance (e.g skills, teamwork), the product itself, and customer satisfaction based on the service quality. But Kreitner and Cassidy (2011) define it as a culture implemented within the business in every aspect as they emphasize behavioural patterns, not just good intentions those could be simply considered as a pretending as a whole.

One of the most difficult issues that stands in front of TQM is to improve real expectations avoiding 'air castles' creation. What is supposed to be meant? It means that any technical deviation is going to be covered at the source stage during the work performance. Otherwise, it could lead to certain significant consequences in the face of losses whether reputational or production character, for instance, by returning the product due to some failure and damage.

Customer-centric principle embracing internal and external parts is more considerable in comparison with the proper trials expressed above. It concentrates mostly on listening to customers and anticipation their needs (desire) Kreitner and Cassidy (2011)

During the globalization period, there is a requirement to interact with the global economic agents in the appropriate way. The base of that could serve the benchmark system recognized around the world. The most representative benchmark is ISO 9000 standard that accepted in every developed country and many developing ones (Daft, 2010).

Actually, this kind of benchmark is a set of standards made for quality assurance and consists of the best guidelines and practices. In general, thanks to such standart every company is relying on, such thing helps to evaluate the business and compare themselves among the industries in different parts of the world for the purpose of keeping competitive advantages according to worldwide trends (requirements). But first of all, it has to be said that the business is not going to be started unless a company gets ISO certification in lots of countries that accepted the standart as a part of the national law.

1.4 Human Resources Management

There was a specification of parts that are referred to operational and processual point of view in the previous chapters but human resources management (HRM) has not been described yet. For personal perspective, this point has to be put in the end not because of its low importance but because of the completion of the whole management system as it is the engine key to run successfully the business. According to Kreinter (2009), the proper HRM has to consist of human acquisition, retention, and development that accompanies for achieving organizational goals delivered.

The beginning of HRM implementation starts from simple treatment by the higher management level which lies in such expression that establishes trustful relationships and considering a team member like a partner, but by no means like collateral costs what can be called cynical and attitude already. (Robbins, Coulter, 2011).

Also, considering the fact that coronavirus influence on the daily work basis, from now the employer has to provide the necessary equipment for remote work. For instance, recently the Dutch Parliament has approved a law on working from home and there are talks that the rest of the European Union is going to follow such example.

Subsequently, these first steps towards own employees could be fairly expressed by the ‘things you do coming back to you’ phrase as it is going to lead the relevant attitude by the personnel, that is, it guarantees a pretty high probability of the same treatment based on respect.

But such policy is on the paper and is not always applied within the organisational structure. As a result, only 12% of companies implement the proper HRM as a fully functional system, and therefore, it could be concluded that there is a presence of the abuse of office (Pfeffer, 1998).

In the case of successful HRM running the organisation pays attention to how to retain competent employees. Based on Robbins and Coulter look (2011), first of all, the management considers staff achievements rather than lacking performance and doesn't put the unhealthy pressure to push for reaching unrealistic targets.

But HRM has own specific challenges and difficulties which can be expressed in the two following aspects: managing downsizing and controlling HR costs.

Downsizing is an elaborate strategy of firing people in the organisation, for example, due to fluctuations in the market to improve profits by getting additional revenues. Even regardless that it is common practice to eliminate a bunch of employees, there are some statements which convince the researchers in tragical consequences of such decision-making process.

The usual running of an entity has specific level of costs in terms of HRM which consists of expenditures for employee insurance and pensions. This is a direct HRM function to regulate how much the organisation spends its money on people within the business according to HR budgeting sphere. It includes simple known things as salaries, different kinds of compensation and training, even hiring is a part of the financial field as it relates to forecast the given quantity of upcoming employees.

Also, it is needed to highlight such HRM aspect as personnel structure. It could be various due to the needs of both employer and employees because there is a lot of people with different age and social status, whose capacities could match with a norm produced by the organisational plan. In consequence of that temporary and part-time positions are going to be set in the quality contingent workers (Daft,

2010). These positions could encompass a wide range of vacancies from the starting positions in a department to the interim CEO, unlike the situation was in the recent past when it had the sign of nonprofessional working profile and a lack of skills. The appliance of these positions could be on the project basis which is considered the main benefit, based on which the staff can perform the tasks established in as flexible a way as possible.

2 PERFORMANCE MANAGEMENT

2.1 Importance of Strategic Performance Management

SPM is defined as the organizational approach to define, assess, implement, and continuously refine organizational **strategy**. It encompasses frameworks and indicators that help organizations in the formulation of their strategy and enables employees to gain strategic insights which allow them to challenge strategic assumptions, refine strategic thinking, and inform strategic decision-making and learning (Marr, 2006). Another form of SPM is about improving specifically the performance measurement as a key for reaching organizational goals. Based on the personal point, the last determination expresses the essence more significantly, especially as it is more closely related to the thesis topic (BasuMallick, 2020).

Speaking of the methodology of SPM, it solves the target across the workers performance and capability management, which in its turn is a part of SPM itself. Besides, there are lots of alternatives to how to implement and what to implement in terms of performance management (PM): from annual PM to continuous one as a timescale perspective to agile PM.

But speaking in essence, it has to be said about the SPM starting point – once the goals are established (e.g sales, revenue goals, etc.), it is necessarily to allocate them among individuals using the following six elements:

1. Identification tool whom the middle management level is capable to discover and anticipate various tendencies
2. System focusing on the outcomes helps to track organizational success – the results relation to the plan set including the usage of balanced scorecard which is more about how to integrate employees in different fields such as internal, financial, and customer ones.
3. Dividing the existing personnel into the groups taking into account their performance and arranging the relevant tasks they are proficient in.
4. Another tracking aspect of SPM is paying attention to how efficient the employees cope with the given responsibilities.
5. Seamless integration allows to integrate of such organizational system with each other as employee performance and key performance indicators (KPI) to align results got.
6. The last spot for SPM fulfilling – proper communication as a part of human resource management (HRM) described before to transfer such data as the current situation in the market and the company to improve the working atmosphere on the trustful basis.

That's possible to admit that this list which represents itself as a clear strategy justifies the name of SPM as thanks to such way built it is possible to make the employee performance better even in the case of demand raised suddenly. Because if it is so, working personnel is going to have the ability to be flexible when the business has to increase the capacities for the output.

No wonder that in the previous part HRM was described, as the echo that is still heard in the principal organization of SPM. Therefore, it is necessarily to highlight another group of aspects regarded to a greater extent HRM which consists of five points (Harris, Orsa, and Cooper, 2020):

1. Preparing for the execution of more important tasks for the purpose of upcoming promotion by gradual empowering a candidate chosen.
2. Flexibility in terms of changing any policy including one from the performance management as well.
3. Promotion is not enough without fair assessment of work done and ability to give them some sort of autonomy and freedom to add their vision in value proposition creation.
4. Careful dealing with underperformance in the situations when it is not correlated with wrong management approach which is covered by the improvement plan organization with the regular check in meetings.

If by this spot the company created everything described before in the proper way, it will be promising that the values and information transition will be in the qualitative way without any misunderstandings as it contains understandable underlying shared organizational view.

2.2 Market-based strategic analysis

After completion of every point within the organization (processes, interactions and communication), there is the next challenge that stands out for the management, but more specifically how the business is going to perform in the market taking into account economic factors. But it doesn't have to be just paying attention directly to the macroeconomic point of view but also considering what the rivals are and their final product.

The market-based strategic analysis is going to be considered from different perspectives: strategy itself, and competition model with its five forces. Based on (McGee, 2015), logic result of the given analysis is determined by key stakeholders value proposition or, in other words, competitive advantage creation.

Beginning from the strategy as a starting stage, this point has its roots in the scientist whose name is Igor Ansoff (1957), and the matrix he created. This matrix contains current/potential product and the market, and what ways the business could follow (see Figure 1).



Figure 1: *Ansoff matrix and its possibilities*

Source: CFI – Corporate finance institution

The idea proposed by Ansoff is that there are possibilities for the growth but they contain a certain extent of risk. Therefore, the more the management could have potential revenue, the more relevant risk could occur. By that, the scientist is convinced by the power of the firm development and how it is important for the successful business in the long-term.

Market penetration strategy allows the management to produce what they are doing in the market where they are already in. Even if it is so, it doesn't mean that such approach is not promising as they still can achieve higher revenues by the bigger items quantity produced or by new customer segment (Paperflite, 2019). Also, market penetration is more suitable for the company due to market indiscriminateness which contains availability of coping with the current resources and capabilities.

The second stage for the improvement is market development when the business has the existing product and moves to another market at the same time because of the product proficiency got which allows the management to create new challenges in the face of undiscovered market (The Economic Times, 2022). For sure, by that, the company increases slightly risk level to the new level as it will require larger expenditures for the star-up and distribution.

The product development stage is the next action which is also about kind of combination of the difference between product and market levels. It is a bit strange but it is both safe and risky. If to mention

about the safe position the company knows its customers and is confident in solid bonds with them. But as it is going to be required additional establishment costs for new product creation, it is considered a risky undertaken decision.

The last element of the Ansoff matrix is diversification – such a thing which, basically, shifts the strategy itself to make the substantial breakthrough regards the advancement within the matrix. There is no longer something which is already existed. Here the management is on the absolute new level conquering new market with new product to take the place thoroughly there. Definitely, to speak that it is risky means to say nothing. But as there is a program in the face of the matrix following the possibilities and ways for growth, this chapter for the business inevitable as the organization is established for reaching goals and development, it is natural. New set of skills, different arrange of technologies, and building also new facilities and warehouses are the most common sacrifices to realize diversification (NKT, 2020).

2.2.1 Five forces of competitive position analysis

The foundation of the given analysis which represents itself as a model belongs to the well-known scientist Michael Porter (1979) who established the fact that whether the market is attractive or not, the business should know how to retain its own position in the market and what kind of obstacles the management could face there considering five factors combined in the central rival competition (see Figure 2).

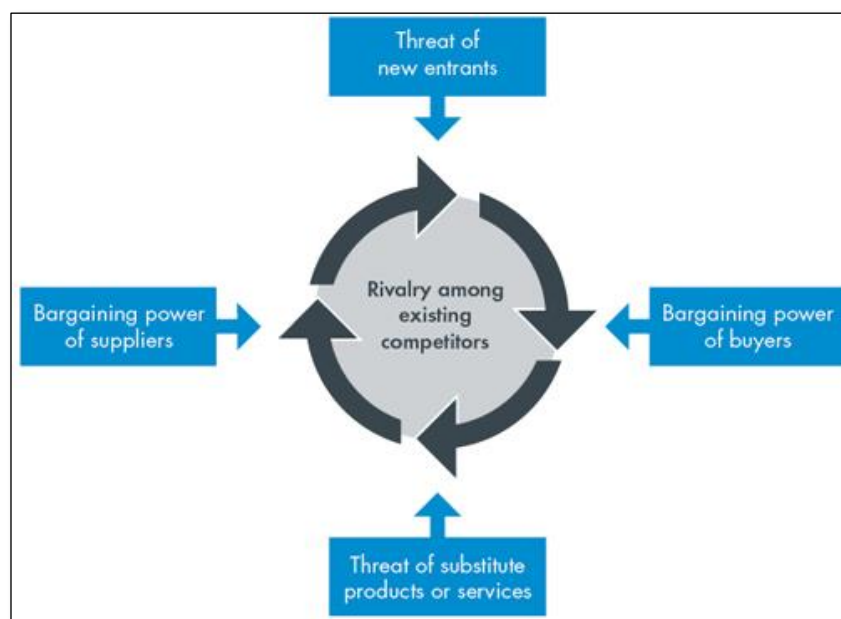


Figure 2: Porter's five forces of competitive position analysis
Source: CGMA – Chartered Global Management Accountant

Competition is just a name of this central point as it could be aggressively by using price pressure insisting to establish the relevant unprofitable prices in its turn. But it is not always like that, and the competitors could compete fairly with the certain company and bringing simply the product to the market developing new innovative narratives through modern kinds of promotion. So, that's what the market is about and what competition looks like.

