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

Introduction

Kipaş Group founded 26 years ago when the Turkish textile and apparel sector initiated continuing progress by joint-venture of two families and now employs more than 4000 workers in different sectors. Kipaş Group, a leading institution within its sector and renown due to its professionalism, its expertise and its high quality standards, is a precious member of Turkish Textile Industry whereby it transformed a mere cotton yarn manufacturing plant over years into a fully-integrated textile manufacturing giant. The companies of the group which have benefited from incentives of Turkish Textile and apparel sector have been growing very rapidly.

Kipaş Group has been formalized by including numerous subsidiary companies through the reorganization of the group companies since 2005. It decided to change their management structure considering the recent developments in textile sector and raising conflicts among stakeholders due to the management system of the company. The removal of quotas and Chinese effects to world textile were the focus point of researches. The effects of removal of quotas to Turkish textile were assessed with the premature indicators of Turkey's total export and import. By taking account of enormity of the group and economical situation, the group was proposed to establish a holding.

Theoretical Background

The regulations in World Trade oblige the national wide companies to develop new strategies for their sustainability in the market. However, companies must be aware of their internal and external environments to identify their advantages and disadvantages in order to develop strategies. Self assessment, which is a structured internal process to identify strengths and weaknesses for improvement is used by companies for years. (Higgins, J. M. and Vincze, J. W., 1991, p.3) Strategies for sustainable development are used to initiate change by learning and continuous adaption rather than by challenging the existent institutions. Such approach has been named as step-by-step procedure. (Volkery, 2006, p.2048) Interaction between culture, structure and technology, the approaches optimization–improvement–renewal and the parties involved are three relevant dimensions of sustainable development.( L. Jansen, 2003, p.233) The change is unavoidable to keep competitiveness in today's global market. It is important to use right methods to collect data against resistance and misunderstandings while
Many approaches and techniques are used for strategic management processes. It is not directed just a single functional area of group. All efforts are directed toward the mission and vision of the firm to find the best for the whole group. (Houben G., et al., 1999, p.130; Dincer O., 2004; Ketelhohn W., 2006, p.307) Strategic management requires including both short-term and long-term perspective. Both a vision for the future of the organization and a focus on its present operating needs must be taken into account. (Gregory G., et al., 2005) Strategy defines ‘Where do you want to go?’ and ‘How do you want to get there?’ Strategy manages the correlation between organization and changing environment. Internal and external factors effecting company are identified to form strategies. There should be a relationship between internal competences and values to firm’s external environment. (Viljoen, J. and Dann, S., 2003, p.68) There is a challenge for the firms to find the ‘fit’ what the firm does and what the environment requires. Moreover, it should be ready for the new environment that future may bring. This environment can be totally different and firm should evolve its capabilities and culture to tackle with new environment. (Porter, et al., 2001, p.615) Managers may scan their environment and decide that there are major changes occurring in their business world to which they have to adapt. Or they might decide, through internal analysis, that they have the ability to develop a new way of doing business that will redefine the nature of the business they are in. If change is the order of the day, then two issues need to be addressed: external analysis and internal analysis. For a change of strategy to work, there must be alignment between internal capability and external opportunity. This is described as ‘strategic fit’. (Tiwana, Amrit, 1999, p.126)

**SWOT (Strengths-Weaknesses-Opportunities-Threats) Analysis**

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

SWOT analysis is drawn from external and internal environments of the organization to determine the strategic vision of the firm based on the analysis of shareholders. One can think of a well developed strategic vision in terms of probing opponents’ weaknesses; withdrawing to consider how to act, given the knowledge of the opposition generated by such a probing; forcing opponents to stretch their resources; concentrating one’s own resources to attack an opponent’s exposed position; overwhelming selected markets or market segments; establishing a leadership position of dominance in certain markets; then regrouping one’s resources, deciding where to make the next thrust; then expanding from the base thus created to dominate a broader area. The leading strategy is the best strategy geared towards radical change and creating a new vision in which the firm is a leader rather than a follower of trends set by others to help managers improve organizational effectiveness and corporate profitability. (El Sawy, et al., 1988, p.455-460)

The coverage of the SWOT Analysis is determined by the firm’s and competitors’ resources. Major types of resources are financial, organizational, intellectual, informational, relational, legal, human resources and resources related with reputation. The coverage can be extended for management information, supply of raw materials and production process. However, these are more specific titles. In this study, we had also the opportunity to assess the management information, however, couldn’t examined supply of raw materials and production process. The technicians of the organization could assess raw materials and production process in the project.
There are several tools such as TOWS Matrix and PEST Analysis that are used in strategic management. Some of them are used as complementary to SWOT.

