Module № 1 "Methodology and methods of enterprise value management".

Lecture 1. Characteristics of the essence of the value and value of the enterprise as an object buying and selling.

1.1.Cost as a target function.
1.2.Economic content of the value of the enterprise.
1.3. The essence of cost-oriented enterprise management.
1.4.Typology of types of value in accordance with the international and national standard of valuation activities.
1.5. Systematization of factors that determine the cost of the enterprise.

1.1.Cost as a target function.

Given the above, enterprise value management becomes an integral part of integrated financial management. The application of the value management system of the enterprise at domestic business entities will allow to solve a number of urgent tasks, in particular:

attracting investment resources;

raising capital by business entities;

determination of the tax base;

carrying out transactions with property;

purchase / sale of shares of the enterprise or part of its authorized capital;

integration of business structures in the process of merger or acquisition;

mortgage transactions;

business reorganization;

property insurance.

In recent decades, instability processes have become widespread

and intensification of the crisis in the world economy, increased cases of bankruptcy, takeovers and mergers. Therefore, more and more attention in management began to pay attention to such an economic indicator as the value of the enterprise, which becomes the main object of management. The first stage of enterprise value management should be its evaluation.

Valuation of an enterprise is a calculation of its real market value. Assessing the value of the enterprise allows to determine the efficiency of its activities, to establish promising cash flows, to specify the prospects for growth of enterprise revenues. Valuation of the enterprise determines the market value taking into account the value of assets, liabilities and equity.

To date, economists have not formed a single approach to understanding the value of the enterprise, which could be the basis of the value management system of the enterprise. Most often, practitioners operate with the concept of value in the following aspects:

market value allows to determine the fair price of the appraised object during the transaction;

investment value - the value of property for a particular an investor with certain investment goals;

book value - the cost of construction or acquisition costs object of property;

value for tax purposes is the value, the value of which is determined by the methods established by the state;

liquidation value - the amount of money that can actually be obtained from the sale of property in a period insufficient for adequate marketing;

insurance value - the value of property, which is determined by the provisions of the insurance contract or policy;

replacement cost - the cost of a close analogue of the assessed object;

exchange cost - is used to carry out various transactions with property.

From these types of property it can be established that the value is an economic criterion that reflects the integrated effect of the impact of decisions on all parameters by which the company is evaluated. This allows you to rank options in a multiple choice situation.

To manage the value of the enterprise it is necessary to pay attention to the fact that in the process of determining the market value should take into account not only the cost of establishing the enterprise, but also the factors influencing the formation of its future income.

The enterprise is subject to evaluation in the following cases:

its full or partial sale;

withdrawal of one or more participants from the company;

its restructuring (mergers, spin-offs, acquisitions, liquidations);

the need to contribute to the authorized capital;

the need to obtain a loan secured by the assets of the enterprise;

implementation of investment projects;

sale of property shares;

sale at auction during bankruptcy;

determining the creditworthiness of the enterprise;

optimization of the price structure of the property;

development of a business plan;

transfer of property rights.

Obviously, in addition to these, there are other objectives of the assessment, which may vary depending on the specific situation. Entities interested in managing the value of the company can be both owners and partners, potential buyers, investors, the state. In turn, the assessment of the value of the enterprise becomes important because it is necessary for making managerial and financial decisions for the development of the enterprise. The use of enterprise valuation, as a rule, increases the efficiency of resource use and ensures the appropriate level of control and security. An integrated approach to the valuation process is to establish the market value of a functioning enterprise, ie to determine the optimal price at which it can be sold in a competitive market.

The object of enterprise value management can be any enterprise: a small company, an association of enterprises, and a large corporation. It should be emphasized that the process of managing the

value of the enterprise must be subordinated to a specific goal, in particular highlight the following goals:

determining the readiness of the enterprise to implement new technologies;

determining the prospects for the development of the enterprise from the standpoint of money

flow or income;

determining the readiness of the enterprise to implement innovations;

formation of directions of strategic and tactical development of the enterprise, subordinated to cost-oriented management;

development of measures to optimize the value and capital structure of the enterprise and others.

Thus, the introduction of enterprise value management system in the economic activity of the enterprise is an effective tool to increase the level of investment attractiveness, improve the efficiency of the enterprise and increase the value of the enterprise. The system allows to increase the competitiveness of the enterprise, effectively use the factors of production and dominate the industry market.

1.2. Economic content of the value of the enterprise.

The conditions for the functioning of the domestic market economy dictate the need to develop effective mechanisms for effective financial management of the enterprise. The basic criterion for the effectiveness of such management is the value of the enterprise, which reflects the overall characteristics of the financial performance of the enterprise, taking into account the interests of different participants in market relations. The value of the market value of the enterprise today allows you to assess the effectiveness of its operation and determine the potential risks and losses for investors who are willing to invest in the entity. The value of the enterprise reflects two basic properties of the business entity: the ability to bring benefits to owners, the state, investors, etc .; the costs borne by the enterprise for the formation of this utility.

In the context of the crisis in Ukraine's economy and the world economy in general, operating in conditions of uncertainty, the basic criterion for determining the effectiveness of the enterprise is its ability to improve the welfare of owners by maximizing market value. As a result, there is a situation when the main purpose of domestic enterprises is not to make a profit, but to increase the welfare of owners by maximizing the market value of the enterprise.

The priority task for Ukrainian enterprises in the coming years is the modernization of fixed assets, the introduction of resource-saving technologies, motivating staff to increase productivity, increase the competitiveness of domestic producers in foreign markets. The implementation of the outlined tasks depends on the investments that owners and investors are willing to invest in the development of economic entities. In this context, one of the main factors of attractiveness is the value of the enterprise. Thus, value management is one of the most important aspects of increasing the investment attractiveness of the enterprise.

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In recent decades, the processes of instability and intensification of crisis phenomena in the world economy have significantly expanded, and cases of bankruptcy, acquisitions and mergers have increased. Therefore, more and more attention in management began to be paid to such an economic indicator as the value of the enterprise, which becomes the main object of management. The first stage of enterprise value management should be its evaluation.

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To date, economists have not formed a single approach to understanding the value of the enterprise, which could be the basis of a value management system. Most often, practitioners operate with the concept of value in the following aspects:

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To manage the value of the enterprise it is necessary to pay attention to the fact that in the process of determining the market value should take into account not only the cost of establishing the enterprise, but also the factors influencing the formation of its future income.

The enterprise is subject to evaluation in the following cases:

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Obviously, in addition to these, there are other evaluation objectives that may vary depending on the specific situation.

Entities those who are interested in managing the value of the company can act as owners and partners, potential buyers, investors, the state.

In turn, the assessment of the value of the enterprise becomes important because it is necessary for making managerial and financial decisions for the development of the enterprise. *The object of enterprise value management* Any enterprise can become: a small company, an association of enterprises, and a large corporation.

It should be emphasized that the process of managing the value of the enterprise must be subordinated to a specific goal, in particular, the following goals can be identified:

determining the readiness of the enterprise to implement new technologies;

determining the prospects for the development of the enterprise from the standpoint of cash flow or income;

determining the readiness of the enterprise to implement innovations;

formation of directions of strategic and tactical development of the enterprise, subordinated to cost-oriented management;

development of measures to optimize the value and capital structure of the enterprise and others.

Thus, the introduction of enterprise value management system in the economic activity of the enterprise is an effective tool to increase the level of investment attractiveness, improve the efficiency of the enterprise and increase the value of the enterprise. The system allows to increase the competitiveness of the enterprise,

make efficient use of factors of production and dominate the industry market.

1.3. The essence of cost-oriented enterprise management.

In the modern theory of enterprise management, there are many indicators and indicators for evaluating the company's performance. Their systematization and definition of the goals of analysis have changed over time. The development of approaches to understanding the essence of the basic goals of the enterprise in the field of economic theory and management at the end of the last century revealed a single vector of development, according to which the creation of company value is a priority.

The cost approach to management is based not only on a set of tools for evaluating strategic and operational decisions, but also the concept of integrated interaction at all levels of the enterprise, creating a special corporate culture. Interest in managing the value of the enterprise arose in financial management with the work of I. Fischer (1930), who argued that maximizing the value of the company is the best way to resolve conflicts of interest (between owners, managers and creditors). In 1967, F. Modigliani and M. Miller proved that the value of a company depends on the amount of cash flow that can be obtained from owning the company. In the early 1990s, McKinsey Co and Stern Stewart developed methods for applying company value to corporate governance.

Numerous theoretical studies in the field of cost-oriented management have led to the practical application of this concept, the relevance of which has recently increased. The innovation of cost-oriented management is the evolution of thinking in the field of analysis of the company's activities, namely the transition from the accounting model to the financial one. The concept is based on the understanding of the effectiveness of business development from the standpoint that business income should exceed the funds spent on the acquisition of resources. Profitability indicator, in this case is not enough to adequately assess the performance of the business [33]. The Value Based Management (VBM) approach is implemented using a variety of methods, which are reflected in the indicators used to assess the value of the company. In particular, the literature pays special attention to such indicators as: added economic value (EVA - Economic Value Added), added market value (MVA - Market Value Added), return on investment (CFROI - Cash Flow Return on Investments), added shareholder value (SVA - Shareholders Value Added), added value added (CVA - Credit Valuation Adjustment). Focusing on a particular model may depend on the specifics of the business, capital intensity of production, the situation in the industry and other factors. In the framework of operational analysis, it should be noted that the interests of management are shifting from accounting to economic profit [33]. Shareholders Value Added (SVA), Credit Valuation Adjustment (CVA). Focusing on a particular model may depend on the specifics of the business, capital intensity of production, the situation in the industry and other factors. In the framework of operational analysis, it should be noted that the interests of management are shifting from accounting to economic profit [33]. Shareholders Value Added (SVA), Credit Valuation Adjustment (CVA). Focusing on a particular model may depend on the specifics of the business, capital intensity of production, the situation in the industry and other factors. In the framework of operational analysis, it should be noted that the interests of management are shifting from accounting to economic profit [33].

We will reveal the main characteristics of the methods and the feasibility of their use to assess the development of enterprise development.

The method of market value added (Market Value Added, MVA) - one of the most common methods designed to assess the value of the enterprise. As a criterion for value creation, this method considers the market capitalization and market value of the company's debt. However, it should be noted that the use of MVA is complicated by a number of reasons:

1) in accordance with modern accounting rules, intangible assets of the enterprise (trademarks, licenses, brand of the company, its reputation, specialists, etc.) remain unaccounted for or are accounted for at a value that does not meet market conditions. However, the development of the enterprise depends on the quality of intangible assets;

2) assets are reflected in the balance sheet at the purchase price. However, if the asset was acquired several years ago, it is probable that the original cost of the asset may differ materially from its current market value;

3) ample opportunities for managers in the manipulation of accounting data in order to increase the estimated value of MVA [6].

Another well-known indicator of enterprise value assessment is Economic Value Added (EVA). From the financial point of view, the EVA indicator characterizes the quality of management decisions, which is especially important for the management of enterprise development. When the value of EVA is positive, there is a positive dynamics of this value. Thus, we can conclude that the company is developing. However, the negative value and negative dynamics of EVA indicate its reduction and inefficiency of management in the management of development processes. 12

To assess the development processes, it is important that the economic value added takes into account not only the end result (the amount of profit), but also what "price" it was obtained (what amount of capital was spent on it) [67].

One of the methods used in the valuation of development is the method of shareholder value added (Shareholder Value Added, SVA). Shareholder value added is defined as the increase between two indicators - the value of share capital after a transaction and the value of the same capital before the transaction. Later, another definition of SVA appeared: share value added as the increment between the estimated value of share capital (for example, by the method of discounted cash flows) and its book value.

The use of SVA in development management, as opposed to cash flow, makes it possible to understand how effective management actions have been if the distribution of value added differs over the years. Another important point in calculating the SVA indicator is also the fact that the value added by new investments in the same year when the investment was made is taken into account.

It should be noted that, in contrast to the EVA method, the use of the SVA indicator emphasizes a clear definition of the period of increasing the company's benefits.

Ignoring cash flows is a disadvantage inherent in the EVA indicator, which is eliminated when calculating the rate of return on investment cash flow (Cash Flow Return on Investment, CFROI). Thus, the advantage of this indicator over others is that cash flows generated by existing and future assets and initial investment are expressed in current prices, ie the inflation factor is taken into account [63]. One of the main disadvantages of CFROI is that the result of the calculations is not the sum of "created" (or "destroyed") value, it is a relative indicator.

Other disadvantages are the difficulty of calculating the CFROI and the question of the procedure for determining all cash flows generated as a result of using both existing and future assets of the company [67].

Recently, the Cash Value Added (CVA) model has often been used in the company's value management practice. This model is based on the concept of residual income. The CVA is also called Residual Cash Flow (RCF).

According to most scholars and financial experts, this criterion of value creation is the best. Undoubtedly, its advantage is that cash flows are used as a return on invested capital, and unlike CFROI, the cost of raising and servicing capital from different sources is taken into account, ie the weighted average cost of capital [67].

Basic indicators of valuation that can be used in the process of cost-oriented management in the enterprise, are given in table. 1.1.

Table 1.1

Valuation indicators at the enterprise[35]

Indexes	The level of complexity of the assessment of development processes	Ability to identify development factors

Value Added (EVA)	Medium level of difficulty. The use of adjustments to "capital equivalents" complicates the calculation of the indicator	The list of development factors is easily identified, which simplifies the use of data for management
Value Added Market (MVA)	The average level of complexity of both understanding the indicator itself and presenting the market value as a discounted flow	It is difficult to detail the reasons, as only general factors of corporate governance can be identified
Return on Investment (CFROI)	Difficult to understand and calculate	Low level of availability of individual factors of development
Value added (SVA)	Difficult to understand and calculate	Availability of individual factors at all levels of development management
Value added (CVA)	The complexity of the calculation is average, however, due to the complexity of the calculation is determined by the value of the indicator	High level of factor decomposition for each level of development management

Based on the data in table. 1.1, it can be argued that the choice of indicators of cost evaluation of the enterprise management process depends on how accessible for calculation and understandable in use is the indicator and how its results can be used in practice, highlighting the factors of enterprise development.

It should be borne in mind that none of the indicators can be considered universal for assessing the value of the company and its further management.

In assessing the processes of enterprise development, it is important to determine: how dynamic is the development of the enterprise and what causes it; or, if the enterprise is operating but not developing, how to move to the stage of development, what factors will give the enterprise a boost to efficiency.

To assess the development of the economic unit, it is difficult to choose a method that will provide not static but dynamic forecast characteristics of economic processes, to reveal the potential of the enterprise, to build a forecast model of its efficiency. One of the modern concepts of assessing the quality of enterprise management with forecasting elements is cost-oriented assessment of enterprise management.

One of the main goals of cost-oriented management is to promote long-term development of the enterprise through the coordination of strategic decisions and motivation of management. This is due to the fact that the value of the enterprise is determined by the sum of future cash flows.

Cost-oriented enterprise management (VBM, HEU) is the management of enterprise development, which is carried out by researching and estimating the future value of its assets, taking into account previous infusions and other economic costs.

The main advantages of cost-oriented management of the enterprise are as follows:

in essence, it best meets the natural interests of the owners in the enrichment through the improvement of the enterprise;

business owners, trying to improve welfare, ensure the adoption of management decisions that take into account the interests of stakeholders, stimulating the development of all market participants;

value as an economic category can be used at all levels of enterprise management; acts as a measure of the effectiveness of enterprise management processes;

value orientation creates effective levers for raising capital for further development, which leads to an increase in its competitiveness and investment activity [85].

The interest in VBM is due to the fact that this method allows you to analyze and evaluate the company's performance taking into account all the changes that occur in the business environment. But VBM should not be seen as the prerogative of large enterprises: the efficiency of investment does not depend on the size of the business. Even medium-sized businesses with a narrow range of owners need an integrated management system that will help businesses ensure proper competitiveness.

Such a system can be created on the basis of cost approaches. Attracting financing makes any company a full participant in value creation. Successful implementation of the system of indicators used in VBM is achieved through the management's awareness of the factors of value creation (financial and managerial prospects) and through their adequate interpretation. The evolution of priorities in cost-oriented management has its own characteristics and problems that need to be addressed to successfully adapt this concept to the conditions of domestic enterprises. To better understand the concept of cost-oriented management, VBM should be considered as a comprehensive management system of the organization, which organically combines four main modules: evaluation, strategy, finance and corporate governance [75]. However, the practical application of VBM by enterprises does not yet have a single conceptual apparatus, directly adapted to domestic realities, due to the inconsistency of regulatory and management framework in the field of business. The departure from the accounting approach to determining the results of the enterprise concerns first the evaluation module and the finance module, and then the other two modules. Value-based management proposes a financial model of capital management instead of accounting. The financial model takes into account an additional type of costs - capital costs, which reflect, on the one hand, the rate of cost of equity required for risk, and on the other - the amount of capital invested by owners. The main difficulties in applying a value-oriented approach arise within the module of assessing the market value of the enterprise and finding the best method for determining it. 16

The development of measures to increase the value of the enterprise is carried out within the overall financial strategy. Financial strategy is a subsystem of the company's strategy, which aims to develop its financial and managerial capacity, increase financial stability and independence, improve the system of financial management and achieve strategic financial goals. As the experience of value management shows, the most successful companies in this way are changing their approaches to management accounting, moving to accounting systems "by function and type of activity" (activity based costing (ABC)). This system allows you to identify the factors of the value of the enterprise at each stage of the value chain and allocate overhead costs according to the contribution of a particular factor in value creation.

At Ukrainian enterprises, the interest in cost-oriented management is reduced to theoretical considerations, not finding widespread practical application. A large number of barriers need to be overcome before adopting the successful experience of foreign colleagues in implementing the concept of cost-oriented management. Among these are the established traditions of analysis and management, the factors of which are: underdeveloped financial planning systems and lack of development of forecast data; weak relationship between financial and marketing planning; inadequacy of internal management accounting systems that do not allow or complicate the allocation of data by business segments, by certain levels of government and centers of responsibility, by certain business functions; lack of business process analysis culture. So,

Understanding and applying in practice the concept of cost-oriented management is a very important argument that encourages to pay due attention to the analysis of financial indicators;

create a corporate culture, where the main goal for each employee, regardless of the hierarchy of positions, is to maximize the market value of the enterprise. 17

The experience of the world's leading companies that apply value-oriented management in practice shows that its implementation can be a tool that will allow more efficient use of financial resources and create conditions for improving the welfare of business owners by maximizing its market value.

1.3. The value of value management in the enterprise management system

For domestic enterprises, the introduction of a system of cost-oriented management as the main concept of enterprise management does not always give the expected results. The reason for this is the neglect of the preparatory work, which is to determine the purpose and ways to implement cost-oriented management.

In order to identify the main steps that will allow the effective implementation and application of cost-oriented management, you should refer to the works of leading domestic and foreign scientists and practitioners.

Maximizing the market value of the enterprise is possible only if the management of both external and internal factors of enterprise value. It should be noted that the company can not significantly influence external factors, but to assess their impact and develop measures to minimize their negative impact is possible and even necessary.

In the internal environment, first of all, cash flows should be monitored and distributed by type of activity: operating, financial, investment. This opinion is confirmed by V. Vyshnevsky, who notes that when building an effective model of value management must take into account factors in four groups of indicators that reflect: strategic efficiency of the enterprise; efficiency of operational, investment and financial activities [11].

That is, in addition to assessing the effectiveness of activities, should also take into account the overall strategic efficiency of the enterprise and the ability to achieve strategic goals.

It should be noted, however, that a modern enterprise to ensure cost-oriented management can not be limited to indicators that reflect the effectiveness of operating, financial and investment activities. It is necessary to evaluate not only the retrospective results of activities, but also to introduce elements of cash flow and income forecasting.

This indicator reveals the disparities between the view of the results of the enterprise on the basis of the applied accounting methodology and analysis of market expectations. Thus, using this indicator, it is possible to draw preliminary conclusions about the feasibility of implementing cost-oriented management in the enterprise.

The reasons for the mismatch between the values of market capitalization and the fundamental value of the enterprise. Quality management system.

The urgency of enterprise value management is growing due to the intensification of competition between companies for the capital of investors and shareholders. In addition, the need for management

the value of the enterprise is dictated by modern requirements for doing business, which are put forward to top managers of enterprises. A firm is an organizational structure whose management is aimed at achieving success. The activity of the firm is called business. Its main purpose

to make a profit. Business organization is systematically managed. This involves the organization of reproduction of both material and value

(financial) resources. The movement of these resources is interrelated. But it does not always coincide, for example, the deterioration of product quality (production and technological aspect) is not always

leads to a decrease in revenue or profit (cost aspect) if the market lacks a similar product. Therefore, there is a need to manage production, technological

potential and value of business as separate areas of activity. Business management involves value management that ensures its expanded reproduction. Management

The value of a company is a process that focuses on the long term and is of strategic importance to the company. The value of the firm consists of the value of assets, profits and value

risk. Therefore, business value management means managing all components, each of which requires the use of specific tools. The market value of the business allows with

to determine with a high degree of accuracy how successful the business is and at what stage of development the company's activity is. Increasing the market value of the enterprise

means that the company is growing, production is developing, the sales network is expanding,

the company is developing new markets. Conversely, decline market value of the enterprise is the main indicator unfortunate state of affairs, it may be pre-crisis

state or bankruptcy. Adoption of rational effective Management decisions are based on cost information

business. Various people are interested in increasing the value of their business

subjects. Business owners are interested in increasing the cost business in different cases: entering new markets; increase investment attractiveness of your company; restructuring

or reorganization of the company; the need for mergers, acquisitions or business section; bringing securities to the stock market firms. Managers due to the growing value of the business

receive information about the feasibility of their efforts with company management. Investors determine the conditions of investment a certain amount of money. Creditors - determine

creditworthiness of the firm. The state detects premature conditions business bankruptcy.

The value of the business consists of various components:

aggregates of assets (tangible and intangible) and structure of liabilities. The basis of business management is contained capital structure by different criteria: sources

origin, types of assets, forms of ownership, etc.

The business value management process involves a process reproduction of profits by its capitalization. Capitalization can be determined in different ways: a) the value of securities that

quoted on the stock market; b) valuation enterprises by profit; c) growth of equity

banks;

d) the process of conversion of value embodied in material and other real values, the source of value growth; e) the process of capitalization of production results. The main content

firm value management involves a management process capitalization of the firm. This means the process of converting net income into additional capital, additional factors of production resulting in an increase in business value. Everyone

other tasks of the firm are aimed at achieving this goal.

On the basis of business value management, the development of a market strategy is built, which involves creating a concept of increasing value, defining goals and principles of its provision, development of programs and tools. Business value management involves determining the conditions of its creation, which allows you to identify key factors that affect the value of the company. They can be divided into two groups:

internal and external factors. The first includes indicators of enterprise activity: revenue, profit, profitability, quality of products, technical equipment of production, etc. The second group - the competitive environment, the company's market potential, the legal framework,

macroeconomic and political situation in the country and the region.

In the system of strategy of development of the organization in modern conditions in the justification of financial strategies arises the need to predict an increase in business value. For financial management is becoming a priority methodology company management.

Cost management is based on the analysis of the balance sheet, report about profits and losses. Cost management involves maintaining a reasonable balance between long-term and

short-term goals. Prerequisites business value management is the constant control of the volume and the quality of products, growth rates, achieving the target level of profitability. If stocks

companies are traded on the stock exchange, then information about their movement will be

increase the value of its securities, increasing the market capitalization. An important prerequisite for value management business is to build a competent and transparent financial system

reporting, international accounting standards. You can increase the value of the company thanks successful combination of borrowed funds and equity.

The value of a company is determined by its discounted future cash flows, and new value is created only when the company receives such a return on invested capital, which exceeds the cost of its involvement. The whole mechanism of making strategic and operational decisions is based on cost management. Properly established management value means that all the company's aspirations, analytical methods and management techniques are aimed at one common goal - to help the company maximize its value, building the management decision-making process on key cost factors.

Today, business value management is built on the concept of a new management paradigm, which was named cost-oriented management - VBM (Value Based

Management). This concept arises in the process of development financial management as a system of management activities business value. This concept is based on cost firm, which is calculated according to the models of Dupont and discounted cash flow. VBM based financial

managers receive the necessary information about the cost business and carry out planning, monitoring, evaluation and management, providing increased capitalization of the firm.

