



FACULTY OF ECONOMICS
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**STRATEGIC PLANNING OF BUSINESS PROCESSES IN WINE-
GROWING ENTERPRISES**

ABSTRACT

of a dissertation for the acquisition of the "PhD" degree in the scientific specialty "Organization and Management of Production (by industries and sub-industries)"

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Reviewers:

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I. GENERAL CHARACTERISTICS OF THE DISSERTATION WORK

1. Relevance and reasons for choosing the topic

Winemaking is a business with a global turnover exceeding over \$100 billion annually. It is one of the oldest and most competitive industries on the old continent. It can be said that wine production is one of the emblems of Europe. Winemaking, like all other businesses, is undergoing its own development and change. In the context of globalization in recent decades, the traditional producer Europe is facing competition from the “new players” on the world market, namely Argentina, Australia, the USA, South Africa, Chile and New Zealand. These countries have managed to build large-scale production facilities and, through the use of new technologies and approaches, provide the market with high-quality wine at decidedly low prices. Of course, aggressive competition has led to a change in the organization of the value chain on the old continent. Restructuring processes have been launched both at the macro level and at the level of the country and wine-growing region in Europe. These processes are related to the change in the varietal composition of vineyards and the reorganization of the entire process of ensuring the production and supply of wine. Wine-growing enterprises were forced, under competitive pressure from new players, to rethink their place in the value chain and to organize their business processes in a new way, which would enable them to remain competitive both on the domestic and foreign wine markets.

2. Conceptual thesis of the dissertation work

The main thesis of the dissertation is that strategic planning of business processes in the industry is a reliable approach to achieving sustainable competitiveness.

3. Object, subject and purpose of the study

Research object for wine-growing enterprises in Bulgaria, which operate both on the domestic and international wine markets. A wine-growing enterprise is considered an enterprise that owns vineyard estates (farms) and the result of its production is wine.

Subject of study are the individual business processes that take place in the winemaking enterprise, as well as the effects achieved by these processes in terms of efficiency and competitiveness.

The main goal The aim of the dissertation is to analyze the business processes in wine-growing enterprises and to assess their effectiveness. By formulating and assessing the main effects of the ongoing business processes in these production structures, to propose a strategic approach to business process management that will be effective and useful in the future.

To achieve the set goals, the following research tasks are being solved:

- The main characteristics of strategic business planning are revealed, which are relevant to the rational organization of business processes in wine-growing enterprises in our country;
- A scientifically based methodology is being developed for the analysis and evaluation of business processes in wine-growing enterprises, as well as for the evaluation of the effects achieved by these processes;
- Analyze and evaluate business processes in wine-growing enterprises and the degree of competitiveness they achieve;
- Guidelines are proposed for improving the organization of business processes in wine-growing enterprises with a view to achieving and maintaining high competitiveness in the wine market.

The main approach used to identify and analyze business processes in the studied objects is that of Michael Porter, i.e. business processes occur in the enterprise as a result of its inclusion in the value chain.

The main methods, which are used in the dissertation research are: the method of comparison, the method of expert assessment, the method of logical synthesis and analysis, the method of graphic analysis. To evaluate the achieved effects of such organized business processes in enterprises, statistical methods are used - correlation and regression analysis.

The main sources The information is provided by the official accounting and financial documents that the relevant departments of the enterprises prepare annually, official reports of the Ministry of Agriculture and Forestry - Sofia, Eurostat¹, FAO², OIV³ and other institutions collecting statistical information on the state of the wine sector. The main method and source of information at the enterprise level remains the personally conducted survey and interview with the managers of the surveyed wine enterprises.

Study area – the territorial scope of the study is the wine-growing enterprises of the South Central Region. This is a region in which the studied units are highly concentrated in number and scale.

Study period – in order to achieve objective and scientifically based data, as well as conclusions from the analysis conducted, the enterprises are surveyed over a 5-year period (the most up-to-date data is sought if possible), with the survey being conducted in the period 2024-2025.

Main limitations of dissertation research – each study takes place in certain conditions and circumstances that determine its scientific and applied value. Within the framework of the current dissertation research, it is assumed that the maximum number of enterprises studied is 33. In view of the available finances for organizing the dissertation research, the specified number is sufficient to achieve statistical reliability of the results obtained from the data collected in the field. All conclusions and inferences drawn are formulated under “other things being equal”, namely this is the snapshot of the business processes in the enterprises, which is formed through the duly conducted questionnaire survey. By applying the method of scientific abstraction, the main relationships of the studied factors were studied and the studied effects were evaluated.

The dissertation is presented in an introduction, three chapters and a conclusion, spread over 133 pages, references and appendices. The research is illustrated with 46 figures and 2 tables.

II. MAIN CONTENT OF THE DISSERTATION

Introduction

This part of the dissertation presents the reasons for choosing the topic, as well as the arguments that defend the necessity and relevance of the dissertation research.

In recent years, the approach to managing the competitiveness of an enterprise, through mapping and managing its business processes, has established itself as a leader both in practice and in theory. The main reason for this was and remains globalization. In the context of globalization, understanding how global supply chains function and the correct idea of where the business organization is located are the main factors allowing managers to achieve maximum and sustainable margins. Depending on the structure of the supply chain, the business enterprise chooses and occupies the most appropriate place and structures its business processes in such a way that it can achieve a lasting and sustainable competitive advantage. The effectiveness of organizing these business processes is not only a goal of managers, but is also a prerequisite for investors to have the motivation to invest in the business enterprise.

CHAPTER I. METHODOLOGY OF STRATEGIC BUSINESS PLANNING OF PROCESSES IN WINE-GROWING ENTERPRISES

The first chapter presents the essence of business planning. The object and subject of business planning are defined. The main approaches, methods and techniques of business planning are examined.

¹ https://commission.europa.eu/about-european-commission/departments-and-executive-agencies/eurostat-european-statistics_bg

² <https://www.fao.org/faostat/en/#home>

³ <https://www.oiv.int/index.php/what-we-do/statistics>

The methodological apparatus of the dissertation research is presented and argued. The steps for proving the research hypothesis are sequentially listed.

Types of business strategies

To achieve its main goal, a business enterprise has a wide range of possible business strategies. In conditions of market competition, success is possible only for one party – the enterprise or its competitors. As noted, “there is no universal way to achieve success in business” [1], i.e. there is no single, proven successful strategy applicable in all situations. Success depends on the right choice of strategy in a specific market environment.

"The market situation is determined by the following factors: demand, supply and competition" [2]. It is these three forces that are the driving mechanisms of the market and determine which enterprises will survive and which will be forced to cease their activities. Depending on the state and the interaction between them, different groups of business strategies are formed, which enterprises can use to achieve success.

According to Drucker P., there are four main types of business strategies [3]:

- **Being first and having the most (leadership strategy):**In this strategy, the company strives for market leadership, and in certain cases, dominance in a new market or new industry. The leader has the largest market share and, accordingly, the greatest market power. The goal is not necessarily to immediately create a large-scale business, but to gain a sustainable leadership position. This strategy has the greatest chances of success when the company introduces a genuine innovation – a new product, the market for which has not yet been developed by the competition. It is also the riskiest strategy, but if successful, it brings significant results.

- **Hit them where they least expect it (strategy of creative imitation):**Here, the company offers a product that is a modification of an existing market analogue, but satisfies the needs of consumers more effectively. Although it imitates the competition, this approach aims for market or industry leadership and is less risky than the first-mover strategy. The market already exists, the innovation is accepted, and demand often exceeds the capabilities of the original inventor. Market segmentation can be established, and marketing research reveals the real consumer value. However, the strategy carries significant risks - wasted effort or incorrect assessment of market trends.

- **To find and occupy a specialized "ecological niche" (barrier strategy):**This strategy aims to control and build a monopoly in a limited part of the market by creating barriers to competition. The focus is on protecting the enterprise from external challenges and ensuring competitive immunity. A monopoly position can be achieved through specialized knowledge, high initial investments, an innovative product, original distribution channels, diversification, patents, exclusive licenses, unique resources, or new product positioning. Each of these techniques has its advantages and limitations, and strength at one point can become vulnerability at another. Complete dominance in a niche does not guarantee its long-term existence, therefore, its successful occupation requires a “new” strategy based on in-depth analysis and an innovative approach.

- **To change the economic parameters of a product, market, or industry (product usability strategy):**The main goal of business is to create customers by creating new needs. Even a long-established product can be transformed into an innovation by changing its use, value or economic parameters. Although the physical product remains the same, from an economic point of view it now satisfies a new need. The strategy can be implemented by creating a new benefit, adapted pricing, taking into account the socio-economic realities of consumers or delivering real consumer value.

Types of business strategies can be conditionally classified depending on: the phase of the business enterprise's life cycle, the phase of the life cycle of its products, and the way of countering competitors [4].

The life cycle of a business enterprise is generally characterized as “the period of time during which the enterprise exists and functions as a distinct production system” [5], as well as by “the dynamics of the main types of organizational changes implemented at each stage of its development” [6], and the degree of resilience of the enterprise to changes in the business environment [7].

Five phases are distinguished in the life cycle of a business enterprise: construction, growth, differentiation, consolidation, liquidation or reorganization. “There is a relationship between the phases of the life cycle of an enterprise and its degree of resilience to changes in the business environment”⁴. During the construction phase, the combination of production factors, the formation of the production and organizational-management structure of the enterprise is carried out. This phase is characterized by the incomplete functioning of some of the elements of the production system, which determines the great dependence of a business enterprise on the influence of the business environment. During the growth phase, “mainly technological and structural changes aimed at increasing the size and increasing sustainability” are observed.⁵of the business enterprise. The differentiation phase is associated with a certain calming of dynamic development through the choice of “permanent specialization and combination of industries”⁶The consolidation phase is characterized by a relatively “more difficult response to changing business environment conditions”⁷, regardless of the various structural, technological and behavioral changes. The liquidation or reorganization phase is associated with the creation of a new business enterprise by regrouping its activities. This phase creates “prerequisites for the transition to a new life cycle”⁸.

The product life cycle of a business enterprise represents “the time it is on the market”⁹(i.e. it is traded). The product life cycle is composed of the following phases (stages):

Product introduction to the market: During this phase, sales revenues are low and unsatisfactory due to insufficient consumer awareness of the existence of the business enterprise's product. The product is in the loss zone, i.e. the costs of its production are higher than sales revenues.

This is because the company's production capacity cannot be condensed and production costs minimized. There is still no “permanent relationship with counterparties and transaction costs are extremely high.”¹⁰in this phase. This also determines the higher economic costs. “In order to shorten this phase, the product must be truly innovative”¹¹i.e. to lead to the satisfaction of existing needs in a more effective way or to awaken new needs in consumers. During this phase, trial sales of the product are launched in order to familiarize customers with its novelties. It is characteristic that at this stage the product is advertised diligently. Advertising costs are high, advertising has an “informative nature, i.e. it highlights the advantages of the product”¹²It is important to emphasize the competitive advantage of the product and choose effective advertising channels.

Sales growth: In this phase, sales revenue gradually increases and more and more of the costs are covered. More and more customers start buying the business enterprise's product. Due to the “higher

⁴ **Ward, M.** 50 Essential Management Techniques. Gower, 1995.

⁵ **Slavova, I.** Business Planning. Ciela Publishing House, Sofia. 2004.

⁶ **Lulcheva, D., Bogoev, G., Bencheva N., Koprivlenski V.** Organization and management of agricultural production. Publishing House of the Academy of Sciences, Plovdiv. 2002

⁷ **Hristov, St.** Strategic Marketing. Economy, 2001.

⁸ **Slavova, I.** Business Planning. Ciela Publishing House, Sofia. 2004.

⁹ **McDonald, M.** Marketing Plans: How To Prepare Them, How To Use Them, Butterworth-Heinemann, 1989.

¹⁰ **Todorov, L.** Profitability and Business Risk: Models and Methods for Analysis. Publishing House "Trakia M", Sofia. 2004.

¹¹ **McCarthy.** Basic Marketing A Global Managerial Approach. Irwin, 1993.

¹² **Manov, V.** Marketing and strategic planning (theory, practice, training) – In: Marketing and strategic planning. (Proceedings of a scientific conference). Economy, 2005.

utilization of production capacity, production costs are minimized"¹³The costs of concluding transactions in this phase are significantly lower due to the already established loyal relationship of the business enterprise with its counterparties (customers and suppliers).

*Market saturation:*In this phase, sales revenue reaches its maximum. The company's "maximum market share" is also reached.¹⁴ In this phase, competition is most fierce. More and more similar products to the one produced by the business enterprise appear. At this stage, the competition "attacks, using price as a success factor"¹⁵.

*Product abbreviation:*Due to intense competition, revenues decrease significantly and fall below the level of costs. The costs of realizing the product begin to grow at a faster rate than those of sales revenues. If "defensible barriers to the entry of competitors into the market segment are not built, this phase can occur very quickly"¹⁶It should be known that "sooner or later any monopoly influence over a certain market segment can be lost"¹⁷There comes a point when costs significantly outpace the revenue generated by the company's product. This necessitates the cessation of production and sales of the product and the redirection of production factors into the production of other products that have the potential to become profit centers for the business enterprise.

Types of business strategies depending on the phase of the business enterprise life cycle

Growth strategy.In the growth strategy, the main goals of the business enterprise are to deepen specialization and intensification of production, as well as to enter new domestic and foreign markets. Its main focus is "rapidly capturing a specific market niche that is not subject to strong attack from the competition". Faster filling of the market niche creates conditions for building defensible barriers and establishing a sustainable competitive advantage.

The choice of this strategy assumes the availability of sufficient capital, resources and free market niches. It is mainly applied in the phases of growth and differentiation of the business enterprise. It is characterized by "investing in the market establishment of profit centers - the products that have the highest contribution to the business enterprise's activities", while at the same time "optimizing the production structure of the enterprise".

In the differentiation phase, the goal is to maximize the utilization of production capacity in order to realize economies of scale. The limit of production and distribution capabilities is reached, and the effectiveness of the investments made increases, as profit centers begin to generate revenues exceeding the costs of their market establishment.

Stabilization strategy.The stabilization strategy is implemented by implementing measures to reduce inefficient activities, introducing a savings regime and taking specific actions to stabilize revenues. In parallel with the "liquidation of the production of a given product, the redirection of production factors to profitable production is carried out", as well as the implementation of "resource-saving technologies". This strategy is characteristic of the consolidation phase of the business enterprise.

Survival strategy.The survival strategy is applied during the processes of "restructuring and optimizing the activities of the business enterprise" or "creating a new activity". It implies the most efficient use of available production factors in order to achieve minimally acceptable production and financial results. The survival strategy is typical for the phases of liquidation or deep reorganization of the activity.

It should be noted that the implementation of these strategies in the specific phases of the enterprise's life cycle is conditional and depends to a significant extent on the strategic goals of management.

¹³ **Mihaylov, M.** Agricultural Economics. Academic Publishing House of the Bulgarian Agricultural University. Plovdiv. 1999.

¹⁴ **Pride, W., Ferrell O.** Marketing: concepts and strategies. Farcom, 1994.

¹⁵ **Trendafilov, R., A. Simova.** Agromarketing. Bolid, 2000.

¹⁶ **Porter, M.** The Competitive Advantage of Nations, The Free Press, New York 1990.

¹⁷ **Kotler, F.** Marketing Management: Structure of Market Supply Management. Classics and Style, 2005.

Types of business strategies depending on the phase of the product life cycle

Cost leadership strategy. The cost leadership strategy implies "achieving a competitive advantage in costs through their minimum possible cost." It is adopted by enterprises that have internal strengths such as: cheap resources and reliable suppliers; high level of utilization of production capacities; advanced technologies; highly qualified personnel; rational organization of production; developed markets and distribution network.

Having these prerequisites does not in itself guarantee low costs. Minimizing production costs is possible "only when production capacities are compacted", i.e. when the available equipment is fully incorporated into the production process. This requires a pre-established market and an accurate assessment of market absorption, as an incorrect forecast can lead to an increase in storage and distribution costs.

Large-scale production implies "holding a larger market share that justifies the production effort." Production capacity and market share are "directly related factors," and the balance between them ensures the success of the strategy.

