

The Strategy of Positioning as the Key to Success



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To what extent are our businessmen aware of the importance of positioning and how to bring it closer to them?

The fact that the strategy of positioning is much more present in the market than it can be seen by mere observation is a reality. I became aware of the "meagre" presence of the mentioned reality in the market of Serbia and Montenegro during the autumn of 2004 while, as a professional consultant on strategic issues, I held lectures both in Belgrade and throughout Serbia and came to the conclusion that the owners of small and medium enterprises and company managers ought to be more informed about positioning. Therefore, in the next several issues of *e magazine*, we will introduce you to the strategy of positioning, its designing, content and other useful advice that can help you better position your products and services in the market. But, in order to start

talking at all about the strategy of positioning small and medium enterprises, we have to look at our region, define the circumstances and situation in it as well as the reasons for creating and/or running an enterprise.

Serbia at the beginning of 2005

If we take into account the fact that our market is relatively small, but interesting from the aspect of its orientation flexibility, we have to ask ourselves why the number of small and medium enterprises increases at an unsatisfactory rate in spite of several parallel "economic networks" throughout Serbia. We know that there is a network of regional chambers of commerce, a network of regional agencies for the development of SME and entrepreneurship, the Agency for the Promotion of Export as well as economic departments for the development of the cooperation with foreign business partners in the ministries for economic relations with foreign countries, economy and diaspora, then several private initiatives for associating small and medium enterprises... There are many "administrative centres"

which can be confusing not only for someone from our country interested in production and export, but also for someone interested in investing in it. Several basic questions that should be answered before taking any bigger steps in the future development of the SME sector in our country are:

- If the slogan of the new president of the Serbian Chamber of Commerce, which brought him victory, "The Chamber - the lawyer of economy and the partner of Government" is one of the first defined steps of positioning our economy, what are the next steps?
- Is it possible to actively reveal the facts in public and thus secure more attention for the position of small and medium enterprises which are an engine of the world most developed economies and also our comparative value in relation to other forms of business organization?
- Is it possible to draw the attention of the network of regional agencies for SME and entrepreneurship development to the fact that workers who lost their jobs or simply decided to provide for their existence by founding a small enterprise, have not realized yet what "defined worker's position" and "defined owner's position" mean and that before offering them any



kind of professional support in founding an enterprise they should be first explained the basis of entrepreneurship, long-term strategy of development and visionarism in business?

The importance of regionalization

As a consultant living and working abroad and looking at our market both affectionately and realistically, I have to say that a great number of undefined terms in our various strategies lead to "the fog in business and getting lost in it". If, for example, the idea of clusters as "natural" associations of more micro or small and/or medium enterprises is a good idea for developing some of our regions, we should first present it to future players, listen to what they have to say and only then begin further "planning".

Otherwise, I am afraid that if we strictly apply the successful "recipes" taken from foreign markets, they won't prove to be successful in our market. If you don't hear the voice of local people, hardly any project will be welcomed. Much more attention should be devoted to the well-being of a region and community living in it, the vision that the region has about itself and its future development, advantages that our region has in relation to others, both of natural and social character. If

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Positioning and business

The word 'positioning' in business has scores of meanings. A company positions itself for the future, a product is positioned for the marketplace, you position yourself to advance the sales. The word has so many business meanings that it can often become meaningless. I am, therefore, defining it here very narrowly as it relates to your product or service. In this sense, positioning is a matter of determining what someone is really buying when they buy your product or service, and then conveying those impressions and motivations to the buyer. This often requires converting human emotions into product characteristics: 'Be a winner by going with a winner.' It demands intelligence, savvy and forethought and at its highest level becomes an art form with a tangible payoff: your product or service is practically presold.

Excerpt from the book What They Don't Teach You at Harvard Business School by Mark H. McCormack

there still isn't a vision, then the first step is certainly to define it, and only then start the development process. For regionalization is the best thing that can happen to us. Only when the region starts fighting for itself and its interests, when it undertakes the responsibility before its population for the steps it takes in its development, when it defines its strategy of positioning shall we move forward as a state.

Do not do anything rash

It is also necessary to give the owners of small and medium enterprises a chance to view the importance of business in its entirety, to see the place and role that strategists have in their environment and above all, to perceive the position of our market in the world as realistically as possible. If regional agencies for SME development are here to provide adequate support to SME sector, then they must have a clearly and precisely defined position, development strategy and the vision of steps in relation to the stages of the region development. Neither are all our regions at the same level of development nor can a unique "recipe" for development be applied for all of them. There certainly have to be some exceptions.

I think that in our country a very small number of market players deals with the situation in the market while many more are involved in its development and adaption to European standards, which is not good. In order to take new steps at all, you should first make an "inventory of the situation" and "inventory of the potentials" as they also change according to your efforts. If the following facts relating to the market of Serbia are taken into account:

- The number of newly formed enterprises at the end of 2003 hardly reached the number of enterprises in 1998.
- Instead of 400,000 new jobs, a decrease

in the net number of employees has continued.

- In the last two years, not many measures were defined that would support priority sectors (food processing, industrial production, tourism and e-business), and whose result is visible.
- The number of regional agencies for SME development has increased. However very little, or almost nothing, has been done in the Ministry of Economy about raising the quantity and quality of the whole SME sector, about clearly and precisely defining the implementation of the measures that would make the mentioned sector more transparent for the future steps of its improvement and better defining the role and place of the Republic Agency for Development of SME and Entrepreneurship.
- There are no clearly defined measures for supporting the increase in the export of small and medium enterprises.

Without clearly defined position and situation you are in, you cannot make a successful strategy of positioning

We come to the conclusion that domestic and EU institutions should even stronger support the increase in the quality and quantity of entrepreneurship. It is necessary to coordinate the work of domestic experts competent for this field and provide the support of successful consultants with international experience so we would together design the best possible strategy of developing small and medium enterprises and the strategy of exporting those products for which there are realistic basis and potentials. ■

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