

NEW STRATEGIC MANAGER AND ALLOCATION OF CORPORATE ASSETS

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Abstract: *The deployment of resources i.e. their allocation is an inevitable problem in nearly every business system. New managers are faced with critical strategic choice. Do they need to settle down on the job and spend a year getting to know the operations of the company and then start changing the portfolio? Or is it better to act quickly, boldly and immediately divert funds from ordinary activities to a new generation of corporate opportunities?*

Keywords: *strategy, allocation, management*

1. INTRODUCTION

The term allocation of resources in the field of business management, most often involves the process of redistribution of financial capital from one business activity that one business unit deals with to another activity that other business unit deals with, in order to increase the total revenue of the observed business enterprises and the reduction of its cost. The special significance of allocation is expressed within enterprises with complex organizational structure dealing with multiple activities, i.e. multi-business companies. In addition to the allocation of capital, of course, it is possible to allocate all the other resources to a greater or lesser extent depending on the decision of the management.

Reasons for the market transition of the company and hence for subsequent allocation and re-allocation of resources resulting from stagnation or disappearance of existing target markets, pushing the limits of critical success factors, erosion of competitive advantage, the emergence of new competitors, the development of new markets.¹

The way of presenting a vision or a plan of work (change of plan) to subordinates, referring to a number of established values that are later concerning the way in which business is conducted; essentially determine the manner and the acceptance by the staff. People must be handled carefully because they bring the success to the organization, on their full engagement depends the success of a business venture, not the vision or idea. The leader

¹ Babić M. 1997. Reforma preduzeća, Beograd, PS Grmeč - Privredni pregled, 32.

has a crucial role to play in fostering and strengthening of creativity and creative thinking of the team members, and this is one of the basic requirements of a good acceptance and implementation of change and innovations in companies. Early changes in the course of business and company management can lead to improved operation of the company and eliminate unplanned events over a longer period.

2. COURAGEOUS MANAGERS

Maintain a competitive advantage and even survival of the company is primarily determined by its willingness, non-inertness and ability to adapt to the market, i.e. to modify its offer, to establish a new relationship with the challenges and constraints of the environment through the re-allocation of its resources.²

In the period 1990 – 2010, those executives who have changed suppliers of the company at the beginning of its term have contributed to the increase of income for the owners of the company, then those who did that later.³ In this process, managers with more courage are thus provided the time at the top and deserved respect. More importantly, a similar decision regarding a change of personnel in the company also brought different results. Primarily it had a positive effect on those leaders who have made a change of personnel at the beginning.

The available database, which consists of 1500 companies with multiple branch operations in the U.S., shows a small group that has changed its managers. Then new leaders were appointed (there were 365 of them), into two equal groups, roughly taken: those that have changed the way of business during the initial three years of work and those who have done it before. When they compared these results with the work of managers, it was concluded that only one third of relatively inactive progressed in their work, only after six years. Only one quarter of the managers has become the main managers.

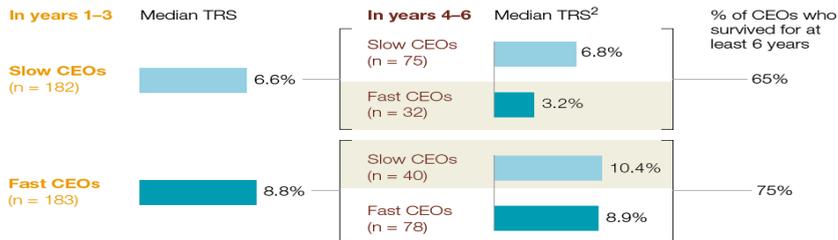
Those who easily moved to new alternatives, and then slow down and return to the established paths achieved the best results, thus allowing market to “understands” them and evaluate their decisions. In contrast, inactive managers - who moved to new sources of business after several years of work, and then change the speed - were not crowned with glory and praise.

The key to making changes is not only the acquisition and relocation of the capital, but the courage to make important decisions and to accept the challenge of a new job without thinking, and this act can often make moves that are treated as a risk to the business and to initiate new investments “growing” alternatives. Active and courage managers are predestined to make bolder decisions rather than their non-active competitors. Hence, they define goals and methods for their implementation and impact on subordinates to achieve them.⁴

² Đogić R., Arnaut E., Kulović Dž., 2009., “Nužnost završetka privredne tranzicije u Bosni i Hercegovini kao pretpostavka privlačenja inostranog kapitala”, zbornik radova naučnog skupa sa međunarodnim učešćem - Inostrani kapital kao faktor razvoja zemalja u tranziciji, Kragujevac, Univerzitet u Kragujevcu – Ekonomski fakultet u Kragujevcu, 155

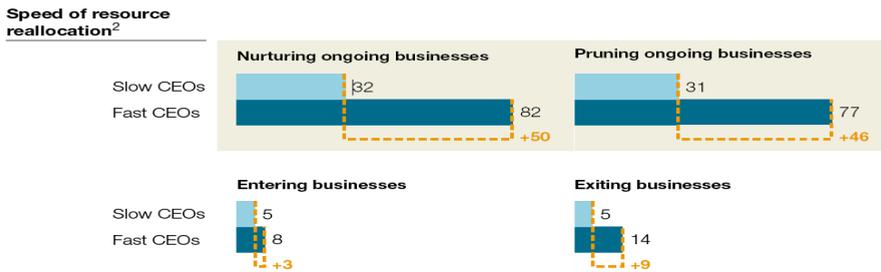
³ Hall Stephen and Kehoe Conor 2013., “How quickly should a new CEO shift corporate resources?”, McKinsey Quarterly, October 2013., http://www.mckinsey.com/insights/strategy/how_quickly_should_a_new_ceo_shift_corporate_resources