The reduction in costs as production volume increases is explained by the distribution of fixed costs (depreciation, interest, rent, insurance, taxes, etc.) over a larger number of units of output. Thus, fixed costs per unit of product decrease, leading to a lower cost price.

The key success factor of this strategy is "keeping the final product price low for the consumer," with price being perceived as a key element determining demand through the "price-quality relationship in the consumer's mind." The company must lower the price while simultaneously maintaining or increasing the quality of the product.

Differentiation strategy. Differentiation strategy "is about distinguishing a business enterprise from its competitors." The enterprise selects a key element of the product that consumers value and "meets consumer requirements for that element in a unique way." Being recognizable and distinct within a given product group is a sustainable source of competitive advantage.

Differentiation is effective only when customer needs are sufficiently diverse to be met by a standardized product. Its success requires a precise study of customer desires and adaptation of the product to them. Differentiation can be achieved through active advertising and promotion, geographical positioning, or by meeting the specific quality requirements of different consumer groups.

Segmentation strategy. In a segmentation strategy, the company seeks to "take a position not in the entire market, but only in a certain part of it." Its overall policy adapts to previously identified differences in demand by attacking one or several clearly defined market segments.

Competitive strategies according to the reaction to competition. Sustainable success is only possible with a clear and sustained competitive position. The goal of the strategy is "to achieve and maintain a leading competitive position." Depending on their reaction to competitors, companies can apply:

- **Offensive strategy**– active attacks against competitors through frontal or concentrated pressure, with the aim of taking away market share.
- **Defensive strategy**– building effective barriers through rapid adaptation and innovation.
- **Traditional strategy**– gradual improvement and imitation of competitors at low investment costs.
- **Opportunistic strategy**– active price competition as the main tool for attracting customers, often characteristic of oligopolistic markets.

The strategy of specialization is the process of focusing on a minimum number of products or services in order to increase quality and reduce costs. It brings a number of advantages, but increases market risk and can lead to inefficient use of resources.

The diversification strategy aims to expand the product range in order to increase market share and reduce risk. It can be aimed at interrelated, substitutable or unrelated products. Its main disadvantage is the complexity of management.

The concentration (absorption) strategy is the consolidation of market shares through mergers or acquisitions. It can lead to monopoly positions, but it reduces the adaptability of the enterprise and complicates management due to the high intensification and concentration of capital.

METHODOLOGICAL APPROACH OF THE STUDY

The proposed methodological approach for analyzing and evaluating business processes in wine-growing enterprises is based on the idea of the value chain. Within the value chain, each enterprise chooses its place, as well as what business processes to organize in order to achieve maximum margin along the chain.

Based on Porter's model, wine-growing enterprises are considered as economic entities that organize two groups of processes - main and auxiliary business processes. The organization of these processes is the subject of analysis. The goal is to determine which processes are main and which auxiliary and whether they correspond to the classical model represented in the work of Michael Porter. The next step is to determine the effects of the business processes organized in this way and, based on this assessment, to present a theoretical model for organizing business processes in the enterprise, which will lead to maximum effect from the course of these processes. The effect of the functioning is associated with the degree of efficiency and competitiveness that the research enterprise achieves within the framework of the determined structure of organization of business processes. The analysis of business processes proceeds through the following stages:

- Data collection for mapping business processes in the wine-growing enterprise. The main tool for data collection is the survey and personal interview with the owners and/or managers of the enterprise;
- Interpretation of the data obtained, formulation of findings and conclusions from the field research conducted. The goal of this stage of the analysis is to identify the main groups of business processes, as well as the factors that determine their organization;
- Identification of the achieved effects of such organized business processes in wine-growing enterprises. Effects on the efficiency and competitiveness of the studied enterprises are analyzed;
- Defining recommendations and models for increasing the efficiency of ongoing business processes in wine-growing enterprises.

ORGANIZATION OF THE SURVEY

Questionnaire structure -1In order to implement the first stage of the analysis, a test questionnaire is also being developed. The questionnaire has the following structure of questions:

- ***Introductory part.*** This part describes the main motives for surveying the managers of wine-growing enterprises as well as the very purpose of the survey. A brief annotation is given about the topic of the dissertation research and the need to involve stakeholders to clarify and study the processes taking place in wine-growing enterprises;
- ***Descriptive section.*** This section includes questions regarding the registration of the company under which the enterprise is managed; type of ownership and/or legal status of the enterprise; number of personnel employed in the enterprise; organizational and management structure of the enterprise; main sources of financing for the enterprise's activities; the period of time in which the enterprise has functioned as a market unit; structure of the markets - internal/external, market segments in which the market is operated; sales volume and/or market share over the last 5 years; product range that the enterprise offers on the market;
- ***Main section.*** The purpose of this section of questions is to collect information on the way business processes are organized in wine-growing enterprises. The questions included in the survey aim to collect information on: what are the main business processes that the enterprise organizes to deliver value to the customer; what are the auxiliary business processes that the enterprise organizes to deliver value to the customer; what are the main factors that determine the selected

organization of business processes; what systems for controlling business processes are used by managers; what tools and systems are used to identify, analyze and evaluate the achieved effects of the selected organization of business processes; what quantity and quality of labor resources are used to control business processes in the enterprise; how is the future development of business processes in the enterprise planned.

- **Final section.** This part of the survey expresses gratitude to the respondents, and includes additional questions aimed at collecting additional information that can enrich the analysis and help identify critical factors in the organization of business processes. These questions are related to obtaining information on: what main sources for the future development of the enterprise are planned to be used /what financial assistance has been received, what will be received in the future/; what is the attitude towards the future development of the enterprise and the effects it achieves

Questionnaire structure – 2. The second questionnaire aims to obtain information about the factors that determine the effectiveness of the ongoing business processes in the sector. Factors such as the way of building the teams that carry out strategic business planning; the state of the elements of strategic business planning are analyzed. The aim is to collect information about the staffing of strategic business planning in enterprises and secondly, to what extent the strategic business planning process is carried out in stages.

Formation of the general population. To form the general population of surveyed wine-growing enterprises, the register of the Sofia Chamber of Viticulture and Winemaking, updated as of 21.07.2023, is used. All registered enterprises at this time form the general population. When forming the statistical sample, the method of the pre-selected principle is used. This principle is the following - the representative sample includes all enterprises that fall as a location in the South Central Planning Region of the Republic of Bulgaria. These enterprises must have their own vineyards and produce and offer wine on the market. The total number of surveyed enterprises must be no less than 33 in order to achieve statistical reliability when processing the data obtained.

Organization of the survey. The survey will be conducted in the period 21.07.2023 – 21.07.2024. The survey of individuals will be conducted on-site, and in case of force majeure circumstances, by interviewing by telephone and/or e-mail. The priority method for data collection will be the personal interview.

Sources of information to fill information gaps. The main source of information is the completed questionnaires. In addition to the questionnaires, other sources of information are the reporting reports of the enterprises, which are visible in the Commercial Register of the Republic of Bulgaria, other related surveys or expert analyses; publications of results of other analyses on the selected topic.

METHODS AND INDICATORS FOR ANALYZING THE DATA OBTAINED

The data collected from the survey are used as input parameters in the analysis. The main methods for interpreting the obtained data are – comparative method, graphical presentation method as well as the method of logical synthesis and analysis.

The following indicators are used to analyze and evaluate the efficiency of business processes that take place in the studied enterprises:¹⁸:

- *Return on equity, return on investment and return on sales.* These indicators are used because it is perceived that the efficiency of the enterprise is mostly related to the profitability of its participation in the value chain. Profitability is a measure of the effectiveness of the resources invested in the chosen organization of business processes in the wine-growing enterprise;

¹⁸ **Borisov, P., T. Radev** (2020). Profiling the drivers of market power of wineries. The case of Southern Bulgaria. Journal of Bio-Based Marketing, vol.2, 2020, 21-29, ISSN 2683-0825

The following indicators are used to analyze and assess the competitiveness of an enterprise that has chosen a specific organization of its business processes:¹⁹:

- *Size and dynamics of the enterprise's market share.* Market share is one of the main indicators used in the analysis and assessment of the competitiveness of the enterprise. The main advantage of using this indicator is that it allows comparing enterprises with different specializations and ways of organizing business processes. The main disadvantage is the difficulty of determining the exact values of the enterprise's market share, especially in a highly competitive market, such as the wine market. These markets are dynamic and the market information derived from them can vary greatly in short periods of time and quickly lose its "expiration date". In order to overcome the above difficulties in the analysis of business processes and their contribution to the competitiveness of the enterprise, another indicator is used, namely, the profitability of sales.

The 33 wine-growing enterprises analyzed are evaluated in terms of their competitiveness, by applying the method of the Boston Consulting Group, known as the market share/market growth matrix. This matrix analyzes the competitiveness of groups of enterprises that have a similar organization of their business processes. The statistical method - "coefficient of variation" determines the limit value of the "market growth" indicator.



Figure 1. Market share/market growth matrix. Source: <https://www.novavizia.com/matritsa-na-bostynskata-konsultantska-grupa/>

Crossing the threshold for the studied enterprise determines that it falls into the group of enterprises with a "high value" of market growth. When the studied enterprise achieves a value below the threshold, it automatically falls into the group of enterprises with a "low value" of market growth. In a similar way, the threshold value is determined for the other indicator in the matrix, namely the indicator - "market share", as well as the grouping of the studied enterprises.

The competitiveness of wine-growing enterprises is studied in depth through the application of the Ansoff method. Through this method, enterprises grouped by similarity of business processes are analyzed in a comparative aspect, the aim being to see how the choice of market affects the structure of business processes and their contribution to the competitiveness of enterprises.

APPROACH AND METHODS FOR PROVING THE CONCEPTUAL THESIS

The present dissertation research aims to empirically confirm or reject the main research thesis, namely that strategic planning of business processes in the industry under consideration is an effective tool for achieving sustainable competitiveness. The verification of this thesis is carried out by applying quantitative statistical methods, with regression analysis taking the leading place. Through it, an answer is

¹⁹ **Borisov, P., H. Garabedian** (2020). The impact of the product strategy on the market share. The case of Bulgarian wineries. Journal of Bio-Based Marketing, vol.2, 2020, 42-50, ISSN 2683-0825

sought to the question of whether the degree of implementation of the elements of strategic planning in the studied wine-growing enterprises has a significant impact on the level of their competitiveness.

The choice of methodological tool for testing the working hypothesis is determined by the nature of the indicators used, describing business processes in the wine sector. Within the framework of the study, all observed phenomena are operationalized through variables measured in weak measurement scales, which means that they represent qualitative characteristics.

This feature necessitates the use of χ^2 (chi-square) analysis as an appropriate method for studying the relationships between strategic marketing activities of enterprises and indicators characterizing their economic condition. The chi-square method is widely applicable in the analysis of correlation dependencies, such as those prevalent in socio-economic research. It verifies the extent to which the alleged relationship between two or more phenomena has an objective and non-random nature within the studied population.

The application of the method requires preliminary grouping of the observed units according to the meanings of the relevant features, by which the studied processes are described. As a result, two-dimensional, three-dimensional or multidimensional empirical frequency distributions are formed, presented in tabular form. The analytical logic of the chi-square test is based on a comparison between the actually observed (empirical) distribution and the theoretical distribution that would result in the absence of any relationship between the analyzed phenomena. Based on this comparison, a statistical criterion is built, by which the presence or absence of the studied dependence is assessed.

After establishing the existence of a statistically significant relationship, the next stage of the analysis is aimed at determining its strength, i.e. the degree of interaction between the studied variables. For this purpose, specialized coefficients are used within the framework of chi-square analysis, which can be conditionally grouped into two main categories:

1. indicators based on the calculated empirical χ^2 -value, among which the most commonly applied are the ϕ^2 coefficient, the Chuprov coefficient (T^2), the Cramer coefficient (V^2) and the Pearson coefficient (C);
2. indicators that are not directly based on the χ^2 -statistic, among the most common are the Kendall (Q), Pearson (A) and Yule (γ) coefficients.

The specific choice of coefficient for assessing the strength of the relationship depends mainly on the structure of the statistical tables used, and in particular on whether the number of rows matches the number of columns. In the present study, the number of rows and columns in the tables is not equal, therefore, Cramer's coefficient (V^2) was applied to measure the strength of the established dependencies. This coefficient is based on the empirical chi-square value and is particularly suitable in cases where $p \neq k$. Its values vary in the interval from 0 to 1, and the closer to unity the obtained value is, the stronger the relationship between the studied phenomena, and values close to zero indicate a weak dependency. The interpretation of the coefficient allows us to assess what part of the differences in one variable can be explained by the differences in the other.

The coefficient is estimated using the formula:

$$V^2 = \frac{\chi^2_{em}}{\sum \sum f_{ij} [\min(p-1) \text{ or } \min(k-1)]},$$

where:

$[\min(p-1) \text{ or } \min(k-1)]$ is the smaller of the two differences $(p-1)$ or $(k-1)$.²⁰

²⁰ *Saykova, Iv.* Statistical study of dependencies. Economy, 2002. p.125

The impact of business processes is determined by applying the statistical method chi-square analysis. The aim of the method is to establish whether there is a relationship between the elements of strategic business planning and the level of competitiveness achieved by the 33 enterprises studied.

As factors influencing competitiveness, the statistical model assumes the presence of the following elements of strategic business planning:

- (1) The existence of a unit that carries out strategic planning of business processes in the enterprise;
- (2) Presence of a mission/vision for the development of the enterprise's business model;
- (3) Performing an analysis of the business environment;
- (4) The presence of strategic goals for the future development of the enterprise's activities;
- (5) Availability of scenarios for future development of the enterprise's activities;
- (6) Availability of a clearly formulated strategy for the development of the enterprise in the future;
- (7) Availability of a strategic plan for the development of the enterprise;
- (8) Availability of a business plan for the development of the enterprise;
- (9) Availability of a system for collecting, processing and systematizing information for the needs of strategic planning.

To assess the level of competitiveness, the following indicators are used: (1) market growth and (2) change in the market share of the enterprise.

CHAPTER TWO: ANALYSIS OF BUSINESS PROCESSES IN WINE-GROWING ENTERPRISES

This part of the dissertation research presents the results of the survey conducted during the period March, 2024 – May, 2024 among 33 wine-growing enterprises from the South Central Region of the Republic of Bulgaria. As a result of the survey, current data were collected on the organization of business processes in wine-growing enterprises, as well as the influence of the main factors determining the dynamics of these processes was revealed.

Characteristics of the surveyed enterprises

Viticulture and winemaking enterprises in our country are defined as production structures that have high investment activity during the research period. The main form of raising capital in the industry is the joint-stock company. According to the data from the survey, only 3% of the surveyed enterprises have a registration form - sole proprietorship. Of all 33 enterprises, those that have chosen to develop as a joint-stock company dominate - 36.4%, followed by the group of enterprises that are sole proprietorships.

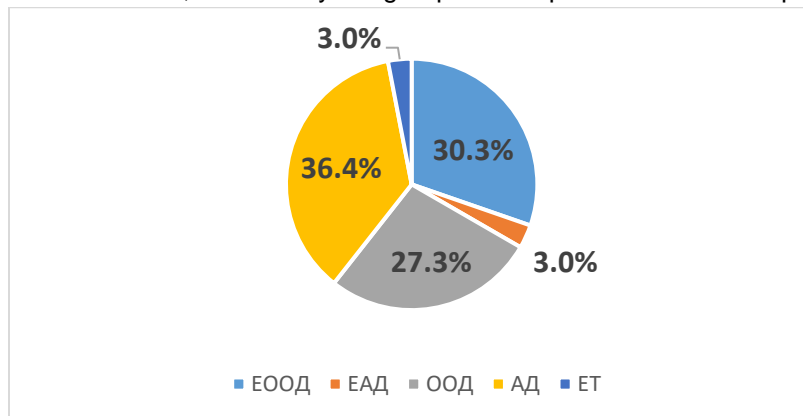


Figure2. Structure of the surveyed enterprises according to the legal status of the company. Source: Own survey among 33 wine-growing enterprises, 2024.

The results determine that the joint-stock form is leading in organizing the viticulture and winemaking business in our country. The creation of vineyard plots, as well as processing facilities for the purpose of processing grapes into wine, is a costly process that requires large investments. That is why the joint-stock form, which allows attracting more funds for managing the viticulture and winemaking business, is preferred.

