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ДОПУСТИТИ ДО ЗАХИСТУ

Завідувач кафедри

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**КВАЛІФІКАЦІЙНА РОБОТА**

(ПОЯСНЮВАЛЬНА ЗАПИСКА)

ВИПУСКНИКА ОСВІТНЬОГО СТУПЕНЯ

“МАГІСТР”

**Тема:** Підвищення конкурентоспроможності ТОВ «Компанія «ЕНЕРГІЯ ВОДИ» з урахуванням світового досвіду

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**QUALIFICATION WORK**

**(EXPLANATORY NOTE)**

**OF GRADUATING STUDENT OF EDUCATIONAL LEVEL**

**“MASTER”**

**Topic:** Increasing the competitiveness of LLC "Company ENERGY WATER" based on world experience

**Performed by:** Bereziuk Mykyta Olehovich

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Specialty 073 «Management»

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**TASK**

**To perform qualification work by student**

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1. Topic of thesis: **Increasing the competitiveness of LLC "Company ENERGY WATER" based on world experience**

Approved by the Rector order of **«01» 10 / 2020 p., № 1848/CT**

2. Deadlines of thesis: **from «05» 10 2020. to «31» 12 2020.**

3. Initial data for thesis: **Accounting reporting of "WATER ENERGY" COMPANY" LLC: balance (form №1), income statement (form №2), literary sources, statistics available on the official website**

4. The content of the explanatory note (list of issues to be developed):

**Required: to investigate the essence, tasks and basic principles of competitiveness of enterprises; to define features of the organization and structure of competitiveness; to identify and study the peculiarities of indicators of efficiency and methods of estimation of economic activity of subjects of competitiveness; to provide the general characteristics of "WATER ENERGY" COMPANY" LLC and to perform basic analysis of its economic activity; to investigate the financial state of "WATER ENERGY" COMPANY" LLC; to investigate the efficiency of foreign economic activity at the enterprise "WATER ENERGY" COMPANY" LLC; to develop a model of the company's competitiveness on the example of "WATER ENERGY" COMPANY "LLC and to identify recommendations for its improvement; to offer a practical mechanism for increasing the competitiveness of "WATER ENERGY" COMPANY "LLC; to evaluate the effectiveness of the proposed improvement ways and projects.**

The list of mandatory graphic material:

**The theoretical part: table – 2, formula -11.**

**The analytical and research part: tables –10, fig. –7..**

**Project and recommendation part: table –11, fig. –6, formula -3.**

## CALENDAR PLAN

№	Stages of Master Thesis Performing	Deadlines of stage	Comment
1.	Collecting the necessary information on the topic of thesis	05.10.2020-07.10.2020	done
2.	Conducting analysis of accounting and statistical reporting of "WATER ENERGY" COMPANY" LLC	08.10.2020-11.10.2020	done
3.	Preparation and execution of theoretical part	12.10.2020-25.10.2020	done
4.	Preparation and execution of analytical part	26.10.2020-08.11.2020	done
5.	Conducting an analysis of market and possible consumers for "WATER ENERGY" COMPANY" LLC	09.11.2020-11.11.2020	done
6.	Formation of proposals for "WATER ENERGY" COMPANY" LLC	12.11.2020-15.11.2020	done
7.	Economic assessment of the proposed recommendations	16.11.2020-18.11.2020	done
8.	Formalization of recommendation part	19.11.2020-22.11.2020	done
9.	Final completion of thesis (content, introduction, conclusions, annexes, etc.)	23.11.2020-29.11.2020	done
10.	Preparation of the report and presentation of Master Thesis	30.11.2020-06.12.2020	done
11.	Signing the necessary documents in the established order, preparation for the defense of the thesis and preliminary defense of the thesis at the graduation department	07.12.2020-31.12.2020	done

Student \_\_\_\_\_ (Bereziuk M.O.)

Scientific adviser of Master Thesis \_\_\_\_\_ (Kyrylenko O.M.)

## АНОТАЦІЯ

Дипломна робота присвячена дослідженню проблемних аспектів удосконалення конкурентоспроможності, розробці пропозицій щодо удосконалення конкурентоспроможності та оцінці економічної ефективності наведених пропозицій на базі Товариства з обмеженою відповідальністю «КОМПАНІЯ «ЕНЕРГІЯ ВОДИ».

У вступі визначено актуальність та практичну цінність обраної теми дослідження, основну мету та завдання дослідження, зазначено його предмет та об'єкт, вказано наукові методи дослідження.

Перший розділ присвячено теоретичним основам сутності поняття конкурентоспроможності. У ньому розглянуті важливі аспекти конкурентоспроможності, як-от сутність, основні принципи конкурентоспроможності підприємства, надана характеристика різних форм ринків, а також розглянуті основні тенденції підвищення конкурентоспроможності підприємства.

У другому розділі наведена загальна характеристика досліджуваного підприємства, проведено аналіз його фінансово-економічної діяльності. Також було проведено аналіз сучасного стану і ефективності зовнішньоекономічної діяльності підприємства.

У третьому розділі вказані основну характеристику конкурентного середовища підприємства, проведено оцінку конкурентоспроможності досліджуваного підприємства, розроблено пропозиції щодо підвищення конкурентоспроможності підприємства та проведена оцінка ефективності пропозицій.

У висновках та пропозиціях узагальнено результати дослідження.

**Ключові слова:** конкурентоспроможність, конкурент, імпорт, реклама, планування, менеджмент.

## АННОТАЦИЯ

Дипломная работа посвящена исследованию проблемных аспектов совершенствования конкурентоспособности, разработке предложений по совершенствованию конкурентоспособности и оценке экономической эффективности указанных предложений на базе Общества с ограниченной ответственностью «Компания «ЭНЕРГИЯ ВОДЫ».

Во введении определены актуальность и практическую ценность темы исследования, основная цель и задачи исследования, указаны его предмет и объект, указано научные методы исследования.

Первый раздел посвящен теоретическим основам сущности понятия конкурентоспособность. В нем рассмотрены важные аспекты конкурентоспособности, например сущность, основные принципы конкурентоспособности предприятия, дана характеристика различных форм рынков, а также рассмотрены основные тенденции повышения конкурентоспособности предприятия.

Во втором разделе приведена общая характеристика исследуемого предприятия, проведен анализ его финансово-экономической деятельности. Также был проведен анализ современного состояния и эффективности внешнеэкономической деятельности предприятия.

В третьем разделе указаны основные признаки конкурентной среды предприятия, проведена оценка конкурентоспособности исследуемого предприятия, разработаны предложения по повышению конкурентоспособности предприятия и проведена оценка эффективности предложений.

В выводах и предложениях обобщены результаты исследования.

**Ключевые слова:** конкурентоспособность, конкурент, импорт, реклама, планирование, менеджмент.

## ABSTRACT

This thesis is devoted to the study of problematic aspects of improving competitiveness, development of proposals for improving competitiveness and evaluation of economic efficiency of these proposals on the basis of the Limited Liability Company "WATER ENERGY" COMPANY".

The introduction identifies the relevance and practical value of the chosen research topic, the main purpose and objectives of the study, indicates its subject and object, indicates the research methods.

The first section is devoted to the theoretical foundations of the essence of the concept of competitiveness. It considers important aspects of competitiveness, such as the essence, the basic principles of enterprise competitiveness, provides a description of different forms of markets, as well as the main trends of increasing the competitiveness of the enterprise.

In the second section the general characteristic of the investigated enterprise is resulted, the analysis of its financial and economic activity is carried out. An analysis of the current state and efficiency of foreign economic activity of the enterprise was also conducted.

The third section indicates the main characteristics of the competitive environment of the enterprise, the assessment of the competitiveness of the studied enterprise, developed proposals to increase the competitiveness of the enterprise and evaluated the effectiveness of proposals.

The conclusions and proposals summarize the results of the study.

**Key words:** competitiveness, competitor, import, advertising, planning, management.

## **A LIST OF SYMBOLS, ABBREVIATIONS AND TERMS**

CEO – Chief Executive Officer

CIS – Commonwealth of Independent States

DFER — Department of Foreign Economic Relations

EUR — Euro

FEA — Foreign Economic Activity

FTC — Foreign Trade Company

GATT — General Agreement on Tariffs and Trade

GDP — Gross Domestic Product

IER — International Economic Relations

ISO – International Organization for Standardization

ITA — International Trade Agreement

LLC — Limited liability company

ROI — Return On Investment

ROAS — Return On Ad Spend

UAH — Ukrainian hryvnia

WTO — World Trade Organization



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## INTRODUCTION

The existing legislation of Ukraine has given economic entities more rights and freedoms. At the same time, many companies have not been able to effectively use their available funds and establish profitable activities due to the lack of quality, competitive products (services) and lack of strategic thinking. This question is one of the most difficult today. The experience of recent years has shown that not all domestic enterprises are suitable for effective competition. Even the availability of competitive products (services) does not allow many of them to realize these benefits due to the lack of practice of using the whole set of measures. In this situation, it becomes necessary for each company to analyze competitiveness and develop effective tools to improve it. In this regard, this work, devoted to the range of issues concerning the competitiveness of the enterprise can be considered relevant today.

Competitiveness is critical to commercial success in a market economy. This is a multidimensional concept that means the conformity of the goods and services produced by the company to market conditions, to the specific requirements of consumers, not only in terms of their quality, technical, economic, aesthetic characteristics, but also in terms of commercial and other conditions for its implementation.

The competitiveness of firms selling industrial and household goods is based on the company's marketing activities. The degree of use of modern management methods and principles based on the marketing concept is one of the factors that directly determine the company's competitive position in the pumping equipment market.

A significant range of conceptual issues of forming the competitiveness of machine-building enterprises and enterprises trading in industrial goods, taking into account the world experience, remain poorly studied and require their further development. The great theoretical and practical importance of solving these problems has determined the relevance of the topic of the thesis.

Many factors can affect competitiveness, some of which are manageable and can be changed by organizations.

The substantiation of the concept and methods of competitiveness assessment is revealed in the works of foreign researchers: J. Lamben, L. Martin, M. Porter, D. Rowders, R. Fatkhutdinov. Various aspects of ensuring the competitiveness of the relevant facilities are the subject of research and domestic experts, in particular L.V. Balabanova, S.S. Garkavenko, B.D. Nemtsova, P.T. Sabluka and others.

In the course of studying the scientific literature on the problem under study, it was revealed that there are many methods for assessing the competitiveness of an enterprise, which made it possible to identify the recommended areas of its conduct: assessing the competitiveness of products, the effectiveness of marketing activities and the competitiveness of the enterprise as a whole on the example of the company "WATER ENERGY" COMPANY "LLC.

The object of research in the thesis is the financial, economic and foreign economic activity, marketing and competitiveness of the enterprise "WATER ENERGY" COMPANY" LLC.

The subject of the study is a set of theoretical, methodological and practical issues of competitiveness of enterprises.

The purpose of the masters thesis is to analyze the competitiveness of the "WATER ENERGY" COMPANY" LLC and develop recommendations for increasing the competitiveness of the organization.

To achieve this goal, it is necessary to solve the following tasks:

- to investigate the essence, tasks and basic principles of competitiveness of enterprises;
- to define features of the organization and structure of competitiveness;
- to identify and study the peculiarities of indicators of efficiency and methods of estimation of economic activity of subjects of competitiveness;
- to provide the general characteristics of "WATER ENERGY" COMPANY" LLC and to perform basic analysis of its economic activity;
- to investigate the financial state of "WATER ENERGY" COMPANY" LLC;
- to investigate the efficiency of foreign economic activity at the enterprise "WATER ENERGY" COMPANY" LLC;

- to develop a model of the company's competitiveness on the example of "WATER ENERGY" COMPANY "LLC and to identify recommendations for its improvement;

- to offer a practical mechanism for increasing the competitiveness of "WATER ENERGY" COMPANY "LLC;

- to evaluate the effectiveness of the proposed improvement ways and projects.

In the process of research, the general-scientific dialectic method was used; historical and systematic approaches to the study of the process of accounting, analysis and control of enterprise incomes; classification methods; comparative characteristics; scientific abstraction; legal and regulatory support; economic and statistical methods; grouping method, graphical method and table representation of analytical data. Also, the documentation of the "WATER ENERGY" COMPANY" LLC, in particular, the financial statements for 2014-2019, the company's charter, etc., was used.

The practical significance of the thesis is that on the basis of the results of the study, measures were taken to increase the efficiency of the competitiveness of the enterprise "WATER ENERGY" COMPANY" LLC by expanding its activities in the market of pumping equipment.

Structure and scope of work. The main content of thesis (introduction, three parts, conclusions) is set out on 111 pages. Printed text containing 23 tables, 13 figures, 14 formulas. The list of used sources from 101 positions occupies 8 pages, 5 appendixes in 10 pages.

## **PART 1. THEORETICAL BASIS OF INTERNATIONAL COMPETITIVENESS OF THE ENTERPRISE**

### **1.1. Fundamentals of international competitiveness of enterprises**

Competition is an economic rivalry and a struggle between firms (competitors) for the most favorable conditions of production and marketing of their products.

In economics, competition is a condition where different economic firms seek to obtain a share of a limited good by varying the elements of the marketing mix: price, product, promotion and place. In classical economic thought, competition causes commercial firms to develop new products, services and technologies, which would give consumers greater selection and better products. The greater selection typically causes lower prices for the products, compared to what the price would be if there was no competition or little competition. Early economic research focused on the difference between price- and non-price-based competition, while later economic theory has focused on the many-seller limit of general equilibrium [34].

Competition is generally accepted as an essential component of markets, and results from scarcity—there is never enough to satisfy all conceivable human wants—and occurs "when people strive to meet the criteria that are being used to determine who gets what." In offering goods for exchange, buyers competitively bid to purchase specific quantities of specific goods which are available, or might be available if sellers were to choose to offer such goods. Similarly, sellers bid against other sellers in offering goods on the market, competing for the attention and exchange resources of buyers.

A competitor is a natural or legal person or a group of rivals.

The competitive process in a market economy exerts a sort of pressure that tends to move resources to where they are most needed, and to where they can be used most efficiently for the economy as a whole. For the competitive process to work however, it is "important that prices accurately signal costs and benefits." Where externalities occur,

or monopolistic or oligopolistic conditions persist, or for the provision of certain goods such as public goods, the pressure of the competitive process is reduced.

In any given market, the power structure will either be in favor of sellers or in favor of buyers. The former case is known as a seller's market; the latter is known as a buyer's market or consumer sovereignty. In either case, the disadvantaged group is known as price-takers and the advantaged group known as price-setters.

Competition bolsters product differentiation as businesses try to innovate and entice consumers to gain a higher market share. It helps in improving the processes and productivity as businesses strive to perform better than competitors with limited resources.

The era of globalization and geo-economic stratification of the world has caused a sharpening of competition in the world market. International competitiveness has become one of the most complex phenomena of modern economic life and has become one of the most important problems of economic science and practice in recent decades.

The current market environment is developing very dynamically and many countries and businesses have been unprepared for civilized competition. This also applies to some extent to Ukraine, whose competitive position in the world market has sharply weakened. However, for Ukraine, enhancing the competitiveness of the domestic producer and the national economy as a whole is of fundamental importance, as only then it will be able to take a worthy place in the international division of labor, integrate into the world economy, accelerate market transformation of the economy and improve the standard of living and well-being of the population .

Competition is the objective economic law of advanced commodity production. It is a dynamic phenomenon, it is compared to a landscape that is constantly changing and in which new products and services, new production processes, new market segments, new ways of marketing are constantly appearing. Depending on the nature of competition, perfect and monopolistic competition, oligopoly and monopoly are distinguished [7].

Perfect (pure, complete) competition implies a large number of sellers and buyers in the market. Sellers offer standardized products of the same quality. The share of each

firm in the market is insignificant and no firm can dictate its terms and prices to the consumer. There is no price control, the price is set by the market itself based on supply and demand. Demand is very elastic (demand elasticity (price) is a change in the value of demand for a particular product depending on the change in its price. Demand is elastic in price if a 1% price change causes a demand change of more than 1%. Demand is inelastic in price, if a price change of 1% causes a demand change of less than 1%), there are no non-price methods of competition. There are no legal, technological or financial barriers to entry [72].

Perfect competition is independent of state interference and monopolies. It is most favorable to consumers as manufacturers try to attract them at low prices. Perfect competition is a market structure that describes the idealized state of the market, when individual buyers and sellers cannot influence the market price alone, but form it by their total contributions to market demand and market supply. In other words, it is a type of market structure where the market behavior of buyers and sellers is to adapt to existing market conditions.

Perfect competition has two characteristics but, in real life, perfect competition is rare. In perfect competition, individual consumers and firms cannot influence price alone and take it for granted. At the same time, the collective behavior of all economic agents leads to the fact that the changing price balances market demand and market supply. The inability to influence the price alone is due to the fact that the volume of supply or demand of each agent is small in comparison with the general market. In addition, the product is homogeneous, easy to replace, and consumers know everything about the price level of different firms. As a result, if the firm increases the price, then it loses buyers, and if it decreases, then it loses profits. Therefore, there is no economic incentive for firms to set an individual price that differs from the market price.

In the short term, firms can generate economic profits, but in the long term, they are zero. Zero profits arise from the fact that firms are free to enter and exit any market. Free entry and exit is possible due to the absence of barriers, as well as due to the free mobility of factors of production. When the market price rises, signaling an increase in profits, firms enter the market, increase their supply. An increase in supply leads to a

decrease in prices, and a corresponding decrease in profits. Firms enter until profits become zero.

Monopolistic competition is a type of imperfect competition market structure where sellers of a differentiated product with market power compete for sales. This is the most common type of market that comes closest to perfect competition. Monopolistic competition is not only the most widespread, but also the most difficult to study form of market structures. An exact abstract model cannot be built for such an industry, as can be done in cases of pure monopoly and pure competition. Much here depends on the specific details that characterize the product and the manufacturer's development strategy, which are almost impossible to predict, as well as on the nature of the strategic choices available to firms in this category.

Monopolistic competition occurs when there are a large number of businesses that sell differentiated products (product differentiation is the separation of a firm's products from the total mass of competing goods through certain advantages (prices, quality, packaging, trademark, etc.)). For example, "Coca Cola, Pepsi Cola, and Sprite can all be sold at the same price, but different consumer groups will prefer different drinks). The firm can control the price, but the range of this control is narrow. Non-price methods of competition are used, the entry barriers to the industry are negligible [72].

Oligopoly is a market with a limited number of large sellers concentrating the supply of a particular product in their hands. Oligopoly exists when the number of firms on the market is so small that each of them, having to change the price and other policies, is forced to take into account the reaction of competitors, that is, depends on them. The price control range is determined by the level of coherence of the enterprises' actions, which is dominated by non-price competition. The obstacles to business are great. Examples of oligopolies are passenger aircraft manufacturers such as Boeing or Airbus, car manufacturers such as Mercedes, BMW.

The products that the oligopoly supplies to the market are identical to those of competitors (for example, mobile communications), or have differentiation (for example, washing powders). At the same time, price competition is very rare in



oligopoly markets. Firms see opportunities for profit making in the development of non-price competition. As a rule, it is very difficult for new firms to enter the oligopoly market. The barriers are either legal restrictions or the need for a large initial capital. Therefore, big business is an example of an oligopoly.

Of particular importance for the functioning of oligopolies is their awareness of the market. Given the ability of competitors to expand production, each firm is wary of rash actions that reduce its market share. Therefore, awareness is one of the prerequisites for existence. The behavior of each firm in the market has a clearly justified logic of actions and therefore is called strategic. Strategies can be adjusted over time, but such changes are of a medium or long term nature.

Monopoly is a market in which there is only one company that produces unique products. His product has no substitutes and the consumer has no alternative. He can either buy the product from the monopolist or not buy it at all. Monopoly firm sets and controls price in the market. She is a "price maker". Demand in the monopoly market is inelastic, entry into the industry for other firms is blocked [57].

Profits from a dominant market position in the long run may outweigh losses from a dumping strategy or other market capture strategies. At the limit, with the capture of the entire industry of some good, the output of such a monopolist will be the output of the entire industry, and the offer of this firm will be the supply of the entire industry. Market control by a large monopoly company can be achieved due to the fact that there are no longer companies with the same capital on the market, companies that could produce goods and / or provide services in the same volume as the monopoly company. Many countries have passed laws to protect competition and have established antitrust services [54].

In table 1.1 you can see characteristics of different forms of markets.

Table 1.1

## Characteristics of different forms of markets [7]

Parameters	Forms of markets			
	Perfect or pure competition	Monopolistic competition	Oligopoly	Monopoly
Number of manufacturers	Many	Many, but the product of each of them has significant differences	Little (2-8)	One
The power of competition	Very high	High	Weak	Absent
Market shares	Small	Small	High	The whole market
Market access	Open	Difficult	Difficult	Blocked
Pricing policy	Based on the law of supply and demand	Based on demand and competitiveness	It is determined by demand and competitiveness	Specified by manufacturer (seller)
The role of quality in competition	Very high	Very high	High	It is determined by the situation
The role of advertising in promoting a product	High	High	Very high	It is determined by the situation
Manufacturer's profit margin (approximate)	Small	2-8%	8-20%	More than 20%
Resource efficiency	Very high	High	Middle	Low

The key success factors are the industry-specific list of factors that bring it advantages over other industries, as well as one industry firm over another. These factors are not constant, they vary depending on the characteristics of the industry, the segments of the market that are being served, as well as the time and life cycle of the industry and the firm.

Key success factors are based on: scientific and technical level of production and product, levels of marketing, levels of management, organizational and technical level of production processes, financial and economic level and staff level.

Each industry has its own specific requirements for the combination of the key success factors. However, in an intra-industry evaluation, the advantage of any of these factors can be an instrument of victory in competition [48].

Key success factors shape the competitiveness of the research object (product, production, firm, industry, state).

Most often, competitiveness is considered in two aspects.

The competitiveness of a product, ie the degree of its compliance at a certain point with the requirements of the target groups of consumers or selected market in the most important characteristics: technical, economic, environmental, etc.

Competitiveness of a firm is a level of its competence in relation to other competing firms in accumulation and utilization of production potential.

These two aspects are closely linked, since competitive goods are the result of the operation of a competitive firm capable of manufacturing them and providing the required level of customer consumption.

Competition in the industry may be more or less intense. It depends on the presence of the number of firms in the industry and the saturation of the market, especially the functioning of the industry, the place of the industry in the economy [34].

The following factors can be used to characterize competitors:

- Market share served;
- Image, experience, presence of well-known trademarks;
- Financial position;
- Availability of advanced technology and production facilities;
- Availability of highly qualified personnel;
- Type and level of advertising and others.

However, a simple comparison of factors makes it impossible to take into account all aspects of competition in the industry. As a rule, the comparison of factors allows only to ascertain the better or worse level of activity of the firm. However, the most important thing is understanding why a competing firm has achieved the best results and taking appropriate action at their firm.

Let's highlight some factors that affect the competitiveness of the enterprise:

Dynamics of the scale of long-term demand. Fluctuations in long-term demand levels - an increase or decrease - play an important role in deciding whether to invest in

an enterprise that will increase production capacity. With an increase in long-term demand, new enterprises enter the market, in the case of a decrease, on the contrary, their outflow occurs;

Dynamics of the demand structure. These changes occur due to changes in certain consumer requirements for the company's products and its activities in general, a change in the assortment of a new product, the creation of new distribution channels, the renewal of the industry's product affects production methods, effective production scales, marketing costs, distribution channels;

Technological innovation. This factor can significantly change the requirements for the number of enterprises that successfully operate in the market. If the enterprise has a high tendency to introduce innovations, it provides itself with a high level of investment, which guarantees it a stable level of demand for the long term;

Marketing innovation. Enterprises offering their products to the market using new methods of increasing consumer interest and decreasing costs per unit of production set in motion new forces that change the conditions of competition and the position of rival firms;

Leadership dynamics. The tendency of changes in the positions of the leading players on the market - the emergence of new key players;

Diffusion of achievements. The visibility of the new technology to competitors, distributors, suppliers and consumers lowers the barriers to entry into the industry;

Dynamics of efficiency. In the event that new efficient scales emerge in the industry that reduce unit costs, large enterprises can force other enterprises to follow a "fixed growth" strategy;

Customer preferences. Here consumers believe that consumer goods bought at a low price, in principle, can satisfy their preferences like similar ones, only at a higher price;

State regulation of the market. This factor determines the importance of state regulation of economic relations in the market, which can affect competitive conditions;

The growth of determination. Means reduced uncertainty and risk. New industries are characterized by great uncertainty about market potential [48].

The competitiveness of the organization, according to Mazilkin E.I. and Panichkin GG, is determined by the following factors [56, p. 87]:

- 1) the quality of products and services;
- 2) having an effective marketing strategy;
- 3) the level of management and qualifications of personnel;
- 4) the technological level of production;
- 5) the tax environment in which the company operates;
- 6) availability of funding sources.

The competitiveness of enterprises characterizes the possibilities and dynamics of its adaptation to the conditions of market competition and depends on a number of factors, such as market capacity (number of annual sales), easy access to the market, type of goods produced, market homogeneity, competitive positions of enterprises already operating in this market, the possibility the use of technical innovations [32, p. 16].

The company can build its management based on different concepts - financial, calculating the most optimal areas of expenditure and investment; competitive, displacing a competitor from the market by any means; marketable, improving the quality indicators of their products, and others. However, at present, the greatest effect in management is provided by a marketing concept focused on clarifying and satisfying the needs of consumers of a certain target market. Marketing is a market concept for managing the production, marketing and scientific and technical activities of firms and enterprises, aimed at studying the business environment, the market, specific consumer needs and focusing on them the goods and services produced.

The goals of marketing are the formation and stimulation of demand, ensuring the validity of management decisions and work plans of the company (enterprise), as well as expanding sales, market share and profits. To produce what is sold, and not to sell what is produced, is the main slogan of the marketing approach in the management of scientific and technical activities, production and sales for any company. In other words, before producing, the company must conduct a thorough study of the needs of specific consumers, in accordance with the data obtained, modify and improve the product, and

only then enter the market with this product. And not vice versa - to produce a product, and then experience serious difficulties in relation to its sale.

Competition (from the Latin *concurrere* - to collide) is a mechanism of rivalry in the goods market, the struggle of market structures for the right to find their buyer and for the opportunity to sell their goods on the most favorable terms and, therefore, to obtain the desired profit [44].

Competition should be orderly, within a certain framework, excluding unfair methods of competition. This is a legal requirement.

Competition rivalry is an integral part of market activity. The presence of a competitor on the market creates an element of competition: sellers fight for the right to better satisfy the needs of the buyer, to make him their constant adherent. Competition enlivens the market, has a beneficial effect on prices, brings to life new forms of service, forces manufacturers to pursue an active innovation policy. In a sense, competition is the engine of progress.

