

CREATING STRATEGIES FROM TOWS MATRIX FOR STRATEGIC SUSTAINABLE DEVELOPMENT OF KIPAŞ GROUP

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Abstract. The aim of this study is to develop new strategies for sustainable development of a group and to establish a holding from several companies by considering the regulations in the World Trade, recent developments in textile sector and raising conflicts among stakeholders. In this study, internal analysis of the group was carried out with interviews, observations and surveys. To prepare external analysis, the economical situation of Turkey and the World was researched and categorized under standard PEST (Political – Economic – Sociocultural – Technological) categories. Later, SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis of the group was prepared and most significant factors were chosen. Important problems were identified and the purposes and objectives of the firm were determined by focusing on opportunities. In the light of these factors, TOWS (Threats, Opportunities, Weaknesses, and Strengths) matrix was prepared to combine external and internal factors of the enterprise in order to deploy strategies. A new organization structure of the group was determined and presented based on these strategies.

Keywords: strategic management, SWOT, TOWS, reorganization, change management, organizational structure.

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1. Introduction

Regulations in world trade enhance the competitiveness of the Global Market, and nationwide companies have been threatened by this wild competition, whereas international companies have opportunities to access unexplored markets (Snieska 2008). These conditions oblige the nationwide companies to develop new strategies for their sustainability in the market. However, companies must be aware of their internal and external environments to identify their pros and cons in order to develop strategies. Self-

assessment a structured internal process to identify strengths and weakness for improvement in changing environments has been used by companies for years (Higgins, Vincze 2001). World Trade regulations oblige nationwide companies to develop new strategies for their sustainability in the market. Self-assessment, which is a structured internal process to identify strengths and weakness for improvement, has been used by companies for years (Higgins, Vincze 2001). Strategies for sustainable development are used to initiate change by learning and continuous adaption rather than by challenging the existent institutions. Such approaches have been named as step-by-step procedures. Interaction among culture – structure – technology, optimization – improvement – renewal and the parties involved are three relevant dimensions of sustainable development (Jansen 2003).

Deep changes occur in this era with unexpected results (Diskienė *et al.* 2008). The change is unavoidable to keep competitiveness in today's global market. It is important to use correct methods to collect data against resistance and misunderstandings while doing changes (McLean 2006). The reorganization is driven by changes in the competitive environment on the global market. With the reorganization of a company, it will react to the growing changes more quickly (Albach, Wiedemann 1986). The prerequisite condition for any effective change is that somebody in strategic position really feels the need for change. "Ready state" for needed changes means that the top management or average of people in the middle of the hierarchy think that the change is necessary. The reasons for strategic change are mostly found in abrupt and predominantly extrinsic influences such as technological changes, economical changes. For large scale strategic change, the organization's goals, the environment and the organization should be consistent with each other (Sminia, Van Nistelrooij 2006).

The effects of removal of quotas to Turkish textile were assessed with the premature indicators of Turkey's total export and import. Companies, which have benefited from incentives of Turkish textile and apparel sector, have been growing very rapidly within 27 years.

In this paper Kipaş Group's situation, which faced the removal of quotas and increasing Chinese effects to world textile is presented. This company had raising conflicts among stakeholders of two families due to the management system of the company. Moreover, Kipaş Group companies are suppliers for each other and growing distance among them was another problem. Therefore this group needed changes for sustainable development. Through the reorganization of the group companies since 2005, Kipaş Group has been formalized by including numerous subsidiary companies. Taking into account enormity of the group and economical situation, it was proposed them to establish a holding.

The research subject of this paper is TOWS matrix for strategic sustainable development of Kipaş Group. The purpose of this paper is to analyze theoretical and practical aspects of creating strategies from TOWS matrix for strategic sustainable development and to present organizational structure of Kipaş Group developed on this analysis. Research methods presented in this paper are SWOT and TOWS analysis based on interviews, observations and surveys.

The paper is divided into three main parts. Theoretical background of strategies' creation in organizations is given in the beginning; reorganization of Kipaş Group is introduced in the next part and finally, conclusions are presented at the end of the paper.

2. Strategies' creation in organizations

2.1. Definition of strategy

Strategy, in a military sense, is the art of war. It defines itself in terms of drafting the plan of the war, shaping individual campaigns and, within these, deciding on individual engagements (battles) with the enemy. The analogy with business is that business too is on a war footing as competition becomes more and more fierce and survival more problematic. Strategy manages the correlation between organization and changing environment. Internal and external factors affecting a company are identified to form strategies. There should be a relationship between internal competences and values to a firm's external environment. There is a strong relationship among parties which are internal and external. Each part requires reciprocal data sharing. Internal factors use resources to avoid external dangers (Viljoen, Dann 2003). It should be ready for the new environment that the future may bring. This environment can be totally different and the firm should evolve its capabilities and culture to tackle its new environment (Porter 1981; Luis *et al.* 2009).