Another important factor that describes the specificity of the surveyed enterprises is their age. According to the survey data, the industry is dominated by enterprises that have existed on the market for more than 10 years (69.7% of the total surveyed enterprises). These enterprises have managed to establish themselves on the market and differentiate their core business processes in a way that guarantees them sustainable competitiveness in the industry.

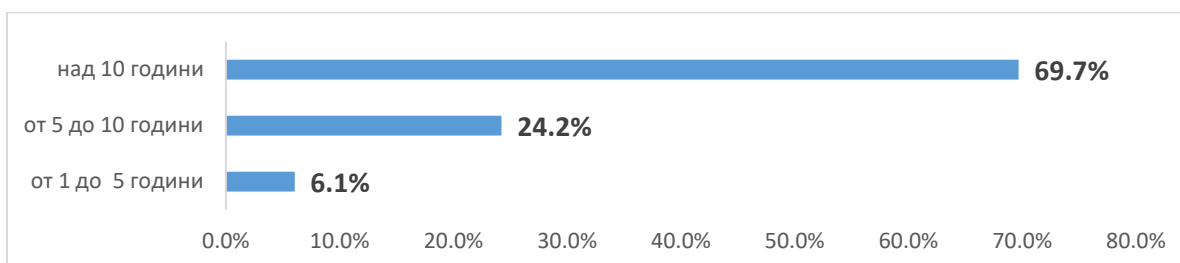


Figure3. Age of wine-growing enterprises. Source: Own survey among 33 wine-growing enterprises, 2024.

Next is the group of enterprises that have existed on the market for less than 10 years, namely those falling within the interval from 5 to 10 years. These enterprises occupy 24.2% of the total number of surveyed enterprises. The smallest group is the group of enterprises that have existed on the market for less than 5 years, respectively their share is 6.1%.

The results of the responses to this question indicate that the market is dominated by wine-growing enterprises with a market history of over 10 years.

Another factor by which the companies in the sector are compared is the number of employees. The data show that the largest group is wine-growing enterprises that have 51 to 100 permanent employees, respectively, their share is 60.6%. This determines that more than half of the enterprises can be characterized as small production structures. One of the main factors determining the number of employees in the enterprises is the presence of vineyards. The management of these assets requires a workforce that is available throughout the calendar year. There are periods of intensive use of personnel, such as pruning and harvesting. These activities are difficult to mechanize and in the presence of larger vineyards, the hunger for personnel is exacerbated.

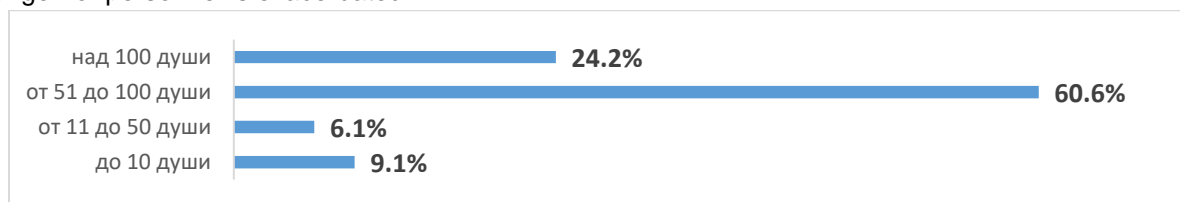


Figure4. Distribution of enterprises according to the number of permanently employed personnel. Source: Own survey among 33 wine-growing enterprises, 2024.

Another characteristic that should be examined is the way in which the activities of the wine-growing enterprises. According to the data from the survey, the majority of enterprises finance their activities with

their own funds – 66.7% of the total respondents. Next is the group of enterprises that prefer to use borrowed funds to secure their business processes, namely the share of these enterprises is 30.3%.

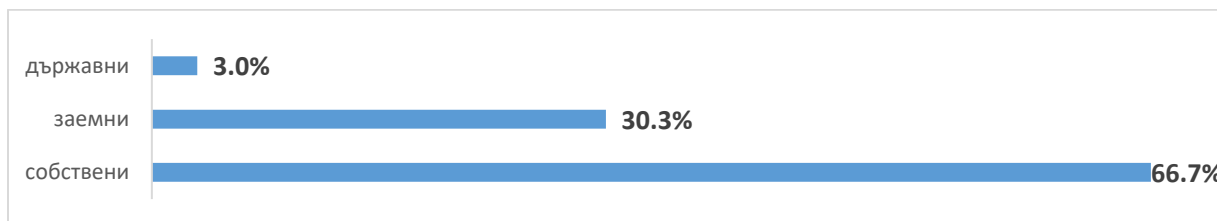


Figure5. Structure of enterprises according to the sources of financing their activities. Source: Own survey among 33 wine-growing enterprises, 2024.

The smallest share of enterprises that used state funding is 3.0%. This is a wine-growing enterprise that is a joint-stock company, i.e. the state has a share in its ownership and management.

The organizational and management structure is another factor that determines the organization of business processes in wine-growing enterprises. According to data from the conducted survey, the preferred form of organizing business processes in the surveyed sites is the functional structure - respectively, 48.5% of the surveyed managers stated that this form is the most suitable for their business organization. The functional structure is mainly preferred by joint-stock companies, those that have a larger production capacity and a need for various functional specialists in organizing business processes. The linear structure is also popular among wine-growing enterprises - 33.3% of the total respondents stated that this structure is established in them. The linear structure is mainly preferred by small wine-growing enterprises, where production capacities, as well as narrow specialization require the application of the principle of single command. Next in preference is the linear-functional structure, 9.1% of the surveyed enterprises have chosen it as suitable for their organization of business processes.

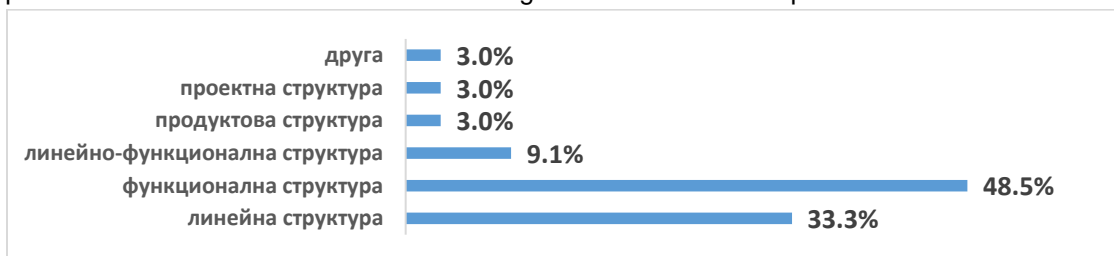


Figure6. Structure of enterprises according to organizational and management structure. Source: Own study among 33 wine-growing enterprises, 2024.

The grouping of enterprises according to the choice of their main activity is given in the graph below. The data show that 81.8% of the surveyed enterprises have chosen to produce and market bottled wine. In 30.% of the surveyed enterprises, the main activity is the development of wine tourism, i.e. more than 50% of the revenues are generated from this activity.

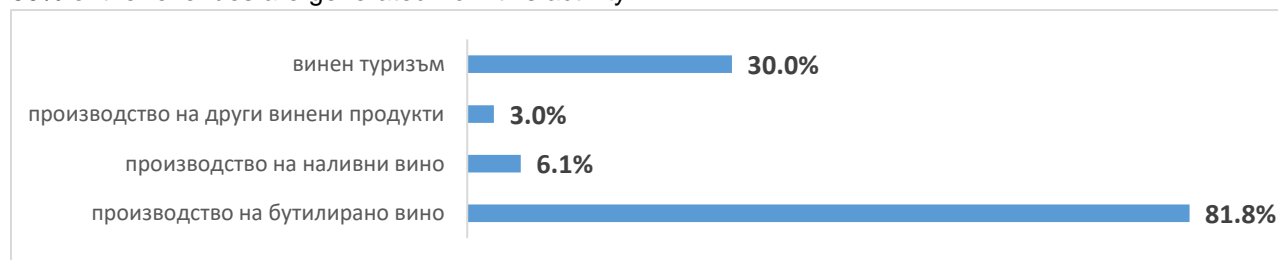


Figure7. Structure of enterprises according to their main industry. Source: Own survey among 33 wine-growing enterprises, 2024.

Market positions of wine-growing enterprises

The next group of questions included in the questionnaire aims to collect information about the market realization of the manufactured products, as well as the market positions of the surveyed enterprises.

The figure below shows the results of the responses received from all 33 wine-growing enterprises. Almost half of the enterprises stated (42.4% of the total respondents) that they sell their wines on an old market. This is a market where they have permanently established their market positions and have loyal and stable demand.

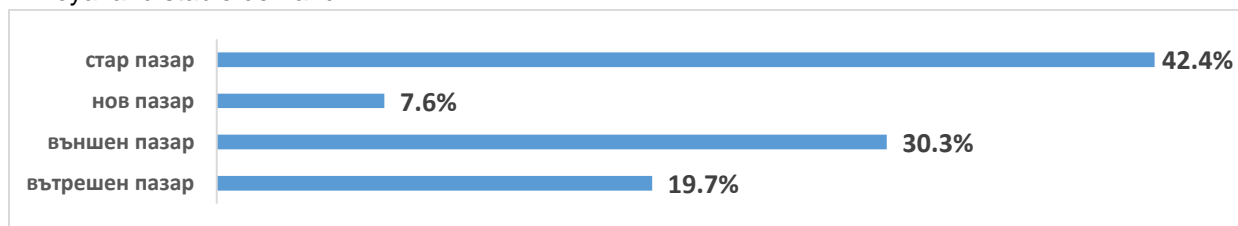


Figure8. Market orientation of the production produced by wine-growing enterprises /more than one correct answer can be noted in the questionnaire/. Own study among 33 wine-growing enterprises, 2024.

Only 7.6% of enterprises declare that they have entered a new market in recent years. Entry into the new market is mainly achieved through market intermediaries, which guarantee them access to retail outlets with a high turnover of goods sold, namely food hypermarkets and shops.

Of all 33 enterprises, 30.3% stated that they mainly sell their products on the foreign market. This is mainly bottled wine for export to countries such as Great Britain, Germany and Austria. Only 19.7% of the surveyed enterprises responded that they mainly sell their products on the domestic market. The main reasons for the orientation of Bulgarian wineries towards foreign markets is the presence of a more solvent and constant demand for bottled wine. Bulgarian wine is distinguished by high quality at a relatively affordable price compared to the main competitors on the market. On the domestic market, demand is limited and has a seasonal nature, which determines the low attractiveness of this market. The main factors limiting the growth of demand on the Bulgarian wine market according to the surveyed managers are:

- A highly developed informal sector for home wine production, which is traditional for our country;
- The decreasing purchasing power of the Bulgarian consumer, a result of the inflationary processes that have continued over the last two years;
- Strong price competition from third parties, who aggressively undercut the price of bottling wine in our country;
- The low culture of consumption and awareness of the domestic consumer;
- The seasonal nature of wine demand. There is a peak in wine demand mainly in winter, as well as a slight peak in summer, when there is a strong tourist season, with white dessert wine mainly consumed.

The aforementioned factors do not have such a restrictive influence on foreign markets, which is why they are preferred among domestic wine-growing enterprises.

On the Bulgarian market, bottled wine produced by the surveyed companies is mainly traded in the price range of 5 to 10 BGN/bottle.

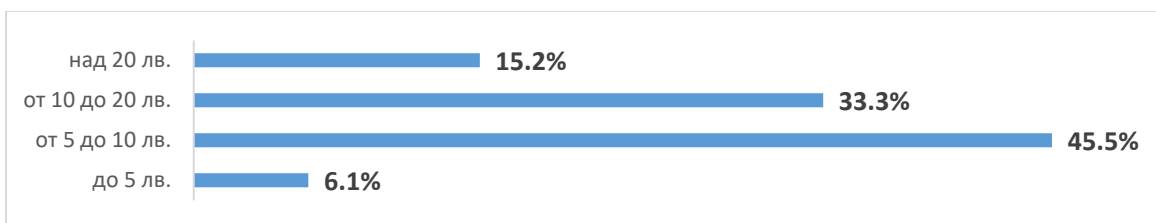


Figure9. Preferred price segments to which bottled wine produced by the surveyed enterprises is sold. Source: Own survey among 33 wine-growing enterprises, 2024.

In 45.5% of the surveyed enterprises, sales are made in this price range. In 33.3% of the enterprises, bottled wine is sold in the price range from 10 to 20 BGN/bottle. Only in 15.2% of the surveyed enterprises, bottled wine is sold at a price above 20 BGN/bottle. It can be concluded that on the domestic market the most competitive segment is the one in which bottled wine is sold at a price from 5 to 10 BGN/bottle.

On foreign markets, the price of Bulgarian bottled wine varies. The markets with the highest potential for achieving a large margin are the UK, Switzerland and Germany. In these markets, Bulgarian bottled wine, which is produced from a world-famous variety (Merlot, Cabernet or Chardonnay) is traded in the price range of 30 to 60 euros/bottle. Of course, this price is conditional as the price is influenced by a number of factors such as - region of origin, the presence of a recognizable brand, fees for intermediaries in the value chain, etc.

The product range offered by the natives Wine-growing enterprises were also the subject of analysis in the survey. The figure below shows the product preferences of the enterprises.

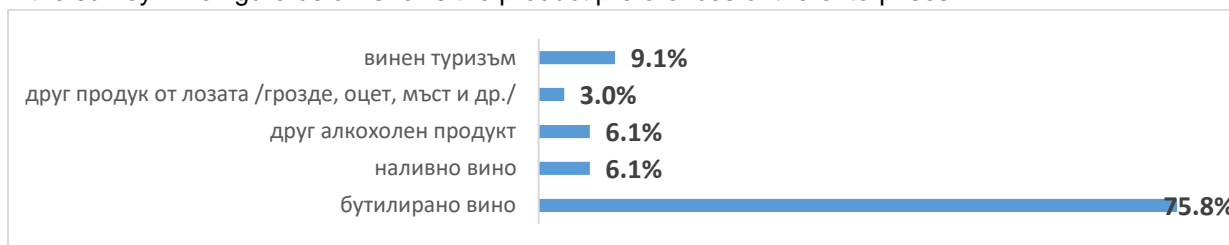


Figure10. Product that generates the majority of sales revenue in the surveyed enterprises (in % for 2023). Source: Own survey among 33 wine-growing enterprises, 2024.

Of all 33 wine-growing enterprises, 75.8% state that more than 50% of sales revenue is generated from the sale of bottled wine. This is a value-added product, investing in which allows for higher profitability of the activity. Only 9.1% of the surveyed enterprises state that wine tourism is their structurally determining product both in terms of generated sales revenue and in terms of organization of business processes.

Sales revenue is one of the main indicators by which one can judge the size and dynamics of the market positions of Bulgarian companies. wine-growing enterprises. According to the data from the survey, 66.7% of the total surveyed enterprises generate from 500,000 to 1,000,000 BGN in sales revenue annually.

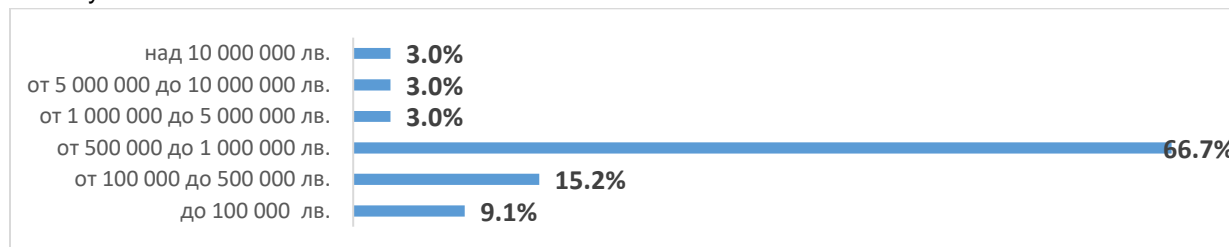


Figure 11. Sales revenue of the surveyed wine-growing enterprises (in thousands of BGN for 2023).

Source: Own study among 33 wine-growing enterprises, 2024.

