

2016

UNIVERSITY OF PRIMORSKA  
FACULTY OF MANAGEMENT

FINAL PROJECT WORK

FINAL PROJECT WORK

LUKA BOLTEZ

LUKA BOLTEZ

KOPER, 2016



UNIVERSITY OF PRIMORSKA  
FACULTY OF MANAGEMENT

FINAL PROJECT WORK

STRATEGY FOR MANAGEMENT RENEWAL OF  
CHOSEN COMPANY IN BRANCH OF  
VULCANISATION

Luka Boltez

Koper, 2016

Mentor: izr. prof. dr. Dragan Kesič



## SUMMARY

At onset of the crisis in 2008, the performance of tire-business companies declined, so have companies whose core business is the exchange and sale of tires. Developments, which will expand the company, could be crucial for the further growth of vulcanization companies. In this final project work we studied Boltez, d. o. o. and compared the business with competitors around Kranj. We found that the company, during the peak season, performs well and that customers are satisfied with the services provided. However the company has a problem with the distribution of resources and work throughout the year, and yet has no clear strategy of the expansion of the business. There is a growing trend in developing services, which will contribute to the growth of businesses. Based on the survey results, we provided recommendations to further develop the company based mainly on the introduction of new activities during the off-season.

*Key words:* strategy, management, business restructuring, vulcanization, company Boltez, d. o. o.

UDK: 005.418:796(043.2)



## **GRATITUDE**

Gratitude goes to my menthor, prof. dr. Dragan Kesič for all the help and contribution to my final project assignment.

Gratitude to the director of the company Boltez, d. o. o. as well, for the comprehersive interview and cooperation with final project assignment.

I would also express thanks to the international office of my Faculty, specialy Ms. M. Trunk Hrvatin, for all the information about writing final project assignment abroad.



## TABLE OF CONTENTS

<b>1</b>	<b>Introduction .....</b>	<b>1</b>
1.1	Definition of theoretical frameworks and issues.....	1
1.2	Aims and goals.....	2
1.3	Assumptions and limitations of the issue.....	2
1.4	Provided methods of discussion.....	3
<b>2</b>	<b>Role and importance of management .....</b>	<b>4</b>
2.1	The role and importance of management for business of mentioned company.....	4
2.2	Management features .....	5
2.3	Crisis management.....	5
<b>3</b>	<b>Strategic management.....</b>	<b>7</b>
3.1	Mission, objectives and strategic goals.....	7
3.2	Primary and development strategy of the company.....	8
3.3	The role and importance of strategic management .....	10
3.4	Organization of strategic management.....	11
<b>4</b>	<b>Mmanagement of renovation companies.....</b>	<b>13</b>
4.1	Rescue and treatment of latent crisis.....	13
4.2	The role and importance of crisis management .....	15
4.3	Strategy of management companies renovation .....	16
<b>5</b>	<b>Emperical part – research about strategy of management renovation for chosen company Boltez, d. o. o.....</b>	<b>19</b>
5.1	Presentation of the company .....	19
5.1.1	Activity of the company Boltez d. o. o.....	19
5.1.2	Business and operation of the company Boltez d. o. o.....	20
5.2	The survey and analysis of market and competition.....	22
5.2.1	The examination of the needs of the market.....	22
5.2.2	The examination of competition.....	23
5.2.3	SWOT analysis .....	25
5.3	Development of a company .....	27
5.3.1	Internal and external environment of the company .....	27
5.3.2	Political and regulatory environment.....	27
5.4	Qualitative research in the form of an interview.....	28
5.5	Customers’ satisfaction survey.....	29
5.5.1	The importance of customers’ satisfaction .....	29
5.5.2	Survey to establish customers’ satisfaction .....	30
5.5.3	Graphical presentation of the results of the survey .....	30
5.6	The findings of surveys.....	32
5.7	Proposals for the development and business practices .....	33
<b>6</b>	<b>Conclusion .....</b>	<b>35</b>

<b>Literature and sources .....</b>	<b>37</b>
<b>Povzetek.....</b>	<b>39</b>
<b>Annex.....</b>	<b>43</b>

## LIST OF PICTURES AND TABLES

Picture 1: The period of operation and objectives of crisis management .....	6
Picture 2: Porter's generic strategies.....	9
Picture 3: Disruption of equilibrium as the possibility of new opportunities or crises.....	14
Picture 4: Shares comprising the service program during 2012-2015 .....	20
Picture 5: Shares of the company's revenues from sales in 2013.....	21
Picture 6: Shares of the company's revenues from sales in 2014.....	21
Picture 7: Shares of the company's revenues from sales in 2015.....	22
Picture 8: Comparison of the capital of the company with competitors in EUR.....	23
Picture 9: Comparison of the total revenue of the company with competitors in 2015 .....	24
Picture 10: Comparison of net profits with the competitors in the year 2015 .....	24
Picture 11: Comparison of the number of the employees with the competitors in 2015 .....	25
Picture 12: Results of the survey regarding the attitude of the employees .....	30
Picture 13: Results of the survey regarding the performance of the services .....	31
Picture 14: Results of the survey regarding prices .....	31
Picture 15: Results of the survey regarding the offer of the tyres.....	32
Table 1: SWOT analysis of the company Boltez, d. o. o. ....	26

## **ABBREVIATIONS**

d. o. o. – limited liability company

d. d. – publicly limited company

SUV – sport utility vehicle

SWOT – strength, weakness, opportunity, threat

# **1 INTRODUCTION**

## **1.1 Definition of theoretical frameworks and issues**

The restructuring of a company (renewal, transformation, and reorganization) creates new processes, systems, strategies, programs, and structures that may provide the company with improved operational efficiency and effectiveness, and ultimately lead to higher levels of development (Dubrovski 2004, 200).

In the developing stages of a small business there is always a risk of a crisis occurring when the company (management) reaches its capacitative limits. This cannot be overcome without implementing changes that make it possible to move into a new stage of further development. The relationship with key stakeholders will prove to be essential in such cases (e.g. the relationship with consultants, strategic partnerships, outsourcing). The interference of external factors in such small, and less robust, companies will have a significant influence on their further development (Dubrovski 2004, 123).

Boltez, d. o. o.'s main activity is selling and replacing tires on cars, which is thus the company's largest source of revenue. The tire industry is highly seasonal in nature, and the regulatory requirement of changing to winter tires mean that October and November are the most lucrative months for Boltez, d. o. o. The second peak period of replacing tires occurs one or two months after March 15, when by law, cars are allowed summer tires again. During low season, the company performs services on cars.

As indicated above, companies that operate within the tire industry are highly influenced by seasonal activity. This means that in periods outside the two peak seasons, the company operates in an unpredictable environment. The entire existence of the company is based on the changing of tires during these seasons, which take place twice a year for about a total of two months. The remaining months, the company undergoes a covert yearly crisis when outside the tire changing season.

When addressing the issue of crisis in Boltez, d. o. o., it becomes clear that the crisis is a manageable one. The company continues to operate with an annual profit, nonetheless it experiences a crisis in which its capacity and employees are not optimally utilized outside of the peak season, and hence a period in which its expenses exceed revenues. In this final project work, the aim is to address both the prevention and resolution of a crisis in Boltez, d. o. o., as the future remains uncertain. In any case, it would be wrong to assume that the crisis will resolve itself. The final project work will analyse the current issues in the company by adopting the perspective of human resource, the overall business, and its working aspect.

The company is looking for a business strategy, which would allow for a steady and balanced performance throughout the year and lead to its further development and growth. Among others, the company is looking for solutions on how to diversify into other sectors.

Although the crisis forces the company into opting for short-term solutions, efforts to increase revenues from sales previously have included solutions with medium-term effect (short term solutions only create expenses). Already at the outset of a potential crisis, the company should adopt this medium-term view in order to be able to tackle the issues at hand. Previously, the activities would be to focus on increased sales, which would lead to faster documented results (Dubrovski 2004 101).

## **1.2 Aims and goals**

The purpose of the final project work is to investigate, examine, and define a strategy for management reform in Boltez, d. o. o., and based on the analysis and research results, provide recommendations for further development and business practices of the company to secure a successful future.

The objectives of the project were:

- examine the role and importance of the management of operations in the business,
- present the role and importance of strategic management,
- examine the role and importance of crisis management,
- explore, examine, and define a strategy for management reform in Boltez, d. o. o.,
- based on the survey results provide recommendations for further development and business practices of the company.

## **1.3 Assumptions and limitations of the issue**

In addressing the posed research questions in this final project work, the following research methods were applied:

- descriptive research,
- use of secondary data (summarizing the findings of other acknowledged authors in the field),
- method of analysis,
- case study of the company Boltez, d. o. o.,
- method of synthesis.

The research is carried out partly by conducting qualitative research in the form of a semi-structured interview, and partly through a quantitative method of research in the form of customer surveys.

For the first part of the research, we pose the following research question:

Can Boltez, d. o. o. or its management create a strategy for dealing with crisis situations in the company and create a strategy for improved performance?

For the second part of the research we carried out a quantitative survey that focused on the level of customer satisfaction of existing and potential new services. The survey was linked to the following factors: speed, quality and price of services, employee relationships, the supply of new tires, and optional additional services. Forty respondents were consulted in the survey. The purpose of which was to determine how the company could improve an existing business, and what products and services to offer in its portfolio in the future.

#### **1.4 Provided methods of discussion**

##### Assumptions

The final project work will respect the following assumptions:

- we assumed that the business is demanding since it must grow and develop,
- we assumed that the company, Boltez, d. o. o., suffers from operating difficulties as the company is too dependent on seasonal changing of tires,
- we assumed that the company is in a state of covert crisis from which it must move out of or undergo a strategic reorganization of the management in the company as a means of resolving a crisis,
- we assumed that the tire changing business operates on a seasonal basis due to the mandatory legal requirements that currently exist.

##### Limitations

The limitations to the final project work are outlined below:

- the collected data from interviews with Boltez, d. o. o. employees is restricted in the sense that certain information was unobtainable due to wishes of protecting the commercial interests of the company,
- the final results are based on the number of completed surveys.

## **2 ROLE AND IMPORTANCE OF MANAGEMENT**

### **2.1 The role and importance of management for business of mentioned company**

Management determines the development of the company, the strategic objectives of the organization, and work to perform its intended functions at all operational levels of the company. Pursuing business opportunities that correlate with the visionary abilities of managers and coordinating action in terms of the planned objectives are key responsibilities of management, which ultimately determine the performance of the organization (Možina 2004, 13).

Basic functions of management: planning, organizing, leading, and controlling.

- 1) Planning forms the basis for decision-making strategies. These are necessary when a change occurs in the external environment of the company or within the company itself. The overall planning within the company entails the planning of quality management (success and reputation), marketing, operations (manufacturing and services), and organization and funding.
- 2) Organizing is a process of regulating the company, its activities, and relationships between employees in the company. It refers to a state of order - actual or desired. The company should be organized according to its resources so that the business processes lead to the most successful outcomes. The company needs to be organized in such a way that the processes of operations are most efficient. In the view of management tasks the processes are classified in the decision-making process, the process of leading people to the outcomes, the process of communication and process of monitoring.
- 3) The management of people is one of the fundamental tasks of managers. They must guide and motivate employees to successfully carry out their tasks in order to achieve results and meet the goals of the company. Management must prepare an employee to contribute to the effective and successful performance of the company. There are various styles of management techniques and ways in which employees can be motivated. It is crucial that employees are evaluated and appropriately rewarded.
- 4) Monitoring and reviewing performance and assessing areas of improvement/creating action plans based on performance measures. Monitoring is the responsibility of the manager as a way of ensuring that employees act in accordance with the company guidelines and goals. In this connection, there are numerous supervision aspects available. The one that stands out is overseeing the finances of the company, supervising the core activities of the company (production, services), marketing, and overall performance of the company (Kralj 2003, 416-468).