The market situation is largely determined by the state and results of the competition. The intensity of competition and the forms of rivalry depend on the type of market, on the degree of its saturation, on the number and capacity of competing firms, on the technological, financial and trade-organizational capabilities of both the firm itself and its competitors.

Competitive struggle is a set of actions of an organization that are aimed at achieving a competitive advantage, at gaining a strong position in the market and at ousting a competitor from the market.

Competition is developing between enterprises producing or selling similar products, as well as products with similar properties to the same groups of buyers. Each company strives to create a product with better properties than a competitor. In a sense, competition is an element of scientific and technological progress, a kind of technology war.

The forms of competition depend on many conditions, but its essence is manifested in the desire to sell more goods than the competitor, and at a more attractive price, to entice from the competitor some or all of the potential customers and,

ultimately, to get that profit (or part of it) on which the competitor was counting on. In other words, capture a larger market share than a competitor, or, if possible, push it out of the market [44].

The purpose of the competition is to achieve a competitive advantage, i.e. take a stronger competitive position in the market. It is considered that when the share occupied by an enterprise in the market equals or exceeds 65%, then its position is unambiguously recognized as dominant. However, if its share fluctuates between 35% and 65%, then the dominant position of the enterprise must be proved by the antimonopoly services.

Competitive advantage is those characteristics, properties of a product or brand that create a certain superiority for a company over its direct competitors. These characteristics can be very different and relate both to the product itself and to additional services, to the forms of production, marketing or sales, specific to the company or product.

## **1.2. Methods for assessing the competitiveness of products of the enterprise - the subject of foreign economic activity**

Before starting to develop competitive strategies, quite scrupulously study the environment of the enterprise, in particular competitive. After assessing the competitive environment, begin to diagnose the competitiveness of the enterprise. But this can be done only by pre-assessing the competitiveness of the enterprise. After all, the competitiveness of products is the success of the enterprise in market conditions. And, by the way, the problem of product competitiveness must be solved throughout its life cycle until aging [7].

The main components of product competitiveness are:

The set of its properties that attract the consumer:

- a) quality,
- b) technical level,
- c) design, packaging, etc.

- d) The price of goods and consumer costs for its operation.
- e) The state of the market, its requirements, consumer preferences.
- f) The difference between the product in terms of properties from similar, produced by competitors.
- g) Time and place of sale.

Competitiveness of the product, in our opinion, is its market advantages, provided by attractive properties for the consumer, low relative price and operating costs, the optimal combination of price-quality parameters, compliance with market conditions, time of sale and consumer preferences, as well as differences in the best side of its main characteristics from similar competitors [48].

Product competitiveness can and should be quantified.

Product competitiveness formula

In general, the competitiveness of products ( $C_p$ ) is directly proportional to the quality ( $Q$ ) and inversely proportional to the price ( $P$ ) and depends on market conditions:

$$C_p = Q/P \quad (1.1)$$

Parameters of quantitative indicators of competitiveness

Quantitative indicators of product competitiveness are calculated in terms of the following parameters:

1. Technical parameters - include the following indicators:

- a) the purpose of the goods;
- b) reliability;
- c) durability;
- d) aesthetic characteristics (design);
- e) ergonomic characteristics.

2. Economic parameters - the price of consumption, which includes the cost of the consumer to purchase and use the product throughout the period of its consumption.

The economic parameter - the price of consumption ( $P_c$ ) - includes the following economic indicators:

$P_1$  - purchase price;



P2 - transportation costs;

P3 - costs of installation and adjustment;

P4 - you spend on operation;

P5 - repair costs;

P6 - maintenance costs;

P7 - staff training costs;

P8 - taxes;

P9 - insurance costs, etc.

Consumption price formula:

$$P_c = P_1 + P_2 + P_3 + P_4 + P_5 + P_6 + P_7 + P_8 + P_9 + P_n \quad (1.2)$$

Consumption price ( $P_c$ ), as we see, is greater than the purchase price ( $P_1$ ):  $P_c > P_1$ . Therefore, the lower the consumption price ( $P_c$ ), the higher the competitiveness of products (CP).

3. Regulatory parameters are valid in this market:

- a) technical conditions;
- b) standards;
- c) norms.

Moreover, the regulatory parameters can have only two values: zero if the product does not meet the regulatory parameters in force in this market or in the country and one if it meets [34].

To objectively assess the competitiveness of products, it is necessary that the manufacturer uses the same parameters as the consumer.

Before calculating the quantitative indicators of the competitiveness of the product, you need to select a product-analogue, or product-sample, with which we will compare the parameters of our product. When selecting a sample product take into account:

- a) that the compared products are from one phase of the life cycle,
- b) that they are of the same class,
- c) targeted at the same group of consumers
- d) the sample must be the most widely available on the market.

Product competitiveness is determined by comparing the technical and economic parameters of the product with the corresponding parameters of the sample product.

The following quantitative indicators of product competitiveness are calculated:

Single - characterize the level of competitiveness on one of the parameters and are calculated by relating the value of any technical or economic parameter of the product of the enterprise to the value of a similar parameter of the sample product.

Group - combine individual indicators and characterize the level of competitiveness for one group of indicators: economic, technical, regulatory.

Integral Productivity Competitiveness Indicator ( $C_i$ ) - gives a numerical characteristic of the competitiveness of goods and is determined on the basis of group indicators:

- a) technical ( $GIt$ );
- b) normative ( $GIn$ );
- c) economic ( $E$ ).

Hence the formula of the integrated indicator of product competitiveness:

$$C_i = GIt (GIn / E) \quad (1.3)$$

If  $C_i > 1$ , the product is more competitive than the sample, if  $C_i < 1$  - inferior, and when  $C_i = 1$  - at the same level.

Analysis of product competitiveness is usually carried out by experts using expert assessments. But this work can be done by specialists of the enterprise, with their high training.

Methods of assessing the competitiveness of products:

Differential - based on the use of individual indicators of product competitiveness (technical and economic). They are difficult to judge the competitiveness of products unambiguously.

Complex - based on the use of group and integrated indicators.

Mixed - based on the joint use of single and complex indicators: a) the most important indicators are used as single, b) other single indicators are combined into groups, for each of which determine the group indicator, c) based on the obtained group and unit indicators and assess competitiveness products.

The process of assessing the competitiveness of products is shown in the diagram. Since competitiveness in market conditions should be considered as the main condition for profit and successful operation of the enterprise as a whole, so much competitiveness should be learned to manage. The point is that it is laid at the stage of product design and in the production process, throughout its life cycle optimize and materialize the most important elements of product competitiveness: quality and cost[7].

Product competitiveness should be explored by studying the concept of "product rating". This concept is associated with the degree of superiority of one product, one model over others in the actual operation or use of the product by the consumer. This indicator combines indicators of the technical level of the product, the quality of its manufacture and efficiency in operation. The rating is based on a systematic approach to the concept of product quality and its indicators. As you know, the indicators that characterize a model are interrelated: the change of one indicator immediately affects another. Thus, the improvement of the functional parameters of the car (eg speed) can be achieved by increasing energy consumption or reducing material consumption (product weight), increasing the time spent on debugging and adjusting or reducing aerodynamic drag, and so on. The objectivity of the results achieved depends on the indicators taken as a basis for comparison. Product rating is determined by the formula:

$$P_r = \prod_{i=1}^n Q_i, \quad (1.4)$$

where  $P_r$  - product rating;  $Q_i$  - relative indicator of product quality;  $n$ - number of quality indicators taken for evaluation.

The relative quality of the product is calculated by formulas

$$Q = \frac{P_i}{P_{ib}} \quad (1.5)$$

or

$$Q = \frac{P_{ib}}{P_i} \quad (1.6)$$

where  $P_i$  is the unit quality indicator being assessed;

$P_{ib}$  is a single indicator of the quality of the base model.

The first formula is used to assess those indicators, the increase of which indicates an increase in product quality (capacity, productivity, resource, durability). The second formula is used to assess the ratio of indicators, the reduction of which provides an increase in quality (reduction of material consumption, fuel consumption, energy consumption, measurement errors, etc.). Therefore, to determine the rating of the product it is necessary to make a differentiated assessment of individual indicators, the product of which will determine the overall quantitative characteristics of the advantages of one product over another (Table 1.2).

Table 1.2.

## Calculation of the rating of two types of products

Quality indicator	Unit of measurement	Comparative model, $P_i$	Basic model, $P_{ib}$	Calculation formula	Relative quality indicator	Rating
Nominal content of coffee beans	g	50	30	$P_i / P_{ib}$	1,7	2,11
Grinding time	sec	50	30	$P_i / P_{ib}$	1,7	
Capacity	W	150	130	$P_{ib} / P_i$	0,87	
Grinding efficiency	%	95	90	$P_i / P_{ib}$	1,05	
Mass	kg	1,0	0.8	$P_{ib} / P_i$	0,8	

This example shows that the rating is the simplest way to assess the technical level of products. Its indicator can be considered the preliminary, most general assessment of the competitiveness of the product.

Much attention should be paid to the economic content of the calculations to determine the competitiveness of the product. In the broadest sense, the competitiveness of a product is the possibility of its successful sale in a certain market and in a certain period of time. At the same time, only homogeneous products with technical parameters and technical and economic indicators that are identical to similar indicators of already sold goods can be considered competitive. In order for a high-quality product to be both competitive and competitive, it must meet the criteria for evaluating consumers in a particular market at a particular time. It is clear that the time factor is very important

here. What the consumer needs today may become completely unnecessary tomorrow due to a change in fashion or due to the emergence of a new technical solution. Therefore, the most reliable data for assessing competitiveness gives a study of customer needs, market requirements. When buying something, the consumer finds the necessary product among similar ones, ie chooses the one that best meets his needs. One of the conditions for the choice of goods by the consumer is the coincidence of the main market characteristics of the product with the conditional characteristics of the specific needs of the buyer. Such characteristics are often considered regulatory and technical parameters, as well as the purchase price and cost of consumption of goods [44].

Regulatory parameters characterize the properties of the product, regulated by mandatory norms, standards and legislation of future markets. These are, for example, environmental indicators, safety indicators. Thus, for a car, environmental indicators are the content of harmful substances in the exhaust gases of gasoline and diesel engines, the level of external noise. The safety indicators of this product are regulated by legal requirements for structural safety (UNECE Regulations) [7].

The group of technical parameters used to assess competitiveness usually includes indicators of purpose and reliability, as well as ergonomic and aesthetic indicators. Sometimes these parameters are conventionally defined as "hard" and "soft". They are regulated in more detail in the standards of quality systems of certain types of goods. Consider, for example, the system of technical parameters of such a well-known and popular (especially among young people) product as a slot machine. Indicators of the purpose of this product are: the number of game programs; level of automation; the level of interest in the game program; indicator of the level of performance of game effects; the degree of suitability of the machine for the development of useful skills in humans; time of preparation for work; time of continuous work; resistance to climatic influences; resistance to mechanical impact; the number of people who can participate in the game at the same time; availability of prizes; Overall dimensions. The reliability indicators of the slot machine include: operating time before the first failure; average service life; maximum service life; the average recovery time after failure. Ergonomic indicators of this product are: noise level indicator; indicator of conformity of the

automatic machine and its elements to the sizes of a human body; pressure on the controls; an indicator of compliance with a person's ability to perceive (visual and auditory), memorize and process information. The appearance of the slot machine is characterized by aesthetic properties: an indicator of stylistic conformity; indicator of functional and constructive fitness; an indicator of the integrity of the composition; indicator of perfection of production performance [32].

Satisfying the needs, the buyer spends his money on both the purchase of goods and its use. The size of these costs forms the price of consumption. It is calculated by the formula

$$B_i = \Pi_t + \sum_{i=1}^n Q_i - 3_v \quad (1.7)$$

Where

$B_i$  - the cost of purchasing goods of the  $i$ -th type in the property;

$\Pi_t$  - the price of the goods;

$Q_i$  - consumption costs of the  $i$ -th type of goods;

$i$  - the number of types of costs for the time of use of the goods;

$3_v$  - the residual value of the goods.

The composition of the elements of the formula indicates that the consumption price is much higher than the selling price. Therefore, a product that provides a minimum price of consumption during its use by the consumer is more competitive. The general indicator of competitiveness of the goods ( $K$ ) taking into account useful effect ( $E$ ) and the price of consumption ( $Q_i$ ) can be defined by the formula

$$K = \frac{E}{Q} \rightarrow \max. \quad (1.8)$$

It should be noted that the most common definition of a product's competitiveness using its two most important market characteristics (quality and price) does not fully take into account purely marketing factors, which are mostly not subject to formalization and mathematical calculation. These are, for example, the requirements of the consumer to the scope of the transaction and the use of goods: prompt delivery; provision of spare parts; service organization; reputation of the importing country or specific manufacturer, etc. In each market, the weight of these criteria may be different, so the assessment of competitiveness should be carried out for different markets separately. It is clear that all the criteria for consumer assessment of the advantages of the selected product over others when calculating competitiveness is very difficult to take into account. In addition, even in the case of hypothetical implementation of such calculations, the expected rather than real competitiveness would be determined. To successfully sell a product, it is necessary that it be in the market where it is needed, in sufficient quantities and in a timely manner. In addition, the consumer must be ready for the appearance on the market of such goods, and the relevant marketing program is protected from possible negative actions of competitors. Thus, the competitiveness of products in today's market is, in essence, a combination of competitiveness of the product itself and its marketing program. Under modern conditions, the product must have certain additional properties that will distinguish it from competing products, ie a certain additional utility for its consumption. In a saturated market, additional utility, which more effectively solves the problems of the buyer, now "weighs" more than the price, buyers agree to pay accordingly [32].

Assessment of the competitiveness of the product involves:

- market analysis and selection of the most competitive product-sample (for comparison);
- determining the set of comparable parameters of both products;
- calculations of the integrated indicator of competitiveness of the evaluated product.

The sample (reference) for comparison must belong to the same group of goods as the product under analysis, have the same indicators of use and functional purpose, fully meet the regulatory requirements of the future market.

Taking into account the regulatory parameters for assessing competitiveness is ensured by an alternative method. To do this, use an indicator that has only two values:

1 or 0. If the product meets the norm (for example, safety requirements), this indicator is equal to 1, and if not - then 0. The group indicator of the whole set of normative parameters is equal to the product of individual indicators of each of them. Calculations are made according to the formula:

$$I_{n,p} = \prod_{i=1}^n Q_{ni} \quad (1.9)$$

where  $I_{n,r}$  - group indicator of regulatory parameters;

$Q_{ni}$  is a unit indicator of the  $i$ -th parameter;

$n$  is the number of normative parameters to be evaluated.

The zero value of this index indicates the competitiveness of the product in this market [32].

Determining the set of comparable parameters of product competitiveness, we proceed from the fact that part of the indicators characterizes the consumer properties of the product (consumer value), and the second - evaluates its economic indicators (cost). Consumer properties of the product, which form its useful effect, have mostly purely technical characteristics (indicators of purpose, reliability, safety, ergonomics), as well as determined by its design (aesthetics, packaging). The multiplicity of indicators of consumer properties of the product necessitates the establishment of a hierarchy of all parameters that must be taken into account. First of all, the properties that have the greatest significance (weight) for the consumer are studied. Determining the weight of each parameter is entrusted to a group of experts, which is specially formed at the enterprise. Mandatory requirements for members of such groups are competence, professional interest, business acumen and objectivity. Expert groups mostly use a



scoring system. To achieve reliable results, several rounds of the survey are conducted, depending on the competence of the experts and the representation of the group as a whole. For preliminary assessments, sufficient accuracy of results is achieved, as a rule, after two or three rounds. Experts determine the weights of the parameters, which are estimated in points or in fractions of a unit. A five- to ten-point scale is used for evaluation. The obtained results are used to determine the arithmetic mean of the weights of each parameter (A) by the formula

$$A = \frac{1}{N} \sum_{j=1}^N a_{ij}, \quad i = 1, \dots, n \quad (1.10)$$

where n is the number of parameters of the product;

N - number of experts;

$a_{ij}$  - parameters of weight of the i-th indicator, determined by the j-th expert.

Normalized weights are calculated by the formula

$$q_i = \frac{\bar{A}}{\sum_{i=1}^n \bar{A}_i} \quad (1.11)$$

This satisfies the requirement

$$\sum_{i=1}^n q_i = 1, \quad q_i > 0$$

### 1.3 The main directions of increasing the competitiveness of the enterprise

One of the conditions for increasing the competitiveness of an enterprise is the development of a strategy for its development, which is one of the main functions of management, while the strategy refers to the way of organizational actions and

management approaches used to achieve organizational objectives and goals of the organization to increase the competitiveness of the enterprise.

There are seven facets of the manifestation of strategic management as an idea of effective management of increasing the competitiveness of an enterprise [23]. The first facet of strategic management of an enterprise's competitiveness can be defined as the purposeful creativity of a competent and highly motivated team of managers (first of all, top managers) and employees of the enterprise. The second facet can be imagined as a philosophy of business and management, thanks to which an enterprise, based on the laws of organization and self-organization, will be able to reduce chaos (entropy) and increase order (synergy). The third facet of management of increasing the competitiveness of an enterprise characterizes it as an evolutionary stage in the development of the corporate planning system, which is naturally associated with the evolution of the level of knowledge in management and includes elements of all previous management systems.

The fourth facet is a dynamic set of interrelated management processes for making and implementing decisions, in order to maintain the competitive advantages of an enterprise in the long term, based on strategic management models. The fifth facet characterizes the management of increasing the competitiveness of an enterprise as a system of integrated intrafirm planning that ensures a balance between the strategic and current orientation of the enterprise's activities based on the coordination of strategic, medium-term and tactical plans.

The sixth facet is the ideas of competitiveness management based on a marketing approach. The seventh facet is a set of procedures that ensure the functioning of the strategic management system of an enterprise: the procedure for implementing the planning process and the procedure for planning; the composition of the planning team; schedule and content of planning meetings; a control system that should contain a reporting system and a meeting structure.

Thus, management of increasing the competitiveness of an enterprise is such an organization management that relies on the human potential of highly motivated employees as the basis of the organization; strives for the all-round development of

relations with consumers in order to meet their needs through the production of products and the provision of services close to the ideal; carries out flexible regulation and timely changes in the organization, meeting the challenge from the environment and allowing to achieve competitive advantages, which together allows the organization to survive and achieve its goal in the long term [34].

Currently, the Ukrainian market is characterized by a fairly low level of effective demand for the bulk of the goods offered. This is what caused the situation when the company, even to simply maintain sales at the achieved level, not to mention their increase, often lacks the capacity of previously conquered markets. One of the acceptable solutions to this problem may be to enter foreign markets. The first stage of the analysis of the need and possibility of the company to enter foreign markets should be to determine the range of countries that are potentially attractive in terms of penetration into their markets. At the same time, the company needs to carefully analyze the state of the international marketing environment.

Analysis of the environment of international marketing includes the study of the system of international trade, the economic environment of each of the countries of interest, their political, legal and cultural environment. An enterprise that has decided to enter a foreign market must take into account the existence of many restrictions and obstacles in international trade - both in the country where it is going to enter the market, and in its own. Such restrictions include: customs tariffs (fiscal and protectionist), currency control by the state, a number of non-tariff barriers (systems of national safety standards, quality, etc.). The study of the economic environment involves an analysis of the economy of each country for its attractiveness as an export market. To do this, it is necessary to assess economies on two characteristics. The first of them is the structure of the economy, which determines the country's need for goods and services, the level of employment and income and so on. Today there are four types of economic structures: countries with subsistence economies; countries - exporters of raw materials; countries where industry is developing; industrialized countries [7].

The author considers it expedient to single out another category of countries, the typical representatives of which are most of the post-Soviet countries. Until recently,

they belonged to the industrialized countries, but the current economic situation in the former Soviet Union does not allow them to be classified in this category. At the same time, their rather high and diverse scientific and industrial potential makes it possible to place them at a higher level of economic development compared to countries that belong to the category of industrial developing countries.

The second characteristic is the nature of income distribution in the country. There are five main types of countries: countries with very low levels of family income; countries with mostly low family incomes; countries with very low and very high levels of family income; countries with low, medium and high family incomes; countries with mostly average family incomes. It is possible to get an idea of the political and legal environment as a result of the analysis of four main factors: the attitude of the country to procurement from abroad; political stability; currency restrictions; state machine (degree of assistance or counteraction to foreign enterprises by the host country). It is equally important to analyze the cultural environment in the country whose market is planned to enter. The cultural environment of the country should be understood as a system of customs, rules, prohibitions, which are shared by a large part of the population. Ignorance of the peculiarities of the cultural environment dramatically reduces the company's chances of success in entering international markets. The result of studying the environment of international marketing is information, the analysis of which allows to make a decision on the fundamental expediency (or in expediency) of the company's entry into foreign markets [23].

All the above allows the author to draw the following conclusions about the problem of Ukrainian enterprises entering international markets. Over the last decade, the international marketing environment has changed quite dynamically. This is especially true of Eastern Europe and the territory of the former Soviet Union, where a number of new states were formed in a short period of time. Most of these old and new states say they welcome the influx of foreign capital into their economies. However, many of them are experiencing an increase in the number of trade barriers to protect domestic markets from foreign competitors. The latter also applies to the economically developed countries of Western Europe and America, and in this case the task is

complicated by the fact that not every Ukrainian company can afford the costs associated with promoting their products and displacing many competitors who have long occupied and firmly hold positions. in a market with already divided and tightly controlled spheres of influence.

In the described situation, I consider the best solution for a Ukrainian company to enter the markets of neighbour countries.

Assessing the international competitiveness of the enterprise, take into account its competitive advantages over other manufacturers of similar products. The elements that form the competitive advantage of the enterprise in the foreign market are considered below. Improving one, several or all elements of competitive advantage will mean improving the international competitiveness of the enterprise and its products [23].

Competitive advantages show in which areas (in this case within the marketing complex) the company has achieved higher results than competitors. Competitive advantages allow you to properly develop a strategy for positioning goods and services in the market, selecting target market segments and concentrate there the financial resources of the enterprise. The following elements can be used to measure the competitive advantages of Ukrainian enterprises:

- competitive pricing;
- advantages in production costs;
- quality of product / services;
- product design;
- packaging;
- product performance characteristics;
- after-sales service;
- speed of response to consumer requests;
- company / brand image;
- the offered range of products;
- net income per employee;
- number of employees;
- number of main competitors

- contacts with suppliers;
- width of the distribution network;
- advertising;
- other components of the sales promotion complex;
- personal sales equipment;
- marketing information system;
- marketing researches.

Formation of competitive strategy: stages and components of the process

After conducting a grand analytical work, studying the environment above the company and conducting a SWOT analysis, defining goals and developing a corporate strategy of the company, proceed to the formation of a competitive or business strategy for each strategic business unit (SBU). The formation of a competitive strategy is quite a time-consuming process. It has its stages, its structure, its logic and dialectic. All stages and components of the process are interconnected and interdependent [34].

When starting to form a competitive strategy of a specific unit (SBU), first analyze its current and potential strategic management areas (SMA). In particular, they scrupulously study the competitive environment in which subdivision operates and will operate, study and predict the behavior of competitive forces in SMA: competitors, suppliers, buyers, potential competitors, substitute goods, etc.

In addition, determine the possible prospects for growth and profitability, based on the actual achievements of the most successful competitors in this area of business (not necessarily achievable for our SBU). If such an analysis is made during the development of a portfolio strategy, it can be used.

Moreover, analyzing the environment of SBU, ie its SMA, make a selection of possible types of competitive strategies that in the next 5-7 years can ensure success in this area of business. This can be either a cost leadership strategy, or a cost-optimal strategy, or differentiation, or focus, or a bias strategy, and so on. However, the focus should be on future success strategies, not on the traditional SBU strategy.

Having analyzed the environment of SBU, its SMA, diagnose its positions and opportunities. In particular, determine the current competitiveness and current

competitive strategy of the unit, specify the objectives of the SBU and take into account the objectives of the enterprise as a whole, assess the strengths and capabilities of the unit taking into account its weaknesses and environmental threats. This is about forecasting the future positions of the SOB. When it turns out that the current competitive strategy will be able to ensure success in the future, because in the environment the break of frequent changes is not predicted, the future opportunities are calculated by extrapolation.

Further analysis of the SBU environment and its position is combined. In the first method of integration, the goals of the SBU are superimposed on the prospects of the external environment to determine how attractive the chosen business area will be in terms of achieving the goals of the SBU and the enterprise as a whole. In the second method - compare the selected types of competitive strategies with the current strategy of the enterprise. This is done to find out what the unit expects if the strategy and capabilities are maintained. This method is presented as an extrapolated strategic position, which has already been discussed. It should be noted that for the joint analysis of the market and the position of the unit, to determine the competitive position and alternative competitive strategies, you can successfully use known matrix methods: BCG, McKinsey, ADL and others [34].

In conducting a joint analysis of the market environment and the competitive position of the unit, are taken into account, in addition to the above, also materials SWOT-analysis of the enterprise, current measures to maintain competitive advantage, of course - already formed corporate strategy, as well as taking into account the capabilities of functional services of the economy.

The result of the joint analysis should be the definition of an attractive competitive position of the SBU and, finally, the formulation of the appropriate competitive (business) strategy of the unit.

Since events in a competitive environment may develop in different scenarios (optimistic, pessimistic, optimal), and, consequently, the effectiveness of the formulated competitive strategy will be different, the next step should be modeling probable

scenarios and assessing the competitiveness of SBU for each scenario. selected strategy. The need for investment is determined here for each development scenario.

Finally, after assessing the formulated competitive strategy and the need for investment in its implementation and support in different scenarios of the competitive environment, make a final decision. If it is negative, return to the combined analysis and begin re-work on the formation of business strategy. If the formulated strategy suits everyone and everything, it is approved, on the basis of it and corporate strategy form the functional divisions, and the competitive strategy is brought to executors and serious work of managers on the organization of execution, control and adjustment begins ( if necessary).

We called the competitive strategy business, considering these concepts identical. However, in the economic literature one can find objections to this. In fact, everything is simple: in terms of the goal of the strategy - to ensure competitive advantage - both definitions are identical. But in terms of means to achieve the goal, there are some differences: business strategy is a little broader than competitive, because it includes not only how to organize competition, but also includes functional, organizational and other strategies aimed at business success, high competitive advantage in the market [44] .

Identification of key success factors is one of the main priorities in developing a strategy for managing an enterprise's competitiveness increase. They can serve as cornerstones for building a strategy to improve competitiveness, but they can vary from industry to industry. Typically, the industry is characterized by three or four such factors, and of them one or two are the most important, and the task of the analysis is to highlight them. The following are the types of key success factors and their constituents.

1. Factors related to technology: competence in scientific research (especially in knowledge-intensive industries); ability to innovate in production processes; ability to innovate in products; the role of experts in this technology.