Next is the group of enterprises that generate from 100,000 to 500,000 BGN in annual sales revenue. The data indicate that the winemaking business has the ability to generate significant revenues compared to other agricultural businesses. By observing good production practices and achieving relative quality in wine production, revenues reaching 1,000,000 BGN can be generated on an annual basis. The group of enterprises that are joint-stock companies stands out with the largest volume of sales revenue. Their managers state that sales revenue falls in the range of 500,000 to 1,000,000 BGN.

Another important touch of the description of the market positions of wine-growing enterprises is the type of client to whom they sell their product. According to the research conducted, the products that the enterprises produce are mainly purchased by corporate clients, which are representatives of related industries such as hotels, restaurants and the sale of alcoholic and food products.

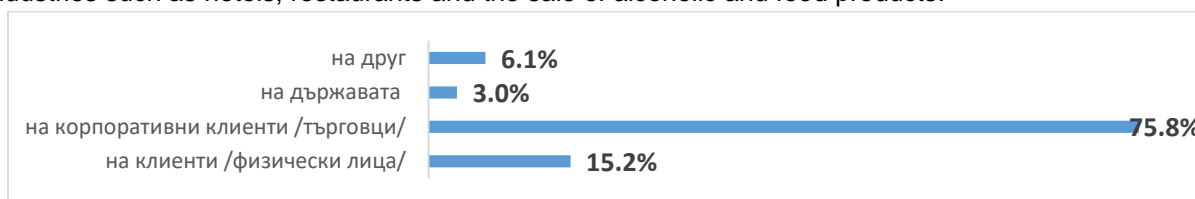


Figure 12. Clients to whom wineries sell their products. Source: Own survey among 33 wineries, 2024

For 75.5% of the surveyed enterprises, corporate clients are the main group of buyers of the products produced. Only 15.2% of the surveyed enterprises determine that sales are made to individuals, namely end users who have chosen to skip the intermediaries and purchase the product directly from the company store or distribution network.

As a result of the collected and interpreted information from this part of the questionnaire, the following findings and conclusions can be formulated:

- Bottled wine is a major end product that wineries produce and manage to introduce to the market over the years of their existence;
- The main market on which Bulgarian wine-growing enterprises sell their products is the foreign market. In this market, there are more attractive conditions for generating revenue and possible profit from the activity. In the majority of the surveyed enterprises, foreign markets are traditional /old/ in terms of their market development;
- The main consumers of bottled wine in foreign markets are corporate clients, who buy in larger quantities and this makes them attractive consumers. These clients manage to generate revenues for wine-growing enterprises in the range of BGN 100,000 to BGN 1,000,000 on an annual basis.

Analysis of the main business processes in wine-growing enterprises

The next section of the questionnaire includes questions aimed at collecting information about the main business processes - factors that determine them as well as their organization in practice in wine-growing enterprises. This part of the dissertation presents the graphical analysis of the information obtained, as well as the main findings and conclusions regarding the studied business processes.

In Porter's model, the first business process analyzed in enterprises is "inbound logistics". This is a process whose purpose is to ensure the production needs of wineries. The figure below provides information on the main activities that are performed within this business process by the 33 wineries surveyed.

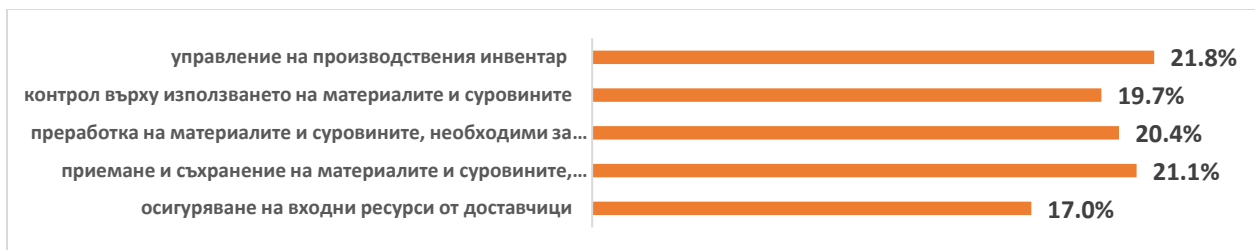


Figure 13. Activities from the business process "Inbound Logistics" performed by wine-growing enterprises. Source: Own survey among 33 wine-growing enterprises, 2024

According to the surveyed managers, an independent activity that the enterprise manages and controls entirely /autonomously/ in recent years is the management of production inventory. Out of all 33 enterprises, 21.8% define this activity as completely independent, which is provided entirely with its own funds and resources.

Receiving and storing the materials, raw materials and resources needed to produce products for the end customer is the next most important business activity within the business process studied – 21.1% of the surveyed companies declare this as a fact. In addition to receiving and storing these elements, processing is also an important and autonomous activity carried out by the companies – 20.4% of all surveyed managers state that this process is entirely under their control and can be defined as the main one in creating value for the end customer.

Another important business activity within the "inbound logistics" process is ensuring quality control over incoming raw materials for production, 19.7% of the surveyed enterprises state that this is an autonomous and core activity, the purpose of which is to guarantee the target quality of the final product.

The next business process subject to analysis is "work operations". The results of the research are shown in the figure below. Work operations are the main activities that guarantee high value for the end user.

The data indicate that the most important activities within the business process "work operations" are:

- Tracking and control of the processed raw material and the finished product (wine), respectively 15.9% of all 33 surveyed enterprises recognize this activity as the main one;
- Stabilizing and storing the raw material for wine production is also a core activity, important and ensuring high value of the product offered on the market, 15.9% of all enterprises indicate this as a fact;
- Packaging, labeling and storage of products is also recognized as a core activity, completely under the control of managers, 15.9% of the total surveyed enterprises.



Figure 14. Activities from the business process "Work operations" performed by wine-growing enterprises.

Source: Own survey among 33 wine-growing enterprises, 2024

In 0.5% of the surveyed enterprises, it is noted that the production of packaging and wrapping is an important activity and it is under the full control and ownership as a process of the managers. The low share of enterprises proves that the production of their own packaging is not recognized as a core business process by the surveyed enterprises, it is an activity that has an auxiliary nature, although it is important in the process of delivering value to the end customer.

Next is the business process "outbound logistics", which is the subject of analysis. According to the data obtained, the most important activity for the 33 wine-growing enterprises surveyed is the activity of processing orders, deliveries and receivables from customers - 31.1% of the surveyed enterprises recognize this activity as critically important. This is an activity fully secured and controlled by the managers of the surveyed enterprises. They also define it as extremely important in the formation of sales revenues and the profitability of these sales.

Another important process is the storage of finished products, 28.3% of the surveyed enterprises recognize it as such. Bottling wine is easy to store and age, for some varieties it is a necessary process in order to increase the value offered to the end customer. Reserve wines have a higher value/price and very often customers consume them as an investment product (i.e. a product that can be invested in and its value increases over time).



Figure 15. Activities from the business process "Outbound Logistics" performed by wine-growing enterprises. Source: Own survey among 33 wine-growing enterprises, 2024

The shipping of bottled wine to the end customer is also a major business process in the winemaking business in our country. In 20.8% of the surveyed enterprises, this activity is performed independently and is fully controlled by the managers of the winemaking enterprise. They believe that shipping is an important element of the overall offer and in this context, full control over this business process is necessary.

The next business process subject to analysis is the "Marketing" of wine-growing enterprises. According to Peter Drucker, marketing as a business process determines to the greatest extent the effectiveness of the business enterprise. Any company that imposes the marketing approach as a comprehensive approach to managing business processes has the potential for competitive development. According to the survey conducted among the managers of Bulgarian wine-growing enterprises, critical important basic business processes are:

- Preparing the pricing policy of the enterprise, 16.6% of the surveyed managers recognize this activity as important in the overall management of marketing;
- The positioning of the produced wine is also a critical business process, determining the effectiveness of the company's marketing. According to 15.5% of the total managers surveyed, this process is entirely under their control and is extremely important for achieving market success;
- The preparation and implementation of a communication program is also a recognizable core business process, 12.2% of the total respondents gave this answer in the questionnaire;
- Preparing a marketing plan is also recognized as an important activity within the Marketing process, 12.2% of the total surveyed managers state this as a fact.



Figure 16. Activities of the business process "Marketing" performed by wine-growing enterprises. Source: Own survey among 33 wine-growing enterprises, 2024

The most neglected activity is the formulation of marketing objectives – only 2.8% of the surveyed managers recognize this activity as the main one. According to them, marketing objectives are not important and are not recognized as a strategic tool for managing business processes in the enterprise. The surveyed managers declare that they do not participate in the development of marketing objectives, but only implement them and therefore do not recognize them as important in the overall marketing management of the company. Marketing objectives are determined by the owners of the enterprise and/or by an external consultant who knows the needs of the market.

The preparation and implementation of the promotional program is also a neglected activity in the surveyed wine-growing enterprises, only 9.4% of the surveyed managers fully control and organize this activity. In most cases, an external consulting service is used to form a program.

The next business process, subject to analysis, is "Customer Service". The data from the survey conducted regarding the status of this business process in wine-growing enterprises is given in the figure below. The data show that providing feedback to customers is an important core business process, 90.9% of the surveyed enterprises recognize this process as critical and fundamental in creating value for the end customer.

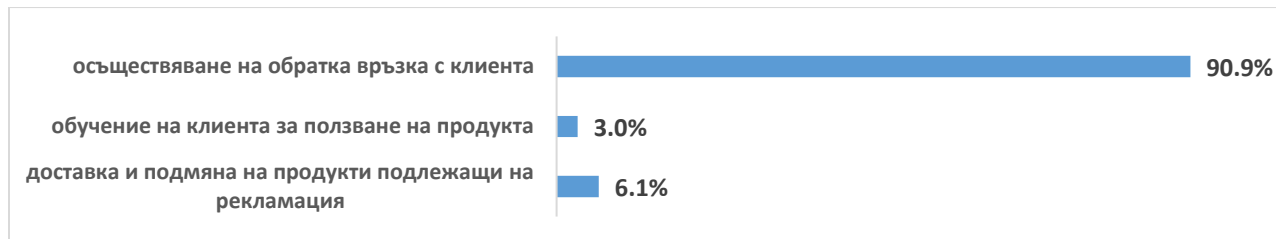


Figure 17. Activities from the business process "Service" performed by wine-growing enterprises. Source: Own survey among 33 wine-growing enterprises, 2024

Analysis of supporting business processes in wine-growing enterprises

The auxiliary processes were analyzed with the next module of questions included in the questionnaire. Even during the first interviews, it was noticeable that the auxiliary processes in the studied wineries could be clearly defined and distinguished from the main business processes.

The figure below shows the distribution of the responses of the surveyed managers regarding the state of the supporting business process "Infrastructure". The graphical analysis covers the opinions of managers from 33 wine-growing enterprises.



Figure 18. Activities from the business process "Infrastructure" performed by wine-growing enterprises. Source: Own survey among 33 wine-growing enterprises, 2024

According to the responses received, it is evident that management of relations with state authorities (13.6% of total respondents) and production management (13.6% of total respondents) are the most frequently identified as auxiliary business activities among managers of wine-growing enterprises. This is followed by activities such as management of technological development and innovation and organization of the integral management of the enterprise with a relative share of the responses received for both activities – 13.1% of the total. With the lowest weight in the organization of auxiliary business activities in the "infrastructure" process are: legal support in the management of the enterprise – 2.3% of total surveyed enterprises; physical and technical security of production processes – 5% and management and sanctioning of concluded contracts – 7.7% of total surveyed enterprises. These three activities in the majority of surveyed enterprises are organized using internal resources, namely personnel with the appropriate qualifications, who are on a basic employment contract and are available year-round for the needs of the enterprise.

The next phase of the analysis covers the activities within the business process "Technological Development". The graphical analysis of the data shows that mainly two activities are defined as truly auxiliary within this business process, namely: - (1) research and development of products and markets – 46.4% of the total surveyed enterprises and (2) research and development of the technological process – 39.3% of the total. According to the managers, the development of technological processes in the sector is carried out through effective cooperation with scientific organizations and universities, which are the main units supplying this type of business service/activity for the needs of wineries. The research of markets as well as product development is carried out in close cooperation with the next participants in the value chain, namely the traders and stores from which the end customers buy. These business structures carefully analyze the market and accordingly present estimates and identified market needs of the wine-growing and winemaking enterprises, which must comply with them.

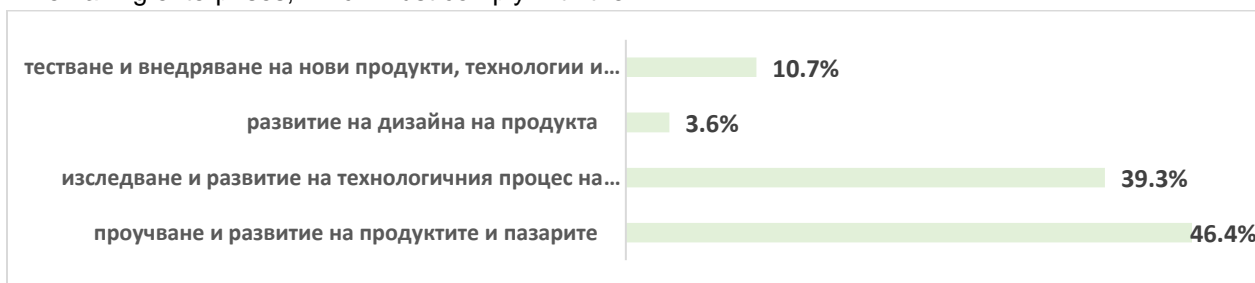


Figure 19. Activities from the business process "Technological development" carried out by wine-growing enterprises. Source: Own survey among 33 wine-growing enterprises, 2024

The organization of deliveries is the next business process subject to analysis. The data from the survey conducted regarding the status of this business process are presented in the figure below.

Within the research process, the trend clearly stands out wine-growing enterprises to provide with their own resources the activities of finding and negotiating production resources – 84.6% of the surveyed enterprises declare this as a fact. The development of the supply network is carried out with their own resources in a lukewarm part of the surveyed enterprises, only 15.4% of them state that they carry out this activity entirely independently. The data show that the development of the distribution network is carried out mainly through strategic partnerships with other participants in the value chain.

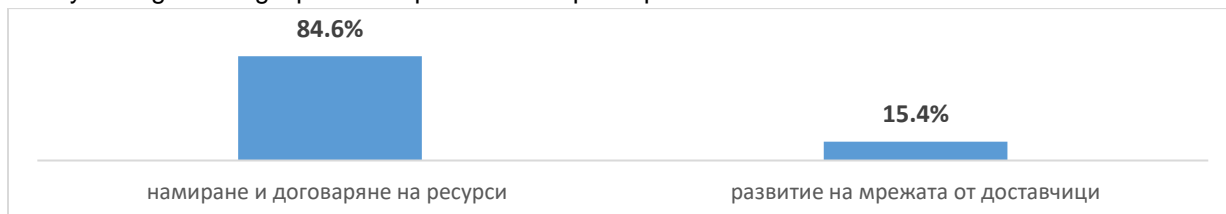


Figure 20. Activities from the business process "Organization of supplies" performed by wine-growing enterprises. Source: Own survey among 33 wine-growing enterprises, 2024

Business process efficiency

The effectiveness of business processes is measured in two aspects, namely:

- Resource efficiency achieved;
- Achieved market competitiveness (domestic and foreign markets).

Through the methods of grouping and multiple comparisons, the effects of the different organization of business processes in the studied 33 wine-growing enterprises in terms of efficiency along the value chain are revealed. The studied enterprises are grouped into three groups according to the relative share of the main business processes in the total number of processes performed in the enterprise. The groupings of the enterprises are as follows:

- Enterprises whose core business processes account for up to 30% of the total business processes performed;
- Enterprises whose core business processes account for 30 to 50% of the total business processes performed;
- Enterprises whose core processes account for over 50% of the total business processes performed.

The purpose of grouping enterprises on this basis is to determine whether mastering a larger number of business processes along the value chain leads to higher efficiency of the resources used.

Resource efficiency was assessed using data from the accounting documents of the surveyed enterprises, namely the balance sheet, income statement, and cash flow statement.