**TOWS Matrix**

TOWS matrix is the essential completing tool. It enhances deploying strategies systemically considering the relations between Strengths, Weakness, Opportunities, and Threats. The consequences of the internal and external factors can be replaced in a matrix called TOWS Matrix is shown in Figure 1. TOWS matrix helps to systematically identify relationships between threats, opportunities, weaknesses and strengths, and offers a structure for generating strategies on the basis of these relationships. (Weihrich, H., 1982, p.45-66)

<table>
<thead>
<tr>
<th>TOWS Matrix</th>
<th>External Opportunities (O)</th>
<th>External Threats (T)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal Strengths (S)</strong></td>
<td>1. SO</td>
<td>1. ST</td>
</tr>
<tr>
<td></td>
<td>2. Strategies that use strengths to maximize opportunities.</td>
<td>2. Strategies that use strengths to minimize threats.</td>
</tr>
<tr>
<td></td>
<td>3.</td>
<td>3.</td>
</tr>
<tr>
<td><strong>Internal Weaknesses (W)</strong></td>
<td>1. WO</td>
<td>1. WT</td>
</tr>
<tr>
<td></td>
<td>2. Strategies that minimize weaknesses by taking advantage of opportunities.</td>
<td>2. Strategies that minimize weaknesses and avoid threats</td>
</tr>
<tr>
<td></td>
<td>3.</td>
<td>3.</td>
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<td></td>
<td>4.</td>
<td>4.</td>
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</tbody>
</table>

**Figure 1:** TOWS Matrix (Weihrich, H., 1982)

**PEST**

PEST analysis, which stands for Political-Economical-Social-Technological, is another complementary tool. Social environment is another concept that must be evaluated by PEST Analysis. The external environment of any organization can be analyzed by conducting a PEST analysis. External factors usually are beyond the firm’s control and sometimes present themselves as threats. For this reason, some say that "PEST" is an appropriate term for these factors. However, changes in the external environment also create new opportunities and the letters sometimes are rearranged to construct the more optimistic term of STEP analysis. The organization’s environment is made up from three factors known:

- The internal environment: staff (or internal customers), office technology, wages, finance etc.
- The micro - environment: the external customers, agents, distributors, suppliers, competitors etc.
- The macro - environment: Social-cultural forces, Economic forces, Environmental forces, and Political (legal) forces.

Macro-environment’s components are known as STEP factors. (Dyson, Robert G., 2004, p.630-641)
Strategic Development and SWOT Analysis

The reorganization of the group was done after internal and external analyses of the firms and observations from surveys and interviews. From internal and external analysis, SWOT Analysis of the group was carried out. The details of project were explained to every person from top management during interviews. Everything must be planned well otherwise desired changes may be resisted and not accepted by persons. It was expected from them that they evaluate the firm objectively for such a critical project. Moreover, their political considerations were also taken into account. They were employed by both families. Thus, they support the family that employed them. Every family desired to get more control over the group.

SWOT Analysis of Kipaş

In this part, strengths, weaknesses, opportunities and threats of Kipaş group are presented in the light of the internal analysis and external analysis. The strengths and weaknesses stem from the interviews, observations and results of questionnaire, however, the opportunities and threats are drawn out from external analysis, especially from SWOT analysis of Turkish textile & apparel industry and removal of quotas. The summary of SWOT Analysis of the group is shown in Figure 2.