2. Factors related to production: efficiency of low-cost production (economies of scale of production, effect of experience accumulation); quality of production; high return on assets; location of production, guaranteeing low costs; provision of an adequate skilled workforce; high labor productivity (especially in labor-intensive



industries); cheap design and technical support; production flexibility when changing models and sizes.

3. Factors related to distribution: a strong network of distributors / dealers; the possibility of income in retail; own sales network of the company; fast delivery.

4. Factors associated with marketing: a well-trying, proven sales method; convenient, affordable service and maintenance; accurate satisfaction of customer requests; breadth of product range; commercial art; attractive design and packaging; guarantees to buyers.

5. Factors related to qualifications: outstanding talents; Know-how in quality control; design experts; technology experts; ability to advertise accurately and clearly; the ability to get new products from development in the R&D phase and quickly bring them to market.

6. Factors related to organizational capabilities: first-class information systems; ability to react quickly to changing market conditions; management competence and management know-how.

7. Other types of KFU: favorable image and reputation; awareness of oneself as a leader; convenient location; pleasant, friendly service; access to financial capital; patent protection. Taking into account all of the above factors makes it possible to develop an effective management strategy for increasing the competitiveness of an enterprise based on increasing the influence of positive factors and reducing the influence of negative factors on the activities of any organization [34].

When choosing ways to increase the competitiveness of a company, it is often a very timely decision not to launch a new one, not to remove an obsolete one from production, but to modify a product or service. The decision to modify the product is made in order to meet the special requirements of the buyers in order to obtain more profit. The development of such a direction of increasing the company's competitiveness as the timely provision of a range of services related to the sale and use of equipment and other products and ensuring their constant readiness for highly efficient operation, that is, after-sales service, is also indisputable. With a skillful organization, service is a decisive factor in increasing the competitiveness of a product.

In solving the problems of increasing the competitiveness of products, the problem of choice and development of new sales markets is becoming increasingly important every year. In this regard, in any enterprise, analytical and search efforts in this area are very important. New sales markets can decisively change the competitiveness of a product and the profitability of sales activities. It is clear that by introducing a product to a new market, it is possible to extend the product's life cycle. Seasonal fluctuations in demand can contribute to the successful sale of the same product in different parts of the world. And an increase in sales in new markets will reduce production costs per unit of production, primarily through the use of cheap labor, fairly low levels of taxes and customs duties, and a number of other factors in new sales markets [32].

In this regard, it is very important for the further development of the competitiveness of a product (before moving on to a new one, its modification, withdrawal from production) to try to enter a new sales market with it, if its domestic competitiveness has fallen sharply. As a result of assessing the competitiveness of products, the following ways of increasing competitiveness can be taken:

- 1) changes in the composition, structure of materials used, components and or product design;
- 2) changing the order of product design;
- 3) change in the production technology of products; test methods, quality control systems for manufacturing, storage, packaging, transportation and installation;
- 4) change in prices for products, prices for services, maintenance and repair;
- 5) changing the procedure for selling products on the market;
- 6) changing the structure and size of investments in the development, production and marketing of products;
- 7) changes in the structure and volumes of cooperative supplies in the production of products and prices for components and the composition of selected suppliers;

## **PART 2. ANALYSIS OF FINANCIAL AND ECONOMIC ACTIVITY OF LLC "WATER ENERGY" COMPANY"**

### **2.1. General characteristics and analysis of the economic activity of the "WATER ENERGY" COMPANY" LLC**

The company "WATER ENERGY" COMPANY" was established in 2006 by the founder Andriikevich Andrew. Having formed a team of like-minded people, only from 5 people the company began its rapid growth.

According to the charter of ""WATER ENERGY" COMPANY" the subject of the company's activities is:

- wholesale, retail, commission, external trade and barter operations with production and industrial products of their own production, and purchased from other legal entities and individuals;
- transport services;
- development, production, realization of building materials, execution of design and construction and installation works, construction, repair and restoration of premises, including residential, social, domestic, cultural and industrial objects;
- construction and operation of gas stations;
- car maintenance and repair works and services to Ukrainian, foreign physical and legal persons;
- car parking organization;
- leasing of cars, agricultural machinery, machinery and equipment of the processing industry;
- purchase and lease of premises and facilities for production and other purposes, land plots; various equipment, including means of production;
- conduct of foreign economic activity in accordance with the current legislation;
- production, distribution, sale of advertising and promotional products;
- execution of intermediary services in wholesale and retail trade, logistics;

- provision of services in the sphere of hotel industry and sanatorium and holiday rest;
- providing Ukrainian and foreign citizens with the whole range of works and services related to the organization of tourism and leisure on the territory of Ukraine and abroad;
- organization of work of various catering establishments, recreation and gambling business, camping sites, etc .;
- exchange of the national currency of Ukraine to the currency of other countries in accordance with the current legislation of Ukraine;
- Representative, agent and intermediary functions for Ukrainian and foreign legal entities and individuals;
- realization of scientific and technical products, know-how, engineering, leasing, brokerage, dealership and operations related to the sale and production of consumer goods;
- Organization of training and training of Ukrainian and foreign specialists within the framework of the respective schools, seminars, conferences, symposia in accordance with the main activity;
- providing commercial, intermediary, expert, consulting, representative, service, technical, household, social, medical, communal, marketing and other services to legal entities and individuals;
- commercial activities in the field of advertising and information, as well as participation in the creation of mass media and editorial publishing activities;
- organization, including, with Ukrainian and foreign legal entities and individuals, charitable, sponsorship, recreational, environmental measures, organization and opening of appropriate funds and organizations;
- realization of foreign economic activity in accordance with the current legislation, including the implementation of consulting, publishing, advertising, intermediary (brokerage, dealer, agency, commission, consignment), lease and leasing operations in this area of activity;

- organization of exhibitions-sales, auctions and lotteries, trading houses, salon stores on the territory of Ukraine and abroad;
- research and development works, or participation in these works;
- provision of services related to the protection of state, collective and private property, as well as protection of citizens;
- provision of financial services for financial leasing;
- Granting financial services;
- provision of financial services for the provision of loans with financial assets;
- other activities that are not prohibited by applicable law.

The company's goal is to be the leading Ukrainian manufacturer and supplier of pumping equipment with European quality standards.

2008 was a turning point in the history of the company "WATER ENERGY" - it became the official representative of the Italian TM DAB and the exclusive dealer of the German TM HOMA in the territory of Ukraine.

The company "ENERGY OF WATER" provides a comprehensive solution to the problems associated with water supply and sanitation. In this regard, in 2008, a service service was created, which deals with installation, commissioning, equipment repair, warranty and post-warranty service.

In 2014, the company "ENERGY OF WATER" registered its own trademark "WE". Now under this brand a number of products are produced, namely: pumping stations for fire fighting and water supply, sewage pumping stations, control cabinets of various types.

Today the Company employs 20 people, each specialist of his business, who firmly believe in the goals and ideas of the development of the industrial segment of Ukraine. Also the Company conducts an active activity and deservedly bears the title of a national producer of Ukraine.

The Company's staff took an active part in preparing the country for EURO 2012 by providing the central facilities of the European Football Championship (the Olimpiysky National Sports Complex, the Chernomorets Odessa Stadium, the Boryspil

International Airports, Lviv and Kharkov International Airports and others) the most modern energy-saving pumping equipment.

To date, products produced by the specialists of the "WATER ENERGY" Company have been installed at the most critical facilities in Ukraine, Belarus, Kazakhstan, Russia, Georgia, Armenia.

Mission of the company "WATER ENERGY": revival of the industry of Ukraine. The team of the company firmly believes that Ukraine needs a developed industrial sector that contributes to improving the economic development of our country. To date, the development of Ukraine's industrial sector is the only sure way to develop the economy.

The goal of the company is to be a leading manufacturer and supplier of pumping equipment with European quality standards. The company produces and imports energy-saving equipment of European manufacturing plants for heating, water supply and wastewater systems, which enables enterprises to reduce their own costs and have less impact on the environment.

The main task: to solve the various levels of complexity of the problem and the situation that arise with the supply and diversion of water into homes, residential neighborhoods and entire cities. To achieve this "WATER ENERGY" it is possible at the expense of own manufacture here, in Ukraine, on own industrial base. As a production company, we make every effort to minimize the costs of consumers by manufacturing and importing energy-saving equipment.

"WATER ENERGY" strives for the leading enterprises of Ukraine and the CIS to have the opportunity to develop and output industry and municipal services to the European level of quality of providing services to the population.

The principles of the company "ENERGY WATER":

1. To produce high-quality pumping stations
2. To offer the Ukrainian consumer products of the "premium" class of the best European manufacturing plants.
3. Adhere to the company's existing quality control system, taking into account international requirements.

4. Maintain the highest standards of customer service for the company.
5. Use reliable innovative technologies in production.
6. To carry out high-quality and timely service of equipment commissioned.

Company values are a set of specific rules that are considered the norm for a particular organization. These principles largely depend on the relationship between employees, and the nature of their communication with clients and partners of the enterprise. When it comes to the most significant concepts from the point of view of management, the main place is occupied by corporate principles.

Values of the "WATER ENERGY" company :

1. Individual approach to each client of the company - we learn the needs for the near and long term and offer a reliable scheme for solving the problem - from the supply of equipment to the modernization of large facilities.
2. Efficiency - we provide our customers with the optimal solution in terms of investment, delivery time and ease of use.
3. Innovation - we are opening the possibility for manufacturing plants to make real, direct and intellectual investments in order to continuously improve their products.
4. Professionalism - we regularly provide individual training programs and conduct technical seminars for the company's employees, thereby maintaining a high level of professionalism in working with clients.
5. Responsibility - we are responsible for working with each individual client and each employee of our company bears individual responsibility for the overall result.

Business environment is the combination of internal and external factors that influence a company's operating situation. The business environment can include factors such as: clients and suppliers and its competitors.

For 10 years, the "WATER ENERGY" Company has been developing and improving its work, guided by the main goal: to provide modern high-quality European pumping equipment to the market. The company works only directly with

manufacturing plants. The company's suppliers are: DAB PUMPS SpA, TM HOMA and MT SPAIN.

Established in 1975, the Italian company DAB PUMPS SpA, has been a leader in the world pumping equipment market for 38 years. Production lines DAB PUMPS SpA produce more than 1.5 million pumps a year. These pumps are reliable, convenient to operate, allow saving energy. All DAB equipment has the necessary certificates. The warranty period is 2 years.

#### History of cooperation:

In the beginning of 2007, between the "WATER ENERGY" Company and DAB PUMPS S.p.A, an official distributor contract was signed, which initiated fruitful cooperation. The Company specialists provide "WATER ENERGY" with technical documentation, give detailed advice on the operation of DAB pumps, and also select equipment in accordance with the requirements, strictly adhering to this specification. The schedule, volume and quality of delivery, the system of acceptance of orders and technical support in the company constantly increases its speed. Together with representatives of DAB, clients regularly hold seminars, information about which can be found in the section "News". To purchase pumping equipment «DAB», clients may contact the company "WATER ENERGY". The specialists will provide them with the necessary technical and marketing support.

For more than 65 years, HOMA has been manufacturing pumps for water supply, drainage and sewage pumping stations. Having started once, in 1946 as a small assembly workshop, HOMA is today a large enterprise of a global scale and has representative offices in 60 countries.

Thanks to the newest automation system for the production of pumps and pumping equipment, as well as to computer-controlled test stands and decades of know-how in pump technology, HOMA pumps meet the highest technical standards. The foundation of all actions is a constant quality control, certified according to ISO 9001. The basis for success is the highest quality of products and the competence of specialists. We are pleased to offer you the latest solutions and reliable pumps from the world's leading pump manufacturer HOMA.



### History of cooperation:

Being the official and the only distributor of the German pumping plant HOMA Pumpenfabrik GmbH in Ukraine since 2008, LLC "WATER ENERGY" company carries out direct deliveries of pumping equipment from Europe, bypassing intermediaries. This allows us to provide buyers with the manufacturer's prices for pumps, as well as to attract to the complex projects directly manufacturers of pumping equipment, ensuring the quality and correctness of the selection of pumps.

MT was established in 1994 to distribute flexible galvanized fittings in the Spanish market. After expansion on the territory of the country, thanks to its storage facilities and retail network, MT continues to supplement the catalog with other types of products and from that moment all products are marked with the logo "MT" which characterizes the close relationship with the plumbing sectors, construction and, eventually, pumping liquids.

First, brass valves were created and further, copper installations for polyethylene pipes, cast iron valves, PVC valves, pressure gauges, pressure reducers, thread sealing tape, threaded brass fittings, threaded / welded adapter fittings for the iron pipe were developed with their own drawings and molds. and other products for the agricultural irrigation sector. The ultimate goal is to expand and fill positions, meeting the needs of high quality products.

Over the past few years and with the business profile of the company, MT Business Key, SL has crossed some boundaries in the search for new markets, and today it is present in most EU countries.

The second group of factors of the company's environment is its micro-environment, that is, factors that are not controlled by the firm and directly affect its operation: suppliers, customers, competitors, intermediaries, so-called contact audiences - institutions of market, public, state infrastructure contacted by the firm. (banks, exchanges, mass media, public organizations, state bodies, etc.). It is the factors of the microenvironment that is a peculiar driver of the influence on the firm of factors of the macro environment.

Consumers are potential buyers and customers. Customers influence the environment by changing the structure of demand, presenting new requirements for the product (quality, price, versatility, design, etc.) and establishing a certain price level. The manufacturer, accordingly, can also influence the buyer by offering a new unique product with perfect characteristics, improving the quality of service, and finally reducing prices. Consumer - the subject that determines the development of the enterprise. Therefore, modern organizations seek to find "their" consumer.

A clear definition of the client's profile is critical to successful marketing, sales, product development, and service delivery. A customer portrait is a collective image of your potential customer, usually including the following characteristics:

- age
- marital status,
- income level
- place of residence (geography),
- sex,
- employment,
- position level
- typical problems associated with our specific work;
- needs, fears and desires
- and so on.

The company identified several types of customers. Their portraits are shown below in Table 2.1.

Table 2.1

**Portraits of customers of "WATER ENERGY" COMPANY" LLC**

	<b>Trading organizations</b>	<b>Construction companies</b>	<b>Production companies</b>	<b>Installation companies</b>	<b>Utility companies</b>
Sex	Men	Men / women	Men	Men	Men
Age	22-45	40-50	30-60	25-55	40-60
Places	big cities	Kiev, the big cities	cities and suburbs	cities and suburbs	big cities
The manner of communication	informal communication.	direct people, love communication	business communication, specifics, technical mentality	free, not business communication	imposing, not open to communication
Find company from	from the agent, business trip, meeting, site	from design organizations (from agents), meetings, business trips	exhibitions, meetings, business trips	business trips, calls, site	Meetings, exhibitions
Interesting Products	Circulating pumps, domestic cold water pumps, domestic sewage pumps	Pumping stations for pressure increase, SPS, fire extinguishing	The whole range of products (pumps and stations)	Circulating pumps, centrifugal pumps	Sewer stations, heating stations

Competitors are firms selling a similar product in the same markets. The rivalry goes both for the market share, and for the consumer, for his “ruble”. The opinion was that competitors were only rivals. However, in modern conditions, with a high uncertainty of the external environment, only cooperation with competitors allows you to adapt to the environment and achieve your goal.

The definition of competitors in the industry is based on the similarity of market strategies "quality-price" or "assortment-price" or "quality-assortment" used by enterprises. The closest competitors in the industry are firms belonging to the same strategic group, i.e., adhering to the same or similar strategies. Naturally, the strongest competition exists between firms that produce similar goods and sell them at close prices.

The main competitors of the company "WATER ENERGY" are:

1. LLC "Istoki" - The official importer of Pedrollo, Calpeda, Zenit
2. LLC "Electromotor"

Organizational structure is a schematic representation of the composition and hierarchy of enterprise divisions. The organizational structure is established based on the objectives of the activities and the units necessary to achieve these goals, performing the functions that make up the organization's business processes.

The organizational structure determines the distribution of responsibility and authority within the organization. As a rule, it is displayed in the form of an organizational chart - a graphic scheme, the elements of which are hierarchically ordered organizational units (units, job positions). Organization structure of "WATER ENERGY" COMPANY" LLC is shown in figure 1.1.

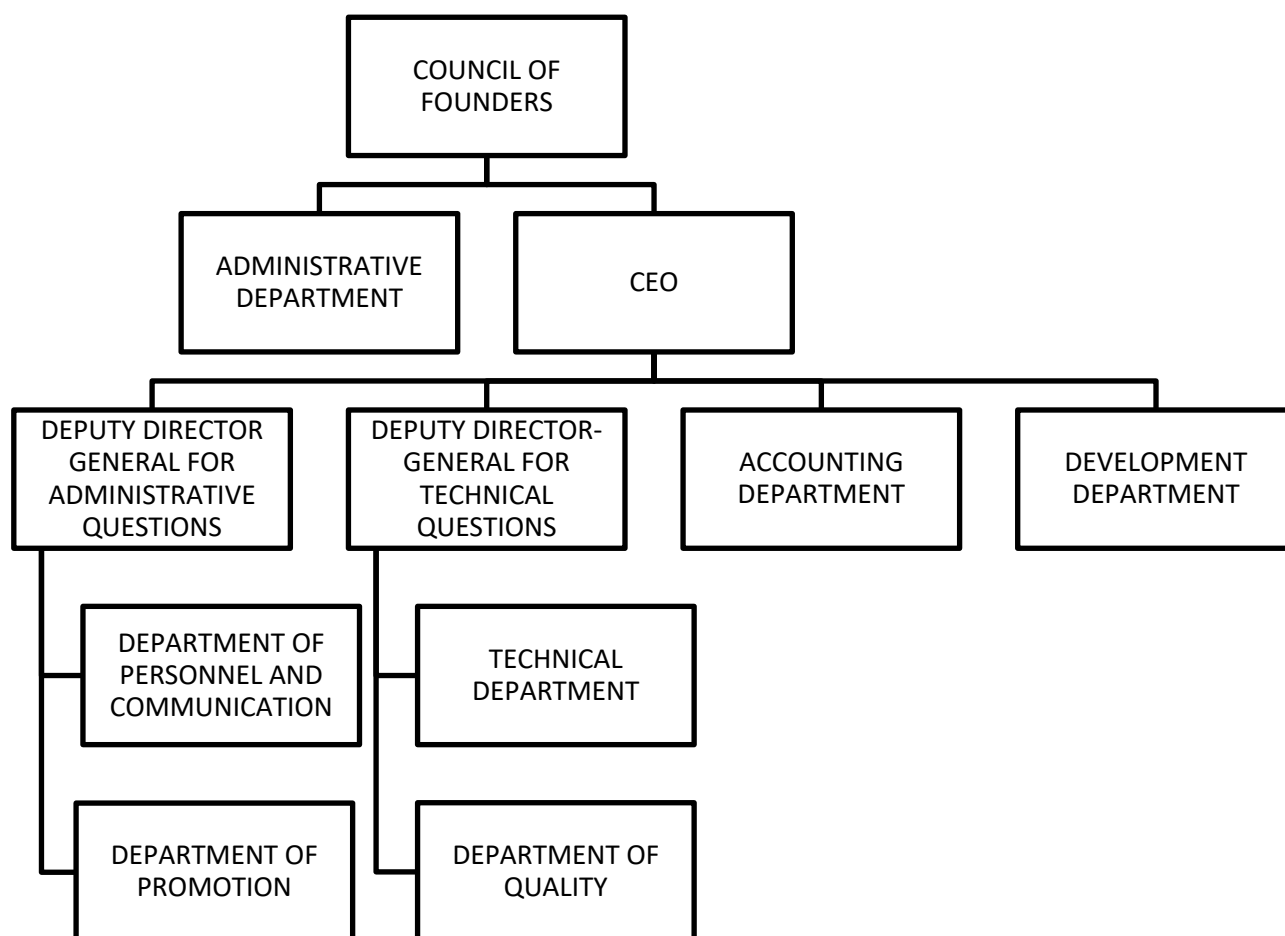


Fig. 2.1. Organization structure of "WATER ENERGY" COMPANY" LLC

The "WATER ENERGY" company is divided into 7 main departments.

The Administrative Department is an important part of our company. The main function is the establishment and development of the corporate management system, in order to improve the effectiveness of interaction and ensure the transparency of management systems. The department consists of various groups that perform administrative functions, as well as supporting the business units of the organization.

The main task in the work of the promotion department is to determine the company's place in the market, searching for opportunities to achieve better positions relative to competitors. As a result of the work of the marketing department, the sales and revenue of the company should increase - the main parameters for assessing the activity of marketers. In fact, the marketing department is responsible for the buffer role between the company and the market, internal and external environment.

The technical department fulfills the functions of the technical equipment of the enterprise, ensuring the efficiency of design solutions, the development and production of technical drawings, the analysis of the need for a new tool and equipment, the economic justification for the need for conversion, placing orders for new equipment in third-party organizations.

The quality control department is the structural subdivision of which aims to: control the quality of products produced and sold on the market, develop measures to improve the quality of products (works, services), check material inputs (raw materials, materials, semi-finished products, component parts), develop standards the quality of products manufactured by the enterprise, the study of the causes of the production of defective products.

The main tasks of the accounting department are to ensure the correct organization of accounting and the execution of estimates. The Department monitors the correct, economical expenditure of funds and their intended use; timely accrues and pays salaries to employees, compiles and provides financial, tax and statistical reporting in due time.

The Development Department is a structural subdivision of the company, which is a division dealing with issues of public relations, establishing communications with

authorities and management, target audiences, the media, as well as internal communications.

The Personnel Department is a structural subdivision of the company, called to manage the personnel of the enterprise. The Department of Personnel deals with the admission and dismissal of candidates, the retraining of personnel, and also forms a corporate culture.

Elements of the structure can be as separate employees, services and individual links of the management apparatus, and the interrelations between them are supported through horizontal and vertical links, which are linear and functional.

Within the structure of management is the management process (information movement and management decisions), between the participants of which are distributed tasks and functions of management, and accordingly - the rights and responsibility for their implementation.

Relationship of management structure with such key concepts of management as goals, functions, process, mechanism of functioning is evidence of how great the influence of organizational structure on all aspects of management. That is why, managers of all levels pay close attention to the principles and methods of forming structures, the choice of type or combination of types of structures, studying trends in their construction and evaluation in accordance with the goals and objectives.

Therefore, the organizational structure of "WATER ENERGY" COMPANY" LLC fulfills the following functions:

- reflect the goals and objectives of the organization, subordinate to production and change with it;
- reflect the functional division of labor and the scope of powers of management personnel, which are determined by policies, procedures, rules, job descriptions;
- To establish the correspondence of functions and powers of an official on the one hand and the level of culture on the other.

## 2.2. Analysis of financial and economic indicators of the "WATER ENERGY" COMPANY" LLC

Consider the changes in the main financial and economic indicators of the enterprise (Table 2.2.), the data are taken from the company's annual report, in particular, from the financial report No. 2 of the financial results for 2015-2019.

Table 2.2.

### Analysis of indicators of financial and economic activity of "WATER ENERGY" COMPANY" LLC for 2015-2019, thousand UAH

Article	Year				
	2015	2016	2017	2018	2019
Net income	26451,1	27585,4	26186,2	16775,3	27235,6
Other operating income	870,0	665,6	71,7	971,4	110,5
Other income	258,3	-	-	-	-
Total Income	27579,4	28251,0	26257,9	17746,7	27346,1
Cost of sold products	22694,5	24526,6	22330,0	14905,8	23752,6
Other operating expenses	4054,9	2813,8	3453,6	2813,0	2924,0
Other expenses	9,5	-	-	23,8	-
Total cost	26758,9	27340,4	25783,6	17742,6	26676,6
Financial result before tax	820,5	910,6	474,3	4,1	669,5
income tax	147,7	163,9	85,4	0,7	120,5
Net profit	672,8	746,7	388,9	3,4	549,0

As can be seen from Table 2.1., the company's performance indicators increased during 2015-2016, began to fall from 2017 and started to grow again from 2019. The net profit was 549 ths. against 3.4 thousand UAH. in 2018, and 388,9 thousand UAH. in 2017. This situation is related to the conflict that arose due to the leakage of information from the company and the subsequent replacement of an important part of staff, including sales managers, accountants, etc in period of 2017-2018 years. The average number of employees of the company has decreased from 27 people to 15. But as was predicted company's indicators started to grow again in 2019 because of termination of information and employees problem.

According to these data, we can construct a schedule of changes in net profit by years (Fig 2.1.).

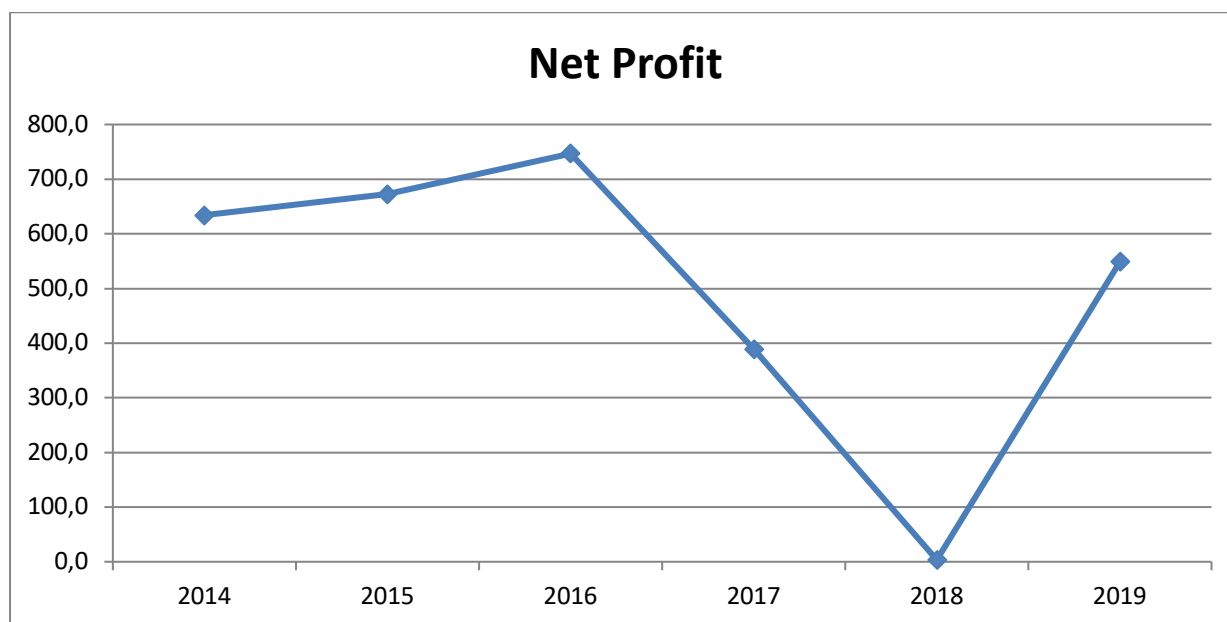


Fig. 2.2. Schedule of changes in net profit of "WATER ENERGY" COMPANY" LLC by years, thousand UAH

However, other operating revenues increased from 71.7 thousand UAH. in 2017 to UAH 971.4 ths. in 2018, and on UAH 110.5 ths in 2019. Non-operating income is the portion of an organization's income that is derived from activities not related to its core business operations. Non-operating income can include such items as dividend income, capital gains and losses from investments, gains or losses incurred by foreign exchange, asset write-downs, and other non-operating revenues and expenses. Other operating income includes: income from the sale of foreign currency; proceeds from the sale of other current assets (except for financial investments); operating lease income; Income from operating exchange differences in foreign currency transactions; the amount of fines, penalties, penalties and other sanctions for violation of economic agreements, which are recognized by the debtor or in respect of which the decisions of the court, economic court have been received regarding their collection; Income from the write-off of accounts payable, the expiration of the limitation period; repayment of previously written off assets (receipts of debts written off as hopeless); the amount of free circulating assets received and subsidies; other operating income.



