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**INNOVATION PROJECTS AS A FACTOR FOR STRATEGIC DEVELOPMENT OF SMALL  
AND MEDIUM - SIZED ENTERPRISES**

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**Abstract**

Innovative projects are aimed at creating new products under the influence of new searches and trends in society. Small and medium-sized (SME's) enterprises aim to develop and implement such an innovation project, which will help the strategic development of the organization and the achievement of higher competitiveness. In the modern dynamic market and strong competition, they manage to develop and exist those companies that implement innovations or constantly improve their products. Innovation is the foundation of small and medium business growth. It is for this reason that it is important that the managers establish such an innovative plan to develop the company, even if it happens through partnership with other businesses. The main objectives of this development are to systematize the essence of the concepts of "innovation", "Innovative activity", "strategic development", "innovation plan", as well as clarifying the relationship between innovation planning and strategic development of Small and medium-sized enterprises. It has also clarified the consistency in the development of innovative projects. Systemized are the characteristic features that it possesses. The main tasks of the innovative projects and the advantages they give in implementing them are listed. For the purpose of the research, the thematic-problematic sections of innovative projects are identified. The main research methods used in the development are content analysis, method of analysis and synthesis, intuitive and systematic approach.

**Keywords**

Innovation – Innovative projects – Innovative activity – Strategic development – Enterprise

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## Introduction

One of the most often and widely used methods for organizing innovation activity and achieving the goals of the enterprise is the creation and implementation of innovative projects. The acquisition of knowledge about the specifics and the nature of the innovative projects, the stages, the methods and the management, enable the formation of skills for successful strategic development of each enterprise. Innovative projects are becoming more and more popular and increasingly becoming an established practice in today's business. The emergence of an idea of innovation, the creation of an innovation project, the implementation of innovation and the profit of these activities lead to a strategic development of the small and medium enterprise.

## Innovation and innovative activities of SME's

The concept of innovation is first found in research and development in the XIX century, but in-depth research on the essence of the concept was carried out in the early XX century by the Australian economist Schumpeter. It was only after his long-standing developments that the concept gained popularity. Innovation has never been a technical term, but a social term. Innovations are the basis for the development of technical, scientific, organizational and managerial, market and financial activities. The problems of innovations and innovation activities are explored in the work of a number of foreign and Bulgarian authors, such as Schumpeter, Porter, Kotler, Drucker, Casson, Kirtzner, Solis, Bondarenko, Gorfinker, Valdaitsev and Pantaleeva. Each innovation is the result of a targeted human activity that brings together research, production, marketing and other activities. Joseph A. Schumpeter<sup>1</sup> examines five different aspects of innovation and its definition, which is considered exhaustive on innovation, is:

- The introduction of a good product, which is new for consumers or higher quality.
- Production methods, those are new to an industry. It does not necessarily have to be new scientific discoveries and are not used in other industrial sectors.
- Opening new markets.
- Use of new sources of supply.
- New forms of competition leading to the restructuring of the industry or market.

Michael E. Porter<sup>2</sup> defined the innovation as follows: "To be included as an improvement in technology and better methods or ways of doing different things. It can consist in changing products, changing the process, new approaches to marketing, new forms of distribution, and a new concept of scope, innovation is the result of both the organizational structure and the research and development activity". The very concept of "innovation" in the work of Schumpeter is also seen as a change in order to implement and use new types of consumer goods, new production and transport means, markets and forms of organization in the production.

After the second half of the XX century the term "innovation" is explored by a number of authors:

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<sup>1</sup> J. Schumpeter, *The Theory of Economic Development* (Cambridge: Harvard University Press, 1934).

<sup>2</sup> M. Porter, *Wettbewerbsstrategie – Methoden ZurAnalyze von Branchen und Konkurrenten* (Frankfurt am Main: Auflage, Campus Verlag, 1999).