⁴ Zornić Džemail, Rušović Munir, Plojović Šemsudin, Ujkanović Enis 2012., “Information Technology and Knowledge management as a Basis for the Economic Development”, Novi



3. “FAST” MANAGERS

Interestingly, managers selected outside companies much easier take the responsibility for the tasks they accept or reject from the candidates who have been “created” in the company. Internal candidates who are not affected by their personal empathy to the company they work for, may be repugnant to the removal of jobs controlled by the persons of the same age. New internal managers may have certain tendencies to existing ways of doing business. Finally, an example is taken from everyday life showing that one who is raising a child shall be deprived of subjectivity to it, when it should be evaluated and analyzed.



Value of the managers is reflected in making quick and important decisions about changes in equity, i.e. top talent. The database tells us that managers who hire or replace any member of the executive council during their first year were able to stay longer in a managerial position than those who were not able to do so. The analysis shows that the greatest impact is gained by changing the members of the “top” team of the company, rather than a change of the manager in a lower position in the hierarchy. If they are courage enough to get new talents and implement a new strategy for the development of the company, the new managers can expect good results and record positive reviews.

New managers must consciously take advantage of a period of “the honeymoon” in their work at the beginning, in order to bring some important decisions related to capital and management. Markets later recognize the results of diverting – the first step is taking the value of the shares down. It takes usually one to two years for results to be positive. The message of this study is that after a while the market is less forgiving to those managers who procrastinate.

Pazar, *The Scientific Journal for Theory and Practice of Socioeconomic Development* Vol. 1, N° 2, December, 2012., 389 – 396



4. PRINCIPLES FOR A SUCCESSFUL CAREER OF A MANAGER

Suggestions to new managers on the road to a successful career:

1. Explain the allocation strategy at the very beginning. Investors may be dissatisfied with every plan that undermines their profits at the beginning, but it will certainly be cooperative if they immediately make it clear that the project is being prepared, the reason for this and the projected time will bring positive results. As much as possible, you should take into account the long-term investors and not to worry about the owners of shares who work in the short term.
2. Be courage. Do not worry too much about the allocation. It was presumed there would be companies that were previously carried out the aforementioned allocation assessed positively by the governing board. This epilogue was not found in the database of multi - business companies in the United States in the last 20 years. It seems that managers do much less than they should, in order to optimize the total return of funds to shareholders.
3. Offer good business opportunities for a young, fresh graduate candidate. Managers must ensure the employment of high quality people who will be dealing with new or expanded activities within the business strategy of the company. One of the basic misconceptions of classical management and organization lasts several decades and it is the fact that the material resources are primary for the achievement of corporate performance.⁵ In order to gain influence in the work and to earn the respect of colleagues, it is necessary to expand the number of managers in the firm, and it is of vital importance for the simple reason that in this way it is possible for a manager to contribute to successful allocations.
4. Win the support of the governing board. The most influential executives focus on the analysis and the results of the strategy (to ensure that the people, resources and processes are able to finish the project), and count on the support of the entire management.

⁵ Radosavljević Ž., Soloviov P. V., Panagopoulos A. 2012., "Modern technology application in economics and management", Belgrade, FPSP, *International journal of economics and law* Vol. 2, No. 4 (2012), 109

5. The failure or error arising from deliberate experimentation, or researching new technologies, processes and concepts of work, may even be praised.⁶ Innovative organizations encourage individuals to explore, and if it is successful, management encourages those who make mistakes and thus encourages them to continue experimenting and searching for new technological, organizational, and other solutions.
6. Establishing a positive climate. One event at a time set standards of behavior for the entire team.⁷

5. CONCLUSION

The only guaranteed things that will happen in the business are changes. They are inevitable, both in life and in business. The time we live in brings a dynamic, fast pace, constant adapting. These changes affect business world more than other. The recipe for success lies in developing a sense of change in the management of the company.

If a manager is courageous and willing to risk, hence the company he works for gain benefits. Every change is an opportunity for a clever man to make use of it. Chance turns into profit, which is characteristic of a smart manager. Ordinary people always try to predict the outcome of the future, and managers are constantly occupied with this issue because their business career depends on it. They will be remembered for their work and thus be labeled according to their decisions. Successful companies have managerial teams with specific skills, knowledge and distinctive corporate culture and values on which they are able to define a clear and efficient strategy for resource changes in a different economic environment that will result in the realization or at least maintaining and even increasing the revenue of the company.

The conclusion is that the reallocation is similar to muscles, the more you exercise, they increase strength to overcome unplanned burden in the future, and muscles need even more training new during the ongoing challenges in order to be strong, and not to be damaged by a rapid training that can even result in unplanned medical intervention. Achieving of a high level of resources reallocation doesn't slowness, sluggishness, lack of leadership, indecision, fear, laziness, lack of initiative, but it requires high quality management personnel who possess the knowledge and experience in first place, leadership, lack of personal interest, commitment to achieving the company's success.

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⁶ Radosavljević Milan, Dorosenko Yuri, Radosavljević Života 2012., „Strategy for learning from failure“, Belgrade, FPSP, *International journal of economics and law* Vol. 2, No. 4 (2012), 115

⁷ Gijić N., Lilić V., Đuretić G. 2013., „The importance of small wins“, Belgrade, FPSP, *International Journal of Economics and Law*, Vol. 3, No. 7 (2013), 43