If starting from the threat of new competitors entry as the first spot of the model, then it has to be said that it has a specific level of such danger. If the company has a view that there is a serious competition, it signifies there is a free place which is not required much effort to be in the market, which, in its turn, could lead to much more players joining the market. While lower fear regards numbers of market participants means that amount of newcomers is not large according to the market tendency (Baker, 2021).

The substitute idea is about the readiness and willingness of the customers to switch usage of a product for another one. Undoubtedly, the heaviest reason for doing that is the fluctuation in the price. But it also could be: having the diversity of one kind of a product, experimental trial, degradation of the product characteristics, and some political factors (events), which are engine to manifest the solidarity (e.g. boycott). Therefore, we could highlight three reasons why customers switch their preferences: gustatory, financial, and national or religious ones. But summing up and emphasizing, the main factors could be established by these four gradual indicators (see Figure 3).

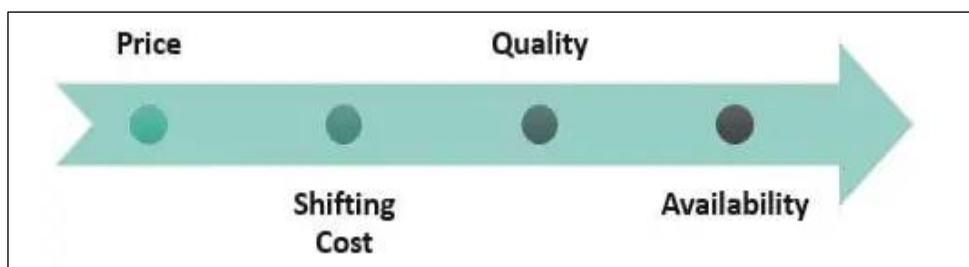


Figure 3: *Factors affect demand for substitute products*

Source: Wallstreetmojo

It is necessary to mention what both shifting costs and availability are. Basically, according to Nwadike (2022), the first thing is an additional costs for customers in the case if they would like to switch their choice for another product. Therefore, the more costs are, the less probability that the switch could occur.

Based on Luenendonk (2019), the second one – availability – interprets accessibility of getting easier of new product desired than before in comparison with the previous preference what makes the management create the value proposition way better than major competitors have.

De Bruin (2016) uncovers the definition of the power whether it is from the supplier or demand side as the principle is based on the dominance to get what is possible to get and as more as can be.

Speaking of suppliers, certainly, they are also interested in having the maximum price of their products and services, and quality of own production to be demanding in the market for the manufacturers. But the real power expressed by the scientist in the context of how many suppliers of the certain profile are in the market. Because if this number is low, they have more influence to position themselves on the terms favorable to them in front of some organizations releasing defined production.

Same quantity concept for buyers power – when the company has solid production performance in undemanding market where there are no many of customers or in the market with lots of competitors what gives a lot of offers for buyers.

3 PERFORMANCE MEASUREMENT

3.1 Necessity of performance measurement

Performance measurement is a process, not an event. It is a series of steps in which we choose what to measure, define how we'll calculate our measures, get the data, analyse the data to produce our performance measure values, graph and report our measures to highlight signals of performance changes, interpret these signals, and use this information to take meaningful action to improve organisational performance (Barr, 2014).

This kind of measurement is such an intermediate phase aimed at the strategy implementation and is in between planning and improvement phases. For uninterrupted and continuous performance measurement the top management has to enable to deliver the full picture of what is happening to the different departments for one reason – well-coordinated cooperation as the main factor for poor measurement is when personnel doesn't understand the motives and goals of such organizational direction. Thus, the key which is designing the correct measurement strategy is deliberation among the employees in the same clear way.

According to Marr (2006), there are four reasonable points of necessity to measure organizational performance for the following ones:

1. Positioning is defined, first of all, by the starting point prior to making the strategy itself with the improvement stage. At the same time, the company collates itself with others to identify the current development level within the sector. By identification of the outcome set, the management monitors the advancement of performance which has to be towards to it.
2. Communication has two branches that have to be taken into consideration: voluntary and legislative. Voluntary has the character of something that is not required to be realized such as corporate social responsibility (CSR). While the obligatory reports submitted are a part of legislative communication. Moreover, that's the common practice that it is necessary to provide this sort of communication for regulator bodies to show how transparent performance is measured.
3. Prioritization clarifies what goals are the most important ones with the program for its fulfilling regards the organizational control (e.g costs control).
4. As a final point, it has to be demonstrated well according to the following phrase: «Show me what you will measure and I will show you what I will do. Confuse me as to what you will measure and even I do not know what I will do»¹

¹ Stein, R. E. (1997). *The Theory of Constraints*. Marcel Dekker Inc.: New York.

Expressing a more detailed performance measurement formulation, it can be developed in another statement – performance assessment as it includes not just figures but overall data gathering based on which the performance can be completely evaluated (see Figure 4).

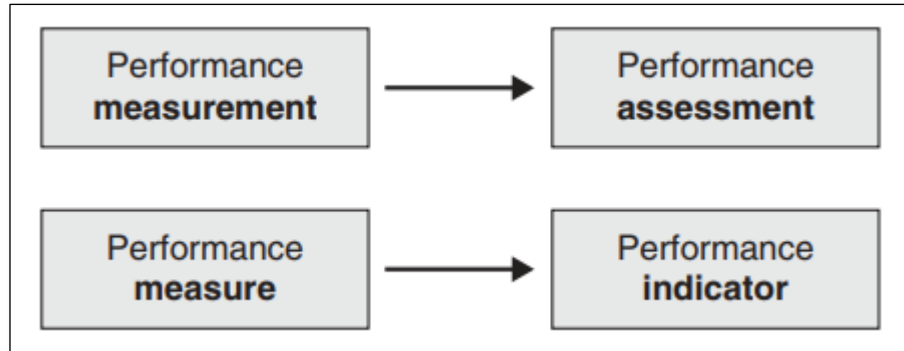


Figure 4: *More correct statements regards performance evaluation*

Source: Marr, B. (2006). *Strategic performance management*. Burlington, MA: Elsevier Ltd.

3.2 Strategy and objectives of performance measurement

Starting this subchapter with the objective definition, there is one contribution that is such a statement defining the achievement desired by relevant critical factors (Balanced Scorecard Collaborative, 2004). After we found why the company needs the performance measurement system, it is fair to investigate this question - what purpose is PM pursuing? But the answer is not pretty simple as it has the form of cascading where it goes from and what is a destination of such direction. So, generally, it is called a top-down PM framework with its 6 important elements. Strategy and objectives are there as fundamental milestones based on whose the main action can be taken (see Figure 5).

Except for what was written along, it has to be clarified additionally about given cells:

1. Objectives go not for nothing after strategy as the last one is defined and implemented in the shape of them for the purpose of fulfilling at every organizational level.
2. Key actions are also in their turn set due to objectives and could be in the face of some improvement programs.
3. Promising factors for reaching success have a critical effect regards the established processes and activities.
4. Performance indicators are going to be taken into account based on both dynamics and results.

Thus, it can be concluded that all points mentioned above represent not just a step-by-step program, but the entire organizational mission with all necessary components for effective performance.



Figure 5: Building up the PM pyramid using strategy and objectives as defining components

Source: Bauer, K. (2004). *KPIs – the metrics that drive performance management*. DM Review.

3.3 Definition and characteristics of Key Performance Indicators (KPI)

As the current description mostly refers to the organizational hierarchy, performance indicators (PIs) don't fully suit for that. Yes, they are quite important but not crucial because these kinds of indicators help to align the organizational strategy. While KPIs are those indicators that focus on the aspects of organizational performance that are the most critical for the current and future success of the organization (see Figure 6).

But that's not all about the indicator category. According to the Kerzner (2013) gradation, it was made up of three following subcategories:

1. Results indicators (RIs) help to identify what was accomplished.
2. Performance indicators (PIs) focus on performance processes and the way to improve them.
3. Key performance indicators (KPIs) underline CSFs as a tool for reaching organizational objectives.

Maybe from the first look it seems that to grade them it is not necessarily considering the fact that even the main attention is paid to KPIs according to the main thesis goal, but these kinds of indicators can't work separately from each other and the best way of their cooperation is – 10/80/10 rule – Pareto approach but in the managerial field (Parmenter, 2015).

Indicators structure is fluctuating due to the kind of project and it is also based on how many different types of stakeholders the company has in its arsenal. Essentially, this method applies in such way that total 20 % realize 80 % of the project goal. So, here it looks like that:

1. RIs: 10
2. PIs: 80
3. KPIs: 10

Thus, results and key performance indicators are fundamental for the metrics to measure while the performance ones define 20 % of the rest of the project.

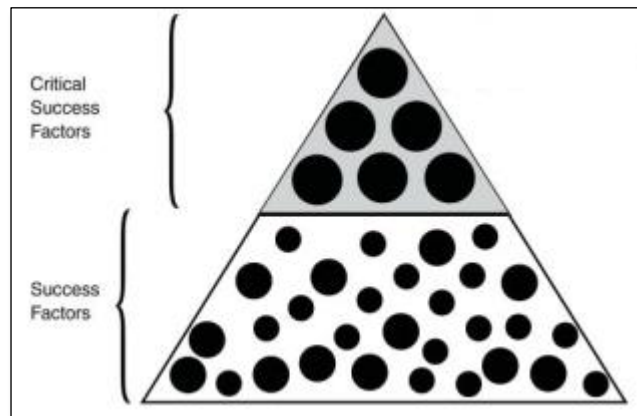


Figure 6: *Highlighting the critical success factors (CSFs)*

Source: *Parmenter, D. (2015). Key Performance Indicators. Developing, Implementing, and Using Winning KPIs. Hoboken, NJ: John Wiley & Sons, Inc., Hoboken, New Jersey.*

Usually, it can be chosen up to 10 the most important KPIs for its system creation which are considered a standard but it has to be taken into account that the following reasons play a serious role when determining the specific KPIs (Kerzner, 2013):

1. Amount of information systems under usage by the project manager.
2. The volume of stakeholders and reports from them in the form of requirements.
3. Complexity to measure the incoming data.
4. Resources of the organizational character thanks to which it is possible to gather data.
5. Final expenses of the measurement and its collections.