Many approaches and techniques are used for strategic management processes. They are not directed at just a single functional area of a group. All efforts are directed toward the mission and vision of the firm to find the best strategies for the whole group (Houben *et al.* 1999; Dincer 2004; Ketelhohn 2006). Strategic management requires including both short-term and long-term perspectives. Both a vision for the future of the organization and a focus on its present operating needs must be taken into account (Gregory *et al.* 2005).

Strategy defines 'Where do you want to go?' and 'How do you want to get there?' Strategy manages the interaction between organization and changing environment (Tamosiuniene, Jasilioniene (2007); Ben-Yair *et al.* (2007)). Internal and external factors affecting a company are identified from strategies. There should be a relationship between internal competences and values to a firm's external environment (Viljoen, Dann 2003). There is a challenge for the firms to find the 'fit' – what the firms do and what the environment requires. Moreover, they should be ready for the new environment that the future may bring. This environment can be totally different and firms should evolve their capabilities and culture to tackle with a new environment (Porter 1981). Managers may scan their environment and decide that there are major changes occurring in their business world to which they have to adapt. Or they might decide, through internal analysis, that they have the ability to develop a new way of doing business that will redefine the nature of the business they are in. If change is the order of the day, then two issues need to be addressed: external analysis and internal analysis. For a change of strategy to work, there must be alignment between internal capability and external opportunity. This is described as 'strategic fit' (Tiwana 1999).

In the long run, our analyzed Kipaş Group is trying to create strategies for its sustainability and to gain competitive advantages. Therefore SWOT analysis is used to find internal strengths to grab opportunities and to stabilize environmental threats, while avoiding internal weakness. TOWS matrix is a complementary tool of SWOT in order to

deploy strategies. These methods are well known when creating strategies and are used by big firms in similar cases. It was found that SWOT and TOWS are more beneficial to combine internal and external data than self implemented methods used to create strategies. Based on these analyses, the new organizational structure of the Kipaş Group was prepared and presented in the 3rd part of this paper.

2.2. SWOT analysis in organization

A SWOT analysis is a tool for auditing an organization and commonly used for analysing internal and external environments in order to attain a systematic approach and support for decision making. If used correctly, it can provide a good basis for successful strategy formulation (Hsu-Hsi, Wen-Chih 2006). It involves the design of the organizational structure and control systems necessary to implement the chosen strategy. A SWOT analysis can be conducted before formation of a mission and goal statement (Hax, Majluf 1991). It identifies Strengths and Weakness and examines the Opportunities and Threats of an organization. A SWOT analysis suggests that firms using their internal strengths in exploiting environmental opportunities and neutralizing environmental threats, while avoiding internal weakness, are more likely to gain competitive advantages than other kinds of firms (Jay, Hesterly 2007).

A SWOT analysis is drawn from external and internal environments of the organization to determine the strategic vision of the firm based on the analysis of shareholders. One can think of a well developed strategic vision in terms of probing opponents' weaknesses; withdrawing to consider how to act, given the knowledge of the opposition generated by such a probing; forcing opponents to stretch their resources; concentrating one's own resources to attack an opponent's exposed position; overwhelming selected markets or market segments; establishing a leadership position of dominance in certain markets; then regrouping one's resources, deciding where to make the next thrust; and finally expanding from the base thus created to dominate a broader area. The leading strategy is the best strategy geared towards radical change and creating a new vision in which the firm is a leader rather than a follower of trends set by others to help managers improve organizational effectiveness and corporate profitability (El Sawy, Pauchant 1988).

It is essential to conduct a SWOT analysis before proceeding to the formulation of a corporate strategy. As a SWOT analysis is an extremely useful tool for strategic analysis and understanding an organization's current position in its business environment, the implementation of it becomes vital for a self-assessment project. The internal assessment interrogates all aspects of the organization, covering, for instance, technical knowledge, personnel, facilities, location, products and services in order to identify the organization's strengths and weaknesses. The external assessment examines the anthropological effects, political, economic, social, technological and competitive environment with a view to identifying opportunities and threats.

These assessments support decisions as shown in Fig. 1 (Thomson 2005). It is also used for problem defining and solving as well as for market analysis. It is known that SWOT is offered before a development of an effective budget (Lee, Sai On Ko 2009). The first rule is not focusing on "hopes and concerns", rather than doing a full SWOT analysis.