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>One of the powerful group in Turkish Textile Sector</td>
<td>Lack of Human Resource(HR) Management</td>
</tr>
<tr>
<td>26 year experience in Textile Sector</td>
<td>Insufficient expert workers</td>
</tr>
<tr>
<td>Successful entrepreneurs</td>
<td>Lack of performance measurements</td>
</tr>
<tr>
<td>Experiences in Energy Sector</td>
<td>Carrying high inventory and lack of Aggregate Planning</td>
</tr>
<tr>
<td>Having strong support from Governments</td>
<td>Distance among firms</td>
</tr>
<tr>
<td>Having capital for investments</td>
<td>Disagreements among stakeholders</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPPORTUNITIES</th>
<th>THREATS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accessing to European Union(EU)</td>
<td>Increasing customer expectations</td>
</tr>
<tr>
<td>Removal of Quotas if used well</td>
<td>Improvements in competitors</td>
</tr>
<tr>
<td>Regulations and improvements in Energy Sector</td>
<td>Low labor countries such as China and India</td>
</tr>
<tr>
<td>Turkish Governments Policies for regional developments</td>
<td>Removal of Quotas</td>
</tr>
</tbody>
</table>

Figure 2: SWOT Analysis of Kipaş Group

Case Study- Application of the TOWS Matrix to KIPAş

Kipaş is a successful company having experienced in great difficulties, but then it has developed strategies that resulted in an excellent market position in the late 2010s. The TOWS Matrix shown in Figure 3 is focusing on the crucial period from late 2005 to 2010. The external threats and opportunities pertain mostly to the situation Kipaş faced in textile sector.

Weaknesses and Threats (WT)

A company with great weaknesses often has to resort to a survival strategy. Kipaş could have seriously considered the option of a joint operation with Asian firms. Another alternative would have been to make investments in Asian countries. Although in difficulties Kipaş did not have to resort to a survival strategy because the company still had much strength. Consequently, a more appropriate strategy was to attempt to overcome the weaknesses and develop them into strengths. In other words, the direction was toward the strength-opportunity position (SO)
in the matrix shown as Figure 3. Specifically, the strategy is to reduce the competitive threat by developing a more flexible new R&D department to products individualized textile products.

*Weaknesses and Opportunities (WO)*

The growing affluence of customers has resulted in customized products. Yet, Kipaş have not had a special brand. Especially when considering big brands in EU such as Nike or Adidas, in long run kipaş should create a brand name for aimed markets. Kipaş has many problems with its management system due to two families desires to get more control over the group, improvements in management systems and human resource department were enable them to establish a new management style in order to take more favorable decisions more quickly. In order to minimize the additional costs of logistics, E-business and Logistics departments were opened to decrease the inventors and increase their selling capabilities. Another weakness at Kipaş was the increasing labor costs in Turkey when compared low labor cost countries in Asia. Kipaş can increase the effectiveness of production or make production in low labor cities in Turkey.
### TOWS Matrix of Kipaş Group

#### Internal Strengths (S)
1. One of the powerful group in Turkish Textile Sector
2. 26 year experience in Textile Sector
3. Successful entrepreneurs
4. Experiences in Energy Sector
5. Having strong support from Governments
6. Having capital for investments

#### External Opportunities (O)
1. Accessing to European Union(EU)
2. Proximity to Europe
3. Removal of Quotas if used well
4. Regulations and improvements in Energy and textile Sector
5. Turkish Governments Policies for regional developments
6. Improvements in Management systems

#### External Threats (T)
1. Increasing customer expectations
2. Improvements in competitors
3. Low labor countries such as China and India
4. Removal of quotas
5. Improvements in technology
6. Losing Market share in domestic and foreign markets
7. Increasing labor costs in some part of Turkey

#### Internal Weaknesses (W)
1. Lack of Human Resource(HR) Management
2. Insufficient expert workers
3. Lack of performance measurements
4. Carrying high inventory and lack of Aggregate Planning
5. Distance among firms
6. Disagreements among stakeholders.
7. Not having a special name in the market
8. Lack of strong competition
9. Increasing Costs

#### SO
1. Opening Business Development and Planning Department(S3S6O4)
2. Increasing Market Share in EU and other markets (S1S2O1O2O3)
3. Making new investments in GAP Region S3S6S5O5
4. Opening new energy firms and making investments in renewable energy sector (S3S6S4O4)