If to make a slight transition from definition to characteristics, it is possible to state that there are lots of them but the seven most interesting of them are going to be analyzed, no matter whether it is KPIs system installation or re-evaluation (Sonntag, 2022):

1. Simple – nor more neither less, good enough to comprehend KPI and to measure afterwards.
2. Alignment is an attribute of the KPI framework allowing to cascade the flow further – strategic dashboard to operational one according to the task distributed.
3. Then it comes the relevance of these assignments itself to make sure that the set of tasks is

assigned to the right positions.

4. Measurability in combination with generalization avoidance at drawing up the KPI.
5. To not demotivate the current personnel, any KPI has to be achievable if the management wants that workers are capable of this. The greater the probability that KPIs can be feasible, the better for the moral team spirit.
6. Timeliness has an important moment concerning the reporting and analysis of the results given. Besides, correct periodicity of reporting has to be taken into consideration as if to do it rarely, means that the management doesn't keep up with the times and current modern tendencies. Even if reporting happens too frequently, this may entail some loss of general sense tracking as it is needed time and patience to realize the processes with its end results.
7. Visibility of the goals and their regular checking increase the commitment and participation among the staff.

In this way, whether the targets set regard the organizational or individual type, the KPI system enables to measure them with due regard to given characteristics which contribute to the advancement and duration of the present organizational objectives.

II. ANALYSIS

4 ORGANISATIONAL ANALYSIS OF PRUT

4.1 Concept of strategy in the organization

The strategy is understood as a way to implement the long-term vision of the company. The company vision is determined at the international level in PRUT, and individual strategic activities and projects are then implemented additionally at individual plants, one of which is the branch the thesis is based on. The Balanced Scorecard (BSC) approach is used to manage the strategic process. The logic of this approach is based on the perception of corporate goals from four points of view:

1. The financial perspective summarizes the key financial objectives to meet the expectations of PRUT and is based on strategic multi-year plan which is 3-year financial performance plan and the budget for the coming year.
2. The customer perspective includes strategic goals relating to the market, customers, products and added value for customers.
3. Internal process perspective identifies strategic goals within an organization that relate to company processes, organization of work, technology, production space, production quality, and production efficiency.
4. The people perspective summarizes strategic goals within the framework of organization development, team development and providing the necessary human resources with the required qualifications and access to work.

The above perspectives contain the strategic objectives of individual areas are then visualized using strategic map, where the continuity of individual objectives and the principle of "cause-effect" is always verified (see Figure 7).

4.1.1 Principle of strategy formation

Strategic objectives are defined for a strategic period (usually 3 years) during the strategic workshop (SWS). At the same time, the goal is assigned a goal guarantor, who is responsible for the subsequent disintegration of the goal.

Breakdown is understood as the organization of a workshop on goals (WSG), where key areas of implementation are defined for a strategic goal, which subsequently consist of independent or consecutive activities, the implementation of which will fulfill the key area and thus contribute to the fulfillment of the strategic goal and the strategy itself. Activities are again assigned an activity guarantor, whose responsibility is to fulfill this task on a given date itself, or by a delegation to ensure its fulfillment. Clarification of the guarantors of activities, priorities of individual activities must be carried

out in the last month of the year. It is necessary to have divided priorities and responsibilities before the start of annual interviews.

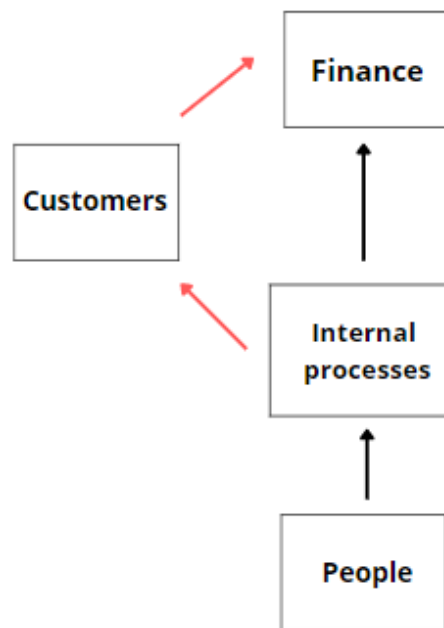


Figure 7: Strategic map under usage with the PRUT including the company

Source: Own proceessing

Deadlines for the implementation of individual measures can be set within the strategic goal (maximum 3 years), but always in agreement with the guarantor of the goal and with the statement to implement everything within the next twelve months (if the nature of the task allows).

4.1.2 Working with the strategy during the year

Direct managers of employees also receive information about the tasks assigned to individual employees within the framework of the strategic process using the goal management tool (currently SharePoint software). In the case of an important task of a larger scale, it is advisable to include it in your annual goals and, thus, the level of its achievement is one of the parameters of the employee's annual assessment.

The goal guarantor coordinates and monitors the implementation of individual activities that fall under the strategic goal, and in the event of a threat to the fulfillment of the goal, reports these threats at a regular strategic management meeting, which is usually held once a month. At this meeting, it is possible to make a decision on changing the activity, both in terms of content and timing of implementation.

The guarantor of the goal may also request the cooperation of the guarantor of the host of the event so that the event is implemented in accordance with the plan. The goal guarantor is also responsible for developing key performance indicators and for successfully achieving the strategic goal. The logic of reporting and coordination of activities within the framework of individual strategic goals is set out below (see Figure 8).

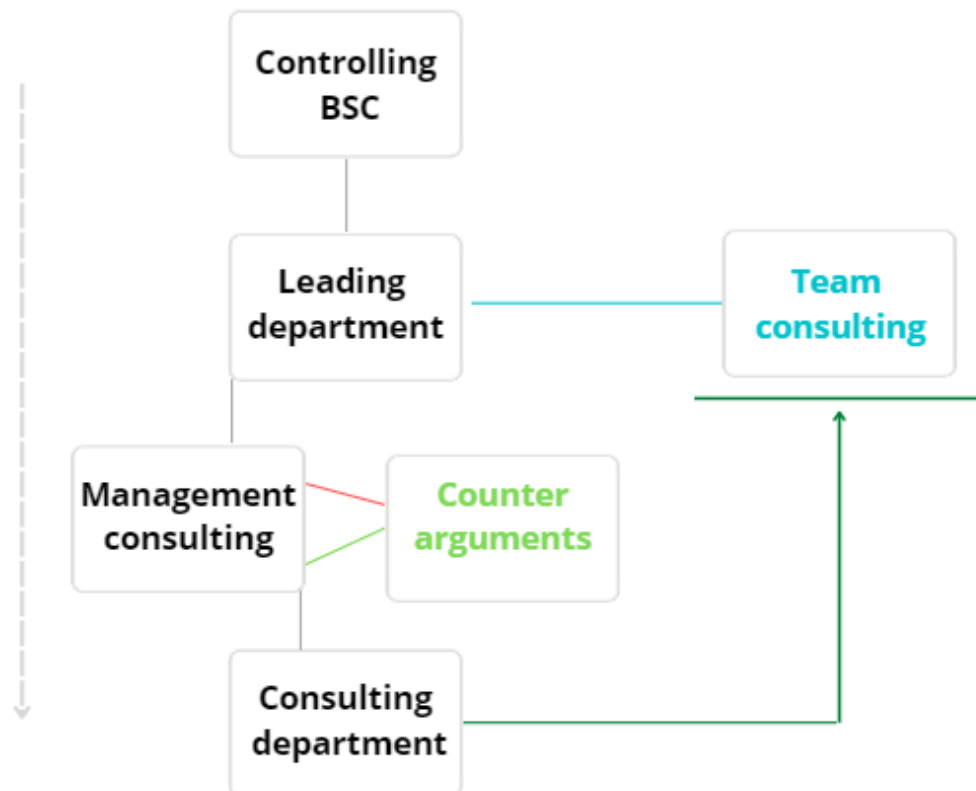


Figure 8: Cooperation within the levels on monthly basis

Source: Own processing

Describing the given diagram, the start of the process goes from the BSC control, after which the leading department in cooperation with an accountable team get in touch with the management. Here the alternative decisions sent to analyze and counter argue, what makes the data more objective. In the end, outcomes go to the department for subjective discussion and to be implemented in a regular team mentioned in the beginning.

If to put in important details about the cells, then discussion within a team consists of offering different measures/taking steps. Mentioning the management point, there could be some serious talks about why the strategy doesn't match based on the plan. In the department level there is a deliberation of the corrected steps which, in its turn, goes to a regular team for direct assignment of every taking measures.

The guarantor of the action is responsible for the successful completion of the task. The activity guarantor also tracks the activity level. In particular status updates, status %, start and end dates, as well as notes (comments on execution) are understood as an overview of the level of execution (see Table 1):

STATUS	NOT STARTED	IN PROGRESS	FINISHED	POSTPONED	WAITING
when to use

Table 1: Usual actions status

Source: Own processing

Thus, the strategic management meeting is used to evaluate KPIs and at the same time to report on the status of achieving the strategic goal. It is the duty of the goal guarantor to draw attention to a situation that implies a threat to the fulfillment of the set goal.

4.1.3 KPI in the company: duties, power and responsibilities distribution

Knight (2016) states that it must be a certainty regard how the responsibilities/tasks are distributed fairly among the participants of the given strategic goal (see Figure 9). The issue is transparent to see how the employee works both in team and individually based on correct proportion of work. It could be quite tempting to workload just only a couple of workers even knowing that whether they are proficient in comparison with someone else. But such approach has the relevant consequences in the form of overtime hours because of which the power of such hardworkers could rapidly go down while the less experienced members of team wouldn't be ready take the same initiative and responsibility.



Figure 9: Fair distribution of the activities in the given company

Source: Own processing

Going over to more particularly to the final actions, the tasks are set using the three definitions: duties, authority, and responsibilities (see Table 2).

	Duties	Authorities	Responsibilities
Guarantor of the goal	<ul style="list-style-type: none"> • Make sure that the goal is divided into activities • In agreement with the guarantor of the activity determines the timetable for the implementation of the activity • Sets KPIs for strategic objective • In case of risk of non-fulfillment of the strategic goal, immediately informs the management at the strategic meeting 	Identifies the person responsible for the implementation of the activity	Achieving the strategic objective
Guarantor of the activity	<ul style="list-style-type: none"> • Proposes a timetable for the implementation of the activity • Makes effective efforts to meet the activity • Updates status on activity 	May require the resources needed to fulfill the activity (financial, temporal, human etc.)	Completion of the specified activity
The leading employee	Setting of annual targets taking into account strategic priorities	Evaluates the employee according to the achievement made within the activity	Provides objective solution to achieve the objective (goal) (e.g. release of resources)

Table 2: *The way of tasks dividing in the company*

Source: Own processing

4.2 Driven values of the company

The visible distinctions of the given company that it is described it as an one what gives the foundation for the future. It is important to have distinctive features while being in the market the brand to be recognizable. Subsequently, the more sizeable the way of the positioning, the better.

The relationship between everybody is also defined by values making the communication much richer and it shapes the unique corporate culture as well that doesn't have anything in common with competitors within the industry.