The influence of management is linked to the performance of the company. Management must pre-determine and set goals, and never let these goals be unattended. Profit is naturally one of the main criteria of performance, but certainly not the only one. Management plays an important role internally within the company as well as in the external environment in which the company operates.

## **2.2 Management features**

The outcomes of the company emerge in the conduct of business of the company; management leads the conduct of business of the company. The conduct of business of the company refers to ensuring the resources (financial, material, energy, services of others) and handling the resources, employing the people and directing them to achieving the outcomes, using the resources, employing the people in the processes of performing the activities (acquiring, gaining, production, services, etc.), and marketing the effects in the markets with the purpose of acquiring positive outcomes (bigger than the necessary inputs) (Kralj 2003, 14).

Management is existent in all organizations. Each organization has specific advantages and disadvantages, and different solutions to particular problems. All of these features impact the employees and the managers. Managers must understand their role and appropriately develop it.

## **2.3 Crisis management**

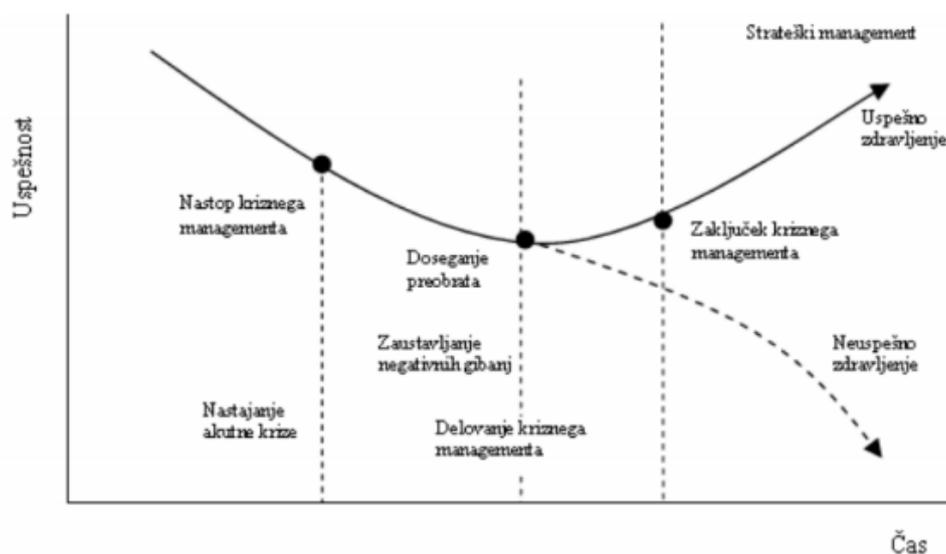
The management method in the company during a crisis is called crisis management. Running a business that is directly confronted with the possibility of a rapid decline requires a different approach by permitting or allowing normal operating conditions. Due to time pressure, and fast decision-making together with limited resources and the short-term orientation to solve business problems, a crisis manager must be able to use methods and techniques that are tailored to the company. Crisis management is also known as turnaround management, although in some literature, authors differ between these two concepts. Platt (1998, 5) separates turnaround management or crisis management in that the first one has enough resources and time to create a solution whereas the second one would see the company approaching the end of its existence (Dubrovski 2004, 131).

Crisis management is planning, organising, directing and supervising the companies in such a problems that can directly threaten their existence (crisis elimination) or further development (crisis prevention), whose purpose is to stop the negative trends by achieving turnaround and provide the foundations for the re-development (Dubrovski 2011, 125-126).

In small companies, the management also performs crisis management. This certainly has both positive and negative consequences. Management knows very well the operation of the company, its employees, and the environment in which it operates. The manager however does not see the problems through the eyes of customers or an external contractor. Therefore the company must consider whether there is a need to hire an external manager who functions as an objective advisor.

Tavčar (1996, 530) outlines the following characteristics of external consultants:

- advises management to carry out instructions,
- are liable only for the professionalism of their advice and not their realization,
- the company, which they advise are provided with consultants that embody various skills.



**Picture 1: The period of operation and objectives of crisis management**

Source: Dubrovski 2004, 133.

Crisis management can be composed of only one or of several members. As we know there are four different models: individual, providing support to management, the colleagues, and the project team. Crisis management is not a long-term measure – rather it is a short-term one. Hiring an external consultant presents a significant cost to the company so it must be used effectively and efficiently, and the consultant must hand over the project to management as soon as possible. It is not necessary that a crisis team is represented only by external team members, it can also involve internal employees. The company's management should focus first and foremost on medium-term measures (e.g. the lowering of costs), and then also on the long-term strategic measures (e.g. the introduction of new processes or services, or strategic alliances with other companies) (Dubrovski 2004, 136-144).

### **3 STRATEGIC MANAGEMENT**

#### **3.1 Mission, objectives and strategic goals**

The mission describes the purpose of the company. As the mission forms the core of the company's identity, and is the basis for conduct of business and its people, it defines the responsibility of the company to all stakeholders. The mission is to motivate employees to perform quality work, to motivate managers to efficiently manage employees, and to build the confidence of customers in the company. The mission, written in the form of short statements, can be an important tool for management and planning in the company. An effective mission statement connects to the deeper feelings of people on the grounds of the existence of the company. This strengthens the feeling of meaningfulness of work and internal satisfaction within. Therefore, it is important to effectively and concisely describe the company, its features, services, product and market, as well as its basic philosophy and objectives. A clear mission is most effective when it is accompanied by such a clear understanding of the basic shared values of the company as well as an attractive vision of the future. A mission which is not complementary to a strong, ambitious, and realistic vision, may lead to stiffness. Convulsive clinging to a current (and possibly outdated) perception of a company may paralyze the development and the creative potential (Musek Lešnik, 2008, 31-32).

For the company to be effective, it is important that the employees have personal goals. Employees, who identify with the company's mission, work more efficiently and are more productive than those who do not feel a connection with the company in which they work. Employees who feel that they can meet their goals within the company work more energetically and enthusiastically, but also build a stronger sense of greater loyalty to the company.

Obligations to the community, the people, the owners, and also the obligation of people to the company:

- 1) The company must have a clear idea of what their key activities are and remain flexible and competitive in its field. It must have a clear idea about its customers and their needs, and provide services and products that meet these needs. Finally, it should also continuously improve its ability to recognize and meet critical demand.
- 2) The second principle relates to the responsibility of companies to contribute to the well-being or quality of life in society, especially in the communities in which it operates. People in the company (employees and management) must commit to providing high quality services in the most economical way.
- 3) The third principle relates to the responsibility of company to provide opportunities for the effective work of its people. Relations between the company should be based on respect and trust.

- 4) The goal is to motivate people to work more effectively. In doing so, they expect the company to acknowledge their needs for a productive work, fair pay, effective leadership, recognition, and educational development.
- 5) The key to employee satisfaction within the company and maintaining a good atmosphere is a fair salary.
- 6) The sixth principle refers to the responsibility of businesses through the effective use of resources, which ensures a fair return for money from the owner (Musek Lešnik, 2008, 138-139).

Kralj (2003, 211) states that the objectives are the desired outcomes. Achieving the goals is to obtain results and dispose of them. Results are therefore achievements.

The goals that are set in the short term are more realistic and precise. Objectives can be divided into initial, intermediate, and final. Well-defined objectives are key to an effective management.

Boltez, d. o. o.'s mission is based on ensuring customer satisfaction. The company seeks to provide a higher quality service as quickly as possible. Since the company is engaged in the sale of top quality tires, it could be said that the mission is to provide quality products, and maximum safety and reliability for the customers on the road. The company seeks to provide a "one stop shop" service for the customer. Staffing has always been carried out in the same way. The company's mission is to ensure the regular payment of wages and show flexibility towards the employees. The mission is to remain one of the most recognized tire repairmen in the area of operation, and to maintain existing customers and acquire new ones.

### **3.2 Primary and development strategy of the company**

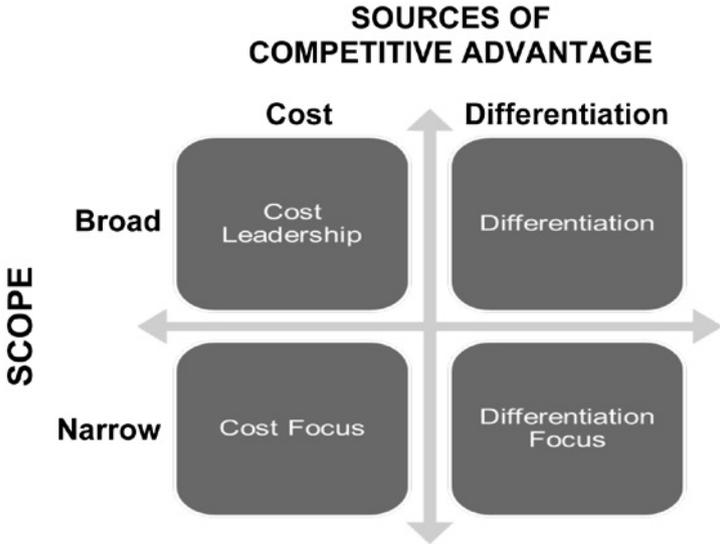
Strategy can be defined as the long-term goals of the company. Companies' strategies are based on external and internal strengths and threats, and a successful strategy can bring the company a competitive advantage. An indicator of growth is the quantitative increase in the volume of the company. In contrast to the growth of the company's volume is a qualitative improvement in the company, which is often seen in companies that are experiencing growth, however the development of the company does not necessarily require growth. Growth and development strategies exist to achieve goals, which according to Schumpeter is a fundamental task of the company. New combinations primarily represent the introduction of new products, new production methods or pursuance of new markets. In doing so, it is possible to build the company and focus on the growth of the company. This guarantees that it will survive in the dynamics of economic development. Therefore, the objectives are to be as realistic as possible in order to be achievable, as far as possible to reflect the current business volume, the expected growth in sales of existing products in the future and future expected

operating results of the business changes, which can also be introduced in the future (Pučko 2008, 96).

A comprehensive planning strategy should be developed in large organizations whereas small businesses should develop business strategies in specific business areas. A comprehensive strategy of transformation is more related to sales programs where a business strategy leans towards services. Pučko (2008, 100) states that this means that the direction of the company deals with various business activities, which are linked or connected to the companies capabilities.

A business strategy contains targets for products and markets for a specific strategic business unit, thus indicating the future activities of companies in various industries. It relates to the following: how a company improves its market position in the downstream markets, which attractive market segments will be targeted, the width of a company's strategic product groups (services), and on what basis different business activities are able to achieve possible synergistic effects. The strategy of the business areas must of course be consistent with the overall strategy of the company. In this respect, it means the breakdown of the overall strategy of the company into various focus areas, which are tied to the specific product or service and their specific market and market position (Pučko, 2008, 119).

M. Porter states that a competitive advantage only comes about from achieving lower costs as achieved by competitors or through product differentiation (Picture 2) (Pučko, 2008, 120).



**Picture 2: Porter's generic strategies**

Source: Pučko 2008, 120.

### **3.3 The role and importance of strategic management**

Strategic management is the process of selecting strategies by which the organization accomplishes its vision. The main tasks are to analyze the environment, decision-making regarding the selection of strategies and the execution of strategies. Analysis, evaluation and operation are the main components of strategic management.

Strategic management allows to see clearly the business vision, focus on its views and issues of strategic importance, and to guide decision-makers in the business as a whole. It provides a basis for evaluating competing demands for resources and their deployment in the areas that contribute most to creating business success. Creating a proactive rather than reactive organizational behavior will improve the long-term performance of the company (Pučko, 2008, 11).

For the development of the company its material and non-material substructures are important. Among the material ones there are the substructure of services and products, the production and the market substructure. Among the non-material ones there are the human resources management substructure, the financial and the organizational substructure. Satisfying the demands of the market depends on the development of the material substructures. For the company non-material substructures are also of utter importance, for the value of the company is very dependent on the latter ones: even greater than the accounting value.