The information obtained is reflected by grouping the enterprises according to the relative share of the main business processes performed out of the total number of processes performed. The figure below shows a graphical analysis of the researched data.

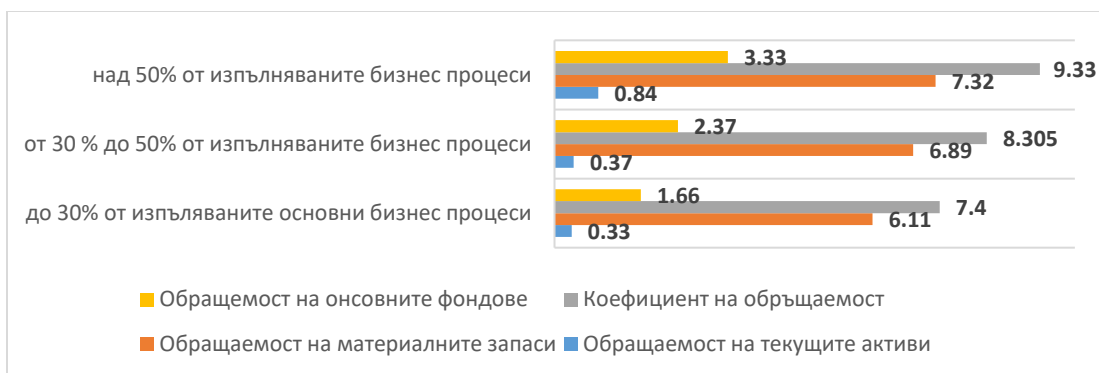


Figure 21. Resource turnover in the surveyed enterprises. The data are presented as an average value for the surveyed indicators for the period 2017-2023. Source: Own study among 33 wine-growing enterprises, 2024.

Asset turnover is the first indicator by which the comparison of enterprise groups is carried out. The graph shows that enterprises that perform more than 50% of the main business processes along the value chain achieve the highest asset turnover, respectively the value is 0.84. The group of enterprises that perform up to 30% of the main activities along the value chain is determined by the lowest asset turnover (the value of the indicator is 0.33).

According to the indicator of turnover of fixed assets, the group of enterprises that master more than 50% of the main business processes once again stands out as the leader, respectively, the value of the indicator is 3.33. The lowest turnover of funds is achieved by the group of enterprises with up to 30% of the main business processes implemented, the value is 1.66.

Inventory turnover is the next indicator characterizing the efficiency of the resources used in the group of surveyed enterprises. With the highest inventory turnover, the group of enterprises that perform more than 50% of the main business processes along the value chain stands out again, respectively, the value of the indicator is 7.32. With the lowest value of the studied indicator for the studied period is the group of enterprises that perform up to 30% of the business processes defined as main along the value chain, the indicator is 6.11.

The last indicator used in the comparative analysis is the turnover ratio. The value of the studied indicator is maximized again in the group of enterprises performing more than 50% of the main business processes along the value chain, respectively the value is 9.33.

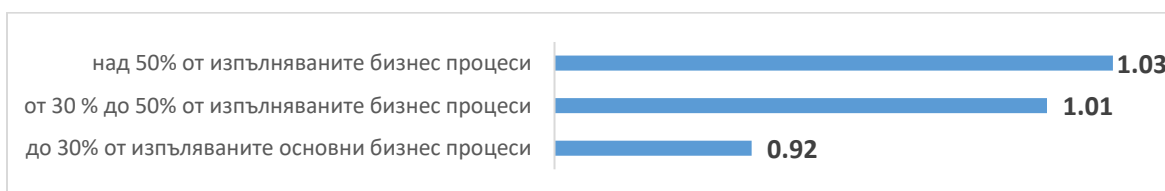


Figure 22. Efficiency of total costs in the surveyed enterprises. The data are presented as an average value for the studied indicator for the period 2017-2023. Source: Own study among 33 wine-growing enterprises, 2024.

A summary indicator for assessing resource efficiency in enterprises is the efficiency of total costs. The data from the study of this indicator in the group of enterprises is given in the figure below. According to the data presented in the figure, the group of enterprises that master more than 50% of the main business processes along the value chain is determined to have the highest cost efficiency. In these enterprises, the indicator achieves an average value of 1.03 points for the period 2017-2023. The group of enterprises that perform up to 30% of the main processes along the chain of activities is again determined to have the lowest cost efficiency, respectively, the value is 0.92 points. It can be summarized that when mastering a

larger part of the value chain, as well as when organizing a larger part of the business processes with their own resources, higher efficiency of the costs incurred is achieved.

Degree of competitiveness

The competitiveness of the surveyed enterprises is also assessed using the clustering method. Enterprises are again grouped by the characteristic – the relative share of business processes that are performed as the main ones out of the total number of processes along the value chain.

The figure below shows the assessment of the competitiveness of the surveyed enterprises. The assessment is subjective, that is, it reflects the own opinion about the degree of competitiveness, which is achieved according to the managing managers. The data show that more than half of the surveyed enterprises (57.6%) form a high competitiveness. Of all surveyed enterprises, 33.3% stated that the achieved competitiveness is at an average level and only 9.1% of the respondents declared that their competitiveness is at a low level. The main sources of competitive advantages according to the surveyed managers are: (1) the quality of the raw material used for wine production; (2) the established brand; (3) the level of the offering price.

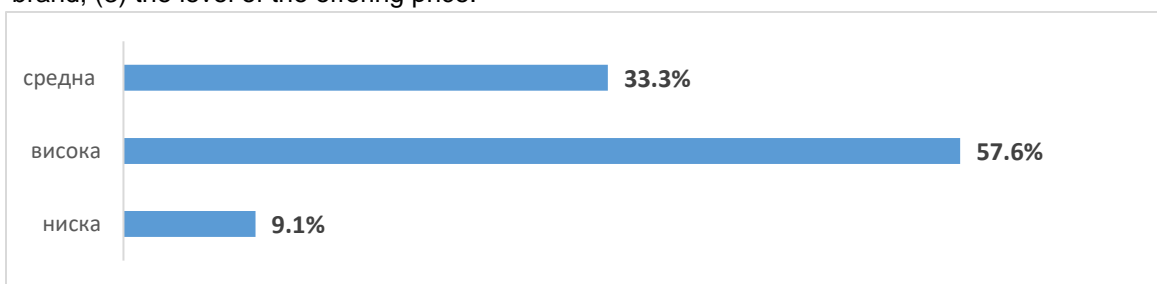


Figure23. Assessment of the competitiveness of wine-growing enterprises - opinion of 33 managers managing these enterprises. Source: Own survey among 33 wine-growing enterprises, 2023.

Market development is one of the markers of the competitiveness of enterprises. The main indicator that marks competitiveness here is market growth. The figure below presents the dynamics of market growth for the period 2018 - 2023 of the 33 wine-growing enterprises surveyed.

The data show that peak values of the studied indicator are achieved in 2019. Within the period 2018 - 2019, both on the domestic and foreign markets, enterprises increase their sales, which proves that their competitiveness in terms of the studied indicator is increasing. After 2019, market growth begins to shrink, and this negative trend is mainly the result of the restrictions imposed as a result of the Covid 19 pandemic. The negative effect of the pandemic on sales is so strong that the market cannot recover yet. In the period 2020 to 2023, market growth declines and reaches levels of 79.1% for the domestic market and 69.9% for foreign markets. Enterprises in this period suffer from low sales levels and realize significant losses participating in the wine market.

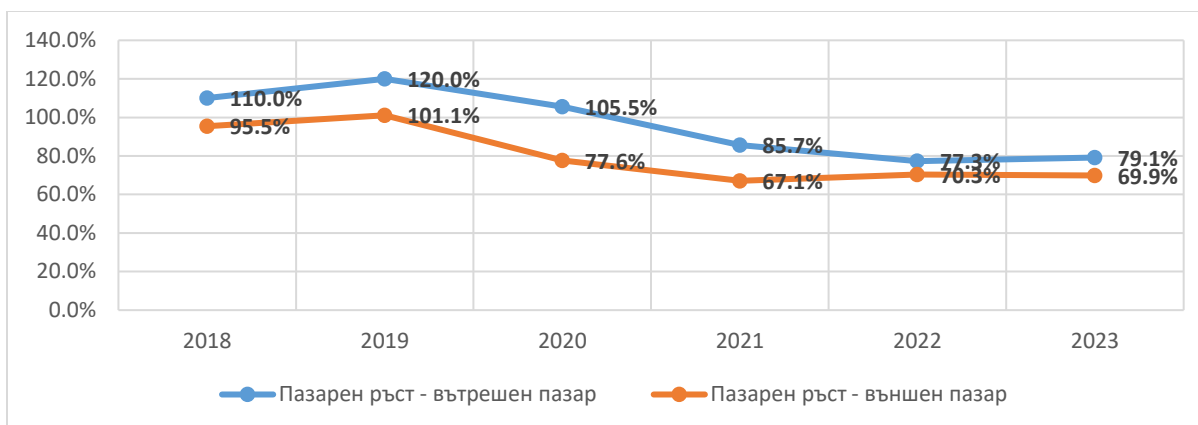


Figure24. Market growth on both the domestic and foreign markets of the surveyed enterprises for the period 2018 - 2023. The achieved sales revenues in 2017 are used as a basis for comparison. Source: Own study among 33 wine-growing enterprises, 2024.

Market growth has also been studied in the various groups of wine-growing enterprises. The data is presented in the following graph.

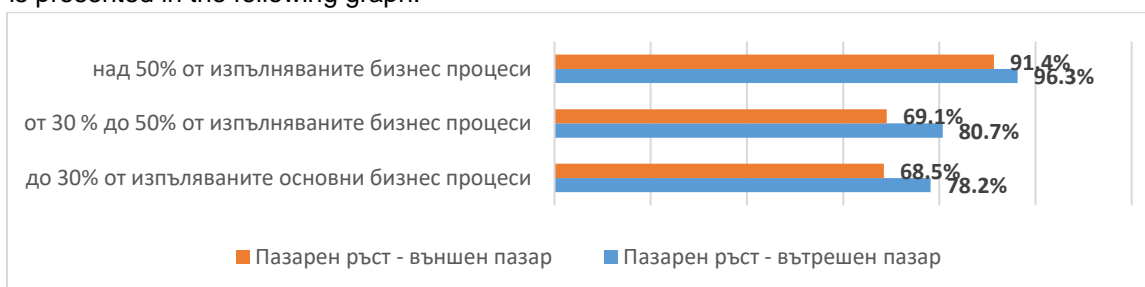


Figure25. Market growth in the groups of enterprises for the period 2018 - 2023. The achieved sales revenues in 2017 are used as a basis for comparison. Source: Own study among 33 wine-growing enterprises, 2024.

The comparative analysis shows that the best market growth is achieved by enterprises that perform more than 50% of the main business processes along the chain of activities. In this group of enterprises, the market growth in the domestic market is 91.4% compared to that in 2017, in foreign markets, respectively - 96.3% compared to that in 2017.

Again, the group of enterprises that organize less than 30% of the main business processes along the value chain manages market growth the worst, respectively, the values of the studied indicator are 68.5% for the domestic market and 78.2% for the foreign market.

The sales revenues of the 33 enterprises surveyed for the period 2023 - 2024 are also subject to analysis. The data are presented in the following figure and indicate that 3 (three) enterprises out of all those analyzed realize net sales revenues in a particularly large amount, namely, in these enterprises, revenues exceed 2 million BGN. The leader has realized net sales revenues of over 8 million BGN.

Despite high sales revenues, enterprises are still unable to reach their market potential from 2017. The main reasons for this are: the consequences of the restrictions imposed as a result of the pandemic, the subsequent inflation, which is reducing wine consumption, and of course the ongoing war in Ukraine, which has allowed the domestic market to be infiltrated by cheap Ukrainian wine.

Sales revenues are also shrinking in foreign markets, and the main reasons for this, according to the surveyed managers, are:

- The entry of "new players", namely enterprises and companies from South Africa, Chile, Argentina, the USA and Australia, which are flooding the market with high-quality wine at lower market prices. These countries have managed in recent years to create relatively young vineyards of attractive varieties, which are large in size and allow for economies of scale;
- Restriction of foreign markets. One of the main foreign markets for Bulgarian wine is Russia. In the conditions of war, a large part of this traditional foreign market was lost to Bulgarian wine producers at that time;
- The entry of substitute products, mainly ciders, has over the years managed to displace wines from the shelves of large retail chains and has gained an increasing market share at the expense of wine.

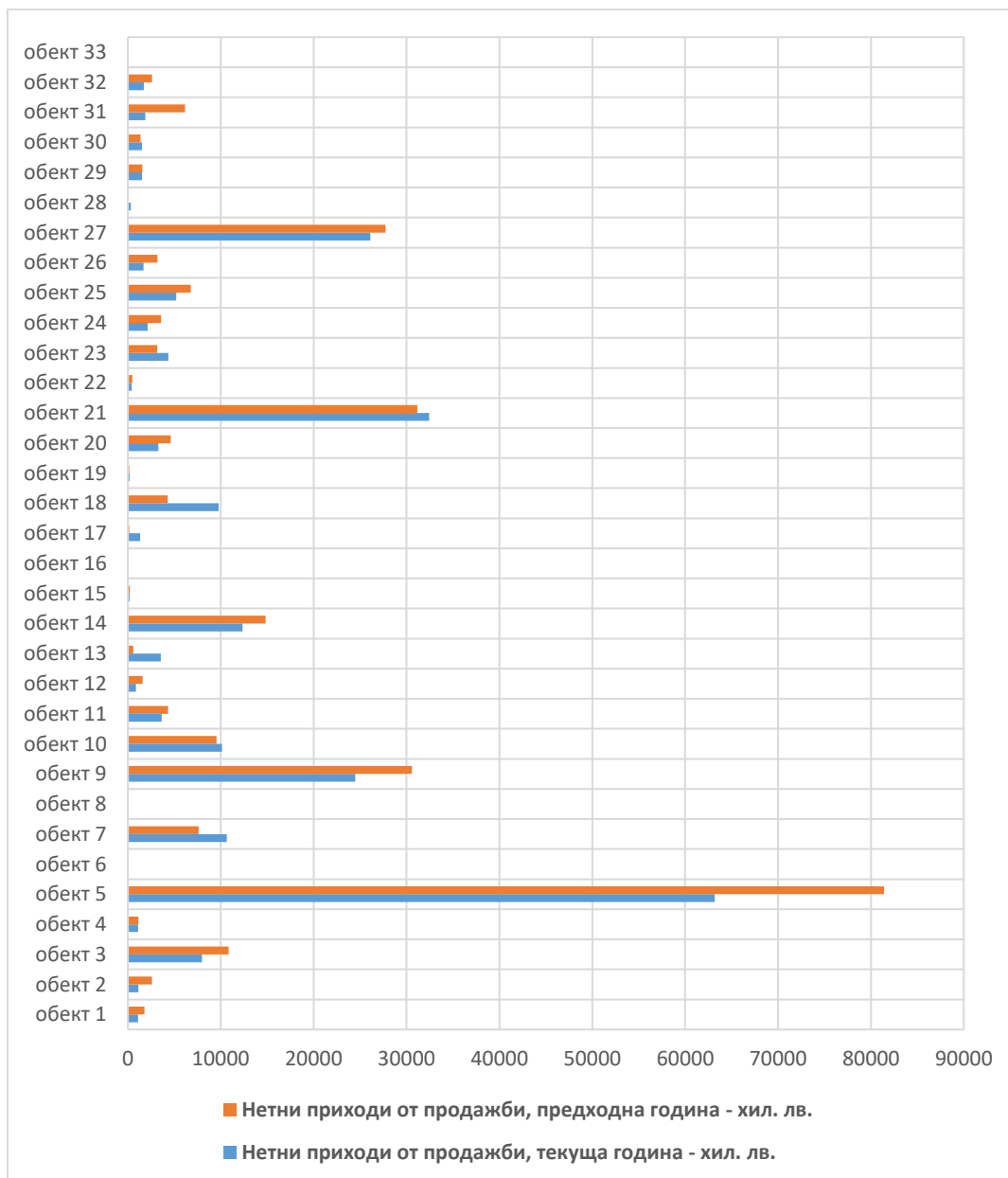


Figure26. Net sales revenue of the surveyed wine-growing enterprises for the period 2022 -2024 (in thousands of BGN). Source: Own study among 33 wine-growing enterprises, 2024.