The final point of such is that the values make both an individual and the organisation more holistic, first of all, for oneself. So, by both dividing and combining this methodology identifies the company, what it could offer either for customer perspective or employee one and what is the competitive advantage it has. (see Table 3).

Values	Competitive advantage
Openness	Across all divisions Giving regular feedback Applying of new modern approaches
Appreciation	Pluralism of opinions Cultural diversity Respect (regard religion, nation etc.)
Striving for excellence	Ambition to improve Possibility for learning from mistakes Designation the successful outcomes Reasoning Commitment to be best
Reliability	Consistency, rationality and honesty Identification and modelling Sustainability

Table 3: *Own values developed by the company management**Source: Own processing*

5 STATISTICAL ANALYSIS OF THE COMPANY

5.1 Global market segmentation

The company is presented mostly in the European market including some non-EU countries, also in Asia and partially in the Middle East (see Figure 10).

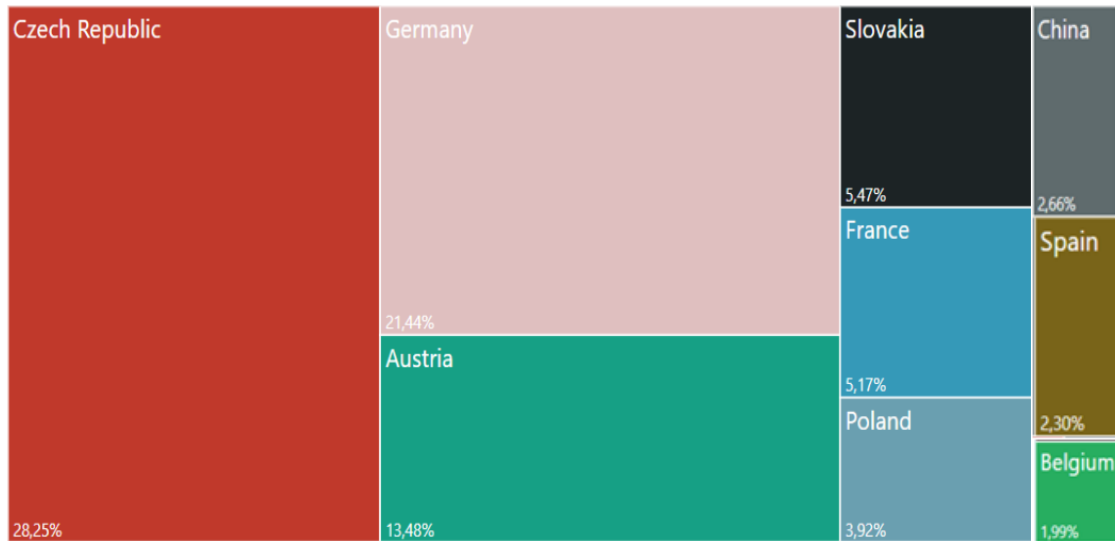


Figure 10: *Global market view*

Source: Own sourcing

It has to be mentioned that even the company has the foreign profile of its origin and it is not Czech national subject, the biggest share of the production is taken by the Czech market while Germany took second place with insignificant difference in percentage. From the Austrian market the gap can be noticed according to places before and after. Notable, Slovakia is even considered as a neighbour and has strong bonds with the Czech Republic in economic point as well, has only 5% of the company production and takes the 4th position. Anyway, it's even higher in comparison with such developed country as France.

But when there is a mentioning regard the key customers in the given markets, it comes another picture of segmentation. (see Figure 11). The difference between first three places are narrower and the Austrian market takes the lead here. Additionally, Spain and Belgium become more important and Poland in the percentage consideration as well. In conclusion, Slovakia and France have the same static data whether the market view or key customer one – the value around 5 % in average.

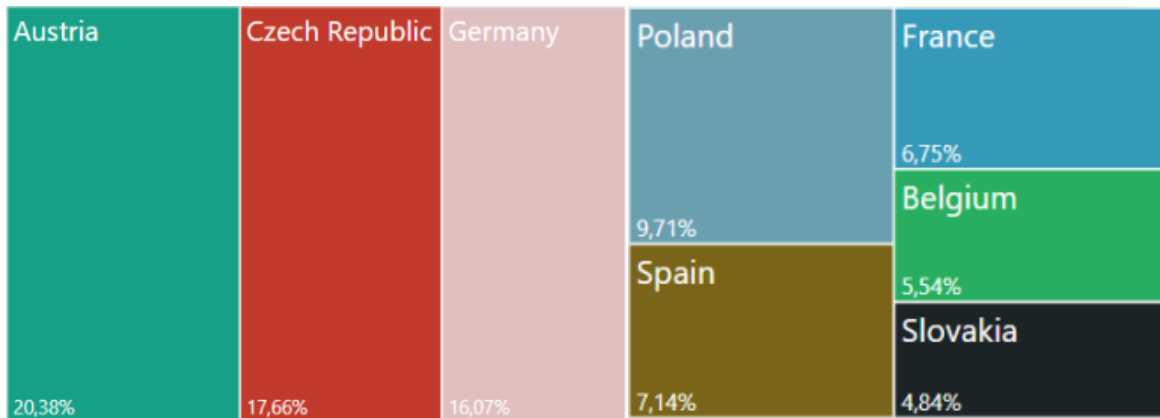


Figure 11: Key customers regard the markets

Source: Own sourcing

5.2 Strategy developed 2025 and its targets

The strategy approved is made in 2021-2022 (depending on the field) and is being fulfilled successfully by the management through years. It has different forms and focuses on the various stuff that is described further with the certain target setting procedure (see Appendix 1). For instance, based on the market view above, this kind of strategy has the picture of the improvement plan in the form of the positioning itself as a ‘Market Leader’ in the territory of the Czech Republic and Slovakia even considering that the last one has very high price pressure. Therefore, it is planning to create 70 % market share regard Czechia and 45 % for the Slovakian market, in 2 and more times and 9 times respectively which is very impressive speaking of the huge efforts are taking in terms of Slovak market share.

Fernando (2022) asserts that CAPEX (Capital Expenditures) aims to maintain physical assets by acquiring/upgrading them. According to the strategy in this field, the sum of money is allocated for 5 expense items in PRUT (see Table 4). Building consists of 3 sub-divisions regarding the production purposes and general infrastructure (e.g. warehouses) with the 86/14 proportion respectively.

Item of expenditure	Costs as a percentage
Machines	57 %
Building and infrastructure	23 %
Automation	9,3 %
New project tools	8 %
IT & digitalization	2,8 %

Table 4: CAPEX targets until 2025

Source: Own processing

Even if the last position – IT & digitalization – is the smallest expenditure in the list, then it will be described as it is considered useful tool and this point will be touched separately a little bit further within the framework of project part. By now, based on the data above it is possible to make the transition to another overview – targetting regards every key area.

So, a totally six areas for permanent improvement are also part of the PRUT strategy (see Table 5) with some additional points that complete it. Except for people and environmental sub-strategies, this complementary stuff is represented by transparency and social corporate responsibility (SCR) (e.g. cooperation with Red Cross).

The key areas				
People	Products	Working models	Circular economy	IT
Digitalization				
«Growth» project				SAP S/4 HANA usage
		Innovation activities		Planning and security
		HR – Strategy		Treasury Management

Table 5: Organisational strategic areas and its means

Source: Own processing

People perspective is based on the improvement management competencies expressed in trainings which go without saying, and prevention of any cases of discrimination with the certain balance of young and old people combining new look and experience. But the base is definitely occupational health and safety focus. The environmental field focuses on the closed loop, alternative raw materials consuming (e.g green economy, another way of using the materials), and more efficient method to use energy in the end.

Transparency performance has its own importance in some sort of reputational risk which influences the publicity in the end. Besides, it affects such crucial things as revenue and pricing, but also the hiring processes in the future (Lee, 2018). This point assumes self-declaration regard suppliers within SCM by signing the Code of Conduct document developed by the company itself and agreement in every term and condition mentioned in there. Moreover, the company uses actively independent rating agencies to investigate the real state of affairs of suppliers and other third parties to provide clear audit evaluation.

Explaining the table structure above, the black spots are set to show the common principles inserted into some areas. For instance, digitalization is being implemented in every field, while some means are referred to both (e.g ‘Growth’ project is into people and product). By that, it can be highlighted that the way for improving has a common character within a few or more spheres. As a result, the strategy formation allows to project the specific targets including by undertaking clear targets in the given areas which also refers to current/upcoming employees and business relations within SCM framework (see Table 6).

Organizational field	Measure undertaken	Objective
People	Work accidents reduction	by 50 %
	Quota for women	35 %
Product	Ability for being reusable and recyclable	100 %
	Usage of recycled material	10 %
Environment & resources	Decreasing energy consumption	by 10 %
	Reduction of CO ₂	by 38 %
SCM	Cooperation with suppliers based on Code of Conduct	80%

Table 6: *Characteristic targets of the organization*

Source: Own processing

Describing internal targets and their fundamental points separately, includes the following parts to be improved (see Table 7).

Internal process	Target
TEEP Improvement	Average > 70 %
Decreasing Indirect FTE	- 25 %
SCM effectiveness	OTIF > 92%, DIO < 32 days
Quality Management	Cost of Complaints < 0,2 % of Sales

Table 7: *Description of Internal targets*

Source: Own processing

TEEP (Total Effective Equipment Performance) is such a metric that identifies manufacturing operation capacity taking into consideration the following things (OEE):

1. Availability
2. Performance
3. Quality
4. Utilization

By multiplying these criteria between each other, it is got the metric of one machine but in there are a total of 6 and in average organizational TEEP is 60 % at the moment. Thus, the goal is to improve such indicator by 10% (see Figure 12).