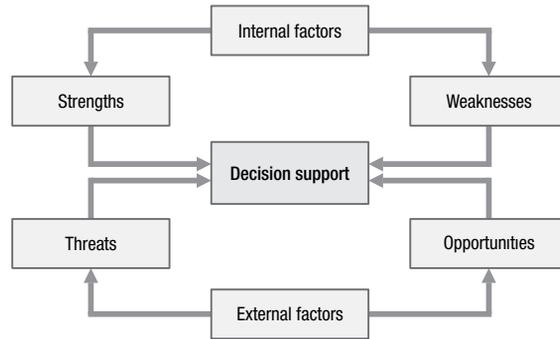


Fig. 1. SWOT analysis and decision support (Thomson 2005)

Analyzers must be realistic about the strengths and weaknesses of the organization. It is vital to not be humble and to be as pragmatic as possible (Livingstone, Grossman 2002). The analysis should distinguish between where the organization is today, and where it could be in the future. The analysis must separate internal issues from external issues. Keeping a SWOT analysis short and simple will enable the organization to use this information in related tools such as TOWS matrix and PEST analysis. So, during the analysis, avoiding complexity is important. The issues must be examined from the customer's perspective (Dyson 2004).

The coverage of the SWOT analysis is determined by the firm's and competitors' resources. Major types of resources are financial, organizational, intellectual, informational, relational, legal, human resources and resources related with reputation. The coverage can be extended for management information, supply of raw materials and production process. However, these are more specific titles. In this study, we also had the opportunity to assess the management information. However, we couldn't examine the supply of raw materials and production processes. The technicians of the organization could assess raw materials and production processes in the project.

There are several tools such as the TOWS matrix and PEST analysis that are used in strategic management. Some of them are used as complementary to SWOT.

2.3. TOWS matrix and PEST analysis

TOWS matrix is the essential completing tool. It enhances deploying strategies considering the relations between Strengths, Weakness, Opportunities, and Threats as in SWOT analysis. The consequences of the internal and external factors can be replaced in a matrix called the TOWS matrix, which is shown in Fig. 2. The TOWS matrix helps to identify systematically relationships between threats, opportunities, weaknesses and strengths, and offers a structure for generating strategies on the basis of these relationships (Wehrich 1982).

The organization's environment consists of three known factors:

- The internal direct action environment such as staff (or internal customers), office technology, wages, finance, etc.

TOWS matrix	External Opportunities (O) 1. 2. 3.	External Threats (T) 1. 2. 3.
Internal Strengths(S) 1. 2. 3.	SO Strategies that use strengths to maximize opportunities	ST Strategies that use strengths to minimize threats
Internal Weaknesses (W) 1. 2. 3.	WO Strategies that minimize weaknesses by taking advantage of opportunities.	WT Strategies that minimize weaknesses and avoid threats

Fig. 2. TOWS matrix (Weihrich 1982)

- The micro direct action environment such as the external customers, agents, distributors, suppliers, competitors, etc.
- The macro (external) indirect action environment, which involves Political (legal) forces, Economic forces, Social-cultural force and Technological forces.

The external environment of any organization can be analyzed by conducting a PEST analysis (Dyson 2004; PEST Analysis 2010). However these external factors usually are beyond the firm’s control and sometimes present themselves as threats. For this reason, some say that “PEST” is an appropriate term for these factors. However, changes in the external environment also create new opportunities and the letters sometimes are rearranged to construct the more optimistic term of STEP analysis.

2.4. Changing of an organizational structure

An appropriate organizational design is generally viewed as enabling “an organization to execute better, learn faster, and change more easily”. It comprises multiple, inter-related elements, frequently categorized as structure, people, processes, rewards, and tasks or work systems that together can create unique organizational capabilities that provide a competitive advantage. For organization design, top-bottom approach with full participation and active involvement are seen as essential for getting commitment from all involved parts and ensuring that strategic reorganization actually is realized (Beer 2001). The main decision lies with top management since they decide how to allocate the resources of the firm. The resource theory of the firm is generally recognized that a good fit between strategy, organizational design, and external opportunity creates a competitive advantage for the organization (Sminia, Van Nistelrooij 2006).