- Phillip Kotler notes that "considering the rapid changes in tastes, technology and the state of competition, the company cannot rely only on the existing goods. The user wants and expects new and improved products. And competitors will do their utmost to provide these innovations. Therefore, each company must have its own program for the development of new products."<sup>3</sup>
- Peter Drucker points out that "innovation is a function of entrepreneurship and new knowledge. New knowledge is the "super star" of entrepreneurship. Knowledge-based innovation enables the analysis of important factors, taking a strategic position that is market-focused, concentrating on key functions and putting entrepreneurial governance into practice. Innovation is the specific tool of entrepreneurship; this is the action that donates resources to new quality to reproduce wealth. "Resource" does not exist until one finds an application for something new in nature and does not give it economic value."<sup>4</sup>
- According to Mark Casson, "the most important form of entrepreneurship is product innovation. A key element in product innovations is to ensure the flexibility and universality of the product. This requires standardization of the construction characteristics of the individual components and ensuring the accuracy of production. On this basis, the creation of a mass market and the possibility of economies of scale and volume are ensured."<sup>5</sup>
- I. Kirtsner summed up that "innovation is the ability to see where new products have gained an unexpected value for consumers and where new production methods have become possible, i.e. to see new opportunities undetected by other. This is important so that long-term benefits can be exploited. "<sup>6</sup>
- Br. Solis believes that "in the new business model (21st century) in the conditions of the information society and digital networks, innovation is a means of transforming business from static to a much more dynamic state. According to Dinka Zlateva and R. Vladov, "marketing and innovation are crucial to the transition to sustainability in business."<sup>7</sup> The importance of innovation is not only in the development of brilliant ideas, the introduction of new technologies or the creation of new processes and systems. Innovation is also needed today in the design and implementation of these ideas and how the relevant infrastructures evolve and support them."<sup>8</sup>
- According to the vision of Natalia E. Bondarenko "the innovation process has gradually become the dominant of economic development, and innovation is at the heart of both scientific and technical progress and the conduct of a course of rational use of resources, Obtaining the maximum possible result, as the modern stage in their development is characterized by great attention to the economic mechanism of their implementation."<sup>9</sup>

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<sup>3</sup> F. Kotlar, Osnovi na marketinga (Moskva: Progres, 1991).

<sup>4</sup> P. Drakar, Inovatsii i predpriemachestvo (Sofia: Klasika i stil, 2002).

<sup>5</sup> M. Casson, An Entrepreneurial Theory of the Firm (UK: UP University of Reading, 1998), (03.03.2020). <http://www.druid.dk/conferences/summer1998/conf-papers/casson.pdf>

<sup>6</sup> I. Kirtsner, Konkurenciya i predpriemachestvo (Chelyabinsk: Sotsium, 2010).

<sup>7</sup> D. Zlateva and R. Vladov, „Innovative aspects of online marketing“, Macedonian International Journal of Marketing Vol: 3 issue 6 (2017).

<sup>8</sup> Br. Solis, Noviyat biznes model. Uspekhat v revolyutsiyata na potrebitelite iziskva promyana (Sofia: Roi Komyunikeishun, 2015).

<sup>9</sup> N. Bondarenko, Teoreticheskiye osnovy kontseptsii innovatsionnogo razvitiya ekonomiki (Rossiya: Altayskoy akademii ekonomiki i prava, 2012), (04.03.2020). <http://journal-aael.intelbi.ru/main/wp-content/uploads/2012/01/>

- Michel Porter mentions that "innovation is a new way to do things that are commercialized. The process of innovation cannot be separated from the strategic and competitive context of the company."<sup>10</sup>
- Some authors such as S. Gorfinker, Shvandar and E. M. Kiprianov, consider that "the results of innovation activities are the basis of innovation. The creation and the economic realization of innovation is defined as innovative entrepreneurship. The novel is associated with the creation of a new, previously nonexistent combination of production factors and thus a new production function is realized. The level of development of science and intellectual production – patents, know-how and information are the most important competitive advantage."<sup>11</sup>
- Valdaitsev, examine the innovations from the point of view of the manufacturer and "define them as the realization in the life of new variants of solutions to technical, economic, organizational and social tasks in the enterprises whose Solution is oriented towards achieving their goals in an original way."<sup>12</sup>
- J. Hanns Pichler", write that "the innovation is all the improvements, refinements, or entirely new states and processes in things that bring specific economic and social benefits."<sup>13</sup> Benson Schapiro notes that "In many cases innovation is a risky endeavor, requiring often no small financial resource."<sup>14</sup>
- Drucker also describes that "innovation is a specific tool for entrepreneurs, the means by which they exploit change as an opportunity in a business or service."<sup>15</sup>

Innovation plays an essential role in the competitiveness and success of businesses. In this sense, Raina Dimitrova believes that the main distinguishing feature of the modern competitive environment is its transformation into post-industrial, increasingly globalised and knowledge-based information.<sup>16</sup>

And Dimitrova notes that, "the companies develop and implement various innovative approaches and tools to improve their activities, with the ultimate aim of increasing competitiveness."<sup>17</sup> It is necessary to carry out the innovation in the enterprise through certain innovation activities.