Two theoretical streams in the area of strategic management:

- 1) The design builds on the belief that it is possible to develop a business strategy based on a rational-based process, which stems from certain fundamental principles. It is believed that the process is a controlled design strategy, and a conscious thought process, which must comply with the general manager, who is also the main strategist. The model should be simple and not necessarily very formalized. Formulated strategies should be unique; the best results are products of the process of a creative design. A formulated strategy should explicitly identified, if possible, and be simple and clearly defined. Once the company strategy is formed, execution and implementation follow,
- 2) The emerging strategy stems from a series of different beliefs. It argues that one of the intended strategies is something different to what it is in practice. Developing a strategy is a complex, interactive, evolutionary process that comes about from continuous organizational learning (Pučko, 2008, 11).

Emerging strategy does not advocate the possibility of a rational approach to designing strategies of the organization.

### **3.4 Organization of strategic management**

Strategic management is the management policies. It focuses on the strategic potential of the organization and the use thereof. Strategic management allows the achievement of the objectives and mission of the company. All companies must change in accordance with market needs and the impact of competition in order to ensure that risks are minimized at all times.

Strategic management is more of a philosophy than an exact technique, which is determined by the dynamic environment of the company. It is a business philosophy in the sense that it provides a vision of what is and what should be the business of the company. The fundamental problem in the companies is that the development requires answers to many questions. It answers to how the company battles the threats of the business, which brings the dynamics of its environment. The company may explore the dynamics of the environment and reveal areas of its business growth so it is possible to determine potential production programs, which will allow for further growth. Only after documenting strong growth in a company's production program, is the existence of the company secured (Pučko, 2008, 12).

The reasons as to why management devotes too little time for strategic actions in the company:

- lack of competencies,
- lack of vision,
- areas where mistakes are less likely or less fatal,
- areas that are characterized by routine tasks,
- administering daily tasks, the strategy will be developed itself,
- crisis conditions are regarded as an objective factor,
- low competence levels of lower and middle management (Dubrovski 2004, 191).

The process of strategic management includes:

- assessment of the essential problems and opportunities of the company, recognizing the long-term framework of economic, social and technological factors that will affect the business;
- checking and defining the basic concepts, defining the main development direction, and making relevant plans for the company;
- decision-making based on long-term goals and considering the consequences hereof:
  - developing basic objectives that are based on a deadline,
  - developing basic strategies, which are usually presented as a quantitative prediction and rough direction of the company and that are based on the planned objectives,
  - evaluation and selection of alternatives,

- determine the main policies of companies and business development programs, projects and main budgets, and action plans;
- ensuring the accomplishment of the objectives and strategies in the recruitment and real-time targeting people;
- monitoring and controlling of realization (Pučko 2008, 13-14).

## 4 MANAGEMENT OF RENOVATION COMPANIES

### 4.1 Rescue and treatment of latent crisis

Latent (hidden) crisis is already a real crisis that penetrated through internal control and safety system of the company. Its level of maturity and intensity is not yet on such level that it would visibly hurt inner synergy of the company and have influence on external environment. If it is noticed by the management and if the latter realizes its danger, it of course has sense that after conversation with the owners and external experts, management acts in sanitation of its causes. The owners, however, must first judge how much bad management contributed to this crisis and whose personal responsibility is. After the clarification of relationship between owners and management it makes sense that external experts perform certain tasks in cooperation with internal management. Relationship between owners, external participants and internal management must be settled by contract consistently (Končina 1999, 70).

The process of sanitation of the crises takes place according to the following phases:

- ascertainment of the presence of the crisis, level of its intensity and causes for its development (basic analysis of the condition) – the presence and intensity of the crises (acute, latent) is ascertained; we can help ourselves by means of financial analysis, symptoms, and, above all, by providers. When we ascertain the presence of the crisis, it is necessary to look for the causes for it, for this is a good start for the sanitation of the crisis,
- the estimate of the possibility of the sanitation of the crisis (an attempt prior to sanitation) – here we check what type of sanitation is appropriate with regards to the emerged crisis. We weigh between the opportunity of sanitation of the crisis or decay of the company,
- appointment of the crisis management – a change of management in time of the crisis is usually absolutely necessary. It is the most important to change the director that appoints the crisis team,
- thorough analysis of the condition by ascertaining the key areas of the measures – many analyses will be performed, but the crisis management will have to do many thorough analyses on their own,
- adoption of the measures in order to stop negative trends as well as following their effects – through analyses they make decisions regarding the measures, they are about to adopt. Usually, in the literature there is no dividing line between this and the previous phase, for they are intertwined,
- creation of strategic sanitation plan with simulations of business outcomes – when the measures are selected, a thorough plan is created, which is intended to restore a broken balance in the company,

- adoption of developmental measures – the company creates a strategic plan parallel (new vision, strategy, short-term and long-term plans), i.e. everything what could assist the company if the crisis was successfully resolved,
- setting the system of current following the effects and reactions to them – there are several such systems. Of course, if the company is successful in solving the crisis, it is much more careful regarding the conduct of business. Several communication systems, audits, inspections of business conduct and similar are established in order to sense the systems of the crisis early (Dubrovski 2004, 126-130).

For the companies the changes and adaptation to them are essential for the survival. For every company a proper relationship to employees and efficient management of organization is essential. If the company wants to be competitive in its branch, it has to follow the trends of innovativeness and creativity, which leads to improving of business processes, mutual relationships and new services. Therefore, we can say that changes are necessary. If we do not follow the trends of changing and improving, we risk that the completion could overtake us; on long-term the survival of the company is threatened.

Changes of internal environment may include:

- the scope of activity: growth of production, growth of the number of the employees, growth of capital, etc. (growth could be positive and negative, therefore reduction);
- Contents of the activity: programs of organization, direction of the programs towards partners and competitors; innovating programs and technologies,
- orderliness of the operations: competences and responsibilities, division and course of work in organization, relationship between people in it,
- sources for the operations of the organization: extent of sources and means, relationships between them, structure of the sources according to callability and quality, structure of the employed, contemporariness of knowledge and skills (Dubrovski 2004, 193).



**Picture 3: Disruption of equilibrium as the possibility of new opportunities or crises**

Source: Dubrovski 2004, 21.

Therefore, crisis, on the other hand, brings certain advantages. Above all, it opens new opportunities, which would not be created in the other situation. When the balance is broken, which is typical for normal circumstances, emergency situation emerges; the latter could have the character of developmental opportunities or crisis (picture 3) (Dubrovski 2004, 21).

## **4.2 The role and importance of crisis management**

In crisis situation usually not only one lever fails, but several at one time. Therefore, crisis management must be appointed in order to handle the crisis situation. The latter must recognize the causes of the erupted problems and start to eliminate them with a powerful vision of the future. The basic role of the crisis management in effective handling the crisis in the organization is in restructuring of the system of the organization, selection and forming professionally appropriate sanitation team or headquarters, development of the team, performing a thorough inspection of conducting business, in the development of the plans for emergency conditions and in managing the crisis. Management must take care that organization responds to threatening dangers and performs entrepreneur turn that includes redirection to other markets, restructuring of the company, introduction of the new programs and the products disinvestment, rationalization of the costs, risk insurance, reduction of the stock, managing receivables, seeking the strategic partner, and, last but not least, change of the management (Dimovski & Penger 2008, 60).

The significance of the crisis management is solving the problem of conduct of business. Manager has to analyze the problem thoroughly, seek for the appropriate alternatives of the conduct of business and reach the set goals and results. So far thinking and management must be replaced by new, more innovative goals and strategies. A new, thorough plan of management and human resource management in necessary Human resources are one of the most important factors for the success of the company.

When the company is in an acute crisis, the crisis management follows two basic directions and goals:

- stopping the negative trends and commanding the crisis situation (survival),
- reaching the turn (redirection) and to assure the foundations for the resumed development (revitalization).

Managing the crisis situation by itself has no purpose, for the crisis situation is handled when we reach the turning of the negative trends. This is the only way the company can assure its existence and developmental possibilities.

In the connection with the two abovementioned basic directions, a special problem erupts, which is intertwined with managing the company in troubles: divergence of the measures that must be adopted by the crisis management:

- long-term measures (strategic measures for a long-term success),

- medium-term measures (reorganization in order to reduce costs as well as the improvements of the processes and structures),
- short-term measures (liquidity and solvency) (Dubrovski 2004, 132).

### **4.3 Strategy of management companies renovation**

Solving the problems is learning about and analyzing the problems, ascertaining the outcomes, seeking the appropriate alternatives for solving the company and reaching the results. In time of the crisis, basic cultural transformation is necessary. Thinking and focusing from the past must be changed by new, innovative beliefs and values. A thorough turn is necessary by which the company determines new mission, objectives and strategies in order to achieve all that. A plan is, therefore, requested, by which specific tasks are determined and human resources, which the company really needs, are selected. It is necessary to determine what kind of resources is necessary in the company.

Employees must be motivated in order for them to execute the trusted tasks properly and they must be directed properly. At the same time it is necessary to increase their productivity. It is necessary to make order in the field of human resources, which is one of the most important factors for the success and efficiency of the company. Crisis manager must remove those employees that operate negatively or contrary to the policy of restructuring the company. The employees are often insecure and under the stress due to the emerged situation. Therefore, it is extremely important that management presents them the method how to save the company and, of course, what is expected of them (Bizjak 2010, 36).

Nowadays, innovativeness is the major comparative advantage of companies and, to a great extent, it is a precondition for the successfulness of the companies in today's society of knowledge. For the society of knowledge, it is characteristic that the emphasis from investment into physical capital is moved to learning and to investment into creation of new knowledge. This influences the factors of competitiveness of the companies. The latter ones are now quality, adaptability, market orientation, excellence of products, after-sales services, and have supplemented cost factors of competitiveness. These factors of competitiveness demand efficient organization, a lot of knowledge and developmental activities. This is true for large, medium and also for the small companies (Škafar 2013, 39).

Management of the company must seek improvements all the time. Improvements, however, are tightly linked to the ability of learning. Learning is directly connected with the successfulness of the company. The company must perform the activities of:

- learning from the best organizations in the market,
- seeking new, better methods of conducting business,
- transferring the experiences and knowledge to the whole areas of the company,
- learning from the past, own experiences,

- expanding authorities for regular salvation of different problems,
- checking the new innovative fields of knowledge (Škafar 2013, 47).

The company must improve all the time, transform and redirect: this, of course, is a risk for organization. The risk for the company and employees, however, must be surmountable and manageable. The company must also ensure personal growth and fulfilling the values of individuals to its employees.

Until it is possible to live and conduct business well enough in accordance with the old, settled habits, i.e. according to the routine or even by rejecting all what is new to preserve the old habits – as long as this is the condition, there is no room for innovative management. Modern customers and competitors, however – except in less developed parts of the world – do not allow anymore to the providers to limit themselves to the routine as a relative habit and practice. The competitors push one another from the market with continuously new ideas, by which they strengthen their:

- economy (economical usage of resources, opportunities) and productivity (achievement per unit of the effort), by which they lower their prices,
- superb quality (the ability to serve the needs of the customer),
- choice and uniqueness (difference from basically similar offers),
- including the respect of the natural environment.

Inventive-innovative management, therefore, asserts itself as increasingly more essential supplement to routine management. The process of inventive-innovative management begins at the point when we are still not in a possession of all the necessary resources for conducting the business, nor all the ideas, what and how we would do that: they need to be created and directed to economic or other benefit originally enough. This type of management is becoming more and more necessary as a condition for enough qualitative conduct of business, offer, business success and survival (Škafar 2013, 42).

In continuation we listed a few possibilities of the management of renovation from the perspective of restructuring:

- 1) Programming – market restructuring (it means restructuring of the old services and markets to new structures, where greater profitability and efficiency is expected),
- 2) Developmental restructuring (it means forming the new services that will include several developmental and innovative changes),
- 3) Human resource and organizational restructuring (human resource restructuring means a new structure of the employees in the organization that will enable more qualitative achievement of the set goals; organizational restructuring means the change of the existing method of work, change in the style of management, bigger motivation of the employees and similar) (Dubrovski 2004, 230-279).