#### ST
1. Opening Research and Development Department(R&D)(S2T1)
2. Increasing products quality(S2T2)
3. Making investments in China and other low labor countries(S7T3T7)
4. Protecting its domestic market against China and others(S5T4)

#### WO
1. Improving the capabilities of human resources department(W1W2W3O2)
2. Creating a Kipaş brand(W7O1)
3. Opening E-business and Logistics departments (W3W5O2)
4. Creating a new management system(W6O5)
5. Increasing Productivity(W9O6)

#### WT
A. Overcome Weaknesses by making them strengths (Move Toward SO Strategy)
1. Reduce the threat of competition by making new investments (T1T3W8)
2. Joint venture with Asian firms(W7T6)

B. Possible Options not Exercised by Kipaş
1. Opening R&D departments in EU(W7W8T4)
2. Using better IT technology among firms(W5T5)

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Figure 3: TOWS Matrix of Kipaş Group Strengths and Threats (ST)
One of the greatest threats to Kipaş was removal of quotas. To overcome this threat, the qualities of the products have been improved against cheap and unqualified China's products. To reduce the threats of removal of quotas, domestic market against China and others should be protected by decreasing textile production costs and governments should subsidize that. Moreover, Research and Development Department in domestic and foreign markets can avoid Chinese effects by producing more individualized products. Labor costs are so low in China. To meet this threat, Kipaş has used its capital not only to make investments in Turkey, but also in low labor countries. This tactic which was congruent with its general strategy helped to improve the firm’s market position.

**Strengths and Opportunities (SO)**

In general, successful firms build on their strengths to take advantage of opportunities. Kipaş is no exception. Throughout this discussion Kipaş’s strengths are shown in Figure 2. These strengths have enabled the company to open a new Opening Business Development and Planning Department. Eventually the same company's strengths enabled the firm to investments in GAP region and in energy sector providing many employment opportunities. In another tactical move, Kipaş is expected to increase its market share in EU by using its experience in these markets and proximity of Turkey to EU.

**Organization Structure of Kipaş**

After wide analysis, it showed that there was a need for change and this change must be started from top. Thus, the old organization structure of the Group was changed by taking into consideration the current needs and future expectations. The SWOT Analysis and TOWS Matrix were very helpful while designing the structure. It was not only the decision of project team to change the structure but the decision of two families. Both families must agree on new structure otherwise conflicts would start again. The main characteristic of the old organization of Kipaş Group illustrated at Figure 4 was its dual headed structure. Every department and company was directly responsible to this structure and every decision must be made or approved by chairman of the board. These decisions vary from very simple ones such as an official procurement to very extensive ones. Moreover, the single approve of a chairman was not enough to execute; both of the chairmen had to approve and sign any decision or document. There were many conflicts between families. There were two individuals, fiscal coordinator and an internal auditor, who was also directly related to chairman. The major duty of fiscal coordinator was to assist in budget preparation and accounting support. The internal auditor was responsible for finding out any factors which conflict to benefits of the organization. These factors can be action, such as a theft, or worker, such as an insider. There were 6 functional departments in Kipaş: Finance, Procurement, IT (Information Technology), Accounting, Sales and Personal Department as shown in Figure 4.
In this part, the proposed organization structure shown in Figure 5 and the factors of SWOT analysis in Figure 2 how they affected new design is explained. New organization structure of new holding is designed regarding the outputs of assessment studies. Strategies deployed from TOWS Matrix analysis in Figure 3 of Kipaş is directly used in this process.
Figure 5: New Proposed Organization Structure of Holding