The innovation activity represents all scientific, organizational, technological, financial, trade-related activities, which actually results in the realization of innovations. Sometimes innovation activity in an enterprise also includes research that is indirectly linked to the development of the specific innovation, but it helps to improve or further innovate. Viara Kyurova and D. Yaneva note that businesses need to adopt innovation activities as one of their strategic priorities, as this is a prerequisite for gaining additional profit, preserving

<sup>10</sup> M. Portar, *Konkurentno predimstvo na natsiite* (Sofia: Klasika i stil, 2004).

<sup>11</sup> V. Gorfinkel, V. Shvandar and E. Kupryakov, *Kurs po predpriemachestvo* (Moskva: UNITY, 1997), (20.02.2020). <http://www.bibliotekar.ru/biznes-39/index.htm>

<sup>12</sup> S. Valdaitsev, N. Molchanov and K. Petsoldt, *Malko inovativno predpriemachestvo* (Moskva: Prospekt, 2015).

<sup>13</sup> J. Pichler, H. Pleitner and K. Schmidt, *Management in KMU: die Führung von Ulein und Mittelunterehmen* (Bern/Stuttgart/Wien: Verlag Paul Haupt, 1996).

<sup>14</sup> B. Schapiro, R. Dolan and J. Quelch, *Marketing Management – Principles, Analisis and Management* (Homewood: IL Richard Irwin, 1985).

<sup>15</sup> P. Drakar, *Inovatsii i predpriemachestvo* (Sofia: Klasika i stil, 2002).

<sup>16</sup> R. Dimitrova, *Konkurenten analiz na turisticheskiya pazar* (Blagoevgrad: University Publisher N. Rilski, 2017).

<sup>17</sup> R. Dimitrova, *Monitoring na konkurentosposobnostta na predpriyatieto* (Blagoevgrad: University Publisher N. Rilski, 2017).

competitive advantages, promoting and increasing market share.<sup>18</sup> According to Zlateva, Atanasova and Kalaidjieva, “companies need to examine demand ever-changing needs and comply creating and offering new products with it.”<sup>19</sup> Each enterprise determines for itself the set of innovation activities specific to innovation. Some companies deal with very pronounced innovation projects, which includes the development and implementation of a new product, while other companies are engaged in the introduction of new or improved products in their production, processes and operations. According to Iskra Pantaleeva, there are several key characteristics defining the innovation activity of the enterprise:<sup>20</sup>

- Innovative enterprises. Innovative enterprises are those that market new or significantly improved innovative products (goods and services) and innovation processes, including methods for providing services and ways of supplying products. Innovative products and processes must be new to the companies themselves, but they are not necessarily new to the market, i.e. they do not need to be presented for the first time on the market. The indicator measures the innovation capacity of the economy.
- Expenditure on innovative activities. All costs directly linked to the deployment of new or improved products and processes, including costs incurred for innovation projects that have been discontinued or have not yet been completed (for the last three years) shall be included.
- Innovative cooperation. Innovative cooperation is the active participation in joint research and development (R and D,) or other innovation projects (industrial design, marketing, etc.), which are implemented through cooperation with other national or foreign enterprises and organizations.
- Factors hindering innovation activity. Includes factors that slow down the implementation of innovative projects or cause them to be discontinued.

According to Yulia Nedelcheva, “a number of factors contribute to the main activities being carried out outside the home country. Improving information and communication technologies, which facilitate better coordination, better social, technological and economic resources that have provided the necessary infrastructure, and overall improvement in international patent protection, make it easier to protect foreign inventions.”<sup>21</sup> Richard Florida notes that, the planning of innovative activities seeks a balance of direct statistical data and qualitative indicators analyzed by complex indicators to measure the result.<sup>22</sup> In order to introduce or innovate by an enterprise, managers need to establish an innovation plan project to clarify the tasks, objectives, finances, methods and expectations of the innovation concerned. Innovative projects organize the innovation activities of small and medium-sized enterprises.

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<sup>18</sup> V. Kyurova and D. Yaneva, “Research on the impact of the corporate image on the competitiveness of interior design enterprises”, CBU International Conference on Innovations in Science and Education, Prague Vol: 5 (2017) DOI: <http://dx.doi.org/10.12955/cbup.v5.973>

<sup>19</sup> D. Zlateva, A. Atanasova and V. Kalaidjieva. “Entrepreneurship, Innovations and online marketing as factors to increase the companies’ competitiveness,” Sixth International Academic Conference: “The Possible, the real and the virtual in the modern world” (Skopje: European University Republic of Macedonia, 2016) <http://www.eurm.edu.mk/novosti/sestakonf/zborniktrudovi16elek.pdf>

<sup>20</sup> I. Pantaleeva, Upravlenie na inovatsiite v industrialno predpriyatie (Svishtov: Akademichno izdatelstvo Tsenov, 2013).