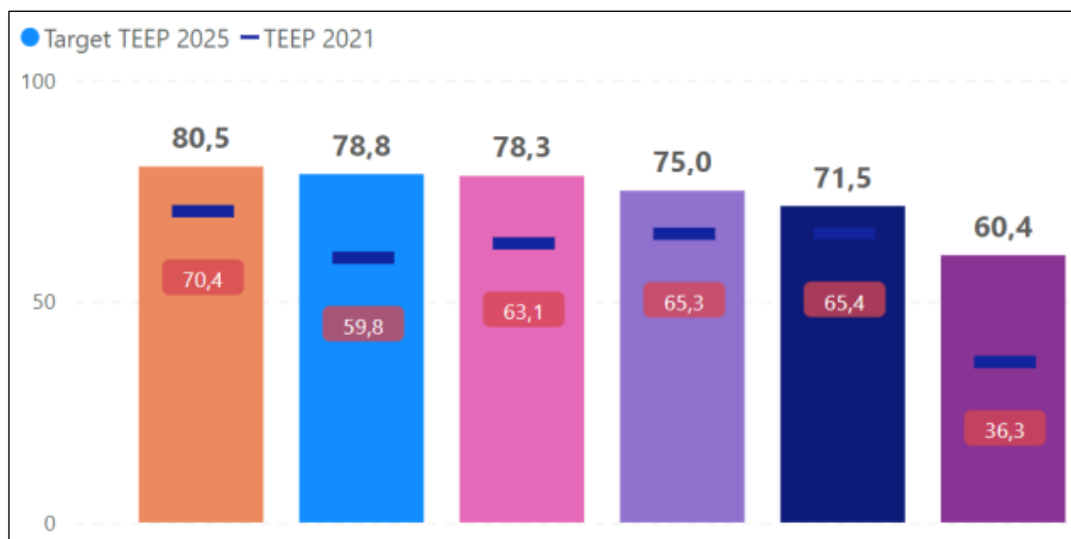
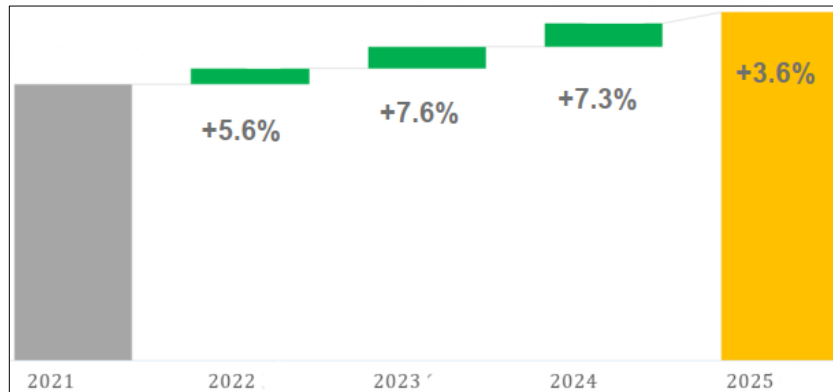


Figure 12: TEEP among every machine in the PRUT

Source: Report from an organizational department

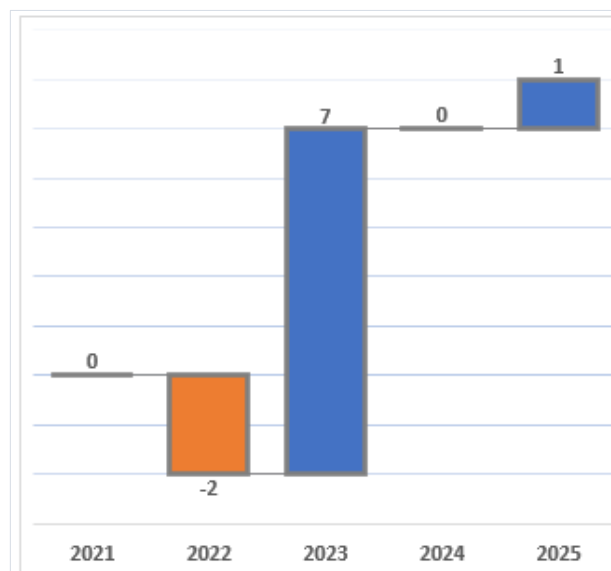
The next position – FTE (Full Time Equivalent) – measures a unit equivalent to the subject of this metric (CFI, 2022). In this case, the company strives to decrease FTE by 25 % but in terms of indirect logistics for building strong and confident relationship in long-term. Besides, it will also affect an effectiveness of SCM which is going to have OTIF (On Time In Full) manner more of than 92 %. Additionally, another step to make SCM better is to decrease the number of DIO (Days Inventory Outstanding) – necessity to replace inventory with new one and the days required to provide that.

The financial target also has to be mentioned in the separate stroke as it is so comprehensive position that encompasses lots of statistical data where the most crucial one is net turnover (see Figure 13). The main impact is directed to 2023 and 2024 as 2022 just has been beginning the strategy which guarantees the solid growth of 7.5 % in average in the years mentioned. As a result, the strategy is promising to have net turnover 24 % higher in total during 4 years since the previous one.

Figure 13: *Net turnover 2021-2025*

Source: Report from an organizational department

Meanwhile, EBIT (Earnings before interest and taxes) has much smoother picture in comparison with net turnover and the target here is to increase this kind of earnings by 2,3 % (see Appendix 2). Here the most important target is to keep the pace rather make a significant effort to achieve some heights. Notable, that it is also the serious improvement between 2023 and 2024 which is 1 % growth at once. The same refers to OWC (Operational Working Capital) – to keep the level exactly on 15 % accepting fluctuation around 0.1-0.3%. But when it comes FCF (Free Cash-Flow) the difference is more noticeable as the program is based on the 8 % improvement even considering decline of 2 % from the initial point, it doesn't have to prevent to get the jump of 7 % in 2023 afterwards. In 2024 the result reached is, basically, keeping it and do the last improvement in 2 %. (see Figure 14).

Figure 14: *FCF statistic for the next year, %*

Source: Own processing

6 OVERALL EVALUATION OF PRUT PROCESSES

6.1 SWOT analysis

Based on the data above regard all perspectives of the PRUT company (organizational one, HRM in terms of tasks alignment and values what company is precious for, presence of the company in different areas and countries what has the global character and certain strategy with the relevant targets of various direction), there is a possibility to establish where the company feels confident itself but also what kind of weak places the management has by improving them in the strategy mentioned. Additionally, considering such facts it can be stated what kind of consequences and solutions could be.

Using the SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) it is possible to create such matrix which identifies the extent of each one, how strong the given process are to be evaluated. It was gathered around 7–14 processes for each block (see Table 8) and the most important points are mentioned in the matrix itself (see Table 9). Obviously, comparing the first two names of the statistics – Strengths and Weaknesses – it can be noticed that there is a visible imbalance in favor of the negativity position, i.e Weakness side – 10 strengths against 13 weak points (3 and 4 in the matrix respectively). Anyway, it is needed a courage to admit own disadvantages and work on them. Thus, the statistics is temporary while the management have mature perception on things regardless whether they are going well or not.

Strengths	Weaknesses
PRUT corporate culture	Quality management processes
Progress in the digitalization field	Undeveloped digitalization competency
Technical know-how in the key competencies	Low level of communication
Partnership with the international partners	Insufficient coping with changes
Fast reaction for customers requirements	Additional logistic costs due to natural factors
Strategy with BSC methodology	Health and safety
Project management	Not a leader in the key competencies
Social Corporate Responsibility	Waste disposal
Synergy with international top management	Psychological support as part of HRM
GPS usage	High HR workload
	Insufficient developing trainings processes
	Proportion of women and elderly employed
	Low multifunctionality of machines

Opportunities	Threats
Main materials usage	MFP – cost leadership
Changes of customers behaviour/requirements	Selective raw sourcing
Effective and innovative waste disposal	Strategy at the headquarters level
Recycling of secondary raw materials	Local IT organization
Innovation in energy	Insufficient CAPEX for digitalization
Women at important positions	Unstable geopolitical situation
Development of suppliers	Sharp increase in prices
Social responsibility	Legislative restrictions in terms of buildings
Development of the new materials	Qualitative risks connected with the recycling

Table 8: *List of SWOT*

Source: Own processing

Describing in turn indicators of Opportunities and Threats, here there is an equality between each other stating that the analysis given is accompanied identically with the equivalent quantity of benefits and upcoming risks what is balancing truly the consequences of the strategy. Besides, waste disposal that has not been described yet is considered both as a weak position and an opportunity one convincing in the appropriate vision of the management that it is taking into account all sides of the current situation within the company. Also, the energy issue is going to anticipate the development of the organization before this becomes really problematic for the PRUT which is listed in two relevant columns – Opportunities and Threats.

Summing up the results of the analysis with the intercrossing of the given input and their evaluations from 0 to 1, the final outcomes express themselves as a percentage of how strong any characteristic from SWOT is. The range between the minimal and maximum indicator is quite wide – 100 % in average but it doesn't mean this is in everywhere manner and it has to be said that these extremes are the only ones and such results are not repeated within the matrix – 17 % of selective raw sourcing as a Threat and 117 % of the organizational reaction for the modern changes as a Weakness.

Almost every block of the matrix has clear outcomes and at least one position in each block has least of all percentage result, exception is the Opportunity block – only changes of customer behaviour and their requirements are calculated into absolute result in 100% while the rest positions (material usage, innovative waste disposal and secondary recycling) have 50 – 67 % probability of being considered opportunity.

		OPORTUNITIES				THREATS			
		Material usage	Changes regard customers	Innovative waste disposal	Secondary recycling	MFP – cost leadership	Selective raw sourcing	Strategy at top level	
STRENGTHS	Corporate culture	1	1	1	1	1	0	1	100 %
	Digitalization progress	0	1	0	0	1	0	1	50 %
	Technical know-how	1	1	1	1	1	0	1	100 %
WEAKNESSES	Quality management	1	1	0	1	1	0	1	83 %
	Undeveloped digitalization	0	1	0	0	1	0	1	50 %
	Low communication	0	1	1	1	1	1	1	100 %
	Reaction for changes	1	1	1	1	1	1	1	117 %
		50 %	100 %	50 %	67 %	100 %	17 %	100 %	

Table 9: Final SWOT matrix

Source: Own processing

Apart from that, there is a big difference between the positions in Threat block – just selective raw sourcing is got for 17 % and the rest is 100 %, while every block is more gradual in their results. In conclusion, it could be stated the outcome of each block in average, where:

- 83 % - Strengths
- 87 % – Weaknesses
- 66 % - Opportunities
- 72 % - Threats

In terms of the pairs – SW and OT – the tendency is rather negative rather positive taking into account minor difference – 4 % and 6 % respectively. Thus, the company has the picture of fewer opportunities with the highest percentage of weak places which are going to be fixed and developed in the closer future.

Based on the present statistical analysis and the current SWOT analysis, the project is going to be considered the additional part to the general organizational strategy, processes of the company and its targets established with the purpose of setting the clear point to improve the most necessary fields namely:

1. Creation of truly innovative energetic direction
2. Development HRM including making the communication better
3. Digitalization as a permanent doctrine the company relies on which, saying of both HRM and organizational processes

7 PROJECT IMPLEMENTATION

7.1 ‘Growth’ plan

The given plan focuses mainly on HRM development, partially on the energy perspective and digitalization development. Starting from the energetic problem, it is called to fight climate change by fitting in the modern green economy concept with concrete steps (see Table 10).

Plan focus	Measures to be taken
Renewable electricity	Guarantees of origin point
	PPA
	PV installation
CO ₂ emissions reduction	Footprint reduction on a legislative basis
	Energy mix
	Usage electric vehicles
	Reduction of gas vehicles
	Trees planting
Water management	Building water drills (wells)
	Quality and consumption monitoring
	New water treating facility
	Retention and utilization of rainwater

Table 10: Plan of energetic character

Source: Own processing

Since the Czech Republic goes in unison with such tendency and PRUT does it as well, that’s much easier to implement the given plan based on both legislative and top management vision. Important to claim that only water management doesn’t have quantitative goal while the electricity consumption and footprint emissions have concrete statistics (see Table 11).

Way of improvement	Target set	Year
Renewable electricity	70 %	2025
	90 %	2030
Reduction of CO ₂ emissions	38 %	2025
	53 %	2030

Table 11: Fight climate change

Source: Own processing

Moreover, these targets are set not just only until 2025 but by 2030 and the growth percentage is 20 and 15 respectively. By that, it is visible that emissions stuff is less developed technology in general and electricity can be reached by any alternative source of energy by compensating this gap. Thus, energy way of improvement to increase share of renewable energy stand on two pillars: development of ecoenergy programs on regular basis during a given period of time with waste heat recuperation and diversification of energy sources and getting higher independence as a result – reducing reliance on spot market, energy from open market in general.