Table 2.3

**Balance of "WATER ENERGY" COMPANY" for 2015-2019, thousand UAH**

Assets	2015	2016	2017	2018	2019
<b>I. Non-current assets</b>					
Incomplete capital investment	-	-	-	-	-
Fixed assets	154,8	1 832,7	1 660,5	1 847,0	1 852,0
initial value	542,1	2 446,6	2 446,6	2 803,0	2 739,0
wear and tear	387,3	613,9	786,1	956,0	887,0
Long-term biological assets	-	-	-	-	-
Long-term financial investments	-	-	-	-	-
Other non-current assets	-	-	-	-	-
Total for Section I	154,8	1 832,7	1 660,5	1 847,0	1 852,0
<b>II. Current assets</b>					
Stocks	7 378,0	9 087,7	12 149,0	15 020,3	14 520,8
including finished products	6 870,5	7 931,7	11 317,0	12 977,5	13 069,7
Current biological assets	-	-	-	-	-
Accounts receivable for products, goods, works, services	821,9	1 127,5	1 128,7	1 234,6	1 213,1
Accounts receivable on settlements with the budget	-	-	18,8	4,6	-
including income tax	-	-	-	-	-
Other Current Accounts Receivable	2 703,4	291,3	174,4	189,9	165,5
Current financial investments	-	-	-	-	-
Money and their equivalents	476,1	300,8	-694,7	-529,3	160,2
Costs of future periods	-	-	-	-	-
Other current assets	261,5	285,3	292,0	160,3	152,3
Total for Section II	11 640,9	11 092,6	13 068,2	16 080,4	16 211,9
<b>III. Non-current assets held for sale and disposal groups</b>					
Balance	11 795,7	12 925,3	14 728,7	17 927,4	18 063,9
Liabilities					
<b>I. Equity</b>					
Registered (share) capital	1 560,5	1 560,5	1 560,5	1 560,5	1560,5
Additional capital	-	-	-	-	-
Reserve capital	-	-	-	-	-
Retained earnings (uncovered loss)	4 536,0	5 020,3	4 697,0	6 634,4	6985,2
Unpaid capital	150,0	-	-	-	-
Total for Section I	5 946,5	6 580,8	6 257,5	8 194,9	8545,7

Table 2.3 (continuation)

<b>II. Long-term commitments, targeted financing and provision</b>	-	-	-	-	-
<b>III. Current liabilities</b>					
Short-term bank credits	170,0	-	-	-	-
Current payables for:					
long-term liabilities	-	-	-	-	-
goods, works, services	2 540,6	3 299,2	4 138,1	5 850,7	5 176,5
calculations with the budget	49,0	126,9	114,5	47,6	6,4
including income tax	23,1	23,0	53,8	41,7	-
insurance calculations	7,9	1,6	-	-	-
payroll calculations	18,4	17,5	22,6	32,0	19,4
future revenues	-	-	-	-	-
Other current liabilities	2 883,8	2 404,0	2 069,3	2 540,9	4 530,2
Total for Section III	5 669,7	5 849,2	6 344,5	8 471,2	9 732,5
<b>IV. Liabilities related to non-current assets held for sale and disposal groups</b>	-	-	-	-	-
Balance	9 672,3	11 795,7	12 925,3	14 728,7	17 927,4

For further analysis, let's look at the table 2.3., where balance of "WATER ENERGY" COMPANY" LLC for recent years is shown. The assets of an enterprise consist of non-current and current assets. Therefore, the most precise general structure of assets is characterized by the ratio of turnover and non-current assets. Analyzing the indicators of the analytical balance of the enterprise, we can say that in the assets over the past five years, the largest share in the general structure of assets occupy current assets (99%, 86%, 89%, 90% and 90% respectively), others 1, 12, 10, 9 and 9% hold non-current assets.

Also, it should be noted that at the end of 2019, current assets tended to increase by 131.5 thousand UAH in comparison with the previous year.

Existing economic assets of the enterprise are formed at the expense of both own and borrowed funds, or, as is commonly said, sources of forming of economic assets, which are divided into 2 groups: equity and liabilities.

Equity is part of the assets of an enterprise remaining after deducting its liabilities.

Liabilities is an enterprise debt that arose as a result of past events and whose recovery in the future is expected to lead to a reduction in the resources of an enterprise embodying economic benefits.

During 2015-2019, the main share in the general structure of liabilities was almost equally shared by equity and current liabilities.

The share of equity in 2018 amounted to 46% or 8 194,9 ths., And in 2019 it increased to 47%, or 8 545,7 ths., That is, it increased by 350,8 ths. And the share of current liabilities to creditors for goods, works and services in 2019, on the contrary, decreased from 54% to 53%, or from 9 732,5 to 9 518,2 thousand hryvnias.

For a visual representation of the results obtained, reflecting changes in the balance of the enterprise, we shall present the graphs (Fig. 2.2. and Fig. 2.3.).

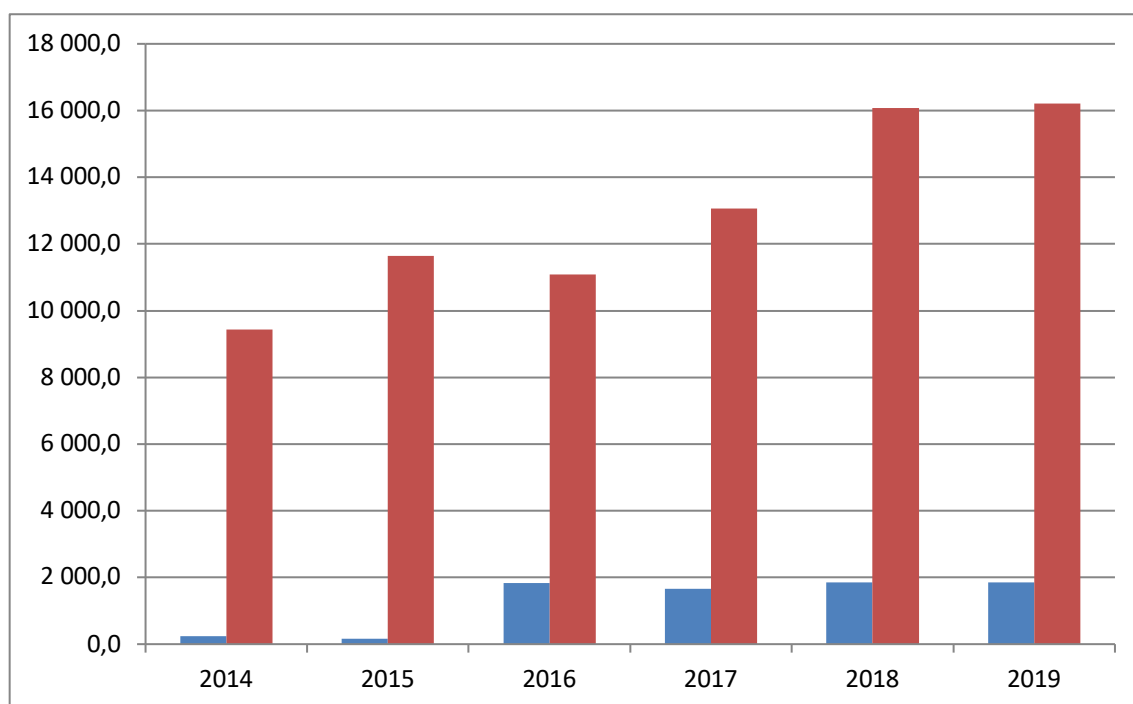


Fig. 2.3. Dynamics of current and non-current assets "WATER ENERGY" COMPANY" LLC for 2014-2019, thousand UAH

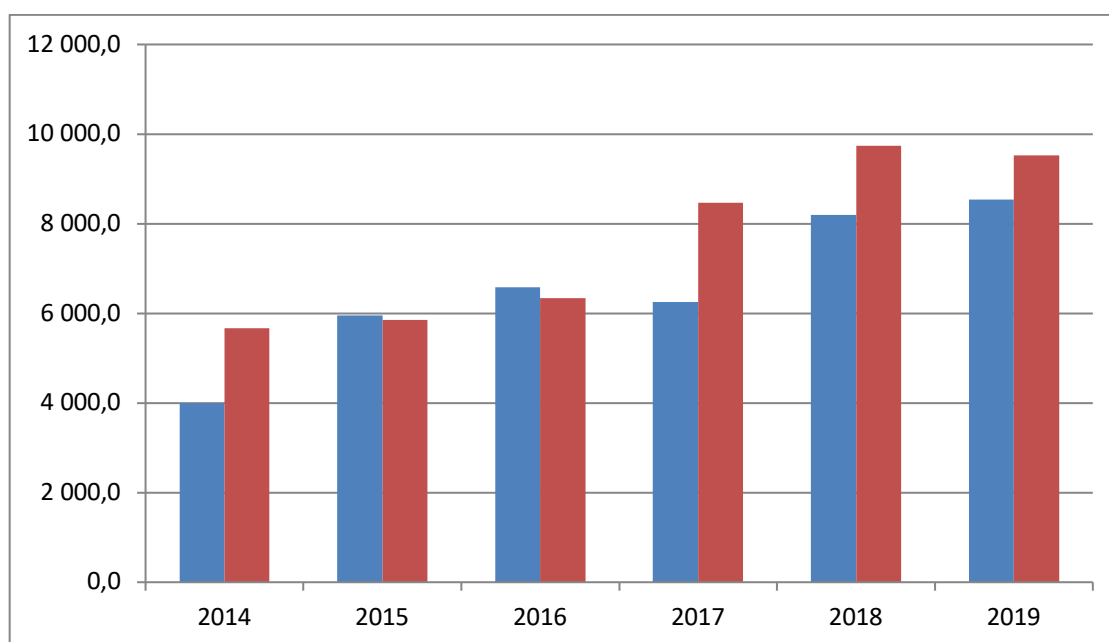


Fig. 2.4. Dynamics of liabilities "WATER ENERGY" COMPANY" LLC for 2014-2019, thousand UAH

Consequently, by examining the indicators of the financial and economic status of "WATER ENERGY" COMPANY" for 2015-2019, we can note that the company has small volumes of production, as indicated by the indicators of gross income and indicators of the number of employees, but not with standing. This, the enterprise's business from an economic point of view can be considered satisfactory. After all, at the end of 2018, the company had in its assets a profit of 3.4 ths. And in 2019 it gained 549 ths. UAH. Company starts to recover this is a positive phenomenon, because today, industrial, in particular, machine-building, enterprises of the Kiev region are not going through the best times. "WATER ENERGY" COMPANY" has suffered a lot of expenses, due to the replacement of personnel, the leak of information to competitors and the difficult political situation in the country.

We can also argue that the presence of profitability indicates the possibility of further expansion of production activities and an increase in the number of employees as the main type of activity - production of pumping stations and foreign trade activities in 2019, and most likely such a possibility will appear somewhat later.

To study the financial condition of an enterprise, information is required on the economic resources that it controls, its financial structure, liquidity and solvency, as well as the ability to adapt to changes in the environment in which it operates. Therefore, the next step of our study will be to analyze the indicators of liquidity and solvency of the company, because their results show how efficiently used their financial sources enterprise. To carry out such operations, the funds that an enterprise can receive by transferring the most liquid part of its mobile stocks or having enough money in the bank or at the cash desk is required.

The liquidity of an enterprise is its ability to quickly sell assets and receive money to pay for its obligations. The liquidity of the enterprise is characterized by the ratio of the value of its highly liquid assets (cash and cash equivalents, market securities, accounts receivable) and short-term debt.

The analysis of the liquidity of the balance is to compare the articles of the asset with the articles of the liability. In the balance sheet, assets of the enterprise are grouped by the degree of growth of their liquidity, in liabilities liabilities placed with the reduction of terms (increase, increase maturity) of their repayment. If such a comparison of assets is enough, then the balance sheet is liquid and the enterprise is solvent and vice versa.

When analyzing liquidity, it is advisable to assess not only the current amounts of liquid assets, but also future liquidity changes. The unsatisfactory state of liquidity of the enterprise will be evidenced by the fact that the company's need for funds exceeds their actual receipts. The analysis of liquidity is carried out on the basis of comparing the volume of current liabilities with the availability of liquid assets. The results are calculated as liquidity ratios according to the information in the relevant financial statements (Table 2.4.).

Table 2.4.

**Analysis of liquidity indicators of the "WATER ENERGY" COMPANY"  
LLC for the period 2015-2019**

№	Indicator	2015	2016	2017	2018	2019	Deviation 2019 to 2015	
							+, -	%
1	Cash liquidity ratio	0,08	0,05	0,00	0,00	0,02	-0,06	-79%
2	Quick liquidity ratio	0,73	0,32	0,11	0,11	0,18	-0,55	-76%
3	Current liquidity ratio	1,99	1,75	1,54	1,65	1,70	-0,29	-14%
4	Net working capital	5 791,7	4 748,1	4 597,0	6 347,9	6 693,7	902,00	16%
5	Ratio of working capital	0,99	0,75	0,54	0,65	0,70	-0,29	-29%
6	The coefficient of maneuverability of its working capital	0,97	0,72	0,73	0,77	0,78	-0,19	-20%
7	Cash flow maneuver	0,08	0,05	0,00	0,00	0,02	-0,06	-77%
8	Share of working capital in assets	0,99	0,86	0,89	0,90	0,90	-0,09	-9%
9	Share of inventories in working assets	0,63	0,82	0,93	0,93	0,90	0,26	41%
10	The ratio of receivables and payables	0,25	0,27	0,19	0,24	0,25	0,00	1%

The dynamics of liquidity indicators indicates an increase in the value of the current ratio. The dynamics to increase is considered positive. Current Ratio - shows the ratio of current assets and current liabilities. Current assets are an average and highly liquid part of the assets of the enterprise. The feature of current assets versus non-negotiable is that they can be converted into cash within one year (if the period of one production cycle is higher than one year, then during one production cycle). The indicator of current liquidity is an indicator of the company's ability to meet current liabilities through current assets. The indicator shows how much the company has in hryvnia working capital for each hryvnia of current liabilities. Normative value is within

the framework of 1-3. In 2019, the coverage ratio was 1.7, that is, it was normal. Indicator below normative indicates the problem of solvency, because current assets are not enough to respond to current liabilities. This leads to lower credibility of the company by lenders, suppliers, investors and partners. In addition, solvency problems lead to an increase in the cost of borrowed funds and, as a result, to direct financial losses.

The amount of own working capital is also growing, and in 2019 it amounted to 6 693.7 thousand UAH. Own working capital - an indicator of financial stability and liquidity of the company, which represents the amount of cash remaining after the exclusion of the firm's liabilities from their current assets. In other words, it is the sum of its own current assets, which is available for the daily operations of the company. When analyzing an indicator, it is necessary to compare its value over a long period of time. A company can increase production and sales or reduce it.

Next we will analyze and evaluate the indicators of financial sustainability and stability of the enterprise. Financial sustainability is a certain state of the company's accounts, which guarantees its constant solvency. Knowing the limiting boundaries of changes in the sources of funds to cover capital investments in fixed assets or production stocks allows you to generate such areas of business operations that lead to an improvement in the financial condition of an enterprise, to an increase in its stability. A managerial approach to the financial sustainability of a company derives from the principle of value maximization for shareholders at an acceptable level of risk, using the best combination of investments and available sources of financing. The financial sustainability of the enterprise implies that the resources invested in entrepreneurial activity should be repaid at the expense of cash flows from the management, and the profit received should ensure self-financing and the independence of the enterprise from external sources of asset formation involved. Values are given in the table 2.5.

Table 2.5.

**Analysis of indicators of financial sustainability "WATER ENERGY"  
COMPANY" LLC for 2015-2019**

№	Indicator	2015	2016	2017	2018	2019	Deviation 2019 to 2015	
							+,-	%
1	Debt ratio	0,50	0,49	0,58	0,54	0,53	0,03	6%
2	Equity to Debt Ratio	1,02	1,04	0,74	0,84	0,90	-0,12	-12%
3	The coefficient of financial independence	0,50	0,51	0,42	0,46	0,47	-0,03	-6%
4	The ratio of liabilities and equity	0,98	0,96	1,35	1,19	1,11	0,13	13%
5	Equity coefficient	0,50	0,51	0,42	0,46	0,47	-0,03	-6%
6	The coefficient of financial dependence	1,98	1,96	2,35	2,19	2,11	0,13	7%
7	Coefficient of maneuverability of own funds	0,97	0,72	0,73	0,77	0,78	-0,19	-20%

Table 2.5 data show that the company is financially independent, it shows the coefficient of autonomy, which was in 2016 - 0.51 in 2019 - 0.47, the standard value within 0.4 - 0.6, the greater the value of this coefficient, the less the enterprise's dependence on external sources of financing. The indicator of financial autonomy is one of the most important coefficients of financial sustainability. It is equal to the ratio of the company's equity to all financial resources. The value of the indicator indicates what part of its assets the company is able to finance at the expense of its own financial resources.



The value of the financing factor (the ratio of borrowed and own funds) indicates that the company over the last two years was highly dependent on external financing, a negative indicator indicating an unstable financial situation. This indicator complements the coefficient of autonomy and shows how much borrowed funds per unit of equity. In our case, for the period 2017-2018, its values were respectively 1.19 and 1.11%. As with the indicator of financial autonomy, to increase the value of the indicator, it is necessary to attract funds from owners or investors, reinvest profits in the company's work, etc.

The ratio of the availability of own working capital indicates how much enterprise has its own funds for 1 hryvnia of all funds. Normative value is 0,1 and higher. Of great importance is the financial sustainability of the company and the ability to conduct active activities, even in the absence of access to borrowed funds and external sources of financing of the company. Conversely, the significance below the normative point indicates a significant financial dependence of the enterprise on external creditors. In the conditions of deterioration of the market situation, the company, in this case, will not be able to continue its activities. The negative value of the indicator indicates that all equity and long-term sources are aimed at financing non-current assets and the company does not have long-term funds to form its own working capital. In 2019, this ratio was equal to 0.47; this is a rather high figure, so it can be argued that there is no threat of insolvency.

The coefficient of maneuverability of the equity shows the ratio between its own current assets and equity of the company. Thus, the value of the indicator indicates what portion of equity can be used to finance current assets, and which part is aimed at financing non-current assets. Normative is considered to be 0.1 and higher. At the investigated enterprise, in the period of 2015-2019 the value of the indicator of maneuverability is rather high and is 0.97, 0.72, 0.73, 0.77 and 0.78 respectively, which indicates a steady state and sufficient financing of working capital.

Business activity of the enterprise in the financial aspect manifests itself, first of all, in the speed of turnover of its funds. The analysis of business activity consists in studying the levels and dynamics of various coefficients of turnover, the main of which are:

- Asset turnover ratio;
- Turnover factor of working capital;
- Turnover rate of accounts receivable;
- Turnover rate of accounts payable;
- The coefficient of turnover of inventories;
- The coefficient of turnover of fixed assets;
- Ratio of equity;

Table 2.6.

**Indicators of business activity "WATER ENERGY" COMPANY" LLC for  
2015-2019**

Indicator	2015	2016	2017	2018	2019	Deviation 2019 to 2015	
						+, -	%
2.1 Asset turnover	2,46	2,23	1,89	1,03	1,51	-0,95	-38,58
2.2 Turnover rate of working capital	2,51	2,43	2,17	1,15	1,69	-0,82	-32,79
2.3 Period of one turnover of working capital	143,44	148,34	166,08	312,77	213,42	69,98	48,79
2.4 Reserve turnover rate	3,26	2,98	2,10	1,10	1,61	-1,65	-50,70
2.5 Period of one stock turnover	110,37	120,84	171,19	328,09	223,87	113,50	102,83
2.6 Turnover rate of receivables	34,64	28,30	23,21	14,20	22,25	-12,39	-35,76
2.7 Repayment period of receivables	10,39	12,72	15,51	25,36	16,18	5,78	55,66
2.8 Turnover rate of accounts payable	9,06	7,42	5,24	3,04	5,45	-3,61	-39,80
2.9 Payout period	39,74	48,53	68,66	118,32	66,02	26,28	66,12
2.10 Return on equity	5,32	4,40	4,08	2,32	3,25	-2,06	-38,81

Let's turn to the analysis of indicators of business activity. The calculation of business activity is shown in Table 2.6.

This group of factors indicates the effectiveness of using the assets of the enterprise, the sequence of policies for managing inventories and stocks of finished products, etc. Increasing the intensity of using key assets is a positive trend, since the released part of the financial resources may be directed in other directions. In general, the study of this group of indicators is important in the analysis of the financial and economic state of the enterprise.

Indicators of profitability are the relative characteristics of financial results and the efficiency of the enterprise. They characterize the profitability of enterprises from different positions and are grouped in accordance with the interests of participants in the economic process and market exchange.

Indicators of profitability are important for the characteristics of the components of the formation of profits and income of the enterprise. When analyzing production, profitability indicators are used as an investment policy and pricing tool. They are more complete than profit, characterizing the final results of management, because their magnitude shows the relation between available and used resources.

So, let's turn to the analysis of the indicators of profitability of the enterprise and determine whether these indicators have a positive trend (Table 2.7.).

The analysis of profitability indicators indicates a negative tendency to decrease, as at the end of 2018 there was a decrease in the indicators of Profitability of assets, return on capital, profitability of production assets, profitability of sales, and cost-effectiveness. This decrease was due to a decrease in net profit by 99.13%, due to the replacement of personnel and the difficult situation in the company's internal environment. That is why we can observe the growth of all these indicators up to 2016. And starting from 2019 this situation was a little bit fixed.

Reducing profitability rates indicates a decline in the efficiency of LLC "Company ENERGY WATER", but at the same time note that the activity of the company was not unprofitable, as at the end of 2018, and in 2019 its indicators grew

and situation has tendency to normalize.

Table 2.7.

**Indicators of profitability of "WATER ENERGY" COMPANY" LLC for  
2015-2019, thousand UAH**

Indicator	2015	2016	2017	2018	2019	Deviation 2019 to 2015	
						+, –	%
3.1 Profitability on profits	6,9559	7,0451	3,2202	0,0229	3,7063	-3,2496	-46,72
3.2 Return on equity (assets) at net profit	5,7038	5,7770	2,6404	0,0190	3,0392	-2,6646	-46,72
3.3 Return on equity	11,3142	11,3466	6,2149	0,0415	6,4242	-4,8901	-43,22
3.4 Profitability of production assets	8,9316	6,8377	2,8162	0,0202	3,3531	-5,5785	-62,46
3.5 Profitability of realized products on the profit from sales	2,5436	2,7069	1,4851	0,0203	2,0157	-0,5279	-20,75
3.6 Cost-effectiveness	116,5529	112,4714	117,2691	112,5421	114,6637	-1,8893	-1,62
3.7 Reinvestment factor	94,2033	84,8801	162,9725	18641,1765	115,4484	21,2450	22,55
3.8 Capital recovery period	17,5323	17,3099	37,8727	5272,7647	32,9039	15,3716	87,68
3.9 Payback period of equity	8,8384	8,8132	16,0903	2410,2647	15,5662	6,7278	76,12

The analysis of profitability indicators indicates a negative tendency to decrease, as at the end of 2018 there was a decrease in the indicators of Profitability of assets,

return on capital, profitability of production assets, profitability of sales, and cost-effectiveness. This decrease was due to a decrease in net profit by 99.13%, due to the replacement of personnel and the difficult situation in the company's internal environment. That is why we can observe the growth of all these indicators up to 2016.

Reducing profitability rates indicates a decline in the efficiency of LLC "Company ENERGY WATER", but at the same time note that the activity of the company was not unprofitable, as at the end of 2018, the company's net assets are net profit of 3.4 ths. which enables the company to pay on time its obligations and indicates the prospects for its development. And this gave company an opportunity to increase its positions next year, in 2019. All indicators became more optimal comparing with 2018. And the

Profitability is an integral indicator that reflects the efficiency of an enterprise that seeks to generate revenue in the short term and which points to the quality of management decisions that relate to the financial, operational and investment activities of the enterprise. In this definition, it is emphasized in which cases the profitability is really a criterion for the economic efficiency of the enterprise, and it is also taken into account that different indicators of profitability can testify to the effectiveness of different areas of management work.

At present, the economy is experiencing complex crisis processes. In such circumstances, it is extremely important to look for available margins to increase profitability, which will allow business entities to perform uninterrupted activities, to carry out simple and expanded reproduction. High cost of borrowed funds, rapid depreciation of the value of the national currency, small domestic market - all these factors contribute to increasing the relevance of the research aspects of managing the profitability of the company in order to ensure its effective work.

Profitability of an enterprise is formed under the influence of a large number of interconnected factors, which influence the results of the enterprise's activity in a different direction: one is positive and the other is negative. Moreover, the negative influence of some factors can reduce or even diminish the positive effects of others.

### **2.3. Analysis of foreign economic activity at the "WATER ENERGY" COMPANY" LLC**

Foreign economic activity (FEA) is a combination of methods and means of trade and economic, scientific and technical cooperation, monetary and financial relations with foreign countries. The most important part of foreign trade is foreign trade, which is defined as entrepreneurial activity in the sphere of international exchange of goods, works, services, information and results of intellectual activity. Being a participant of foreign trade activities, an enterprise must have clearly defined objectives of activity, which are defined in its constituent documents. The goals and objectives of the foreign economic transaction should not conflict with what is defined in the charter or other constituent documents of the enterprise.

Foreign economic activity distinguishes between export, import, re-export and counter transactions.

Export is the shipping of goods from the customs territory of the country abroad without an obligation to re-import them and the possible provision of services by foreign persons and rights to the results of intellectual property.

Import - the purchase of goods from a foreign seller, its import into the customs territory of the buyer's country.