The main analysis of the competitiveness of wine-growing enterprises is carried out through the indicators - return on equity, return on investment and return on sales revenue.

The data in the following figure presents information regarding the indicated indicators. The highest value of the studied indicators determines the group of enterprises that perform over 50% of the main business processes along the value chain. In this group enterprises, the profitability of equity reaches 0.66 points, the profitability of investments – 0.09 points, and the net sales revenue – 1.12 points.

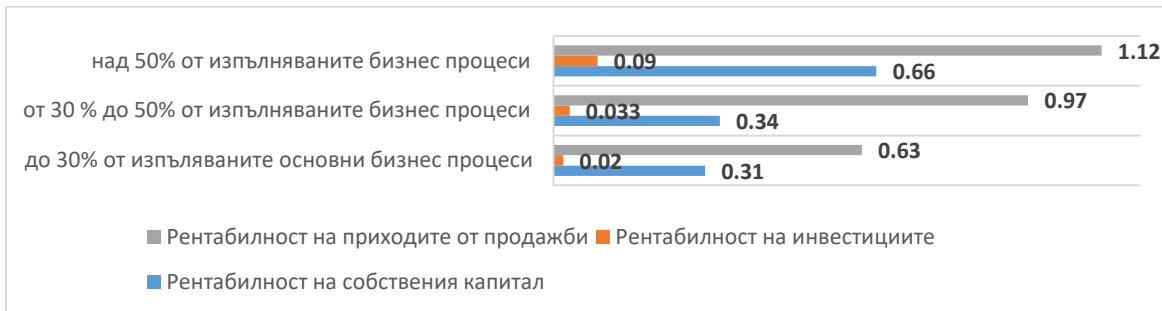


Figure 27. Comparative analysis of the competitiveness of the studied wine-growing enterprises. Source: Own study among 33 wine-growing enterprises, 2024.

Next is the group of enterprises that perform from 30% to 50% of the core business processes along the value chain. For these enterprises, the return on equity is 0.34, the return on investments is 0.033, and the return on net sales is 0.97 points, respectively. Again, the group of enterprises performing up to 30% of the core processes along the value chain has the lowest values of the studied indicators.

It should be noted that profitability as a component of competitiveness is not a sufficient indicator to explain which factors contribute to the achieved level of competitiveness. Therefore, the analysis is enriched by using the market share/market growth matrix.

Market penetration and market effects of business process organization

By applying the Boston Consulting Group method, the aim is to reveal how the selected organization of business processes affects the market positions of the 33 wine-growing enterprises studied. The figure below presents the analysis of the market positions of the enterprises studied.

Market growth		Market share	
		Low	Tall
Tall	Tall	"Interrogative" 11 wineries: - 9 enterprises are from the group "performing from 30% to 50% of the main business processes along the value chain"; - 2 enterprises are from the group "performing up to 30% of the main business processes along the value chain"	"Star" 6 wineries , which are from the group "performing over 50% of the main business processes along the value chain"
	Low	"Dog" 13 wineries , which are from the group of those performing up to 30% of	"Cash cow" 3 wineries , which are from the group "performing over 50% of

		the main business processes along the value chain"	the main business processes along the value chain"
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Figure28. Analysis of groups of wine-growing enterprises according to the market share/market growth matrix. Source: Own study among 33 wine-growing enterprises, 2024.

The results of the analysis show that the largest relative share of the surveyed enterprises are positioned in the "Dog" quadrant, with 13 out of a total of 33 analyzed wine-growing enterprises falling into this category. These business units are characterized by low market growth rates over the past six years, both on the domestic and international markets. Their common distinguishing feature is the limited degree of coverage of the main business processes along the value chain, with all enterprises in this group implementing less than 30% of the key processes.

Next in line are the enterprises classified in the "Questionable" quadrant, the total number of which amounts to 11. Of these, the majority - 9 enterprises - are representatives of the group that performs between 30% and 50% of the main business processes in the value chain, while the remaining 2 enterprises fall into the category with performance below 30%.

The analysis allows us to conclude that enterprises that implement over 30% of the key business processes along the value chain occupy relatively sustainable and stable market positions. It is these enterprises that are positioned in the "Star" and "Cash Cow" quadrants, which are an indicator of a higher level of competitiveness and market maturity. Within the studied sample, a total of 9 wine-growing enterprises fall into these two quadrants, which represents approximately 27% of all analyzed business units.

The market penetration strategies of the surveyed companies are given in the following figure.

	Currently available products	New products
Existing markets	"MARKET SHARE GROWTH STRATEGY" 23 wineries: 13 enterprises are from the group "performing from 30% to 50% of the main business processes along the value chain"; - 10 enterprises are from the group "performing up to 30% of the main business processes along the value chain"	"NEW PRODUCT DEVELOPMENT STRATEGY" 5 wineries enterprises that are from the group "performing up to 30% of the main business processes along the value chain"
New markets	"Strategy of developing new markets" 4 wineries , which are from the group "performing over 50% of the main business processes along the value chain"	"DIVERSIFICATION STRATEGY" 1 wine-growing enterprise , which is from the group "performing over 50% of the main business processes along the value chain"

Figure29. Market strategies of the surveyed enterprises. Source: Own study among 33 wine-growing enterprises, 2024.

The Ansoff matrix in combination with the clustering method is used to analyze the data obtained. The data in the matrix show that the group of enterprises that strive to improve their market positions in existing markets by optimizing their product range according to the requirements of their loyal customers prevails. These enterprises are 23 out of a total of 33 respondents, which is almost 70% of all. All of these enterprises perform up to 50% of the main business processes along the value chain (13 enterprises are from the group of those performing from 30% to 50% and 10 from the group of those performing up to 30% of the processes).

Next comes the group of companies that seek to improve their market positions by offering new products in already established markets. These companies represent 15% of the total companies surveyed. All of these companies perform up to 30% of the core business processes along the value chain.

Of all 33 enterprises, 12% (4 enterprises) are striving to penetrate new markets by offering standardized and accepted products on the existing market. All of these enterprises are from the group of those that perform over 50% of the main business processes along the value chain. These are enterprises that can be defined as innovators among the 33 surveyed sites.

Only 1 company follows a diversification strategy, namely to penetrate new markets by offering new products. This company is from the group of those that perform over 50% of the main business processes along the value chain.

It can be summarized that only 30% of the surveyed companies strive to improve their market positions by offering new products to their customers.

Conclusions

As a result of the analysis conducted, covering 33 wine-growing enterprises from the territory of the South Central Region of Bulgaria, the following findings and conclusions can be formulated regarding the method of organizing business processes and the effects achieved from them:

- Viticulture and winemaking enterprises in our country are defined as production structures that have high investment activity during the research period. The main form of raising capital to organize business processes in the industry is the joint-stock company. This legal form makes it possible to accumulate significant financial resources and thus achieve efficiency and competitiveness of the organized business processes in these enterprises;
- The majority of the surveyed enterprises are small structures, i.e. business processes along the value chain are organized by small enterprises, which enables them to be flexible to market requirements and quickly reorganize their business processes and models;
- Business processes are organized exclusively with own funds (66.7% of all surveyed enterprises use such a source). Which determines a strong dependence of the results on the success of the activity from previous years. The high levels of self-participation in the financing of business processes are explained primarily by the high levels of interest rates on investment loans that banks grant for the needs of the industry;
- Business processes are organized mostly using functional and linear organizational and management structures. These structures enable business processes to be organized quickly and adequately to market needs, so as to maintain sustainable competitiveness of wine-growing enterprises;
- Business processes are organized in such a way that the produced product (value) meets, above all, the requirements of foreign markets. These markets are defined as more attractive than the domestic market, i.e. they provide the opportunity to achieve a higher margin and, accordingly, profitability from the activity;
- The main factors limiting the growth of demand on the Bulgarian wine market, according to the surveyed managers, are: (1) A highly developed informal sector for home wine production, which is traditional for our country; (2) The declining purchasing power of the Bulgarian consumer, a result of the inflationary processes that have continued over the last two years; (3) Strong price competition from third countries, which aggressively undercut the price of bottling wine in our country; (4) The low consumption culture and awareness of the domestic consumer; (5) The seasonal nature of wine demand. A peak in wine demand is mainly observed in winter, as well as a slight peak in summer, when there is a strong tourist season, with white dessert wine mainly being consumed;
- The main factors limiting the growth of demand on foreign wine markets, according to the surveyed managers, are: (1) One of the main foreign markets for Bulgarian wine is Russia. In the conditions

of war, a large part of this traditional foreign market was lost to Bulgarian wine producers at that time; (2) The entry of substitute products, mainly ciders. Over the years, these products have managed to displace wines from the shelves of large retail chains and have won an increasing market share at the expense of wine;

- The business processes are focused on the creation and supply of mostly bottled wine mainly for the foreign market. This is the product with the highest added value within the functioning value chain. The main users of this product for corporate clients who buy in larger quantities;
- The main business processes that are critical for achieving competitiveness and for which enterprises strive to impose authoritarian control are mostly related to the quality of wine. In order to achieve effective control over the quality of wine, the majority of enterprises strive for: (1) owning their own vineyards, in order to control the incoming raw material; (2) stabilizing and storing grapes in high-tech facilities; (3) processing grapes using modern vinification technologies; (4) packaging, labeling and storing wine. According to the surveyed managers, these business processes ensure the quality of bottled wine to the greatest extent;
- It can be summarized that by conquering a larger part of the value chain, as well as by organizing a larger part of the business processes with own resources, higher efficiency of the costs incurred is achieved.
- Wine-growing enterprises that perform more than 30% of the main business processes along the value chain have stable market positions, which enables them to sustainably develop their business processes along the value chain;
- It can be summarized that only 30% of the surveyed companies strive to improve their market positions by offering new products to their customers.

CHAPTER THREE: DIAGNOSTICS OF STRATEGIC BUSINESS PLANNING OF PROCESSES IN WINE-GROWING ENTERPRISES AND GUIDELINES FOR INCREASING EFFICIENCY

The analysis of business processes in wine-growing enterprises presents a snapshot of the state of these processes in the enterprises under study. In order for the analysis to be objective, it is good not only to establish the current state of business processes, but also to establish the main factors on which the efficiency of the processes depends. In this part of the dissertation research, the main factors that have a systematic impact on the efficiency of business processes in the sector are examined, as well as some proposals for increasing efficiency are made.

Diagnostics of factors determining the effectiveness of business processes

The aim of business process mapping is to identify such vital processes from the perspective of the management of wine-growing enterprises. The following figure shows a snapshot of the business processes, which was prepared based on the data received and processed from the survey. The graphical analysis of the data shows that out of all 45 business processes surveyed, a total of 5 processes are identified as having the greatest weight (these are processes that are implemented entirely independently in over 30% of the surveyed enterprises). These business processes are the following: (1) providing feedback to customers – 90.91% of all surveyed enterprises; (2) finding and negotiating resources necessary for production – 84.62% of all enterprises, subject to analysis; (3) research and development of products and new markets for entry – 46.43% of all; (4) research and development of the technological process in production – in 39.29% of all enterprises; (5) processing orders, deliveries and customer collections – 31.1% of all surveyed enterprises organize this process entirely independently.

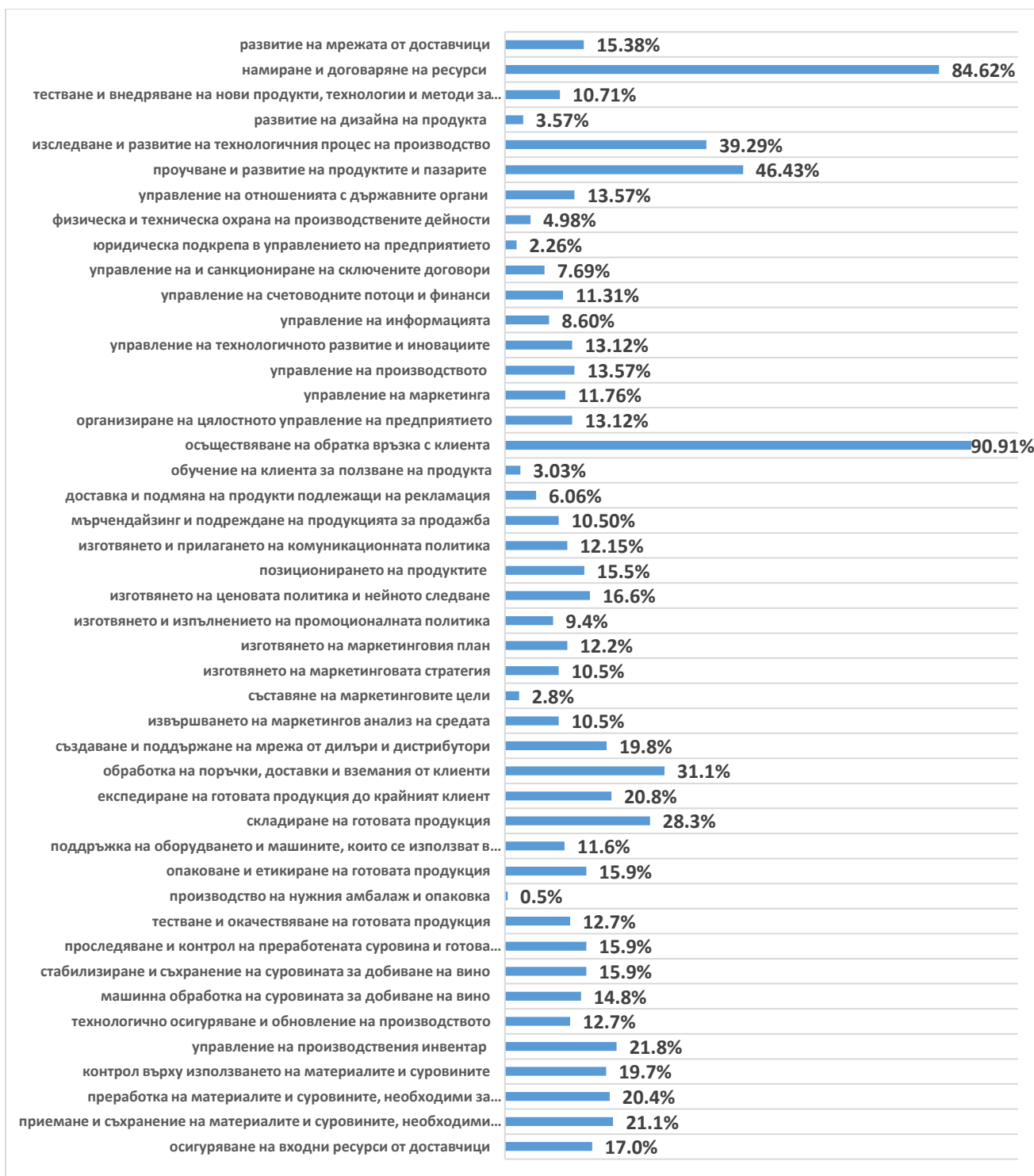


Figure30. Snapshot of business processes in the surveyed enterprises (% of positive responses identifying the course of the relevant business process in the enterprise). Source: Own survey among 33 wine-growing enterprises, 2024.

The snapshot of business processes in the 33 enterprises studied shows that managers mainly use a traditional approach to impose the winery business model on the market. The traditional approach is based on establishing full control over the most important elements of the production process, namely these elements in viticulture and winemaking are: - control over the harvested raw material, through the

construction and maintenance of own vineyard plots, of varieties that are up-to-date with market requirements; the recruitment of experienced and qualified personnel to be used both for the needs of viticulture and for the needs of winemaking; the imposition of production technology that guarantees high quality of the harvested grapes, which is a condition for achieving high-quality wine. These business processes provide the necessary conditions for the input of the production system, so that it guarantees the receipt of a competitive product on the market. At the output of the system are all business processes that ensure the adequacy of the product in terms of market requirements. Of these processes, the most important and as such clearly stands out is the process of serving the customer and receiving feedback on their level of satisfaction. These principles define the traditional character of wine production as a value chain and the Bulgarian viticulture and winemaking strictly follows them, which is why Bulgarian wine is in the premium segment of foreign markets.

