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JOURNAL OF MODERN SCIENCE

TOM 2/49/2022

www.jomswsge.com

DOI: https://doi.org/10.13166/jms/156774

CHANGE MANAGEMENT IN THE PROCESS OF IMPLEMENTING NEW PRODUCTS. ECONOMIC AND SOCIAL PERSPECTIVE

Zarządzanie zmianą w procesie wdrażania nowych produktów. Perspektywa ekonomiczna i społeczna

Abstract

Every market in the process of its development requires the introduction of new products. The development of a new product consists of many elements of an economic, social, technical, organizational and technological nature. The introduction of a new product to the market is a form of organizational change. People in the change process are the most important factor in achieving the goal. First, employee behavior determines success or failure (resistance to change). Secondly, such great importance of the human factor is due to the fact that it is the people who create the organization, that it is thanks to them that it functions, acquires new customers, develops. So we

must remember that employees must understand and accept the change and accept the new tasks and carry them out as intended. So every change should be considered from the perspective of the employees who will be affected by it.

Streszczenie

Każdy rynek w procesie swojego rozwoju wymaga wprowadzania nowych produktów. Na opracowanie nowego produktu składa się wiele elementów o charakterze ekonomicznym, społecznym, technicznym, organizacyjnym i technologicznym. Wprowadzenie nowego produktu na rynek jest formą zmiany organizacyjnej. Ludzie w procesie zmian to najważniejszy czynnik wpływający na osiągnięcie celu. Po pierwsze, zachowania pracowników przesądzają o powodzeniu lub porażce (opór przed zmianami). Po drugie, tak duże znaczenie czynnika ludzkiego wynika z faktu, że to ludzie tworzą organizację, że to dzięki nim funkcjonuje, zdobywa nowych klientów, rozwija się. Musimy więc pamiętać, że pracownicy muszą zrozumieć i zaakceptować zmianę oraz przyjąć nowe zadania i je realizować zgodnie z założeniami. Każdą więc zmianę należy rozpatrywać z perspektywy pracowników, których ona dotknie.

Keywords: *market products, sales effectiveness, economic market relations, change management*

Słowa kluczowe: *produkty rynkowe, efektywność sprzedaży, ekonomiczne relacje rynkowe, zarządzanie zmianą*

Introduction

The entire product development strategy must result from, among other things, an analysis of the companies that offer an assortment that falls within a given segment. Competitor analysis is to obtain as much information as possible about the market rivals of a given company offering new products/services. This includes information on the number of competitors, the level of development of competing companies, as well as their ways of behaving in the market (Pilarczyk, Mruk, 2006, p. 46). Competitor analysis helps to understand what tactics the competition is using, what they want to gain and what they are better or weaker at than our company, and thus adjust their way of operating accordingly (Kaznowski, 2008, p. 151).

The main purpose of the paper is to present the role and importance of change management in the process of introducing new products to the market. The economic and social perspective of the effectiveness of the whole process is taken into account.

Induction was used as the main research method. It consists in drawing general conclusions or establishing regularities on the basis of analysis of empirically established phenomena and processes. It is a type of inference based on details about the general properties of a phenomenon or object. The use of this method requires the assumption that only facts can form the basis of scientific inference. These facts are real-life situations (social, legal, or organizational). Inductive methods include various types of analysis, expert opinion, statistical data and scientific documents used in social research.

In addition, the paper uses two general research methods, i.e. analytical and synthetic methods, which are characterized by a particular approach to the study of reality. Analytical treats reality as a collection of individual, specific features and events. Following this research method involves breaking down the object of study into parts and studying each part separately or detecting the components of that object. A negative feature of the analytical method is the overexposure of details, sometimes resulting in losing sight of the whole object of study. This hinders full and objective cognition of reality, which is admittedly a collection of independent partial elements, but at the same time a set of parts closely related to each other into a limited whole. The research methods used in the study are: comparative analysis, functional analysis and the method of research in dynamic terms.

The analysis attempted to verify the following research hypothesis: economically effective introduction of a new product to the market requires a systemic approach to change management in the organization.