Re-export - the purchase of goods from a foreign seller, its importation into the territory of the buyer's country, the resale of this product in its original form abroad to a foreign buyer.

Reimport - purchase and import from abroad of domestic goods that were not processed there. Re-import goods include goods not sold at auctions, returned from consignment warehouses, rejected, etc. Return from abroad of domestic goods temporarily exported to exhibitions, fairs, etc., is not included in reimport.

Countertrade (counter transactions) are organizationally linked export-import transactions, where the exporter undertakes to accept, in payment for the value of his goods, all or part of the value of the buyer's counter imports. An example of counter transactions is barter cooperation based on barter.

In the company "WATER ENERGY" the head of the foreign economic activity department is subordinated to the deputy general director for technical issues. But, in addition, the 10th division is a part of the 4th department. That is, the head of the foreign trade department should voice his plans and results to the working department 4 (both for planning production, and for informing the advisory council on foreign economic affairs matters).

The manager on foreign trade activities is a specialist who manages the export or import of foreign goods. The manager for foreign economic activity also organizes the transportation of goods, actually performing the functions of a logistician. He decides on which transport and which route the products are more convenient to deliver. FEA manager manages and contacts with customs. He develops customs schemes for import or export, interacts with the customs broker (representative of the organization at the customs). At the same time, the foreign economic expert tries to organize the process as rationally as possible, i.e. without extra costs. This manager deals with all sorts of documentation. It includes contracts with foreign partners. A specialist is required to know foreign legislation in order to conclude contracts that are as profitable as possible, but at the same time satisfying partners. The manager for foreign trade activities also deals with the preparation of all kinds of permits (for example, environmental permits, hygienic conclusions).

The goals of the manager of foreign economic activity in the company "WATER ENERGY":

1. Ensure the production and sales department of equipment from European manufacturing plants on time and at an optimal cost.
2. Ensure the logistics of goods from production to the customer.
3. To organize quick and productive correspondence on equipment issues between European partners and technical departments.
4. Work with invoice.
5. Constantly monitor the market of carriers
6. To communicate at work with English-speaking employees in English.

Invoice (English Invoice) is a document in international commercial activity, provided by the seller to a foreign buyer. Invoices are indicated by: goods, their quantity, price and terms of delivery, product characteristics (color, weight, etc.), supplier information and buyer information. The fact of an invoice statement indicates that the buyer is obliged to pay the goods in accordance with the specified conditions (of course, if the goods are not delivered on prepayment). This type of document is used only when international supplies of goods. Invoice is issued and sent to a foreign buyer simultaneously with the shipment of goods. If the contract involves an advance payment, the exporter must issue a proforma invoice. This document contains virtually the same data as a commercial invoice. The difference is that some data in the proforma invoice are preliminary ones.

Valuable final product of the post: Warehouse, timely and fully provided with finished products for the production of high-quality products from the leading European manufacturing plants.

For 10 years, the "ENERGY OF WATER" Company has been developing and improving its work, guided by the main goal: to provide modern high-quality European pumping equipment to the market. The company works only directly with manufacturing plants. The foreign suppliers of the company are: DAB PUMPS SpA, TM NOMA and MT SPAIN.

The import program of the Company "Water Energy Company" is as follows [86]:

- Electrical equipment:
  - Pumping station control cabinets
  - Frequency converters
- Pumps:
  - Pumps TM MT (Spain)
  - Pumps TM DAB (Italy)
  - Pumps TM HOMA (Germany)
- Hot and cold water tanks:



- TM CIMM membrane tanks (Italy)
- Broad tanks TM CIMM (Italy)
- Shutoff valves TM MT (Spain)
- Automatics TM Fantini Cosmi (Italy) [86]

We will analyze the dynamics and structure of import of this products for 2016-2019 years (Table 2.8.).

Table 2.8.

**Analysis of dynamics and structure of import of products of "WATER ENERGY" COMPANY" LLC 2016-2019, thousand UAH**

Product type	Imported, thousand UAH				Specific weight of imports, %			
	2016	2017	2018	2019	2016	2017	2018	2019
<b>Pumps:</b>	<b>14495,99</b>	<b>13801,23</b>	<b>8751,03</b>	<b>12552,50</b>	<b>92,94%</b>	<b>97,19%</b>	<b>92,32%</b>	<b>87,45%</b>
Pumps TM DAB	13633,69	12321,78	8145,46	12334,53	87,41%	86,77%	85,93%	85,93%
Pumps TM HOMA	862,30	1479,45	605,57	217,98	5,53%	10,42%	6,39%	1,52%
Tanks for cold and hot water:	<b>691,39</b>	<b>167,97</b>	<b>427,77</b>	<b>1125,75</b>	<b>4,43%</b>	<b>1,18%</b>	<b>4,51%</b>	<b>7,84%</b>
TM CIMM membrane tanks	59,23	149,06	54,00	81,78	0,38%	1,05%	0,57%	0,57%
Broad tanks of TM CIMM	632,17	18,91	373,77	1043,97	4,05%	0,13%	3,94%	7,27%
Shutoff valves TM MT	<b>289,46</b>	<b>149,93</b>	<b>125,68</b>	<b>229,07</b>	<b>1,86%</b>	<b>1,06%</b>	<b>1,33%</b>	<b>1,60%</b>
Automatics TM Fantini Cosmi	<b>120,11</b>	<b>80,95</b>	<b>174,42</b>	<b>446,41</b>	<b>0,77%</b>	<b>0,57%</b>	<b>1,84%</b>	<b>3,11%</b>
Total	15596,95	14200,09	9478,89	14353,72	100,00 %	100,00%	100,00 %	100,00 %

So, as we see, the company imported only in 2019 products worth 14353,72 thousand UAH.

The structure of imports during the investigated period remains approximately the same:

So in 2019, 87,45% of imported products are pumps, Tanks for cold and hot water – 7,84%, 1,6% are Shutoff valves and 3,11% are Automatics.

The company imports these products from the following countries: Spain, Italy and Germany.

"WATER ENERGY" COMPANY" LLC has the following indicators for import activities for the period from 2016-2017 by partner countries:

Table 2.9

**Structure and dynamics of imports by partner countries "WATER ENERGY" COMPANY" LLC 2016-2018, thousand UAH**

Country	Imported, thousand UAH				Specific weight of imports, %			
	2016	2017	2018	2019	2016	2017	2018	2019
Italy	14445,19	12570,7 0	8747,64	13906,68	92,62%	88,53%	92,29%	96,89%
Germany	862,30	1479,45	605,57	217,98	5,53%	10,42%	6,39%	1,52%
Spain	289,46	149,93	125,68	229,07	1,86%	1,06%	1,33%	1,60%
Total	15596,95	14200,0 9	9478,89	14353,72	100,00%	100,00 %	100,00 %	100,00 %

So, as the data shows, the company imports most of the products from Italy. In particular, in 2019, products were imported at 13906,68 thousand UAH. This represents 96,89%% of imports this year.

From Germany, the company imported products in the amount of 217,98 thousand UAH, which is 1,52% in 2019. This indicator for the investigated period decreased by 387,59 thousand UAH in comparison with 2018 (Figure 2.5, 2.6).

From Spain, products were imported at amount of 229,07 thousand UAH. It is about 1,60% of imports.

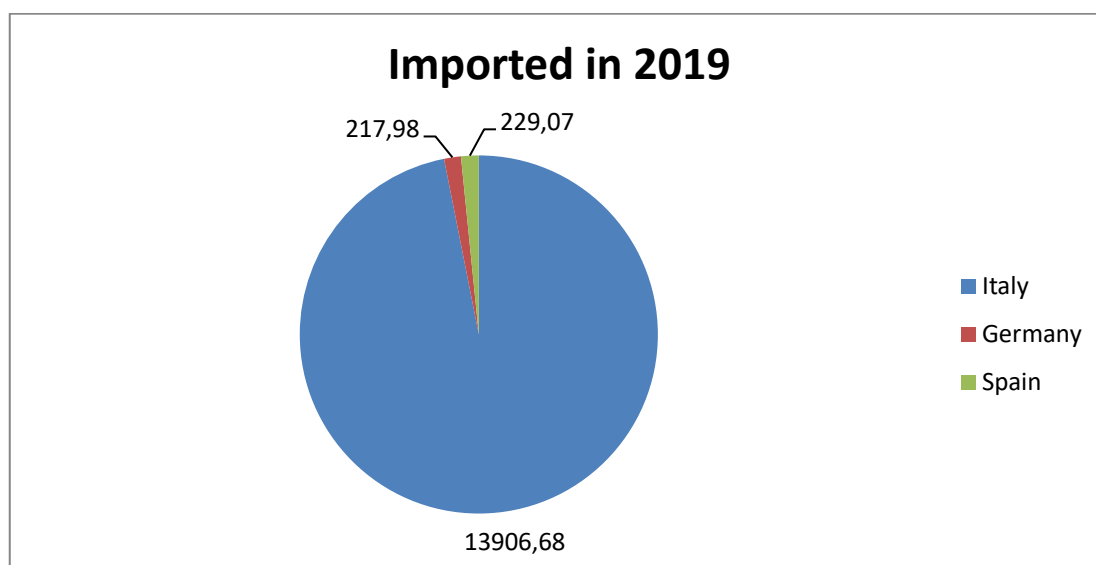


Fig. 2.5. Structure of imports of "WATER ENERGY" COMPANY" LLC by partner countries in 2019, thousand UAH

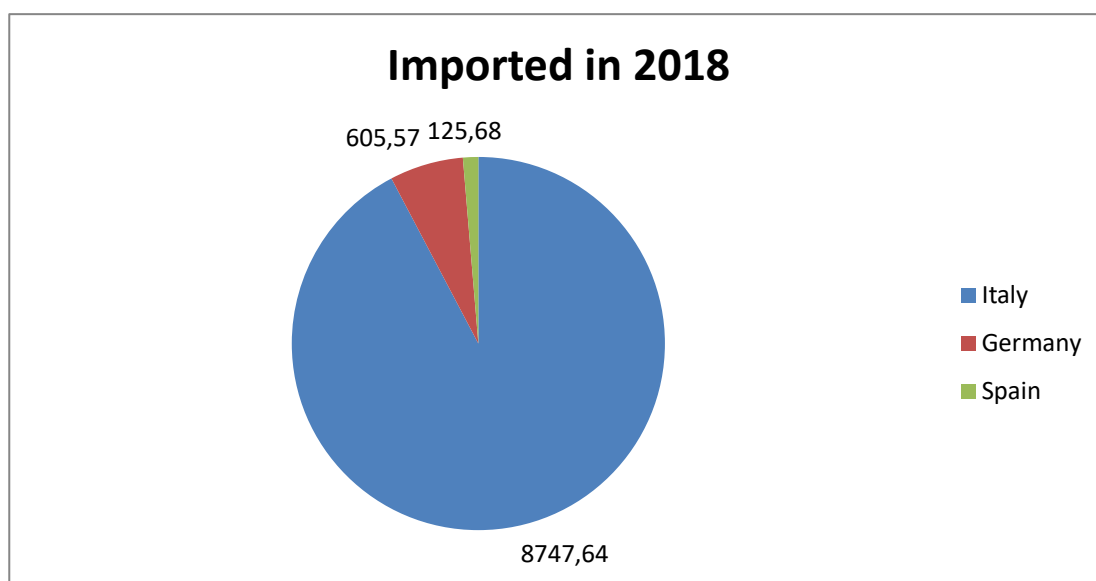


Fig. 2.6. Structure of imports of "WATER ENERGY" COMPANY" LLC by partner countries in 2018, thousand UAH

Determining the effectiveness of foreign economic operations determines the degree of interest of the company in entering the world market, it allows to justify separate proposals for the purchase and sale of certain goods. The obtained data can be

used in the development of plans of export and import of the enterprise, when assessing the structure and directions of foreign trade turnover.

We will conduct an analysis of absolute and relative indicators of the efficiency of the foreign economic activity of the enterprise (Table 2.10, Figure 2.7).

Table 2.10

**Analysis of absolute and relative indicators of the efficiency of foreign economic activity of "WATER ENERGY" COMPANY" LLC for 2015-2019, thousand UAH**

Indicator	2015	2016	2017	2018	2019
the cost of imported products on the domestic market	18750,07	21566,98	20185,3	12546,91	19321,35
expenses for the purchase of imported products	14705,94	15893,13	14469,75	9658,90	14626,30
Cost of production	14431,88	15596,95	14200,09	9478,89	14353,72
Customs and customs duties	216,4782	233,9542	213,0013	142,1834	215,3059
Transportation costs	31,75013	34,31329	31,24019	20,85356	31,57819
Loading and unloading costs	15,87507	17,15664	15,6201	10,42678	15,7891
Warehousing costs	2,742057	2,96342	2,698016	1,800989	2,727208
Other expenses	7,21594	7,798474	7,100043	4,739446	7,176862
Import Efficiency:	1,275	1,357	1,395	1,299	1,321
indicator of the economic effect of imports	4044,13	5673,85	5715,55	2888,01	4695,04
Efficiency of foreign economic activity	27,5%	35,7%	39,5%	29,9%	32,1%

According to the calculations, the effectiveness of the foreign trade company in 2019 was 32,1%, the positive is that, as compared to 2018, it increased by 2,2%, which indicates a increase in the volume of foreign trade operations for almost a quarter.

The effectiveness of foreign trade has increased due to the fact that the profit from import operations was more than in 2018 by UAH 1807,03 thousand. or 62,6%.

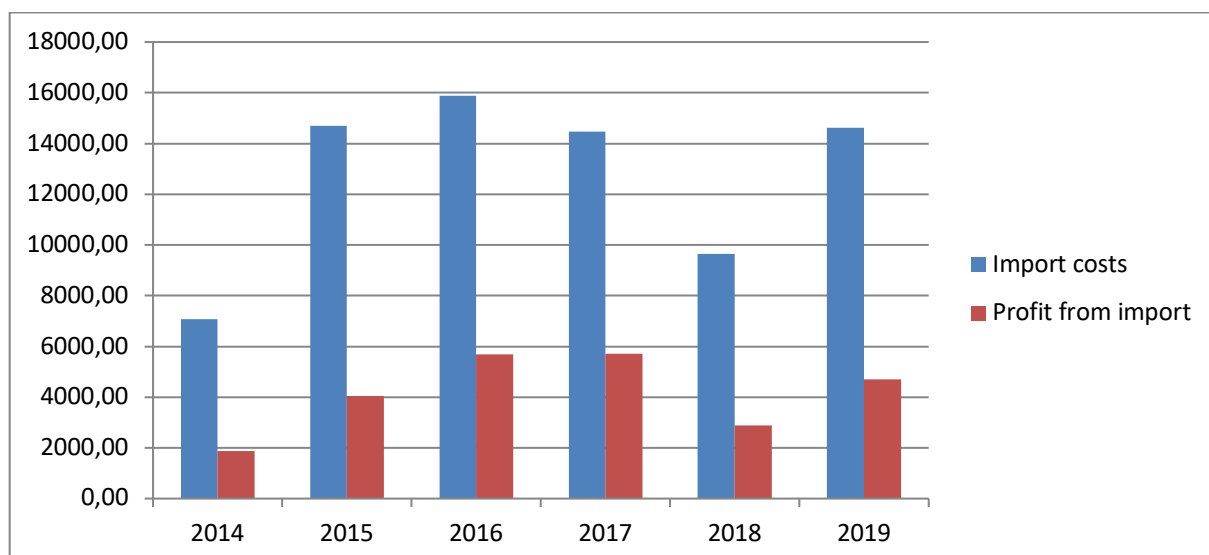


Fig. 2.7. Comparison of imported profits and costs of "WATER ENERGY" COMPANY" 2014-2019, thousand UAH

Having analyzed the foreign economic activity, we can conclude that the company has a fairly stable position on the foreign economic background. Problems within the company have affected foreign trade in general, in particular import, to a much lesser extent than, for example, production. The ten-year history of cooperation with European suppliers, good personal relationships with key consumers, stable relations with carriers and a fairly high demand for imported pumps in the Ukrainian market played a big role in company's recovery in 2019.

## **PART 3. DEVELOPMENT OF PROPOSALS FOR IMPROVING THE COMPETITIVENESS OF THE LLC "WATER ENERGY" COMPANY"**

### **3.1 Assessment and analysis of the pumping equipment market and "WATER ENERGY" COMPANY" LLC positions on it**

To assess the competitiveness of "WATER ENERGY" COMPANY "LLC, you first need to analyze its state. The quality of the analysis will be high when it is carried out from the standpoint of a systematic approach. Its feature is the establishment of strategic and tactical factors to increase the competitiveness of the services provided, the efficiency and stability of the company in the market.

Let's consider the main indicators of the competitiveness assessment of "WATER ENERGY" COMPANY "LLC table 3.1.

The indicators of competitiveness listed in table 3.1 are the maximum possible for "WATER ENERGY" COMPANY" LLC. As you know, the competitiveness of a product or service is a relative concept, that is, it can only be talked about when comparing with another object. As for the competitiveness of the "WATER ENERGY" COMPANY" LLC, the indicators considered are the same result that can be analyzed. Indeed, if the sales volume is positive, then in most cases the economic parameters indicate a good state of affairs for the company. We will evaluate the competitiveness of "WATER ENERGY" COMPANY" LLC using a Complex assessment method, which we considered in the theoretical part of the thesis. The Complex method of assessing the competitiveness of "WATER ENERGY "COMPANY" LLC allows us to study the competitiveness of the entire market of these services, that is, compare the competitiveness with the products of all competing firms in the given market, and not relative to one competitor, as it is suggested to do in most methods; easy to use; is based on open data, therefore, less expensive than other methods used today; takes into account the opinion of consumers.

Complex includes:

- 1) determination of criteria (requirements) of consumers for the product;

2) an assessment of the expected competitiveness of a product based on consumer criteria;

3) assessment of the competitiveness of the marketing activities of the company relative to competing firms;

4) conclusions about the real competitiveness of the product and the determination of points of application of forces to increase it.

The following sources of primary information were used: a questionnaire survey, own practical observations and calculations. Before proceeding to the methodology for assessing the competitiveness of "WATER ENERGY" COMPANY" LLC, it is necessary to determine what type of goods the product under study belongs to. We propose to use a typology of goods based on the hierarchy of needs of A. Maslow. Pumping equipment and sanitary ware according to the presented typology of goods are considered as industrial goods that satisfy the needs for safety, convenience of existence and movement.

Let us determine the criteria (requirements) in terms of their importance by polling consumers using the services of "WATER ENERGY" COMPANY "LLC. For this, in May - June 2018, a sociological survey of the preferences of 100 consumers who applied to " WATER ENERGY "COMPANY" LLC was conducted. The survey results are shown in (table 3.1).

Table 3.1

**Priority of consumer criteria when evaluating services**

Criterion name	The degree of importance in points (1-5)
Price policy	5
Service quality	3
Breadth of service offer	2
Range of customers	2,5
Advertising policy	2,5
Office location	2

The assessment of the importance of each criterion was calculated as the arithmetic mean for the collected number of questionnaires. Analysis of the data obtained as a result of a survey of 100 clients of "WATER ENERGY" COMPANY "LLC indicates that the most elastic consumer demand for the pricing policy chosen by the company. 60% of respondents answered that the price component is very important, 12% - important, 28% the quality of services was ranked first, and when answering the question about the frequency of using the company's products, 30% noted that they use them once a quarter, 25% - once every six months, while the majority (40%) - quite rarely. The main companies providing pumping equipment were: "WATER ENERGY" COMPANY" LLC (85% of respondents), LLC "Istoki" (40%), LLC "Electromotor" (25%) (several answers were allowed). (90%) noted that foreign materials are more reliable, and on a positive note, 80% of the respondents are satisfied with the quality of the service provided by WATER ENERGY COMPANY LLC. Convenient location of the company was noted by 60% of clients. The survey of consumers' opinions revealed that it is the price factor that is the most important and has the highest coefficient of significance.

Among the factors influencing the decision to contact a certain repair and construction company, respondents in almost 100% of cases named the quality of services and materials used, in second place was the price, but its importance was disputed by half of the respondents - the cost is important, but if the differences are insignificant and the price will correspond to the income, then the cost will not be paid attention to first of all.

When deciding to use the services of "WATER ENERGY" COMPANY "LLC, respondents first of all seek advice from specialists or acquaintances, then look for information through Internet resources and databases. There is little trust in advertising and personal experience. Hence, we can conclude that the main emphasis when promoting services, it is necessary to do not for advertising in the classical sense of the word, but for gaining the trust of specialists and working with them - concluding contracts for advertising the name of the company, for example, at various construction forums and seminars. Competitive firms are an important subject of study.



A competitor is a person, business, team, or organization that competes against you or your company. Competitors not only make similar products but also sell them at similar prices. For example, in the car market, Ford is a competitor of Toyota. In fact, Toyota and Rolls Royce are not competitors. Even though they both make and sell cars, they are not targeting the same customers. They sell their cars at vastly different prices. Competitors form a vital part of a free-market economy. Their presence in an industry helps drive down the prices of goods and services.

Evaluation of the competitiveness of the marketing activity of the firm relative to the competing firms. Competing firms are an important subject of study. If the study of the consumer helps the firm to win new customers, then the study of a competitor gives an idea of its position in the market, knowing the strengths and weaknesses of competitors, you can assess their potential and goals, present and future strategies. This will allow the company to strategically focus its attention precisely on the direction where the competitor is weaker. In this way, you can expand your own competitive edge. Istoki LLC and Electromotor LLC were identified as the main competitors of the WATER ENERGY COMPANY LLC.

The main competitors of the company "WATER ENERGY" are:

1. LLC "Istoki" - The official importer of Pedrollo, Calpeda, Zenit
2. LLC "Electromotor"

The reason for choosing these particular companies is that they:

- 1) are located in territorial proximity to the investigated firm;
- 2) provide consumers with a comparable set of services;
- 3) adhere to a comparable pricing policy.

Expert assessments for each competing firm are presented in table 3.2. When considering competing firms and defining an expert assessment, the experts were guided by the following arguments. Prices for services in most areas of the "WATER ENERGY" COMPANY "LLC and LLC" Istoki "are almost identical. The prices of LLC" Electromotor "are higher by an average of 5%, which is quite significant for the pumping equipment market.

Table 3.2

**Assessment of the competitiveness of companies providing pumping and sanitation solutions**

Characteristic	Characteristic importance	Expert review		
		"WATER ENERGY" COMPANY"	"Istoki"	"Electromotor"
Price policy	0,29	5	5	4
Service offer breadth	0,18	5	4	4
Range of customers	0,12	3	4	4
Service quality	0,15	5	4,5	3,8
Advertising policy (brand development)	0,15	3	5	3
Speed of order execution	0,12	5	4	4
TOTAL	1,00			

When assessing the breadth of the offer of services, both the range of offers in individual areas of activity and the range of offers within each area were taken into account. Discounts are provided by the firms "WATER ENERGY" COMPANY "LLC, LLC" Istoki "and LLC" Electromotor ". This applies to regular customers with whom contracts for service are concluded, the discount is expressed in 3-5% of the cost of the service. In terms of the advertising component, the most LLC "Istoki" and, especially, LLC "Electromotor" are competitive. The main tools of their advertising work are advertising in newspapers.

From the point of view of speed of order execution, the most competitive is "WATER ENERGY" COMPANY" LLC. The reason for this is the need of industrial enterprises (mainly private firms) in fast implementation of projects. LLC "Istoki" is located quite far at the end of the city which is inconvenient for speed of services, LLC

"Electromotor" is located in a suburban area, which is also not very convenient for consumers of the service.

Range of customers means types of customers to whom products and services are sold. "WATER ENERGY" COMPANY" LLC mostly works with firms that deals with building, construction, sanitation and agricultural quastions. To a lesser extent, the company works with retailers and distributors. "Istoki" and "Electromotor" have better situation in this regard. "Istoki" is the official importer of Pedrollo, Calpeda, Zenit companies and the sell products among both consumers and business. LLC "Electromotor" distributes: Aquarius, Grundfos, Wilo, Polesyeelektromash, Eldin, Magnum, Kik Motor, Motor Sich, Forte and Rosta production, also among different groups of clients.

Conclusions about the real competitiveness of the company and identification of points of application of forces to improve it. The complex indicator of the firms under study is:

- 1) "WATER ENERGY" COMPANY" LLC - 4.47 points;
- 2) LLC "Istoki" - 4.51 points;
- 3) LLC "Electromotor" - 3.82 points.

The comparison of firm's results you can see at figure 3.1.

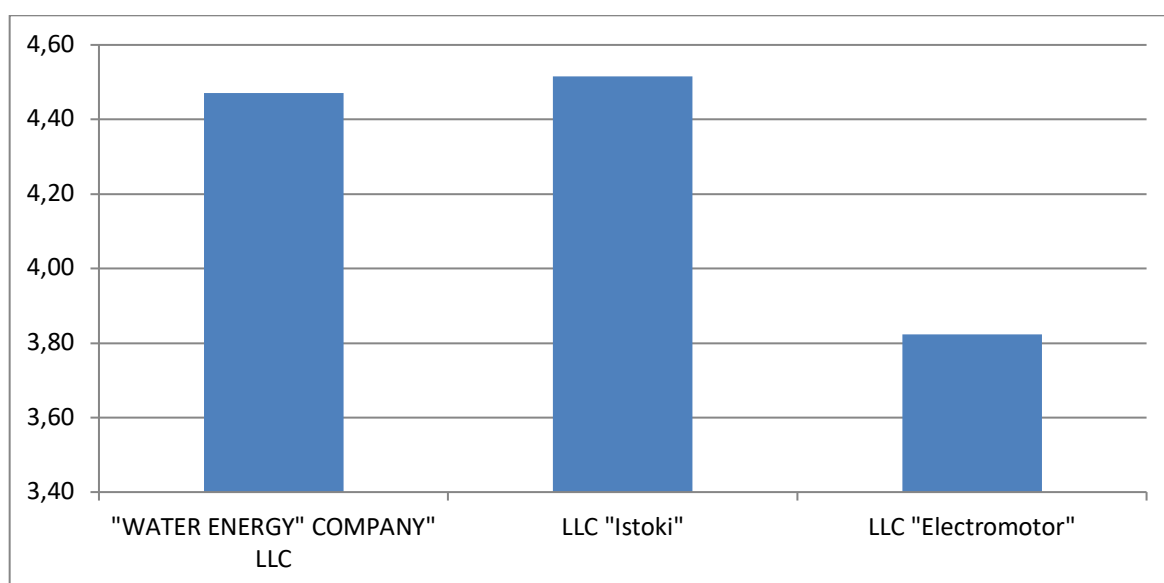


Fig. 3.1 - Composite indicator of the surveyed firms

The conducted research revealed the presence of competitors to "WATER ENERGY" COMPANY "LLC. Based on the construction of the competitiveness table of firms, it was determined that" WATER ENERGY "COMPANY" LLC ranks second after LLC "Istoki", yielding in two main positions: range of customers and advertising activity. Analysis of the situation in the consumer market indicates the need for changes in the behavior of commercial firms. This primarily applies to firms providing plumbing services.