<sup>21</sup> Y. Nedelcheva, “Business Strategies in Industry 4.0”, Entrepreneurship Vol: 2 (2017).

<sup>22</sup> R. Florida, Cities and creative class (Pittsburgh Pennsylvania: Un. Publ. Carnegie Mellon, 2005), (01.03.2020).

<http://creativeclass.com/rfcgdb/articles/4%20Cities%20and%20the%20Creative%20Class.pdf>

## Characteristics of the Innovation project in SME business

The characteristics of the project management make it fully applicable also in the field of realization of company innovations. Of course, there are certain specific features of innovative projects and related governance. In the course of defining the innovation project the company is looking for answers to a number of questions related to the way of realization of the new idea, the need for additional research work, organizing the experimental production and marketing, the size necessary resources and sources for their provision, etc. The innovative project is a system of processes and activities, interdependent in terms of resources, deadlines and stages.<sup>23</sup> It can be defined in several respects, such as:

- An aggregation of activities to achieve the innovative objectives of the industrial enterprise (activity);
- Organizational form of targeted management of the Innovation activity (form);
- Set of documents justifying and describing the innovative activities and their expected results (document);
- Complex multi-component system comprising the elements: entities and management objects, regulatory documentation, project phases and management functions (standard).<sup>24</sup>

The different definitions identifying the innovative project from a specific angle reflect the complex and complex nature of this economic category and are peculiar indicators of the significance of the project principle when choosing an approach to Implementation of company innovative development. Pantaleeva examines the "innovation project as a complex unique complex (system) of processes and activities, interconnected and interdependent on resources, deadlines and contractors, aimed at achieving specific objectives of the innovation development of Industrial Enterprise – the creation and distribution of a new type of product, process, technology, service, etc. The project must ensure the effective resolution of specific objectives."<sup>25</sup>

It is important to note that the goals set in the general company strategy determine the content and duration of the innovation project. In practice, based on the innovative strategy developed, the flow of innovation transformations in the enterprise is transformed into a form of innovation program and innovation projects, i.e. the individual identification aspects of the innovation project should be derived from the innovation strategy specified in the Innovation Program and detailed in operational order in the development of the innovation project.

Ivan Georgiev notes, that the following sequence shall be followed in the development of innovation projects:<sup>26</sup>

- *Define the purpose of the project.* The main objective and the corresponding sub-targets shall be defined. It specifies which objectives and to what extent will be achieved in the realization of the innovation idea of the project.

<sup>23</sup> M. Bogdanova, Upravlenie na proekti (Svishtov: AI Tsenov, 2012), 129.

<sup>24</sup> I. Pantaleeva, Upravlenie na inovatsiite v...124.

<sup>25</sup> I. Pantaleeva, Upravlenie na inovatsiite v...125.

<sup>26</sup> Iv. Georgiev, Tsv. Tsvetkov and D. Blagoev, Upravlenie na firmente inovatsii i investitsii (Sofia: UNSS, 2013), 479.