Each organization has a capability or ability initiating, managing and implementing large-scale changes in organization structure to improve organization ability for quick adaptation, flexibility and innovation. There should be a trade-off between available assets of the firm and its continuous development requirements for firm-specific capabilities (Yan, Mak 2009). Management systems of the firm use internal and external information to gain a better strategically competitive position in the market by providing outstanding services and products (Phelan 2005). Changes can be made by using SWOT and PEST analysis. Organizational changes efforts and activities should be better

understood in to avoid reactions among organization members. Changes cannot be taken lightly. Some changes have no affect on losing the job. The content of organizational change can be expressed with its impact on employees by explaining the purpose of changes in order to gain their' acceptance (Self *et al.* 2007; Hayes 2007).

3. Reorganization of Kipaş Group

Many firms belong mainly to families in Turkey. After the first generation establishes the firm, the second or third generation cannot carry the firm to the next generations. Moreover, global changes have forced the group to make changes otherwise they could not extend their operations abroad and might lose its share there. Kipaş could not take important decisions on time due to lack of performance and responsibilities and conflicts between family members and workers, which were mainly related with not efficient organizational structure. Based on internal and external analyses, the group was reorganized. Moreover, an organizational handbook was prepared with clear roles and responsibilities as a supplement to the organizational structure.

3.1. Introduction of Kipaş Group

Kipaş Group was founded 26 years ago when the Turkish textile and apparel sectors initiated continuing progress by a joint-venture of two families. It now employs more than 4.000 workers in different firms of the Group. Kipaş Group, a leading institution within its sector and renowned due to its professionalism, expertise and high quality standards, is a precious member of the Turkish Textile Industry, whereby it transformed a mere cotton yarn manufacturing plant over years into a fully-integrated textile manufacturing giant. The companies of the group, which have benefited from incentives of the Turkish Textile and apparel sector, have been growing very rapidly.

All positions above the upper middle of the organization were restricted to some members of the families. Moreover, all policy decisions were made by a family board. Some members of the families strongly felt the need for changing from a family-owned, family-controlled organization to a family controlled, professionally-managed organization (Beckhard 2007). The Dynamics of the Group must be changed due to changes in technology, the way of people living and working conditions. Moreover, national and international organizations have to reassess their position due to China and India's effect on their strategic objectives (Wirtenberg *et al.* 2004).

The reorganization of the Group was done after internal and external analyses of the firms. The details of the project were explained to every person from top management during interviews. It was essential that everything be well-planned to avoid resistance and lack of acceptance. It was expected from employees that they evaluate the firm objectively for such a critical project. Employees were employed by both families. Thus, they support the family that employed them. Every family desired to get more control over the group. Moreover, their political considerations were also taken into account. From internal and external analysis, a SWOT analysis of the group was carried out.

3.2. SWOT analysis of Kipaş

In this part, strengths, weaknesses, opportunities and threats of Kipaş Group are presented in the light of the internal analysis and external analysis. The strengths and weaknesses stem from the interviews, observations and results of the questionnaire. However, the opportunities and threats are drawn out from external analysis, especially from a SWOT analysis of the Turkish textile & apparel industry and PEST analysis. The summary of the SWOT analysis of the group is shown in Fig. 3.

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> • One of the powerful group in Turkish Textile Sector • 26 year experience in Textile Sector • Successful entrepreneurs • Experiences in Energy Sector • Having strong support from Governments • Having capital for investments 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> • Lack of Human Resource (HR) Management • Insufficient expert workers • Lack of performance measurements • Carrying high inventory and lack of Aggregate Planning • Distance among firms • Disagreements among stakeholders
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> • Accessing to European Union (EU) • Removal of Quotas if used well • Regulations and improvements in Energy Sector • Turkish Governments Policies for regional developments 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> • Increasing customer expectations • Improvements in competitors • Low labor countries such as China and India • Removal of Quotas

Fig. 3. SWOT analysis of Kipaş Group

3.3. Case Study-Application of the TOWS matrix to Kipaş

Kipaş is a successful company that has faced many challenges, but has also developed strategies that resulted in an excellent market position in the last decade. The TOWS matrix shown in Fig. 4 focuses on the crucial period from late 2005 to 2010. The external threats and opportunities pertain mostly to the situation Kipaş faced in the textile sector.

Strengths and Opportunities (SO). In general, successful firms build on their strengths to take advantage of opportunities. Kipaş is no exception. Its strengths and opportunities are shown in Fig. 4. These strengths enabled the company to introduce a new Opening Business Development and Planning Department. Eventually, the company's same strengths enabled it to invest in GAP (Southeastern Anatolia Project)'s region and in energy sector providing many employment opportunities. In another tactical move, Kipaş is expected to increase its market share in EU by using its experience in these markets and the proximity of Turkey to that union.