The conducted research allowed the management of "WATER ENERGY" COMPANY "LLC to identify the main directions for improving their activities. First of all, this relates to improving sales promotion (providing discounts to regular customers) and enhancing communication policy. The need to create a comprehensive methodology for assessing the competitiveness of products was dictated by the need to improve marketing the policy of "WATER ENERGY" COMPANY "LLC. The competitive situation on the repair and construction services market is difficult. Experts note that today there are already symptoms of "overstocking" of the market for plumbing services and pumping equipment. The enterprises are equally focused on a wide range of repair and construction services and on various volumes of work. According to corporate customers, the overwhelming majority of them are only "partially satisfied" with the quality of work performed, timing and cost. The assessment of the competitiveness of "WATER ENERGY" COMPANY "LLC using an integrated method allows us to draw the following conclusions:

1) The main competitors of the WATER ENERGY COMPANY LLC are Istoki LLC and Electromotor LLC.

2) the investigated company "WATER ENERGY" COMPANY "LLC ranks second after LLC" Istoki ", yielding in two positions: range of customers and advertising activities.

3) the study allowed the management of "WATER ENERGY" COMPANY "LLC to identify the main areas of improvement of their activities. First of all, this relates to improving sales promotion (providing discounts to regular customers), enhancing the communication policy and increase the circle of consumers of the company's products.

4) the sales promotion system can be useful both for attracting consumer firms based on the provision of discounts for the volume of purchases, and for attracting individual customers.

5) with a high degree of probability, we can say that the real competitiveness of "WATER ENERGY" COMPANY" LLC is higher than that of "Istoki" LLC. In order for the real competitiveness of "WATER ENERGY" COMPANY" LLC to be higher than that of "Istoki", it is necessary to improve the efficiency of marketing, sales management and Public Relations to the level of this firm.

I decided to use GE McKinsey Method and to compare Water Energy company with major competitors and to visualize the information.

GE multifactorial analysis, or GE McKinsey Method is a technique used in brand marketing and product management to help a company decide what product(s), business units or brands to add to its product portfolio and which opportunities in the market they should continue to invest in. It is conceptually similar to BCG analysis, but somewhat more complicated. Like in BCG analysis, a two-dimensional portfolio matrix is created. However, with the GE model the dimensions are multi factorial. One dimension comprises nine industry attractiveness measures; the other comprises twelve internal business strength measures. The GE matrix helps a strategic business unit evaluate its overall strength [98].

Each product, brand, service, or potential product is mapped in this industry attractiveness/business strength space. The GE multi factorial was first developed by McKinsey for General Electric in the 1970s. This model aims to evaluate the existing portfolios of strategic business units and to develop strategies to achieve growth by addition of new products and businesses to this portfolio and further, to analyze which business units to invest in and which ones to sell off.

Advantages of GE McKinsey Method:

- Helps extract information about a business unit's strengths and weaknesses and to devise strategies to accelerate and improve performance.

- Aids the business in growing and in providing information about potential market opportunities.

- It is more complex in comparison to the BCG matrix.

Limitations of GE McKinsey Method:

- There is no set rule to 'weight' factors and this process may be subjective across different business unit's. For example, the weight given to a factor by one business may be different to the weight/importance given to it by another.

- The formulation of a GE matrix is very expensive and time consuming.

- Investment strategies are often not implemented in an accurate and proper manner [98].

The GE matrix is constructed in a 3x3 grid with Market Attractiveness plotted on the Y-axis and business strength on the X-axis, both being measured on a high, medium, or low score. Five steps must be considered in order to formulate the matrix.

We have already estimate competitiveness against major rivals in table 3.2. So now we have to estimate Industry Attractiveness for each business unit.

In table 3.3 I took 5 important industry factors, estimated their weight, and have performed ranking by companies.

Table 3.3

### Industry Attractiveness

Indicators	Weight	"WATER ENERGY" COMPANY" LLC		"Istoki"		"Electromotor"	
		Rating	Score	Rating	Score	Rating	Score
Industry growth rate	0,35	5	1,75	3	1,05	4	1,4
Industry size	0,2	4	0,8	4	0,8	4	0,8
Industry profitability	0,2	3	0,6	4	0,8	2	0,4
Industry structure	0,08	3	0,24	3	0,24	2	0,16
Trend of prices	0,17	2	0,34	4	0,68	2	0,34
Total:	1	3,73		3,57		3,1	

Next we have to determine the position of the units on the matrix. Once we have the weighted scores of the units, we can plot the units on the matrix. On figure 3.2 you can see McKinsey matrix of "WATER ENERGY" COMPANY" LLC and it's competitors, where: "WATER ENERGY" COMPANY" LLC – A, "Istoki" – B, "Electromotor" – C.

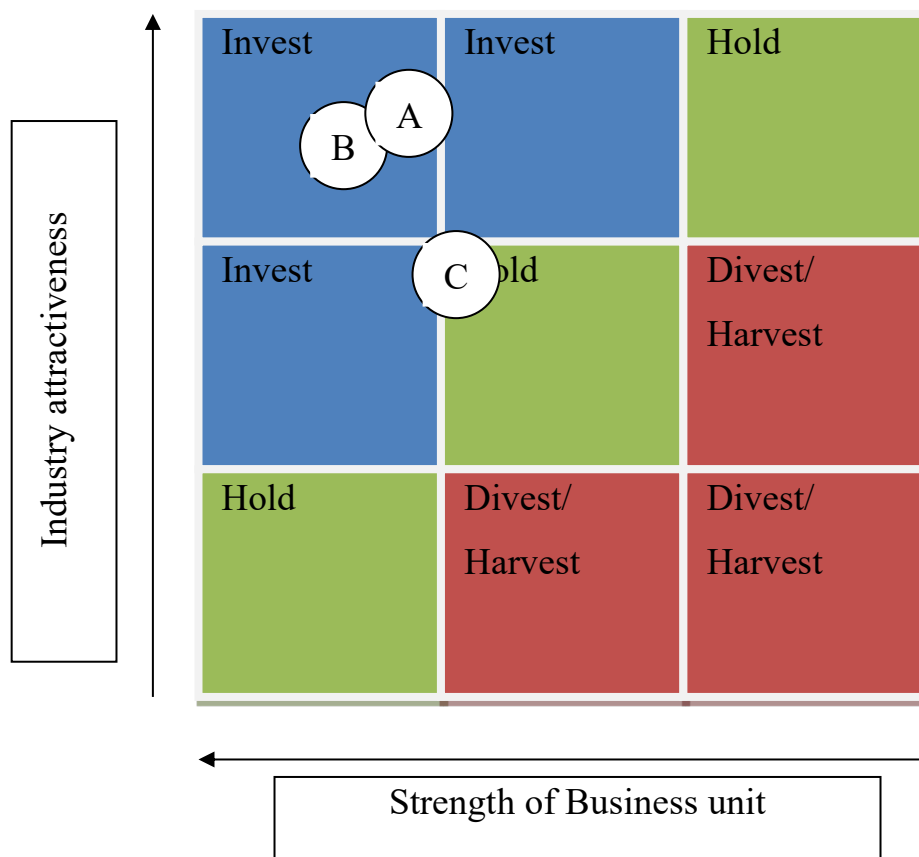


Fig. 3.2. GE McKinsey matrix of "WATER ENERGY" COMPANY" LLC and it's competitors

### 3.2 Development of recommendations to improve the competitiveness of "WATER ENERGY" COMPANY" LLC

The research results revealed a number of factors of the internal and external environment that negatively affect the competitiveness of the enterprise. This confirms

the need for a number of transformations in "WATER ENERGY" COMPANY" LLC, that is, the need to develop and implement a strategy of competitive advantages. Development of this strategy should be consistent with the corporate mission of the enterprise - the general goal of its creation and functioning. Mission "WATER ENERGY" COMPANY" LLC is to be a leading Ukrainian manufacturer and supplier of pumping equipment with European quality standards at prices lower than those of competitors; provision of discounts to regular customers and activation of communication policy.

At the moment "WATER ENERGY" COMPANY "LLC is not coping with the implementation of its corporate mission as efficiently as it could. The implementation of the strategy of competitive advantages will improve the situation. Let's consider some areas of increasing the company's competitiveness in more detail.

The company "WATER ENERGY" COMPANY" LLC 6 years ago created a trademark and under this brand a number of products are produced, namely: pumping stations for fire extinguishing and water supply, sewage pumping stations, control cabinets of various types, as well as pumps for water supply and irrigation and related devices.

The company's partners also manufacture a fairly wide range of products. DAB pumps are manufactured in three factories in Italy. The company has its own plant with an iron foundry, which increases control over the quality of materials and contributes to their continuous improvement.

For 30 years, the company has been producing high-quality, but easy to install and use pumps for a wide range of purposes: from domestic circulation to industrial centrifugal pumps [95].

The German company HOMA was founded over 60 years ago as an electric motor repair shop. Today it is a working company that produces over 30,000 pumps at its pumping plant in the outskirts of Cologne and has around 60 subsidiaries and representative offices around the world. The pump plant HOMA Pumpenfabrik GmbH manufactures pumps for all areas, with different motors, different voltages and frequencies, and also produces custom-made pumps for various applications [97].



At the moment, "WATER ENERGY" COMPANY "LLC provides its services mainly to enterprises, companies and business in general. The company is trying to look for partners and clients who will not only buy large quantities of goods but choose industrial goods. The company works closely with construction, agricultural and industrial enterprises, but from the description of the partners and the trade mark, we can conclude that the range of products allows attracting customers of a much wider spectrum.

Business companies are not interested in equipment for cottage owners such as watering pump, or pump for garden irrigation. So in my opinion it will be quite perspective to sell such domestic products directly to consumers. Because from my experience in garden water is one of the most important things. There is an opinion that people who spend their time in garden are people who are quite old for market research and they buy things from market, but I guess that for this people children and relatives buys all the stuff.

B2B sales - business to business - this means that a company or division of a company sells its goods / services to corporate clients, that is, to other companies. As a result, something (goods / services) is sold, with the help of which other companies do their business in the B2C market.

B2C sales - business to customer - means the sale of goods / services by companies to individuals. Thus, B2C companies are at the forefront of communication with the end consumer, and the B2B segment is always in the middle of the food chain. That is, in their work, B2B companies should focus on the needs of other businesses.

B2C and B2B marketing are significantly different. Understanding these differences makes business campaigns more relevant and effective. Let's see the main differences.

For the most part, these concepts coincide, but there are also discrepancies. Take the construction market, for example. Half of the goods on them are purchased by shabashniki or private traders who provide repair services to other people. That is, an individual buys a product, but in order to use this product in the process of creating another product.

Table 3.4

**Differences between business to business and business to customer sales**

B2C Marketing	B2B Marketing
Sells directly to the end customer.	Focused on a company or business.
Customers are impulsive and want to know all the information about a product at once. They rarely do research to find out more about a product.	Customers prefer to do additional research before purchasing and compare the product with competing options.
Aims at creating an emotional connection with the product.	Focuses on the features and values of the product.
Works around benefits and desires.	Built on logic and characteristics
The goal of potential buyers is self-improvement.	The goal of clients is to meet the needs of the business.
Distributes small quantities of goods to a large number of consumers.	Sells products for personal use.
Consumers make purchases immediately after viewing a product advertisement or within a very short time. They are looking for instant results.	Large-scale sales. There are few customers, but the volume of purchases is large.

From table 3.4, we can see that business to business and business to customer sales differ significantly. The distinctive features of B2C marketing include the following:

**Short sales cycle.** Unlike B2B marketing, which has a much longer sales cycle, B2C customers don't spend a lot of time researching and comparing each feature. B2C customers usually buy products that their friends have recommended, so the sales cycle is much shorter and less stressful for both buyer and seller.

**The predominance of emotions over rationalism.** B2C customers seek instant solutions to their problems based on their desires. They rarely think strategically about buying, hence looking for a quick solution that meets their needs here and now. If the brand manages to provide them with this solution, they will definitely return to the same emotional experience.

Working with the end user. B2C companies usually deal directly with the consumers of their products. This makes it easier to convince a person, find the right words and use special techniques. In B2B, the seller has to negotiate with several decision makers who make decisions on behalf of the entire company.

The priority of social networks. Today, work with the end consumer is impossible without investment in SMM. When choosing a product, people look for reviews from other buyers. They research every channel they know to make the right decision. Besides looking for reviews, customers prefer Facebook and Instagram chatbots to communicate with the brand. Thus, companies create chatbots to provide customers with 24/7 support, collect feedback, share updates, and launch retargeting campaigns to attract new customers and maintain relationships with them.

B2C marketing has been around for a long time and relies on different communication channels to better attract potential buyers. With the growth of technology, the number of distribution channels has increased. The most important B2C marketing channels are: Email Marketing, Mobile Marketing, Web Push Marketing, Social Media Marketing, SEO and Messenger & Social Media Chatbots.

The "WATER ENERGY" COMPANY" LLC already has a website and social media accounts that are constantly updated and filled with content. Social media marketing is the promotion of a brand, services or goods on such platforms as Facebook, Instagram, and others. Using these channels brands can not only send promotional mailings, but also service notifications. Social networks for B2C companies - a channel to reach a wide audience of potential buyers and loyal customers. It turns out that "WATER ENERGY" COMPANY" LLC uses a tool to attract consumers in order to work with business partners.

I propose to actively use social networks and Internet resources to promote goods among consumers. This method is not very effective for promotion among firms, but among people, it should justify itself. I consider the Facebook social network to be the main tool for promoting among consumers. Given the huge number of people who are registered on this social network, it simply cannot be ignored as a tool for promoting a business.

There are a number of universal advantages that marketing on this social network provides:

1. Access to a large audience. I would even say huge. Moreover, here you can "reach out" to those users who can hardly be reached through contextual advertising in AdWords;
2. Low threshold of entry. If you take such a format of advertising on Facebook as promoting posts, then sane results for the test can be obtained even with a budget of \$ 10-15 for 3 days;
3. Detailed targeting. Facebook knows a lot about its users, if not everything. And all this information is available to advertisers to customize the targeting of advertisements - gender, age, geography, language, interests and many other interesting things;
4. Audience retention. In addition to receiving direct user transitions to the site pages, you can also work on increasing the number of subscribers to the company's page / site, which allows you to gradually reduce costs in the future and generate repeat purchases;
5. Potential for organic distribution. If you launched a promo of a really interesting post from your page, the target audience can pick it up and, using the "shares", attract a huge amount of traffic to your site for free.

To get the maximum profit, it is advisable to use not only paid advertising, but also to actively work with the community, increasing the number of subscribers, involving them in interacting with the content of the page.

There are three main work strategies that involve the use of Facebook advertising as an online marketing tool:

- Just buying clicks to the site;
- Creating a page, building an audience and stimulating the transitions of subscribers to the site;
- Conducting remarketing campaigns.

The first option, in fact, will simply drain the budget to the wind. Most likely, clicks are even more expensive than with AdWords, while differing in lower conversion rates.

The ideal option is a combination of the first two methods: creating a company page on Facebook, filling it with interesting content, reposting publications from the site, promoting them among the target audience, collecting a database for remarketing, working with it, and so on. It turns out a complex strategy, which, although it will be much more costly in terms of time and budget, but, at the same time, will allow you to get a much greater return.

In order to start collecting a base for remarketing, you need to install a special Pixel from Facebook on the site. This is a special code that collects data about site visitors who are users of this social network. Then, based on this data, you can create custom audiences that consist of people who have already visited your site.

Information about new services provided by the company should be disseminated through the media, both through simple announcements and advertisements. Along with advertising, an important place in promoting the services of "WATER ENERGY" COMPANY" LLC on the pumping equipment market is sales promotion - the development of measures, various kinds of innovations to accelerate the perception of the product by potential consumers. The analysis of the competitiveness of "WATER ENERGY" COMPANY" LLC made it possible to identify the main directions of improving their activities. First of all, this refers to the activation of advertising policy, as well as the improvement of sales promotion.

The following methods are included in the program of improving the sales incentive system "WATER ENERGY" COMPANY "LLC:

- 1) free demonstration of products that meet the needs of individuals;
- 2) mailing out information materials, offers of discounts information about company and production by mail;
- 3) distribution of information materials and offers for discounts through social networks and usage of its advertisement potential;
- 4) formation of a package of several services at a discount;

5) organization of contests and lotteries for potential consumers.

In table 3.5 the advantages and disadvantages of the main methods of promoting services on the market are shown.

Table 3.5

**Assessing the Advantages and Disadvantages of Promotional Marketing Techniques**

Method	Advantages	Disadvantages
free demonstration of products that meet the needs of individuals;	Overcoming insensitivity to a new, unusual product. Formation of a new product	Difficult and expensive to organize and conduct. Time consuming. Reach a narrow circle of consumers
mailing out information materials, offers of discounts information about company and production by mail;	Very high selectivity and good consumer sensitivity to the product. Opportunity to catch consumers in a familiar environment for product use	It takes a lot of time to get tangible results. High dependence on the quality of the written information message to consumers
distribution of information materials and offers for discounts through social networks and usage of its advertisement potential;	Fast and easy to use. Taking into account the peculiarities of working with numerous clients.	Increasing work with people who are not clients. Careful planning required
formation of a package of several services at a discount;	Promotes a rapid increase in sales. Clear and easy to use	Low selectivity for pre-selected consumer groups. May undermine brand prestige
organization of contests and lotteries for potential consumers.	Promotes increased brand confidence	Costly to use. Limited customer participation

Another marketing option is to use a branding or coupon system. With their help, the consumer can receive a certain discount in case of repeated contact to "WATER ENERGY" COMPANY "LLC. Thus, the company has the opportunity to feel the reaction of consumers to its services. Thus, we found out that the services of" WATER

ENERGY "COMPANY" LLC competitively capable and in demand among consumers. The company's management is doing everything to ensure that consumers have an image of a company offering high quality services at a reasonable price.

It should be noted that the organization of the above improvements does not require overcoming high entry barriers, the risk of "WATER ENERGY" COMPANY "LLC is reduced to a minimum, the organization technology is also simple, and the result will be high.

"WATER ENERGY" COMPANY "LLC needs to improve control over competitiveness, while the strategic approach to management becomes the basis for the formation of the company's competitiveness, predetermined by the competitive advantages and positions of the company in the industrial pumping equipment market. Key success factors play an essential role in determining competitive advantages. , that is, the strengths of the enterprise, discussed in the previous chapter of this thesis. With the appearance of some competing objects on the pumping equipment market, the competitive position of the studied enterprise decreased. However, "WATER ENERGY" COMPANY "LLC remains one of the leaders in terms of its market share. The company's appearance must correspond to the spirit of advertising, the image that is to be maintained. You should not get carried away with certain forms and methods of advertising or measures to promote services on the market. A system of discounts should be introduced for certain service packages, seasonal promotions with a gift-for-purchase mechanic, all kinds of lotteries and contests aimed at increasing competitiveness and attracting both existing and potential customers. It will be natural to improve the work of the marketing service. At the same time, the cost of the services of "WATER ENERGY" COMPANY "LLC will be formed not only in terms of the costs of their provision, but also reflect the real needs of buyers.

This will allow us to study the needs of customers and, on the basis of this, develop an effective product, price, sales and competitive strategy.

The analysis of the competitiveness of "WATER ENERGY" COMPANY "LLC has revealed that there are prospects for increasing its efficiency. To more actively attract consumers of services, elements of the communication complex should be used -

advertising, public relations, personal sales and sales promotion. advertising is becoming an increasingly stringent necessity for manufacturers and sellers. Lack of advertising or even its insufficiency leads to serious losses. In this regard, the use of elements of communication (and primarily advertising) is one of the most important reserves for increasing the efficiency of commercial activities, and hence competitiveness.

The combination of direct and indirect advertising will make it more targeted and effective. To optimize the costs of an advertising campaign, you should actively use promotion through mail ("direct mail"); refuse one-time ads (ineffective because of their transience); apply a pulsating schedule (placing requests within a time period) - in the form of concentrated advertising "attacks". In parallel, "WATER ENERGY" COMPANY "LLC should take care of a public relations (PR) program, the purpose of which was to create and consolidate a positive opinion about the company, thereby increasing it. The proposed implementation of the advertising campaign" WATER ENERGY "COMPANY" LLC consists of four stages. Let's consider them in more detail.

The first stage is preparatory. At this stage, information and analytical studies should be carried out to identify new types of consumers; consumer preferences; develop an advertising strategy, advertising budget; to start work on creating a video clip, text and illustration materials; as well as prepare pages and accounts of social networks, and advertising spaces on sites. You may need to use the services of a company conducting marketing research. It is worth paying attention to postal advertising: to compose information letters for potential consumers of the company's services. It is also worth preparing the content of social media pages aimed at new consumers.

The second stage is a massive impact. After we have received information about the market situation and the goals that the company faces, we can proceed to the second stage of the campaign. It begins with the first advertising "attack": from February 15 - the "launch" of indirect advertising on a commercial basis on social networks and on Internet sites, as well as the first weekly publications on social networks about the



company's new products. From March 1, "direct mail" is connected: distribution of information letters to potential customers.

The third stage is intensive informing new consumers about the firm's activities: preparing for the second advertising "attack". The media continue to publish announcements. In addition, at this stage, you should start a new mailing of information materials to potential consumers of plumbing services and pumping equipment.

The fourth stage is the repeated massive impact of advertising. The expected result of the advertising campaign - the authority of "WATER ENERGY" COMPANY "LLC will significantly increase, the client base will increase. End consumers are informed about the products that will satisfy their needs. The company will become one of the leaders in sales of pumping equipment in Ukraine.

Coming up with the campaign, I hoped that it would run for two months. But while doing my research I decided to make an advertisement for two month, and to include more time for preparing of materials, market research and results assessment. It is quite hard to count the time that is needed for that new technologies pay off. In next chapter of the work I will substantiate my conclusions.

The implementation of all stages will lead to an increase in the number of clients. To deal with this increasing it is recommended to create a chatbot. A chatbot is a program that simulates a real conversation with a user. Chatbots allow you to communicate using text or audio messages on websites, instant messengers, mobile applications, or by phone. Chatbots use machine learning to identify communication patterns. Through constant interaction with people, they learn to imitate real conversations and respond to verbal or written requests, helping to find answers. Usage of such technology will reduce the number of calls and thus reduce the burden on operators and sales managers. So usage of this modern technologies will not only open the gate to consumers to "WATER ENERGY" COMPANY "LLC, but also will help to deal with problems that may arise with maintenance of result of our campaign, to save the result.

Together with the advertising campaign of "WATER ENERGY" COMPANY "LLC, it is desirable to establish an accounting of the effectiveness of advertising. This

will provide information on the advisability of advertising and the effectiveness of its individual means, to determine the conditions for the optimal impact of advertising and absolutely accurately determine the effectiveness of individual advertising media.

The stages of implementation of the advertising campaign "WATER ENERGY" COMPANY "LLC are shown in Figure 3.3.

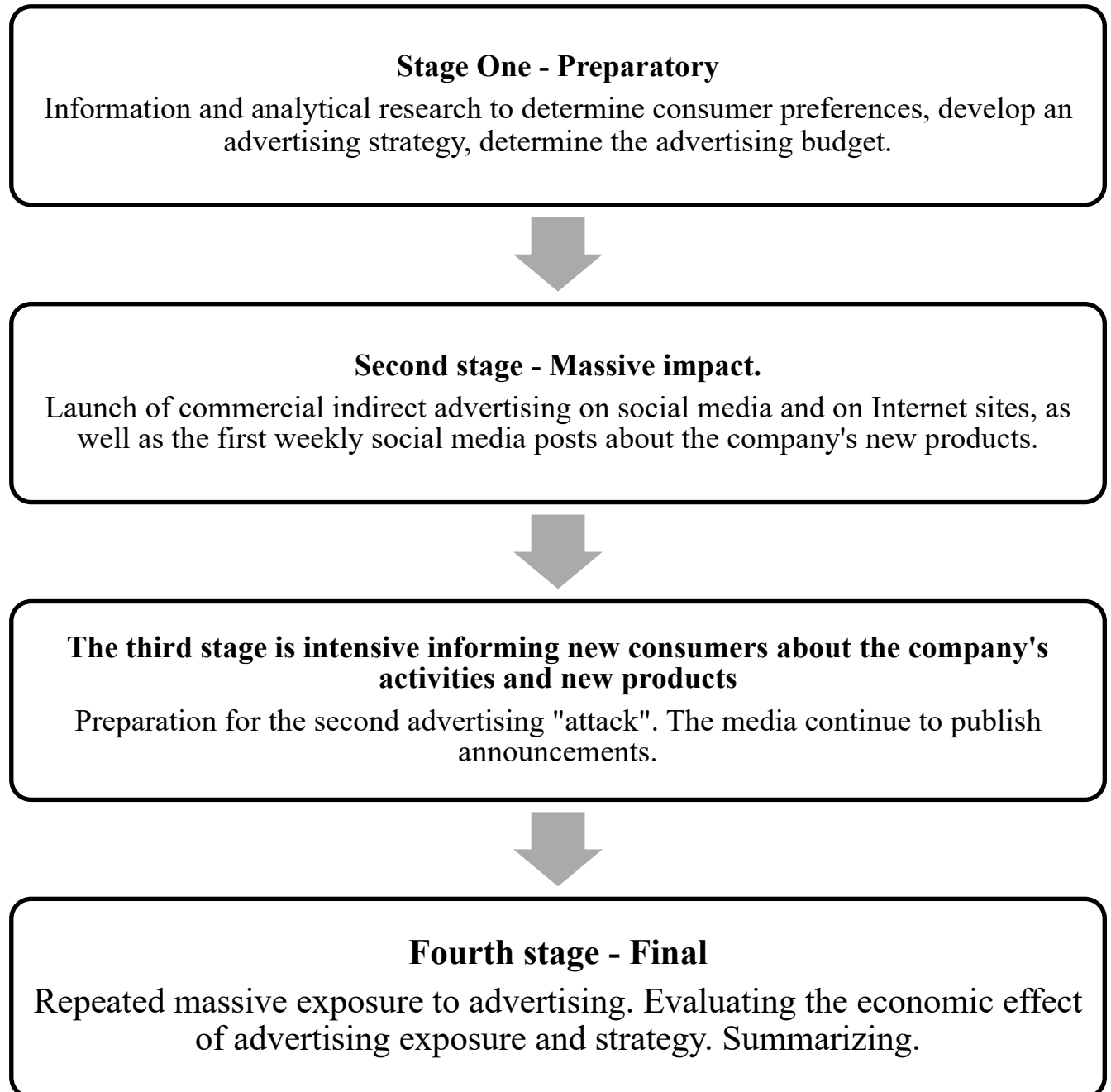


Fig. 3.3 Stages of implementation of the advertising campaign "WATER ENERGY" COMPANY "LLC

### **3.3. Economic justification of measures for improving of competitiveness of "WATER ENERGY" COMPANY" LLC**

In order to adequately assess the effectiveness and feasibility of the actions defined in the previous paragraph, an economic analysis of these actions should be carried out. The first step is to determine the costs that will be required to implement this strategy.