Organizational change management vs. Decision-making process

Decision-making is a procedural feature of the management process with multiple economic and psychosociological determinants (Targalski, 1986, p. 194). Decision-making can be considered in two senses (Griffin, 2004, p. 87, Kowalczyk E., Roszyk-Kowalska, 2016, p. 89-90, Janis, Mann, 1998, p. 23-30). In the broad sense, it is a complex process that consists of recording and evaluating information, identifying the decision problem and applying the adopted selection criterion, defining and issuing the decision (decision task), and recording information on its execution. In the second – narrow – sense, decision-making is only one of the stages of the decision-making process and means a conscious act of will of the decision-maker making a non-random choice of one, from a set of possible options for solving the decision problem (these options, of course, must be identified or designed in advance). System model of the organization – is a model based on the importance of data and observations in the decision-making process. Although this model does not apply directly to managerial decisions at the level of strategic management, the course of processes and data also reflect the course for this category of decisions (Dabrowski, Schumann, Wolenski, 2015, p. 12-19, ; Rebizant 2012, p. 45, Stoner, Wankel, 2006, p. 18-23).

The decision-making process consists of the following stages:

- identification of the decision situation,
- identification and design of decision options,
- evaluation of the designed options and selection of the rational option,
- creation of conditions for implementation of the decision,
- control of the effects of the decision made.

Each of these stages requires the satisfaction of specific information needs, and a continuous supply of relevant information is only possible with a well-functioning information system. The simplest form of decision-making is a sequence of three stages:

1. Stage one-recognizing the problem, i.e. identifying causes, effects and likely solutions.

2. Stage two-decision design, or the development of options for the optimal solution.
3. Stage three – selection of the final decision, i.e. selection of the best of the options in accordance with the previously established criteria.

In the planning process, the first decisions are made, which are then reinforced and adjusted as necessary. Decision-making in the management process is the foundation of all managerial activity. Deciding also occurs in other functions such as organizing, leading and modifying, and controlling, essential to the smooth operation of a company and public organization. The term "decision" has two basic meanings. First, it refers to the result of a particular choice. Second, the term decision can refer to the selection procedure itself. Therefore, the specific economic rationale determining the making of such a decision and not another is important. The PD decision-making process can be represented by the following formula: **PD = [P, S, W, H]**

Where:
- **P** – stands for the decision maker, i.e. who makes the decision (decision maker).
- **S** – the set of decision-making situations (set of conditions).
- **W** – the set of outcomes necessary to make a choice and determine whether the right decision has been made to achieve the right outcomes.
- **H** – a set of hypotheses about future situations shaping the decisions made.

Due to the type of information that the decision maker has, we can distinguish the following decision-making situations (Samuelson, Marks, 2009, p. 24 – 31, Froeb, McCann, 2012, p. 13-19, Stiglitz, 2001, p. 34, Stoner, 2004, p. 45, Stoner, Freeman, Gilbert, 2011, p. 56-59):
1. Decision-making under conditions of certainty (comfortable situation – we have complete and symmetrical information to make a decision).

2. Decision-making under conditions of risk (the most common situations in managerial economics). Operate on incomplete and often asymmetric information.
3. Decision-making under conditions of uncertainty. In this category fall most of the real situations of the organization especially if they involve issues of strategic decisions. Our information about future economic situations (micro and macro) is subject to a large possible error. Under conditions of uncertainty, our information about the rationale for decisions is incomplete, not always true and often we do not have it or we use ex post information.

In practice, we do not distinguish between the last two decisions (2, 3) and speak of deterministic and stochastic situations. In decision-making, it is also important to keep in mind that a competitor modifies his previous decisions and tries to predict the decisions that his competitors (closer and further away) make. The decision-making process in which all its steps are clearly defined is called algorithmic, and the way of its implementation is a typical algorithm, i.e. a set of rules of action specifying how to solve the posed problem in a finite number of steps. In a situation of acceptance, we implement the proposed course of action. In the opposite situation there is a return to the previous steps In this way the feedback procedure is implemented. At the same time, attention should be paid to the eighth step, in which proposals are made on the issue of taking action to modify decisions, i.e. reengineering. The efficiency of the implementation of the decision-making process should be based on a continuous improvement process (reengineering). The actions taken in the fifth and eighth steps are intended to correct the irregularities committed in the first steps of the procedure (Wołowiec, 2021c, 8-11).