The following can be identified as entirely auxiliary business processes: (1) production of packaging for the packaging and shipping of products (production and delivery of barrels, bottles, pallets, etc.), in 0.5% of enterprises, this process is carried out entirely by them; (2) definition of marketing goals – only 2.8% of enterprises use their own resources for this process, the majority of them use external help from a participant in the value chain in the industry; (3) training the customer on how to use/recognize the good product, only 3.03% of the surveyed enterprises conduct wine tours to train customers in recognizing quality wine and related products; (4) legal support in organizing the business model – 2.26% of all enterprises state that their employment contract structure includes a permanently employed lawyer to monitor the effective sanctioning of the concluded contracts. Almost all surveyed enterprises prefer to use an external office/firm when necessary in terms of effective sanctioning of contracts concluded with customers, suppliers or other contractors; (5) Another process that is defined as a clearly evident auxiliary one is the security of production and distribution of products, only 4.98% of enterprises use personal security in their production facilities; (6) the development of the product range as well as the design of the productIt is also defined as an auxiliary business process along the value chain – 3.57% of the surveyed enterprises carry out this process within their capabilities, the majority prefer a partnership along the value chain, which would enable them to enrich their product range (by including new products in a product portfolio or by differentiating existing ones).

Assessment of the level of strategic business planning in wine-growing enterprises

The second questionnaire provides information on the factors that determine the efficiency of the business processes in the sector. The results of the data collected among 33 managers of wine-growing enterprises are summarized in a clear picture of the influence of critical factors on the achieved efficiency of the enterprises' activities.

According to the responses received from the surveyed managers, 69.7% of enterprises have a unit (or expert) in their organizational and management structure that deals with business process planning as its main activity.

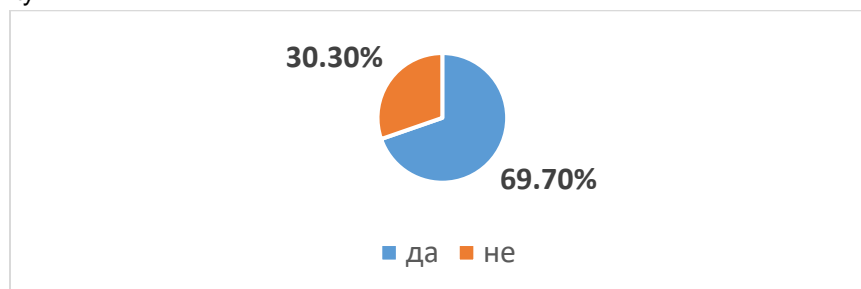


Figure31. Availability of a planning unit/expert in the structure of the enterprises. Source: Own survey among 33 wine-growing enterprises, 2024.

The collected data prove that business processes in the majority of enterprises are subject to thorough planning. However, it should be noted that there is a significant share of enterprises that lack a business planning unit – 30.3% of the total surveyed enterprises declare that they do not have such an element in their organizational and management structure. These enterprises have chosen to delegate this important activity for sustainable business development to an external contractor, i.e. they use a business planning consultant. The majority of these enterprises are micro and small structures that do not have the opportunity to attract a permanent business planning specialist to the staff. Another part of these enterprises neglect the important importance of this unit and the business planning functions are reduced to developing only a business plan. These are enterprises that have recently been in trouble and the business plan was a necessary document for obtaining a grant or loan.

The vision is one of the main elements of strategic planning of business processes according to a number of authors studying the problem of the effectiveness of business planning. The vision sets the beginning of the direction of business movement and sets the intention of the entrepreneur in what way he will implement his business idea so that it appeals to market demand. Within the framework of the defined vision, the mission of the enterprise is outlined and accepted. The mission is the main goal, the genesis of the business itself, through it an opportunity is sought to realize two effects, namely, it can play the role of a standard for control over the overall development of the business, and secondly, it can be an effective tool for distinguishing the business from competitors. The following figure provides information on the presence of a vision or mission for business development. According to the data presented, these elements of strategic business planning are present in 63.6% of enterprises. In these enterprises, the vision and mission are developed, approved by stakeholders and are available as a business document, on the basis of which the remaining elements of business planning are implemented. In 21.2% of the enterprises, the presence of a vision or mission is partially visible. These elements are only implied and do not play a leading role in strategic business planning. They are present as an element through which the business idea/model and the way of development on the market are declared in order for the enterprise to differentiate itself from its main competitors. In 15.2% of the surveyed companies, there is no vision and mission for the development of the business model. In these companies, managers believe that these elements are not important for business development.

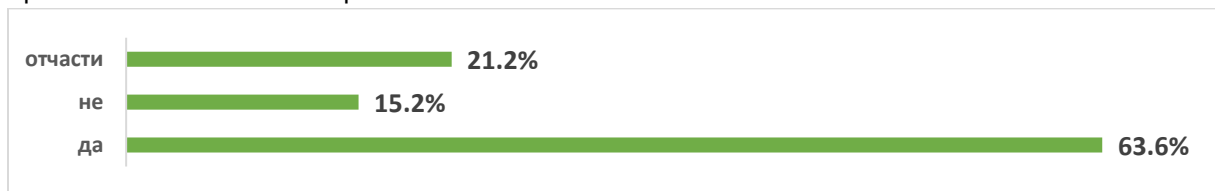


Figure32. Presence of a vision/mission in the surveyed enterprises. Source: Own study among 33 wine-growing enterprises, 2024.

The next question in the survey aims to collect information on whether information is collected about the factors that make up the business environment in which the enterprise operates.

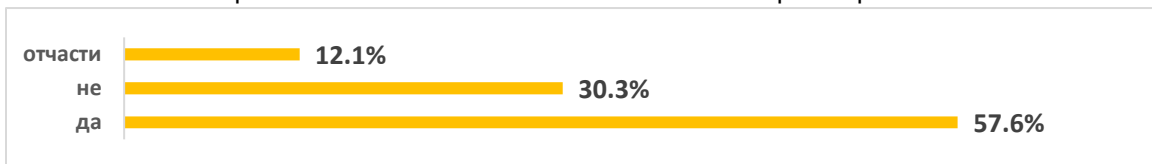


Figure33 Do the surveyed enterprises conduct a business environment analysis? Source: Own survey among 33 wine-growing enterprises, 2024.

The answers to this question show that in 57.6% of the enterprises an analysis of the business environment is carried out and this is a continuous process. The managers of these enterprises share that without such an analysis, they cannot effectively plan the business processes in their enterprises. The

analysis of the business environment is carried out mainly in enterprises that are larger, have functional organizational and management structures, which attract specialists who have the skills to collect and analyze information about the main factors that have a direct and indirect impact on the activities of the wine-growing enterprise. In 30.3% of the surveyed managers, there is a lack of such analysis in the enterprises entrusted to their management. These managers state that this activity is carried out through an external consultant or through the use of platforms for business planning and analysis of the business environment, i.e. they are willing to pay to obtain a quality analysis of the business environment, due to the fact that they do not have a specialist in their structure to carry out this important planning activity.

The result of the comprehensive analysis of the business environment is the objectively formulated strategic goals for the development of the enterprise in the future. The figure below provides information on the process of strategic goal setting in the studied 33 wine-growing enterprises.

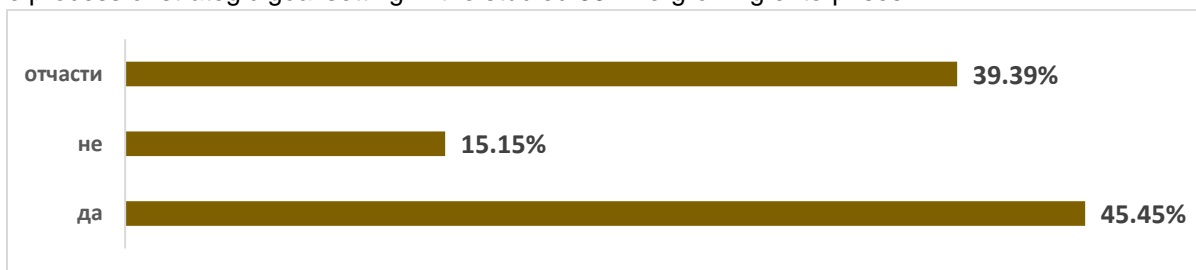


Figure34. Do you have formulated strategic goals? ? Source: Own survey among 33 wine-growing enterprises, 2024.

The data shows that 45.5% of enterprises have written strategic objectives. In these enterprises, strategic objectives are accepted by all stakeholders and are the main document of strategic business planning, on the basis of which strategies for the development of the enterprise's business model are developed.

A significant proportion of enterprises have the beginnings of an ongoing goal-setting process – 39.4% of surveyed enterprises state that they develop strategic goals to some extent. In these business structures, strategic goal-setting is a spontaneous process that does not occur annually due to staff turnover or frequent changes in the business intentions of the enterprise owner.

In 15.15% of enterprises, a lack of strategic goals is observed; mostly these enterprises set goals that are in an operational plan with a deadline of no more than one year.

The next step in strategic business planning is to develop certain scenarios for the development of the enterprise's business model based on the defined strategic goals. The following figure provides information on the presence of this element of strategic business planning in the surveyed enterprises.

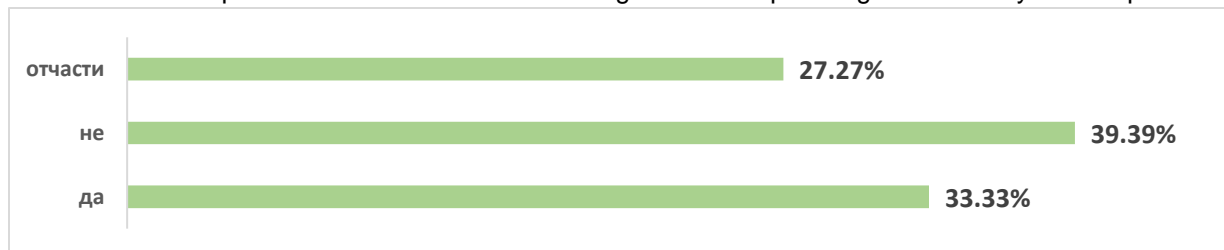


Figure35. Availability of scenarios for future development of the activity. Own study among 33 wine-growing enterprises, 2024.

According to the data obtained, only 33.3% of enterprises have a scenario for future development. It is striking that more than 1/3 of the surveyed enterprises do not develop development scenarios. The managers of these enterprises state that carrying out this activity is a waste of time and it is not worth putting effort into this direction. In 27.27% of the surveyed enterprises, there are beginnings of the process

of creating business scenarios. The managers of these enterprises share that scenarios are not developed systematically, but only in times of crisis or at the request of a financing business partner.

The next step in achieving effective business planning is the development and selection of a development strategy for the enterprise. According to the data from the survey, only 36.36% of enterprises develop a development strategy.

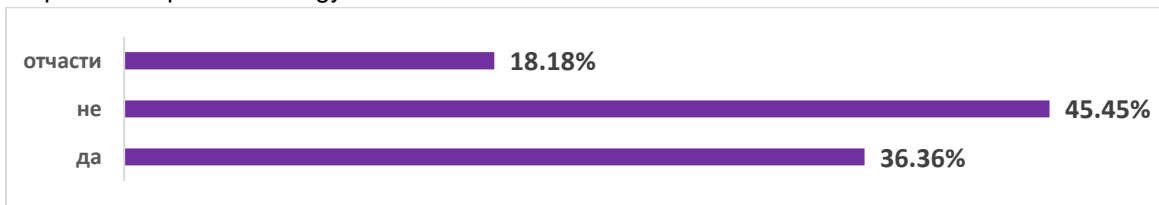


Figure36. Existence of a development strategy in the surveyed enterprises. Own study among 33 wine-growing enterprises, 2024.

The share of enterprises that do not have a development strategy is extremely high – almost half of the surveyed enterprises (45.5% of the total). The managers of these enterprises believe that this activity is not important for achieving market success. In 18.2% of the enterprises there are some signs of a development strategy, mainly these are enterprises that want to enter new markets and therefore think about the importance of the strategy. These enterprises mainly rely on the help of expert strategists to help them. In 36.36% of the surveyed enterprises there is a development strategy. Mostly these are enterprises that have a unit specialized in strategic business planning in their structure.

The next step in strategic business planning is the development of a strategic plan that is based on the enterprise development strategy. The following figure provides information on the presence of this element in the surveyed enterprises.



Figure37. Existence of a strategic development plan in the surveyed enterprises. Own study among 33 wine-growing enterprises, 2024.

According to 54.5% of the surveyed enterprises, a strategic development plan can be found in their business documentation. It should be noted here that these are enterprises that are large in size and have a clearly defined unit that carries out strategic business activities in planning and organizing business processes. In 33.3% of the enterprises, there is no strategic plan for the development of the activity in the future and in 12.1% there is a sporadic process of preparing a strategic development plan.

One of the main tools for business management is the business plan. A document based on which banks grant loans for business development. The importance of the business plan in controlling business processes in an operational plan is enormous. The following figure contains information on the presence of this business document in the surveyed 33 wine-growing enterprises.

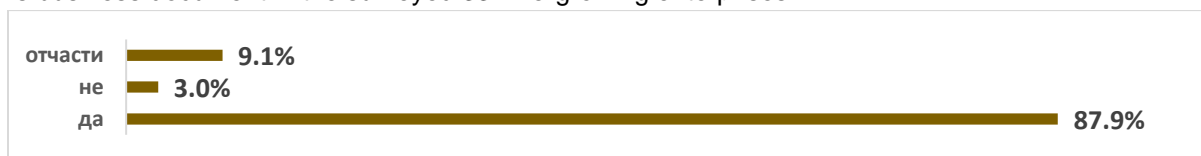


Figure38. Existence of a business plan for development in the surveyed enterprises. Own study among 33 wine-growing enterprises, 2024.

The data show that the majority of the surveyed enterprises have a business plan as the main tool for business management, in 87.9% of the total surveyed enterprises. In 9.1% of the enterprises there is no comprehensive business plan and in 3% the business plan is missing.

Another critical factor determining the effectiveness of strategic business planning is the existence of a system for collecting information about the factors that are part of the business environment surrounding the enterprise and the business processes it organizes. The next question in the survey aims to collect information about the existence of such a system in the enterprises.

According to the information collected, 57.6% of the enterprises have invested in building a data collection system regarding the factors that directly impact the development of the enterprise's business model. This system mainly aims to collect market information, as well as to build a database of customers - current and potential, through which to increase the sales revenues of the surveyed enterprises.

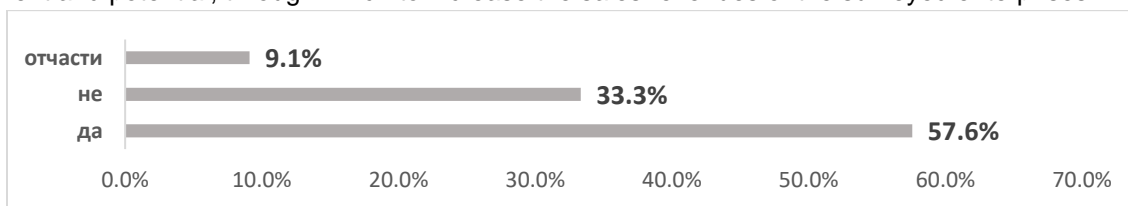


Figure39. Existence of a data collection system for business planning purposes in the surveyed enterprises. Own study among 33 wine-growing enterprises, 2024.

33.3% of the surveyed enterprises lack a system for collecting information for the purposes of strategic business planning, and 9.1% of the enterprises have a system that is in the process of being built and/or at an elementary level collecting information mainly on the most important factors such as prices, customer profile, etc.

The implementation of these activities, part of strategic business planning, is a result of how businesses staff this process. The following figure provides information about this aspect of strategic business planning.