The DuPont model was developed by DuPont (USA).

used to determine a company's potential based integrated analysis of capital efficiency

enterprise, provides for the decomposition of the indicator "coefficient return on equity "on a number of financial coefficients. Depending on the number of factors on which

decomposing performance indicators are determined two-factor model, which is based on the analysis of profitability sales and turnover of capital. In the three-factor model

financial leverage is added (borrowed ratio capital to the firm's own resources). In the five-factor model to these factors are added the ratio of revenue to assets and the ratio of assets to revenue. Based on the DuPont method the strengths and weaknesses of the firm are revealed. Based on

the received information is developed by financial managers directions of increasing the value of capital, taking into account its components (cost control, asset management, increasing profits through marketing, etc.). The strategy of development of the firm in modern conditions should be built taking into account the requirements and capabilities of the system capital management and be implemented by performing certain functions (financial, production, reproduction, accumulation, investment and value) and based on adequate principles. In the financial crisis, everyone management decisions must be made in his view impact on the value of the enterprise. Within the concept of cost-oriented management (VBM - approach) is taken into account

payment of both debt and equity, condition external environment, dynamics and cost forecasting

enterprise, which makes it possible to resolve conflicts of interest shareholders and managers and evaluate the effectiveness of use capital of the enterprise. (Additional information is available

in the material of Afanasieva TA Enterprise value management at http://intkonf.org/afanaseva-ta-upravlinnya-vartistyupidpriemstva/.). Business value management involves the main stages:

determining the value of the business and its main components, analysis of factors influencing the cost, strategy development increase in value, determine a set of measures to increase

business value, periodic analysis and sequence evaluation decisions made, monitoring and control over implementation developed programs. (more information is available get in the material Rovny Ya.A. The main elements of the mechanism value management of the enterprise, which is posted on the site: http://www.economy.in.ua/pdf/2_2013/25.pdf).

Cost - an important qualitative indicator that reflects the results of economic activity of the enterprise, as well as a tool for assessing the technical and economic level of production and labor, quality of management, etc. It acts as a starting point for price formation, and also directly affects the amount of profit and the level of profitability. Systematic reduction of the cost of industrial products (works, services) is one of the main conditions for increasing the efficiency of industrial production.

Knowledge of the cost structure and patterns of dynamics of the impact of various costs on production, as well as factors influencing the cost structure of products helps to correctly identify the main areas of work to reduce it, increase the profitability of economic entities.

The effectiveness of cost management largely depends on the effectiveness of the classification system of total costs, which allows you to explore the internal structure of the cost of production for further analysis.

There are theories of classification of enterprise costs on various grounds, in particular, on the economic essence, industry affiliation, depending on the objectives of management accounting.

The economic approach to determining costs comes from their economic nature and not from the nature and sources of reimbursement. In the economic approach, the current costs must include all costs associated with the current activities of the enterprise, including unproductive costs due to violations in the production process, unbalanced structure of resources used, and so on. This approach is in the interests of business owners, because it characterizes the total amount of actual costs associated with the implementation of current activities, and therefore allows to determine the real financial result of the enterprise.

Thus, in economic essence, the current costs of the enterprise - is expressed in monetary terms the cost of various resources (labor, raw materials, fixed assets, financial resources) in the production, circulation and distribution of products, goods, and so on.

According to the Accounting Regulation (Standard) (UAS) 16 “Expenses” expenses of the reporting period are expenses recognized either by a decrease in assets or by an increase in liabilities, which leads to a decrease in equity (except for a decrease in equity). due to seizure or distribution by owners), provided that these costs can be measured reliably. Of course, not all costs are involved in the formation of production costs.

Taking into account all of the above, we can identify the main characteristics that define the concept of cost:

costs - a certain amount of resources involved in the process of creating (producing) an effective (final) product (works, services);

cost components are valued;

the occurrence of costs must meet certain objectives of the enterprise.

Today, the issue of developing a cost management system that would solve the problem of uncontrolled cost increases remains relevant for most industrial enterprises. The main task of the cost management system should be to develop measures to reduce and control costs. First of all, determine the areas of cost reduction in order to draw up a plan of measures to reduce costs.

The basis for reducing the cost of production is the systematization of costs. A necessary element in developing a strategy to reduce the costs of the enterprise is the grouping of costs by classification. After the classification of costs, it is advisable to identify reserves for their reduction. Theoretically, summarizing the fundamental methods and reserves to reduce the cost of production of industrial enterprises, they can be considered in terms of three leading aspects:

reduction of costs due to the rationalization of the use of fixed assets (means of labor);

reduction of costs associated with the use of labor (raw materials, electricity, materials, fuel, etc.);

cost reduction at the expense of the wage fund. Without an incentive for employees, there will be no necessary return and influx of new qualified specialists. Therefore, reducing wages or reducing jobs will not lead to: first, a significant reduction in production costs, and, consequently, a significant increase in profitability (unless, of course, it is not a company with a significant predominance of manual labor, but in this case than an unwise decision), secondly, to increase the scale of production of the enterprise and its further economic stability, due to the risk of outflow of human resources. Reduction of FOP is rational in case of emergency of the enterprise, its economic crisis, in case of technologicalization of production, in case of reduction of market share and, as a consequence, reduction of production volumes, etc. Along with the fact that the company needs to have and use reserves to reduce costs, however, it is inevitable that the company may also lose from insufficient costs. Signs of insufficient costs are: low product quality, high staff turnover, low level of service, outflow of customers, if decisions about costs in the company are difficult and long, if savings - on the verge of common sense. Typical errors in cost management are the lack of cost planning and control system, inconsistency, reduction of vital costs, cost reduction, which worsens demand.

Concluding that the cost of goods sold (goods, works, services) is the most significant cost item of any enterprise. It should be noted that a significant component of the cost of goods sold is the production cost. The list and composition of items for calculating the production cost of products (works, services) is set by the company itself and depends on many factors.

Depending on the completeness of the coverage of costs, the methods of costing are divided into two groups:

calculation with incomplete distribution of costs (incomplete cost);

costing with full cost allocation (full cost).

Incomplete costing, called direct costing, is a definition of the marginal cost of products, ie the amount of direct costs and the variable part of indirect costs (overhead costs). A constant part of overhead costs for products is not distributed, but written off to the cost of goods sold. Administrative and marketing costs are not allocated to the products.

Thus, using the direct costing system, the company does not know the full actual cost of each product and can not compare it with the selling price.

A well-known specialist in industrial accounting in the United States, Professor R. Anthony wrote in 1965: "Most companies need three types of cost:

cost of responsibility centers, which is used to plan and control the activities of the responsible executor;

full "programmed" cost, which is used for pricing and other operational decisions under normal circumstances;

direct production cost, which is used for pricing and other operational decisions in specific circumstances, such as when management intends to use unoccupied capacity.

Currently, it is safe to say that every company needs all three types of costs.

It should be added that studies based on data from industrial enterprises show that the calculation of incomplete costs leads to undoubted errors due to the inability to separate the accounting of costs into variables and constants. Therefore, the use of direct costing leads to "programmable" errors.

Although, there is practicality in the use of direct costing. It is no coincidence that in the West direct costing is called "cost management" or "enterprise management", emphasizing the unity of accounting, analysis and management decisions in this system.

When accounting for full costs, all costs of the enterprise arising during the reporting period are attributed to the cost carrier. This system is sometimes called "cost statistics" because it averages media costs. It provides information to government agencies for pricing. However, in the West, it is widely believed that such a calculation is unacceptable for the management of the enterprise, because it does not provide information about what really costs the production of individual products, their types or groups.

1.4. Typology of types of value in accordance with the international and national standard of valuation activities.

In a general sense, value is the monetary equivalent that a buyer is willing to exchange for any item or object.

Modification (modificatio - establishing a measure, from the Latin modus - measure, type, image, transient property and Latin facio - to do) - qualitatively different states or varieties of something.

There are different cost modifications according to operational needs and functional purpose. Value modifications have been created for comfort to provide objective information about the real

price of the object, which will undoubtedly be useful in making decisions related to the commercial use of the assessed object and the management of its market value.

The purpose of valuation determines the choice of the type of value to be determined. For example, when concluding a purchase agreement for an object, it is necessary to determine its market value; when making investments - investment; when insuring property - the cost of reproduction; in case of lending - the value of the collateral, in case of liquidation - liquidation. That is, the same property may have different values depending on the purpose of the assessment.

Operating enterprise	**Element by element assessment**
Market value. This type of value reflects both approaches and corresponds to the maximum of the values obtained using the two approaches.	
Investment value. This is the reasonable value of the enterprise for a specific or intended owner. Takes into account the increase in income from the use of know-how, reorganization plans, etc.	***Liquidation value.*** This is the reasonable cost of selling the assets of the enterprise less the total amount of liabilities and selling expenses.

In turn, depending on the objectives of the assessment and the circumstances of the business may be assessed differently. Therefore, an accurate valuation is required for the valuation. According to the National Standard №1 "General principles of valuation of property and property rights" distinguish the following types of value:

Market value- the cost at which it is possible to alienate the object of valuation in the market of similar property on the date of valuation under the agreement concluded between the buyer and seller, after appropriate marketing, provided that each party acted knowingly, prudently and without coercion.

Liquidation value- the value that can be obtained by selling the object of valuation in a period that is significantly shorter than the exposure period of such property, during which it can be sold at a price equal to the market value.

Replacement cost- the current value of the costs of creating (acquiring) a new object, similar to the object of evaluation, which can be its equivalent replacement, is determined on the date of assessment.

Reproduction cost- the current value of the costs of creation (acquisition) in modern conditions of a new object, which is identical to the object of evaluation, is determined on the date of assessment.

Residual playback cost- the cost of replacement (reproduction) of the object of assessment less all types of depreciation (for real estate - taking into account the market value of land in its existing use) (rights related to land).

The cost of liquidation- the value expected to be received for the object of evaluation, which has exhausted its usefulness in accordance with its primary functions.

Special cost- the amount of market value and surcharge to it, which is formed in the presence of atypical motivation or special interest of the potential buyer (user) in the object of evaluation.

Investment value- the value determined taking into account the specific conditions, requirements and purpose of investing in the object of evaluation.

Cost to use- cost, which is calculated based on modern conditions of use of the object of evaluation and may not correspond to its most efficient use.

Estimated cost- cost, which is determined by the established algorithm and the composition of the source data.

Collateral value- valuation of the enterprise at market value for mortgage lending.

Book value- costs of acquisition of property. Balance sheet ownership is primary and restorative. The initial cost is reflected in the accounting documents at the time of commissioning. The replacement cost of reproduction of previously created fixed assets is determined in the process of revaluation of fixed assets

The assessment of the business is based on the assumption that today's value is equal to the value of future benefits (income) that the owner will receive as a result of owning the property (business).
Table 1.2.

The relationship between the purpose of the assessment and the species

The purpose of the assessment	Types of value
Help a potential buyer (seller) determine the estimated price	Market
Determine the feasibility of investment	Investment
Provide loan applications	Mortgage
Determine the amount of coverage under the insurance contract or formulate claims in connection with the loss or damage of insured assets	Insurance
Liquidation (partial or complete) of the existing enterprise is possible	Liquidation

In determining the value, the appraiser takes into account various micro- and macroeconomic factors, including the following.

Demand. Demand is determined by the preferences of consumers, which depend on what income the business brings to the owner, for what time, with what risks it is associated, what opportunities to control and resell the business.

Income. The income that can be received by the owner of the object depends on the nature of operating activities and the ability to obtain income from the sale of the object after use. Operating income, in turn, is determined by the ratio of income and expense flows.

Time. Of great importance for the formation of the value of the enterprise is the time of income. One is the case where the owner acquires the assets and quickly begins to receive income from their use, and the other case is when the investment and return on capital are separated for a significant period of time.

Risk. The value of value inevitably affects the risk, as the probability of obtaining expected future income.

Control. One of the most important factors influencing the cost is the degree of control that the new owner receives. If the company buys into individual private ownership or if a controlling stake is obtained, the new owner receives such essential rights as the right to appoint managers, determine the amount of their remuneration, influence the strategy and tactics of the company, sell or buy its assets; restructure and even liquidate the enterprise; make decisions on the acquisition of other enterprises; determine the amount of dividends, etc. Due to the fact that large shares are bought, the value and price will usually be higher than in the case of buying a non-controlling stake.

Liquidity. One of the most important factors influencing the assessment of the value of the enterprise and its property is the degree of liquidity of this property. The market is ready to pay a premium for assets that can be quickly converted into money with minimal risk of losing part of their value. Hence, the value of closed joint stock companies should be lower than the value of similar open companies.

Limitation. The value of the enterprise responds to any restrictions that the business has. For example, if the state limits the prices of the enterprise's products,
then the value of such a business will be lower than in the absence of restrictions.

The ratio of supply and demand. Demand for the enterprise together with utility also depends on the solvency of potential investors, the value of money, as well as the ability to raise additional capital.

The estimated value of any object is influenced by the ratio of demand and offers. If demand exceeds supply, buyers are willing to pay maximum price. The upper limit of the demand price is determined by the current value future income that the owner may receive from owning this enterprise. If supply exceeds demand, prices are dictated by the manufacturer.

The minimum price at which he can sell his business is determined by costs on its creation.

Thus, the main factors that determine the cost are: demand;

current and future income of the assessed business; creation costs similar enterprises; the ratio of supply and demand for similar objects; income risk; degree of control over business and degree liquidity of assets.
The business evaluation process involves task definition, collection and analysis information in order to obtain a reasonable valuation. Evaluation process The business can be divided into seven stages:
1. Definition of the problem.
2. Drawing up an evaluation plan.
3. Collection and verification of information.
4. Choice of appropriate approaches to evaluation.
5. Reconciliation of results and preparation of the final conclusion.
6. Report on the results of the valuation
7. Presentation and protection of the report.

1.5. Systematization of factors that determine the cost of the enterprise.

Accounting for production costs and calculating the cost of products is one of the main links in accounting in any enterprise. The main indicator that affects the self-sufficiency and profitability of the enterprise is the cost of production. In addition, the cost of production makes it possible to assess the level of achievement of the strategy of reducing costs in strengthening the competitive position of the whole enterprise.

The cost of production is a complex concept, and it depends on the influence of many different factors. Factor - an element, the reason that affects a particular indicator or a number of indicators. All factors can be classified into two categories: external origin, ie those outside the enterprise, and internal origin.

External factors include:

- change in the price of semi-finished products, fuel, energy, materials and other tangible assets obtained by the organization for production purposes;

- change in the minimum stable amount of wages, as well as various mandatory contributions, accruals and deductions.

The main factors of internal origin are:

- reduction of labor costs associated with the manufacture of products;

- increase and improve staff productivity;

- reducing the cost of materials for the manufacture of products;

- elimination of marriage and losses from it and others.

The main technical and economic factors that have a significant impact on the level of production costs. One of the main factors in reducing costs is to increase the technical level of production. This is achieved through the introduction of updated technology, automation and mechanization of production processes; improving the use of new types of materials and raw materials; changes in the technical characteristics of products; as well as other factors that increase the overall technical level of production. The main technical and economic factors can be divided into four groups:

- factors determined by the technical level of production;

- factors that are determined by the degree of production organization and management

- factors related to changes in the volume of products and its range;

- factors of economic influence.

The degree of influence on the structure and level of production costs differs for each group of factors. For example, if the volume of production increases to a certain limit, the cost of production is reduced by reducing the share of fixed costs per unit of output, as well as by increasing productivity, by improving work skills.

The resulting indicator is directly influenced by factors that can be modeled. This model of determining the unit cost of production can be shown by the relation:

C = Vzag / VBP,

where Vzag - the amount of production costs; VBP - the volume of manufactured products.

Calculations are made separately for each type of product. Then the cost of production is considered in more detail for each cost item, while the actual results are compared with data for previous periods or targets.

Thus, as a result of the analysis we can conclude that the cost of production at the enterprise depends on a large number of different factors, namely: production efficiency, labor productivity, product range and quality, as well as production volume. The cost of production reflects the vast majority of the cost of production and is dependent on changes in production conditions and sales conditions. Also, reducing the cost guarantees not only an increase in enterprise profits, but also provides public authorities with additional opportunities to further increase social production and improve the material well-being of workers.

2.3. Reasons and cases of enterprise valuation for business owners, its investors and third parties.

Valuation is the determination of the value of an object of property in specific market conditions at a certain point in time.

Thus, there are two concepts of business valuation:

- assessment of enterprises (assessment of integral property complexes) based on the assessment of their property;

- assessment of "business lines" as a set of property rights, technologies and assets that provide expected future income.

Business evaluation involves the evaluation of specific activities that are organized within a certain organizational and legal form. The main criterion is the profitability of the business, and hence the choice of an adequate methodological approach to its evaluation. In this case, the main thing for the appraiser is to assess the ability of such a business to generate income.

Thus, the differences between the understanding of enterprise valuation and business valuation are due to the characteristics of the enterprise as an object of evaluation. In our opinion, the main ones are two:

- the company has a set of intangible assets, such as trademarks, trademarks, goodwill, which significantly affect the value of such an enterprise;

- the company has non-functioning assets that are not directly or indirectly used in business, but generally affect the value of such an enterprise.

The basis of business, its integral essence is capital - is wealth, 3 means of production, factors of production, ie various material forms of invested labor, labor that brings income.

Business is a specific activity organized within a certain structure. Its main goal is to generate income. Thus, capital is the basis, the internal content of any process of creating a product or service, carried out for the purpose of income.

There are three groups of interdependent principles of evaluation:

1) based on the ideas of the owner;

2) related to the exploitation of property;

3) due to the market environment:

The group of principles related to the owner's perception of the property includes:

The principle of usefulness. The property has value only if it is useful to the potential owner or user. Usefulness in this case means the ability of the property to meet the needs of the owner in a given place and during a given period of time.

The principle of substitution. All properties, despite their diversity, are comparable in terms of their ability to meet certain needs of the owner or generate income. Therefore, for the purchase of the object no

paid an amount greater than the minimum price of the object of the same utility as

sold on the market.

The principle of expectation assumes that the value of the object of evaluation is determined by the amount of economic benefits expected from the possession, use, disposal. The investor invests in the object today, as he expects the object of property to receive a stream of income in the future.

The group of principles related to the operation of property consists of:

- the principle of factors of production. Property with an economic system, the profitability of which is determined by four factors of production:

management, labor, capital and land;

- the principle of residual productivity. Each of the above factors must be paid (compensated) from the net income generated by the use of the property.

Business, enterprise and firm have all the characteristics of the product and can

be the object of purchase and sale. But these are goods of a special kind. And features

these determine the principles and methods of evaluation.

First, it is an investment product, ie a product in which investment

are carried out for the purpose of return in the future. Costs and revenues are separated in

time. Thus, the present value of the future income you may receive owner, is the upper limit of the market price by the buyer.

Second, business is a system, but it can be sold like the whole system as a whole and separately its subsystems and even elements. In this case its connection with the concrete concrete capital, concrete is destroyed organizational and economic form, elements of business become the basis

formation of another, qualitatively new system. In fact, it is not the business itself that becomes a commodity, and some of its components.

Third, the need for this product depends on the processes that occur both inside the product and in the external environment. Moreover, on the one hand, instability in the company leads to instability

in business, on the other hand, its instability leads to a further increase in instability in the company itself. From this follows another feature of business as a commodity - the need to regulate sales.

Fourth, given the special importance of business sustainability for stability in society, the participation of the state is necessary not only in regulating the mechanism of purchase and sale - business, but also in the formation of market prices for business, in its evaluation.

The evaluation process involves the presence of the evaluated object and the evaluator subject. The subject of evaluation are professional appraisers who have special knowledge and practical skills. The object of evaluation may be any object of property in conjunction with the rights to which it is endowed

owner. It can be a business, company, enterprise, firm, bank, individual types of assets, both tangible and intangible.

The object of evaluation may be:

- separate material objects (things);

- a set of things that make up a person's property, including the property of a certain type (induced or immovable, including enterprises);

- property rights and other real rights to property or individual items in the warehouse property;

- rights of claim, obligations (debts);

- works, services, information;

- other objects of civil rights.

The subjects of evaluation are professional appraisers who have special knowledge, and consumers of their services (customers). According to Legislation The job responsibilities of appraisers include:

- conducting valuation activities to establish a market or other the value of objects of civil rights (real estate and movable property, including property rights, works and services, information, intellectual results activities and rights to them. intangible benefits);

- identification of the need for services to assess the objects of civil rights;

- establishing business contacts, conducting negotiations with customers;

- conclusion and execution of contracts in accordance with the established form;

- preparation and timely transfer to the customer of the report on the performed work in in writing;

- ensuring the safety of the compiled evaluation report for three years;

- providing information from its report at the request of law enforcement agencies on evaluation;

- collection and systematization of data to create an information base, necessary for evaluation activities;

- use of all known methods of property valuation.

A professional appraiser in his work is always guided by the specific goal. Business evaluation is carried out in order to:

- improving the efficiency of current management of the enterprise, firm;

- determining the value of securities in the case of purchase and sale of shares enterprises in the stock market;

- determining the value of the enterprise in the case of its purchase and sale in full or in parts. When a business owner decides to sell his business or when one of the members of the company intentionally sells his share, it arises the need to determine the market value of the enterprise or part of it assets;

- enterprise restructuring. Liquidation of the enterprise, merger, acquisition or separation of independent enterprises from the holding provides for its market valuation;

- development of the enterprise development plan. In the strategic process planning is important to assess the future income of the firm, the degree of its sustainability and image value;

- determination of the creditworthiness of the enterprise and the value of collateral at lending;

- insurance, in the process of which there is a need to determine the value assets on the eve of losses;

- making sound management decisions. Inflation distorts financial statements of the enterprise, so periodic revaluation of property independent appraisers can increase financial realism

reporting, which is the basis for financial decisions;

- implementation of an investment project for business development. In this case for its substantiation it is necessary to know the initial cost of the enterprise in in general, its equity, assets, business.

Property valuation is mandatory in the following cases:

- creation of enterprises (business associations) on the basis of state property or property in communal ownership;

- reorganization, bankruptcy, liquidation of state, municipal enterprises and enterprises (business associations) with a state share

property (share of communal property);

- allocation or determination of the share of property in the common property in which it is

state share (share of communal property);

- determining the value of contributions of participants and founders of a company, if the property of companies with a state share (share of communal property) is contributed to the company, as well as in case of withdrawal (exclusion) of a participant or founder from such a company;

- privatization and other alienation in cases established by law,

lease, exchange, insurance of state property, property in communal property, as well as the return of this property on the basis of a court decision;

- revaluation of fixed assets for accounting purposes;

- property taxation and determination of the amount of state duty in accordance with

by law;

- transfer of property as collateral;

- determination of damages or the amount of compensation in cases established by law;

- in other cases by court decision or in connection with the need to protect public interests.

Independent valuation of property is mandatory in cases of its pledge, alienation of state and municipal property in ways that do not involve competition of buyers in the sale, or in the case of

sale to one buyer, determination of damages or damages, dispute resolution and other cases defined by law or by

by agreement of the parties. . Types of value that are determined in the assessment Depending on the purpose of the assessment determine different types of value: market, investment, collateral, insurance, liquidation, reproduction value, replacement, effective cost. Any type of value calculated by the appraiser is not a historical fact, but an appraisal of a specific property at the moment in accordance with the chosen goal. The basis of the value of any property is the average cost of its creation and operation.

A reasonable discussion of valuation methods is impossible without reference to any generally accepted valuation. The main feature for choosing an adequate standard of business value is the source of income.

There are two sources of income in the use of the enterprise: income from the activities of the enterprise and from the sale of assets of the enterprise.

Accordingly, there are two types of value:

1. The cost of an existing enterprise. This is the value that reflects the first source of income, provides that the company continues to operate and bring income.

2. The value of the enterprise by assets. This is the value that reflects the second source of income, provides that the company will be disbanded or liquidated, ie the company is valued element by element.

Lecture 2. The cost driver system will take revenge

2.1. Factors and drivers that determine the value of the enterprise, their differences. Key Performance Indicators (KRI). Seven drivers of value according to A. Rappaport.
2.2. Key Performance Indicators (KRI).
2.3. Building a system of key performance indicators of the organization.

2.1. Factors and drivers that determine the value of the enterprise, their differences. Key Performance Indicators (KRI). Seven drivers of value according to A. Rappaport.