Implementation of new services as a change in the organization

The very rapid pace of change that is taking place in all elements of the functioning of the modern world forces us to take appropriate action and adopt specific attitudes towards the demands of the environment. T. Lambert (1999) states that currently the only reliable way to predict the future is to invent it – and reinvent it again and again (Lambert, 1999, p. 18-19). We are currently operating in an era in which every organization faces the challenge of a process of constant change. Change in an organization is any modification of some part of that organization. It is a planned and controlled modification of the way of functioning as a reaction to the made or anticipated changes in the environment aimed at increasing the competitiveness of the organization (Wallach, 2021, p. 84-90). There are many possibilities for changes in the systems and processes operating in an organization. Armstrong in his studies states that there are two types of change in organizations (Armstrong, 2000, p. 18-19): strategic and operational. Strategic change involves transformation of the organization and deals with long-range problems. Changes are long-term and related to the company as a whole. They include the organization's mission and philosophy. They may involve quality improvement (services, products), development, innovation, etc. Operational change involves new systems, procedures, structures or services or technologies. They have an immediate impact on existing relationships within the organization. The following types of change in an organization can be listed. Czerska (1996) cites the following divisions (Czerska, 1996, p. 34-40):

1. Taking the criterion of scope, holistic changes (covering the entire enterprise) and fragmentary changes (affecting only specific, elements of the company) are indicated.
2. From the point of view of the scope of innovativeness of organizational changes, one speaks of innovative (creative) and adaptive (reproductive) changes. The term innovation is used to describe the implementation of new, original, unconventional solutions. Adaptive changes involve the use of ideas already in use, proven, and adapting them to the conditions of a particular organization.
3. With regard to the source of change, a distinction is made between voluntary and imposed change. Voluntary change involves organizations seeing the need for change and taking targeted implementation actions. In the case of imposed change, on the other hand, the necessity and path of the change are determined by the environment.

4. Due to the correlation of the timing of organizational change with changes in the environment – reactive changes and anticipatory changes are distinguished. Reactive ones are reactions to changes in the environment. They are carried out by the method of analysis and diagnosis. Anticipatory changes are based on anticipation of future transformations of conditions. Their pattern is the result of creative thinking, development trends. They allow the company to prepare before there is a real need for change.
5. Looking at the assumed goal, one speaks of conservative and developmental changes. The former assume maintaining the current level of efficiency and not-allowing it to decrease. In contrast, the goal of developmental changes is to raise the existing level of fitness and ensure its further development.
6. With regard to the actual effect achieved, changes are divided into: positive/real useful results exceed the expenditures incurred, indifferent: both quantities are similar, and negative, when the results obtained are less than the associated costs.
7. Considering the strategy for carrying out the change, there are changes directed at the structure (e.g., change of hierarchy, division of labor), at technology (new procedures, methods of operation) and at people (retraining, different motivation, etc.). There is a high interdependence of these strategies (Reśko, Wołowiec, Żukowski, 2010, p. 45-54).

When we identify a change in the organization. When a significant external and/or internal factor arises, forcing a modification. Such a factor is, for example, a change in regulations. We also deal with change when we want something new, different, changing the existing order that tires us, hinders or impedes our activities. Thus, we are dealing with process management and mapping, as well as reorganization. Thus:

- all change models are similar – they point to almost the same dependencies and conditions (e.g. analysis, design and control of change),
- the change process should be a step-by-step process, but the tasks in a given step can be carried out in parallel,
- the change process should be conscious, planned and effective in action,

- the introduction of change is not easy – it will always be associated with hardship, effort and – for a shorter or longer time – a decrease in efficiency,
- the change should be well communicated (intra-organizational training),
- reorganization is not always synonymous with layoffs of employees – it is, for example, the need for employees to acquire new knowledge, new skills, it is a change of position and responsibilities.

The level of readiness of an organization for change can be measured using a formula proposed by D.B. Gleicher (Stoner, Wankel, 2007, p. 34): **C = (A x B x D) > X**

Where:

- **C** – readiness to change,
- **A** – level of dissatisfaction with the existing state,
- **B** – clearly defined and sufficiently attractive desired state (goal, expected results),
- **D** – first practical actions in the desired direction,
- **X** – costs of change (emotions, energy, effort, financial outlay).