Strengths and Threats (ST). One of the greatest threats to Kipaş was the opening of world markets and the abolition of textile quotas since 2005. To overcome this threat, the quality of its products has been improved (Urban 2009) as compared to cheaper and poorer quality products imported from China and other foreign competitors. To reduce the threat of the removal of quotas, the domestic market against China and other competitors should be protected by decreasing textile costs. This can be done through decreasing production costs. Moreover, attention to designing and manufacturing individualized products that are closely tailored to the local market would also help reduce the negative effects of foreign competitors. Labor costs are also so low in China.

<p style="text-align: center;">TOWS matrix of Kipaş Group</p>	<p style="text-align: center;">External Opportunities (O)</p> <ol style="list-style-type: none"> 1. Accessing to European Union (EU) 2. Proximity to Europe 3. Removal of Quotas if used well 4. Regulations and improvements in Energy and textile Sector 5. Turkish Governments Policies for regional developments 6. Improvements in Management systems 	<p style="text-align: center;">External Threats (T)</p> <ol style="list-style-type: none"> 1. Increasing customer expectations 2. Improvements in competitors 3. Low labor countries such as China and India 4. Removal of Quotas 5. Improvements in technology 6. Losing Market share in domestic and foreign markets 7. Increasing labor costs in some part of Turkey
<p style="text-align: center;">Internal Strengths (S)</p> <ol style="list-style-type: none"> 1. One of the powerful group in Turkish Textile Sector 2. 26 year experience in Textile Sector 3. Successful entrepreneurs 4. Experiences in Energy Sector 5. Having strong support from Governments 6. Having capital for investments 	<p style="text-align: center;">SO</p> <ol style="list-style-type: none"> 1. Opening Business Development and Planning Department (S3S6O4) 2. Increasing Market Share in EU and other markets (S1S2O102O3) 3. Making new investments in GAP Region (S3S6S5O5) 4. Opening new energy firms and making investments in renewable energy sector (S3S6S4O4) 	<p style="text-align: center;">ST</p> <ol style="list-style-type: none"> 1. Opening Research and Development Department (R & D)(S2T1) 3. Increasing products quality (S2T2) 4. Making investments in China and other low labor countries (S6T3T7) 5. Protecting its domestic market against China and others (S5T4)
<p style="text-align: center;">Internal Weaknesses (W)</p> <ol style="list-style-type: none"> 1. Lack of Human Resource (HR) Management 2. Insufficient expert workers 3. Lack of performance measurements 4. Carrying high inventory and lack of Aggregate Planning 5. Distance among firms 6. Disagreements among stakeholders 7. Not having a special name in the market 8. Lack of strong competition 	<p style="text-align: center;">WO</p> <ol style="list-style-type: none"> 1. Improving the capabilities of human resources department (W1W2W3O3) 2. Creating a Kipaş brand (W7O1) 3. Opening E-business and Logistics departments (W3W5O2) 4. Creating a new management system (W6O5) 	<p style="text-align: center;">WT</p> <p>A. Overcome Weaknesses by making them strengths (Move Toward OS Strategy):</p> <ol style="list-style-type: none"> 1. Reduce the threat of competition by making new investments (T1T2W8) 2. Joint venture with Asian Firms (W8T6) <p>B. Possible Options not Exercised by Kipaş Kipaş:</p> <ol style="list-style-type: none"> 1. Opening R&D departments in EU(W2W8T4) 2. Using better IT technology among firms (W5T5)

Fig. 4. TOWS matrix of Kipaş Group

To meet this threat, Kipaş used its capital not only to make investments in Turkey, but also in low labor countries. This tactic, which was congruent with its general strategy helped to improve the firm’s market position.

Weaknesses and Opportunities (WO). The growing affluence of customers has resulted in customized products. Yet, Kipaş has not had a special brand. Especially when considering big brands in European Union such as Nike or Adidas, in long run Kipas should create a brand name for aimed markets. Kipaş has many problems with it management system due to two families’ desires to get more control over the group. Improvements in management systems and human resources department could enable them to establish a new management style to make more quickly and efficiently favorable business decisions. In order to minimize the additional costs of logistics, E-business and Logistics departments were opened to decrease the number of researchers and increase selling capabilities. Another disadvantages for Kipaş Group is increasing labor costs in Turkey.

Weaknesses and Threats (WT). A company with great weaknesses often has to resort to a survival strategy. Kipaş could have seriously considered the option of a joint operation with Asian firms. Another alternative would have been to make investments in Asian countries. Although in difficulties, Kipaş did not have to resort to a survival strategy because the company still had much strength. Consequently, a more appropriate

strategy was to attempt to overcome the weaknesses and develop them into strengths. In other words, the direction was toward the strength-opportunity position (SO) in the matrix shown in Fig. 4. Specifically, the strategy was to reduce the competitive threat by developing a more flexible new R & D department for individualized textile products.