The concept of cost-oriented management is recognized by academic and business society as a key management paradigm, and is becoming more widespread in practice, including in Ukraine. With the development of the capital market and other institutions of the market economy in the country, domestic enterprises have the opportunity to directly attract share capital, and relations with investors are gaining a new qualitative cut.

Thus, if we combine the experience of management concepts, we can say that the cost approach reflects a qualitative leap in the ideology of evaluation and management decisions. From the traditional analysis of financial results for the period of their comparison with similar indicators in the past, management moves to long-term cash flow forecasting and continuous monitoring of

advanced non-financial indicators. The most important goal is to maximize the value of the enterprise, and the main distinguishing feature of management - focus on the future. The ability of the enterprise as a whole to find and effectively use opportunities for movement by increasing value forms a fundamentally new area of key competence. The ability to create value becomes a source of competitive advantage that is impossible to buy and difficult to copy.

The basic postulates of the concept of cost-oriented management are no longer in doubt, and this concept has taken a place in both the theory and practice of strategic management. At the same time, in theory, the choice of management tools for the implementation of this concept in practice becomes quite acute. A fundamental element of the concept of cost-oriented management, which determines the architecture of the enterprise management system and provides management with practical tools for decision-making is the financial model of measuring value based on resource factors.

The cost model of the analysis of the results of the enterprise provides for the coverage of costs not only for tangible elements (labor, fixed and working capital), but also capital costs, which are inherently implicit, based on the assessment of lost profits. The concept of "payment for capital" (cost of capital) is central to the cost model of analysis of the results of the enterprise. As the business activity of the enterprise develops at the expense of own and borrowed capital, the expected level of return on capital should reflect the levers of different sources of funding for resources involved in the enterprise and the price of each, which is reflected in the weighted average cost of capital (WACC) .

At the stage of functioning (reproduction and use) of capital, its productive function is realized, ie it is expedient to consider capital from the point of view of the ability to create a certain result (added value). The implementation of this function is through an effective combination of fixed, working capital and intellectual capital, which creates added value.

The degree of reliability of the valuation model is determined primarily by the extent to which the fundamental estimates of equity that will be obtained using the appropriate model. In the modern economic literature, the following classes of valuation models are distinguished [1]: Discounted Cash Flow Models (DCFM); Residual Income Models (RIM).

Fig. 2.1. Technology for calculating results based on balance sheet estimates

INDICATOR	CALCULATION FORMULA
1. Residual Operating Income (ReOI) is the net operating profit less capital expenditures.	$\mathrm{Re}OI_j = EBI_j - NA_{j-1} * WACC$

	EBI_j - profit before interest on borrowed capital, but after payment of income tax (net operating income); NA_{j-1} - book value of net assets (assets financed by paid sources of financing); WACC - weighted average cost of capital.
2. Residual Earnings (RE) is the net profit less costs of equity	$RE_j = NI_j - E_{j-1} * k_E$ NI_j - net profit; E_{j-1} - equity in the period j-1; k_E - cost of equity.
3. Economic Value Added (EVA) is a modification of the final operating profit	$EVA_j = EBI_j - NA_{j-1} * WACC$ EBI_j - profit before interest on borrowed capital, but after payment of income tax (net operating income); NA_{j-1} - book value of net assets (assets financed by paid sources of financing); WACC - weighted average cost of capital.
4. Market Value Added (MVA) is the discounted flow of final profit	$MVA_0^{RE} = \sum_{j=1}^{\infty} \frac{RE_j}{(1+k_E)^j}$ MVA_0^{RE} - added market value, which is based on the final net profit; k_E - the cost of equity of the enterprise. $MVA_0^{ReOI} = \sum_{j=1}^{\infty} \frac{ReOI_j}{(1+WACC)^j}$ MVA_0^{ReOI} - added market value, which is based on the indicator of final operating profit; WACC - weighted average cost of capital. $MVA_0^{EVA} = \sum_{j=1}^{\infty} \frac{EVA_j}{(1+WACC)^j}$ MVA_0^{EVA} - market value added, which is based on the indicator of economic value added.

Effective management of the company's value largely depends on the chosen strategic goals and the development of a system of indicators that provides managers with information about the results of their managers. Success here depends largely on how well management can prioritize and identify value factors.

The main factors that determine the value (value) of the business are:

• market conditions;

• future benefits from owning the assessed business;

• costs of establishing similar enterprises;

• income risk;

• the degree of control over the business and the degree of liquidity of assets;

• business liquidity.

Demand is determined by consumer preferences, which depend on what income the business brings to the owner, at what time, with what risks it is associated, what opportunities to control and resell the business. Demand for the company along with the usefulness also depends on the solvency of potential investors, the value of money, the ability to attract additional

capital on the financial market. An important factor influencing the demand and value of business is the availability of alternative investment opportunities.

Demand depends not only on economic factors. Social and political factors, such as attitudes towards business in society and political stability, are also important.

The future benefits that the owner of the facility may receive depend on the nature of the operating activities and the ability to generate revenue from the sale of the facility after use. Most often, future benefits are understood as net cash flow. Of great importance for the formation of the value of the enterprise is the time of income. It is one thing if the owner buys assets and quickly begins to make a profit from their use, and another thing if the investment and return on capital are separated by a significant period of time.

The value of value inevitably affects the risk as the probability of obtaining expected future income.

One of the most important factors influencing the cost is the degree of control that the new owner receives. If the company is acquired into individual private ownership or if a controlling stake is acquired, the new owner acquires such essential rights as the right to appoint managers, determine the amount of their remuneration, influence the strategy and tactics of the company, sell or buy its assets; restructure and even liquidate the enterprise; decide on the acquisition of other enterprises, determine the amount of dividends, etc. Due to the fact that large rights are purchased, the value and price will usually be higher than in the case of buying a non-controlling stake.

One of the most important factors influencing the assessment of the value of the enterprise and its property is the degree of liquidity of this property. The market is ready to pay a premium for assets that can be quickly converted into money with minimal risk of losing some value. Hence, the value of private joint stock companies should be lower than the value of similar public ones

societies. The value of the enterprise responds to any restrictions that the business has. For example, if the state limits the prices of the company's products, the value of such business will be lower than in the absence of restrictions. Of paramount importance in the system of value factors is the future benefits of owning a business. These indicators are:

1) the growth rate of income flow;

2) return on newly invested capital.

A company that earns a higher return on every dollar (hryvnia) invested in a business will cost more than a similar company that earns a return on invested capital. Similarly, a fast-growing company will cost more than a low-growth company, provided that both companies provide the same return on capital.

The value of a company can grow due to various combinations of growth rate and return on newly invested capital. If both of these indicators are equal, then additional income growth leads neither to increase nor to decrease in value. If the return on newly invested capital is below the required rate of return on equity, then additional income growth leads to a decrease in the value of the company. In this case, the company does not need to reinvest the profits earned, but rather pay it in full to shareholders as dividends.

In practice, consistent value creation requires disciplined choices that focus on three main areas: competitive advantage, return on capital, and growth.

Consistency is important: without an advantage or with a negative return, growth destroys value.

So, when it comes to value management, it should be borne in mind that we are talking about the management of a system of value factors. In large companies, such a system can include many factors, the management of which requires high costs. Therefore, the priority is to identify the key, most significant factors that should be the main focus of value management efforts.

The key cost factors (value drivers) are the 20% of factors that, according to the well-known Pareto principle, determine 80% of a company's value.

Cost drivers are present in all elements of the company - the corporation as a whole, business units, business processes, functional units, regional branches, projects, etc. KFV are internal and external (relative to the company), financial and non-financial, quantitative and qualitative, etc.

Financial drivers are, for example, sales in monetary terms or the amount of receivables. Non-financial quantitative - the daily volume of production in kind. An example of a quality driver is the degree of customer satisfaction with the level of service in the company. External KFV can be the volume of demand of a target market (in kind or in monetary terms) in the products of the category that produces or sells

company.

The fundamental advantage of the value driver system over any other system of indicators used in business management is that cost models can be used to assess the impact of any factor - financial and non-financial, quantitative and qualitative - on value creation in a company with accuracy, enough to put

financial tasks for operational managers, as well as to control and stimulate the maximum financial efficiency of operational activities. Cost factors can be divided into several levels:

• general factors - first of all, return on invested capital;

• indicators of operating profit and the amount of invested capital;

• factors that determine the company's profit (income and expenses);

directions of capital investment (different types of assets);

• level of specific factors (customer base, resource efficiency, etc.)

• the level of operational factors (prices for certain types of resources, payment policy, availability of suppliers, shortage of resources, cost of repair of fixed assets, etc.).

It is necessary to determine the degree of influence of each factor on the value of the company (factor analysis). It makes sense to test the system of factors on the basis of both normal current activities and possible critical situations such as price wars, shortages of raw materials, negative changes in legislation, etc.

In the mid-1980s, after the work of A. Rappaport (1983, 1986), the main task and objective function of financial management was to maximize the value of the company, which began the independent development of cost-oriented approaches to management and led to the emergence of management-oriented Value - Based Management (VBM).

He proposed to identify seven factors that are key to creating shareholder value:

1) Sales growth.

2) Profitability ratio of operating profit.

3) Tax rate.

4) Investment in fixed assets.

5) Investments in working capital.

6) Horizon planning / forecasting period.

7) The required rate of return.

Some researchers have studied elements of Rappaport's shareholder valuation model in the context of influencing corporate responsibility policy factors. The focus was on finding evidence that corporate responsibility strategies can be linked to identifying value-added factors and enhancing their effectiveness in improving the end result. In their empirical research, researchers have established a link between corporate responsibility and influencing factors, in particular, the relationship between corporate social responsibility initiatives and sales growth, corporate image and reputation has been studied and established [17]. The measures developed by the corporation within the framework of corporate responsibility can have a positive impact on the factors of creating shareholder value, which will lead to its maximization. Simultaneously, Improving the financial performance of the corporation will have a positive impact on its ability to take initiatives on corporate responsibility. Ultimately, this state of affairs will lead to improved corporate performance - financial, social and environmental.

2.2. Key Performance Indicators (KRI).

For the practical implementation of the business management system based on KFV

a system of target efficiency standards (systems of indicators) is being developed and

corporate standards. Target efficiency standards are specific

KFV values set in the form of planned tasks of the company as a whole, business units, functional units, regional branches, but, ultimately

as a result, individual employees of the company (because of a specific job

performed by very specific people).

A. Damodaran recommends as key integrated indicators

use the return on invested capital and the reinvestment ratio.

This approach allows you to take into account the company's development prospects and interests

shareholders. First, the return on invested capital reflects the return on

invested funds and determines the profit that the company will receive in the future

while maintaining the current level of efficiency of asset use. Second,

the reinvestment ratio allows you to take into account the share of profits that will be

aimed at new investments in the future to ensure further profit growth. Thus, the firm cannot expect growth profit from sales without reinvesting part of this profit in working capital

capital and net capital expenditures; and the net capital expenditures that the firm needs

to maintain a given growth rate, must be inversely proportional efficiency of its investments.

Factor models of return on equity are also widely known (ROE), developed by DuPont.

In the 70s and 80s, a number of corresponding indicators were developed the most important requirement of a market economy - to improve the welfare of shareholders, and hence the capitalization. The most famous and widespread of them is the indicator Net Earnings per Share (EPS) and Price to Earnings (P / E).

Currently, the calculation of EPS is mandatory for joint stock companies, and its importance should be reflected in public reporting (Reports on financial results f. №2).

The development of the concept of cash flow has led to the creation of a whole group

indicators. They are most often used for business evaluation and management purposes

two of them: "Cash flow for all capital" and "Cash flow for equity capital ".

Cash flow for total capital = Cash inflow – Outflow cash = [Revenue in the base period * (1+ revenue growth rate) *Profitability of sales * (1 - tax rate)] - net capital investment-increase in net working capital Cash flow for equity includes another parameter - debt, which is deducted from the adjusted revenue of the base period. Net capital investment + increase in net working capital =

increase in invested capital. In the mid-80's, Stern Stewart Management Services developed

EVA indicator based on the traditional concept of accounting residual income RI. A little later, McKinsey offered in essence a similar method of economic profit EP.

According to the EVA concept, the value of a business is the book value value increased by the current value of future value added. Developer of this model Stern Stewart proved the existence of a correlation between the value of the indicator EVA and market value, having studied this ratio at 618 American companies (1990).

EVA calculation is based on two methods:

$$EVA = NOPAT - WACC \times C, \quad (5)$$

where NOPAT (Net Operating Profits After Taxes) - profit after payment taxes;

WACC - weighted average cost of capital;

C - invested capital.

$$EVA = (ROI - WACC) \times C, \quad (6)$$

where ROI (Return on Investment) - return on invested capital.

EVA is also an indicator of the quality of management decisions: constant positive

the value of this indicator indicates an increase in the value of the company, while

negative - about its reduction. Increasing the value of EVA by affecting factors involved in the model, the manager increases the value of the company.

In this case, increasing the value of the business is possible:

1. By increasing sales revenue and reducing the value costs. This can be achieved in different ways - through cost management (cost leadership strategy), increase the efficiency of business processes

through reengineering, business portfolio management, etc. (strategy differentiation), reduction of unprofitable productions, etc.

2. By expanding, and investing in investment projects, whose profitability exceeds the cost of capital involved in the implementation of such project.

3. By increasing the efficiency of asset management – sales non-core, unprofitable assets, reduction of receivables debts, stocks, etc.

4. By managing the capital structure, leading to a decline weighted average cost of capital, and, consequently, to increase the value of the company.

EVA is the most common indicator for assessing the creation process business value. The reason for this is that this figure is relatively easy is calculated and also allows you to evaluate the performance of both enterprises in as a whole and individual units. However, the simplicity of calculating the indicator itself EVA is associated with difficulties in making significant amendments regarding the components of the model.

The most significant adjustments to profits and capital when calculating the value of a business based on the EVA model are:

- The cost of some intangible assets (eg R&D) that provide future benefits; when calculating EVA should be capitalized, not written off. Thus, the amount of capital should be adjusted for the amount of capitalized intangible assets less accumulated amortization.

The value of depreciation of the analyzed period should be adjusted to the value of NOPAT. The total amount of deferred taxes is added to the amount of capital. To calculate the value of NOPAT, the increase in the amount of deferred taxes for the analyzed period is also added to the amount of profit.

When calculating EVA, it is necessary to measure the income generated by the funds invested in the enterprise. For this reason, when calculating the amount of capital added accumulated goodwill.

EVA has its drawbacks. First of all, its value is significantly affected by the initial assessment of invested capital: if it is understated, it is added the cost is high and vice versa. This reduces the objectivity of the calculation results. Except in addition, adjustments to the carrying amount of invested capital are made additional subjectivity in assessing the value of the business, as it does not reflect real market situation.

A significant disadvantage of the model is also that the main part added value when applying the proposed formulas account for post-forecast period. To reduce the impact of this negative factor on in practice, it is not the absolute value of EVA that is used, but the annual increments of this

an indicator that complicates the interpretation of their results and reduces the analytical value

models.

According to researchers, Market Value Added (MVA) - as well obvious criterion of value creation. In terms of corporate theory MVA Finance reflects the discounted value of all present and future investment.

MVA = Market Capitalization (market value of share capital) + Debt market value - Total invested capital (book value).

The value of a business is defined as the difference between the market value of all capital companies and total invested capital.

Within this model, the assessment of the effectiveness of cost management is based in the following positions:

- If market capitalization / invested capital> 1, ie MVA positive, the market evaluates business as a business that increases value (business has positive market rating and investment in it is profitable), - If ROIC / WACC> 1, then the business also creates value and is profitable for

investment.

It should be borne in mind that the balance sheet valuation of total capital should be amendments have been made to eliminate distortions caused by accounting methods and accounting principles.

Return on Invested Capital - net operating income divided by volume of investments.

However, the assessment of the effectiveness of the business, focused only on this model is fraught with danger: it is possible that management will accept decisions that will have a short-term effect on the share price, but destroy value in the long run (for example, programs reduction of costs due to large-scale reduction of the R&D budget).

Some researchers conceptually attribute the MVA model to evaluation methods and value management, based on the concept of EVA, and treat MVA as modification (form) of the EVA model.

The connection between the considered indicators really exists.

For example, the market value, expressed in MVA, is essentially the discounted amount of all future EVAs.

Shareholder Value Added (SVA) - shareholder value added in Alfred Rappaport's work is defined as an increase between two indicators -

the value of share capital after an operation and the value of the same capital before this operation. A. Rappaport developed a model that describes the change in value company and takes into account changes in the period of competitive advantage, the current level sales, income tax rates, working capital investment, net capital investment, weighted average cost of capital.

In the modern financial approach, something else is often used interpretation of this model: SVA is the increment between the calculated value share capital (for example, by the method of discounted cash flows) and book value of share capital.

These indicators are embedded in his proposed calculation of the criterion that characterizes the change in the value of the company - value added (SVA).

The main disadvantage of this model is the complexity of calculations and complexity, related to forecasting financial flows.

Cash Flow Return on Investment (CFROI) is the return on cash flow for investment.

Under this model, the cash flow return on investment (CFROI) determined according to the formula:

CFROI = Adjusted cashin inflows at current prices /adjusted cash outflows at current prices.

The CFROI calculation includes the following steps:

1. Identification of cash inflows during the economic life assets. This term is calculated as the ratio of total value assets before depreciation.

2. Calculation of the value of total assets, which will act as cash outflow.

3. Adjustment of both outflows and inflows by the inflation rate, ie bringing them to current prices.

4. Making a number of adjustments to the estimated values for leveling distortions caused by different reporting systems. (For example, for calculation of cash inflows net income is adjusted by the amount depreciation, interest on borrowed capital, payments under contracts

leasing, etc. The carrying amount of assets is adjusted by the amount accumulated depreciation, the value of property received under contracts leasing, etc.)

5. Calculation of CFROI according to the formula.

If the CFROI exceeds the average level required by investors profitability, the business creates value; conversely, if the CFROI is lower required profitability, the value of the business will decline.

The advantage of the CFROI indicator is the accounting of generated cash flows business, as well as accounting for inflation (because as cash flows, which generated by existing and future assets and initial investment expressed in current prices). One of the main disadvantages of the model is that the result is expressed not in the amount of value created (or destroyed), but in the form

relative indicator, so for some non-financial managers interpretation this indicator may not be as clear as, for example, EVA. Except in addition, the calculation of the CFROI is quite difficult because it is necessary identify all cash flows that are generated by both existing and

future assets. The indicator (CVA, RCF) is used as a return on investment capital cash flows and takes into account (as opposed to CFROI) explicitly in the form of costs for raising and servicing capital from various sources (weighted average cost of capital). The CVA (RCF) calculation is performed accordingly to the formula:

RCF = AOCF - WACC * TA, where RCF- Residual Cash Flow - monetary value added;

AOCF (Adjusted Operating Cash Flows) - adjusted operating cash flow;

WACC - weighted average cost of capital;

TA - total adjusted assets (adjustments made in the calculation these values are similar to those considered in the analysis of the concept of EVA).

The owner of the company should keep in mind that such a multi-level system demonstrates the dependence of higher level factors on higher factors low level and shows how the value indicator is related to the current activities. For example, improving business processes can lead to

reducing the company's current costs. This contributes to the growth of operating profit

and increase the profitability of all activities and invested capital.

2.3. Building a system of key performance indicators of the organization.

In order for the implementation of key performance indicators of the organization to be the most competent, it is important to carry out this process consistently and implement the following stages.

Step 1. Approve the main performance indicators of the company The management of the enterprise together with the chief accountant must determine which performance indicators of a particular firm (departments, employees) are the most significant and characterize its effectiveness.

How to design and implement a KPI system If a certain indicator reflects a direct relationship with the company's performance, it can be safely entered into the KPI system.

Most often, the key performance indicators include:

sales volume in value terms;

sales volume in physical terms;

the volume of sales of additional goods and services in value terms;

the volume of sales of additional goods and services in kind;

traffic (number of visitors, requests, calls, orders, etc.);

sales revenue;

income from consultations;

number of attracted clients;

assessment of the level of service;

average check.

Work efficiency

Work efficiency

We increase the efficiency of employees

More details

You do not need to enter many coefficients in the KPI system. This will not make it more efficient, but only complicate the work of staff and increase costs.

Step 2. To form a matrix of indicators of the KPI system

When the main indicators of KPI are approved, it is necessary to correlate them with indicators of efficiency of activity of employees of firm.

That is, you need to determine the values of these coefficients, which will be a guide for mployees at work.

This is a planning process where normative values are set, usually for several time periods, such as month, quarter and year.

To form a matrix of KPI system indicators

Any other time intervals can be set for a particular firm, if this will help to achieve the goals more effectively.

The planned values of indicators must be rationally justified.

It is important to strike a balance between reality and the desire to move forward, because too high demands simply demotivate employees, and they will not make efforts to improve the efficiency of the organization.

Vendors can be involved in the process of planning KPIs, as they can adequately assess the reality of the goals.

Companies that produce goods for other companies usually use other KPIs:

traffic (number of orders / requests / calls);

income from appeals (orders / requests / calls);

income of one employee (department);

profit per employee (department);

number of new customers;

share of regular customers.

The following key performance indicators are common in enterprises that manufacture end-user products:

revenue in value and in kind;

quality of service (assessed based on surveys and secret purchases);

compliance of processes at the enterprise with the planned stages;

average check;

income from consultations / appeals;

hour of consideration of claims.

The indicators mentioned above can be used in both B2B and B2C. The KPI system usually contains coefficients that serve to assess the performance of the enterprise as a whole, individual departments and employees. They consist of a matrix of indicators.

Step 3. Develop a system of employee motivation

In order for the staff of the organization to be more effective, it is important to motivate them to work productively.

To do this, make an incentive program, which usually includes tangible and intangible elements of incentives.

In addition to the usual program of bonuses and bonuses, you can introduce rewarding employees with special diplomas, for example, for the best work for the month, or offer free corporate training and recreation.

To make the process of motivation interesting, it can be organized in the form of a game.

Large Western companies are developing entire mobile applications, where the achievements of each employee are recorded online.

This increases the interest in the work and maintains a healthy spirit of competition within the team.

Other methods of stimulating and encouraging employees are the following:

Providing additional social guarantees, insurance, benefits.

Providing discounts on goods.

Invite the best employees to participate in company management meetings to address important issues.

Providing additional days off and paid leave.

Providing children with the best employees vouchers to health camps and sanatoriums.

Organization of foreign corporate trips and business trips.

Such methods not only increase the efficiency of the company's staff, but create a favorable atmosphere within the team, as well as increase the loyalty of employees.

It is also possible to use modern technologies, such as creating a group in messengers, where the head of the department will discuss the details of the new KPI system directly with subordinates.

Publishing the results of employees' work in a corporate magazine or social network page is also a great way for management to interact with staff.

Step 5. Use

For the heads of the company's departments it is necessary to develop and issue a document that would regulate all key performance indicators and scales for their evaluation.

You can also form a focus group of 2-3 employees and use their example to test the new KPI system, its efficiency and rationality.

How to manage employees1

How to manage employees

Building a personnel management system, we achieve a high level of work.

More details

At the stage of testing the system of key performance indicators, you can make adjustments to it, which will reduce the cost of its use and increase efficiency.

Step 6. Calculation

When the KPIs are approved, what target values are calculated, it is important to make a table, which will regularly record the results of the analysis of the firm.

It is also important to enter indicators for each individual employee in the report card.

It is convenient to use the standard Microsoft Office Excel package for automated calculation of KPI indicators. In cells, you can configure formulas for quick analysis. In the center D4 the formula of calculation of the KPI indicator is written down: = C4 / B4 * 100%. Then the cell is copied, ie "stretched" (in our case - to the cell D8). Thus, we need to enter the formula we need in cells D4: D8. Then change the formula in cell D4, bringing it to look like: = C4 / B $ 4 $ * 100%. Next, you need to select cell D4, copy it with the key combination Ctrl + C and paste into cells F4, H4, J4, etc. Ctrl + V. Then in each cell the formula will have the form we need: constants will remain, and the changing parameters will be taken each time new.

Next, in each of the cells F4, H4, J4, L4 remove the constant signs from the formula and drag the cells down to the end of the list of KPIs. To calculate the overall efficiency of employees in cell D9, enter the formula: = SRZNACH (D4: D8), which corresponds to the number of KPIs used by us. Duplicate cell D9 in cells F9, H9, J9 and so on by pressing Ctrl + C, Ctrl + V.