Readiness to change will occur when the cost is not too high. An enterprise is faced with such a situation when: dissatisfaction with the current state is strong enough, the future state is well-defined and sufficiently attractive, and practical steps can be taken leading to the desired state. The second phase is the change itself. This phase consists of the implementation of the change process itself, which depends, among other things, on the structure of the organization, the dependencies and processes within it. The third phase is the so-called stabilization and freezing. There is a phase that ends the change process. Here the changes are expected to be "frozen" again, so that they can be sustained for some time. Here there is a process of normalization, an integration of the many forms of behavior that have occurred. They become the new standards of employees' work. At the beginning of the implementation of any new project method or tool, employees may go through different phases.

Therefore, it is very important to define the different phases. Determining how and when we will present the implementation of a new tool depends on the phase in which the employees of the covered area are. Providing adequate support to the crew is an activity that always brings success. Phases that employees may be in during the implementation of change: negation, anger, fear, resistance, distraction, adaptation, recovery, action and initiative. To provide support during the negation phase, you should: explain exactly what the change is about, communicate the facts and give everyone the same information, and distinguish what can and cannot be negotiated (Wołowiec, Bogacki, 2021, p. 95-108).

Psychosocial and economic barriers to the implementation of new products

An organization is primarily made up of employees. The primary factor and source of origin of barriers when implementing new products or services is their reaction and perception of the change being introduced and thus the psychosocial aspect. Employees perceive change in a very individual way. For some it is an opportunity for development for others a source of danger. A factor in this attitude is, of course, the mindset and level of awareness. These factors shape an individual's attitude to change – a desire to maintain the status quo as it is, a sense of control over what is happening or cognitive dissonance. Of course, people's attitudes are also influenced by individual characteristics such as age, education, personality, attitude to work, etc. R.K. Merton distinguishes the following attitudes of people (Merton, 2002, p. 195-233):

- conformism – agreeing to certain solutions without identifying with the change, "for the sake of sanity",
- innovation – the use of forbidden methods that do not conform to the recognized canon; manifests itself in creative thinking and the need for action,
- ritualism – the rejection or significant reduction of cultural purpose, while adhering to institutional norms. Apparent implementation of change, essentially ignoring it, passive resistance.

- withdrawal – refusal to acknowledge that change will have an impact on me. Defense against change.
- rebellion – open resistance to change.

A.S. Judson distinguishes four main attitudes (Wołowiec, 2010, p. 71-92, Wołowiec, 2021b, p. 34-45): acceptance – among employees distinguished by high commitment, indifference – when there is emotional tension, lack of motivation and commitment, passive resistance – when there is loss of motivation, lack of commitment and frustration, and active resistance – when there is aggression, conflict, desire to escape. In the team implementing the change, we will be able to distinguish three groups of attitudes to the change project – positive, neutral and negative. The first two groups and especially the first one usually require ongoing communication and reinforcing signals. In relation to the third group, on the other hand, the following posture strategies can be adopted: change their attitude, reduce their influence, and reduce or eliminate them from the project. Most often, people involved in change locate their goals on one of three levels: declared – what we want to achieve, business – how the work will be accounted for, and personal – what the person cares about most To understand the motivation of a resisting employee, one can rely on Maslow's pyramid of needs model. It is necessary to examine what of the above factors can motivate a person who behaves differently in implementing change than he or she declares. Getting to know this element, conversation, negotiation can break the resistance of the team member in implementing the change. The final solution is to eliminate the employee from the team. It is worth noting that the Team Manager should be aware of the existence of the phenomenon of team pressure on individual team members. This pressure can have bad or good consequences. The bad ones are of the type: no one wants to bow out and even pressure can be an obstacle to implementing changes. In a good sense, it may be necessary to inform about a new idea instead of the whole team, where there will usually be skeptics or pessimists, it is better to talk to informal leaders to get acceptance of the idea. Acceptance of a solution gives a possible perspective of the so-called "follow the voice of these participants" to the rest of the team. In the work of the team in implementing new services, one should be aware of the dangers of group think (Sosnowska, 2003, p. 12-16, Stankiewicz, Juszczyk, 2010, p. 48).