3.4. Developing the organizational structure of Kipaş Group

One family has had around 65% share in the group. Each family desired to get more control over the group. After wide analysis, it showed that there was a need for change and this change must be started from the top. Thus, the old organizational structure of the Group was changed by taking into consideration the current needs and future expectations. The SWOT analysis was very helpful while designing the structure. It was used to determine strengths and weaknesses of the group to get opportunities and avoid threats. It was not only the decision of the project team to change the structure but the decision of the two families. Both families must agree on new structure, otherwise conflicts would start again. Moreover, duties and responsibilities of each function were prepared.

The main characteristic of the old organization of Kipaş Group illustrated in Fig. 5 was its dual headed structure. Every department and company was directly responsible to this structure and every decision had to be made or approved by two chairmen of the board from each family. These decisions vary from very simple ones, such as an official procurement, to very extensive ones. Moreover, the approval of a single chairman was insufficient; both of the chairmen had to approve and sign any decision or document. There were many conflicts between the families. There were two individuals, a fiscal

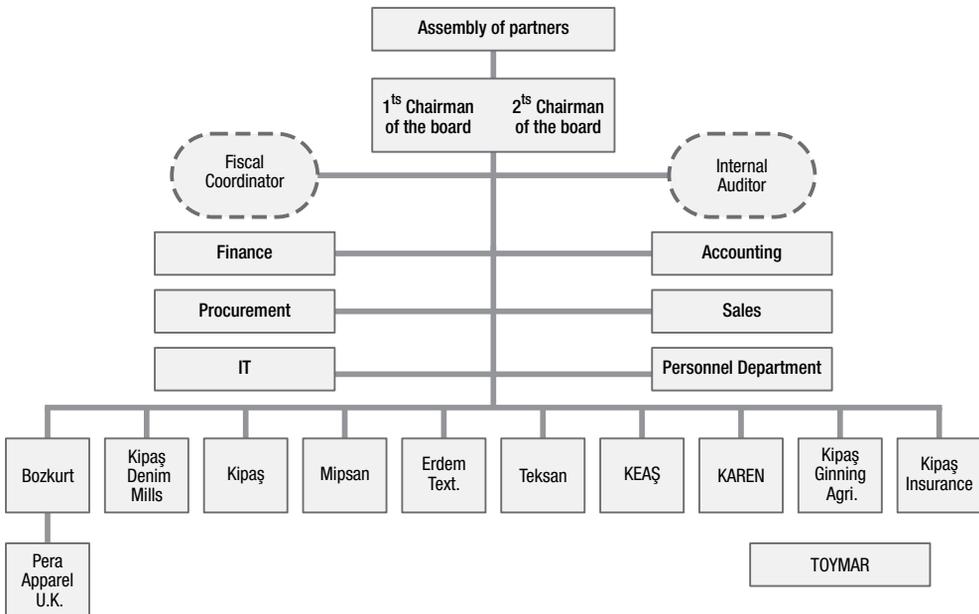


Fig. 5. The old organizational structure

coordinator and an internal auditor, who was also directly related to the chairmen. The major duty of the fiscal coordinator was to assist in budget preparation and accounting support. The internal auditor was responsible for identify factors which conflicted with the wellbeing of the organization. These factors can be actions, such as a theft, or workers, such as an insider. In other words, we can define the internal auditor as the company police. There were 6 functional departments in Kipaş: Finance, Procurement, IT (Information Technology), Accounting, Sales and Personnel Department, as shown in Fig. 5.

The proposed organizational structure and how the SWOT analysis affected the new design are shown above in Figs. 5 and 6. The new organizational structure reflects the outputs of assessment studies. The SWOT analysis of Kipaş was directly used in this process.

Considering the financial power, and consequently the political power of the Kipaş, it would not be expected to be difficult to venture into new sectors. Business Development and Planning is a critical directory that aims to integrate the strategic planning of the current business as well as evaluating the opportunities for the whole group to assure the sustainability of the Kipaş Holding.