Thus, a report card is formed in electronic form, which will be automatically filled in only when entering the original data for the calculation. This is a table with performance indicators of each employee.

Step 7. Control

Once the new KPI system is successfully implemented, it is important not to leave it unattended.

It is necessary to regularly monitor whether the calculation and analysis of key performance indicators is carried out in order for the system to work to improve the company's performance.

It is important to monitor the achievement of targets at least once a month, but it is possible more often. Evaluation of the effectiveness of the development and implementation of the KPI system can be carried out according to the algorithm described above. If there is a situation when the majority of employees of the organization do not reach the planned values of KPI indicators, it is necessary to find out the reason of these deviations. It is possible that either the standards are too high and the requirements are inadequate, or employees do not make efforts to achieve them.

Both situations require an adjustment of the new system of key performance indicators.

The most relevant is the use of the concept of KPI Art. business process management: KPIs are measures of efficiency, effectiveness, productivity of business processes.

The following types of key indicators are distinguished:

KPI of the result - how much and what result was done;

Cost KPI - how many resources were spent;

KPI of functioning - indicators of performance of business processes (allows to estimate conformity of process to necessary algorithm of its performance);

KPI performance - derived indicators that characterize the relationship between the result obtained and the hour spent on its receipt;

Efficiency KPIs (performance indicators) are derived indicators that characterize the ratio of the resulting result of resource costs. The following rules must be followed when developing process indicators:

The set of indicators should contain the minimum necessary to ensure full management of the business process;

Each indicator must be measurable;

The cost of measuring an indicator should exceed the management effect of using this indicator.

Identify the process and its outcome.

Example,

The process of "Logistics" - the result of "Dividing inventory".

Identify inputs-resources (resources that are processed in one process cycle) and inputs-mechanisms (resources that provide multiple processes - equipment, personnel).

Example,

Inputs-resources of the Process "Logistics":

Applications for the supply of inventory;

Inventory (goods and materials) - raw materials and supplies that must be provided in accordance with the procurement plan or purchase orders;

Information on the availability and value of goods on the market. Inputs-mechanisms of the analyzed process:

Equipment of workplaces of employees of the supply department;

Employees of the supply department.

Identify management inputs (rules and requirements for the process)

For example, the analyzed process can be regulated:

"Instructions for acceptance and storage of raw materials, semi-finished products and materials in the warehouse";

"Methods of supplier selection";

"Rules for concluding a contract for the supply of raw materials";

"Procurement Plan".

Knowing the result to be obtained, it is necessary to quantify it - to form indicators of the result. They can be both simple and calculated (by formula or otherwise).

Example:

KPI 1 - the number of applications for goods and materials (inventory), completed on time.

KPI 2 -% of applications for goods and materials completed on time.

KPI 2 = KPI 1 / Z x 100%,

Where Z is the total number of submitted applications for the supply of goods and materials.

KPI 3 -% of goods of good quality received in production.

KPI 3 = A / B x 100%

Where A is the quantity of goods of good quality received in production,

B - the total number of goods that went into production.

Taking into account the inputs of the process, you can generate cost indicators.

Example:

KPI 4 - Costs of purchasing goods (resource costs).

As a result of the mechanisms of the process, it is possible to generate additional cost indicators.

Example:

KPI 5 - Operating costs (personnel and equipment costs).

The correctness of the process, in addition to indicators of costs for the implementation of activities, also reflect the performance indicators.

Example:

KPI 6 - Number of delays in submitting the draft budget to the financial management for the year.

Performance indicators are calculated as the ratio of the time obtained.

Example:

KPI 7 performance can be the average number of orders processed by the supply department per day.

KPI 7 = C / r

Where C - Number of processed applications per month,

r - Number of working days per month.

The calculation of key performance indicators is based on pre-allocated result KPIs and cost KPIs. Performance indicators thus act as integral characteristics of activity.

Example:

An indicator of the efficiency of production KPI 8 can be considered the cost of one application. This indicator is calculated by the following formula:

KPI 8 = KPI 5 / KPI 1

Where KPI 1 - Number of applications for goods and materials completed on time,

KPI 5 - Operating costs.

According to this principle (the ratio of costs to the result obtained) can be calculated as indicators of production efficiency and indicators of project efficiency

The most relevant is the use of the concept of KPI Art. business process management: KPIs are measures of efficiency, effectiveness, productivity of business processes.

The following types of key indicators are distinguished:

KPI of the result - how much and what result was done;

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The following rules must be followed when developing process indicators:

The set of indicators should contain the minimum necessary to ensure full management of the business process;

Each indicator must be measurable;

The cost of measuring an indicator should exceed the management effect of using this indicator.

4.2. Formation of wood drivers of enterprise value.

The essence of this tool is to break down the components of a target parameter selected as the main criterion for a business, individual project or unit in the context of company value management. We will call this target parameter the "target indicator".

"Intermediate indicators" we will call the parameters into which the target indicator is decomposed, but which are not the final link in the SFS. The list of parameters into which intermediate indicators will be broken down (ie the final link of the SFS) we will call "cost factors".

One of the simplest and purely formal examples of building the SFS can be the idea of return on investment capital (ROIC - return on investment capital) as a ratio to the amount of invested capital of the amount of profit, which in turn can be the difference between turnover and costs. Further, in the case of a simplified single-product company, its turnover can be represented as the product of sales in physical units and the price of goods in monetary units Of course, it should be emphasized at once: this example is formal because, in fact, it does not meet the requirements of

competent construction of the SFS, which will be discussed below, but only illustrates the basic principle of building a tree as one way to graphically represent arithmetic relationships. between parameters. Along with quantitative (usually arithmetic, less often - functional) relationships between indicators, qualitative relationships are also possible. In this case, an important role is played by the "strength" of the influence of a factor on the target, ie the share of this factor among other factors that simultaneously affect the same parameter.

The figure above illustrates the above main definitions, which we will use in our following presentation:

The target indicator (CI) in this case is the return on investment (ROIC). The choice of the target indicator depends on the choice of a cost management concept (see section 1.2). If the VPM is based on the concept of Rappaport, the target indicator may be the amount of capitalization; in the case of the Stern-Stewart concept, the target indicator may be economic value added (EVA); When applying the concept of the Boston Advisory Group, CFROI or related indicators may be used as a target indicator.

Intermediate indicators (PI) of the figure above are profit and turnover, as they are involved in detailing the target indicator, but are its final step, decomposing, in turn, other parameters.

The cost factors (FS) in the SFS shown in the figure above should be considered the "closing" tree parameters: invested capital, costs, sales and price, as these parameters in this case are not further decomposed into any other.

One of the most important practical problems in building the SFS is the sensitivity of the final factors of the cost of managerial influences. On the one hand, factors such as the amount of capital invested and the price are subject to direct management influence: both parameters can simply be "assigned from above". On the other hand, it is clear that a simple reduction in invested capital will not automatically increase the ROIC target, as it may also lead to a simultaneous reduction in sales due to lower production or reduced advertising costs, which in turn will reduce the volume. profit. The same is true of pricing. A change in this factor will also cause a change in the "sales volume" factor, and in the opposite direction (according to the law of demand).

Thus, the very idea of well-known arithmetic relationships between economic indicators of the enterprise in the form of the SFS does not provide any additional opportunities for diagnosing problems or for making management decisions. At the same time, a well-composed tree of value factors is a powerful and versatile tool in diagnosing the effectiveness of business processes and management.

The key difference between a properly compiled SFS and a trivial copying of economic formulas from textbooks and reference books is that the former is based on real practical know-how, and the latter is, at best, knowledge of theoretical methods.

EVA-concept is a concept that interprets the concept of profit in economic, not in the accounting sense of the word, ie, taking into account opportunity costs, the estimated level of which depends on the expectations of the shareholder. Thus, EVA is the product of the amount of invested (invested) capital by the difference between the rate of return on invested capital and the price of capital.

$$\mathbf{EVA} = \left(\frac{\mathbf{NOPLAT}_t}{\textbf{инв. капитал}_t} - k_{GK,t} \right) \times \textbf{инвестированный капитал}$$

NOPLAT - Net Operating Profit Loses After Taxes (net operating profit after taxes), is calculated as the company's annual financial result after taxes and before the cost of financial activities. When

calculating the cost of financial activities, all creditors are considered homogeneously, regardless of whether it is interest payments on borrowed funds or the "virtual" (estimated) price of equity. This eliminates the tax advantage on debt capital (tax premium), which arises in practice due to the inclusion of interest payments in the cost (ie reduction of taxable income by this amount).

The price of capital, as in the concept of Rappaport, is defined as the weighted average cost of equity and debt capital. To estimate the cost of equity, it is customary to use (as in the concept of Rappaport) the CAPM model.

According to the EVA concept, the value of a company increases if the EVA indicator becomes positive, ie when the expected return on capital is higher than the average cost of capital.

Economic profit is an important indicator because it combines the size of the company and the return on invested capital. Most companies pay attention to only one factor, most often size. But if the company is large, its invested capital is significant in size, and the return on investment is lower than the cost of capital, then such a strategy can lead to the destruction of value. Economic profit allows you to analyze the business, but it does not reflect the value of the company, because the value of the company reflects the expectations of investors and shareholders, and economic profit shows the current situation.

Lecture 3. The concept of enterprise value management (VBM).

3.1. Structural and logical sequence process management cost enterprises and characteristics of individuals him stages .

3.2. The concept of efficiency of enterprise value management.

3.3. Methodical approaches to assessing the effectiveness of enterprise value management.

3.4. The system of models that characterize the processes of formation and value of the efficiency of enterprise management: the model of economic added value of B. Stewart - EVA (Economic Value Added); market value added model - MVA (Market Value Added); value added model for shareholders A. Rappaport - SVA (Shareholder Value Added); cash flow model - return on invested capital - CVA (Cash Value Added) and CFROI (Cash Flow Return on Investment) and others.

3.1. Structural and logical sequence process management cost enterprises and characteristics of individuals him stages .

Magnification value enterprises meets interests many subjects economic activities , including the state, since growth market capitalization companies have a positive effect on the image the state as a whole . Owners , investors and managers _ there are completely different goals and priorities in management company . On many Ukrainian enterprises are usually absent managers that _ possess skills strategic growth - oriented management _ value companies . At the same time, owners and investors regularly demand from higher leadership simple at first glance information - how much it currently costs fraction their invested capital , and what is its forecast changes can give managers enterprises .

The strategic investor is interested, first of all, in the attractiveness of the enterprise in terms of its level of profitability (which should exceed the barrier rate of return of the investor) and the level of investment risk of the enterprise in comparison with others.

Cost -oriented enterprise management is a consistent process of implementation in the business processes of the financial model of analysis based on the principle of economic added value and building on its basis and with its help strategic and operational management decisions of enterprise management.

The enterprise competitiveness management system is a specific multifunctional system consisting of a set of interconnected blocks:

Block 1. Rationale for the choice of enterprise strategy should be based on a matrix of general competition strategies, taking into account the competitive advantages created by the enterprise (including cost advantage, differentiation and focus). It also makes sense to use the basic competition strategies modified by I. Ansoff: cost reduction, product differentiation, market segmentation, innovation, rapid response to market needs, ensuring the competitiveness of the enterprise.

Block 2. Achieving a synergistic effect in the system of competitiveness management, which arises as a result of: radical restructuring of the organizational and economic structure of management; creation of productive centers of profit and responsibility for the results of activities; introduction of entrepreneurial type of internal management of the enterprise; providing an integrated approach to the reorganization of the system and structure of internal management of the enterprise; improving organizational forms and methods of marketing research.

Block 3. Reforming the personnel management system and work motivation based on increasing the objectivity of performance appraisal; creation of conditions for creative work, development of an effective system of recognition of labor merits, introduction of non-traditional methods of stimulation and payment of work; improving the mechanism of motivation and responsibility for ensuring competitiveness; reorganization of the system of training and retraining taking into account the requirements of strategic management; ensuring employee participation in management decisions.

Block 4. Integrated approach to improving the quality and competitiveness of products, which includes: technical re-equipment and modernization of production, implementation of advanced technological processes; development of an effective strategy of foreign economic activity, export orientation of commodity policy; development of cooperation on mutually beneficial terms with leading Western companies; development and implementation of a comprehensive quality management system; intensification of investment and innovation activities.

Block 5. The system of activity planning according to the diversification approach envisages: implementation of the policy of diversification of the main products taking into account the dynamics of changes in market conditions; developing and ensuring the relationship of long-term, annual and operational plans for sales and profits; use of long-term business planning as a tool for creating long-term competitive advantages.

Block 6. Forecasting the level of competitiveness of the enterprise using modern methods.

Block 7. Improving the internal financial management of the enterprise, which allows information support of the company's management with financial statements for internal control and sound management decisions to improve quality and competitiveness.

Block 8. Information support of the enterprise management system, the formation of which requires: development of a comprehensive integrated management system to solve management problems, the introduction of advanced information technology and communications;

development of a computer system for product quality management; creation of a single integrated system of planning, rationing and cost accounting; technical support of the internal management information system.

The process of managing the value of the enterprise in general includes three main ones

stages: assessment of the value of the enterprise, analysis factors influencing the value of the entity, developing ways to increase the value of the enterprise.

At the first stage the assessment is carried out the value of the enterprise. Under cost estimation

enterprise property should be understood by definition (forecasting) the value of the property on a certain date in accordance with the goal and according to the procedure established by law acts of property valuation.

The need to assess the value of the enterprise occurs mainly:

- during the investment analysis in progress

decision-making on the expediency of investing funds in a particular enterprise, including during M&A operations and accession);

- during the reorganization of the enterprise;

- in case of bankruptcy and liquidation of the enterprise;

in the case of sale of the enterprise as a whole

property complex;

- in the case of collateral and when determining the creditworthiness of the enterprise;

- in the process of remediation audit during

determination of remediation capacity.

Thus, the assessment of the value of the enterprise using a profitable approach is based on

determining the present value of the expected

benefits (income, cash flow) from the ownership of corporate rights of the enterprise. The approach is based on the thesis that the goal

investing capital in the purchase of the enterprise is primarily to obtain stable

income. This approach distinguishes two main methods: cash flow discounting (cash-flow discounting) and

determining the capitalized value of income.

The cost approach is based on definition

the necessary costs for the reproduction or replacement of the object of evaluation, taking into account the value

its wear. The main methods of consumables

The approach is net asset and liquidation methods

value.

As for the market approach, it is

the essence is to calculate the value of the enterprise based on the results of its comparison

with other business analogues. Within the market approach by common methods

there are: comparison of multipliers; comparison

sales (transactions).

Priority for the use of or another approach is due to the objectives of assessing the value of the enterprise, the capabilities of the information base, the peculiarities of market relations and

other macro - and microeconomic factors.

determine the market value of the enterprise.

An important step in managing the value of the enterprise is the analysis of influencing factors

at the cost of the enterprise. Recently Globalization has become very important - an economic factor that has a significant impact on the market value of the enterprise in the process of merger, acquisition or acquisition.

Political - factors that influence political views and find expression in the activities and decisions of local authorities power and government. Political factors include: the level of political stability in society; direction of development of the political system;

vector of international state policy; level public support for the development program

states; international agreements and commitments that concerning business and production, etc.

To the regulatory legal factors activities of economic entities, belong various legislative acts, resolutions, regulations documents. In today's world there is a trend of market globalization. This means that they are erased borders between businesses in different countries, developing multinational corporations, everything international economic influence is greater and political organizations. To world factors, that determine the development of international business include: lower running costs business abroad, the desire to escape from trade restrictions within the country, as well as investment and production opportunities of other countries.

Competition is a reflective factor advantages of this enterprise in relation

to other enterprises in the industry within countries and beyond (activity of competitors, demand, etc.).

Any business operates in at least one cultural environment, therefore socio-cultural factors, especially life values, traditions, educational level, social security, criminalization of society, affect the activities of the business entity.

The system of internal factors that affect the value of the enterprise include internal variables that determine the processes of its activities.

3.2. The concept of efficiency of enterprise value management.

Investment activity creates one of the sources for the company formation of cash flow, which, in turn, forms the value of the enterprise. Unfortunately, today domestic enterprises are experiencing a lack of investment resources, which raises the problem of finding the best approach to determining the effectiveness of investment activities.

The efficiency of each enterprise is determined primarily by the intensification of investment activities. The main motive for the latter is to obtain added value provided by the investment of investment resources. Fulfillment of this condition is especially important if the company operates in a competitive market environment. Due

with this attention, special attention should be paid to research aimed at improving the efficiency of investment management - as a way to maximize the value of the enterprise.

The need to assess the efficiency of capital use, and therefore and investment resources, has expanded its application in economic practice value added indicator (EVA - Economic Value Added). EVA characterizes the economic profit of the organization, ie determines the amount of income received, taking into account the lost profits that arise due to the inability to invest investment resources in an alternative way. Under

EVA indicator means net profit from production activities, reduced by capital costs. Most appropriate as an indicator the effectiveness of investment management of the organization to use the following formula for calculating this indicator:

$EVA \square IK \times (RI - WSK)$,

where IK - investment resources formed from own and borrowed financial sources of the organization;

RI - return on investment in the expanded reproduction of financial resources;

WSK is the weighted average cost of investment funds.

An objective prerequisite for the use of this interpretation of the calculation of value added is the direct accounting of the amount invested

resources in relation to performance indicators of their investment. It is necessary to provide alternative options for determining the feasibility of implementation

investment activities used to assess effectiveness

investment projects.

Net present value (NPV) is the present value of the net cash flows of the project less the initial investment required for its implementation:

The calculation of EVA is performed for each individual period of operation of the entity without taking into account past and forecast future events, based on estimated on the basis of financial statements the amount of capital raised. Thus, with the help of this indicator it is much easier to conduct a comparative analysis of targets investment project with actually achieved.

For a long time, the methods of measuring the efficiency of investment activities of enterprises were relatively simple, as it was assumed that their desire to maximize profits simplifies measuring efficiency. The emergence of a balanced system of indicators and other modern

concepts has signaled how complex and time-consuming the process of measuring effectiveness is. Evolution of efficiency indicators due to the transition from operational management to cost - oriented, expanding the perspective of financial managers and economists.

In this regard, it seems possible and appropriate to group the proposed in the modern economic literature methods of evaluating the effectiveness of investment activities in methodological approaches.

Today, most companies use traditional indicators to assess the effectiveness of investment activities - such as: profit, marginal revenue, sales, total value income, etc. However, they do not give a comprehensive picture of the cost enterprises. In modern conditions it is quite difficult to assess and justify the effectiveness of management decisions made in the course of investment activities. First, the implementation of many investments projects are carried out without due regard for the laws of the market economy; secondly, many companies do not have an investment management system.

In general, it can be noted that determining the effectiveness of investment management is most appropriate to take into account the calculation the level of value added received by enterprises from the implementation of investment programs and projects. The main advantages of this method are possible include: the ability to assess the value added provided by investment; combination of elements of cost and cost approaches; possibility to take into account investment risks; improving the accuracy of the results strategic analysis, choice of development strategy, implementation of investment planning and forecasting; opportunity not only to take into account but also to predict the volume of cash flows. Deciding on investing, the investor determines which company to choose for investment.

Funds are received by the more attractive object of investment. Thus, the primary task, which determines the success of this competition, is to maximize investment attractiveness. The first step in solving this problem will be to determine the actual level of investment attractiveness of an object.

That is, there is a need for a qualified assessment of multilevel investment attractiveness: international, domestic (sectoral, intersectoral, intra-industry, specific enterprise, project).

It is at this step that managers face difficulties because it is quite difficult to fully assess the level of investment attractiveness.

Investor

Capital decisions

investment in the enterprise

Enterprise Enterprise Enterprise Enterprise

Assessing the level of investment

attractiveness of each of the enterprises

Deciding on the most

promising object of capital investment

Project development

use of investments

Approval of the investment project

This issue is regulated by legislation, but the approved methodology is somewhat complicated, and the calculation of the integrated indicator is extremely time consuming. The investment process involves the implementation of subject -object relations regarding generation, redistribution and consumption capital. Both the subject and the object of investment can be the customer of the investment attractiveness assessment. Each of them cares about their goals aimed at the realization of redistribution and consumption of capital, ie investment. Therefore, there is a problem of the reality of the results assessment of investment attractiveness (hereinafter - FE). The results of the assessment of the level of individual entrepreneurs must be as objective and independent as possible from the interests of evaluation. Therefore, the goals of investors and business leaders should not affect the results of calculations.

There are many classifications of these factors, as well as opinions about them what factors affect investment attractiveness. Allocate the following groups of factors influencing the level of investment attractiveness:

factors of direct impact - financial and economic: marketing, effective pricing management, improving product quality (goods, works, services);

Objectives of assessing the level of individual entrepreneurs for the investment entity Assessment of the condition and potential of the object Development of investment options,

taking into account the characteristics of the FE object Use of released and surplus resources

in order to obtain future benefits - financial income and social effect

three groups of factors of indirect influence: social, informational and ecological.

The financial and economic factors include marketing, as the promotion of a wide range of services through appropriate advertising policies, competent access and retention in different market segments etc. allow the company to significantly improve all indicators of its activities. Another important factor is to increase the efficiency of pricing management in the enterprise. It is related to the previous factor, because it is the marketing department that has to research the segments market in which the company operates. The main factor influencing the competitiveness of the enterprise is the increase quality of services. This requirement applies not only to improving the quality of the provided services, but also compliance with their international quality standards, which, in its own way turn, allows you to enter international markets.

The influence of social factors can be traced during the calculation investment attractiveness rating. These include: use effective models of stimulating high performance, progressive forms of payment and incentives, incentive systems and compensation payments, the totality of which improves the financial and economic performance of the enterprise.

Among the information factors should be noted the need to integrate individual automated control systems in the enterprise.

Other information components of the formation of investment attractiveness of the enterprise should include the degree of openness of internal information to potential investors, who, in the absence of the necessary data, can immediately assign a potential recipient to the category of objects with high investment risk, ie with low investment attractiveness.

Investment attractiveness (hereinafter - FE) is a set of economic and financial indicators of the entity that determine the ability to obtain maximum profit as a result of the investment

capital with minimal risk of investment.

When assessing investment attractiveness, the investor should pay special attention to economic indicators and risk factors with which he will face most often. Based on this, we can specify the sub '- objective nature of the category "investment attractiveness" - in contrast

category "investment climate". Therefore, the level of investment attractiveness of one investment object may have different values, depending on the goals and objectives of investment. So, among the security factors investment activity is the most important category "investment attractiveness "of the enterprise. Information on investment attractiveness

allows to substantiate managerial decisions in the field of formation of market strategies of business entities, implementation of investment projects of innovative and social orientation .

There are various methods of determining and assessing the investment attractiveness of the enterprise using, for example, only quantitative indicators, as well as methods based on the analysis of only the internal environment of the enterprise. However, combining quantitative and qualitative indicators used to assess the investment attractiveness of the enterprise,

having their own specifics and ultimate goals, exploring the internal and external environment of the enterprise, you can get more a complete and comprehensive picture of the investment attractiveness of the enterprise.

Within the framework of the methodology of complex analysis of investment evaluation

attractiveness of the enterprise analysis of the internal and external environment of the enterprise, using quantitative and qualitative indicators.

Based on the specifics of the enterprise must be identified unique indicators that characterize its internal and external environment. Based on the analysis and evaluation of these indicators and parameters is possible determine the level of investment attractiveness of the enterprise.

Analysis of the internal environment of the enterprise on the basis of quantitative

indicators is made through its financial statements. Estimates the state of the results of financial and economic activities of the company reflect the internal environment of the enterprise.

Considering various methods of determining and evaluating investment attractiveness, it is possible to allocate such sign of their classification, as classification on a spatial sign. Based on this feature, the following species are distinguished investment attractiveness: domestic and inter-farm.

Methods of determining domestic investment attractiveness study and analyze the activities of only the subject business entity, methods of inter-farm investment attractiveness is used to compare investment results attractiveness of two or more subjects. Such methods can determine the positioning of the company among competitors and make recommendations for maximizing the market value of the company through increase its investment attractiveness.

Analysis of the internal environment of the organization on the basis of quantitative

indicators through the study of financial and economic activities determines the value of domestic investment attractiveness, ie examines the activities of the enterprise itself. Results

financial and economic activities of the enterprise can be divided into structural elements and presented as the results of economic and financial activities.