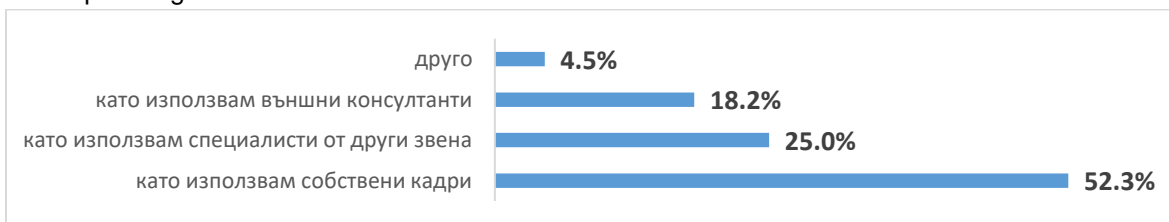


Figure40. Method of forming business planning teams in enterprises.. Own study among 33 wine-growing enterprises, 2024.

The data show that more than 1/3 of the enterprises provide strategic business planning by using their own staff, who are part of the functional teams in their organizational structures. In 18.2% of the surveyed enterprises, strategic business planning is provided by using the experience and expertise of external consultants (firms) specialized in strategic business planning. In 4.5% of the enterprises, there is another way of providing staff for this process.

Another important element for achieving effectiveness in business planning is the determination of the leading unit in carrying out these business functions. The figure below provides summarized information about this element.

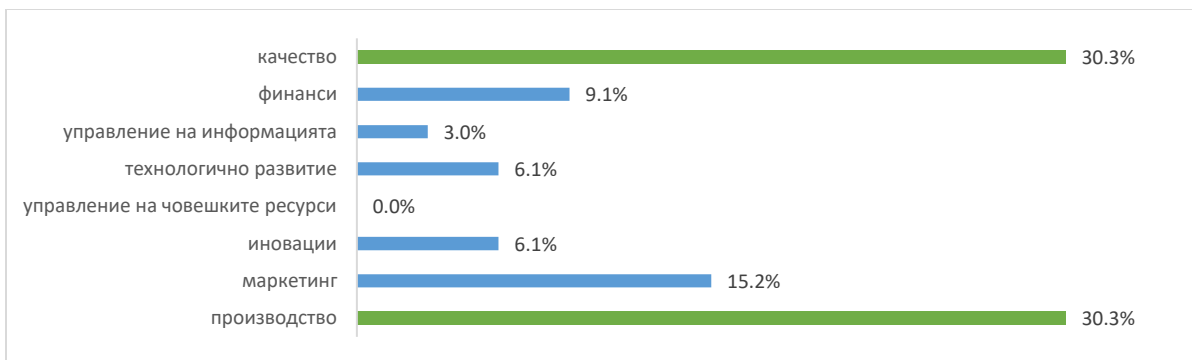


Figure 41. Leading unit in the implementation of strategic business planning. Own research among 33 wine-growing enterprises, 2024.

It is immediately striking that the main part of the echelon of strategic business planning in the enterprise in the sector is made up of specialists who have production specialization, i.e. these are engineers or production specialists who interpret strategic business planning from the point of view of production needs. The share of specialists who make up the business planning unit who are quality specialists is high – 30.3% of the total surveyed enterprises, I believe that these specialists have the expertise to plan business processes effectively. Only 15.2% of the enterprises state that the unit specializing in strategic business planning should be dominated by marketing specialists. It can be summarized that the guiding principle for achieving effective business planning is to entrust this activity to personnel who have knowledge of organizing production and ensuring production quality.

The following figure seeks to present a summarized picture of the most important factors determining the actual efficiency in organizing business processes in the studied wine-growing enterprises. The summarized information in Figure 43 clearly presents information that the most important elements of strategic business planning of business processes in the sector are the following:

- **The business plan** – 87.9% of enterprises develop this element of business planning;
- The presence of a unit to carry out strategic business planning – 69.7% of enterprises have such a unit in their organizational structures;
- The presence of a vision/mission for developing the business model, 63.6% of enterprises attach importance to this element;
- Conducting an analysis of the business environment – 57.6% of the total surveyed enterprises conduct this analysis;
- Possession of a system for collecting information needed for business planning purposes - 57.6% of the total surveyed enterprises;
- The presence of a strategic plan for future business development – 54.5% of all enterprises.

The most neglected activities by wine-growing enterprises in terms of strategic business planning are: scenarios for future development; development strategy; the presence of strategic goals.



Figure42. Priority of factors determining the actual effectiveness in strategic business planning in the surveyed enterprises.. Own study among 33 wine-growing enterprises, 2024.

These results from the survey indicate that the first sequential steps in strategic business planning are not implemented rhythmically in the surveyed enterprises, which leads to unfounded business plans and decisions for the future development of business processes in wine-growing enterprises.

Impact of business processes on competitiveness and testing the research hypothesis

The impact of business processes is determined by applying the statistical method chi-square analysis. The aim of the method is to establish whether there is a relationship between the elements of strategic business planning and the level of competitiveness achieved by the 33 enterprises studied.

Table1. The results of testing the relationship between the presence of the elements of strategic business planning and the achieved level of competitiveness in enterprises. Own study among 33 wine-growing enterprises, 2024.

Element of strategic business planning	Market growth	Cramer coefficient	Market share	Cramer coefficient
Existence of a unit that carries out strategic planning of business processes in the enterprise	no connection	0.32	connection	0.62
Presence of a mission/vision for the development of the enterprise's business model	no connection	0.11	no connection	0.12
Conducting a business environment analysis	no connection	0.05	no connection	0.41
Presence of strategic goals for the future development of the enterprise's activities	connection	0.56	connection	0.66
Availability of scenarios for future development of the enterprise's activities	no connection	0.44	no connection	0.21
Availability of a clearly formulated strategy for the future development of the enterprise	connection	0.76	no connection	0.69
Availability of a strategic plan for the development of the enterprise	no connection	0.49	no connection	0.33

Availability of a business plan for the development of the enterprise	no connection	0.32	no connection	0.19
Availability of a system for collecting, processing and systematizing information for the needs of strategic planning	connection	0.66	connection	0.69

As factors influencing competitiveness, the statistical model assumes the presence of the following elements of strategic business planning:

- (1) The existence of a unit that carries out strategic planning of business processes in the enterprise;
- (2) Presence of a mission/vision for the development of the enterprise's business model;
- (3) Performing an analysis of the business environment;
- (4) The presence of strategic goals for the future development of the enterprise's activities;
- (5) Availability of scenarios for future development of the enterprise's activities;
- (6) Availability of a clearly formulated strategy for the development of the enterprise in the future;
- (7) Availability of a strategic plan for the development of the enterprise;
- (8) Availability of a business plan for the development of the enterprise;
- (9) Availability of a system for collecting, processing and systematizing information for the needs of strategic planning.

To assess the level of competitiveness, the following indicators are used: (1) market growth and (2) change in the market share of the enterprise.

The results of the statistical analysis are shown in the table below. Referring to the market growth indicator, it can be seen that out of all 9 elements of business planning studied, only 3 demonstrate a statistically significant relationship - the presence of strategic goals (the value of the Cramer coefficient is 0.56, which indicates a strong relationship between the studied factors in the statistical model); the presence of a clearly formulated development strategy (the value of the Cramer coefficient is 0.76, which indicates a strong relationship between the studied factors in the statistical model and the presence of a system for collecting and systematizing information for the purposes of strategic business planning).

Regarding the market share indicator, a statistically significant relationship is established in the model again only for 3 elements, namely: (1) the presence of a unit for implementing strategic business planning; (2) the presence of strategic goals for the development of the enterprise and (3) the presence of a system for collecting information. It can be summarized that the most important factor for achieving competitiveness in the market is the presence of strategic goals and a strategy for the development of the enterprise.

Strategizing business processes in winemaking enterprises

As a result of the analysis of business processes and the factors that determine their effectiveness, systemic gaps in the studied enterprises are revealed in terms of the imposition of the strategic approach in management.

Managers are more focused on operational management, which leads to a deficit of conditions for sustainable development of business processes and achieving stable competitiveness of the enterprise. The following actions need to be taken in order to improve the efficiency and competitiveness of the surveyed enterprises, namely:

- Creating conditions for formalizing a leading unit to implement strategic activities in the enterprise;
- The leading unit must be focused on marketing activities, which must be recognized as strategic, especially in micro and small enterprises;
- Strategic analysis of the business environment and development of a strategy for the development of business processes that will shape the competitive behavior of enterprises.

Creating these conditions can be achieved mainly by conducting training and transferring knowledge in this area among the employed staff. The greatest deficit of knowledge and skills for strategic business planning is observed in small enterprises, which cannot afford to hire highly qualified specialists in the field of strategic planning.

Improving the effectiveness of strategic planning of business processes is possible only in the presence of clearly defined organizational and management prerequisites. The effective implementation of strategic planning activities requires targeted actions from management teams in two main directions. On the one hand, it is necessary to adopt the marketing concept as a leading management principle in the organization of business processes in wine-growing enterprises, both by top management and by all levels of personnel. On the other hand, appropriate organizational structures should be built and adapted, capable of applying marketing logic as the basis of strategic business planning.

Practice shows that the implementation of the marketing concept is often hampered by its incomplete understanding. In many cases, winery managers reduce marketing solely to advertising, although it represents only one limited element of the overall marketing system. The real content of marketing includes product management, pricing, communication policy and distribution, which together form the marketing mix. A one-sided focus on promotion cannot compensate for the lack or ineffective implementation of the other marketing functions.

The actual marketing process begins with the management of information flows. For the needs of strategic planning, it is necessary that the available information be selected and structured in a way that provides a reliable basis for making management decisions. This requires a systematic and purposeful approach to the search, collection, processing and storage of data that are directly relevant to the management of business processes. Managers should realize not only the importance of information as a strategic resource, but also the need for its planned and methodologically justified use.

Targeted information collection implies covering both the elements of the external environment – consumers, competitors, partners, regulatory frameworks and market trends, and the internal state and resource potential of the enterprise. The analysis of business processes along the value chain requires special attention to information related to their structure, efficiency and interrelationships, which implies allocating sufficient time and resources for these analytical activities. In this context, information collection should be considered a key priority in the work of strategic marketing teams.

An essential element of information provision for planning is the choice of appropriate data collection methods. In practice, two main approaches are applied: using purchased, specialized and profiled information from external sources and applying own tools and techniques for collecting primary data. Regardless of the chosen approach, the collected information should be adapted to the specific needs of strategic planning.

To be useful in the decision-making process, information must be systematized, analyzed, and presented in a form that is understandable to all participants in the planning process. In addition, its storage is of particular importance, since information is an expensive and difficult to renew resource. Building and maintaining a company database allows managers to accumulate knowledge and make more informed strategic decisions in the long term.

All these activities form the basis for the effective implementation of the marketing concept as a leading strategic approach in business process management. In this sense, marketing management begins with an awareness of the key role of information and with providing the necessary resources for its targeted use in strategic planning.

Organizing in-house training

Awareness of the essence of marketing and its key role as a leading approach in strategic business planning can be achieved primarily through targeted training processes. This training should be conducted with all members of the company's staff, regardless of what position they hold and which functional unit they represent. Training should be tailored to the degree of staff involvement in strategic planning of

business processes. Based on this, the company's staff is formed into two groups: directly involved and indirectly involved. The first group includes specialists from the strategic unit and the upper echelon of management, to whom the planning of business processes and activities is delegated. Their training should focus on their full implementation. The indirectly involved are that part of the company's staff that influences and takes part in the development of the company's development strategy. These include:

- Functional personnel unit (this organizational unit is present only in medium and large wine-growing enterprises). Their main task is to recruit specialists who possess the necessary qualifications and skills that meet the needs of the development strategy;

- Production and Engineering Department. The production of the product, as a set of values that satisfy customer needs, is carried out in this structure, which is why its staff must be familiar with customer requirements and support the implementation of the enterprise's development strategy by streamlining production as a business process;

- Finance and Accounting Department. Securing the necessary financial resources is one of the most important business processes in the enterprise. This process sets the framework for the successful implementation of the enterprise's development strategy. The responsibilities of the staff in this department are related to managing the expense and income cash flows, which will allow for the effective functioning of the business processes in the enterprise.

Within the individual organizational and structural units, training can also be formalized depending on the position of employees in the management hierarchy. The classical approach provides for the differentiation of personnel into: senior management level, middle management level, lower management level, as well as employees without management functions. However, such a hierarchical structure is characteristic mainly of large wine-growing enterprises, which have a significant number of qualified personnel.

In smaller enterprises, the training process is usually organized by separating two main groups - personnel with managerial responsibilities and personnel without managerial functions. Particular attention should be paid to temporarily hired workers who are mainly engaged in viticulture production in the performance of agrotechnical activities such as pruning, picking, etc. Although temporary in nature, their actions can significantly affect the implementation and effectiveness of the enterprise's development strategy.

In this context, in-house training should be organized in a way that takes into account the role, responsibilities and contribution of each employee in the management and implementation of business processes in the winemaking enterprise.

The two specificities considered form the focus groups that should be the subject of training.

Internal company training aims to clarify and explain the essence and importance of strategic business planning as a whole, as well as its role in the successful organization of business processes in the wine-growing enterprise with a view to achieving sustainable competitiveness.

The training of the thus separated groups of learners is a phased process, containing successive stages of its implementation, namely:

- **Determining training needs.**Based on identified deficits in the knowledge and skills of the staff regarding the development, implementation and control of the development strategy of the wine-growing enterprise, the necessary type of training is determined;
- **Selection of training tools.**Once the need for training has been identified, it is necessary to select an adequate training tool. There is a wide variety of training forms such as: courses, lectures, seminars, conferences and showing good examples. It is necessary to choose those training forms in which the greatest effect can be achieved from the training conducted among the company's personnel;
- **Organization of training.**The organization of the training itself is an equally important step, and for this purpose the necessary resources must be provided to conduct effective training;

- **Evaluation of the effect of training.** After the training itself is organized, it is necessary to evaluate the achieved effect. This is done by measuring the feedback from the trained staff, which provides information on the degree of elimination of the knowledge deficit as a result of the training and is the basis for identifying a new one, with which the process starts over.

CONCLUSION

In the course of the dissertation research, it was found that the main elements of strategic business planning are present in the majority of the researched wine-growing enterprises. Managers particularly emphasize strategic goal-setting activities and the development, selection and follow-up of various enterprise development strategies. These two elements of strategic business planning are strongly present in the planning of the activities of the 33 wine-growing enterprises studied. These factors systematically influence the competitiveness of enterprises and it can be argued that, other things being equal, they determine the degree of competitiveness of the studied domestic and foreign markets. It became clear that enterprises that strive to independently achieve higher competitiveness and, accordingly, efficiency of the resources invested. The sector is defined as conservative and market success can be achieved by preserving traditions and following good production practices, as these principles must be clearly declared among market consumers in order to guarantee success in market presence both on the domestic and foreign markets.

Some of the important strategic activities, managers manage to delegate to external contractors without fear of failure in following this approach to imposing products on the market. Another part, which is defined as critical in the pursuit of good market positions, is subject to the desire to impose full control.

III. PUBLICATIONS ON THE TOPIC OF THE DISSERTATION

1. Pavlov, G. (2023). Strategic business planning – theoretical analysis of business strategies. Journal of Management Science and Applications. Vol.1, 2023, 103 – 117.
<https://jomsa.science/index.php/jomsa/article/view/40/15>
2. Pavlov, G. (2023). Diagnostics of business processes in wine-growing enterprises in the South-Central Region. Journal of Management Science and Applications. Vol.2, 2023, 290 – 198.
<https://jomsa.science/index.php/jomsa/article/view/51/37>
3. Pavlov, G. (2023). The impact of the energy transition under the conditions of the Green Deal on the workforce of Bulgaria. Journal of Bio-based Marketing, vol.1, 2023, 55-65.
https://journalbbm.wordpress.com/wp-content/uploads/2023/03/article_7.pdf

IV. CONTRIBUTIONS OF THE DISSERTATION WORK

In the dissertation work, the following contributions can be highlighted:

- The main characteristics of strategic business planning are revealed, which are relevant for the rational organization of business processes in the studied enterprises;
- A scientifically based methodology has been developed for the analysis and evaluation of business processes in wine-growing enterprises, as well as for the evaluation of the effects achieved by these processes;
- The business processes in wine-growing enterprises and the degree of competitiveness they achieve have been analyzed and evaluated;
- Guidelines are proposed for improving the organization of business processes in wine-growing enterprises with a view to achieving and maintaining high competitiveness in the wine market.