We can separate the functions of this department as “Strategic Planning” and “Business Development”. Each company has his own planning unit that deals with the operational planning, which in turn feeds the Holding with information. Yet, integrating all the operational plans is a necessity not only to improve the effectiveness of the tactical plans, but also to prepare the basis for long-term strategic business plans. For example, denim production plans and Kipaş textile production plans are separately prepared, but

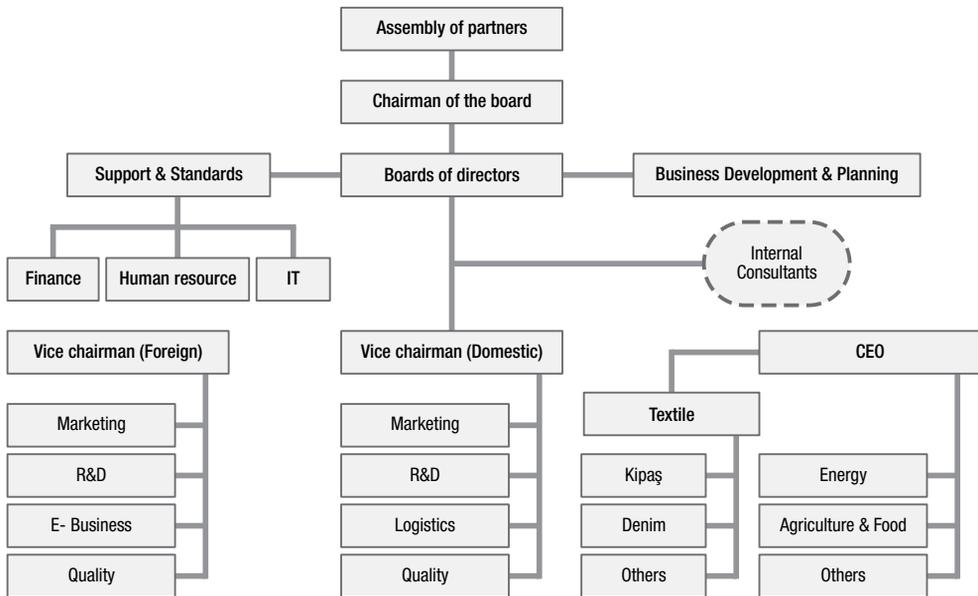


Fig. 6. Proposed new organizational structure of the holding

exportation is handled by the Vice President of External Business. Integration gives the possibility for using the spot or durable opportunities in exportation besides domestic sales. To perform business development, there is one planning engineer tracing the global business opportunities in all fields concerning Kipaş Holding and informing the decision makers (President and 2 Vice Presidents). He prepares the feasibility reports before presentation. Once a potential business opportunity is agreed upon by the board, the case is taken as a particular project to be run. Then, the Project Team is established to include the experts from the field to analyze the business in detail. This department handles the project until the project is started as:

- a) A new function of one of the companies;
- b) A new company.

After that state, it is handed to the General Manager of the Company concerned (existing or new) to continue the operations. In fact, this function is performed by 1st Chairmen of Board. The Business Development and Planning Department has significant responsibilities for enlargement in the energy sector, to value the new regulations and to manage a possible rise in demand in this sector.

When the surveyed satisfaction analysis of the company is examined, the lack of human resources is considered the most important problem of Kipaş. Additionally, our observations concluded that a number of avoidable personnel issues exist among a majority of managers in Kipaş, especially at the Kahramanmaras. To compensate for this drawback, a robust human resources department is proposed for the company, which would further function to measure worker performance.

Creating a brand requires difficult and intensive efforts. However, if brand image is appropriately developed, then the company can reach very high yield. The profit margin of the company can increase with creation of this high value added product. Firstly, the creation of a brand requires a vigorous marketing department that would firstly decide the appropriate promotion process and then keep the sustainability of this brand. Moreover, to improve the attributes of product and use new technologies in an innovative way, the presence of a Research and Development Department is fundamental. The quality concept of brand is developed by quality departments. Proper coordination and timing would be run by E-business and Logistics departments.

The EU (European Union) is an important market for Kipaş and the foreign structure of Kipaş would enhance the activities in this market. Moreover, with the elimination of quotas, new markets are emerging and new players would move into these virgin markets. The shares created in this process would be very easy, but in time, when these new markets stabilize, penetrating them would be more challenging. On the other hand, the low labor cost countries are threats in this foggy weather. However, this structure enables Kipaş to differ from the companies of these countries by their service level and product quality. To evaluate these opportunities and eliminate this threat, foreign operations are strongly proposed.

The other threats for Kipaş are increasing customer demands and improvements in competitors. The R & D (Research and Development) and Quality Departments could be ef-

fective to reduce these threats. The R & D department focuses on not only the products but also the process, and by developing processes of production the company increases its competitiveness. The Quality Control Department works with R & D concurrently for continuous improvement. Kipaş's experience in the sector as well as its knowledge assets would add value to its products.