Management of investment attractiveness of the enterprise is carried out

according to the results of its evaluation. The management process is a set of interrelated and interdependent measures aimed at achieving the main goal - to increase and strengthen the economic position of the enterprise in the strategic perspective. Investment attractiveness management is a complex process, as it covers various areas of the enterprise, takes into account the influence of internal and external factors, in order to successfully implement the existing investment opportunities of the entity.

Investment attractiveness management, which contributes to the achievement of set goals, can be considered effective. Among them is necessary highlight: improving the financial condition of the enterprise; optimization of business processes existing at the enterprise in the field of supply, production and product sales; increasing the investment activity of the enterprise;

improving business reputation; identification, development and use of competitive advantages; maximizing the financial return on investment; minimization of investment risk, etc.

The specific objectives of individual entities may be different. However, their implementation should help increase the level of investment attractiveness in the eyes of potential investors

and creditors in order to provide business activities necessary financial resources, ie meet the following conditions:

a) the invested funds must bring the company to a qualitatively different level in terms of production volumes, technologies, product quality, etc .;

b) the invested funds must pay off quickly enough;

c) there are opportunities for further development of the enterprise.

To substantiate the effectiveness of investment attractiveness management, it is necessary that the goals facing the company were formulated in quantitative terms. The specific result obtained

during the implementation of measures of managerial influence, and its compliance with the objectives will be an indicator of management effectiveness. In accordance, investment attractiveness management should be considered as a process that involves the consistent implementation of a number of management functions: planning, organization, control.

In the process of making an investment decision, the investor is comprehensive assesses the investment attractiveness of the enterprise. But its cost too can significantly influence the investment decision. After all, an investor interested in acquiring a property that will be able to make a profit for a long time. In other words, the investor wants to buy cheaper an enterprise that will bring him more profit. Therefore it is necessary determine how you can objectively determine the value of the enterprise. There are three approaches to valuing a business:

profitable; expendable; comparative.

One of the most common approaches to valuing a business is the revenue approach, as it allows the future the investor to understand what income he will be able to get from the object of investment. The investor will never pay for the object more than he can get from its use. Within the income approach there are two methods: direct capitalization and discounting of cash flows.

Direct capitalization involves the process of converting gross cash flow (in the form of the amount of net income and depreciation for the period) into value using the appropriate capitalization rate. Direct capitalization, Approaches to valuation of enterprises, Profitable, Expensive, Comparative, Direct capitalization method, Cash flow discounting method

applies only in cases where cash flows from operating activities are expected to be constant throughout the forecast period. Application of direct capitalization in the case of business valuation or interests in the business, property complexes similar to the business are limited.

Cash flow discounting is applied in cases where projected income in the form of net cash flows from operating activities businesses are different in size or volatile over time forecasting period. Discounting future net cash the flow is calculated for each of the future periods. Such receipts

are translated into value by applying a discount rate that uses present value techniques.

Cost (property) approach is based on the principles of utility:

the potential buyer will not pay for the object more than its total cost of restoration of the object in its current state and current prices. The current condition is calculated using the amount of depreciation. The cost can be presented in the form of a formula Wind . □(Century □C) current prices ,

de Vvitr . - the cost of the object, which is determined by the cost

approach;

Centuries _ - the cost of restoring the object;

C - wear.

The property approach is based on the accumulation of assets of the enterprise, which

valued at market, book or liquidation value. The approach includes the following valuation techniques: net asset accumulation, adjusted book value, according to the expected result from liquidation.

The net assets method is based on determining the value of each of assets and liabilities of the balance sheet. The type of value of each of the assets is determined depending on the nature of the relevant asset.

Valuation at book value is performed provided that the book value of non-current assets tangible and intangible)

is considered reliable. Adjustment of balance sheet items is performed by analogy with the net assets method.

The expected financial result from the liquidation of the property complex is equal to the current market value of individual assets of the complex, less the amount of costs associated with the sale and repayment of liabilities.

The liquidation value of the enterprise is equal to the market value of individual assets, less the amount of costs associated with the liquidation of the enterprise, less all liabilities.

Market (comparative) approach is often used in Ukraine, as it allows to make rather significant adjustments of results of estimation in view of some features of estimation of the enterprise. Because in the process of evaluation it is difficult to find an identical object of sale, the cost

analogues varies by the size of the amendments.

Cf. _ = Vanalog . + P,

where Cf. _ - cost object that _ determined by _ comparative approach ; Vanalog . - cost analogous objects ; P - the size of the amendments.

Each approach has its disadvantages and advantages. Some scholars are of the opinion that it is advisable to choose the method of estimating the value of the enterprise depending on the stage of the life cycle in which it is.

3.3. Methodical approaches to assessing the effectiveness of enterprise value management.

In accordance with current legislation and International Valuation Standards [1-7] to determine

enterprise values use special approaches and calculation methods, taking into account

scope of evaluation. Today in the legislation of Ukraine the following methodical approaches are fixed:

- profitable (profitable);

- expendable (property);

- comparative (market).

Each methodological approach is based on appropriate assessment techniques and uses its specific tool, and emphasizes a certain characteristic of the object. All approaches and methods of estimating the value of the enterprise at the present stage have advantages and disadvantages.

The income approach involves determining the present value of future income based on the principle of direct connection of the value of the enterprise with the value of future income that will arise from the use of property and possible further sale. This approach is usually applied only to for-profit companies. That is, its value is value expected income. The purpose of investing capital in the purchase of the enterprise is primarily obtaining a stable income.

The advantages of the income approach should be considered that it:

- allows you to take into account future expectations, prospects for market development through the rate

discount;

- flexible, universal and adaptive in the analysis;

- allows you to take into account future income;

- allows you to assess the future potential of the enterprise;

- easy to calculate.

The disadvantages of the revenue approach include:

- possible errors in forecasts and when choosing the discount rate;

- difficulty in:

o obtaining information for calculations;

o determining the risks of a particular type of business;

o determining the value of borrowed and share capital

- provides a detailed understanding of financial and economic activities and features

enterprises;

- subjectivity of evaluation.

The cost approach focuses on the value of the company in terms of incurred

costs (determination of the necessary costs for the reproduction or replacement of the object of evaluation, taking into account the magnitude of its wear). The value of the enterprise is defined as the value of its property.

This approach is relevant in cases where:

- the company is not the object of sale;

- is used together with the income approach and promotes effective investment decisions;

- the company we are evaluating has significant tangible assets;

- the company we are evaluating is newly established or is in the process of bankruptcy.

The main feature of this approach is that the actual value of assets

business and accounting are significantly different.

The advantages of the cost approach are that it:

- determine the value of the current state of assets and liabilities;

- it is easy to understand and use;

- reflect the actual costs incurred by the enterprise;

- objective calculations;

- possible use at high inflation;

- probable calculations (based on financial statements);

- and the most acceptable for enterprises with insignificant intangible assets.

Disadvantages of the cost approach:

- detailed information on the availability and condition of assets is required;

- taking into account only the balance sheet data, the book value of the property never corresponds to it

market value), excluding future income (prospects for enterprise development);

- high complexity in calculations;

- the result depends on the reliability of financial statements;

- does not show the maximum usefulness of the enterprise in the application of scientific and technical

progress.

According to the comparative (market) approach, the value of the enterprise is calculated based on the results

its comparison with business counterparts. That is, the value of the enterprise is determined on the basis of equilibrium

market forces. They reflect the expected revenue on the demand side and the supply side on the supply side

property.

The comparative approach has the following advantages:

- in the calculations makes it possible to determine the real market value of the property we are evaluating;

- easy to use;

- takes into account the uniqueness of each object and reflects the opinion of typical sellers and

buyers;

- can be used during rapid assessment;

- evaluation reflects the actual results achieved by the enterprise.

Disadvantages of the comparative approach:

- the difficulty of choosing a multiplier;

- the method is used only under conditions of a developed stock market;

- low level of flexibility and adaptability;

- difficulty in obtaining the necessary information about selling prices;

- the calculation depends on the presence of an analogue company and a specific comparison with it;

- does not take into account the potential profits and prospects of the enterprise.

3.4. The system of models that characterize the processes of formation and value of the efficiency of enterprise management: the model of economic added value of B. Stewart - EVA (Economic Value Added); market value added model - MVA (Market Value Added); value added model for shareholders A. Rappaport - SVA (Shareholder Value Added); cash flow model - return on invested capital - CVA (Cash Value Added) and CFROI (Cash Flow Return on Investment) and others.

The Economic Value Added Model (EVA) was developed by B. Stewart and D. Stern and patented by Stern Stewart & Co. in the early 1990s. This model is one of the most well-known and widespread models of cost-oriented management of companies. The concept of economic added value is actively promoted by the Journal of Applied Corporate Finance, which has been published in the United States since 1988. The EVA model as the main tool for valuing companies in the implementation of the VBM concept is successfully used by such well-known multinational companies,

such as AT&T, Coca-Cola, Siemens, Whirlpool, Quaker Oats, IBM.

Economic value added is a modification of the indicator of economic profit (residual income), which measures the financial result of the company taking into account not

not only accounting costs, but also opportunity costs of invested capital. Economic profit (residual income) is the result of subtracting the above alternatives

expenses from accounting profit.

The calculation of EVA is carried out according to the formula: EVA N = × OPAT -, WACC IC (1) where EVA (Economic Value Added) - economic added value; NOPAT (Net Operating Profit After Tax) - net operating profit received after payment of income tax, but before interest; WACC (Weighted Average Cost Of Capital) - weighted average cost of capital; IC (Invested Capital) - invested capital.

In relative terms, formula (1) is transformed to

as follows:

EVA R = - () OIC WACC I × C, where ROIC (Return On Invested Capital) - profitability

invested capital; Profit Less Adjusted Taxes) is referred to in the scientific literature as EBI (Earnings Before Interest And Taxes). EBI is determined as follows [4, p. 31]: EBI NI itjj = + jj × - () 1, (3) where NI j is the net profit of the organization in the j -th year; ij - interest expenses in the j -th year; tj - income tax rate in the j -th year. NOPAT can also be calculated by the formula [21, p. 90]: NOPAT E = × BIT T () 1, - (4) where EBIT - earnings before interest and taxes (Earnings Before Income And Tax); T - income tax rate. The capital invested in the definition of EVA is the sum of own and borrowed funds from paid sources of financing invested in the assets of the enterprise. These assets are necessary for net operating income. The expression "WACC × IC" in formula (1) is often referred to as Capital Charge. The ROIC in formula (2) is defined as the ratio of NOPAT to the average annual amount of IC capital invested. The higher this ratio

compared to the weighted average cost of capital, the greater the economic value of the enterprise. In formula (2), the cost spread (ROIC −WACC) is a kind of economic profitability. The main difference between economic value added and economic profit is the application in adjusting the value added of the book value of net assets of the enterprise to capital equivalents (Capital Equivalents) in order to make their real monetary valuation and appropriate adjustments to net operating profit. Developers of the economic value added model B. Stewart and D.

Using these methods of calculating EVA gives the same result. The EVA indicator is considered as an indicator of the dynamics of the value of the enterprise. A positive value of EVA indicates an increase in the value of the enterprise, a negative - indicates its decrease. The situation EVA = 0 means no increase in the value of the enterprise. The development of the market value added model (MVA) was the result of the development of the concept of economic value added. The term "MVA" was introduced by B. Stewart in 1999. In the modern scientific literature, the MVA indicator is considered as an obvious criterion for creating market value. At the same time, there are different interpretations of this indicator. The broader interpretation of market value added implies its definition by the formula: MVA M = + VD MC −TC, (7) where MVD (Market Value Of Debt) is the market value of debt; MC (Market Capitalization) - market capitalization; TC (Total Capital) - the total amount of capital. From another point of view, market value added is seen as an increase in the company's equity only. Then the MVA is defined as the difference between the market and adjusted value of the book value of equity.

The classic problem of cost-oriented management of Ukrainian enterprises is the complexity of applying methods that are successfully used by foreign practices. The problem is complicated by the fact that analysts are not always clearly acquainted with the limitations and assumptions on which the proposed results are based, and the mathematical apparatus and insufficiently clear interpretation of the results used make it difficult to understand them.

Given the above, the aim of the article is to analyze modern tools and models of enterprise value management and justify the possibility of their use in domestic practice.

Despite the fact that an integral part of the VBM approach is to determine the cost

enterprises, it is fundamentally different from traditional methods of business valuation. We

We share the thesis of many researchers that traditional methods of business evaluation mostly give point results, isolated, taken from the general context of management and the process of achieving the ultimate goal, do not involve its monitoring. None of the 25

goals of traditional business valuation (privatization, property tax, credit, etc.)

does not involve direct and systematic application of methods of operational or strategic management of the enterprise.

Successfully proven before and continue to be used: system

Dupont, known in Ukrainian practice as factor analysis, profit indicators on

EPS share, return on invested capital ROI, return on equity ROE, return on net assets of RONA, etc. A significant disadvantage of many is the focus on data

reporting of previous periods; they do not reflect the value of money over time, the risks of investors; insufficiently correlated with the value of the company's shares in the capital market;

in some situations they are used only for the benefit of managers at different levels. Methods

which appeared in the mid-1980s, within the VBM approach significantly reduced these negatives

manifestations. VBM is based on management based on an integrated financial indicator

- the cost of the enterprise.

VBM-approach arises during the further development of financial management. Financial orientation is typical for such

indicators such as economic added value

(EVA), value added share capital (SVA), return on investment based on cash flow (CFROI), added

Cash Flow Rate (CVA), option pricing (OPM), etc. However, recommendations

about 30% of analysts are based

on non-financial criteria, in particular quality

management, its ability to implement

chosen strategy. These features

along with financial indicators, allow to take into account to a greater extent the method close to managerial thinking

Balanced Scorecard (BSC).

In essence, VBM-methods are based on the combination of traditional models

Dupont and discounted cash flow

DCF. The methods differ mainly in the options for calculating the cost of capital,

obtaining the result in absolute or

percentage values. The idea of presenting the resultant is taken from the Dupont system

financial indicator, such as the return on total ROA assets, in the form of a “tree” of interdependent parameters to be managed and controlled by indicators that

determine the flow of cash.

Thus, ROA is broken down into return on assets and return on assets, which are further detailed into individual value factors

lower levels. Thus, each level

management corresponds to its set of coefficients and the limits of their change over a period of time. However, simple identification of cost factors is not

provides a solution to the problem of total

money management - you need to combine them with

indicators on the basis of which are accepted

functional and operational solutions for everyone

levels of government.

The DCF model contributes to the VBM factor of future rather than past cash inflows

enterprise, which allows to take into account

uncertainties associated with the activities. Despite a certain conventionality of this

sources of estimated data, which are investors' expectations, in some studies

Western authors have a high correlation between the market value of the company and her

discounted cash flow. With regard to a large enterprise, there are many reasons for this. In particular, the existing portfolio

orders for these production capabilities are relatively stable; its components in time

do not change instantly. Finally, the recommendations of international financial reporting standards, which limit the forecast period to five years, should be taken into account.

As mentioned above, in the 80's - 90's of the twentieth century. there were tools (based on

some of them later even had management systems (for example, EVA and EVA-based management), which reflected the process of value creation. The most famous of these are EVA, MVA, SVA, CVA and CFROI.

Given the vital needs of Ukrainians

enterprises in obtaining additional competitive advantages, the task is not only formal acquaintance with the specifics of modern management methods

value, but also their systematization, more in-depth analysis of their "qualities", adaptation to

Ukrainian conditions.

The main developer of the so-called Shareholder Value Scoreboard, ie the system of shareholder value indicators of companies, which is published annually by the Wall Street Journal, is A. Rappoport [12, 76]. His research has shown that there is a strong correlation between the market value of companies and data based on the use of indicators such as economic value added (EVA) and shareholder value added (SVA). The SVA method estimates the increase in share capital value. This increase is the difference between the share capital value (MV) created by future investments and the share capital value (BV) created by past investments (in a simplified form - the book value of share capital): SVA = MV -BV. Therefore, to calculate the SVA, it is necessary to determine the market value of share capital. For this purpose, known methods of estimating the value of enterprises based on discounting cash flows are used. The SVA calculation algorithm includes four stages: 1) assessment of past activities; 2) forecasting future activities; 3) assessment of capital costs; 4) assessment of the added value of share capital. When assessing the performance of previous periods, based on the financial statements, the factors of management effectiveness are identified and the baseline indicators needed to forecast the net cash flow of future activities are calculated. In the process of forecasting is carried out: adjustment of indicators in order to separate operating assets; forecast of balance sheet items; net cash flow optimization; evaluation of the effectiveness of investment projects. Defined: investments in fixed and working capital; the need for external financing; internal investment potential of the enterprise; capital structure in order to maximize net cash flows.

Lecture 4. Approaches and indicators for assessing the effectiveness of cost management enterprises Systematization of approaches to enterprise value management (Copeland approaches, Walsh, Egerev, Inwood, etc.).

4.1. Characteristics of indicators that reflect the dynamics of enterprise value formation.

4.2. Terms of use, advantages and disadvantages of indicators of enterprise performance using different approaches to enterprise cost management.

4.1. Characteristics of indicators that reflect the dynamics of enterprise value formation.

Evaluating the effectiveness of cost management requires the use of different methods of calculating the effectiveness of management with unified principles for such calculations.

Assessment of the efficiency of the enterprise, as a rule, is based on the analysis of various financial indicators, such as net profit, return on investment, market value of the enterprise. However, when compiling a list of financial ratios on the basis of which strategic decisions will be made, it is necessary to take into account the advantages and disadvantages of using these indicators in practice. In American practice of management accounting, recommendations for the use of indicators to assess the effectiveness of the enterprise are set out in the standard of management accounting "Measurement of enterprise efficiency" (Statement on Management Accounting "Measuring entity performance"; SMA 4D). The standard proposes to use the following indicators, based on which the effectiveness of company management will be assessed:

- net income and earnings per share;

- cash flows;

- return on investment;

- residual income;

- the cost of the company.

But there is no single approach to determining the effectiveness and to determine the effectiveness of enterprise management in the scientific literature. The most common areas are to determine the effectiveness of management as the ratio of the result to the costs (resources) of the enterprise; the ratio of the result to the intended goals. But these approaches to determining the effectiveness do not allow to establish a logical relationship between the management of the enterprise and the effectiveness of the management of the enterprise. The effectiveness of enterprise management is defined as the effectiveness of management of marketing, production, financial, innovation and human resources.

Efficiency can be defined as the effectiveness of the system, which is expressed in relation to the useful end results of its operation to the resources expended.

Depending on the form of presentation of results and costs, the following categories of efficiency are distinguished:

1) technical efficiency - results and costs are measured in kind;

2) economic efficiency - results and costs are valued in value form;

3) socio-economic efficiency - takes into account not only economic but also social consequences of the event.

The system of performance indicators should provide a comprehensive assessment of the use of all resources of the enterprise and contain all general economic indicators. It is very important that the calculations of the effectiveness of the implementation were carried out continuously: at the stages of the draft plan, approval of the plan, as it is implemented.

The system of performance indicators should:

- reflect the costs of all types of resources consumed by the enterprise;

- to create preconditions for revealing reserves of increase of efficiency of carrying out;

- stimulate the use of all reserves available at the enterprise;

- provide information on the effectiveness of all levels of the management hierarchy;

- perform a criterion function, ie for each of the indicators should be defined rules for the integration of their values .

The company is an open system that interacts with the external environment, so the assessment of the effectiveness of enterprise management should be based on assessments of external and internal management efficiency.

The assessment of the internal efficiency of enterprise management should be based on a generalized assessment of the effectiveness of the individual elements that make up a holistic system of enterprise management. Indicators for assessing the effectiveness of enterprise management are divided into quantitative and qualitative. Quantitative indicators are determined by calculating and used in the evaluation of such components of management effectiveness as the effectiveness of the management subsystem (evaluation of the effectiveness of management staff, organizational structure of management, management technology) and the effectiveness of the management subsystem.

Qualitative indicators are obtained through expert evaluations, they are used in assessing the effectiveness of organizational culture in determining the effectiveness of the management subsystem of management and in assessing the external effectiveness of enterprise management for all components.

Quantitative and qualitative indicators should be established for at least two reporting periods, which makes it possible to determine their assertive value and dynamics in order to take into account the time factor in assessing the effectiveness of enterprise management. The ascertaining value of the indicator is determined by the calculation algorithm, and the dynamics - by the growth rate of the indicator in accordance with the previous period.

Table 4.1. Indicators for assessing the internal effectiveness of enterprise management

Component estimates		Evaluation indicators
Evaluation of the effectiveness of the control subsystem	*Evaluation of the effectiveness of management staff*	oefficient of quantitative and qualitative staffing of management staff; e share of management staff with experience in the enterprise and in the industry for more than 5 years; e coefficient of sustainability of management staff; anagement staff turnover ratio; management staff replacement ratio;

		e ratio of the rate of increase in sales and the rate of growth of the salary fund of management staff; e coefficient of compliance of the average monthly salary of management staff with the level of real wages; rofitability of management costs
	Evaluation of the effectiveness of the organizational management structure	oefficients of observance of norms of controllability of management units; e ratio of the rate of increase in sales and the rate of growth of structural centralization; e ratio of the rate of increase in sales and the rate of growth of centralized management; oefficients of the ratio of the growth rate of sales and the growth rate of formalization of the staff of the management staff and structural units
	Evaluation of the effectiveness of management technology	oefficient of efficiency of work with documents and other sources of information; nformation utilization factor; e coefficient of completeness of the implementation of management decisions; overage factor of automation management functions; rowth rate of technical equipment of managerial work; rofitability of the use of fixed assets for administrative purposes; e share of advanced types of office equipment and computers in their total value
	Evaluation of the effectiveness of organizational culture	e level of organization of personnel management units; e level of labor discipline; evel of satisfaction with working conditions; e level of socio-psychological climate in the team; e level of satisfaction with the norms of employee behavior adopted at the enterprise; evel of safety and labor protection; evel of conditions of social development and social protection of personnel

	Evaluation of the effectiveness of operational management	ate of return on fixed assets; enewal rate of fixed assets; oefficients of physical and moral depreciation of fixed assets; hare of fixed assets with limited ownership; aterial efficiency; rofitability of material costs; apacity utilization factor; oefficient of compliance with environmental standards of operational activities; he share of the cost of correcting the defect in the total amount of operating costs; rofitability of operating costs
	Evaluation of the effectiveness of personnel management	oefficients of quantitative and qualitative staffing of the enterprise; oefficient of constancy of the personnel of the enterprise; turnover ratio of the company's staff; he coefficient of replacement of personnel of the enterprise; oefficient of conformity of the average monthly salary of the personnel of the enterprise to the level of real salary
Evaluation of the efficiency of the managed subsystem	*Evaluation of the effectiveness of financial management*	oefficient of financial independence; nancial risk ratio; orking capital ratio; ong-term financial independence ratio; eturn on equity; quidity ratios; atio of receivables and payables; oefficients of turnover of receivables and payables; he share of positive cash flow from operating activities in its total amount; quidity ratio of cash flow from operating activities
	Evaluation of the effectiveness of marketing management	he coefficient of market share of the enterprise in the national market; oefficient of elasticity of demand for products; oefficient of change in sales volume; rofitability of sales; he ratio of the rate of increase in sales and the rate of growth of the cost of goods sold; urnover ratio of finished products and goods;

		ost-effectiveness ratio in marketing activities;
	Evaluation of the effectiveness of investment management	eal property value ratio; he ratio of non-current assets to equity; he ratio of own working capital; oefficient of maneuverability; eturn on investment in non-current assets; return on investment in current assets; he share of own funds in the total amount of real investment; eturn on financial investments; he share of own funds in financial investments; eturn on capital invested in the enterprise; nterest rate
	Evaluation of the effectiveness of innovation management	he growth rate of the amount of research costs, evelopment and introduction of new types of products; he share of high-tech equipment in the total cost of fixed assets; rowth rate of the amount of costs for the development of new markets; he ratio of the growth rate of profit from operating activities and the growth rate of costs for innovation in marketing; he growth rate of copyright and related rights; the share of employees and managers who have improved their skills; rowth rate of the amount of costs for the selection, training and retraining of personnel

Consider in more detail the indicators of economic efficiency, which includes the following components:

1. Profitability of sales.

Profitability margin (profit margin) is determined by the formula:

$$\text{Рпр} = \frac{\text{Пзр}}{V\text{зр}} \times 100\% \quad (1)$$

where RPR - profitability of sales;

PZR - profit for the reporting period (year);

Vzr - sales volume for the reporting period (year).