Considering the financial and consequently political power of company, it is not so tough to venture in new sectors. Business Development and Planning is a critical directory that aims to integrate the strategic planning of the current business as well as evaluating the opportunities for the whole group to assure the sustainability of the Holding Group in international environment. Duties and responsibilities of each function were prepared. Each company has his own planning unit that deals with the operational planning which feeds the Holding with information. Yet, integrating all the operational plans is a necessity not only to improve the effectiveness of the tactical plans but also to prepare the basis for long-term strategic business plans. For example, denim production plans and Kipas textile production plans are separately prepared but exportation is handled by Vice President of External Business. Integration gives the possibility for using the spot or durable opportunities in exportation besides domestic sales. To perform business development, there is one planning engineer tracing the global business opportunities in all fields concerning Kipas Holding and informing the decision makers (President and 2 Vice Presidents). He prepares the feasibility reports before presentation. Once an opportunity is found realistic in the Board, the case is taken as a particular project to be run. Then, the Project Team is established to include the experts from the field to analyze the business in detail. This department handles the project until the project is started as:

a) a new function of one of the companies
b) a new company

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

The lack of human resources was considered one of the most important problems of Kipas. Additionally, our observations resulted in a consensus on the majority of the inappropriate managers in company, especially, at the Kahramanmaraş. To compensate this drawback, a robust human resources department is proposed for company. By this department, the company can also measure the performances of the workers, this was absent at that time.
Creating a brand requires hard, intensive and lots of efforts. However, if the image of brand is set down, then the company can reach very high yield. The profit margin of the company can increase with creation of this high value added product. Firstly, the creation of brand requires a vigorous marketing department that would firstly decide the appropriate promotion process and then keep the sustainability of this brand. Moreover, to improve the attributes of product and use new technologies in an innovative way, the presence of Research and Development Department is fundamental. The quality concept of brand is developed by quality departments. Being at the right point at the right time would be run by E-business and Logistics departments.

EU is an important market for Kipaş and the foreign structure of Kipaş would enhance the activities in this market. Moreover, with dismiss of quotas, new markets are emerging and the new players would place to these virgin markets. The shares created in this process would be very easy but after a while, when the markets reach steady state, to penetrate these markets would not be easy. On the other, the low labor cost countries are threats in this foggy weather. However, this structure enables Kipaş differ from the companies of these countries by their service level and product quality. To evaluate these opportunities and eliminate this threat, the foreign part is strictly proposed

The other threats for Kipaş are increasing customer demands and improvements in competitors. The R&D (Research and Development) and Quality Departments could be effective to eliminate these threats. The R&D department focuses on not only the products but also the process and by developing processes of production the company increases its competitiveness. Quality department works with R&D concurrently for continuous improvement. This would enable to value Kipaş’s experience in the sector and turn its knowledge assets to added value.

**Conclusion**

Noticing the reactions and rapid increasing portion of China’s in the market after removing 40 years quotas since 2005, the developed countries have been taking precautions and China respond to reactions with a little increase in tax of these sectors. Despite of these recent developments, it is impossible to turn to conditions before 2005 and the revolution in the sector initiated with new rules.

Countries and companies have developed new strategies for the new game. SWOT analysis of Kipaş Group mainly focused on textile and apparel sector. TOWS Matrix helps to deploy strategies while preparing new organization chart. A new organization structure was prepared to respond to highly competitive markets. It is clear that, China and other low labor cost Asian Countries, such as India, have been gained advantage in the market. However, these regulations would undisputedly increase the competitiveness and in this environment companies would attempt to differentiate by design. Particularly in clothing, the importance of time to market would ascend dramatically. Consequently, the importance of proximity to markets such as EU and North America would intensify, which is an important advantage for both Turkey and Kipaş considering proximity to E.U. However, Turkish companies and Kipaş are obliged to concentrate on quality and supply chain activities and establish robust R&D structures to create innovative products and design in short periods to turn over these opportunities to yield. The yields of vertical growth are uncontroversial and Kipaş is a good instance of this. Kipaş had all steps of supply chain of textile from cotton apparel. However, just last step of general supply chain was neglected by Kipas that was retailing. Kipaş must concentrate on last and most value added part of chain. Creation of own brand is the most important step in this essence. In the light of the developments in EU journey of Turkey, as a strategy, Kipaş can start its retailing activities in Western Europe, more value-added markets rather than domestic market. The company has the knowledge, culture and values to implement the aforementioned strategies and proposed organizing structure.

**References**