4. Conclusions

The textile apparel sector is in a transition period and January 1, 2005 was the main moment for the sector. On that date, the 40-year-old temporary protection of the textile apparel sector, known as the General Agreement on Tariffs and Trade (GATT), was terminated. Various attempts to extend GATT to December 31, 2007 failed, and subsequently significant players in the market in Turkey began to focus on non-tariff quotas. China was a focus of particular attention, as it was felt that China exercised an unfair advantage as a result of government policies (currency manipulation, state subsidies, etc.). Noticing the reactions and rapidly increasing share of China in the market, developed countries have been taking precautions and China has responded to these reactions with a small increase in tax of these sectors. Despite these recent developments, it is impossible to return to conditions before 2005 and the revolution in the sector initiated with the new rules.

It is clear that China and other low labor cost Asian Countries such as India have been gaining advantage in the market. However, regulations would undisputedly increase individual competitiveness and in this environment companies would attempt to differentiate themselves from competitors by design. Particularly in clothing, the importance of time to market would ascend dramatically. Consequently, the importance of proximity to markets such as EU and North America would intensify, which is an important advantage for both Turkey and Kipaş, considering proximity to EU. However, Turkish companies and Kipaş are obliged to concentrate on quality and supply chain activities and establish robust R & D structures to create innovative products and design in short periods to transform these opportunities into actual yields. The yields of vertical growth are uncontroversial and Kipaş is a good instance of this. Kipaş had all steps of the textile supply chain from cotton apparel. However, just last step of the supply chain, retail, was neglected. Kipaş must concentrate on the last and most value-added part of chain. Creation of its own brand is the most important step in this essence. In the light of the developments in the EU journey of Turkey, as a strategy, Kipaş can start its retailing activities in Western Europe, more value-added markets rather than the domestic market. The company has the knowledge, culture and values to implement the aforementioned strategies and proposed organizing structure.

Countries and companies have developed or are continuing to develop new strategies for the new economy. Self-assessment and the SWOT analysis of Kipaş Group mainly focused on textile and apparel sectors. An organizational structure was prepared to respond to highly competitive markets. Kipaş group changed their structure based on provided methodology in 4 years. These changes have helped them even in the Financial Crisis of 2007–2010. The old structure was a significant hindrance in seeing the future.

The proposed organizational structure's cornerstone is human resources of organization and their relations and it is a tailor made study. However analyzed external factors are common for all textile and apparel sector. Thus, the offered organization structure with some revisions can be a model for different size companies in textile and apparel sector. The firms faced the same situation as Kipaş Group, should make internal and external analyses firstly. After, the problems are found; the same methods proposed in this study can be used.

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DARNAUS VYSTYMOŠI KIPAS GRUPĖJE STRATEGIJŲ KŪRIMAS REMIANTIS GGSS MATRICA

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Santrauka

Šio straipsnio tikslas – pateikti Turkijos Kipas grupės, veikiančios tekstilės ir aprangos pramonėje, darnaus vystymosi strategijas, reorganizuojant grupę į holdingą. Tokiam organizacijos apsisprendimui įtakos turėjo pasaulio prekybos reguliavimo tekstilės sektoriaus pokyčiai, auganti Kinijos tekstilės produkcijos pasiūla ir vidinių konfliktų tarp suinteresuotų asmenų grupės viduje augimas. Šiame tyrime pristatoma vidinė Kipas grupės aplinkos analizė. Ji atlikta remiantis interviu, stebėjimo ir apklausos rezultatais. Išorinė aplinkos analizė ir Turkijos bei pasaulio ekonominė situacija analizuota remiantis PEST analize. Vėliau parengta SSGG (stiprybių, silpnybių, galimybių, grėsmių) grupės analizė ir išskirti reikšmingiausi veiksniai, darantys poveikį. Orientuojantis į išskirtas galimybes, buvo nustatyti strateginiai organizacijos tikslai ir uždaviniai. Kitu žingsniu, remiantis atlikta analize, buvo atlikta dar viena – šį kartą GGSS (galimybių, grėsmių, silpnybių, stiprybių) analizė. Ji sujungė išanalizuotus išorinius ir vidinius organizacijos aplinkos veiksnius, siekiant sudaryti darnaus vystymosi strategijas. Dėl to Kipas grupei buvo pasiūlyta nauja organizacinė struktūra.

Reikšminiai žodžiai: strateginis valdymas, GGSS, PEST, reorganizacija, pokyčių valdymas, organizacinė struktūra.

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