New strategy on the product – marketing and service field must be directed mostly to:

- abandoning or adding the new programs (portfolio of the products and services),
- abandoning the old and seeking the new customers (portfolio of the customers),
- changes of the sales programme (it is necessary to stress the products, services and customers),
- conquering new product – service segments of the market (Končina 1999, 132-133).

In this chapter we did not especially point out the management, dealing with the employees, finances, which does not mean, however, that these fields are less important for the conduct of business. However, we focus on the ideas of new activity/activities that would enable the company Boltez, d. o. o. to maximize its revenue also outside the two major seasons of tyre changing.

## **5 EMPIRICAL PART – RESEARCH ABOUT STRATEGY OF MANAGEMENT RENOVATION FOR CHOSEN COMPANY BOLTEZ, D. O. O.**

### **5.1 Presentation of the company**

The company Boltez, d. o. o. was established in 1989 with the basic activity of vulcanization, which the founder of the company started with in 1971. It is a small family business with tradition; it is owned 100 % by the director Mr. Iztok Boltez. In addition to the director there are eight employees; five of them have been employed there for more than ten years. The average period of employment of the employees in the company is fourteen years; therefore we can speak about experienced personnel in the field of vulcanization. The average age of the personnel is 44 years. There are three employees working in the sales programme; there are five regularly employed in the workshop; during the season of work there are three to five additionally employed due to considerable greater scope of the work.

In the facility that is situated on a very good location in Kranj, there are a shop and a workshop where there are six elevators, six machines for the assembly and three machines for the centring. In addition, there is a bar, which, however, is rented by the company. The entire facility was built eight years ago. Half a kilometre away from the company there is a bigger warehouse, therefore, the company owns two delivery vehicles for the transport of the tyres (Boltez 2016).

#### ***5.1.1 Activity of the company Boltez d. o. o.***

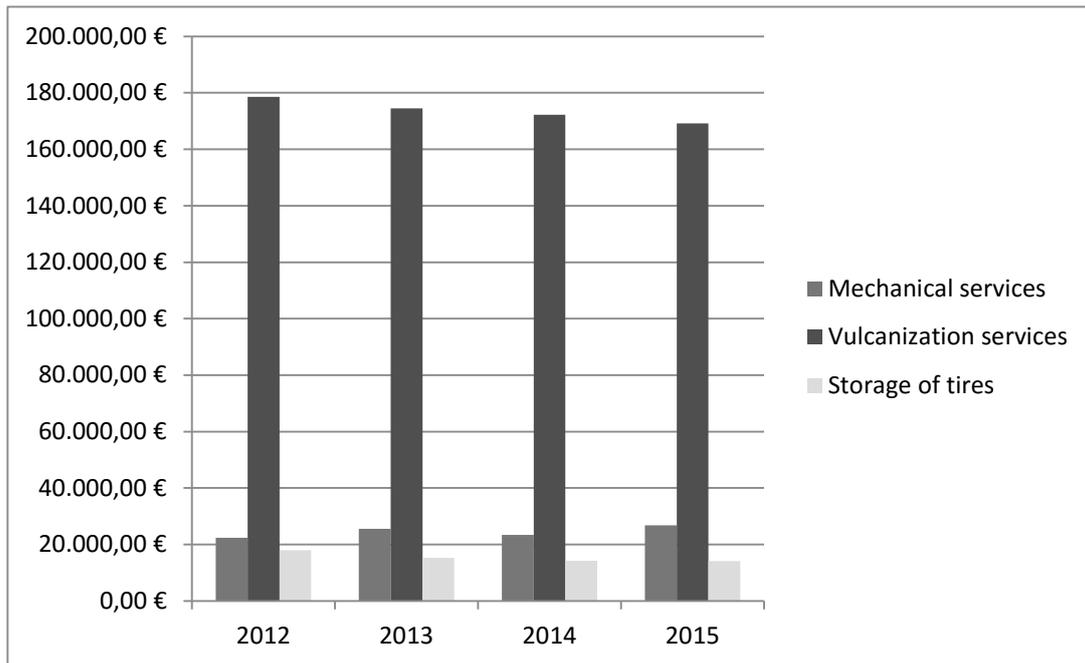
The company has two activities: sales and service programme.

Sales programme embraces the sales of new tyres and the sales of other products. When we speak about other products we speak about sales of rims, inner tubes, parts for the quick service of the cars, car cosmetics and different additional car equipment.

The service programme is divided into mechanical and tyre changing services. Mechanical services embrace quick service (oil changing, changing of terminators, springs, and brakes and similar), optical chassis setting and filling of automotive air conditioners. Due to the fact that the company is no official authorized repairer for any of the car brands, it performs quick services mostly on the cars, whose warranty period is already expired. Tyre changing services embrace all what is connected to the tyres: from changing to repairs on all types of the vehicles. Storage of the tyres is also a part of the services (Boltez 2016).

The company Boltez, d. o. o. deals with the organization of the events. For a number of years it organizes competition with off-road vehicles, where there were several thousand visitors every year in the last years: this is also advertising for the company (Boltez 2016).

### 5.1.2 Business and operation of the company Boltez d. o. o.

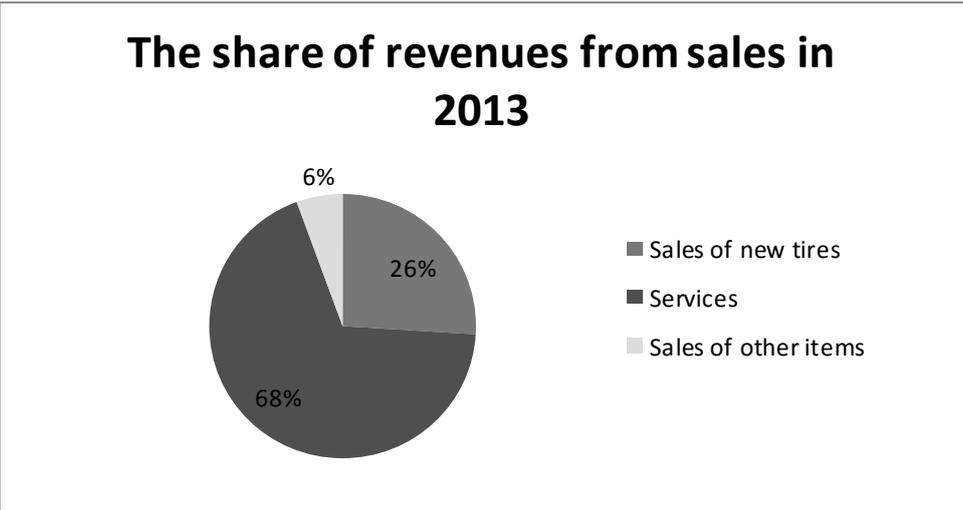


**Picture 4: Shares comprising the service program during 2012-2015**

Source: Boltez 2016.

As the picture presents, the tyre changing represents the biggest source of income to the company Boltez, d. o. o., however, the trend of income is falling annually. Most of these services are performed in the time of seasons of the tyre changing (15<sup>th</sup> October – 15<sup>th</sup> December) and (15<sup>th</sup> March – 1<sup>st</sup> May), i.e. three and a half months annually (Boltez 2016).

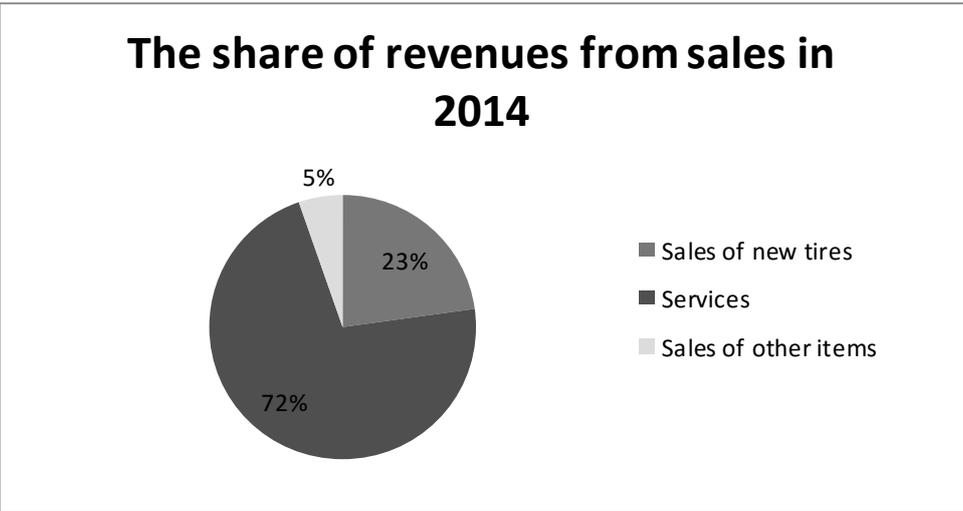
On the other hand the mechanical services have a growing trend of revenue if we compare the last four years. Most of these are performed outside of the season of changing the tyres; the reason is in overworking the capacities and employees with changing the tyres in time of the season of the changing tyres (Boltez 2016).



**Picture 5: Shares of the company's revenues from sales in 2013**

Source: Boltez 2016.

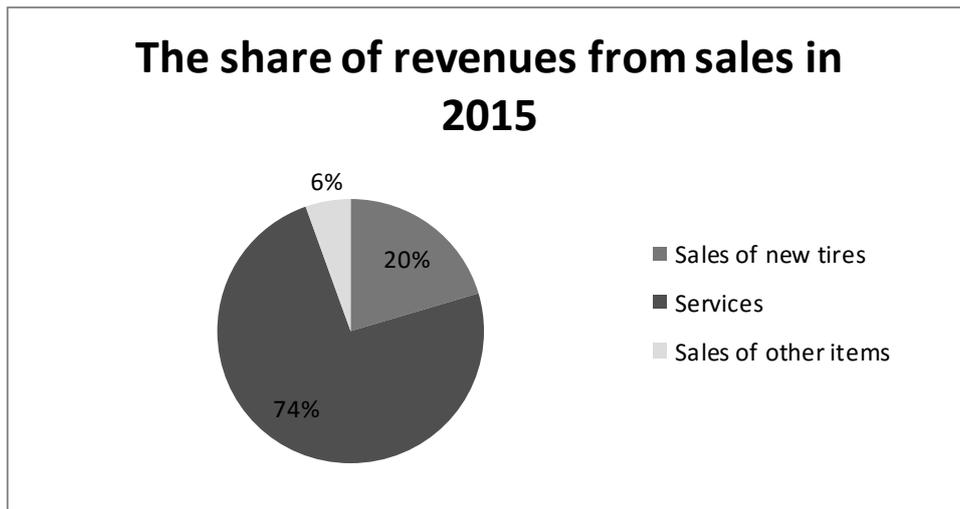
In 2013 the services for the company Boltez, d. o. o. represented almost two thirds of all the revenues; the sales of the tyres represented a little bit more than one quarter of the revenues.



**Picture 6: Shares of the company's revenues from sales in 2014**

Source: Boltez 2016.

In 2014 the revenues from services increased for four percent in comparison with the previous year; the share of revenues from the sales of new tyres decreased.



**Picture 7: Shares of the company's revenues from sales in 2015**

Source: Boltez 2016.

In 2015 the services represented almost three quarters of all the revenues from the sales. The sales of other products remained almost the same in all the three comparing years. Last year, however, the share of revenues from the sales of new tyres decreased again.

