

# Strategic management and innovative development of family enterprises: Based on a case study of a group in Ningbo

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**Abstract;** One of the key contents in the internal management of family business is strategic management. Compared with other enterprises, family business faces more problems and challenges in the process of operation and development. If the enterprise fails to adjust its own development strategy according to the current industry market development trend and its own actual situation, it is easy to cause the enterprise to fall into a development crisis and lose its core competitiveness. Based on the case of a group in Ningbo, this paper analyzes the current situation and problems of strategic management of family enterprises and the main reasons leading to the weakness of strategic management, and puts forward effective strategies of innovative management, hoping that this study will contribute to the sustainable development of family enterprises.

**Key words:** Family business; Strategic management; Innovation and development

**Introduction:** Judging from the actual situation of strategic management of a group in Ningbo at the present stage, it not only lacks strategic decision-making management, but also lacks information innovation, and lacks professional strategic management team and effective incentive mechanism. If family enterprises want to develop in the long run in the competitive market environment, they must adopt effective strategies and constantly innovate strategic management, so as to enhance the competitive strength of the enterprise and provide a strong driving force for the further development of the enterprise.

## I. Present situation of strategic management of family business of a group in Ningbo

Founded in 1999, Ningbo Group, a member of Ningbo FangGroup, is located in Ningbo City, Zhejiang Province. It is an enterprise mainly engaged in computer, communication and other electronic equipment manufacturing. The registered capital of the group is 95 million RMB, which exceeds 97% of its peers in Zhejiang Province, and the paid-in capital is 95 million RMB. Through the big data analysis of Tianyanzha, a group in Ningbo has invested in 12 enterprises abroad; In terms of intellectual property rights, there are 79 trademark information and 3 patent information.

The enterprise belongs to the family business, in the process of operation and development, has been following the traditional management mode, and shows the characteristics of family management. Although at this stage, the enterprise has begun to devote itself to the application of modern management mode, but the application is late, so it has not yet formed a perfect strategic management system that meets the development needs of the enterprise and can support its further development. As a result, the enterprise often encounters some problems in the process of operation and development.

## II. The problems in the strategic management of family enterprises of a group in Ningbo

### 1. Lack of strategic decision-making management

In the operation and development of a family enterprise of a group in Ningbo, the development vision has not been put more long-term, and the strategic development of the enterprise has been planned from a long-term perspective. In today's increasingly competitive industry market environment, if an enterprise wants to enhance its competitive strength, it needs the management to make appropriate adjustments to the development strategy with the continuous development and expansion of the enterprise. However, the management level is shortsighted, too eager for quick success, lack of strategic decision-making management, resulting in the competitive strength of the enterprise is becoming weaker and weaker.

### 2. Weak information innovation

At present, although the family enterprise of a group in Ningbo has introduced advanced communication technology, automation technology and computer technology with the development of The Times, some management levels do not know enough about information technology, resulting in the enterprise failing to innovate and improve information technology in a timely manner, and failing to integrate advanced information technology into strategic management with the development of the enterprise.

### 3. Lack of professional strategic management team

Although the professional manager system has been introduced into a family enterprise of a group in Ningbo, the management has not fully realized the significance of the professional manager system for the long-term development of the enterprise and has not attached importance to the professional manager, resulting in the lack of a professional strategic management team.

### 4. The lack of effectiveness of incentive mechanism

In the process of operation and development, the family enterprise of a group in Ningbo has not established an effective incentive mechanism, resulting in the low enthusiasm of the staff and the high mobility of the staff. If an enterprise wants to retain talents and improve the stability of its staff, it needs to build an effective incentive mechanism actively.

### **III. The main reasons for the weak strategic management of family enterprises of a group in Ningbo**

One of the fundamental reasons for the weak strategic management of family enterprises in a group in Ningbo is that the management mode is lagging behind and the management level needs to be improved. For family enterprises, the management level is all family members, and when making management decisions, they usually do not analyze the benefits of the enterprise from the overall perspective, nor do they analyze the changes in the external environment. Once the external environment changes, the family business usually does not make a timely response, which is easy to cause the enterprise to fall into a development crisis. In 2008, with the outbreak of the financial crisis, some poorly operated enterprises were faced with the crisis of being acquired, merged or closed down, including a certain group in Ningbo. The family enterprise of a group in Ningbo lacked core products and technologies, and most of the products it produced were sold to state-owned enterprises or other related enterprises. The industry market environment in which the enterprise is located is very competitive. Moreover, the management structure of the enterprise is not reasonable enough, the chairman is a family member, the board of directors and the board of supervisors are not set up, and the implementation of strategic management is lack of comprehensiveness. As a result, the development decisions made by the enterprise are not scientific and reasonable, which seriously hinders the development of the enterprise. In addition, the property rights of family enterprises are relatively simple, decisions are usually made by one person, the lack of effective supervision of decision-making, it is easy to appear decision-making loopholes, decision-making errors, resulting in the development of enterprises into a crisis.