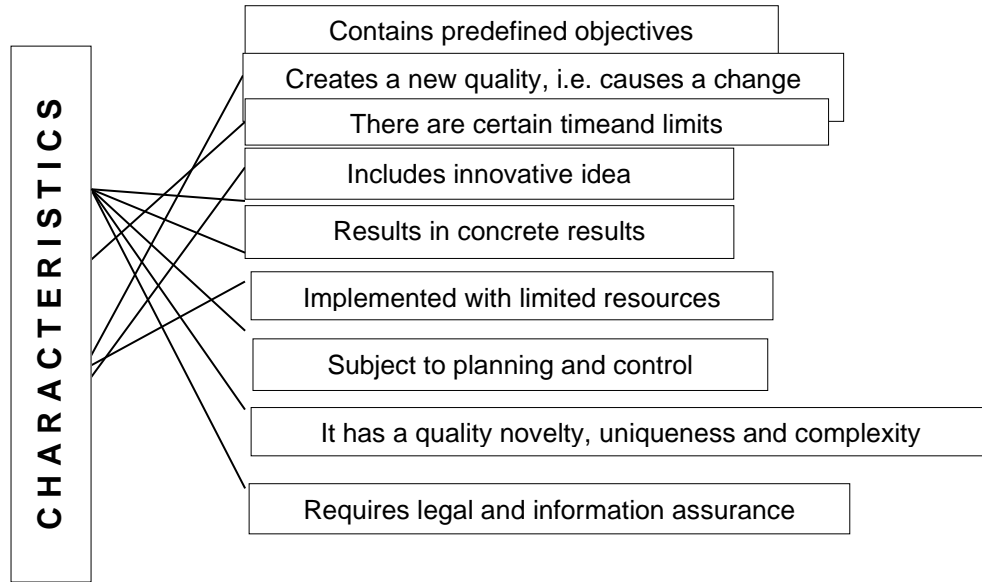
- *Determine the specifics of the final outcome of the project.* Indicate what result should be obtained at the end of the project: a skilled specimen, starting a normal production of a new product, intellectual product (new technology, know-how), etc.
- *Defining the activities for achieving the objectives.* This may be additional studies, development of a conceptual/work design, creation of an experienced specimen, production of a test/zero series, etc.
- *Determine the composition and size of the project team.* Specify the management bodies, participants, organizational form and organizational and management structure of the project. The persons involved in the innovation team (in general and by category, internal and external staff) are attached to the respective posts (jobs).
- *Time assessment.* A timetable for the implementation of project activities and stages is being developed. The duration and resource provision are fixed in terms of the time factor.
- *Evaluation of resources.* Determine the quantity, composition and structure of the necessary material and technical resources for the realization of the project (buildings, terrains, machinery, equipment, tools, equipment, office equipment, raw materials, materials, etc.).

These activities define the construction features of the innovation project. Its justification and precision depend on the way in which the managers will formally present the project, structuring its content in a specific logical sequence of sections. Where there is a set of ideas for which there is a preliminary assessment that they are acceptable, projects should be developed for their implementation. An idea with sufficient potential for successful success may fail due to insufficiently precise planning and organizing of its implementation. The development of the innovation project means a preliminary determination of the way of the development and implementation activities in the company. The development of the innovation project seeks answers to questions related to:

- The way of realizing the idea and choosing the necessary concrete new technologies.
- Additional research activities aimed at the development of the scientific product and the design work.
- How to use the acquired technologic
- Activities related to the preparation of the enterprise.
- The means of carrying out the experimental production and the absorption of the proceedings.
- Necessary marketing activities.
- Organizing for the realization of the idea.
- Indicative amount of expenditure.
- Sources of funding.

The world practice has proven that the actions for the development of an organization are managed most rationally by developing and implementing projects. In general, a project is a set of actions where human, material and financial resources are organized in a specific way in order to achieve certain quantifiable and qualitatively assessed results in the case of a restriction of time and cost. Within the framework of the development of the company's innovative projects, the advantages and benefits of each of them in terms of company objectives should be clearly shown.

Innovative projects are implemented under different business conditions and specific thematic parameters. Regardless of their specific type, each project has universal characteristics, which reflect the common content aspects of this form for the realization of company changes. (Figure №1)



Source: I. Pantaleeva, Upravlenie na inovatsiite v industrialno predpriyatie, (Svishtov: Akademichno izdatelstvo Tsenov, 2013), p.126

Figure № 1

#### Characteristic features of the innovation project

According to Iskra Pantaleeva, through the implementation of an innovation project SME's have to solve several basic tasks:<sup>27</sup>

- ✓ To justify the need for innovative development;
- ✓ To show the attractiveness of the project to potential future investors;
- ✓ To demonstrate the attractiveness of the innovation;
- ✓ To prove the value of the innovation idea on the basis of the assessment of its cost effectiveness.
- ✓ To prove the benefits and opportunities of the innovative project introduced.

The success of an innovation project also depends on the existence of a certain set of factors. To achieve the objectives and to solve the relevant tasks, it is necessary to establish an adequate innovation culture and a network of links with targeted, objective and functionally related organizations and institutions (at national, regional, local level). It is essential to achieve compliance with the strategic tasks of the enterprise; the formulation of a clear orientation towards the solution of the innovation problem; the establishment of an information provision system; the implementation of precise evaluation and selection of projects; the formation of an adequate system for stimulating staff and flexible project management mechanisms.

<sup>27</sup> I. Pantaleeva, Upravlenie na inovatsiite v... 125.