## **5.2 The survey and analysis of market and competition**

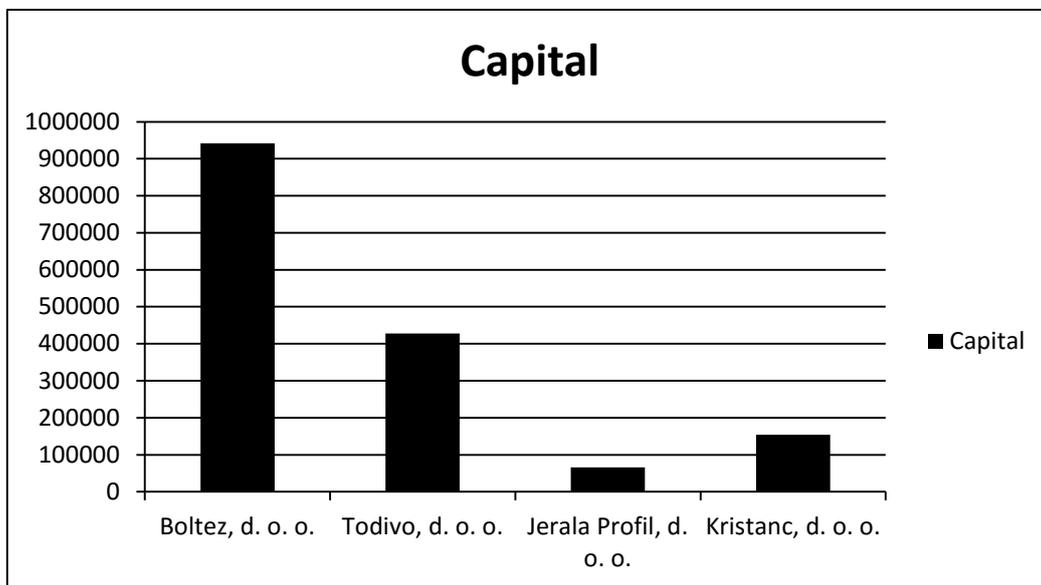
### ***5.2.1 The examination of the needs of the market***

The sales of new vehicles in Slovenia are increasing again. New cars, however, have increasingly more non-standard dimensions; the demand for the latter is increasing. One novelty is also the regulation that from November 2014 all vehicles must be equipped by the system that perceives the pressure in the tyres. The companies must adapt to that by modernizing the equipment and by purchasing the devices that restore these systems when changing is made. Of course, this procedure is not the same for every car brand, for these systems differ as well. A lot of new cars already have more progressive tyres that enable driving when the tyre is empty to the nearest service. Several new technologies are involved; the most common are “run & flat” and “seal inside”. Due to increasingly larger dimensions of the tyres and newer bigger cars there are also increasingly more tyres with lower edge (Boltez 2016).

The customers who drive few kilometres annually on many occasions decide to drive with winter tyres all the year, therefore the companies must have winter tyres on stock all the time. In 2015 yearly tyres with a mixed winter-summer profile entered the market (Boltez 2016).

### 5.2.2 The examination of competition

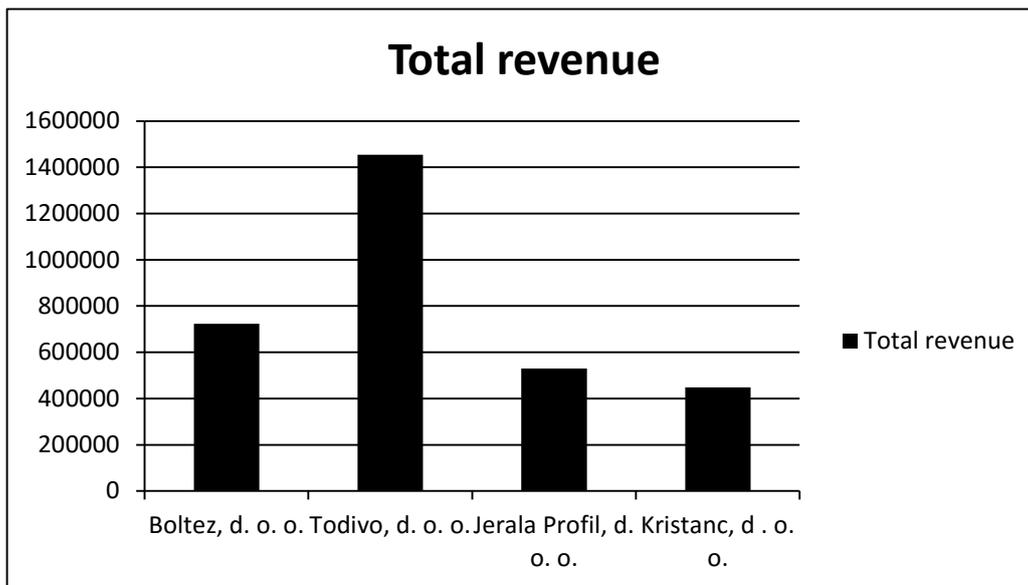
In Kranj there is a greater number of smaller companies, which are involved in sales and changing the tyres. Some of them are bigger, however. The company Boltez, d. o. o. believes that they represent the biggest competition. Of course, in Kranj there are several other repair shops that are involved in sales and changing the tyres; there are also a lot of private entrepreneurs; there are also people who perform services of changing tyres illegally. In the recent years online sales of tyres have spread. For the comparison we considered three biggest companies involved in changing tyres that are operational in Kranj and close surroundings. These companies are: Todivo, d. o. o. from Šenčur and workshop in Kranj, Jerala Profil, d. o. o. from Škofja Loka and Kristanc, d. o. o. from Kranj. We acquired data from the website [Hhttp://www.bisnode.si/produkt/bonitete/](http://www.bisnode.si/produkt/bonitete/). We compared different indicators of conducting business for the previous year and graphically showed them in continuation.



**Picture 8: Comparison of the capital of the company with competitors in EUR**

Source: Bisnode 2016.

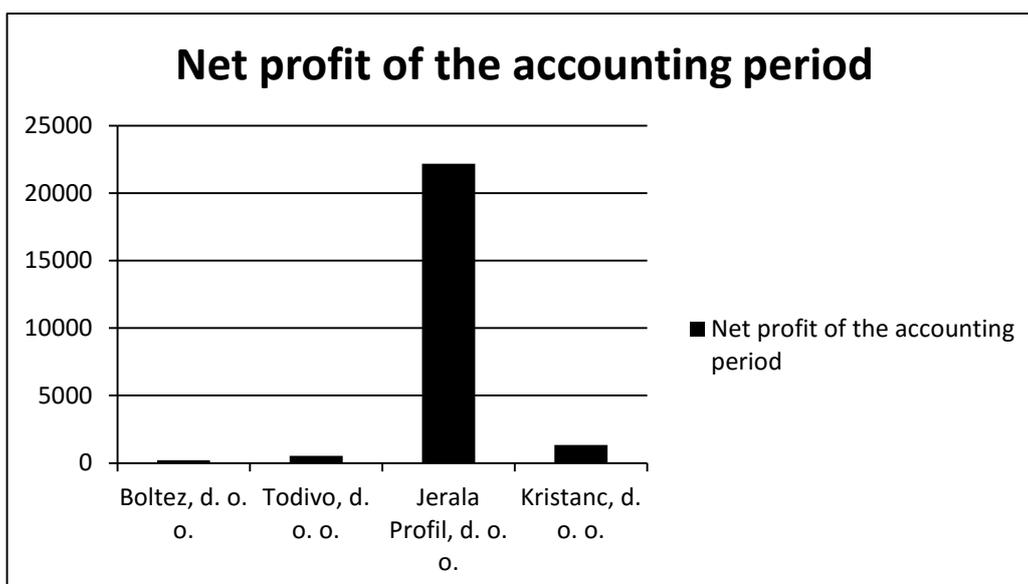
The capital of the company Boltez, d. o. o. is the highest because the value of the facility is the highest. The company Boltez, d. o. o. has also proportionally the smallest short-term current liabilities. The company with the second highest capital is the company Todivo, d. o. o. from the vicinity of Kranj.



**Picture 9: Comparison of the total revenue of the company with competitors in 2015**

Source: Bisnode 2016.

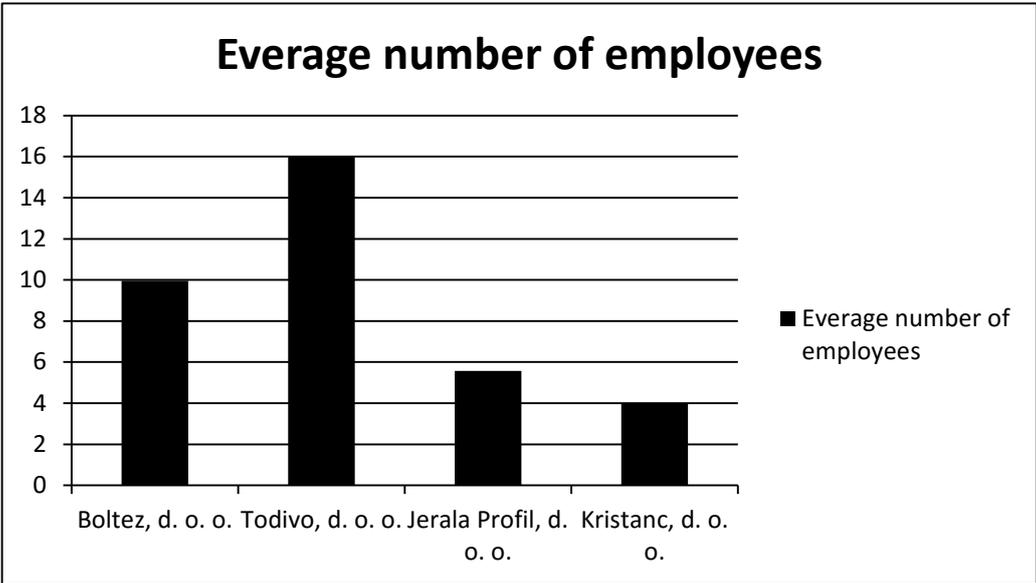
The comparison of the total revenue of the abovementioned companies showed that the company Todivo, d. o. o. has by far the highest total revenue in the amount of almost one million and a half EUR in 2015. This is also the consequence of the fact that the company operates in two locations: in Šenčur and its subsidiary in Kranj. The company Boltez d. o. o. has the second highest total revenue in comparison with the abovementioned companies in 2015.



**Picture 10: Comparison of net profits with the competitors in the year 2015**

Source: Bisnode 2016.

Net profit of the company Boltez, d. o. o. is the smallest in comparison with the competition. On the other hand, the company Todivo, d. o. o. has the highest revenues of the accounting period, but – as visible from the following picture – it has the biggest number of the employees, so that the operating costs are the highest and the expenses are approximately the same as the revenue. The same is true for the studied case of the company Boltez, d. o. o. The company Jerala Profil, d. o. o. is the best in net profit. However, the other indicators of the results of conducting business are worse in comparison with the companies Boltez, d. o. o. and Todivo, d. o. o. We believe that this is the case because this company has more revenue from the mechanical services than from selling the new tyres, where the margins are smaller due to increasing competition and the condition of the market.



**Picture 11: Comparison of the number of the employees with the competitors in 2015**

Source: Bisnode 2016.

In comparison with the last three years of conducting the business, i.e. from 2012 to 2015, we discovered the falling trend of the total revenue and net profit of the accounting period among all the companies, with the exception of the company Jerala Profil, d. o. o.

**5.2.3 SWOT analysis**

By means of SWOT analysis we tried to ascertain the strengths of the company Boltez, d. o. o. in comparison with the competitive companies as well as its weaknesses. At the same time we listed some of the business opportunities as well as threats, which the company is confronted with.