### **IV. Family business strategic management innovation strategy of a group in Ningbo**

#### **1. Strengthen strategic decision-making management**

With the continuous development of family enterprises, they will be faced with the choice of development strategy, and for enterprises, the choice of development strategy has the characteristics of diversification, but no matter what kind of development strategy is chosen, its purpose is to expand the economic benefits of enterprises and promote the further development of enterprises. In the process of strengthening strategic decision-making management, a family enterprise of a group in Ningbo needs to make different development strategy adjustments according to its own development situation, and ensure the feasibility and scientific of strategic decision-making. In the initial stage of the development of a group family business in Ningbo, it is not only faced with the problem of shortage of talents and funds, but also faced with problems such as imperfect management mechanism and weak social credit. At this stage, the family entrepreneur adopted the maintenance strategy and focused on improving his management ability. By virtue of the advantages of low transaction cost, flexible operation and fast command transmission, the family business effectively solved these problems with the least cost. With the continuous development of the enterprise, the family enterprise of a group in Ningbo has made a new development strategy decision and adopted a compromise strategy. The so-called compromise strategy is that the enterprise is still controlled by the family, but a large number of senior managers are introduced, and family members and professional managers are responsible for the operation and management of the enterprise, breaking the previous "one share exclusive" property right structure of the family enterprise. According to the basic principles of fairness and fairness, family members with relatively poor professional ability should transfer their positions to high-quality social managers with high professional ability and professionalism, and actively establish a sound board of directors and the Board of supervisors. All development strategy decisions of the company need to be voted on by the board of directors with a show of hands, so as to resolve the drawbacks existing in the "one-person decision-making" in the past. The Board of supervisors should supervise the strategic decisions.

#### **2. IT innovation in strategic management should be strengthened**

In the process of implementing strategic management, family enterprises can not be separated from a comprehensive analysis of their own situation, the industry market environment and the situation of competitors, which are often presented in the form of data. Therefore, in the process of implementing strategic management, the family enterprise of a group in Ningbo needs to strengthen the innovation of strategic management informatization. Through the introduction of advanced information technology, the intelligent management platform is built to realize the comprehensive collection, calculation and analysis of the internal development of the enterprise and the external economic development and market environment information. On this basis, the strategic analysis is implemented, so as to ensure that the final strategic decision is scientific and reasonable enough to avoid the blind strategic decision making, which leads to the crisis of decision-making errors. In addition, a family enterprise of a group in Ningbo should follow the development of The Times and build a strategic calculation model through the introduction of information technology, so as to make a detailed analysis of the "family background" of the enterprise, accurately grasp the final financial results obtained under the current management mode, and clearly understand the gaps in the current development strategy. At the same time, the development strategy should be adjusted according to the strategic gap.

#### **3. Set up a professional strategic management team**

In the process of implementing strategic management, family enterprises should realize that the market competition faced by the current enterprises is also in essence the competition for talents. In the process of implementing strategic management, the family enterprise of a group in Ningbo needs to pay enough attention to the establishment of professional strategic management team. In the process of establishing the professional strategic management team, the holding family members need to discuss the enterprise development strategy together with the professional strategic management personnel, and transform the development strategy into a simple and feasible strategic implementation map, so as to help the realization of the enterprise development strategic objectives. For any enterprise, it is impossible

to rely on the single power of the CEO or the chairman to successfully achieve the strategic objectives, and the implementation of the management strategy needs to obtain the support of the whole staff. Therefore, when setting up a professional strategic management team in a family business, it is necessary to clarify the job responsibilities of each strategic manager, so that they can carry out daily work around the enterprise development decision, and gradually transfer the development strategy to the grass-roots staff in the front line, so as to form a strategic organizational structure with smooth exchange and sharing of top-down information and improve the synergy of strategic management. In addition, in the process of setting up the strategic management team, family enterprises also need to actively build a perfect training system and organize strategic management personnel for training and learning from time to time, so as to continuously improve their strategic management ability and level, so as to empower the realization of the strategic goals of enterprise development.

#### 4. To build a perfect and effective incentive mechanism

With the continuous development of market economy, all enterprises are faced with increasingly fierce competition in the market environment. If family enterprises want to achieve long-term development in such a market environment, they need to actively build perfect and effective incentive mechanism. In the specific construction process, a family business of a group in Ningbo has built a perfect incentive mechanism from the perspectives of salary, welfare and training, and organically combined it with the strategic management of the enterprise, so that every staff member of the enterprise can see the future development prospects of the enterprise. At the same time, an open, just and fair atmosphere is gradually formed within the enterprise. Staff who are active in their work and provide key suggestions for the development strategy of the enterprise are given material and spiritual incentives, and career promotion opportunities are provided for them. In addition, it is also necessary to build an incentive points system, the points are cleared at the end of each month, and the points are re-scored at the beginning of the month. The points obtained by the staff in the month are linked with the salary level of the month, so as to better mobilize the enthusiasm of the staff, break the previous idea of “working for the boss”, and establish the idea of “working for oneself”. In order to better mobilize the enthusiasm of the staff, and then promote the realization of the strategic goals of the enterprise and further development.

### Conclusion:

To sum up, in the process of operation and development, family enterprises should be fully aware of their own problems in strategic management, and identify the main reasons leading to their own weak strategic management. At the same time, according to these problems, strengthen strategic decision-making management, ensure the scientific and rational formulation of enterprise development strategy, through the introduction of advanced information technology, To provide a reliable basis for the formulation of enterprise development strategy. In addition, enterprises also need to pay enough attention to the establishment of professional strategic management team and the perfect construction of incentive mechanism, so as to lay a good talent foundation for the realization of enterprise development strategic goals.

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