The overall energy consumption indicator regard its structure is 20 GWh and currently consists of three positions: CNG, gas and long-term contracts (see Figure 15). Those points are disproportioned where almost 90 % is bought from the company aims to avoid in the end.

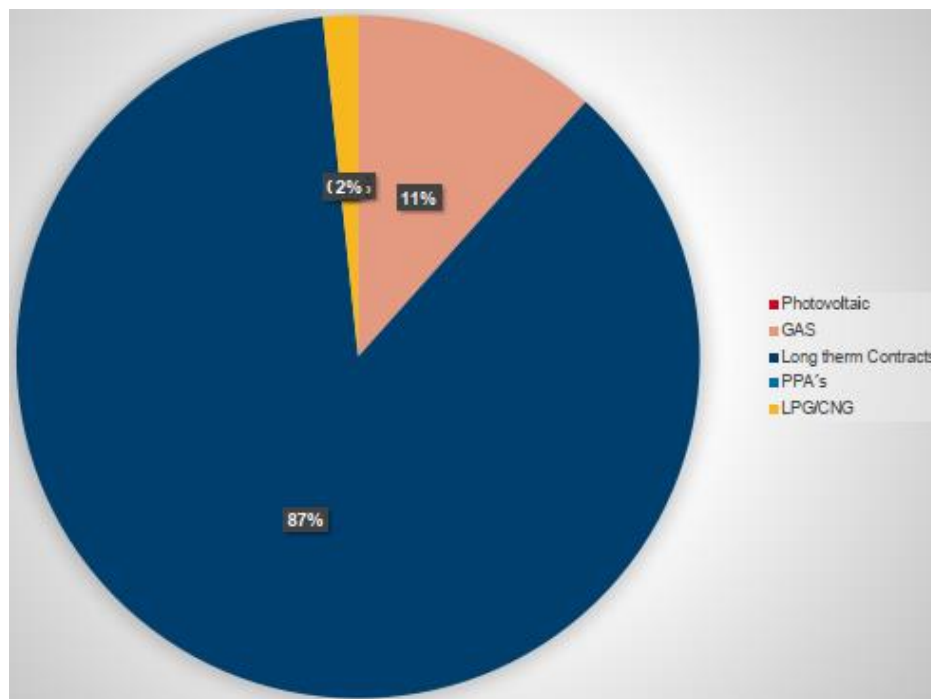


Figure 15: *Energy consumption at the moment*

Source: Own sourcing

The plan is established to decline GWh by 3 points which mean by 10-15 % lower than the PRUT has today (see Figure 16). By that the whole structure changed palpably, mostly regarding long-term contracts – PPA share took 23 % from it declining dependence on it 26 % at the same time solving these problems at once what means that 1/3 of electricity is going to be secured by own sources. Additionally, it is not significant but the dependence on gas is to be declined at the expense of recuperation system mentioned and PV installation.

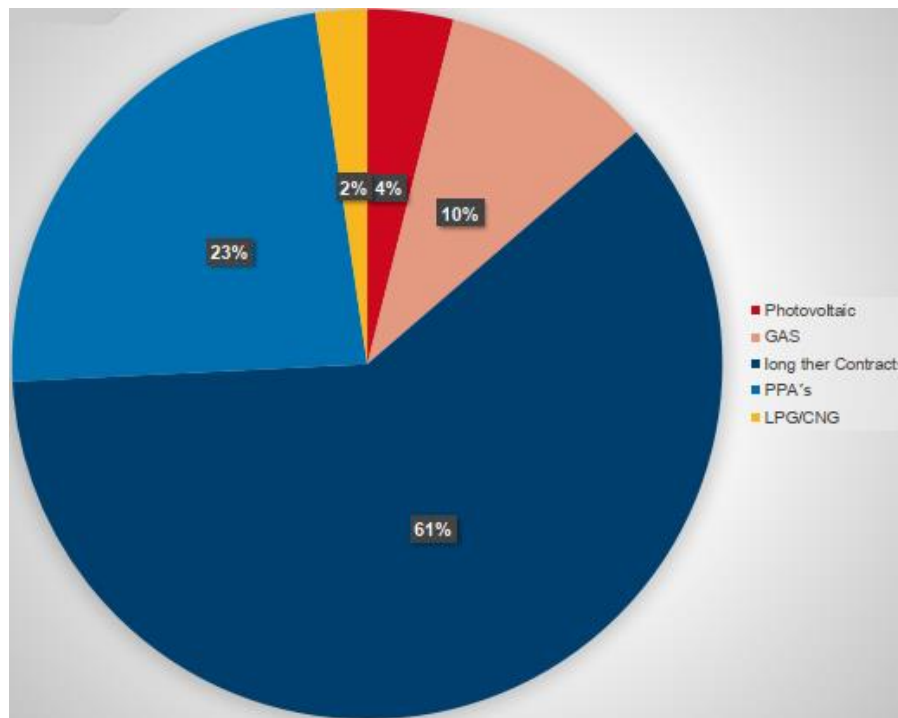


Figure 16: Planning to reach energy consumption structuring

Source: Own sourcing

For the full project realization, it is required to fit in the financial capabilities – specific expenditures with the date of its completion (see Table 12). It is going to help the equal amount of saved kind of energy – almost 7 500 units regard both energy itself and footprint as well. To reach such target is not easy exclusively company efforts and that’s why in such case it could be needed to get some sort of help in the form of EU subsidies. Definitely, it wouldn’t be received just for nothing and there is a certain rule for such support defined by the subtraction of projects by energy saved based on the implementation of legislative character (e.g ISO 50001). Thus, the EU practice is encouragement those economic subjects that care about the environment by making relevant projects according to the European green economy cooperated.

Upcoming results	
Max. investments	10 mln EUR
Subsidy sum	30 % (3,5 mln EUR)
Expected project end	2025
Annual energy saving	7 400 MWh/year
Annual CO ₂ savings	7 400 tCO ₂ /year

Table 12: Expected results of energetic sub-plan

Source: Own processing

The second part of the plan is dedicated to the people of the company and putting the communication level on the new qualitative position.

Based on the anonymous surveys made within the company it was established the most positive and negative results which pushed to do the relevant conclusions. On the one hand, the workers feel themselves confident and they are looking at the future without any concerns thanks to ability of learning from own mistakes made. But on the other hand, there is an expression of thoughts with the fear that something negative could happen as the different perspectives are not fully valued. Therefore, for the upcoming year, the management in various divisions has to build (or rebuild) the relationship on a more trustful basis for an employee to feel safe what gives him/her the freedom to express himself/herself without being scared of unacceptance keeping subordination and own responsibilities fulfilment at the same time.

When there is a mentioning of communication comes, it is also necessary to point out how the work relationships within a team were started or have been started. No matter what is the timeline of such, some prejudices can take place as a beginning of relationship formation which prevents looking at the employees performance and potential in the close future subsequently. Human nature is stereotyped and allows to create a picture based on the wrong personal assessment of the co-workers. As result the decisions on top-down and horizontal levels can be made in too much categorical way considering current business environment and the industry.

To prevent such, the management should provide full support for employees, especially at the start of their career at the company that can be reflected in absolute recognition of an employee and reasonable time credit providing for adjustment to the company culture and requirements as well. It could seem quite basic but the reality shows it is being disregarded and it exists only on paper. Every employee has own special work and social characteristics influencing the performance and team context respectively. But at the same time, the manager should keep in mind discipline, duties assigned and entrusted deadlines that everybody within the company is responsible for. Therefore, the given efforts should be considered in the context of staff appraisal and tracked with higher-level management

Also, communication should be free without overcontrolling which has only one result – destructive. Managers could start controlling too much own personnel and seeking for mistakes that never even happened taking into account that even though they are managers, they can not know modern, so-called ‘know-how due to fast-changing environment and requirements of the market.

One of the most crucial parts of the working atmosphere and productivity which requires such thing as maturity is conflict situation solving. In the company, there is to be no place for putting all responsibility only on one employee shoulders by taking part of such from everybody who has involved in the conflict situation or when one department blames another one which distracts the participants from the main goal – keeping performance and achieving goals in a timely manner.

Unfortunately, it seems fast action to move on but it spoils the perception of others on the communication and it expresses in frame leak as nobody wants that could happen to him/her. Therefore, the company reputation is to be spoiled because modern information could be easily spread whether using the social network or attending some business forums where relative emotions sharing are going to be discussed with industry colleagues. The complex way to solve such issue is a development of the following points:

- determining simplified work techniques and chain of responsibility regarding the overload by removing unnecessary obstacles which eliminates confusion as an initial point for the conflict itself in the combination monitoring group commitment
- provide full transparency among all participants highlighting all actions taken
- implementing results-only work environment measured by the tasks done, not hours in the office spent that influence on productivity increase
- patience cultivation

Nevertheless, if management itself is striving for perfection, there are some unwanted segments to not let be happened such as unprofessionalism in terms of behaviour and knowledge gap preventing being truly expert in own field.

Depending on frequency, a manager manners could be expressed in unwelcomed way because of various reasons. It could be simple ignorance which is more common for this level combined with extra sensitivity developed which could make business processes with its goals unreasonable.

Modernity shows that managers can not seem that they have even a small space of doubts and misunderstanding which is leading to the tendency of pretending of being kind of professional who knows the system and own duties. According to my own not so-long work experience, many supervisors either are trying to look comfortable and don't ask questions at all, just performing the duties mechanically or even not hide own unprofessionalism which also can be related to the CEO.

Controlling, mentoring, frequent test/examination with the cultivation of the simple interest (curiosity) as a fundament of knowledge gaining – such keys that are surely improving the entire management level and prevent it to abuse official duties even including inactive position towards organisational performance. All it is needed is to keep the competency level on the proper way taking into account both the most modern practices and local unique characteristics with innovative ideas.

Continuing speaking of intersectional performance between personnel and management, it is offering to make better equal opportunities in the manner of diversity and permanent learning opportunities for staff and the target is set for the company – 16 training hours per employee every year have to be taught by combination of creation of own training center with the own lecturers and foreign trainers as guests. Further, such direction refers to the gender point as well – 30 % of women have to be on management positions. So, the management level can be balanced in both gender and practical perspectives putting the performance management on a new level as it could be beneficial for the leadership cultivation – providing the timely nurturing and replacement of personnel by empowering them with more direct and indirect duties which looks quite more attractive rather than hiring unknown specialists from anywhere else

As a result, measures mentioned above are going to affect current HR hierarchy which are responding the communication requests of the employees whose are willing to develop themselves on the permanent basis accordingly. (see Figure 17).