In order to make an estimation of the costs needed for realization of advertisement campaign, the following aspects need to be assessed:

1. Market research expenses.
2. The costs of advertisement of "WATER ENERGY" COMPANY" LLC among chosen group of customers on Facebook
3. Direct mail advertisement expenditures
4. Expenses on video and materials
5. Other expenses.

Market research is a form of business research and applied sociology that focuses on understanding the behavior, desires and preferences of consumers, competitors and markets in a market-dictated economy. Qualitative market analysis allows you to quickly find free market niches, choose the most attractive target market, and better understand the consumer of the company's product.

After doing a little research on the sites of companies offering services in the field of marketing research, I was able to determine the types and costs of their services. I have identified such types of marketing researches available to companies: Market Review, Competitive Analysis and Consumer Analysis. Next we have to identify differences between them. In table 3.6 you can see the groups of services that firms offer, the content of these services and their cost.

Table 3.6

### Types of marketing research and their cost

№	Name of service	Content	Cost, UAH
1	"Market Review"	<p>Assessment of market capacity and potential: the territory as a whole and by individual regions.</p> <p>Market trends for the next 3-5 years.</p> <p>The structure of sales channels in the market.</p> <p>Segmenting clients, assessing their financial capacity.</p> <p>The importance of consumer choice criteria.</p> <p>Calculation of return on investment when entering the market.</p> <p>Market attractiveness matrix.</p>	23000
2	"Competitive Analysis"	<p>Assessment of the shares of market participants: in the territory as a whole and in individual regions.</p> <p>Overview of the main competitors by indicators: annual turnover, size of the customer base (for B2B), structure of sales channels, the most popular positions, advantages and disadvantages, consumer / client assessment on a 10-point scale.</p> <p>Monitoring prices for 10 key positions.</p> <p>SWOT analysis, recommendations.</p>	20000
3	"Consumer Analysis"	<p>Target audience portrait.</p> <p>Segmentation of the target audience.</p> <p>Determination of the financial capacity of segments.</p> <p>Determination of the key factors of consumer choice.</p> <p>Assessment of the level of customer satisfaction of the company (NPS index).</p> <p>SWOT analysis, Recommendations.</p>	20000

The most suitable option for an advertising strategy that uses social media to target a new consumer is "Consumer Analysis". Such analysis will help to compose the right advertising tools and help to understand their requirements and preferences. In my opinion result of marketing research will be that "WATER ENERGY" COMPANY

"LLC can work with such customer groups as cottage owners and summer residents. Maybe sanitation and plumbing shop owners will be also a target audience.

The next step is to determine the cost of advertising on the platform that I chose to promote "WATER ENERGY" COMPANY "LLC. So, you need to plan a budget for advertising to be effective. In this matter, it is important not to overpay or not too cheap. Facebook works with rubles, dollars and other world currencies. It should be noted that when choosing any currency, Facebook itself sets the minimum cost of an ad, while the maximum budget is completely unlimited.

The daily minimum cost for an ad group is approximately UAH 27, for some purposes (for new accounts or targeted traffic) - UAH 50. In dollar terms, the start is \$ 1. It's easy to calculate that the minimum monthly budget is \$ 30-31. But this is not the budget of the campaign as a whole, but the cost of placing a group ad.

In order to understand how much to invest in launching an advertising campaign, you need to calculate the margin and potential advertising costs. You should never focus on a fixed amount, and you also need to take into account the specifics of the business, the model of its conduct and the cost of the goods or services sold. By calculating the net profit from the sale of your product, you will receive the minimum amount that you should start from when planning your advertising budget on Facebook.

It is important to understand here that if advertising on Facebook is your main traffic channel and all orders come from there, then, having exhausted the entire advertising budget, the business can simply be destroyed. To prevent this, it is necessary to constantly review advertising, optimize and improve, and in some cases reduce the cost of it.

How long to wait for the result? You should never expect immediate results. The required minimum is 48 hours, but according to all the rules, the period for obtaining correct indicators and achieving efficiency is 14 days. In table 3.7 you can see the calculation of advertising costs for "WATER ENERGY" COMPANY "LLC.

Table 3.7

### Calculations of price for advertisement on Facebook

Services	Price for a day, \$	Time, days	Price, UAH
Advertisement for a chosen group of customers, minimum	1	60	1 680
Advertisement for a chosen group of customers, optimal	30	60	50 400
Advertisement for a chosen group of customers, maximum	60	60	100 800

In my opinion, the most effective will be the use of the second option for advertising on Facebook because it combines the balance of price and coverage of consumers.

Direct mail is the distribution of printed material by physical mail. The marketer sends postcards, brochures, flyers, catalogs and regular letters with the expectation of the client's reaction: a transition to a website, a visit to an institution, or just a positive emotion.

Here are some of the benefits of direct mail.

1. Give more conversions. People are more likely to interact with paper letters than emails. According to statistics, referrals from regular mailings are 5.3%. "Transition" means that the person did what the letter wanted from him: he called on the phone, followed the link, visited a office or a shop.

For comparison, conversions from email campaigns according to UniSender data for 2019 are 1.11% (almost 5 times less!).

2. Less competition. According to statistics, each office worker receives about 120-140 emails per day. Promotional messages are simply lost in this flow of incoming mail. We receive much less regular letters - on average, 2 messages per day. It is easier to attract the attention of a potential buyer.

3. High Return on Investments. According to the Data and Marketing Association, every \$ 100 invested in the mailing list pays off and brings in \$ 29 in top-down profits. This is not as much as email newsletters, but more than, for example, paid

search. ROI email - 124%, social networks - 30%, direct mail - 29%, paid traffic - 23% [95]. Shown on figure 3.4.

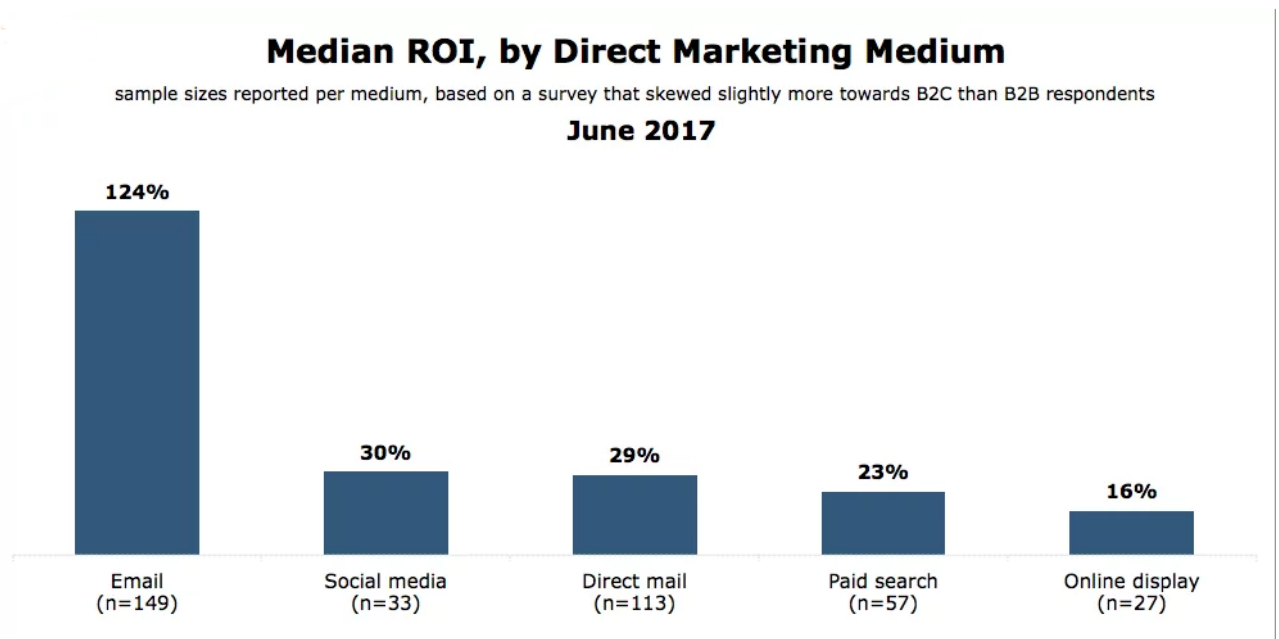


Fig. 3.4 Median ROI benchmarks in 2017 for email, direct mail, paid search, online display and social media from Data and Marketing Association [96]

4. Better remembered by clients. 73% of buyers prefer regular mailing as a way to communicate with the brand. And 57% of people say that when they receive such messages, they feel cared for by the company.

5. Effective in conjunction with other channels. Direct mail cannot exist in isolation from other marketing channels. Usually, letters contain some kind of appeal that leads a person further down the sales funnel: he is offered to subscribe to a newsletter, go to a website, or make the first purchase with a discount.

6. You can track statistics. There is an opinion that it is impossible to track the statistics of ordinary letters: we will not find out what prompted a person to visit the site or buy a product. In part, this is true: the client can read the letter and take the targeted action after a week or a month.

But there are still ways to count the people who came from direct mail. Most often, marketers use unique links to track customers. There are several ways in which customers can be tracked. For example, a unique website address, a landing page that

can only be accessed by a link from an email. QR code with UTM tag. A person reads it from the phone and appears in our analytics system.

7. Suitable for all ages If you only do online marketing, there is little chance that your ad will be seen by older people. According to statistics, only 4 out of 10 people 65 years and older use a smartphone. Of these, only 3 out of 10 are registered in social networks. Direct mailings will help to reach this audience [96].

Now we calculate the total cost of the advertising campaign including the costs of marketing research, Facebook advertisement and other expenses for its realization. The results of calculations you can see in table 3.8.

Table 3.8

**The total cost of advertising campaign of "WATER ENERGY"  
COMPANY" LLC in 2020 in UAH**

Proposed measure	Amount of expenditures (UAH)
The marketing research expenses of "WATER ENERGY" COMPANY" LLC	20 000
The costs of advertisement of "WATER ENERGY" COMPANY" LLC among chosen group of customers on Facebook	50400
Direct mail advertisement expenditures	22 000
Expenses on video and materials	5 000
Other expenses	5 000
<b>Total</b>	<b>102 400</b>

So, the cost of realization of this marketing actions with the aim of attraction new customer groups including marketing research expenses, costs of advertisement among chosen group of customers on Facebook, direct mail expenditures is 102 400 UAH.

In my opinion the most perspective customers that will be attracted by campaign of "WATER ENERGY" COMPANY" LLC are cottage owners, summer residents, sanitation and plumbing shop owners. Advertisement through Facebook will allow the company to offer its products directly to the consumer, because we can choose all characteristics of consumers and weed out those for whom advertising will not be effective. Such group of consumers will be interested in domestic water supply



specifically domestic pumping stations, multistage centrifugal and self-priming pumps, pumps for wells, for swimming pools and for ponds, etc. In table 3.9 shown the names of models and price of production that can be interesting for groups of customers mentioned above.

Table 3.9

**Price List of "WATER ENERGY" COMPANY" LLC production in 2020 in EUR and UAH**

Code	Model name	price in EUR	price in UAH
Pond pumps			
801D0210	NOVAIR	270	8961,3
	NINPHAEA	300	9957
91301326	NOVAPOND	350	11616,5
Swimming pool pumps			
42212145	EUROSWIM	500	16595
42212146	EUROCOVER	450	14935,5
42212147	JETCOM SP - EUROCOM SP	300	9957
Well pumps			
50211997	CS4	150	4978,5
50211998	DIVER 6	520	17258,8
50211999	IDEA	210	6969,9
50212000	MICRA	345	11450,55
50212001	DIVER 5	550	18254,5
50212071	PULSAR	420	13939,8
50212072	PULSAR DRY	460	15267,4
50212073	S4	580	19250,2
Household pumps and stations			
11218233	AQUAJET-AQUAJET-INOX	400	13276
11218235	BOOSTER SILENT	510	16926,9
11218236	ACTIVE J	510	16926,9
11218130	E.SYBOX	358	11882,02
11218132	JET-JETINOX-JETCOM	234	7766,46
11218133	GARDENJET GARDEN INOX GARDEN COM	235	7799,65

The economic efficiency of advertising depends on the degree of its psychological impact on a person. Cost effectiveness is most often determined by measuring its impact on revenue development. To identify the extent to which advertising will affect the revenue growth of "WATER ENERGY" COMPANY "LLC, we will analyze the operational and accounting data.

The economic efficiency of advertising can also be judged by the economic result that will be achieved from the advertising campaign "WATER ENERGY COMPANY" LLC. The economic result is determined by the ratio between the profit from additional revenue received under the influence of advertising and the cost of it. the economic effect is used as follows (formula 3.1).

$$E = Tg * Hm / 100 - (U_p + U_g) \quad (3.1)$$

where E is the economic effect of advertising, UAH.

Tg - additional revenue under the influence of advertising, UAH.

H<sub>T</sub> - trade markup for goods, in% to the selling price.

U<sub>p</sub> - advertising costs, UAH.

U<sub>g</sub> - additional expenses for revenue growth, UAH.

The results of this ratio can be expressed in three ways:

- 1) the effect of an advertising event is equal to the cost of its implementation;
- 2) the effect of the promotional event is greater than the cost (profitable);
- 3) the effect of the promotional event is less than the cost (unprofitable).

However, the data obtained is still insufficient to match the cost-effectiveness of the costs of various promotional activities.

Consider the economic efficiency of the proposed advertising campaign. The average trade markup of "WATER ENERGY" COMPANY "LLC is 33%. Advertising expenses during the advertising campaign will amount to UAH 102,400. Planned additional expenses under the influence of advertising will amount to UAH 650,000, additional expenses amounted to UAH 5,000. Thus, economic the effect of the advertising campaign is:

$$\text{Economic effect} = 650\,000 * 0,33 - 102\,400 = 112\,100 \text{ UAH.}$$

Advertising costs leave UAH 102,400, and the economic effect of the advertising campaign is UAH 112,100. The economic effect of an advertising campaign is greater than the cost of advertising, therefore, this advertising campaign is profitable for

"WATER ENERGY" COMPANY "LLC. More precisely, the cost efficiency of advertising characterizes its profitability.

Advertising ROI is the ratio of the profit earned to the cost.

Return On Ad Spend, or ROAS, is commonly used to measure the performance of a specific campaign, ad group, specific ad, or even a keyword. With it, you can evaluate every aspect of your internet marketing. ROAS allows you to assess whether a specific ad set is worth your time and money, and whether the targeting changes you made are working. It is determined by formula 3.2.

$$\text{ROAS} = (P * 100) / U \quad (3.2)$$

where ROAS is the profitability of product advertising;

P is the profit received from advertising the product, UAH.

U is the cost of advertising this product, UAH.

$$\text{ROAS} = (112\,100 * 100) / 102\,400 = 109,5 \%$$

ROI (Return On Investment) is a ratio that shows the profitability or loss of a particular investment, in other words, the payback ratio.

ROI needs to be calculated for virtually every investment, including advertising. For marketing activities, there is another name - ROMI (Return On Marketing Investment). Return On Investment is determined by formula 3.3.

$$\text{ROI} = (P - U) / U \times 100 \%. \quad (3.3)$$

where ROI is Return On Marketing Investment;

P is the profit received from advertising the product, UAH.

U is the cost of advertising this product, UAH.

$$\text{ROI} = (112\,100 - 102\,400) / 102\,400 * 100 = 9,47\%$$

Consequently, the advertising campaign conducted by "WATER ENERGY" COMPANY" LLC within the framework of increasing its competitiveness is effective.

Its result was an increase in the profit of "WATER ENERGY" COMPANY" LLC by UAH 112,100.

Next we can prognose net profit from campaign calculations for "WATER ENERGY" COMPANY" LLC in future. Calculations you can see in Table 3.10.

Table 3.10

**Predicted calculations of net profit of project of "WATER ENERGY" COMPANY" LLC from advertisement campaign, UAH**

Indicator	Value (UAH)
Total Income	650 000,00
Total costs	513 292,68
Profit before tax	136 707,32
Tax	24 607,32
Net profit	112 100

Next, we can we can forecast financial results of "WATER ENERGY" COMPANY" LLC for future years from 2017 to 2021. Results of analysis you can see in table 3.11.

Table 3.11

**"WATER ENERGY" COMPANY" LLC financial results, forecasted for 2017-2021, thousand UAH**

Indicator	2017	2018	2019	2020	2021
Total Income	26257,90	17746,70	27346,10	24156,71	25350,81
Total costs	25783,60	17742,60	26676,60	23409,81	24369,60
Profit before tax	474,30	4,10	669,50	746,90	981,21
Tax	85,40	0,70	120,50	134,44	176,60
Net profit	388,90	3,40	549,00	612,46	804,61

As we can see from table 3.9 there will be positive growth of financial indicators. Company have recovered from losses that was caused by internal conflict of "WATER ENERGY" COMPANY" LLC employees. The succesfull advertisement campaign also will increase the company's profit in 2021, because it will take part in 2021 year. The dynamics of net profit changes is shown on figure 3.5.

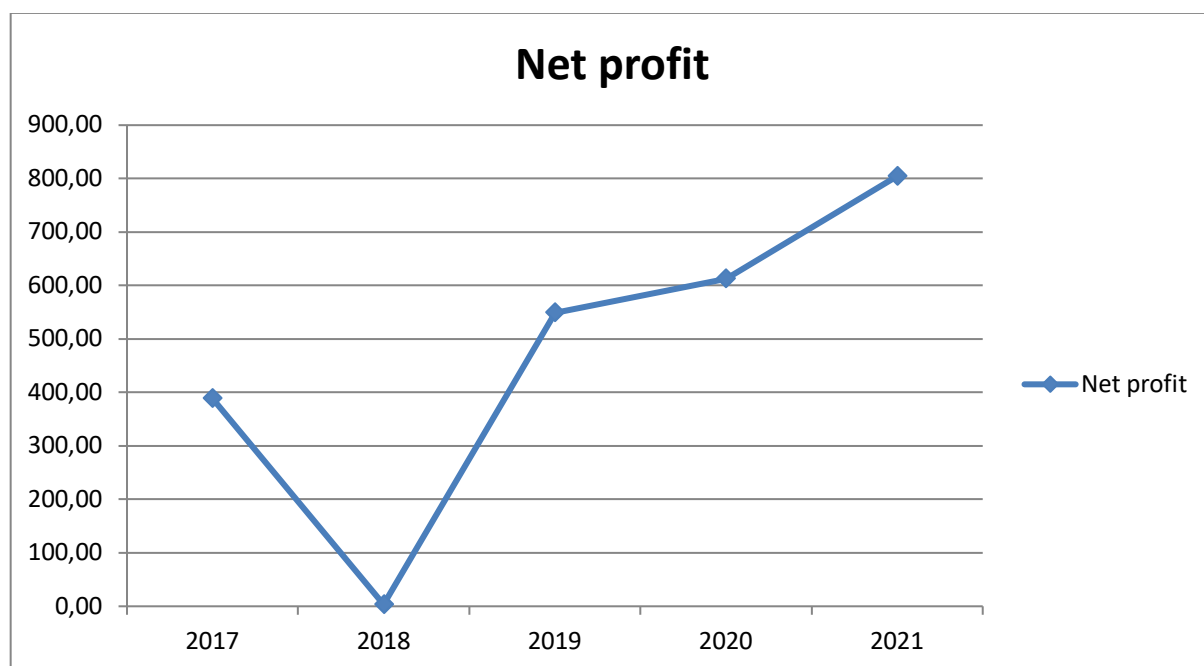


Fig. 3.5 Predicted dynamics of net profit of "WATER ENERGY" COMPANY" LLC in period of 2017-2021 in thousand UAH

My assessment is quite optimistic, but is not unrealistic. The pandemic did not affect the current clients of "WATER ENERGY" COMPANY" LLC as much, because construction companies, construction sites, and facilities of strategic importance such as factories and state-owned enterprises continued to operate throughout the all period of pandemic. And my project will not include decisions that may be affected by pandemic more than all other activities of the company. If there will be total lockdown then all enterprises will be in trouble. But this project may be realised later.

Now we can investigate if my proposals meets company's goal to increase competitiveness of "WATER ENERGY" COMPANY" LLC. And after economical calculations we can conclude that position of "WATER ENERGY" COMPANY" LLC

on GE McKinsey matrix will improve. Successful marketing activities with advertisement campaign will increase "WATER ENERGY" COMPANY" LLC competitiveness which will move this business unit on GE McKinsey matrix on left. So in my opinion now company will overcome it major competitors. GE McKinsey matrix after changes you can see on figure 3.6.

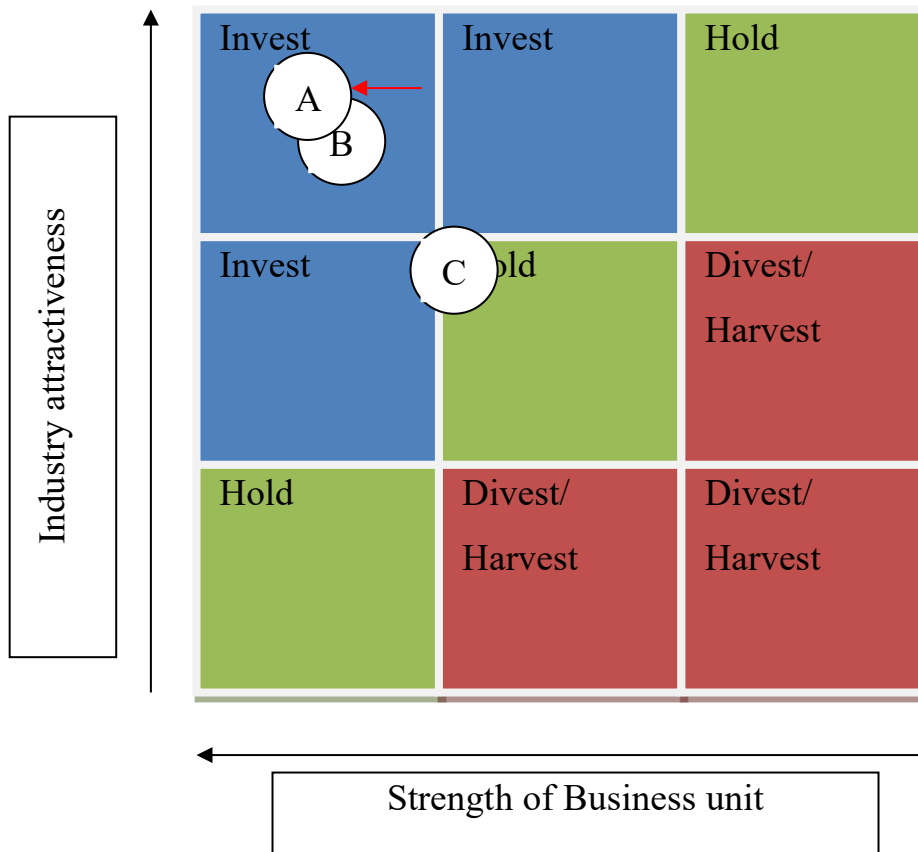


Fig. 3.6. GE McKinsey matrix of "WATER ENERGY" COMPANY" LLC and it's competitors after measures

## CONCLUSION

So, summing up the above, we will draw conclusions.

In the first theoretical section of the thesis the generalized description of the concept of competitiveness of modern enterprises is given, the research of methods for assessing the competitiveness of products of the enterprise - the subject of foreign economic activity is conducted, and the main indicators of increasing the international competitiveness of the enterprise are determined. At the same time we can conclude that the organization of increasing of competitiveness is very difficult and troublesome work. It requires careful elaboration of such issues as market conditions, potential buyers and sellers, establishing business contacts with them, conducting negotiations, signing agreements, etc.

Competitiveness is a competition between economic entities for the purpose of gaining advantages over other economic entities due to their own achievements, as a result of which consumers and economic entities have the opportunity to choose between several sellers, buyers, and a single economic entity cannot determine the conditions of turnover of goods on the market.

The main factors influencing competitiveness: factor conditions: human and natural resources, scientific and information potential, capital, infrastructure; conditions of domestic demand: the structure of demand, compliance with trends in demand in the world market, trends in demand; related and service industries: the presence or absence of national suppliers and related industries that are internationally competitive; strategy and structure of firms, intra-industry competition: purpose, strategies, methods of organization, management of firms, intra-industry competition.

The second, practical section of the thesis includes the analysis of indicators of financial and economic status and the assessment of the effectiveness of foreign economic activity at the enterprise "WATER ENERGY" COMPANY LLC. During my research I characterized the organizational structure of the enterprise and analyzed its main indicators of economic and financial activity.

The company "WATER ENERGY" provides a comprehensive solution to the

problems associated with water supply and sanitation. To date, the company is one of the leading Ukrainian manufacturers and suppliers of pumping equipment with European quality standards. Under the trademark WE, the company manufactures pumping equipment and pump stations for increasing pressure, fire fighting, sewage pumping stations and modular pumping stations.

In conclusion, we note that the company is sufficiently profitable.

The assets of an enterprise consist of non-current and current assets. Therefore, the most precisely the general structure of assets characterizes the ratio of current and non-current assets. Analyzing the indicators of the analytical balance of the enterprise, we can say that in the asset over the past five years, the largest share in the general structure of property occupy current assets (99%, 86%, 89%, 90% and 90% respectively, others 1%, 12%, 10%, 9% and 9% hold non-current assets).

The financial and economic performance of the company increased during 2014-2016, and since 2017 began to fall. The net profit was 3.4 ths. against 388.9 thousand UAH. in 2017, and 746,7 thousand UAH. in 2016. This situation is related to the conflict that arose due to the leakage of information from the company and the subsequent replacement of an important part of staff, including sales managers, accountants, etc. But the company did not become unprofitable that was a positive. The net profit grew up in 2019, as it was predicted by managers of the company, and was 549 thousand UAH.

In 2019, 88% of imported products of "WATER ENERGY" COMPANY" LLC are pumps, Tanks for cold and hot water – 7,84%, 1,6% are Shutoff valves and 3,11% are Automatics.

The company imports these products from the following countries: Spain, Italy and Germany. As the data shows, the company imports most of the products from Italy. In particular, in 2019, products were imported at 14353,72 thousand UAH. This represents 96,89% of imports this year. From Germany, the company imported products in the amount of 217,98 thousand UAH, which is 1,52% in 2019. This indicator for the investigated period decreased by 387,59 thousand UAH in comparison with 2018. From



Spain, products were imported at amount of 229,07 thousand UAH. It is about 1,6% of imports.