Groupthink occurs when groups are too cohesive, when mutual trust and full acceptance and respect get in the way of sensitive, controversial issues. Innovation faces various resistances in an organization from internal as well as external factors. One barrier is inadequate in-house resources regarding the lack of knowledge and skills to implement new services or products. A second barrier is the underdevelopment of the financing system for new products or services. Reactions to change within a team can range from enthusiasm to outright hostility. Employees fear innovation because it shatters the existing order and security. People fear change when it does not open up prospects for new opportunities. Particularly noteworthy are those types of barriers that the organization can independently influence and counteract, i.e. psychosocial barriers (Wołowiec, Reśko, 2013, p. 91-112, Rudawska, 2005, p. 34, Sojkin, 2003, p. 34-40).

Problems and risks in organizational management as a result of the COVID-19 pandemic (problem outline)

the real meaning of management involves establishing a hierarchy of values and then consistently implementing them in daily operations and ensuring that employees do what they believe in and believe in what they do. It thus involves uniting people around shared values and common goals, so that they will, of their own volition, do well all that comes from their legal and moral obligation and make their company competitive.

Such management today should be based on four pillars referred to as **CEOS**, where:

- **C** – customers, or clients. The company should care about customers and ensure the high quality of products and services provided to them.
- **E** – employees, or employees. The company should care about its employees, create an atmosphere in which employees understand that it is in their vital interest to pursue the company's goals.

- **O** – owners, or owners (shareholders of the company). The company should be concerned with fairness in the earning of profit and how it is divided between management and owners.
- **S** – significant others, or significant others. The company can include lenders, suppliers, customers, distributors, the local community and even respected competitors (Kowalczewski, 2008, p. 35-36) .

In the practice of effective and modern management, it is important for managers, entrepreneurs and heads of public institutions to demonstrate both responsibility – for employees, customers and all the stakeholders who build the value chain that enables the company to operate, and empathy – empathizing, remembering others in need, and courage – because courage is required to consciously give up goals, accept possible cuts, take risks and take decisions that are not easy. In doing so, it is worth remembering that a person's strongest motivator is the need for dignity, not financial issues. Peter Drucker expressed this truth many years ago when he said that the most productive work is that of a volunteer, and the least productive work is that of a slave (Blikle, 2018, p. 23). Companies that behave ethically towards their stakeholders and satisfy the need for dignity of their employees create a work ethos. In this way, companies and institutions build their brand, the opinion about them influences the quality of the product and reduces costs – they build responsible relations with the organization's stakeholders. Companies that act unethically destroy this ethos and make employees feel exempt from the moral imperative to treat their duties fairly. If there is a company's acquiescence to unfair treatment of competitors (by dumping, stealing ideas, sub-purchasing employees) or the practice of cheating (e.g., contractors, employees or the state), this is socially and economically damaging. It can also mean damage to the – dishonest – company itself. Ill-treated employees mistreat customers and contractors, and sometimes the employer itself. With regard to unstructured uncertainty, a different kind of resilience is needed. This kind of resilience comes from the ability to shift actively, offensively, rather than passively, defensively. It is derived from the internal governance of the company and its relationships with various partners (stakeholders). It is to ensure that the company is able to take advantage of a special resource – the soft skills associated with the company's intellectual and social capital. And this must be formed carefully and over the long term.

We were already living in a world before the pandemic: VUCA (volatility – volatility, uncertainty – uncertainty, complexity – complexity and ambiguity – ambiguity). The scheme originated for the US military, but was quickly adapted for business. The pandemic caused the volatility of the business environment (business environment), uncertainty and misunderstanding of new problems, complexity (including chaos and confusion, information overload) and the need to separate information noise from relevant facts to become our new business environment. Bob Johansen in Leaders Make the Future: Ten New Leadership Skills for an Uncertain World suggested changing the words behind the acronym **VUCA** to:

- **V**(ision) – mission of action (necessary to survive turbulence),
- **U**(nderstanding) – understanding of business areas and processes,
- **C**(larity) – the need to distinguish between important and unimportant information (voice versus signal, i.e. sifting information noise from important signals),
- **A**(gility) – or the ability to adapt quickly. So it is worth considering what procedures, standards and attitudes can be introduced in companies or institutions.