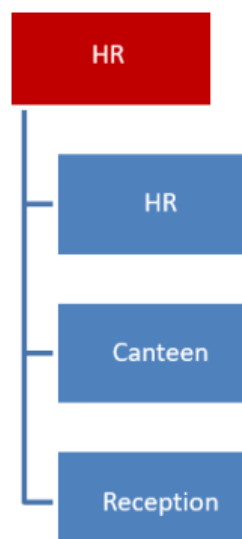


Figure 17: *HR structure at the moment*

Source: Own processing

Today HR has three divisions, one of them is doubling itself and the rest is about such which doesn't have importance to be in there. As the major goal regard HRM is to develop the communication it is required to reformat this kind of system including the top name (see Figure 18).

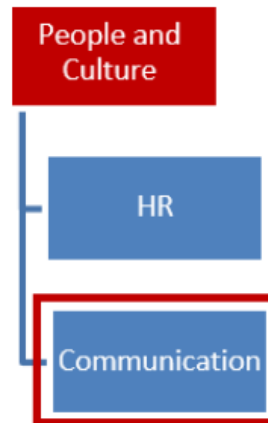


Figure 18: *HR structure in 2025*

Source: Own processing

First of all, at that time the name of the hierarchy should be symbolized the proof what the company is actually going to improve by renaming in the appropriate method as the previous name seemed some kind of cold. Further, the system is simplified and is going to contain two cells. But most importantly, canteen and reception points will be part of HR as a division, not a system what contribute functionality improved. Thus, by implementing this complex HRM strategy, the company will also increase the number of high-quality applicants per position.

This program also will accompany to help to achieve the manufacturing target by people and cultural activities execution in the digital way. It will influence in turn digitalization of internal process which will decrease the percentage of costs of goods manufactured (COGM) what could be less than 15 % as a target. Thus, it is shown how the flow of the processes is going, what follows from this and the correlation of the activities between each other.

CONCLUSION

In the current Master thesis theoretical and practical parts were described to present the importance of both points in terms of running, evaluating and improving organizational processes based on the modern literature and the chosen company respectively.

First of all, the general management system was shown as a milestone for any kind of business started from creation itself. Definitely, it is required to provide some sort of analysis within the company (activity, decision and relations ones) and to decide what management concept can be picked up but it was proposed to choose the federalism due to more attractive controlling.

Sources were also emphasised in the form of supply chain management (SCM) which represent itself as a combination of all activities related to get the final product to the end customer but starting from the very beginning – supply flow – which will be processed into the product by the organization afterwards. It has to be taken into consideration four important chains of SCM such as capacity, inventory, resources and lean management. First, the management level needs to be sure that the business is capable of the processes set. Second, it has to monitor stocks situation within the warehouses. Third, the processes have to be based on the certain quantity of resources required. The last, having the mentioned management is almost everything but it has to be counted the lean synchronization for providing own product on full in time (OTIF).

All of that is expressed by quality management for permanent conversion of the performance characteristics which could include different perspectives such as employee skills development through the organizational trainings, product development as well and customer satisfaction. Human resources management (HRM) finishes the first theoretical part by importance of the team spirit and satisfaction of the employees in this case.

The next theoretical stages are dedicated to the performance management and how it can be measured. Basically, it is about another milestone – formation of clear and proper strategy which almost guarantees the relevant implementation as a result. It is essential to know own place in the market and what kind of possibilities could be there. Ansoff matrix and Porter's five forces of competitive position knowledge enable to analyze current situation for the company for the flexible production. Further, this is going to be measured by using various tools (e.g report, graph) orienting the following objectives that the management strives to achieve by alignment of the tasks via KPI.

The second half of the current thesis started with analysis of the organization itself with the purpose of distinguishing the theory and reality using the relevant internal documentation of the company. There it is visible what is the real model of the strategy, how to work with it during the year and the distribution of responsibilities for individually achieving targets what supported by the unique values of the company towards own personnel.

By the market analysis conducted, the chart was formed in two manners: global market by customers and key customers what is quite different from each other where the biggest market shares are highlighted according to the regions and countries. Going over to strategy implemented with its targets, perhaps, is the most massive kind of analysis proven by different data like CAPEX, organizational processes including internal and financial processes. In the end, it was evaluated the state of the company both in common and particular denoting spaces needed to be reconsidered. As the natural effect, the plan proportioned to the strategy was proposed to improve the certain weak places: HRM, energy consumption/improvement based on the digitalized activities which are going to make impact on the internal processes in turn.

BIBLIOGRAPHY

- ALUKO, Nifemi. 2016. The three flows of supply chain. *Kpakpakpa.com*. [Online] March 16, 2016. Available at: <https://kpakpakpa.com/spotlight/the-three-flows-of-supply-chain/>
- ARMISTEAD, Colin, and CLARK, Graham. 1994. "The "Coping" Capacity Management Strategy in Services and the Influence on Quality Performance". s.1. : International Journal of Service Industry Management, 1994. Vol. 5 No. 2, pp. 5-22. ISSN: 0956-4233.
- BAKER, Colin. 2021. Threat of New Entrants: Get to Know One of Porter's Five Forces. *Leaders.com* [Online] December 1, 2021. Available at: <https://leaders.com/articles/executives/threat-of-new-entrants/>
- BARR, Stacey. 2014. *Practical performance measurement. Using the PuMP Blueprint for fast, easy and engaging KPIs*. 1st ed. Australia : PuMP Press, 2014. ISBN: 978-0-9923837-0-1.
- BARR, Stacey. 12 Steps for getting started with KPIs. *Stacey Barr Pty Ltd., staceybarr.com* [Online] Date unknown. Available at: <https://staceybarr.com/downloads/GettingStartedwithKPIs.pdf>
- BASUMALLICK, Chiradeep. 2020. What Is Strategic Performance Management? Definition, Process, and Best Practices. *Spiceworks.com*. [Online] July 29, 2020. Available at: <https://www.spiceworks.com/hr/performance-management/articles/what-is-strategic-performance-management/#:~:text=Strategic%20performance%20management%20is%20defined%20as%20the%20methodology%20to%20improve,to%20achieve%20overall%20organizational%20objectives.>
- CAMELA, Sammi. 2022. 10 Essential Tips for Effective Inventory Management. *Business New Daily*. [Online] July 29, 2022. Available at: <https://www.businessnewsdaily.com/10613-effective-inventory-management.html>
- CFI CORPORATE FINANCE INSTITUTE. 2022. Full Time Equivalent (FTE). *CFI*. [Online] April 26, 2022. Available at: <https://corporatefinanceinstitute.com/resources/knowledge/other/full-time-equivalent-fte/>
- CFI CORPORATE FINANCE INSTITUTE. 2022. Ansoff Matrix. *CFI*. [Online] July 7, 2022. Available at: <https://corporatefinanceinstitute.com/resources/knowledge/strategy/ansoff-matrix/>
- CGMA CHARTERED GLOBAL MANAGEMENT ACCOUNTANT. 2013. *CGMA*. [Online] June 13, 2013. Available at: <https://www.cgma.org/resources/tools/essential-tools/porters-five-forces.html>
- CHOUDHARY, Anisa. 2018. A profile of Peter F. Drucker – father of modern management. *Toronto School of Management*. [Online] August 2, 2018. Available at: <https://www.torontosom.ca/blog/a-profile-of-peter-f-drucker-father-of-modern-management>
- DAFT, Richard. 2010. *Management*. 9th ed. USA, Mason : South-Western, Cengage Learning, 2010. ISBN 13: 978-0-324-59584-0. ISBN 10: 0-324-59584-0

- DAFT, Richard and Marcic, Dorothy. 2017. *Understanding management*. 10th ed. USA, Boston: Cengage Learning, 2015. ISBN: 978-1-305-50221-5. ISBN: 978-1-305-50223-9.
- DE BRUIN, Lars. 2016. Porter's Five Forces. *B2U*. [Online] August 3, 2016. Available at: <https://www.business-to-you.com/porters-five-forces/>
- DO, Doanh. 2017. What is Continuous Improvement (Kaizen)? *The Lean way*. [Online] August 5, 2017. Available at: <https://theleanway.net/what-is-continuous-improvement>
- DUMBU, Sheron. Management by Objectives. *Academia*. [Online] © 2022. Available at: https://www.academia.edu/34653197/MANAGEMENT_BY_OBJECTIVES
- ESSEX, David. 2020. Material requirements planning (MRP). *Techtarget.com* [Online] December, 2020. Available at: <https://www.techtarget.com/searcherp/definition/material-requirements-planning-MRP>
- FERNANDO, Jason, JAMES, Margaret and KVILHAUG, Suzanne. 2022. Capital Expenditure (CapEx). *Investopedia*. [Online] July 13, 2022. Available at: <https://www.investopedia.com/terms/c/capitalexpenditure.asp>
- HANDFIELD, Robert. 2021. What is Supply Chain Management (SCM)? *SCM: Supply Chain Resource Cooperative (SCRC)*. [Online] August 21, 2021. Available at: <https://scm.ncsu.edu/scm-articles/article/what-is-supply-chain-management-scm>
- HARRIS, Mia, ORSA, Nina and COOPER, Al. 2020. Performance management strategy. *Hibob.com* [Online] 2020. Available at: https://www.hibob.com/guides/developing-performance-management-strategy/#performance_management_principles
- HAYES, Adam. 2022. What Is ISO 9000? *Investopedia*. [Online] January 28, 2022. Available at: <https://www.investopedia.com/terms/i/iso-9000.asp>
- HKT CONSULTANT. Diversification strategy. *HKT*. [Online] April 24, 2020. Available at: <https://sciencetheory.net/diversification-strategy/>
- ISLAMI, Xhavit, MULOLLI, Enis and MUSTAFA, Naim. 2018. *Using Management by Objectives as a performance appraisal tool for employee satisfaction*. s.1. : Future Business Journal, 2018, Vol. 4, pp. 94-108. ISSN 2314-7210.
- JENKINS, Abby. 2020. How to master your stock levels. *Oracle NetSuite*. [Online] September, 2018. Available at: <https://www.netsuite.com/portal/resource/articles/inventory-management/inventory-management.shtml> [Accessed August 3, 2022].
- KALLUNKI, Juha-Pekka, LAITINEN, Erkki and SILVOLA, Hanna. 2011. *Impact of enterprise resource planning systems on management control systems and firm performance*. s.1. : International Journal of Accounting Information Systems, 2011, Vol. 12, pp. 20-39. ISSN 1467-0895.
- KERZNER, Harold. 2013. *Project Management. Metrics, KPIs, and Dashboards. A Guide to measuring and monitoring project performance*. 2nd ed. Hoboken, New Jersey : John Wiley & Sons, Inc., 2013. ISBN 978-1-118-52466-4 (cloth).

KNIGHT, Rebecca. 2016. Make Sure Your Team's Workload Is Divided Fairly. *Harvard Business Review*. [Online] November 14, 2016. Available at: <https://hbr.org/2016/11/make-sure-your-teams-workload-is-divided-fairly>

KREITNER, Robert and CASSIDY, Carlene. 2008. *Management*. 12th ed. USA, Mason : South-Western, Cengage Learning, 2008. ISBN-13: 978-1-111-22136-2. ISBN-10: 1-111-221367.

KREITNER, Robert. 2009. *Management*. 11th ed. USA, Boston : Houghton Mifflin Harcourt Publishing Company, 2009. ISBN-13: 978-0-547-14848-9. ISBN-10: 0-547-14848-8.