**Table 1: SWOT analysis of the company Boltez, d. o. o.**

<p>Internal</p>	<p>Strengths:</p> <ul style="list-style-type: none"> <li>- modern facility which is sufficient to the needs of conducting business according to its capacity</li> <li>- skilled personnel in the field of changing tyres</li> <li>- sufficient parking lot</li> <li>- bar on the premises of the company where the customers can wait until the service is finished</li> <li>- large room to store the tyres of the customers and a big warehouse for the new tyres</li> <li>- warehouse for the waste tyres next to the main facility</li> </ul>	<p>Weaknesses:</p> <ul style="list-style-type: none"> <li>- employed personnel has insufficient skills in the field of more specific mechanical works</li> <li>- employees have no training in mechanical field</li> <li>- the company does not cover its costs outside of the season of changing the tyres</li> </ul>
<p>External</p>	<p>Opportunities:</p> <ul style="list-style-type: none"> <li>- good location in the vicinity of one of the most important roads entering Kranj</li> <li>- due to unoccupied capacities and personnel outside of the season of changing tyres the company has the opportunity to spread its activities</li> <li>- strategic connections with the other companies</li> <li>- spreading the conduct of business outside of the existing industry on the new location</li> <li>- contracting changing of tyres with the companies with a lot of company cars</li> <li>- becoming an authorized repairer for one of the car brands</li> </ul>	<p>Threats:</p> <ul style="list-style-type: none"> <li>- late-payment culture of the customers</li> <li>- unfair competition</li> <li>- illegal work</li> <li>- working migration of people of Kranj, who can change tyres in towns/villages where they go to work</li> <li>- change in the way of sales and changing the tyres</li> <li>- online sales of tyres with lower prices</li> <li>- building a new big repair shop in Kranj</li> <li>- selling tyres in the companies outside of this branch (Mercator, Baumax and also other merchants)</li> </ul>

### **5.3 Development of a company**

#### ***5.3.1 Internal and external environment of the company***

The studied company is spatially very limited in a sense of the development. This means that the spread of the company as a facility on its premises is not possible, for the company is situated amongst residential buildings and the main road. Parking lot in front of the company is quite large, but it is fully occupied during the season of tyre changing. From a developmental perspective, therefore, the company must consider such option that it develops such industry which could be performed in the existing facility and on the existing number of the elevators. The biggest turning point for the development of the company was when the entirely new building was built. In comparison with the previous building the greatest advantage is that the company benefited in getting another storey where there is a big warehouse for storing the tyres and a few smaller offices. For the company the internal development means also a development of the personnel by means of various trainings, mostly in the field of novelties in the branch of tyre changing. These trainings are organized mostly by the producers of various trademarks.

External environment of the company Boltez, d. o. o. represents the municipality of Kranj. According to the data of the Ministry of Finance of the Republic of Slovenia, Kranj is among the top twenty the most developed municipalities in Slovenia. Nevertheless, the neighbouring municipalities Šenčur and Cerklje na Gorenjskem are even more developed according to these data. These are the municipalities with greater share of agricultural lands per capita, but Šenčur has the most modern and the greatest business zone, which is inexistent in Kranj. With regards to the size of Kranj and its advantages, such as the proximity of the railway station (out-of-date, but still), proximity of the motorway and location itself, Kranj has good possibilities for further development. The problem we are going to mention is also bad traffic transit, mostly on bigger roads entering the town.

#### ***5.3.2 Political and regulatory environment***

The company Boltez, d. o. o. is locally tied to its conduct of business. Because it is entering the other markets, it knows the political environment which is predictable at the time. Slovene political environment is relatively more beneficial for smaller companies in comparison with the period before the independence. However, there are some possibilities that would contribute to easier development and conduct of business of small companies. Lower taxation of work, simplified bureaucratic procedures, less illegal work and more flexible legislation in the field of the labour market are only a few of the options. Changes would be most welcome also in the field of the rule of law, for the judiciary branch Slovenia is not among the most

efficient ones. Therefore, the company regularly checks the solvency of its partners, for payment discipline in the market is pretty bad; court proceedings are expensive and long.

The conduct of business of the studied company must be in accordance with Slovene laws that are in force for the conduct of business of such type of the corporate entity. The most important is the Companies Act, but there are several others (Financial Operations, Insolvency Proceedings and Compulsory Winding-up Act, Code of Obligations, Employment Relationships Act, Personal Income Tax Act, Value Added Tax Act and others). In order to conduct business the company must acquire safety statement with the safety statement. The latter includes the inspection of the working environment, inspection of the working equipment, trainings of the employees, medical examination of the employees and other inspections of the operations. These inspections and trainings are performed by authorized companies; the company Boltez, d. o. o. regularly abides by the law: they wish no additional costs or other troubles in case of the accidents (Boltez 2016).

When mentioning the legislation we must mention the Act of Rules in Road Transport that says in the Article 29: since the 15<sup>th</sup> of November to the 15<sup>th</sup> of March of the following year all the motoring vehicles and trailers in the road transport must have the prescribed winter equipment. The prescribed winter equipment must be used in winter conditions as well. This law is essential for the conduct of business of the company Boltez, d. o. o. The legislative time limit enables the anticipated increased extent of work, so that the company can be prepared to that (Zakon o pravilih cestnega prometa, 2010).

#### **5.4 Qualitative research in the form of an interview**

On the basis of the performed semi-structured interview with the director of the company Boltez, d. o. o. we came to the following findings (questions for the interview are in the annex 1):

- Most of the annual revenue of the company Boltez, d. o. o. is represented by changing the tyres; here we have a case of disproportionate allocation of work through the entire year. This means that the company performs most of the services in the period of three and a half months per year. In time of the season of changing the tyres the company generates enough profit to cover the costs of the conduct of business on an annual level. However, the latter are not covered in time outside of the season.
- Mechanical services represent a smaller share of the services in comparison with the services connected with changing the tyres for the company Boltez, d. o. o. A little less than half of the income from the mechanical services is created by optical settings of the chassis, a little less than one third with filling the air conditioning devices and others with easier mechanical repairs. Mechanical services have – in contrast to the services of changing tyres and sales of the tyres – an upward trend: this is the consequence of greater

marketing of these services in the last years. In any case, let aside the spread of the services of fast repairs, the company has no strategic plan by which additional services would respond to unused capacities of the facility and personnel in periods outside of the season of the tyre changing.

- The company as a whole operates well and compact. Skilled personnel and modern facility with modern equipment give the company additional value. The capacity of the facility is fully occupied during the season of tyre changing as well as the personnel. In this period the company employs nine to eleven people. The company, however, has the reserves in periods outside of the tyre changing season: at that time two elevators are free all the time; there are only two employees per shift working in the workshop.
- The trouble in the conduct of business is evident also in decreasing of the sales of the new tyres in the last years. The reason lies in the fact that competition of various providers of different new tyres in the last years is increasing. The biggest competitors are online providers of the tyres with lower costs of conducting business and consequentially lower prices of the tyres; these providers began conducting the business in time of the recession and today they still represent the biggest competition. The company noticed that more and more customers are coming to the workshop with some new tyres, which they bought elsewhere. Even bigger companies, which are not specialized in this branch, started with the sales of new tyres, e.g. bigger merchant companies such as Mercator, d.d. in Petrol, d.d. and others. In the market, there are also more and more less distinguished Asian brands, which are more favourable in price but worse in quality. The latter tyres are ordered by the company Boltez d.o.o. exclusively on the customer's request and not on stock. The company is striving for the optimization of stock and smart conduct of business; the company checks on the companies it conducts business with.

## **5.5 Customers' satisfaction survey**

### ***5.5.1 The importance of customers' satisfaction***

The company tries to achieve the satisfaction of their customers by good service, competitive prices of tyres and services and kindness of the employees. Satisfaction of the latter is essential for the company Boltez, d. o. o. Good name of the company depends on their satisfaction: this means returning of the old and attracting of the new customers. The company thus tries to adapt to the desires of the customers as much as possible. Due to the fact that a large part of the customers is regular, the company cannot afford itself any negative attitude towards the customers.

The company tries to perform services as qualitative as possible, for the customer is satisfied only when her expectations are met.

### 5.5.2 Survey to establish customers' satisfaction

In order to study the satisfaction of the customers with the performed service we also performed the quantitative research by means of surveying, where we performed forty surveys. We asked the customers about their satisfaction according to the following criteria:

- expertise, availability and the attitude of the employees,
- swiftness and the quality of the performed service,
- price of the tyres and services,
- offer of the new tyres.

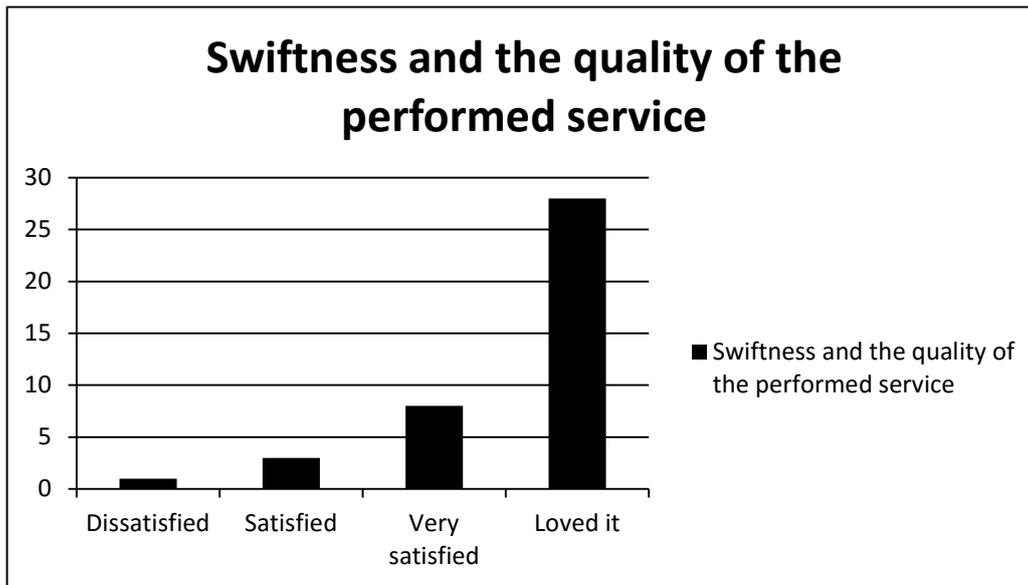
We performed the survey in time of winter season of the changing of the tyres in time from the 15<sup>th</sup> October to the 1<sup>st</sup> of December 2015.

### 5.5.3 Graphical presentation of the results of the survey



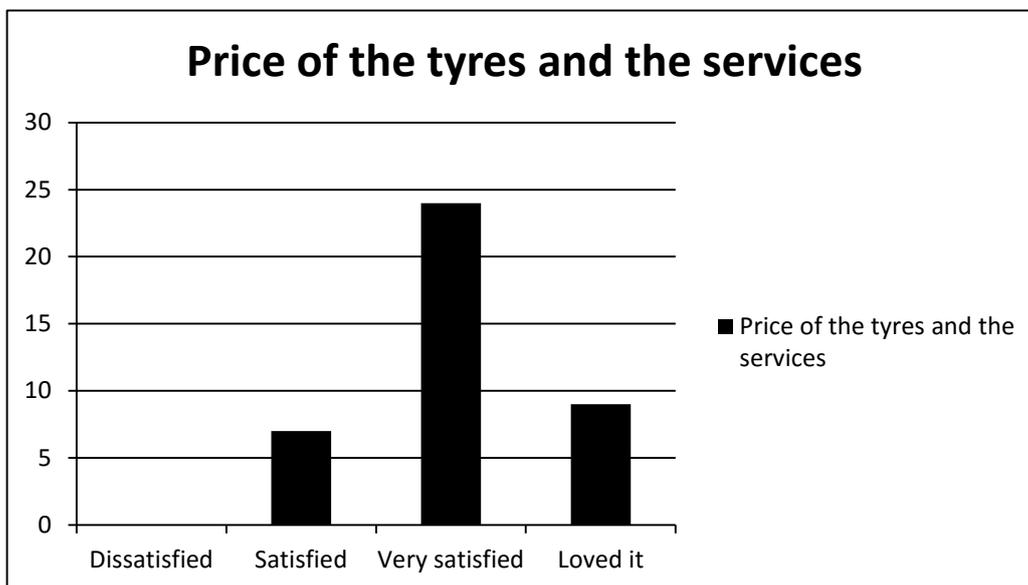
**Picture 12: Results of the survey regarding the attitude of the employees**

Professionalism, availability and attitude of the employees were evaluated by most of the participants of the survey with the best evaluation grade. Only one of forty customers, included in the survey, reacted to this question with dissatisfaction.