The organization of Innovation activities on a project basis brings advantages to the undertaking. According to Iskra Pantaleeva, "the implementation of the project principle streamlines human labor and contributes to a more efficient use of company resources. Through the system of projects, it is possible to identify in a timely manner existing or potential problems and to move towards their priority resolution."<sup>28</sup> Projects stimulate initiative and promote a more complete use of the creative potential of professionals in SME's. The advantage can also be gained by improving the process of investing in innovation and improving the efficiency of project management by applying appropriate methodological tools. The advantages of SME's carrying out innovative projects also consist in the experience, knowledge and information they possess, as in a future such project the enterprise is experienced and will perform the activities faster, which will increase its competitiveness.

For the purpose of the survey, it is necessary to point out that any substantiated innovation project must include several thematic topics:

- State and innovation strategy of the enterprise. Indicate the subject of activity; capacities; Data on corporate strategy; capital and investment needs; analysis and assessment of the market situation and risk situations.
- Benchmarks and indicators to assess investment for innovation. The choice of criteria for assessing investment policy in the field of innovation is strictly individual. It depends on the subject of activity of the enterprise, the scale of the project, duration, target orientation, etc., identification of the criteria factors. However, the requirement to justification the project requires the critical coverage to have the following coverage: investment for the innovation project; market products that define development (both on the market and on products); potential and capacity for resource provision of the innovation program; risk situations related to the future effects of markets, competition, etc.; innovative saturation and information on product technology.
- Program development (market absorption). In this section the company presents a detailed program for the development of the idea with the necessary costs in phases of implementation. In particular, it covers:
  - ✓ Product development program containing information about the markets, fixed assets, personnel insurance, etc.;
  - ✓ Forecasts for dynamics of financial and economic indicators: sales, profit, financial ratios, profitability, etc.;
  - ✓ Estimated cash flows from investments: cash flows, cash flows from operating activities, net cash flow, etc.;
- Requirements for European standards for the innovation outcome of the project. Here is presented information on the conformity of the draft requirements for European standards of the product, ISO 9001-2000 standards, etc. There is justification for some social solutions related to the maintenance and creation of jobs, as well as environmental solutions demonstrating the adequacy of the project on environmental protection, hygiene requirements for the product, etc.

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<sup>28</sup> I. Pantaleeva, Upravlenie na inovatsiite v... 126.

- Complex evaluation of the project. "A summary of the main evaluation areas is summarized with a conclusion on the profitability or ineligibility of the project, the degree of compliance with company priorities, the compliance of standards, the expected benefits and their sustainability in terms of business, region and economic activity.", mentions Iskra Pantaleeva.<sup>29</sup>

The organization of the innovation plan must ensure both the sustainability and flexibility of the company's business and be consistent with the level of complexity and mobility of the environment in which the enterprise operates. The enterprise adjusts its organizational management structure to meet the requirements of both routine production processes and the need to develop and deploy new ideas and related changes. For the innovation project, the manager needs to devote time not only to its preparation, but also to the preparation of the organization as a whole. For development purposes it is necessary to clarify the activities necessary for the preparation of the undertaking.

The purpose of the scope development is to bring the scientific product into a form that will enable the new product to be deployed. The scientific product is usually created without taking into account the specific conditions under which it will be applied. It is therefore necessary to adapt to the specifics of the conditions in which the new production process will take place and in which the producer company operates. It is also necessary to establish and specify the technical and technological requirements for the new product and to choose a specific option for the implementation of the project. The business practice of the country has established the tradition that the activities related to the development of the scientific product should end with the development of a technical-economic task-a document that regulates: the technical and operational characteristics of the new product; conditions of its operation; standardization and unification requirements; ergonomic requirements; the product development deadlines. The activities in the second group are aimed at the design of the new product, the technology for its production, the development of construction and technological documentation.

The activities for the preparation of the company are aimed at providing the necessary financial resources for the realization of the project, organizational and technological preparation and preparation of the staff. The preliminary activities of securing the necessary financial resources start well before the start of the project implementation. In the framework of the implementation of the project, the sources of financing shall be definitively determined; the technical procedures for obtaining the amounts of the various sources shall be carried out.

Organizational preparation includes a wide range of activities aimed at: building the necessary organizational structures for the implementation of the project; formation of teams of specialists and contractors; regulating the links between the units and coordinating their activities; identification of activities provided to subcontractors; determining the specific companies subcontractors and concluding contracts with them; organizing workplaces; organizing the quality control system for the new production; organization of intra-factory transport; organizing the system for storing and shipping the finished products.

The technological preparation of the company for the production is usually expressed in: collate and propagation of the working documents; delivery and installation of the necessary additional equipment; manufacture or supply of non-standard equipment, instrumental and

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<sup>29</sup> I. Pantaleeva, Upravlenie na inovatsiite v... 132.



other equipment, measuring instruments, devices and fittings; ensuring the supply of material and energy resources and ensuring the production and delivery of details from external producers.