A decrease in this indicator means a drop in demand for the company's products and, as a consequence, a decrease in profitability.

2. Return on assets.

Total assets return is determined by the formula:

$$Ракт = \frac{Пзр}{Азр} \times 100\% \ (2)$$

where Ract - return on assets;

PZR - profit (net) for the reporting period;

Azr - assets (balance sheet total) at the end of the reporting period.

Return on assets shows the effectiveness of the use of capital invested in the company's assets - fixed and current. The low level of return on assets compared to this indicator of other firms indicates a low demand for the firm's products or the transfer of capital into assets.

3. Return on fixed capital.

Return on fixed capital (fixed assets return) by the formula:

$$Росн = \frac{Пзр}{Ок} \times 100\% \ (3)$$

where Rosn - return on fixed capital;

PZR - profit (net) for the reporting period;

OK - fixed capital except for depreciation at the end of the reporting period.

The higher the value of this indicator, the more efficient the use of fixed assets of the enterprise.

4. Return on equity.

Return on equity indicates the efficiency of the use of that part of capital that is invested in the firm from its own sources of financing, and is calculated by the formula:

$$Рв = \frac{Пзр}{Ск} \times 100\% \ (4)$$

de Rs.k. - return on equity;

PZR - profit (net) for the reporting period;

SC - equity (book value) at the end of the reporting period [10].

5. Return on investment.

Return on investments is calculated by the formula:

$$ROI = \frac{\text{чистий прибуток}}{\text{власний капітал} + \text{довгострокові забов'язання}} \times 100\% \ (5)$$

It is possible to evaluate the efficiency of the enterprise on the basis of the rate of return on investment only if the management has comparable data on similar enterprises or departments.

6. Residual income.

Residual income is considered as an analogue of net income, but takes into account the cost of capital of the enterprise, and is calculated by the following formula:

$$RI = \text{Операційний прибуток} - \text{Інвестиції} \times \text{Норма прибутку} \ (6)$$

Based on this indicator, it is possible to make management decisions about the sale of inefficient units without additional adjustments. The disadvantage of this indicator is that its value is determined in absolute terms, so it is difficult to compare the efficiency of independent enterprises [10].

Therefore, the efficiency of the enterprise is a complex characteristic, in order to fully analyze the activities of the enterprise, to draw correct conclusions about its condition, it is necessary to consider all these indicators together. After all, if one or another indicator depends on another directly or indirectly, its value changes. Indicators that characterize the company should be analyzed as a comparative dynamic. The optimal period for comparing indicators is a period of 3-5 years. It is during this time that you can clearly track this or that dynamics, identify certain patterns and formulate an action plan to eliminate existing deviations.

It should also be noted that the use of financial indicators only to assess the effectiveness of the enterprise will not allow to diagnose many problems in advance, such as reduced product quality, customer service, efficiency of personnel management, so the use of non-financial indicators is important to determine performance.

Based on the fact that the most important task of the company is to increase the value of share capital, it is necessary to consider the following:

- financial performance of the enterprise should be comprehensive and include the growth of income, cash flow and return on investment;

- during the life cycle of the enterprise at each stage of growth, different financial indicators have different degrees of importance. Thus, neither net income, nor cash flows, nor return on investment should "overshadow" other significant indicators;

- measuring the efficiency of the enterprise through a set of financial indicators must be expanded through the use of budget expectations, which are equal to the actual data obtained;

- calculations based on historical value, especially in times of high inflation, should not be based on historical value.

4.2. Terms of use, advantages and disadvantages of indicators of enterprise performance using different approaches to enterprise cost management.

Cost management can be described as a process of purposeful formation of costs by their types, places and carriers and constant control of the level of resource consumption, stimulating savings.

Cost management in the enterprise involves the implementation of all functions inherent in the management of any object: the development, adoption and implementation of decisions, as well as control over their implementation. Cost management functions are implemented through elements of the management cycle: forecasting and planning, organization, coordination and regulation, activation and promotion of performance, accounting and analysis. The organization of the cost management system is associated with determining the places of formation of costs and centers of responsibility for their compliance, as well as developing a hierarchical system of linear and functional relationships of units and specific employees who perform the full range of production and accounting. The formation of costs of the enterprise can have as financial

aspect, organizational aspect and motivational aspect of cost management.

Various management methods are used in cost management, namely: direct-costing, standard-cost, target-costing, absorption-costing, kaizen-costing (kaizen-costing), CVP analysis, cost-keeling, cost benchmarking, LCC analysis, EVA method, etc.

Information and analytical capabilities of direct costing allow you to use it to make rational management decisions in the field of break-even production, pricing. The main feature of direct costing is the distribution of costs depending on the nature of their relationship with production volumes. The main characteristics of direct costing are the following:

- mandatory classification of costs for fixed and variable;

- calculation of reduced cost (based only on variable costs) by facilities or centers of responsibility;

- special scheme of income statement (margin approach);

- assessment of inventories of work in progress and finished products at reduced cost.

In order for products to maintain their position in the market, they must be competitive, which involves a combination of, at first glance, incompatible characteristics - quality and relative cheapness. An effective way to achieve this is a management method such as target costing, which is a concept of target cost management. The main difference between this method of cost optimization and other methods is a specific approach to cost formation. Instead of the usual way to form the cost of products in the enterprise and demand profit from the consumer, the focus should be only on his willingness to pay for the goods offered.

The Kaizen-costing method is ideologically similar to target-costing. It is also used to achieve the target cost, but, unlike target costing, is to constantly improve the quality of processes throughout the company with the participation of all its employees. The concept of kaizen-costing involves the presence of individual employees, whose main task is the technical and organizational improvement of business processes of the enterprise. The interaction of target costing and kaizen costing will allow you to effectively manage costs. Another method of cost management is CVP-analysis (break-even point analysis), which is based on a comparison of three values - the cost of the enterprise, sales revenue and profit, the dependence of which allows you to determine the volume of sales, that for known values of fixed costs of the enterprise and variable costs per unit of output will ensure break-even or planned financial results. CVP-analysis allows you to determine the volume of sales, which achieves break-even production or a given financial result, is a simple, clear and efficient method.

The basic principles of cost management are developed in practice and are reduced to the following main points:

- systematic approach to cost management;

- unity of methods practiced at different levels of cost management;

- cost management at all stages of the product life cycle - from creation to disposal;

- organic combination of cost reduction with high quality products (works, services);

- prevention of unnecessary costs;

- wide introduction of effective methods of cost reduction;

- improvement of information support on the level of costs;

- increasing the interest of production units of the enterprise in reducing costs.

Adherence to these principles creates the basis for economic competitiveness of the enterprise, gaining a leading position in the market. Therefore, the cost management system must meet the following objectives:

1) analysis of the cost of resources consumed by the most important activities to identify the causes of certain costs;

2) identification and elimination of costs that do not add value, ie the costs of those activities that can be eliminated without compromising the quality and usefulness of the product;

3) constant search for opportunities to reduce costs and save money;

4) making decisions aimed at increasing the competitiveness of products;

5) determining the effect and effectiveness of all major activities represented at the enterprise;

6) identification and evaluation of new activities.

The prompt choice of corrective actions in the field of cost management requires daily tracking and comparison of costs not only for individual products, markets, customers, but also for all business processes, operations and orders, which reduces the applicability of traditional cost accounting methods and causes them inconsistency with the needs of management in anagement information. In this regard, the need to create and continuously improve the cost management mechanism requires the search for scientific approaches to the choice of methods and ways of targeted action on the process of cost formation during production.

The approach to determining the performance indicators of the enterprise on the basis of strategic planning is considered in our time the most promising. However, such an approach is not

devoid of flaws. This is primarily due to the fact that the degree of achievement of the company's goals and a certain level of efficiency - the concepts are not the same. The mission, strategic goals and objectives defined and approved by the management of the entity using certain methods, by their nature subjective and often affected by the quality and completeness of information available to management, also plays a significant role and professional competence of management.

In countries with developed market economies, depending on the management model, industry specifics, stages of the company's life cycle, the ultimate guidelines and strategic goals of companies change, which determine the choice of certain analytical indicators and models to assess business performance. In light of the above, it is necessary to critically consider the variety of methods and indicators for assessing the effectiveness of financial and economic activities of the enterprise.

Module № 2 "Methodological approaches to the use of financial instruments in the management system of enterprise value formation"

Lecture 1. Methods of estimating the value of the enterprise in a cost-effective approach.

1.1..The essence of a profitable approach to assessing the value of the enterprise, its key advantages and disadvantages.
1.2.Methods of estimating the value of the enterprise within the income approach.
1.3.The cost of the enterprise in the post-forecast period (Terminal value).

1.4. Features of applying a profitable approach to the valuation of unprofitable and startups.
1.5. Classification of alternative approaches to enterprise value oc Inca: Option Pricing Model (OPM); EBO model (Edwards-Bell-Olson estimation model); Capital Asset Pricing Model (CAPM).

1.1.The essence of a profitable approach to assessing the value of the enterprise, its key advantages and disadvantages.

Under the value of the enterprise we will understand the actual value of the property of the enterprise, adjusted for the influence of environmental factors (market conditions, investment attractiveness, motives of buyers and sellers, etc.).

There are three approaches to determining the value of the enterprise (business): cost, comparative and profitable (profitable). There are different situations in the practice of enterprise valuation operations. At the same time, each class of situations has its own approaches and methods that are adequate only to it. For the correct choice of methods it is necessary to classify in advance the situations of evaluation using a group of objects, the type of operation, the time at which the evaluation is performed, etc. In this case, if the market rotates dozens or hundreds of homogeneous objects, it is advisable to use a comparative method. The cost approach is mostly used to evaluate complex and unique objects.

Certain types of enterprises are usually assessed on the basis of their commercial potential (for example, a petrol station or a hotel). The volume of gasoline sales, the number of guests in the hotel are sources of income, which after comparison with the cost of operating costs allows you to determine the profitability of the enterprise. This approach to valuation is called profitable. This method is based on the capitalization or discounting of profits that will be received in the case of renting real estate. The result of the assessment by this method includes the cost of the building and the value of the land.

If the enterprise (business) is not sold or bought and there is no developed market for the business, when income considerations are not the basis for investment (hospitals, government buildings), the assessment may be based on determining the cost of construction, including depreciation and depreciation. , ie using a cost approach.

Where there is a business market similar to the one being valued, a comparative or market approach based on the choice of comparable items already sold in that market can be used to determine market value.

Each of these three approaches involves the use of its own methods.

Profitable (profitable) approach involves the use of:

capitalization method. The method is applied to those enterprises that managed to accumulate assets as a result of their capitalization in previous periods; in other words, this method is the most adequate for the assessment of "mature" age enterprises;

discounted cash flow method. The method is focused on assessing how the company operates, which continues to operate. It is more applicable to the assessment of young enterprises that have not had time to earn enough income to capitalize on additional assets, but which, however, have a promising product and have a clear competitive advantage over existing and potential competitors.

The profitable approach is based on the fact that the value of the real estate in which the capital is invested must correspond to the current assessment of the quality and quantity of income that this real estate is able to bring.

The profitable approach is a set of methods for estimating the value of real estate, based on determining the current value of expected income from it.

The main prerequisite for calculating the value of this approach is the lease of real estate. Capitalization of income is carried out to convert future real estate income into current value.

Stages of the profitable approach:

1. Calculation of the sum of all possible revenues from the object of evaluation.

2. Calculation of actual gross income.

3. Calculation of costs associated with the object of evaluation:

- conditionally constant;

- conditionally variable (operational);

- reserves.

4. Determining the amount of net operating income.

5. Conversion of expected income into current value using a discount rate.

Advantages of the profitable approach:

Taking into account the prospects of activity and development of the enterprise as an integral land-property and social-organizational complex, based on past experience, achieved results and current market conditions

Ability to take into account the specifics of market conditions for a particular object by correctly determining the level of discount or capitalization ratio

Takes into account the interests of investors

Takes into account the level of risk (due to the discount rate)

Disadvantages of the profitable approach:

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Analytical procedures for setting discount and capitalization rates are too subjective

There may be several rates of return that make decision-making difficult

Impossibility to achieve absolutely accurate results due to the length of the assessment period and the instability of real processes of capital inflows and outflows

The difficulty of forecasting cash flows

The complexity of the calculations

1.2.Methods of estimating the value of the enterprise within the income approach.

The need to assess the value of the enterprise arises in the following cases: in the course of making decisions about the feasibility of investing in the enterprise; during the reorganization of the enterprise; in case of bankruptcy and liquidation of the enterprise; in case of sale of the enterprise as an integral property complex; in the case of pledge of property and in determining the creditworthiness of the enterprise; in the process of remediation audit in determining the remediation capacity; during the privatization of state-owned enterprises.

Thus, the purpose of estimating the value of the enterprise is to determine the basis for the transfer or distribution balance, to establish the proportions of exchange

corporate rights, including in the implementation of takeover and merger operations,

determining the value of the liquidation estate, determining the real sale price of property,

determination of the real cost of credit security, calculation of rehabilitation efficiency,

determination of the initial sale price of the privatization object.

Valuation of the enterprise is carried out, as a rule, on the basis of market value - the probable amount of money for which it is possible to buy and sell the object of valuation in the market.

In the process of assessing the value of enterprises, a significant number of methods and techniques of such assessment are used. Some methods have a number of modifications and varieties, which creates additional difficulties in their identification and use. In foreign and domestic practice of property valuation the most common are three methodological approaches to enterprise valuation:

- based on the assessment of potential income of the enterprise;

- property (expenditure);

- market.

In the process of using these approaches, there are separate assessment methods. Moreover, none of the approaches or methods has fundamental advantages over others. In the practical work of assessing the value of the enterprise, the appraiser, as a rule, uses several methodological approaches that best meet the specific conditions, objects and objectives of the assessment, the availability and reliability of information sources for its implementation.

Within the framework of the income approach, two main methods are distinguished:

- discounting cash flows;

- determination of the capitalized value of income.

According to the property approach, the value of the enterprise is calculated as the sum of the values of all assets (fixed assets, inventories, claims, intangible assets, etc.),

constituting an integral property complex, minus liabilities. The main source

information in this approach is the balance of the enterprise.

The following main methods are distinguished within the framework of this approach:

- assessment of the replacement value of assets (cost approach);

- method of calculating net assets;

- calculation of liquidation value.

The market approach involves calculating the value of the enterprise based on the results of its comparison with other business counterparts. Within the market approach, the most commonly used methods are:

- comparison of multipliers;

- comparison of sales (transactions).

The main sources of information in the application of this approach are stock exchanges and OTC trading systems, which have circulation of ownership of such business, data from the financial statements of similar companies, as well as information about previous

transactions with corporate rights to the business being valued.

The advantages of methods of comparing and comparing multipliers include the fact that they provide an opportunity to obtain the real market value of the assessed property.

The shortcomings of market valuation methods are due to the fact that they do not take into account the value of potential profits that can be obtained by operating the object of evaluation. That is why in some cases it is advisable to compare the results of the valuation of the enterprise by the mentioned methods with the value of the enterprise, calculated by the method of capitalized value or discounting of cash flows.

The problem of using valuation methods within the market approach is due to the fact that in Ukraine the real prices of purchase and sale of enterprises in official statistics are rarely reflected, and the stock market is not sufficiently developed. The assessment of the value of the analyzed enterprise can be done using a revenue approach, which is based on determining the present value of the expected benefit (income, cash flow) from the ownership of corporate rights of the enterprise. The approach is based on the thesis that the purpose of investing capital in the purchase

enterprises primarily have a stable income. When estimating the value of the enterprise under this approach, data on the value, composition and structure of assets do not directly affect the assessment, and only information on the ability of assets to generate income is used. This methodological approach is inherently the same as the methodology for assessing the feasibility of investment based on the concept of changing the value of money over time.

The method of discounting cash flows (DCF) is based on the concept of present value of the future cash flow of the assessed enterprise in terms of individual periods.

According to the method of discounting cash flows, the value of the object of evaluation is equal to the total present value of future net cash flows or dividends that can be obtained as a result of ownership of the enterprise, reduced by the amount of liabilities and increased by surplus assets.

There are two approaches: Entity (gross value - based on total capital) and Equity (net value - based on equity). In our case, the capital structure

the enterprise is satisfactory and it is not overburdened with debts, so we use the gross approach. If the balance sheet of the company was overburdened with debt, the objectivity of the assessment was ensured by using the Equity-approach.

Therefore, applying the discount rate to the projected amount of net cash flow for individual periods, we obtain the value of the enterprise (gross). The difference between this value and the amount of loan capital corresponds to the net value of the enterprise (net).

The market value of equity is equal to the market price of corporate rights of the appraised enterprise, ie the price at which it can be sold.

To make calculations with this method, we need to determine the four basic values:

1. Time horizon to which the calculations will apply.

2. The amount of expected cash flow in terms of individual forecast periods.

3. The discount rate that should be used to bring future cash flows to present value.

4. Residual value of the enterprise.

The choice of forecast horizon, which is taken into account when estimating the value of the enterprise, largely depends on the objectives of the assessment. In practice, based on the period of useful operation of the object.

In general, the valuation of the enterprise includes the following stages:

concluding a contract for valuation of the enterprise; collection of source information

about the object of evaluation; choice and justification of evaluation methodology; application of methodical

approaches, methods and evaluation procedures; conducting an audit and inventory of property (if required by law or the chosen methodological approach); coordination of evaluation results obtained using different methodological approaches and evaluation methods; drawing up a report on the valuation of the enterprise and a conclusion on the value of the object of valuation on the date of valuation; approval of evaluation results; reviewing the evaluation report.

To estimate the value of the enterprise on the basis of DCF, the most appropriate is the use of Free Cash-flow, which characterizes the total amount of net cash flows of the enterprise as a result of operating and investing activities. It is clear that FCF forecasts should be based on forecast financial statements and balance sheet forecasts. Expected revenues will be calculated taking into account the peculiarities of the enterprise, prospects for its development, industry specifics and a number of other economic factors.

Some domestic methods recommend the erroneous approach, according to which the basis for discounting is proposed to take a net cash flow through the company from all activities - operational, investment and financial. It is the latter indicator that causes calculation errors, as the financial cash flow is determined taking into account the payment of dividends, return of investors' contributions and so on. For discounting, it is necessary to take exactly the amount of cash flow that investors can claim, which is characterized by the FCF.

The discount rate characterizes the rate of return at which future cash inflows are reduced to their present value at the time of valuation. It takes into account the premium for the risk of investing in the company being valued: the greater the risk, the higher the discount rate. It is recommended that the discount rate for enterprise valuation purposes be calculated using the weighted average cost of capital (WACC) model.

A number of methods also offer the calculation of the discount rate as the sum of its two main components:

- interest rate with minimal risk;

- cumulative risk premium, which includes various risk premiums for investments in a particular enterprise.

Attention should be paid to the need to reconcile the calculation of the discount rate with the type of expected benefits that are reduced to present value.

The method of capitalization of income is often used to verify the reliability of the assessment performed by the DCF method. Capitalization involves the transformation of income into value. To determine the value of the enterprise by this method, the level of income characteristic of the enterprise is translated into value by dividing it by the capitalization rate. The method should be used to assess the value of enterprises with stable incomes or stable rates of change, which is the analyzed enterprise.

In the context of income capitalization, the term "income" means cash income that can be received by owners who plan to invest in the company.

Depending on the objectives of the income assessment, the following indicators may be used for calculations:

pre-tax profit, net income or FCF.

Capitalization rate - a divisor (usually in the form of interest), which is used to translate income into value. The nature and method of determining the capitalization rate in general is the same as the discount rates. However, for capitalization purposes, as a rule, the discount rate is taken in terms of the cost of raising equity: the rate of return expected by investors on investments in corporate rights of the enterprise. Thus, capitalization and discount rates may be different for the same enterprise.

Similar to DCF, the income capitalization method provides for the use of gross and net approaches. Under the net approach, the value of the enterprise is defined as the ratio of net profit to capitalization rate. Under the gross approach, the value of the enterprise is set as the difference between the share of profits to the payment of interest on the weighted average cost of capital and the amount of borrowed capital.

Calculation of the value of the enterprise (MIC) using the method of capitalization (gross approach): $MIC = P / (Kvk- g)$, (2) where P - the expected income of the enterprise to be capitalized; Kvk - capitalization rate (equal to the cost of equity); g - income growth rate.

The value of the enterprise by the method of capitalization does not correspond to the value of its equity, namely, is lower than the value of equity. In contrast, in the income capitalization method, the expected revenue growth is reflected in the adjustment to the capitalization rate.

According to the property approach, the value of the enterprise is calculated as the sum of the values of all assets (fixed assets, inventories, claims, intangible assets, etc.),

constituting an integral property complex, minus liabilities. The main source

information in this approach is the balance of the enterprise.

Let us dwell in more detail on the characteristics of the method of valuation at replacement cost (cost approach). It is based on the principles of usefulness and substitution. It is based on the thesis that a potential buyer will not pay a higher price for the object than its possible total cost of restoring the object in its current state and at current prices, which will provide its owner with similar utility. Within the cost approach, the main valuation method is the reproduction method (valuation at the replacement cost of assets). The replacement cost is calculated using information on the cost of reproducing the property in its current form at market prices at the time of valuation.

The method is based on the initial value of assets, replacement value of assets, the amount of their depreciation and indexation.

The method of valuation at replacement cost is often used in the valuation of property during the privatization of state-owned enterprises. We emphasize that the use of this method is justified if the book and market value of assets do not differ significantly. The main disadvantages of the method include the fact that in practice the book value of assets almost never corresponds to their market value. When estimating the value of the enterprise according to this approach, the determining factor is that this value is not equal to the arithmetic sum of the values of individual property objects of the enterprise. This value should be adjusted for goodwill.

1.3.The cost of the enterprise in the post-forecast period (Terminal value).

Terminal value is the present value of all cash flows of the post-forecast period, adjusted to some point in the future. It is most often used in estimating the value of a business as part of the

discounted cash flow method. In the domestic scientific literature it is also found as "post-forecast value" and "future value".

Calculation methods Selection of the terminal value calculation method
There are five main methods of calculating the terminal value, which in turn are divided into two large groups depending on the purpose of the business valuation. The first group involves an assessment of the business, which will operate indefinitely. It includes four main methods of calculation. The last, fifth, method involves the evaluation of the company in the event of its liquidation.

Calculation methods Method 1: Under constant growth
In this case, the terminal value is considered in terms of the model of growing cash flows. That is, it is assumed that in the post-forecast period, cash flows will grow annually by an average of one and the same percentage. Then the formula for calculating the terminal value will look like this:
TV n = CF n × 1 + gk - g {\ displaystyle TVn = CFn \ times {\ frac {1+ g} { kg}}},
where TVn is the terminal value calculated for year n, n is the number of years in the forecast period, CFn is the cash flow in year n, g is the growth rate, k is the average cost of capital.

Calculation methods Method 2: In the absence of growth
The second method of calculation is used provided that in the post-forecast period business growth and increase in cash flows are not expected, ie g = 0. Then:
TV n = CF n × 1 k {\ displaystyle TVn = CFn \ times {\ frac {1} {k}}},
where TVn is the terminal value calculated for year n, n is the number of years in the forecast period, CFn is the cash flow in year n, k is the average cost of capital.
There is virtually no business that will not change in size after the forecast period. However, this does not mean that the second method of calculating the terminal value is not used in practice. In fact, it provides an opportunity to increase the return on equity, but at the same time increase the cost of its use. As a result, net cash flow remains unchanged.

Calculation methods Method 3: Market / accounting value multiplier
According to the third method, the terminal value can be predicted using a multiplier. It is the ratio of the current market and accounting value of a business. The terminal value is calculated as the product of the multiplier of the projected volume of investment at the end of the forecast period.
TV n = IC n × MVBV {\ displaystyle TVn = ICn \ times {\ frac {MV} {BV}}},
where MV is market cost business , BV - accounting cost business , ICn - volume investment on end forecast period . This method is used for cases where no change in business profitability is forecast.