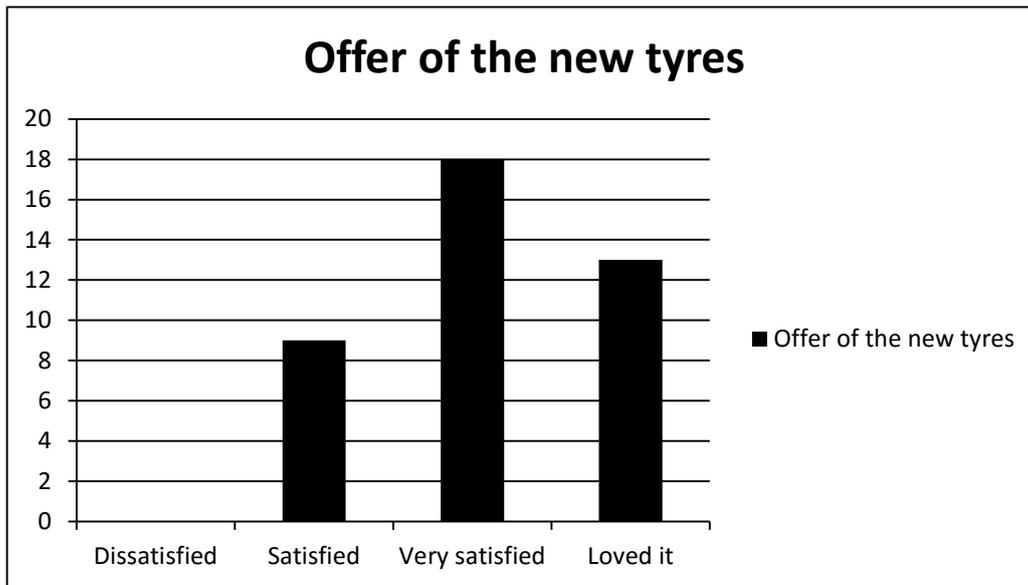
**Picture 13: Results of the survey regarding the performance of the services**

We got approximately the same results, even a bit better ones, when we asked the customers regarding the speed and the quality of the performed service. As much as seventy percent of the participants of the survey answered this question with the best evaluation grade.



**Picture 14: Results of the survey regarding prices**

In the results of the survey there was not even one worst evaluation grade regarding the price of the new tyres, but the results are worse on the average. A bit more than half of the participants of the survey gave evaluation grade “very satisfied”. The reason for the worse grade on the average is increasing competition of online providers, who operate in the market with lower prices of the new tyres.



**Picture 15: Results of the survey regarding the offer of the tyres**

The results of the answers regarding the offer of new tyres are similar as in the case of the question regarding the price. The differences, however, are smaller. A little bit less than half of the participants of the survey gave an evaluation grade “very satisfied”; approximately one third graded the offer of new tyres with the best evaluation grade.

## 5.6 The findings of surveys

The ascertainment of the survey on the basis of the performance of the semi-structured interview showed that the company operates well in time of the season of changing the tires. In time outside the season of changing the tires, we evaluate the operations of the company as unsuccessful, for in this time it does not cover its costs of conducting business. It is true that the share of mechanical services, which are performed mostly by the company outside of the seasons, is growing, but the extent of them in the discussed company is insufficient in order for the company to count on covering the costs of operations in time outside of the season of the changing of the tires seriously. Surely, the company’s comparative advantage is a modern big facility in a good location, but this comparative advantage is not yet used. In order to develop the company and even allocation of work and utilization of the employees the company will have to define and plan the strategic plan of the renovation of the company in future. The latter will surely have to include additional activity in the months when the company does not cover the costs of operations.

On the basis of the results of the survey we came to conclusions that the employees perform services appropriately, quickly and qualitatively. The survey showed, however, a little bit worse results regarding the offer of new tires and services. Absolutely, the average results of

the survey are good, which means that the company operates in the right direction and that the customers are generally satisfied with the activities and services performed by the company and its employees.

## **5.7 Proposals for the development and business practices**

The company Boltez, d. o. o. is one of the best known companies, involved in changing of tires, in Kranj with a long tradition and a modern facility where it offers the customers the services of quick service and a snack bar along with the basic industry. The company is well organized and offers qualitative services. Due to the altered way of selling the tires (i.e. online sales and increasing competition), however, the conduct of business has a falling trend. Alternatively to changing the tires, however, the mechanical services are an increasing trend in the last years. Therefore, we would propose to the company to direct its efforts to this type of services even more. The mechanical services would fill the vacant capacities of the facilities in time periods outside the season. We speak on repairs and servicing the cars. Furthermore we listed some proposals in order to improve the conduct of business of the studied company Boltez, d. o. o.

Renovation of the plastic headlights could be one of the industries which could be performed by the company outside of the tire changing season. This work requires approximately one half of the hour of one employee's time, a mechanic or a salesperson, because the work is not very demanding and it demands only a short training. The advantage of this is that the company does not need bigger financial contribution; it only requires consumables, such as sand paper and polish. This activity could be advertised also in time of the season of the changing the tires, for the employee could offer the exchange of the headlights if they are in a poor shape. In order to perform this industry some marketing promotion would be necessary, for all the plastic headlights on the older cars need renovation after approximately ten years of usage.

Protective foil of the bonnet for the protection of the colour against the scratches and caverns of small gravel during the winter, when there is more gravel for de-icing on roads. It is the protection of the half or less than half of the bonnet with transparent foil, which, however, is a bit thicker as regular foil. In order to protect the bonnet of one car, two employees need approximately 15 minutes. They could order foil online; the advantage is the universality of the dimensions of the foil. The financial contribution for this industry would be minimal; no additional trainings are necessary.

Repairs of windshields and minor damages of bodywork because of hail. Repairs of the damages caused by hail is an interesting industry for the company, for this work would be performed mostly in summer time, for there is no hail in winter time due to low temperatures. In this industry, the financial contribution is also minimal; for the minor caverns, caused by

hail, needs no refinishing. The work could be performed by the company on concession for different insurance companies.

In time outside of the season of changing the tyres the company could advertise also the preparation or the inspection of the vehicle for the technical inspection.

Restoration and changing the turbines of the automotive engine is an industry that could represent a final solution for the underuse of the capacities in periods outside the season of the changing of the tyres along with more expensive training of the employees and more significant financial contribution. This is a more thorough intervention into the conduct of the business of the company, for this could be also an opportunity for the employment of the new personnel or changing the current one. The repair of the turbines is a specific activity that demands a lot of knowledge; the demand for this industry is growing rapidly. Almost all new vehicles have turbo chargers installed; in the following years the need for such type of services will increase substantially. At the moment, in the vicinity of Kranj the companies Beja, d. o. o. from Ljubljana and Tubine.si, d. o. o. are involved in this industry.

The company Boltez, d. o. o. should seek for additional activities that should be performed by the existing personnel or – if there is a need – additionally employed personnel. It should be oriented in the direction of certain specific works for which demand will increase in the future; innovations in automobile industry advance rapidly; a good example are new diode headlights in new cars. It would be ideal for the company if a new provider of the equipment would appear and offer its goods for the new industries. The latter would also enable the company the trainings and knowledge in order to spread the offer of the company.

In past, before the modernization of the project, the company also owned a carwash, which was replaced by two new elevators for the repair of the cars in the new facility. The possibility for the spread of the activity is also setting the carwash on the other location.

Processing the off-road vehicles and the sales of additional equipment for the off-road vehicles would be the industry where the company also has certain experiences and is well known in the market due to many years of organizing the competitions with off-road vehicles. It is true that this is relatively limited market but the number of larger, SUV vehicles on roads is increasing. Similarly as the organization of the competition with off-road vehicles, the company could organize a kind of competitive-tourist competition which would be placed in parts of Slovenia, interested for tourists. The owners of the off-road vehicles have very limited opportunities of driving outside of the regulated roads due to legal restrictions. At the same time there is no offer of touristic rides in Slovenia, where the owners of off-road vehicles could drive by their own cars.

## 6 CONCLUSION

Within the framework of the strategy of the renovation of the selected tyre repairing company Boltez, d. o. o., we have discovered several new findings on the significance of the operations of the management as well as the strategic management and its characteristics. We learnt also about the operations of the crisis management and its role in renovation and rescuing the companies affected by the crisis.

In the research part of the final projecting, task we studied operations and the conduct of business of the company Boltez, d. o. o. as well as the problems which is the company confronted by in time outside the season of the tyre changing. We discovered that the company will have to define the strategy of the development of the company in time outside the season of the tyre changing, as long as the crisis is still manageable and the company can still acquire the funds to invest into the spreading of the industry. The condition is not yet critical; however, the company is in danger that without certain changes in the following years would be confronted by the acute crisis. Dynamic environment, market and the competition demand constant adaptation and improvements.

In form of qualitative research with the exercise of the semi-structured interview by the director of the company, we have discovered that the sales and changing of the tyres is diminishing. On the other hand the share of the scope of the servicing is increasing, that is why the company was increasing the marketing of these types of services in the last years. In any case, the company is confronted by unoccupied capacities in the periods outside of the season of tyre changing. We have discovered that otherwise profitable company lacks of clairvoyance and is too much preoccupied by the current problems; it is unable to perform a modernized way of conducting business that would bring comparative advantages to the company in the future. In future the spreading of the industry will be a condition for the survival of tyre repairing companies, for the basic industry of the tyre repairmen will be insufficient for the survival and the development of the companies that operate in this industry. The industry is perspective, however, only for the companies that will adapt to the modern sales of tyres and develop a different approach to the conduct of business, adapted to the current different way of conducting business in the Slovene market.

In form of quantitative research with the exercise of the survey on the satisfaction of the customers, we discovered that the customers are very satisfied with the operations of the company and its employees. The questions regarding expertise, availability and attitude of the employees, as well as the quality of the performed service, were best evaluated; more than two thirds of the respondents gave better evaluation. The questions regarding the price and offer of new tyres reached a bit worse results, but on the average the customers were very satisfied.

For further development of the company, we recommend better reorganization of the personnel and defining the new, more ambitious plans of the management of the company which would carry the company onto the new level. We would recommend to the company to create an integral plan in order to establish new activities that could fill and also supplement vacant capacities of the facility in time out of the season of tyre changing and also enable the company even more strategic, stable, more successful and more competitive conduct of business.