The preparation of the staff consists in increasing the qualification and overcoming the psychological barriers to the development. The qualification is applied in order to acquire the necessary additional knowledge and technical skills for successful implementation of the new functions-implementation of new technological operations, operation of new equipment, etc. It is usually necessary to carry out short-and medium-term courses with targeted focus, as "along with training, up skilling and retraining essential for quality training are motivation, encouragement and stimulation of the cadres"<sup>30</sup>, mentions Bogdanska. Very often the companies-suppliers of equipment, themselves organize such courses, the value of which enters the value of delivery. Sometimes after the start of production the production process proceeds under aggravated conditions. Depending on the nature of the production and a number of other conditions its duration may be from several months to several years. The reasons for aggravated conditions can be emphasized: insufficient experience of managers and workers; uncorrected deficiencies in the resource supply system; the need for further adjustment of technological equipment and technological interfaces; inadequate communication between the units, etc. During this period, often called "Mastering the Production", the efforts of the project managers are aimed at reaching the projected production volume and the projected technical and economical parameters of the production process.

In parallel with all the activities described during the whole period of implementation of the innovation project an intensive marketing activity is carried out, focused mainly in the following areas: research on the possible markets for the new product; a study of the size of the target market and market share forecasting; examining the correlation between the requirements of the potential users and the characteristics of the new product; market tests of the new product; future product improvement guidelines.

Innovation projects are to a large extent linked to the enterprise's strategy. The strategy is a detailed and comprehensive plan, containing in itself the accumulate set goals of the organization. More and more small and medium-sized enterprises recognize the need for strategic planning and are gradually starting to implement it. This is partly due to the increasing competition in the market and to survive the SME needs to evolve. The strategy is the starting point of theoretical and empirical research. Organizations may differ in how their decision-making managers relate to their innovation strategy. If senior management supports efforts to implement innovation, the likelihood of innovation being accepted for deployment in the organization increases. As you engage senior management in the decision-making process, the importance of strategic and financial goals is also increasing.

### **The connection between innovation projects and the strategic development of small and medium-sized enterprises**

The construction of each business inevitably leads to the moment of its expansion and development. The optimization processes in the company should respond to changes in the economic environment in which it operates. For small and medium-sized enterprises to be competitive, they need to optimize their activities continuously, while taking into account

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<sup>30</sup> D. Bogdanska, Upravljenje na choveshkite resursi i tsena na rabotnata sila v suvremennata organizatsiya (Blagoevgrad: Smilkov, 2019), 58.

resource constraints. The purpose of optimization is to improve the business processes in terms of cost, quality and time. The main goal of optimizing is to increase the efficiency of the processes. It can be done through continuous improvement or innovation.

Innovation is a fundamental factor in providing a competitive and strategic advantage. The development strategy is closely linked to the innovations that have been implemented, through which the planned objectives are achieved. Achieving the global objectives of small and medium-sized enterprises, defining strategic development, requires concrete, conscious and focused efforts based on innovation.

The strategy focuses the direction of the enterprise's movement, intentions, purpose. The innovation project can turn a baseline situation into the needs of the organization and the desired change in a new phase of development. After implementation of project activities introducing innovation, the impact assessment on the market position of the company follows.

Based on the strategy developed, managers develop a strategy map that identifies key areas of activity with which small and medium-sized enterprises will achieve their strategic goals. It is important to point out that the strategic development of the enterprise is achieved through the realization of the strategic objectives that are predetermined. The strategic objectives derive from the established vision and the mission formulated. They define the baselines to which the enterprise will strive. Strategic objectives help to improve the strategy applied to sustainable advantages, to uncover new perspectives, to increase competitiveness, to use growth opportunities, to increase the efficiency of organizational structures, etc.

In researching the relationship between innovation projects and strategic development of small and medium-sized enterprises, we can indicate:

*Firstly*, the innovation project contributes to the realization of the strategic objectives of small and medium-sized enterprises.

*Second*, the innovation Project is created for the realization of a certain concept of innovation and has a specific character: to achieve certain characteristics of the product (the process), to improve the quality of the product, to increase demand for Product performance, process productivity, etc.

*Thirdly*, the objectives of the Innovation project are specific in nature, linking the achievement of strategic business objectives with the implementation of innovation, i.e. they focus on fulfilling the most significant objectives of the idea.