The experience of working remotely and using digital services should be carefully analyzed in every enterprise. Now it is necessary to consider how to implement a new work organization on this basis, including thinking about:

- which departments can function in this way and in what mode – permanently remote, on specific days, occasionally;
- renting office space close to where employees live for remote work (when conditions at home are lacking). Such space could be jointly financed by several companies whose employees live in the region;
- verifying the company's ICT infrastructure and preparing it for full operation in the sphere of digital services;
- to protect and at the same time control the availability of important company information (orders, accounting, order processing, customer

database) taking into account the requirements of RODO and ensuring ICT security;
- verifying the benefits and losses of transferring into digital relations cooperation with service third-party companies in the areas of accounting, legal advice, marketing, training and public relations services;
- implementing a new marketing model – without conferences, trade shows, exhibitions, but using digital services;
- providing an effective way to solicit audience feedback and the ability to answer questions. It seems expedient to use thematically specialized social media;
- ways to reach customers who do not yet have the ability and skills to use digital services
- (in the case of a family business) business owners opening up to digitization and ceding some of their power to the successor generation.

Recommendations that for some companies are taken for granted, for others may be practical guidance on how to act in the future . It is important that we do not lose touch with physical reality as digitization progresses. Digitalization poses the threat of developing the need to be online non-stop and FOMO (Fear Of Missing Out, or fear of missing out on some important information). This can amplify anxiety, fatigue or fatigue, so it translates into comfort in personal and business life. This shows what responsibility business has. The concept of Corporate Digital Responsibility (CDR) is growing. It means extending a company's value order to all activities related to its digitization – to the design, creation and use of digital technologies, as well as the impact and consequences it may cause. It is imperative that a company's ethical norms be adapted to its digital formula, taking into account the social dimension of the process – its consequences for employees, suppliers, customers, society and the environment – in addition to the market aspects.

The most important issue in times of crisis for any organization is to be proactive and anticipatory. Every decision should be made with deep thought – observing and drawing the right conclusions and taking adequate countermeasures is the key to success. Making wrong decisions will result in ineffective operations. Lack of flexibility – the inability to adapt to a new situation.

An important issue for effective management is maintaining liquidity. Here experts advise, within the framework allowed by the concluded contracts, to delay payments and negotiate their timing with creditors. In the case of manufacturing companies, one of the key areas is the supply chain – raw materials or products needed for production activities. We don't have raw materials – we can't produce. We can't produce – we can't sell. We don't sell – we don't make money.

In difficult times, customers are forced to re-evaluate past choices. We can't count on them to continue buying from us in the new market reality because of past loyalty. It's worthwhile to segment our customers in terms of their vulnerability to the crisis and, based on this, make the necessary changes to our offer – how much can we retain these customers and at what cost? In B2C business, discounts and rebates are the most popular solution. The situation becomes a bit more complicated for brands aspiring to the premium segment. Overpricing can negatively affect the brand's image in the eyes of customers (its positioning), hence it may be better to keep the existing price and offer something extra in it – it could be an extended warranty, an additional service or an additional product. In the case of B2B business, let's do a segmentation of customers in terms of our sensitivity to them – how transactions with them may affect our operations.

The advantages of the customer relationship building process

Accepting with relevance the theory of the existence of the need to establish relationships in business, its sources cannot be overlooked. The idea of forming business ties is to take advantage of the synergistic effect between all stakeholder groups of the sales process. Companies strive for a situation in which the result of cooperation will be greater than the sum of their individual actions using the same inputs. Close cooperation with partners is intended to lead both parties to better results and a favorable return on investment in this relationship. Managers should remember that the company itself generates costs, while customers are the source of profit, which is why relationships are so important. On the other hand, however, building lasting relationships requires additional effort and investment. At this point, it is important to return to questions about the essence of loyalty and consider what benefits accrue to the seller from creating lasting ties. In addition, one would also need to consider what such a relationship would look like without incurring the additional cost of building a loyal relationship and leaving it purely transactional in nature.