LEE, Kevan. 2018. Why Transparency in Business Matters (and How to Get Started). *Buffer Blog*. [Online] October, 2018. Available at: <https://buffer.com/resources/transparency-in-business/>

LUENENDONK, Martin. 2019. Threat Of Substitutes | Porter's Five Forces Model. *Cleverism.com* [Online] September 18, 2019. Available at: <https://www.cleverism.com/threat-of-substitutes-porters-five-forces-model/>

McGEE, John. 2015. Market-Based View. *ResearchGate*. [Online] January 15, 2015. Available at: https://www.researchgate.net/publication/313966782_Market-Based_View/stats

MSG MANAGEMENT STUDY GUIDE. Supply Chain Management – Definition and importance of its strategies. *Management Study Guide*. [Online] © 2022. Available at: <https://www.managementstudyguide.com/supply-chain-management-definition.htm>

MSG MANAGEMENT STUDY GUIDE. Managing Downsizing in Organizations. *Management Study Guide*. [Online] © 2022. Available: <https://www.managementstudyguide.com/managing-downsizing-in-organizations.htm>

NWADIKE, Peace. 2022. SWITCHING COSTS: Definition, Strategies and Examples. *Business Yield*. [Online] June 27, 2022. Available at: <https://businessyield.com/business-strategies/switching-costs/>

OEE OVERALL EQUIPMENT EFFECTIVENESS. Calculate TEEP? *OEE*. [Online] © 2011-2021. Available at: <https://www.oee.com/teep/>

PAPERFLITE. 2019. Everything you need to know about market penetration. *Paperflite*. [Online] March 27, 2019. Available at: <https://www.paperflite.com/blogs/everything-about-market-penetration>

PARMENTER, David. 2015. *Key Performance Indicators. Developing, implementing, and using winning KPIs*. 3rd ed. Hoboken, New Jersey : John Wiley & Sons, Inc., 2015. ISBN 978-1-119-01984-8.

MARR, Bernard. 2006. *Strategic performance management. Leveraging and measuring your intangible value drivers*. 1st ed. s.l.: Elsevier Ltd., 2006. ISBN-13: 978-0-7506-6392-2. ISBN-10: 0-7506-6392-8.

PFEFFER, Jeffrey. 1998. *The Human Equation: Building Profits by Putting People First*. Boston: Harvard Business School Press, 1998. ISBN: 0-87584-841-9.

ROBBINS, Stephen, COULTER, Mary, STAGG, Ian and BERGMAN, Rolf. 2015. *Management*. 7th ed. s.1. : Pearson Education, Inc., 2015. ISBN: 0133043606

ROBBINS, Stephen and COULTER, Mary. 2012. *Management*. 11th ed. USA, New Jersey: Pearson Education Inc., 2012. ISBN 978-0-13-216384-2.

RODRIGUEZ, Diego. 2022. The 8 Lean Wastes and How to Eliminate Them. *Invensis Global Learning Services*. [Online] August 3, 2022. Available at: <https://www.invensislearning.com/blog/lean-waste-types/>

SLACK, Nigel and BRANDON-JONES, Alistair. 2018. *Operations and Process Management. Principles and practice for strategic impact*. 5th ed. The United Kingdom, London : Pearson Education Limited, 2018. ISBN: 978-1-292-17617-8.

SONNTAG, Melissa. Tracking Success: 7 Characteristics of Effective KPIs. *Repsly.com* [Online] © 2022. Available at: <https://www.repsly.com/blog/consumer-goods/tracking-progress-the-7-characteristics-of-an-effective-kpi>

STUDOCU. Lean synchronization: Operations in practice. *Studocu.com* [Online] © 2022. Available at <https://www.studocu.com/row/document/city-university/operations-management/lecture-notes-lecture-9-lean-synchronization/491263>

THAKUR, Madhuri and VAIDYA, Dheeraj. Substitute Products. *WallStreetMojo*. [Online] © 2022. Available at: <https://www.wallstreetmojo.com/substitute-products/>

THE ECONOMIC TIMES. What is 'Market Development'. *The Economic Times*. [Online] © 2022. Available at: <https://economictimes.indiatimes.com/definition/market-development>

TOWNER, Joe. 2022. Capacity management - definition, processes and best practices. *Forecast.app*. [Online] June 24, 2022. Available at: <https://www.forecast.app/blog/capacity-management>

WILD, Tony. 2002. *Best Practice in Inventory Management*. 2nd ed. Great Britain : Elsevier Science Ltd., 2002. ISBN: 0-7506-5458-9.

LIST OF ABBREVIATIONS

DIO	Days Inventory Outstanding
EBIT	Earnings before interest and taxes
FCF	Free Cash-Flow
FTE	Full Time Equivalent
GPS	Global Positioning System
GWh	Gigawatt hours
HR	Human Resources
HRM	Human Resources Management
ISO	International Organization for Standardization
IT	Informational Technology
JIT	'Just-In-Time'
KPI	Key Performance Indicators
MBO	Management by objectives
MFP	Multifactor Productivity
MRP	Material requirements planning
MWh	Megawatt
OTIF	On Time In Full
OWC	Operational Working Capital
PIs	Performance Indicators
PM	Performance Management
PPA	Power Purchase Agreement
PV	Photovoltaic
RI	Results indicators
SCM	Supply Chain Management

SPM	Strategic Performance Management
SWOT	Strengths, Weaknesses, Opportunities, Threats
SWS	Strategic Workshop
TCO ₂	Total Carbon dioxide
TEEP	Total Effective Equipment Performance
TQM	Total Quality Management
WSG	Workshop on Goals

LIST OF FIGURES

Figure 1: <i>Ansoff matrix and its possibilities</i>	25
Figure 2: <i>Porter's five forces of competitive position analysis</i>	26
Figure 3: <i>Factors affect demand for substitute products</i>	27
Figure 4: <i>More correct statements regard performance evaluation</i>	30
Figure 5: <i>Building up the PM pyramid using strategy and objectives as defining components</i>	31
Figure 6: <i>Highlighting the critical success factors (CSFs)</i>	32
Figure 7: <i>Strategic map under PRUT usage</i>	36
Figure 8: <i>Cooperation within the levels on monthly basis</i>	37
Figure 9: <i>Fair distribution of the activities in the given company</i>	38
Figure 10: <i>Global market view</i>	41
Figure 11: <i>Key customers regard the markets</i>	42
Figure 12: <i>TEEP among every machine in the PRUT</i>	45
Figure 13: <i>Net turnover 2021-2025</i>	46
Figure 14: <i>FCF statistic for the next year, %</i>	46
Figure 15: <i>Energy consumption at the moment</i>	52
Figure 16: <i>Planning to reach energy consumption structuring</i>	53
Figure 17: <i>HR structure at the moment</i>	54
Figure 18: <i>HR structure in 2025</i>	55

LIST OF TABLES

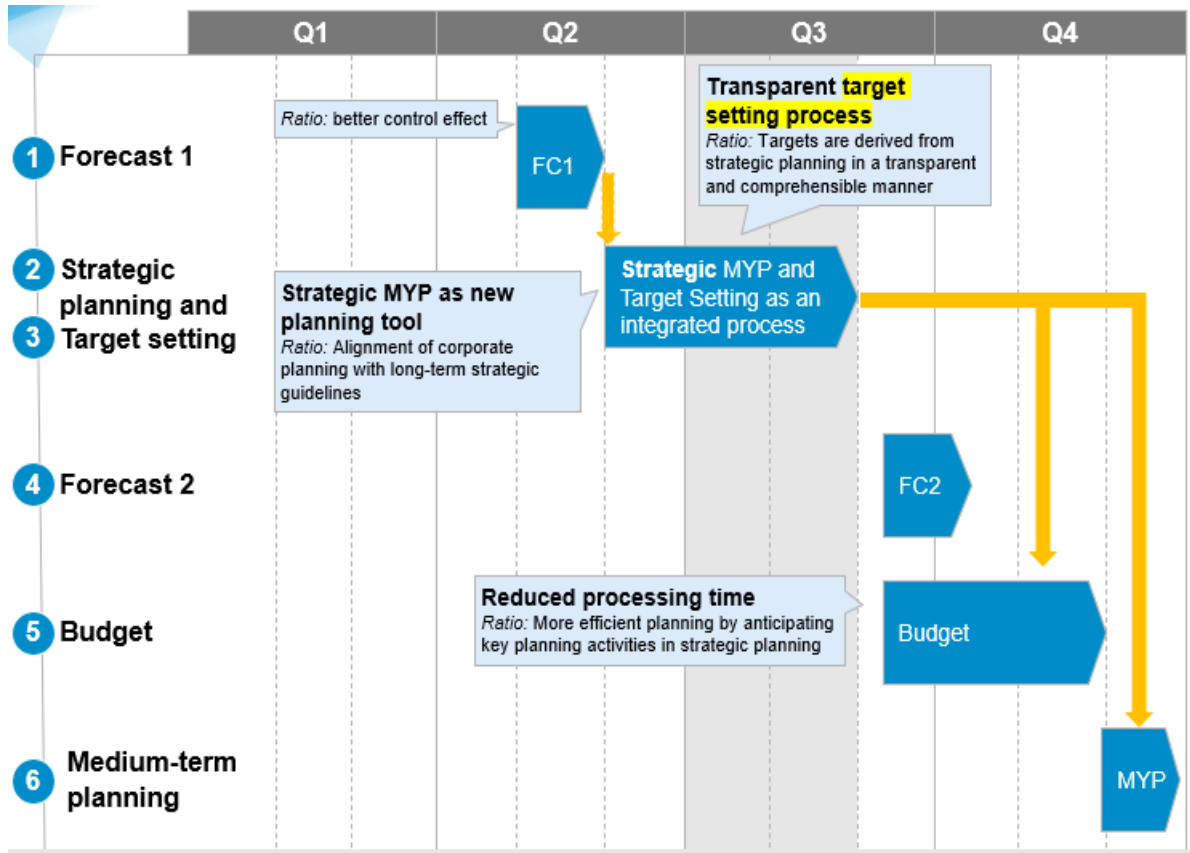
Table 1: <i>Usual actions status</i>	38
Table 2: <i>The way of tasks dividing in the company</i>	39
Table 3: <i>Own values developed by the company management</i>	40
Table 4: <i>CAPEX targets until 2025</i>	42
Table 5: <i>Organisational strategic areas and its means</i>	43
Table 6: <i>Characteristic targets of the organization</i>	44
Table 7: <i>Description of Internal targets</i>	44
Table 8: <i>List of SWOT</i>	47-48
Table 9: <i>Final SWOT matrix</i>	49
Table 10: <i>Plan of energetic character</i>	51
Table 11: <i>Fight climate change</i>	51
Table 12: <i>Expected results of energetic sub-plan</i>	53

APPENDICIES

Appendix P 1: Target structure planning processes

Appendix P 2: EBIT target

APPENDIX P 1: TARGET STRUCTURE PLANNING PROCESSES



APPENDIX P 2: EBIT TARGET FROM INITIAL POINT