## LITERATURE AND SOURCES

- Bisnode, družba za medije ter poslovne in bonitetne informacije, d. o. o. 2016. *Prijava v Bonitete.si*. [Http://www.bisnode.si/produkt/bonitete/](http://www.bisnode.si/produkt/bonitete/) (13.01.2016)
- Bizjak, Anja. 2010. *Krizni management in obvladovanje krize v podjetju*. Diplomsko delo, Žalec, UM, Ekonomsko-poslovna fakulteta.
- Boltez. 2011. *Opis delovnih mest v podjetju Boltez d. o. o. (interno gradivo)*. Poslovni dokumenti, Boltez, d. o. o. Kranj.
- Boltez, d. o. o., 2015. *O podjetju*. [Http://www.boltez.si/index.aspx?source=podjetje](http://www.boltez.si/index.aspx?source=podjetje) (20.12.2015).
- Boltez, d. o. o., 2016. *Prodaja po dobavnicah in paragonih za obdobje 2012-2015*. Interno gradivo, Boltez, d. o. o. (01.06.2016).
- Boltez, Iztok. 2016. *Intervju z avtorjem*. Kranj, (15.01.2016).
- Dimovski Vlado in Sandra Penger. 2008. *Temelji managementa*. Harlow (Essex): Pearson Education.
- Dubrovski, Drago. 2004. *Krizni management in prenova podjetja*. Koper: Fakulteta za management.
- Dubrovski, Drago. 2011. *Razsežnosti kriznega managementa*. Celje: Mednarodna fakulteta za družbene in poslovne študije.
- Interni viri podjetja Boltez, d. o. o., 2016.
- Kesič, Dragan. 2015. *Prosojnice iz predavanj*. Škofja Loka: Fakulteta za management.
- Končina, Miroslav in Ksenija Mirtič. 1999. *Kako rešiti podjetje iz krize*. Ljubljana: Gospodarski vestnik.
- Kralj, Janko. 2003. *Management: temelji managementa, odločanje in ostale naloge managerjev*. Koper: Visoka šola za management.
- Mestna občina Kranj. 2014. *Strategija trajnostnega razvoja mestne občine Kranj 2014-2023*. [Http://www.kranj.si/files/06\\_mestna\\_obcina/strategija\\_razvoja\\_MO\\_Kranj/2\\_1-strategija-mok-2014-2023-10060214.pdf](http://www.kranj.si/files/06_mestna_obcina/strategija_razvoja_MO_Kranj/2_1-strategija-mok-2014-2023-10060214.pdf) (09.06.2014).
- Možina, Stane, Jurij Bernik in Aleša Svetic. 2004. *Osnove managementa*. Piran: Visoka šola za podjetništvo.
- Musek Lešnik, Kristijan. 2008. *Vrednote, poslanstvo in vizija podjetja*. Koper: Fakulteta za management.
- Pučko, Danijel. 2008. *Strateški management 1*. Ljubljana: Ekonomska fakulteta.
- Pümpin, Cuno in Jürgen Prange. 1995. *Usmerjanje razvoja podjetja: Fazam ustrezno vodenje in obravnavanje kriz*. Ljubljana: Gospodarski vestnik.
- Škafar, Branko. 2013. *Uspešni v in po krizi: model učinkovite in uspešne organizacije jutrišnjega dne*. Murska Sobota: Ekonomska šola, Višja strokovna šola.
- Tavčar, Mitja. 1996. *Razsežnosti strateškega managementa*. Koper: Visoka šola za management.

Zakon o pravilih cestnega prometa. 2010. *Uradni list RS*, št. (109/2010), 16876.

## POVZETEK

### Uvod

Glavna dejavnost izbranega podjetja Boltez, d. o. o. je prodaja in menjava pnevmatik na osebnih avtomobilih. Ta dejavnost za podjetje predstavlja največji vir prihodka. Panoga vulkanizerstva je izrazito sezonske narave. Zaradi zakonodajnega roka menjave zimskih pnevmatik sta za poslovanje podjetja Boltez, d. o. o. najuspešnejša meseca oktober in november. Drug vrh menjave pnevmatik je obdobje enega ali dveh mesecev po petnajstem marcu, ko zakonodaja ponovno dopušča vožnjo z letnimi pnevmatikami. Podjetje se v mesecih izven sezone menjave pnevmatik ukvarja še z hitrim servisom avtomobilov.

Podjetja znotraj te panoge so izrazito vezana na sezonske aktivnosti. To pomeni, da v času izven omenjenih dveh sezon, podjetje posluje v nepredvidljivem okolju. Celoten obstoj podjetja je vezan na menjavo pnevmatik v času sezon, to je dvakrat na leto po približno dva meseca. Podjetje se tako sooča z neko vrsto latentne krize v obdobju izven sezone menjave pnevmatik.

Ko govorimo o krizi v podjetju Boltez, d. o. o., lahko govorimo o obvladljivi krizi. Podjetje še vedno deluje z pozitivnim čistim letnim poslovnim dobičkom, gre pa za krizo neizkoriščanja kapacitet in zaposlenih izven sezon menjave pnevmatik in posledično z manjšimi prihodki od odhodkov v teh obdobjih. Tako lahko govorimo tako o preprečevanju kot razreševanju krize, saj je prihodnost negotova. Vsekakor pa ne smemo misliti, da se bo kriza rešila sama od sebe. Na problem lahko gledamo iz kadrovskega, poslovnega in delovnega vidika.

Namen projektne naloge je bil raziskati, preučiti in opredeliti strategijo managementa prenove izbranega podjetja Boltez, d. o. o. in na podlagi rezultatov raziskave podati priporočila za nadaljnji razvoj in poslovno prakso izbranega podjetja.

Raziskovanje je potekalo delno s kvalitativno raziskavo v obliki pol-strukturiranega intervjuja, kjer smo odgovarjali na raziskovalno vprašanje, delno pa s kvantitativno metodo raziskovanja v obliki anketiranja kupcev.

Za prvi del raziskave smo si zastavili raziskovalno vprašanje:

Ali lahko podjetje Boltez, d. o. o. oziroma njegov management načrtujeta strategijo za obvladovanje krizne situacije v podjetju in strategijo za uspešnejše poslovanja podjetja?

Za drugi del raziskave smo izvedli kvantitativno raziskavo v obliki ankete, s pomočjo katere smo preverili zadovoljstvo kupcev obstoječih in tudi možnih novih storitev. Anketa je bila vezana na vprašanja glede hitrosti, kvalitete in cene opravljenih storitev, odnosa zaposlenih, ponudbe novih pnevmatik in možnih dodatnih storitev. V anketo smo vključili štirideset

anketirancev. Namen ankete je bil ugotoviti, kaj lahko podjetje izboljša pri obstoječem poslovanju in kaj bi lahko še ponudilo kupcem v bodoče.

## **Metodologija in rezultati**

Na podlagi izvedenega pol-strukturiranega intervjuja z direktorjem podjetja Boltez, d. o. o. smo prišli do naslednjih ugotovitev:

- Večino letnega prihodka za podjetje Boltez, d. o. o. predstavlja menjava pnevmatik, pri tem pa gre za neenakomerno razporeditev dela preko celega leta. To pomeni, da podjetje večino storitev opravi v obdobju treh in pol mesecev na leto. Podjetje v času sezon menjave pnevmatik ustvari dovolj dobička, da pokrije stroške poslovanja na letni ravni, vendar pa teh v času izven sezon ne pokrije,
- Mehanične storitve za podjetje Boltez, d. o. o. predstavljajo manjši delež storitev v primerjavi z storitvami povezanimi z vulkaniziranjem. Nekaj manj kot polovica prihodkov iz mehaničnih storitev podjetje ustvari z optičnimi nastavitvami podvozij, nekaj manj kot tretjino z polnjenjem klimatskih naprav, ostalo pa z drugimi lažjimi mehaničnimi popravili. Mehanične storitve imajo, za razliko od vulkanizerskih storitev in prodaje novih pnevmatik, naraščajoč trend, to pa je posledica večjega trženja le teh v zadnjih letih. Vsekakor pa podjetje, razen širitve storitev hitrega servisa, nima strateškega plana s katero dodatno storitvijo bi se odzvalo na neizkoriščene kapacitete objekta in kader v obdobjih izven sezon menjave pnevmatik,
- Podjetje kot celota sicer deluje dobro, kompaktno. Izkušen kader in sodobna stavba z sodobno opremo dajeta podjetju dodatno vrednost. Kapaciteta objekta je med sezono menjave pnevmatik polno zasedena, prav tako izkoriščenost kadra. V tem obdobju podjetje zaposluje devet do enajst ljudi. Ima pa podjetje še rezerve v obdobjih izven sezon menjave pnevmatik, saj sta takrat v povprečju dva dvigala stalno nezasedena, v delavnici pa delata po dva zaposlena na izmeno,
- Težava pri poslovanju se kaže tudi v upadanju prodaje novih pnevmatik. Vzrok za to je vse večja konkurenca različnih ponudnikov novih pnevmatik v zadnjih letih. Največji konkurenti so internetni ponudniki pnevmatik z nižjimi stroški poslovanja in posledično nižjimi cenami pnevmatik, kateri so s poslovanjem začeli v času obdobja recesije in še danes predstavljajo največjo konkurenco. Podjetje je opazilo, da vse več strank v zadnjih letih prihaja na servis z novimi pnevmatikami, ki so jih kupili drugje. Z prodajo teh so se začela ukvarjati tudi večja podjetja, ki niso specializirana v to panogo, na primer večji trgovska podjetja kot sta Mercator, d. d. in Petrol, d. d. in tudi drugi trgovci. Na trgu se pojavlja tudi vse več manj priznanih azijskih znamk, ki so cenovno zelo ugodnejše, vendar manj kvalitetne. Te pa podjetje Boltez, d. o. o. naroča izključno na željo strank, ne pa na zalogo. Podjetje se trudi čim bolj optimizirati zaloge in premišljeno poslovati ter preverjati podjetja s katerimi posluje.

Za preučitev zadovoljstva odjemalcev z opravljeno storitvijo smo izvedli tudi kvantitativno raziskavo s pomočjo anketiranja, kjer smo izvedli štirideset anket. Kupce smo glede zadovoljstva povprašali po naslednjih kriterijih:

- strokovnost, razpoložljivost in odnos zaposlenih,
- hitrost oziroma kakovost opravljene storitve,
- cena pnevmatik oziroma storitve,
- ponudba novih pnevmatik.

Na podlagi rezultatov ankete smo prišli do zaključkov, da zaposleni storitve opravljajo korektno, hitro in kvalitetno. Je pa anketa pokazala malce slabše rezultate glede ponudbe in cene novih pnevmatik oziroma storitev. Vsekakor pa so povprečni rezultati anket dobri, to pomeni, da podjetje deluje v pravi smeri in da so kupci na splošno zadovoljni z aktivnostmi in storitvami podjetja in z delom zaposlenih.

### **Zaključek**

V okviru preučevanja strategije prenove izbranega vulkanizerskega podjetja Boltez, d. o. o., smo prišli do kar nekaj novih ugotovitev o pomenu delovanja managementa ter strateškega managementa in njegovih značilnostih. Spoznali smo tudi delovanje kriznega managementa in njegovo vlogo pri prenovi oziroma reševanju podjetij iz krize.

V raziskovalnem delu zaključne projektne naloge smo preučevali delovanje in poslovanje podjetja Boltez, d. o. o. in problematiko, s katero se podjetje sooča v času izven sezon menjave pnevmatik. Ugotovili smo, da bo moralo podjetje čim prej opredeliti strategijo razvoja podjetja v času izven sezon menjave pnevmatik, dokler je kriza še obvladljiva in podjetje še lahko pridobi sredstva za vlaganje v širitev dejavnosti. Stanje za enkrat še ni kritično, vendar je podjetje v nevarnosti, da brez določenih sprememb v naslednjih letih zapade v akutno krizo. Dinamično okolje, trg in konkurenca zahtevajo nenehno prilagajanje in izboljševanje.

Za nadaljnji razvoj podjetju priporočamo kadrovsko reorganizacijo in definiranje novih, bolj ambicioznih načrtov managementa podjetja, ki bi podjetje dvignili na novo raven. Podjetju bi priporočili, da naredi celovit strateški načrt za uveljavitev novih dejavnosti, ki bi lahko zapolnile in tudi dopolnile prazne kapacitete objekta v času izven sezon menjave pnevmatik in tudi omogočile podjetju še bolj strateško stabilno, uspešnejše in konkurenčno poslovanje.



## **ANNEX**

Annex 1 Questions for the interview with the director of company Boltez, d. o. o.



**QUESTIONS FOR THE INTERVIEW WITH THE DIRECTOR OF COMPANY  
BOLTEZ, D. O. O.**

1. Where do you see the basic problem in business of the firm Boltez, d. o. o.?
2. What is your business strategy for the future, do you see the solution in additional mechanical services during the off-season of changing tires?
3. What are the advantages of the company over the competition and the opportunities for further development?
4. How does the external environment or competition impact on the business of the company?