The basic premise that companies follow when establishing cooperation among themselves is to gain a competitive advantage and a better position in the market (Iacobucci, Hibbard, 1991, p. 21). It should be noted that building customer loyalty can sometimes not only be a factor in building competitive advantage, but can condition the survival of the company. Winning together in the market is a general and broadly defined value for businesses. It is realized through a number of benefits such as greater production and sales capabilities, as well as a wider range of activities (Rudawska, 2010, p. 48). In the context of the concrete and measurable effects of continuous cooperation, theories and models for measuring customer value such as the Lifetime Customer Value index or the RFM model are applicable. The former presents a formula suitable for calculating nominal values and can support financial decisions, while the latter is a model based on the ranking method. Its name is an acronym derived from words in English (Recency – “recentness”, pertaining to current practice, Frequency – frequency, Monetary value – monetary value) that are also parameters for measuring the attractiveness of relationships and building a customer ranking based on them.

The RFM model is one of the marketing analysis tools for segmenting customers based on their purchasing behavior over a given period. The RFM model includes the concepts (Burzynski, Wołowiec, 2008, p. 71-82, Fedirko, Zatonatska, Wołowiec, Skowron, 2021, 3-16): recency – the time elapsed since the last purchase (e.g., short, medium, long), frequency – the frequency of purchases (e.g., occasional, regular, high) and monetary value – the total value of purchases made (e.g., frugal, average, high). There are no strictly defined values in the RFM model. The manager decides what can be considered high frequency of purchases, high value of purchases or short time since last purchase. The RFM indicator will be highest if a given customer frequently shops with us, the value of his transactions is high, and at the same time he made a purchase relatively recently (such people are often called Champions). On the other hand, people who use our offerings very rarely and have not done so for a long time, and the value of their purchases is small, will be assigned a low RFM index. The greater your knowledge of your customers' needs, behaviors and habits, the more effectively you can reach them with your offer. Segmentation through the RMF model, i.e. assigning customers to appropriate groups based on analysis of their buying behavior, brings numerous benefits to the company.

If, for example, the value of transactions made by one customer in a year is PLN 3000, and the average period of staying a customer is 3 years, while the initial cost of acquiring a customer was PLN 2200, the lifetime value of this customer will be PLN 6800, i.e. 3000 x 3 – 2200 = PLN 6800. (https://questus.pl/blog/customer-lifetime-value-czyli-jak-mierzyc-zyciowa-wartosc-klienta/). Another formula for calculating CLV is as follows: average customer loyalty time x the average number of transactions per customer x the average value of transactions in a given period and the average gross margin per sale. Nowadays, building relationships with customers is extremely important, as the customer is becoming a key factor in an organization's competitive advantage. In the whole process, therefore, it is extremely important to measure the real value of the customer, i.e. the Customer Lifetime Value (CLV) indicator. The purpose of this indicator is to calculate the value of the current income that an organization will achieve through transactions with a given customer over the period in which they shop. Why is this important? Because knowing how much a given customer is worth helps answer the question: how much investment can an organization make in acquiring a customer and maintaining a relationship with them to make the investment worthwhile? So, an important advantage of using the CLV indicator is the ability to estimate whether it is financially beneficial for the company to acquire, retain or regain a given customer. This, in turn, makes it possible to evaluate the effectiveness of various strategies before implementing them and choosing the one that is most beneficial to the organization. Many times, it may also turn out that maintaining relationships with current customers will be more effective than acquiring new ones. Knowing customer value translates into making effective decisions in the area of tactical operations. Such decisions will include, for example, the choice of promotion method or the profitability of maintaining a given communication channel (https://questus.pl/blog/customer-lifetime-value-czyli-jak-mierzyc-zyciowa-wartosc-klienta/).