Calculation methods Method 4: Income multiplier
According to the fourth method, the terminal value is calculated using the ratio of the company's total capital to its net profit. It is equal to the product of this ratio to the company's profit in the last forecast year.
TV n = NP n × E + D ebt NP {\ displaystyle TVn = NPn \ times {\ frac {E + Debt} { NP}}}, where TVn is the terminal value of the company, NPn is the company's net profit in the last forecast year, E + Debt - the company's total capital in the current year, NP - the company's net profit in the current year. This method is also used only if the business is profitable.

Calculation methods Method 5: When liquidating a business
The latter method is used in the event of liquidation of the business and most often for assets with a limited useful life. According to this method, the terminal value is calculated as revenue from the sale of assets, including taxes. Proceeds from the sale of assets can be forecast by various methods: as the book value, including depreciation, as the market value at the time of sale, as the cost of materials, and so on.

4. Net terminal value

Net terminal value Net accrued value is an indicator of net present value. It is calculated by the formula:

NTV n = 1 + rn - k - IC 1 + rn {\ displaystyle NTVn = \ left1 + r \ right ^ {nk} -IC \ left1 + r \ right ^ {n}}, where NTVn is the net terminal value, IC - investment in the project , n - number of years in the forecast period, k - discount rate. Net terminal value serves as a criterion for deciding on the investment attractiveness of the project. Its terms are similar to those of its present value:

- if NTV> 0, the project is profitable
- if NTV = 0, the project is not profitable or unprofitable
- if NTV

1.4. Features of applying a profitable approach to the valuation of unprofitable and startups.

This method is considered the simplest and most popular. Comparing competitors, you can get a preliminary assessment of the startup. A similar approach is used by realtors who determine the value of real estate. Analyzing the market, they compare the prices of the same area of apartments located in one area and comparable in other parameters.

To understand this technique, we can consider the following example: the created startup is engaged in the development and sale of software designed to automate business processes. Another company that recently held an IPO is doing the same. Thanks to the placement of shares, it became known that this business is valued at $ 15 million. The company's customer base includes about 500,000 organizations that regularly purchase software. That is, the cost of one customer who buys this product is $ 30.

Based on the obtained parameters, you can give an approximate estimate of the above startup. If its customer base includes 250,000 organizations, the company's value will be about $ 7.5 million. It should be understood that software products must be comparable in several respects that play an important role in the eyes of end users.

When conducting a comparative analysis of startups, it is necessary to select indicators that characterize a particular industry. For example, for retail it may be the number of stores, and for messengers - the number of active users who use the program every day.

When estimating the cost of a startup, other, more specific indicators are used: the size of gross profit, sales, etc. This method is good because it can be used at different stages of development of the company. That is, the assessment is carried out both before investing in the company and after investing. In addition, you can later expand the set of parameters on the basis of which the business is evaluated, due to new indicators.

However, despite this, many investors, using the method of comparison, resort to the following formula: (value of the enterprise) / (sales for the year). The first parameter is determined by adding several indicators: market capitalization of the company, current debt and preferred shares - and minus cash (or cash equivalents).

This formula allows you to get a more accurate assessment of the business. And it can be used in relation to both annual and monthly indicators.

For example, a startup selected for evaluation receives $ 500,000 annually. The analysis revealed that the company, which produces a similar product and brings in $ 15 million, was sold for $ 50 million. Performing calculations according to the above formula, we can calculate that the ratio between cost and sales is 3.3. Multiplying this ratio by the startup's gross annual income, it turns out that its value is $ 1.65 million.

Evaluation of startups by the method of compliance

This valuation method is based on the preferences of the investor, who selects for themselves those startups that meet certain criteria.

For example, an attractive enterprise is an enterprise in which you need to invest about 100-250 thousand dollars to get a 10 percent stake in the company. The same approach is used by other people. In this regard, a situation is possible in which two or more investors plan to invest different amounts in the same company in order to obtain different shares. As a result, this leads to different estimates of the cost of a startup.

This method is considered the least popular among investors. In essence, this approach is to select a startup that best meets the expectations of a particular person who wants to invest in business.

Method of estimating projected cash flow

This method is similar to assessing the investment attractiveness of real estate. That is, the investor who buys, say, an apartment, knows the approximate amount he will receive from the lease. The same goes for startups. The investor, choosing a company, determines the approximate (discounted) cash flow that will bring the business.

This method is not characterized by increased accuracy in the short term. One of the characteristic features of startups is that at first the new business does not bring income. Moreover, startups often work at a loss for several years.

But startup owners can use this method to attract potential investors. In particular, they are able to estimate the approximate amount of cash flow at a certain stage of development of the company (for example, when achieving a specific goal). This method is more effective in subsequent rounds of negotiations with investors, when the new company can use as a confirmation of its assumptions financial indicators for previous periods of work.

Venture capital method in the evaluation of a startup

The venture capital method combines three previous valuation methods. A comparison with other similar companies is used to determine the cost of a startup intended for sale. Then, based on the results obtained, the benefits are selected that correspond to the preferences of the investor.

To understand the features of the method of venture capital requires a clear example. Suppose an investor intends to invest in the chosen startup in 3 years. In order to estimate the value of the company, it is necessary to extrapolate the current development indicators for the next three years and take into account expectations. Next, you need to take the amount of profit currently received, and multiply by the rate of return. This will help determine the approximate value of the company (ie the amount for which it can be sold).

For example, the profitability of a startup for 3 years at $ 2 million and a profit multiplier of 15. Then, after multiplying the parameters, it turns out that the value of the company after this period will be $ 30 million.

Investors also have expectations about the return on investment. This indicator is known as the Internal Rate of Return (GNI), which averages 30%. This means that by investing $ 1.5 million initially, an investor will be able to get about $ 3.3 million. This indicator should be divided by the specified amount of appraisal value to determine the percentage assigned to the investor after the sale of the startup. In this example, it is 11%.

Keep in mind that many companies raise money from several organizations or individuals. Because of this, the investor's share is "blurred". On average, after each round of negotiations, this figure decreases by 25%. As a result, through mathematical operations it is possible to obtain that the investor after the sale of the company from the example will receive about 15%.

The next step is to calculate the current cost of the startup. Given that the investor has invested $ 1.5 million, or 14.6% of the company's price, the post-investment estimate will slightly exceed $ 10.2 million (1,500,000 / 0.146). In this case, the initial estimate will be $ 8.7 million (10.2-1.5 million).

There is another method of estimation known as the First Chicago Method. The latter takes into account the maximum, minimum and average cost of the company. However, in practice only the last indicator is used as the most real.

Evaluation of a startup by the method of deconstruction and reconstruction

The method of deconstruction involves accounting only for those assets that can be sold in the event of liquidation (bankruptcy) of the enterprise. These include, for example, equipment, furniture, offices and more. The deconstruction method is applied only to real assets. He cannot take into account the value of a business idea.

The second method uses the reverse approach. Reconstruction involves studying current assets and conducting an assessment based on how much it will cost to rehabilitate them. Suppose the basis of a startup is some new technology. It will take at least two thousand man-hours to reproduce (implement) it. The final estimate of the startup will be equal to the cost of these two thousand hours of work. Therefore, the method of reconstruction can be used in cases where the startup only owns intangible assets.

The method of combination

The method of combination (Bercus method) involves the use of the above and other methods of evaluating the startup. This approach allows you to form a more holistic picture of the company and prospects for its development (approximate cost). This method is similar to the first.

To get a more accurate assessment of the company, there are 5 key criteria for developing a startup in relation to the selected business. Or, to put it another way, the combination method allows you to determine the approximate value of the enterprise based on the expected results achieved by other similar organizations that have these elements.

Suppose there is a startup worth $ 2 million. At the time of its creation, the company was valued at $ 400,000. Later in the development process, its employees developed technologies with a total cost of $ 400,000. In addition, the company owns real estate and a customer base valued at the same amount. And the total cost of production reaches 400 thousand dollars.

Based on these criteria, you can evaluate another startup, similar to the one shown in the example. That is, you need to take these parameters and compare them with those achieved by another company.

Competitive losses as a way to evaluate startups

This method of evaluation can be called the opposite of the previous one. This approach considers the amount of probable financial loss that arises when a competing company benefits from the takeover of a startup.

Evaluation by this method involves "cutting" the business into separate components. Next, we consider how much a startup can lose if a part is sold.

Assume that the company is developing and supplying software. This method is used in this case to assess the damage that a startup may suffer if access to its product is obtained by another organization. That is, the cost of the software will be the financial loss of the company in case of loss of development.

The described method is applicable to other cases. In particular, it can be used to assess the damage caused by the transfer of a valuable employee to a competing organization.

A high score does not guarantee investment

The choice of business valuation method depends on several components: the nature of the activity, the current point and the preferences of investors. The latter mainly resort to comparative analysis to determine the value of the company. They also often use the venture capital method. And large investors of the company are selected depending on personal criteria.

Today, many startups are under severe market pressure, which requires start-ups to be highly regarded. And this is due to this feature of investor behavior: they analyze the business by comparison. And the market indicates that in recent years, the ratings of companies are constantly growing.

But in reality, start-ups do not need their value to reach sky-high levels. This circumstance does not correlate with the probability of success. Moreover, a number of investors are now claiming that today the market is overestimating startups. And the cost of new companies will fall sharply in the near future. This will happen regardless of the wishes and mood of investors.

High scores can be detrimental to a startup. After all, companies in this case have to feel the additional pressure exerted by investors' expectations.

For example, a startup in the first round of raising capital was estimated at $ 5 billion. By the next stage, the value of the company should increase significantly. Therefore, in the interval between rounds of raising capital, the startup will not be able to spend all the money previously received on its development without a significant return.

The high rating does not allow the owners of the company to develop it at their own discretion. If their actions do not meet the expectations of investors, the value of shares will be reduced by the next round. As a result, the person (organization) who invests their own money in the development of the company in the second stage of raising capital will receive a larger share in the company. Startup owners, in turn, will earn much less for many years. At the same time, the amount of work that needs to be done for the development of the company will not decrease.

Boosting for startups

High marks are not needed either because venture capital is not always needed to grow a startup. For small companies, such a method of financing as bootstrapping is suitable. This option involves internal borrowing. That is, the company's activities are financed through the acquisition and use of its resources. Such investments do not involve "erosion" of the authorized capital and change of the list of shareholders.

Bootstrapping is effective for less capital-intensive startups, which require no more than $ 200,000 to develop. In essence, this approach involves using only the company's own resources to grow. Thanks to bootstrapping, you can reach the point of development when the startup will be able to assess the value using financial indicators.

You need to understand another nuance: this assessment of the business works in relation to the current period. Suppose the value of the company was set at $ 1 million. But this figure can be revised after one year, both more and less. In other words, this assessment shows investors' expectations about the growth potential of the company at a particular time.

Consolidation of startup evaluation

Every startup has a value. It is determined taking into account many indicators, some of which are selected taking into account the specifics of a particular industry or company. In some cases, it is

necessary to resort to non-standard valuation methods that take into account intangible assets (in particular, business ideas).

Determining the value of a company is an art. To do this, you need to evaluate the many elements that surround a particular startup. But sometimes to get the exact value of the company requires a scientific approach based on accurate calculations.

When evaluating a startup, you should not dwell on one method and use the same parameters. It is necessary to take into account various circumstances that may affect business development.

1.5. Classification of alternative approaches to enterprise value oc Inca: Option Pricing Model (OPM); EBO model (Edwards-Bell-Olson estimation model); Capital Asset Pricing Model (CAPM).

The Edwards-Bell-Olson (EVO) model is a model for estimating the value (V) of shares (business) according to the following formula:

where Bt - equity (net assets) of the company at time t,

E is a symbol of mathematical expectation,

r is the discount rate of the corresponding expected cost of capital, and

- deviation of net profit at time t from the "norm" (so-called "over" profit or "residual" income); ee negative value means insufficient efficiency, "shortage" to the norm. The rate is defined as the expected cost of servicing the share capital:

where xt is the profit for the period t.

The model refers to the so-called "Residual Income Model" or RIM.

Who invented it?

The EVO model has been known for a long time, but has recently become widely known through articles by James A. Ohlson from 1990 to 1995. In his work, Olson cited an article by Edwards, Edgar O., and Philip W. Bell.) _ Theory and Measurement of Business Income 1961. Hence the name of the model: the model Edwards-Bell-Olson (Edwards-Bell-Ohlson) or EVO.

However, such models were known much earlier. The description of the model was found in the works of Williams 1938 and Preinreich (1938). Similar methods were used in the early 20's by Internal Revenue Service. It is likely that they have even earlier evidence of the use of similar models.

What is the EVO model based on?

The model is based on the principle of accounting for net growth (Clean Surplus Accounting), also called the ratio of net growth (Clean Surplus Ratio). This principle sets the balance condition of the dynamics of net assets:

B = Bt-1 + xt-dt,

which must be performed in the adopted accounting system. here:

Bt - net assets (NA) at the end of the t-th period,

xt - profit for period t,

dt - "net" or generalized dividends, which is the difference between distributed income (dividends and other payments on net income) and external investment, increasing the value of the enterprise.

What are the advantages of the EVO model?

General advantages of the EVO model (their incomplete list can be found, for example, in a rather critical article by Keane Lo and Thomas Lis (Olson Model: Contribution to Estimation Theory, Constraints, and _ Empirical Applications):

Experts in accounting theory consider the advantage of the model of establishing formal relationships between valuation and accounting numbers.

There is a multifaceted model and the possibility of using it to analyze different national accounting systems. Moreover, as noted by some authors, based on the EVO model, the principles of the "ideal" accounting system can be developed, with subsequent convergence of national accounting systems in the direction of a given model.

It is traditionally considered and confirmed in a number of states that there is little (low R-square) statistical change between changes in business funds and accounting numbers and it is almost not traceable. However, the analysis based on the EVO model, on the contrary, reveals a significant statistical link: according to Frankel and Lee (1996), for large sizes of countries analyzed, estimates based on the final income model explained more than 70% of cross-sectional devotees. prices.

From the previous position, it turns out that other fundamental economic indicators that are not used in the EVO model do not have a significant impact on the formation of the intrinsic value of business. According to Hand and Landsman (1998), the output variables used in EVO models: net assets, net income and dividends determine more than 80% of the variance (R-square), while the role of other indicators is much less important than this was considered earlier.

Finally, the high potential of the model in explaining the value of the business can be used in developing a strategy for the development of the company. If we choose the maximum value of business as the criteria of management efficiency, then Olson's model provides a specific tool for calculating efficiency based on real balance sheet data.

Is it possible to open the EVO model to a profitable approach?

The EVO model is one of the models of the income approach, as the value of the business in it is determined on the basis of the amount of discounted future "residual" income. The flow of "residual" income is the level of variation between the expected net income flow and the number representing its "normal" expected values.

The fact that the model relates to the income approach becomes apparent if there is a direct link between the dividend discount models (pM) and the EVO model (see How do pM and EBO relate?).

In our opinion, the use of the EVO model in the assessment of business (shares) instead of the classical method of discounting income means the average transition from the geocentric system of Ptolemy to the heliocentric system of Copernicus. The role of the price core - the center "around which the value revolves" - is played by the company's net assets.

How do pM and EBO relate?

The formula of the EVO model is directly derived from the dividend flow discounting model (pM) at the minimum provided. If in the original formula pM:

take as a flow of dividends "net" (total) dividends in the sense of Olson's model, consistent with the condition of the balance of the dynamics of equity (net assets):

Bt = Bt-1 + xt-dt

The conclusion of a similar technique was used by Miller and Modigliani in substantiating the provisions of undivided values to the dividend policy of firms and the invariance of different approaches to discounting income streams (see more How do Miller-Modigliani theory and EVO model?). In essence, the balance sheet equation, as in Miller-Modiglian, takes into account three flows of business value formation: income needs (dividends), foreign and domestic investment. "Net" or generalized dividend is the balance between dividend payments and external financing of enterprises.

The Black-Scholes Option Pricing Model (OPM) is a model that determines the theoretical price of European options, which assumes that if a underlying asset is traded on the market, the option price of its options is already implicitly set. the market itself. This model is widely used in practice and, among other things, can also be used to evaluate all production securities, including guarantees, convertible securities and even to evaluate equity, financially dependent on the firm.

According to the Black - Scholes model, the key element in determining the option price is the expected volatility of the underlying asset. Depending on the fluctuations of the asset, its price increases or decreases, which directly affects the value of the option. Thus, if the value of the option is known, you can determine the level of volatility expected by the market.

The Capital Asset Pricing (CAPM) model, which describes the relationship between risk and expected return, is used in high-risk pricing securities. ... The CAPM model confirms that the expected return on a security or portfolio is equal to the rate on the risk-free security plus the risk premium.

The long-term asset valuation model helps to determine the fair return on a security based on its risk. Capital asset pricing model (CAPM), FASHION or capital valuation model.

The model provides a methodology for quantifying risk and translating this risk into an assessment of the expected return on equity.

The main advantages of CAPM are the objective nature of the estimated value of capital. CAPM cannot be used in isolation, as it is sure to forgive the world of financial markets. No financial managers can use this model to supplement other methods and their own judgments in their attempts to develop realistic and useful calculations.

Although the use of CAPM continues to stimulate the energy debate, modern financial theory now takes this model for granted when it comes to investment management.

Lecture 2. The use of financial instruments and management approaches of the enterprise to influence the formation of its market value.

2.1. Dividend policy of the enterprise and its impact on the value of the enterprise.

2.2. Dividend irrelevance theory. Dividend irrelevance theory (MM model). relevance of dividends: the theory of the benefits of dividends.

2.3. Public offering (IPO) as a tool to increase business capitalization.

2.4. The value of the brand in the overall value structure of the enterprise.

2.1. Dividend policy of the enterprise and its impact on the value of the enterprise.

There are the following theories of enterprise dividend policy.

1. The theory of dividend independence, its authors - F. Modigliani and M. Miller - argue that the chosen policy does not affect the market value of the enterprise (share price) or the property status of owners in the current or future period, as these indicators depend from the amount of generated, not distributed profit. According to this theory, dividend policy is given a passive role in the mechanism of profit management. At the same time, they accompanied their theory with a significant number of limitations, which in real practice of profit management is impossible to ensure. Despite its vulnerability in terms of practical application, Miller-Modigliani theory has become the starting point for finding more optimal solutions to the mechanism of dividend policy.

2. The theory of dividend preference (or "tit in hand"), its authors - M. Gordon and D. Lintner - argue that each unit of current income (paid in the form of dividends) due to the fact that it is "risk-free" weighs always more than deferred income due to its inherent risk. Based on this theory, maximizing dividend payouts is preferred over profit capitalization.

3. Theory of dividend minimization (or "theory of tax benefits"). According to this theory, the effectiveness of dividend policy is determined by the criterion of minimizing tax payments on current and expected income of owners. Since the taxation of current income in the form of dividends is always higher than expected (taking into account the value of money over time, tax benefits on capitalized income, etc.), dividend policy should minimize dividend payments and, accordingly, maximize profit capitalization so that receive the highest tax protection of the total income of owners. However, this approach to dividend policy does not suit many low-income small shareholders who constantly need their current income in the form of dividend payments (which reduces the demand for shares of such companies, as well as the quoted market price of these shares).

4. Signal theory of dividends (or "signaling theory"). This theory is based on the fact that the main models for estimating the current real market value of shares as a basic element use the amount of dividends paid for it. Thus, the growth of the level of dividend payments determines the automatic growth of real and quoted market value of shares, which in their implementation brings shareholders additional income. In addition, the payment of high dividends "signals" that the company is on the rise and expects a significant increase in profits in the next period.

5. The theory of compliance with the dividend policy of shareholders (or "clientele theory"). According to this theory, the company must pursue a dividend policy that meets the expectations of most shareholders, their mentality. If the majority of shareholders prefer current income, the dividend policy should be based on the predominant direction of profit for current consumption. Conversely, if the majority of shareholders prefer to increase their expected income, the dividend policy should be based on the predominant capitalization of profits in the process of its distribution.

The formation of dividend policy is influenced by a set of factors that need to be studied and

evaluate. The whole set of factors can be divided into two main groups: external, which are created external conditions of the enterprise, and internal, which are due to the peculiarities of the activity enterprises. External factors include: legal restrictions and the tax system;

general economic situation in the country; availability of alternative external financial resources;

prospect of attractive investment projects; the threat of losing control over the company's management; the state of the market of the enterprise's products. The main internal factors influencing proportions of profit distribution and dividend policy formation are: type of joint stock company and internal control over its management; composition and structure of the registered share capital societies; the level of profitability of the joint-stock company; level of business risk;

the need to update the material and technical base; availability of internal financial resources; stage enterprise life cycle; the level of liquidity and solvency of the enterprise .

The factors that are related to the activities of the enterprise (endogenous factors), the author includes:

- quality and condition of factors of production;

- level of applied technologies;

- the cost of liabilities of the enterprise;

- investments in fixed and working capital;

- production volumes;

- the value of the assets of the enterprise;

- production quality;

- pricing policy of the enterprise;

- business activity;

- state of corporate governance;

- quality of internal management;

- image.

Factors that are not related to the activities of the enterprise include: political factors, market factors, social factors, the period of general crisis and recession, environmental factors.

It should be noted, however, that a modern enterprise to ensure cost-oriented management should not be limited to indicators that reflect the effectiveness of operational, financial and investment activities.

It is necessary to evaluate not only retrospective results of activity, but also to introduce elements of forecasting of cash flows and incomes.

For a company whose shares are sold on the stock market, the value of the shares is one of

main indicators, which reflects the value of the whole enterprise in the dynamics. it is the value of shares that potential investors pay attention to in the process of finding an object for investment.

each share has its nominal value and market price. the par value of the share is

a sum of money, which is marked directly on the stock itself. this amount reflects the share

statutory fund of the joint-stock company, which is per share. In essence, the nominal value of the share is the share of the authorized capital of the joint-stock company, and in proportion to this value the shareholder is paid dividends. the circulation of shares in the market is carried out by market

prices. there are also some features of stock pricing. for example, when the stock only

released on the market or resold from one owner to another. if a share is issued, there are two market situations:

1) the situation of the initial issue of shares: the distribution of shares among the founders of the company is carried out only at their face value; the sale of shares by the issuer can only be carried out

at a price that does not fall below its face value, because in this case the formation of equity of the enterprise; 2) the situation of the following issues of shares: the sale of shares is carried out at a special, issue price, the benchmark for which is the market price of the share; the sale of shares by the issuer is carried out at a price lower than the market amount of the discount for the market intermediary, which sells these shares under the agreement with the issuer;

sale of shares at a price below market, if the buyer is a shareholder of the company, which

thus exercising its preemptive right to purchase these shares. if the purchase and sale of shares are carried out on the market, they always take place at the market price. the most recognized market price of a share is considered to be its stock price. the level of the latter depends on the objective

basis, which is called the theoretical value of the stock, as well as the ratio of demand levels and

The income that an investor will receive on shares can be of two types. one of them is dividends - part of the profits of the company, which is distributed among shareholders after payment of taxes, interest payments, contributions to the expansion of the enterprise. Dividends depend on the size of the company's income, as well as the total number of shares. the amount of dividends affects the demand for shares, the share price in the market and their liquidity. another

the type of income from shares arises as a result of the increase in their exchange value. but in order to

to sell it, the share will have to be sold.

Profitability is the ratio of income to the purchase price (price) of a share, expressed as a percentage.

Two types of income - dividends and increase in exchange rate value - generate two types of profitability

- dividend and speculative, both together form a full return.

The Dividend Discount Model (DDM) is a quantitative method used to predict a company's stock price based on the theory that its current price is the sum of all future dividend payments when discounted to their present value. It seeks to calculate the fair value of shares regardless of prevailing market conditions and takes into account dividend payout factors and expected market returns. If the value received from DDM exceeds the current trading price of the shares, the shares are undervalued and meet the requirements for purchase, and vice versa.

Understanding DDM

The company produces goods or offers services for profit. The cash flow received from such economic activities determines its profit, which is reflected in the company's share prices. Companies also pay dividends to shareholders, which usually comes from business profits. The DDM model is based on the theory that the company's value is the present value of the amount of all future dividend payments.