*Fourthly*, the development and implementation of the innovation project must be consistent with the strategy, strategic objectives and organizational structure of the undertaking concerned.

According to Petya Koleva "Strategic management helps an enterprise to go beyond the daily operational management and analyze its long-term priorities, to find the optimal balance between process planning and management approaches in one Long term and to

function in an effective manner striving to financial sustainability in the future."<sup>31</sup> Yulia Nedelcheva notes that, "the impact of competition to achieve and maintain competitiveness is on the agenda of managers. On the one hand, firm competition contributes to the competitiveness of the national economy, and on the other hand, competitive infrastructure at the national level determines firm competitiveness. Increasing SME's competitiveness makes it possible to overcome national weaknesses, such as finance and innovation, and access international resources. The process of globalization removes the link between the geographical origin and the markets of the firm's activity."<sup>32</sup>

The strategic development of small and medium-sized enterprises depends on the proper management of innovative projects and their effectiveness. In managing the Innovation project, the knowledge, skills and techniques implemented by the team for the implementation of all stages related to the achievement of the final result are important. The final result is precisely the innovation that the enterprise creates or the improvement of the product. The efficiency of the management of the innovation project is measured by the balance achieved between the defined needs in terms of quality, cost, time, risk and the resulting project's final result, i.e. the innovation (but the introduction).

## Conclusion

The idea, innovation, innovation, Innovation project, strategic development and competitiveness are all interrelated concepts. The idea is at the beginning of innovative entrepreneurship. Knowledge, experience and ability play a key role and can be a boost to the emergence of innovation. Every business activity is based on the idea, but for an innovative business the right idea is essential and is actually the key to the future success of the Innovation project. The constant improvement and introduction of innovations are the engine of small and medium business, and this is strategic and scientific-technological progress in general. The innovative implementation of the innovation plan, which includes the defined innovation activities, leads to the growth of small and medium-sized enterprises, growth both economically and in a strategic way.

The development and implementation of the innovation project is a complex task, for a successful solution, which is necessary to analyze and take into account a large number of objective and subjective factors. In recent years, small and medium - sized enterprises have gained considerable positive experience in innovation governance. However, the modern economy is characterized by the fact that processes in the field of innovation are very dynamic and diverse.

On the basis of the research related to the relationship between innovative projects and the strategic development of small and medium - sized enterprises, the following conclusions can be summarized:

1. Of all the authors studying the problems of innovation and innovation, only porter focused attention on the relationship of innovation with strategic development and competitiveness.

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<sup>31</sup> P. Koleva, Inovatsionnite proekti kato faktor za strategichesko razvitie na organizatsiite v sektor „Kultura” (Sofia: Interkultura konsul, 2013), 72.

<sup>32</sup> Y. Nedelcheva, "Competition and Competitiveness in Pharmaceutical Industry", Economics and Management Vol: 2 (2019): 73.

2. The innovation process cannot be separated from the strategic and competitive context of the enterprise. Innovation is always a complete design process of applying a specific new knowledge into use. Innovation is a unique tool of entrepreneurs, a means by which they implement the change by bringing it into business. They play a key role in ensuring strategic and competitive advantage. The SME development strategy is related to the realization of innovations that implement the objectives of the Organization. Achieving the SME's pre-set objectives requires a well-defined and thought-out effort based on innovation.
3. The strategic development of SME's depends on the proper management of innovative projects as well as their effectiveness. The Innovation project is a system of activities and processes, interdependent with deadlines and resources. It is a process through which innovation activities are carried out.
4. Any development of innovative projects within the enterprise shall be consistent with the definition of the objective of the project, determination of the specificity of the final result of the project, definition of the activities for the realization of the objectives, determination of the composition and size of the project team, as well as the assessment of time and resources.
5. Each of the innovative projects has universal characteristics as content of predefined objectives, creates a new frequency and changes, has definite time limits, i.e. begin and end, includes an innovative idea, leads to the achievement of concrete results, carried out with defined resources, is subject to planning and control, has a qualitative novelty and requires legal and information assurance.
6. In implementing innovation projects, account shall be taken of global trends relating to consumer access to the products of small and medium-sized enterprises. Small and medium-sized enterprises have a major impact on the economy by creating, preserving and sharing knowledge "know-how", implement and creating innovations and technologies, satisfying the searches and needs of market-savers and other similar responsibilities.
7. Innovation projects are a factor for the strategic development of small and medium-sized enterprises, and their successful implementation leads to the creation of innovations, which leads to the strategic development of small and medium-sized enterprises.

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