Ongoing, loyal cooperation also brings tangible benefits in terms of minimizing the cost of doing business. Assuming that the market in which an entity operates requires certain investments for its exploration, exploration and expansion, by dividing the costs of reaching consumers among cooperating companies, they can be less financially burdensome than if companies incurred them individually by multiplying investments. As part of cost reduction, a key aspect is achieving cheaper supplies. A company can enter into close cooperation with an item preceding it in the supply chain and gain under this agreement discounts, favorable delivery times, assured liquidity of goods, and thus minimize inventory holding costs. Costs are also reduced by eliminating unnecessary intermediaries. Instead of investing in vertical diversification of operations or the cost of searching for new sales entities, a company can start a permanent cooperation with an entity that is another link in the supply chain. Permanent cooperation minimizes business risks, facilitates distribution of products or services and improves customer service. An enterprise that has not developed a strong brand of its own, entering into cooperation with an entity that has such an image, also benefits from its positive effects. Value creation is thus positively correlated with the achievement of competitive advantage. The relational approach can be seen simultaneously as a theoretical and methodological direction in management science, as it incorporates almost all orientations of company management, including market, strategy, process, human resources, change and knowledge orientations. At the same time, it requires the coordination of all the aforementioned elements. It is also worth noting that customers are also not the only external partners with whom a company can build lasting relationships. Such entities as suppliers, intermediaries, the labor market, competitors or government institutions should also be included in partner marketing activities. Mature companies should maintain an appropriate balance between the efforts and benefits of managing relationships with these parties considering their impact on the value created for the customer and the company's market value. Relationship parties evaluate the costs and benefits of the relationship compared to the benefits they could achieve and the investments they would have to make without the relationship (Anisimowicz, Wołowiec, 2022, 207-230).

Conclusions

An effective and successful new product launch strategy should include the following elements of economic and social analysis of the near and far environment:

- analysis and definition of the needs and behavior of the potential consumer of the new product. If there is a possibility, it is a good idea to launch professional marketing research on the target group (quantitative and qualitative). If this is not possible, run your own audit on the planned outlets,
- market analysis and forecast: sales forecast for the entire category for the coming years, definition of seasonality (or lack thereof), Porter's 5 forces concept, SWOT and other tools as needed,
- competitor analysis: development of volume and value sales of the nearest competitors, identification of strong and weak aspects of the competition,
- analysis of category promotion strategy: expenses, how to spend, promotion places and analysis of activities in sales channels, use of media,
- product architecture: preparation of a plan for expansion of product lines/variants for the next few years and preliminary timing of their introduction,
- sales strategy: distribution channels, method of outreach, channel activities,
- communication strategy: choosing the way and method of communication with the consumer,
- P&L: sales development forecasts – short and long-term (min. 3 years), A&P budget forecasts, product profitability forecast,
- implementation schedule: defining all stages of product development, marketing and sales strategy – up to product launch.

Sales planning and budgeting is undoubtedly one of the most strategically important processes for any manufacturing, trading or service sector company. Planning the most important sales parameters, such as volume, sales channels, prices, terms of trade, sales promotion costs are the basis for shaping the company's annual budget. Budgeting, in turn, is the process of planning all flows of financial resources related to the implementation of a given sales plan. The most common sales planning methods are based on: time periods, contracts held, product categories or groups, and customer demand. In turn, the key parameters to be included in the sales budget are: sales volume, prices and terms of trade, distribution costs, sales promotion, sales structures.

Sales planning and budgeting – how to develop recommendations. When preparing a recommendation for planning and budgeting sales of new products / services, it is necessary to take into account such parameters as:

- market conditions and trends,
- market structure and competitive environment,
- sales channels, taking into account new channels and potential customers,
- sales history and its seasonality,
- production and distribution capabilities of the company,
- price changes,
- launch of new product lines,
- customer and consumer preferences.

Efficiency of the process and sales department. The sales department is one of the key, but also the most expensive components of the organizational structure. This fact naturally entails the need to study its efficiency, which is a key task of the company's management. Additional pressure comes from globalization and consolidation of markets. Hence, increasing competition places even greater demands on sales managers. The effectiveness of sales, both the process and the functioning of the department – is the most important indicator for evaluating the performance of the organization. We should view sales effectiveness from two perspectives: sales process effectiveness, i.e. sales organization, route to market (Route To Market) sales conditions, sales logistics, customer service, sales costs, cash flow, and sales department effectiveness, i.e. market coverage, effectiveness of sales visits/contacts, results achieved by the sales team (quantitative and qualitative), maintenance costs vs. added value for the organization. The process of measuring sales effectiveness itself can be more or less complex. It depends on: the industry, the scale of the organization, the complexity of internal and external processes, but it is always a difficult and responsible process. What questions do company managements ask themselves in this light.

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