According to the calculations, the effectiveness of the foreign trade company in 2019 was 32,1%. Having analyzed the foreign economic activity, we can conclude that the company has a fairly stable position on the foreign economic background. Problems within the company have affected foreign trade in general, in particular import, to a much lesser extent than, other aspects of a company. The ten-year history of cooperation with European suppliers, good personal relationships with key consumers, stable relations with carriers and a fairly high demand for imported pumps in the Ukrainian market played a big role in this.

The third section of the thesis contains proposals for improving the competitiveness of the LLC "WATER ENERGY" COMPANY".

For the further development of a company, as well as to increase its competitiveness, "WATER ENERGY" COMPANY" LLC is recommended to find new consumers for company's products, for which it is necessary to develop an effective advertisement and marketing strategy of the enterprise.

The results obtained by assessing the competitiveness of products according to the developed methodology made it possible to create a strategy for increasing the competitiveness of "WATER ENERGY" COMPANY "LLC. Analysis of the activities of the "WATER ENERGY" COMPANY "LLC allowed us to draw a conclusion about the stability and position of this company in the market. The conducted research of the pumping equipment market revealed the presence of competitors" WATER ENERGY "COMPANY" LLC. Based on the construction of the table of competitiveness of firms, it was determined that "WATER ENERGY" COMPANY "LLC ranks second after LLC" Istoki ", yielding in two positions: range of customers and advertising activities. To level the identified shortcomings in the work of "WATER ENERGY" COMPANY "LLC, it was proposed to conduct an advertising campaign, as well as measures to stimulate the sale of services. Stimulation is aimed at customers-individuals.

To do this, it is planned to carry out marketing activities that were identified as the most effective by the study of sources of information.

These include:

1. Market research;
2. Free demonstration of products that meet the needs of individuals;
3. Competitors research;
4. Distribution of information materials and offers for discounts through social networks and usage of its advertisement potential, through advertisement of "WATER ENERGY" COMPANY" LLC among chosen group of customers on Facebook;
5. Direct mail advertisement, mailing out information materials, offers of discounts information about company and production;
6. Provision of discounts.

Further the project was developed in which cost included: Market research expenses, The costs of advertisement of "WATER ENERGY" COMPANY" LLC among chosen group of customers on Facebook, Direct mail advertisement expenditures, Expenses on video and materials for advertisement and Other expenses. The total cost of this project is 102 400 UAH. Through innovation, net profit will increase at the enterprise. For the period of campaign it will be 112 100 UAH, the level of income for 1 hryvnia of investments will be - 1.09 UAH. So the Return On Ad Spend is 109,5 %. Successful marketing activities with advertisement campaign will increase "WATER ENERGY" COMPANY" LLC competitiveness, which will move this business unit on GE McKinsey matrix to positive point. So in my opinion now company will overcome it major competitors.

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## APPENDIXES

## Appendix A

## Фінансовий звіт суб'єкта малого підприємництва 2014

1.Баланс на 31 грудня 2014 р.

Форма № 1-м Код за ДКУД 1801006			
Актив	Код рядка	На початок звітного року	На кінець звітного періоду
1	2	3	4
<b>I. Необоротні активи</b>			
Незавершені капітальні інвестиції	1005	-	-
Основні засоби	1010	229,7	234,9
первісна вартість	1011	340,8	455,6
знос	1012	( 111,1 )	( 220,7 )
Довгострокові біологічні активи	1020	-	-
Довгострокові фінансові інвестиції	1030	-	-
Інші необоротні активи	1090	-	-
<b>Усього за розділом I</b>	<b>1095</b>	<b>229,7</b>	<b>234,9</b>
<b>II. Оборотні активи</b>			
Запаси	1100	4 850,0	6 537,5
у тому числі готова продукція	1103	4 491,6	6 108,3
Поточні біологічні активи	1110	-	-
Дебіторська заборгованість за продукцію, товари, роботи, послуги	1125	193,7	705,3
Дебіторська заборгованість за розрахунками з бюджетом	1135	1,7	-
у тому числі з податку на прибуток	1136	-	-
Інша поточна дебіторська заборгованість	1155	-	1 325,6
Поточні фінансові інвестиції	1160	-	-
Гроші та їх еквіваленти	1165	175,7	609,3
Витрати майбутніх періодів	1170	-	-
Інші оборотні активи	1190	-	259,7
<b>Усього за розділом II</b>	<b>1195</b>	<b>5 221,1</b>	<b>9 437,4</b>
<b>III. Необоротні активи, утримувані для продажу, та групи вибуття</b>	<b>1200</b>	<b>-</b>	<b>-</b>
<b>Баланс</b>	<b>1300</b>	<b>5 450,8</b>	<b>9 672,3</b>

Пасив	Код рядка	На початок звітного року	На кінець звітного періоду
1	2	3	4
<b>I. Власний капітал</b>			
Зареєстрований (пайовий) капітал	1400	60,5	60,5
Додатковий капітал	1410	-	-
Резервний капітал	1415	-	-
Нерозподілений прибуток (непокритий збиток)	1420	3 308,3	3 942,1
Неоплачений капітал	1425	( - )	( - )
<b>Усього за розділом I</b>	<b>1495</b>	<b>3 368,8</b>	<b>4 002,6</b>
<b>II. Довгострокові зобов'язання, цільове фінансування та забезпечення</b>			
<b>III. Поточні зобов'язання</b>			
Короткострокові кредити банків	1600	-	170,0
Поточна кредиторська заборгованість за:			
довгостроковими зобов'язаннями	1610	-	-
товари, роботи, послуги	1615	1 974,0	2 540,6
розрахунками з бюджетом	1620	-	49,0
у тому числі з податку на прибуток	1621	-	23,1
розрахунками зі страхування	1625	4,9	7,9
розрахунками з оплати праці	1630	13,3	18,4
Доходи майбутніх періодів	1665	-	-
Інші поточні зобов'язання	1690	89,8	2 883,8
<b>Усього за розділом III</b>	<b>1695</b>	<b>2 082,0</b>	<b>5 669,7</b>
<b>IV. Зобов'язання, пов'язані з необоротними активами, утримуваними для продажу, та групами вибуття</b>	<b>1700</b>	<b>-</b>	<b>-</b>
<b>Баланс</b>	<b>1900</b>	<b>5 450,8</b>	<b>9 672,3</b>

**2. Звіт про фінансові результати**  
за \_\_\_\_\_ Рік 2014

		Форма № 2-м	Код за ДКУД	1801007
Стаття	Код рядка	За звітний період	За аналогічний період попереднього року	
1	2	3	4	
Чистий дохід від реалізації продукції (товарів, робіт, послуг)	2000	13 589,8	10 501,5	
Інші операційні доходи	2120	240,4	3,3	
Інші доходи	2240	3,0	5,3	
<b>Разом доходи (2000 + 2120 + 2240)</b>	<b>2280</b>	<b>13 833,2</b>	<b>10 510,1</b>	
Собівартість реалізованої продукції (товарів, робіт, послуг)	2050	( 10 928,4 )	( 9 820,5 )	
Інші операційні витрати	2180	( 2 199,3 )	( 144,1 )	
Інші витрати	2270	( 0,5 )	( 20,3 )	
<b>Разом витрати (2050 + 2180 + 2270)</b>	<b>2285</b>	<b>( 13 128,2 )</b>	<b>( 9 984,9 )</b>	
Фінансовий результат до оподаткування (2280 – 2285)	2290	705,0	525,2	
Податок на прибуток	2300	( 71,2 )	( 101,3 )	
<b>Чистий прибуток (збиток) (2290 – 2300)</b>	<b>2350</b>	<b>633,8</b>	<b>423,9</b>	

## Фінансовий звіт суб'єкта малого підприємництва 2015

1.Баланс на 31 грудня 2015 р.

Актив	Код рядка	Форма № 1-м Код за ДКУД 1801006	
		На початок звітного року	На кінець звітного періоду
1	2	3	4
<b>I. Необоротні активи</b>			
Незавершені капітальні інвестиції	1005	-	-
Основні засоби	1010	234,9	154,8
первісна вартість	1011	455,6	542,1
знос	1012	( 220,7 )	( 387,3 )
Довгострокові біологічні активи	1020	-	-
Довгострокові фінансові інвестиції	1030	-	-
Інші необоротні активи	1090	-	-
<b>Усього за розділом I</b>	<b>1095</b>	<b>234,9</b>	<b>154,8</b>
<b>II. Оборотні активи</b>			
Запаси	1100	6 537,5	7 378,0
у тому числі готова продукція	1103	6 108,3	6 870,5
Поточні біологічні активи	1110	-	-
Дебіторська заборгованість за продукцію, товари, роботи, послуги	1125	705,3	821,9
Дебіторська заборгованість за розрахунками з бюджетом	1135	-	-
у тому числі з податку на прибуток	1136	-	-
Інша поточна дебіторська заборгованість	1155	1 325,6	2 703,4
Поточні фінансові інвестиції	1160	-	-
Гроші та їх еквіваленти	1165	609,3	476,1
Витрати майбутніх періодів	1170	-	-
Інші оборотні активи	1190	259,7	261,5
<b>Усього за розділом II</b>	<b>1195</b>	<b>9 437,4</b>	<b>11 640,9</b>
<b>III. Необоротні активи, утримувані для продажу, та групи вибуття</b>	<b>1200</b>	<b>-</b>	<b>-</b>
<b>Баланс</b>	<b>1300</b>	<b>9 672,3</b>	<b>11 795,7</b>

Пасив	Код рядка	На початок звітного року		На кінець звітного періоду	
		3	4	3	4
1	2	3	4	3	4
<b>I. Власний капітал</b>					
Зареєстрований (пайовий) капітал	1400	60,5	1 560,5		
Додатковий капітал	1410	-	-		
Резервний капітал	1415	-	-		
Нерозподілений прибуток (непокритий збиток)	1420	3 942,1	4 536,0		
Неоплачений капітал	1425	( - )	( 150,0 )		
<b>Усього за розділом I</b>	<b>1495</b>	<b>4 002,6</b>	<b>5 946,5</b>		
<b>II. Довгострокові зобов'язання, цільове фінансування та забезпечення</b>					
<b>III. Поточні зобов'язання</b>					
Короткострокові кредити банків	1600	170,0	-		
Поточна кредиторська заборгованість за:					
довгостроковими зобов'язаннями	1610	-	-		
товари, роботи, послуги	1615	2 540,6	3 299,2		
розрахунками з бюджетом	1620	49,0	126,9		
у тому числі з податку на прибуток	1621	23,1	23,0		
розрахунками зі страхування	1625	7,9	1,6		
розрахунками з оплати праці	1630	18,4	17,5		
Доходи майбутніх періодів	1665	-	-		
Інші поточні зобов'язання	1690	2 883,8	2 404,0		
<b>Усього за розділом III</b>	<b>1695</b>	<b>5 669,7</b>	<b>5 849,2</b>		
<b>IV. Зобов'язання, пов'язані з необоротними активами, утримуваними для продажу, та групами вибуття</b>	<b>1700</b>	<b>-</b>	<b>-</b>		
<b>Баланс</b>	<b>1900</b>	<b>9 672,3</b>	<b>11 795,7</b>		

**2. Звіт про фінансові результати**  
за \_\_\_\_\_ Рік 2015

		Форма № 2-м	Код за ДКУД	1801007
Стаття	Код рядка	За звітний період	За аналогічний період попереднього року	
1	2	3	4	
Чистий дохід від реалізації продукції (товарів, робіт, послуг)	2000	26 451,1	13 589,8	
Інші операційні доходи	2120	870,0	240,4	
Інші доходи	2240	258,3	3,0	
<b>Разом доходи (2000 + 2120 + 2240)</b>	<b>2280</b>	<b>27 579,4</b>	<b>13 833,2</b>	
Собівартість реалізованої продукції (товарів, робіт, послуг)	2050	( 22 694,5 )	( 10 928,4 )	
Інші операційні витрати	2180	( 4 054,9 )	( 2 199,3 )	
Інші витрати	2270	( 9,5 )	( 0,5 )	
<b>Разом витрати (2050 + 2180 + 2270)</b>	<b>2285</b>	<b>( 26 758,9 )</b>	<b>( 13 128,2 )</b>	
Фінансовий результат до оподаткування (2280 – 2285)	2290	820,5	705,0	
Податок на прибуток	2300	( 147,7 )	( 71,2 )	
<b>Чистий прибуток (збиток) (2290 – 2300)</b>	<b>2350</b>	<b>672,8</b>	<b>633,8</b>	

## Фінансовий звіт суб'єкта малого підприємництва 2016

1.Баланс на 31 грудня 2016 р.

Актив	Форма № 1-м Код за ДКУД		1801006
	Код рядка	На початок звітного року	На кінець звітного періоду
1	2	3	4
<b>I. Необоротні активи</b>			
Незавершені капітальні інвестиції	1005	-	-
Основні засоби	1010	154,8	1 832,7
первісна вартість	1011	542,1	2 446,6
знос	1012	( 387,3 )	( 613,9 )
Довгострокові біологічні активи	1020	-	-
Довгострокові фінансові інвестиції	1030	-	-
Інші необоротні активи	1090	-	-
<b>Усього за розділом I</b>	<b>1095</b>	<b>154,8</b>	<b>1 832,7</b>
<b>II. Оборотні активи</b>			
Запаси	1100	7 378,0	9 087,7
у тому числі готова продукція	1103	6 870,5	7 931,7
Поточні біологічні активи	1110	-	-
Дебіторська заборгованість за продукцію, товари, роботи, послуги	1125	821,9	1 127,5
Дебіторська заборгованість за розрахунками з бюджетом	1135	-	-
у тому числі з податку на прибуток	1136	-	-
Інша поточна дебіторська заборгованість	1155	2 703,4	291,3
Поточні фінансові інвестиції	1160	-	-
Гроші та їх еквіваленти	1165	476,1	300,8
Витрати майбутніх періодів	1170	-	-
Інші оборотні активи	1190	261,5	285,3
<b>Усього за розділом II</b>	<b>1195</b>	<b>11 640,9</b>	<b>11 092,6</b>
<b>III. Необоротні активи, утримувані для продажу, та групи вибуття</b>	<b>1200</b>	<b>-</b>	<b>-</b>
<b>Баланс</b>	<b>1300</b>	<b>11 795,7</b>	<b>12 925,3</b>

Пасив	Код рядка	На початок звітного року		На кінець звітного періоду	
		3	4	3	4
1	2	3	4	3	4
<b>I. Власний капітал</b>					
Зареєстрований (пайовий) капітал	1400	1 560,5	1 560,5		
Додатковий капітал	1410	-	-		
Резервний капітал	1415	-	-		
Нерозподілений прибуток (непокритий збиток)	1420	4 536,0	5 020,3		
Неоплачений капітал	1425	( 150,0 )	( - )		
<b>Усього за розділом I</b>	<b>1495</b>	<b>5 946,5</b>	<b>6 580,8</b>		
<b>II. Довгострокові зобов'язання, цільове фінансування та забезпечення</b>					
<b>III. Поточні зобов'язання</b>					
Короткострокові кредити банків	1600	-	-		
Поточна кредиторська заборгованість за:					
довгостроковими зобов'язаннями	1610	-	-		
товари, роботи, послуги	1615	3 299,2	4 138,1		
розрахунками з бюджетом	1620	126,9	114,5		
у тому числі з податку на прибуток	1621	23,0	53,8		
розрахунками зі страхування	1625	1,6	-		
розрахунками з оплати праці	1630	17,5	22,6		
Доходи майбутніх періодів	1665	-	-		
Інші поточні зобов'язання	1690	2 404,0	2 069,3		
<b>Усього за розділом III</b>	<b>1695</b>	<b>5 849,2</b>	<b>6 344,5</b>		
<b>IV. Зобов'язання, пов'язані з необоротними активами, утримуваними для продажу, та групами вибуття</b>	<b>1700</b>	<b>-</b>	<b>-</b>		
<b>Баланс</b>	<b>1900</b>	<b>11 795,7</b>	<b>12 925,3</b>		

**2. Звіт про фінансові результати**  
за Рік 2016

		Форма № 2-м	Код за ДКУД	1801007
Стаття	Код рядка	За звітний період	За аналогічний період попереднього року	
1	2	3	4	
Чистий дохід від реалізації продукції (товарів, робіт, послуг)	2000	27 585,4	26 451,1	
Інші операційні доходи	2120	665,6	870,0	
Інші доходи	2240	-	258,3	
<b>Разом доходи (2000 + 2120 + 2240)</b>	<b>2280</b>	<b>28 251,0</b>	<b>27 579,4</b>	
Собівартість реалізованої продукції (товарів, робіт, послуг)	2050	( 24 526,6 )	( 22 694,5 )	
Інші операційні витрати	2180	( 2 813,8 )	( 4 054,9 )	
Інші витрати	2270	( - )	( 9,5 )	
<b>Разом витрати (2050 + 2180 + 2270)</b>	<b>2285</b>	<b>( 27 340,4 )</b>	<b>( 26 758,9 )</b>	
Фінансовий результат до оподаткування (2280 – 2285)	2290	910,6	820,5	
Податок на прибуток	2300	( 163,9 )	( 147,7 )	
<b>Чистий прибуток (збиток) (2290 – 2300)</b>	<b>2350</b>	<b>746,7</b>	<b>672,8</b>	



## Фінансовий звіт суб'єкта малого підприємництва 2017

1.Баланс на 31 грудня 2017 р.

Форма № 1-м Код за ДКУД 1801006

Актив	Код рядка	На початок звітного року	На кінець звітного періоду
1	2	3	4
<b>I. Необоротні активи</b>			
Незавершені капітальні інвестиції	1005	-	-
Основні засоби	1010	1 832,7	1 660,5
первісна вартість	1011	2 446,6	2 446,6
знос	1012	( 613,9 )	( 786,1 )
Довгострокові біологічні активи	1020	-	-
Довгострокові фінансові інвестиції	1030	-	-
Інші необоротні активи	1090	-	-
<b>Усього за розділом I</b>	<b>1095</b>	<b>1 832,7</b>	<b>1 660,5</b>
<b>II. Оборотні активи</b>			
Запаси	1100	9 087,7	12 149,0
у тому числі готова продукція	1103	7 931,7	11 317,0
Поточні біологічні активи	1110	-	-
Дебіторська заборгованість за продукцію, товари, роботи, послуги	1125	1 127,5	1 128,7
Дебіторська заборгованість за розрахунками з бюджетом	1135	-	18,8
у тому числі з податку на прибуток	1136	-	-
Інша поточна дебіторська заборгованість	1155	291,3	174,4
Поточні фінансові інвестиції	1160	-	-
Гроші та їх еквіваленти	1165	300,8	-694,7
Витрати майбутніх періодів	1170	-	-
Інші оборотні активи	1190	285,3	292,0
<b>Усього за розділом II</b>	<b>1195</b>	<b>11 092,6</b>	<b>13 068,2</b>
<b>III. Необоротні активи, утримувані для продажу, та групи вибуття</b>	<b>1200</b>	<b>-</b>	<b>-</b>
<b>Баланс</b>	<b>1300</b>	<b>12 925,3</b>	<b>14 728,7</b>

Пасив	Код рядка	На початок звітного року	На кінець звітного періоду
1	2	3	4
<b>I. Власний капітал</b>			
Зареєстрований (пайовий) капітал	1400	1 560,5	1 560,5
Додатковий капітал	1410	-	-
Резервний капітал	1415	-	-
Нерозподілений прибуток (непокритий збиток)	1420	5 020,3	4 697,0
Неоплачений капітал	1425	( - )	( - )
<b>Усього за розділом I</b>	<b>1495</b>	<b>6 580,8</b>	<b>6 257,5</b>
<b>II. Довгострокові зобов'язання, цільове фінансування та забезпечення</b>			
<b>III. Поточні зобов'язання</b>			
Короткострокові кредити банків	1600	-	-
Поточна кредиторська заборгованість за:			
довгостроковими зобов'язаннями	1610	-	-
товари, роботи, послуги	1615	4 138,1	5 850,7
розрахунками з бюджетом	1620	114,5	47,6
у тому числі з податку на прибуток	1621	53,8	41,7
розрахунками зі страхування	1625	-	-
розрахунками з оплати праці	1630	22,6	32,0
Доходи майбутніх періодів	1665	-	-
Інші поточні зобов'язання	1690	2 069,3	2 540,9
<b>Усього за розділом III</b>	<b>1695</b>	<b>6 344,5</b>	<b>8 471,2</b>
<b>IV. Зобов'язання, пов'язані з необоротними активами, утримуваними для продажу, та групами вибуття</b>	<b>1700</b>	<b>-</b>	<b>-</b>
<b>Баланс</b>	<b>1900</b>	<b>12 925,3</b>	<b>14 728,7</b>

**2. Звіт про фінансові результати**  
за Рік 2017

Стаття	Код рядка	Форма № 2-м	Код за ДКУД
		За звітний період	За аналогічний період попереднього року
1	2	3	4
Чистий дохід від реалізації продукції (товарів, робіт, послуг)	2000	26 186,2	27 585,4
Інші операційні доходи	2120	71,7	665,6
Інші доходи	2240	-	-
<b>Разом доходи (2000 + 2120 + 2240)</b>	<b>2280</b>	<b>26 257,9</b>	<b>28 251,0</b>
Собівартість реалізованої продукції (товарів, робіт, послуг)	2050	( 22 330,0 )	( 24 526,6 )
Інші операційні витрати	2180	( 3 453,6 )	( 2 813,8 )
Інші витрати	2270	( - )	( - )
<b>Разом витрати (2050 + 2180 + 2270)</b>	<b>2285</b>	<b>( 25 783,6 )</b>	<b>( 27 340,4 )</b>
Фінансовий результат до оподаткування (2280 – 2285)	2290	474,3	910,6
Податок на прибуток	2300	( 85,4 )	( 163,9 )
<b>Чистий прибуток (збиток) (2290 – 2300)</b>	<b>2350</b>	<b>388,9</b>	<b>746,7</b>

## Фінансовий звіт суб'єкта малого підприємництва 2018

1.Баланс на 31 грудня 2018 р.

		Форма № 1-м Код за ДКУД 1801006	
Актив	Код рядка	На початок звітного року	На кінець звітного періоду
1	2	3	4
<b>I. Необоротні активи</b>			
Незавершені капітальні інвестиції	1005	-	-
Основні засоби	1010	1 660,4	1 847,0
первісна вартість	1011	2 446,6	2 803,0
знос	1012	( 786,2 )	( 956,0 )
Довгострокові біологічні активи	1020	-	-
Довгострокові фінансові інвестиції	1030	-	-
Інші необоротні активи	1090	-	-
<b>Усього за розділом I</b>	<b>1095</b>	<b>1 660,4</b>	<b>1 847,0</b>
<b>II. Оборотні активи</b>			
Запаси	1100	12 149,0	15 020,3
у тому числі готова продукція	1103	11 317,0	12 977,5
Поточні біологічні активи	1110	-	-
Дебіторська заборгованість за продукцію, товари, роботи, послуги	1125	431,0	1 234,6
Дебіторська заборгованість за розрахунками з бюджетом	1135	18,8	4,6
у тому числі з податку на прибуток	1136	-	-
Інша поточна дебіторська заборгованість	1155	175,5	189,9
Поточні фінансові інвестиції	1160	-	-
Гроші та їх еквіваленти	1165	-	-529,3
Витрати майбутніх періодів	1170	-	-
Інші оборотні активи	1190	294,0	160,3
<b>Усього за розділом II</b>	<b>1195</b>	<b>13 068,3</b>	<b>16 080,4</b>
<b>III. Необоротні активи, утримувані для продажу, та групи вибуття</b>	<b>1200</b>	<b>-</b>	<b>-</b>
<b>Баланс</b>	<b>1300</b>	<b>14 728,7</b>	<b>17 927,4</b>

Пасив	Код рядка	На початок звітного року	На кінець звітного періоду
1	2	3	4
<b>I. Власний капітал</b>			
Зареєстрований (пайовий) капітал	1400	1 560,5	1 560,5
Додатковий капітал	1410	-	-
Резервний капітал	1415	-	-
Нерозподілений прибуток (непокритий збиток)	1420	4 697,0	6 634,4
Неоплачений капітал	1425	( - )	( - )
<b>Усього за розділом I</b>	<b>1495</b>	<b>6 257,5</b>	<b>8 194,9</b>
<b>II. Довгострокові зобов'язання, цільове фінансування та забезпечення</b>	<b>1595</b>	<b>-</b>	<b>-</b>
<b>III. Поточні зобов'язання</b>			
Короткострокові кредити банків	1600	-	-
Поточна кредиторська заборгованість за:			
довгостроковими зобов'язаннями	1610	-	-
товари, роботи, послуги	1615	5 850,7	5 176,5
розрахунками з бюджетом	1620	47,6	6,4
у тому числі з податку на прибуток	1621	41,7	-
розрахунками зі страхування	1625	-	-
розрахунками з оплати праці	1630	32,0	19,4
Доходи майбутніх періодів	1665	-	-
Інші поточні зобов'язання	1690	2 540,9	4 530,2
<b>Усього за розділом III</b>	<b>1695</b>	<b>8 471,2</b>	<b>9 732,5</b>
<b>IV. Зобов'язання, пов'язані з необоротними активами, утримуваними для продажу, та групами вибуття</b>	<b>1700</b>	<b>-</b>	<b>-</b>
<b>Баланс</b>	<b>1900</b>	<b>14 728,7</b>	<b>17 927,4</b>

**2. Звіт про фінансові результати**  
за Рік 2018

		Форма № 2-м	Код за ДКУД	1801007
Стаття	Код рядка	За звітний період	За аналогічний період попереднього року	
1	2	3	4	
Чистий дохід від реалізації продукції (товарів, робіт, послуг)	2000	16 775,3	26 186,2	
Інші операційні доходи	2120	971,4	71,7	
Інші доходи	2240	-	-	
<b>Разом доходи (2000 + 2120 + 2240)</b>	<b>2280</b>	<b>17 746,7</b>	<b>26 257,9</b>	
Собівартість реалізованої продукції (товарів, робіт, послуг)	2050	( 14 905,8 )	( 22 330,0 )	
Інші операційні витрати	2180	( 2 813,0 )	( 3 453,6 )	
Інші витрати	2270	( 23,8 )	-	
<b>Разом витрати (2050 + 2180 + 2270)</b>	<b>2285</b>	<b>( 17 742,6 )</b>	<b>( 25 783,6 )</b>	
Фінансовий результат до оподаткування (2280 – 2285)	2290	4,1	474,3	
Податок на прибуток	2300	( 0,7 )	( 85,4 )	
<b>Чистий прибуток (збиток) (2290 – 2300)</b>	<b>2350</b>	<b>3,4</b>	<b>388,9</b>	