Time value of money

Imagine giving $ 100 to a friend as an interest-free loan. After a while you go to him to pick up your borrowed money. Your friend offers you two options:

Get your $ 100 now

Get your $ 100 in a year

Most people choose the first choice. Having received the money now, you will be able to deposit it in the bank. If the bank pays a nominal interest rate of, say, 5 percent, then in a year your money

will grow to $ 105. It will be better than the second option when you get $ 100 from your friend in a year. Mathematically,

The above example indicates the time value of money, which can be summarized as "The value of money depends on time". If you look at it differently, if you know the future value of an asset or receivable, you can calculate its present value using the same interest rate model.

2.2. Dividend irrelevance theory. Dividend irrelevance theory (MM model). relevance of dividends: the theory of the benefits of dividends.

the value of the firm is determined by its basic earning power and risk class. This means that asset investment policy is more important than how income is divided between dividends and retained earnings.

Assuming MM's theory suggests that when a firm pays higher dividends, it must sell more shares to new shareholders, and the share of the value of the company paid to new shareholders is equal to the dividends paid.

Modigliani and Miller substantiate their theoretical conclusions under the following assumptions:

1. No corporate or personal taxation.

2. There are no costs for the placement of shares and transactions

costs.

3. Dividend policy does not affect the value of the company's share capital.

4. The investment policy of the firm does not depend on the dividend policy.

5. Information of investors and managers is symmetrical.

Assumptions look pretty rigid, as both firms and

investors pay taxes, firms bear the costs of placing shares. Together, both taxes and transaction costs affect ks so much that it depends on dividend policy and managers always have better information than investors. This means that the theory of the irrelevance of dividend policy is not perfect in the real financial world.

Gordon-Linter theory

The assumption of MM's theory about the lack of influence of dividend policy on / s, was questionable. Contrary to her, Myron Gordon and John Linter tried to theoretically substantiate that ks increases as dividend payments decrease.

This is justified by the fact that investors are asked to be more confident in receiving dividend payments than capitalized income, which is the result of the use of retained earnings. Investors value each dollar of expected dividends higher than the dollar of expected capital income, because in the equation ks = D \ IPo + g the component of dividend income (DiIP0) is less risky than component (g).

On the other hand, MM tried to prove that investors are indifferent in their preferences for (ZD1ZP0) and (g), so the dividend policy does not affect ks. MM calls Gordon-Linter's concept a "bird-in-hand" mistake because, based on MM, most (but not all) investors seek to reinvest their dividends in the same or similar firm and in any case risk cash flow for investors in the long run will be determined solely by the risk of cash flows on assets, rather than their dividend policy.

Theory of tax differentiation

The shareholder's return on investment consists of two parts: (1) current dividend income, which is paid in the current order at the frequency set by the procedures, and (2) capitalized income, which is associated with the growth of the firm's assets.

The receipt of capitalized income occurs at the time of sale of the share. Because the value of the dollar received in the future is less than the current dollar, the shareholder should defer the sale of the share, replacing current income with capitalized.

Such views have a right to exist under differentiated taxation. For example, for some time in the United States, capital income was taxed at a lower rate than dividend income. This created the conditions for the share of shares by shareholders, to whom such a tax system provided a benefit from capital income.

Firm life cycle theory

The theory considers the motives for the formation of the company's dividend policy throughout the life cycle

I. At the “development” stage, small firms pay virtually no dividends because they need all the income to finance the assets.

2. If firms are successful, the demand for their products increases, which requires capital growth, and the firm moves to the stage of "growth". Here, return on assets will grow and income will continue to be reinvested. In the early stages of this stage, the firm will begin to pay dividends in the form of shares (stock dividends). In the future, low dividends will be paid in order to start proving to shareholders that the company is profitable.

3. The firm enters a phase of expansion. Sales continued to grow, but at a slower or declining rate. Return on investment is declining as more competitors try to occupy the niche in which the firm operates. During this period, the firm's ability to pay cash dividends increases as sales increase and profitable reinvestment opportunities decrease. At this stage, the dividend payment ratio (dividend per share / earnings per share) can increase 3-5 times.

4. At the stage of "saturation" the firm maintains constant (at the same level as in the economy as a whole) growth rate of sales of goods, its level of return on assets remains the same as in the industry (economy) as a whole.

Information context theory

Dividend irrelevance theory assumes that both shareholders and managers have identical estimates of the firm's future operations and, therefore, of future income and dividend flows. In reality, investors do not equally assess the level of future dividends and the degree of uncertainty associated with them. In addition, managers often have better information about the company's prospects than ordinary shareholders.

It is observed that the increase in dividends is often accompanied by an increase in the share price, while a decrease in dividends leads to a fall in the share price.

This may indicate that shareholders prefer dividends over capital gains.

Contrary to this, MM theory puts forward the following arguments:

1. It is observed that corporations are generally reluctant to reduce dividends and increase dividends until they see equal or higher returns in the future. Thus, MM denies that the growth of dividends above the norm is a signal to investors that managers have good prospects for the future.

2. On the other hand, the reduction of dividends or their growth at a level less than the norm is a signal to investors that in the future managers expect a decrease in income.

Thus, MM argues that the reaction of investors to changes in dividend policy does not necessarily indicate that investors prefer dividends over capital income.

Dividend policy has a significant information context for investors. Formally, it is difficult to prove this fact, as it is difficult to single out the impact of the information context of dividend policy or the preferences of investors, etc., in changes in stock prices.

Clientele theory

Different groups of shareholders prefer different types of dividend policy. For example, retirees would prefer current income. Such investors have low income tax rates, so they would like to receive more significant dividends from the firm. On the other hand, shareholders would prefer reinvestment in years when dividends are rising.

If a firm leaves and reinvests more income than it pays dividends, those investors who want to receive current income will be dissatisfied. They will start selling shares to compensate for the unearned current income. By the way, this threat is reduced by the institutional investor.

Another group of investors will prefer capitalization (first, they have enough current income to cover current expenses; second, the firm's focus on paying dividends will be associated with higher taxes). They will also resell the shares for reinvestment in a firm that will provide them with the required level of capitalization.

However, such switching may be ineffective because: there are brokerage costs; it is possible that the realized capital income of shareholders who sell shares will be subject to taxation.

The number of investors is generally declining. This means that firms will be reluctant to change their dividend policy. Although with a successful dividend policy, managers are begging and attracting additional shareholders.

Factors that determine the content of dividend policy include: (1) the tax position of shareholders, the information context of dividends, the stage of the life cycle of the firm and current legislation.

In some situations, the government may, through the adoption of certain legislation, impose restrictions on the activities of joint stock companies, which affects the dividend policy of the latter. Thus, in some cases, firms are prohibited from paying dividends at a level greater than the balance between the shareholders' contribution to the firm's capital and the amount of dividends paid.

provided a return on capital income.

Firm life cycle theory

The theory considers the motives for the formation of the company's dividend policy during the life cycle:

1. At the stage of "development", small firms pay virtually no dividends, as they need all the income to finance assets.
   If firms operate successfully, the demand for their products grows that
   requires capital growth, and the firm moves to the stage of "growth". Here, return on assets will grow and income will continue to be reinvested. In the early stages of this stage, the firm will begin to pay dividends in the form of shares (stock dividends). In the future
   low dividends will be paid just to get started
   to prove to shareholders that the firm is profitable.
   3. The firm enters a phase of expansion. Sales growth
   continues, but at a slower or declining pace. Return on investment is declining as it grows competitors are trying to occupy a niche in which the firm operates. IN
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grow as sales grow and opportunities grow
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t
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there are brokerage costs; it is possible that the realized capital income of shareholders who sell shares will be subject to taxation.

The number of investors is generally declining. This means that firms will be reluctant to change their dividend policy. Although with a successful dividend policy, managers can attract additional shareholders.

2.3. Public offering (IPO) as a tool to increase business capitalization.

An IPO is not a must in every company's life. The relevance of the initial public offering is determined by the management of each individual company, taking into account its development strategy. In the light of life cycle theory, every enterprise goes through several stages: birth, growth, maturity and bankruptcy.

At any stage of the life cycle, the company must have financial flexibility, ie the ability to raise funds from various sources, regulate the level of solvency and activities in accordance with changed conditions.

It is at the stage of maturity that corporations need IPOs the most for their further growth and development. The initial public offering becomes a kind of multiplier of financial and other capabilities of the corporation in the overall continuous scientific, technical and economic development of the environment in which the company is, on the one hand, and its fairly stable and competitive position, on the other hand. Being public can in itself create added value. In addition, it also increases the level of trust in the company by other investors, customers, creditors and suppliers.

Entering the public market is associated with the cost of organizing an IPO and paying for the services of consultants, underwriters, lawyers, etc., as well as the cost of disclosing information, the value of which is reduced. Therefore, the company prefers to make an IPO decision at a time when the potential benefits (such as increasing the value of the company, liquidity of shares, increase the subjective valuation of shares) exceed these costs, which usually occurs at a fairly mature stage of their operation (life cycle).

Proponents of "life cycle" theories highlight, in addition to the above, other important motivating reasons for the decision to transform the company into a public one:

* it is much easier for a potential investor to identify a promising company, in his opinion, if it is public;

* shares of a public company are sold at a price higher than the price offered during the direct sale;

* high share price of companies in the public market can increase the competitiveness of the company's products.

Given that the goal of any commercial organization is to maximize market value, an IPO is appropriate at the final stage of such a development strategy, which consistently increases the value of the business.

The first and second stages include the creation of a sustainable business that meets certain investor requirements and international standards.

The third stage forms the credit image of the borrower. Currently issued issues differ significantly in terms of borrowing purposes and the effect on credit history and reputation of the issuer.

Entering new borrowing markets does not always strengthen the borrower's reputation. Real progress is always related not so much to the volume of the loan, the efforts of the underwriter or the scale of the advertising campaign, but to the presence of a clear and unambiguous investment

program. The biggest advantage is borrowers, who will provide investors with information about what exactly their money will be spent on. In this case, the reputation effect will be maximum.

Bond loans made in this way are the first step in preparing for an IPO. Starting with small amounts of borrowed funds directed to the implementation of specific investment projects, companies should gradually build their credit history, name, reputation.

In the future, this will turn not only to debt but also equity financing on much more favorable terms. The presented version of the company's development is not universal for all corporations. Some components of the stages may not be used. Sometimes issuers resort to quite complex forms of raising capital, which, in fact, are the first steps to increase the capitalization of the enterprise.

In general, the implementation of this long-term development strategy allows you to consistently and maximize the value of the business.

The implementation of such a strategy in practice means that at a time when a closed or private company needs long-term funds, and all opportunities to use borrowed funds are exhausted and their further involvement will lead to a critical ratio of equity and debt in the capital structure, the company issues and sells shares in the organized market.

In the conditions of active development of economy, all actions of the companies are directed on expansion of the sphere of activity. At the same time, the strategy aimed at expansion is not only to meet demand for its products, opening new industries, developing new areas of service, using new, promising opportunities in developed and new markets, with existing and new products, but also to change organizational structure of the company.

Within the framework of significant transformations aimed at restructuring the business, there are two main areas, such as:

* restructuring from a financial standpoint: adapting the structure of resources to new prices and conditions of limitation, as well as changing the structure of production in accordance with competitive advantages and demand. It may also include organizational changes in firms, expressed in their division into smaller units or in the creation of new combinations;

* organizational restructuring of the enterprise - the process of reorganization and optimization of elements or the entire system of financial and economic activities in order to increase efficiency.

The external development of the enterprise is based on the purchase and sale of assets, divisions, mergers and acquisitions, as well as activities to maintain corporate control.

The reasons for the need for restructuring are:

1) the presence of a cost gap;

2) obtaining competitive advantages through reorganization;

3) increase investment attractiveness.

In general, the directions of business restructuring can be represented as follows.

In the strategic direction, the purpose of expansion is to increase the value of share capital as a result of the following actions:

* acquisition of existing enterprises (creating a new company is a longer and more time-consuming occupation than acquiring control over an existing one);

* obtaining management, production and technological benefits in the case of mergers of different companies ("complement effect", if the system fills in the missing elements);

* the ability to diversify and reduce aggregate risk by merging companies of different activities;

* realization of competitive advantages as a result of strengthening the position of the combined company in the market ;

* obtaining a synergistic effect, which occurs if the properties of the system as a whole exceed the simple sum of the properties of its individual elements.

There are some differences in the interpretation of the concept of "merger" in foreign theory and practice and in Ukrainian law.

General legislation does not contain a definition of a merger. The Civil Code of Ukraine (hereinafter - CCU) operates on this concept, considering ways to terminate a legal entity. Thus, Part 1. Art. 104 of the CCU establishes that a legal entity is terminated as a result of the transfer of all its property, rights and obligations to other legal entities - successors (mergers, acquisitions, divisions, transformations), or as a result of liquidation. Further, the CCU, without describing the features of each of these methods, only focuses on regulating the general principles of mergers, acquisitions, divisions and transformations of legal entities. It should be noted that the previous Civil Code of the USSR, also without giving a definition, contained a brief description of the signs of mergers and acquisitions. Part 2 of Article 37 of the Civil Code of the Ukrainian SSR stated that when a legal entity merges, the property (rights and obligations) passes to the newly created legal entities, and when a legal entity joins another property (rights and obligations) passes to the latter.

Thus, a necessary condition for the conclusion of a merger agreement is the emergence of a new legal entity, with a new company formed on the basis of two or more former firms that completely lose their independent existence. The new company takes control and management of all assets and liabilities to customers of the companies - its components, after which the latter are dissolved. For example, if company A merges with companies B and C, then a new company D (D = A + B + C) may appear on the market, and all others are liquidated.

According to the generally accepted approach abroad, a merger means any association of economic entities, as a result of which a single economic unit is formed from two or more pre-existing structures.

In foreign practice, a merger can be understood as a merger of several firms, as a result of which one of them survives, and the others lose their independence and cease to exist. In Ukrainian law, this case falls under the term "accession", which implies the termination of one or more legal entities with the transfer of all their rights and obligations to the company to which they join (A = A + B + C).

Abroad, the concepts of "mergers" and "acquisitions" do not have such a clear distinction as in our legislation. Even the English analogues of these concepts are ambiguous:

Merger - takeovers (through the acquisition of securities or fixed capital), mergers (companies);

Acquisition - acquisition (for example, shares), takeovers (companies);

Merger and acquisitions and absorption companies .

Acquisitions of a company can be defined as the taking of one company by another under its control, its management with the acquisition of absolute or partial ownership of it. Acquisition of a company is most often carried out by buying all the shares of the company on the stock exchange, which means the acquisition of this company.

In Ukraine, the merger of a company is the termination of one or more companies with the transfer of all rights and obligations to another company.

We would like to pay special attention to the requirements of antitrust law, according to which companies must meet the following conditions:

* only ordinary shares take part in the exchange on both sides;

* conditional payments are prohibited;

* the company participating in the agreement must have experience as an independent organization for at least two years;

* the acquiring company must not lose a significant share of assets within two years;

* at least 2/3 of the shareholders need their consent to make financial decisions.

The classification of the main types of mergers and acquisitions is given below.

In modern corporate management, there are many different types of mergers and acquisitions. We believe that the most important features of the classification of these processes are:

* the nature of the integration of companies;

* nationality of the merged companies;

* attitude of companies to the merger;

* method of combining potential;

* merger conditions;

* merger mechanism.

Let 's focus on the most common types of mergers. Depending on the nature of the integration of companies, it is advisable to distinguish the following types:

* horizontal mergers - associations of companies in the same industry that produce the same product or carry out the same stages of production;

* vertical mergers - an association of companies in various industries related to the technological process of production of the finished product, ie the expansion of the buyer company to its previous production stages, up to sources of raw materials, or the next - to the final consumer. For example, mergers of mining, metallurgical and machine-building companies;

* tribal mergers - associations of companies that produce interdependent goods. For example, a company that makes cameras merges with a company that makes photographic film or chemicals for photography;

* conglomerate mergers - associations of companies in different industries without a production community, ie a merger of this type - is a merger of a firm in one industry with a firm in another industry, which is neither a supplier, nor a consumer, nor a competitor. Within the conglomerate, the merging companies have neither technological nor target unity with the main area of activity of the integrator firm. Profiling production in this type of association takes on a vague shape or disappears altogether.

In turn, there are three types of conglomerate mergers:

Mergers with product line extensions (mergers), ie connections of non-competing products whose sales channels and production process are similar. An example is the acquisition by Clorox, a leading detergent manufacturer, of Procter & Gamble, a leading detergent manufacturer.

Market extension mergers, ie the acquisition of additional sales channels, such as supermarkets, in geographical areas that were not previously serviced.

Pure conglomerate mergers that do not imply any commonality.

Depending on the nationality of the merged companies, there are two types of mergers:

- National mergers - associations of enterprises located within one state;

- Transnational mergers - mergers of companies located in different countries (transnational merger), acquisition of companies in other countries (cross-border acquisition).

Given the globalization of economic activity, in modern conditions, a characteristic feature is the merger and acquisition of not only companies from different countries, but also multinational corporations.

Depending on the attitude of the company's management staff to the merger or acquisition agreement, the following can be distinguished:

- friendly mergers - mergers in which the management and shareholders of the buying and buying companies (target, selected for purchase), support this agreement;

- hostile mergers - mergers and acquisitions in which the management of the target company (target company) disagrees with the prepared agreement and takes a number of anti-seizure measures. In this case, the acquiring company has to take action in the securities market against the target company in order to acquire it.

Depending on the method of combining the potential, the following types of mergers can be distinguished:

- corporate alliances - a combination of two or more companies, focused on a specific separate line of business, which provides a synergistic effect only in this direction, in other activities, firms operate independently. Companies can set up joint structures for these purposes, such as joint ventures;

- corporations - this type of merger occurs when all the assets of the firms involved in the agreement are combined.

In turn, depending on what potential is combined during the merger, we can identify:

industrial mergers are mergers in which the production capacities of two or more companies are combined in order to obtain a synergistic effect by increasing the scale of activity;

purely financial mergers are mergers in which merged companies do not act as a whole, with no significant production savings expected, but there is a centralization of financial policy, which strengthens the position in the securities market, in financing innovative projects.

The type of merger depends on the market situation , as well as on the company's strategy and the resources it has.

The division of a joint-stock company is recognized as the termination of the company with the transfer of all its rights and obligations to the newly created companies. The Board of Directors of the company reorganized in the form of division, decides on the decision of the general meeting of shareholders on the reorganization in the form of division, and in the order of conversion of shares of the company reorganized into securities of newly created. When a company is divided, its rights and obligations are transferred to two or more newly created companies in accordance with the division balance sheet.

The separation of a company is the creation of one or more companies with the transfer of part of the rights and obligations of the company, which is reorganized without termination of the latter. The Board of Directors of the company being reorganized in the form of a spin-off decides on the reorganization of the company in the form of a spin-off, the procedure and conditions for the spin-off, the creation of a new company, the possibility of converting the company's shares into shares and (or) other securities. , which is allocated, and the procedure for such conversion, the approval of the distribution balance.

Upon transformation of a company into a limited liability company or a production cooperative, all rights and obligations of the reorganized company shall be transferred to the newly established legal entity in accordance with the transfer deed.

The transformation of a public company into a private one can be done through the purchase of shares, which means a change in the ownership structure. A large number of tools are used for this.

The most common: cash settlement with former shareholders, merger of an open company with a private corporation. In addition, privatization can be carried out through the repurchase of shares through a loan, ie the agreement involves a third or even fourth party.

2.4. The value of the brand in the overall value structure of the enterprise.

The problem of determining the value of brands is always in the spotlight. An independent evaluation may be carried out in the interests of investors, in order to report to government agencies, company management and shareholders. Most often, the need to assess the value of brands is associated with the purchase or sale of the company or its individual brands.

Various concepts and patented methods of valuing brands are used in world practice, but there is no single system for measuring the value of brand capital. This is due to many reasons. The main reason for the lack of generally accepted methods of valuing brand capital is the complex nature of intangible assets and different interpretations of the essence of the brand. Different countries have different financial approaches to calculating a firm's assets. Ultimately, the choice of method for estimating the value of a brand depends on whose interests the valuation is carried out (seller or buyer), this value is included in the balance sheet and whether the calculated brand value is a factor in strategic decision making. There are other specific factors that influence the choice of methodology for calculating the value of brands.

In general, most methods of estimating the value of brands are based on calculating the difference between tangible and intangible components in the market capitalization of the firm. It should be noted that this approach is used mainly by monobrand companies. If the firm has a large portfolio of brands, this approach gives an idea of the total value of the portfolio and does not allow to assess the contribution of each brand and, accordingly, its value. In addition, calculating the difference between tangible and intangible components in the market capitalization of the firm is quite difficult for companies in high-tech industries, where most intangible assets are provided by patents, licenses and know-how.

Given these features, companies use many different methods and separate methods to calculate the value of brands, the choice of which is determined by the specifics of the company and its brands, and most importantly - the purpose for which the valuation of the brand.

The cost-based method , or activity-based costing method , is the summation of all possible costs associated with creating and promoting a brand throughout its life cycle. Typically, most of these costs are the cost of advertising and other brand communications.

The current value of all investments in brand development is calculated by the formula:

$K_m = zs''$

where To_t - the amount of brand capital; S_f - the cost of measures to develop and promote the brand.

For a number of reasons, this approach is quite conditional. First of all, the problem of "capital separability" is more acute, inherent in the assessment of intangible assets, ie the separation of income brought directly by the brand from the amount of company income generated by other intangible factors, such as staff qualifications. In addition, the cost method takes into account the cost of direct brand creation and promotion, not taking into account the effectiveness of the measures themselves, as well as indirect costs associated with marketing research, innovation and production.

The cost method does not reflect the conceptual nature of branding: you can invest heavily in a brand from the beginning a weak, unpromising concept, and then the cost of such a brand will be disproportionately small compared to the cost. The opposite situation is also possible, when the original creative embodiment of a well-thought-out positioning strategy, accompanied by relatively low promotion costs, increases the cost of investments many times over. Obviously, the cost method is not suitable for centuries-old brands - *Lowenbrau* (1383), *Schweppes* (1,783) and other long-lived brands, as it does not reflect changes in the value of money and inflation.

method of discounting, based on the assessment of the residual value of investments in brand development , allows to solve this problem .

The method of future earnings , on the contrary, allows you to calculate the approximate profit that the brand will bring in the future. Future income is calculated on the basis of financial indicators of recent years, from which deduct the estimated costs (taxes, interest on the loan, etc.) and that part of projected income, which is provided by the relevant intangible asset.

The earnings basis is based on the ratio of the market price of the company's shares with the dynamics of the company's income. In stock markets, the estimated coefficient is used to estimate future income

$$P/E,$$

which reflects the relationship between the capitalization of the firm (share price *P)* and the company's income (income of share *E).* Accordingly, the higher the *P / E ratio,* the greater the profit the investor expects to receive.

There are certain ranges of expected coefficient values in different industries and product categories.

Example [1]

In the UK, in the banking sector, this estimated ratio ranges from 20 to 25, in the field of drinking water supply - between 8 and 12.

In general, this method allows you to accurately determine the expected amount of profit in the future.

The comparative method (premium profit **) ,** *or the method of additional income (economic value added),* is based on the identification of the price premium, ie the difference in the selling price of a branded product and a similar standard product. According to the developed methodology, the degree of brand popularity and the number of buyers willing to prefer the brand, as well as brand loyalty , taking into account price elasticity. Thus, the standard price of a typical product of this category is deducted from the price that loyal consumers are willing to pay, and the difference is

multiplied by the projected sales volume and the average period of the brand's life cycle in the market :

$$K_m = (P_m - P) \cdot Q_m \cdot n,$$

de *Do.* $_t$ - brand value; P_t - the price of branded goods; P - the price of a standard product; Q_m - sales of branded goods; n *is* the period of the brand life cycle.

In fact, in some segments, brands are sold at the same prices as other products in this category. In this case, the value of the brand will be defined as the difference in sales, which is ensured by loyalty to a particular brand .

Thus, the comparative method captures the excess profit from the sale of branded goods compared to similar non-branded.

The main difficulty in applying this method is related to the need to select a similar standard product "without brand". In some cases, "blind testing" is conducted in focus groups for this purpose (without specifying the names of the tested products), as a result of which consumers indicate the prices they are willing to pay for specific products. In open testing, indicating the brand name or brand, consumers usually rate the same products much higher, linking the price margin with the influence of the brand component. Accordingly, the value of the brand is defined as the advantage of the product over the typical product.

The method of calculating the costs of substitution for the brand (expenses for substitution) is compared with the studied brand with an abstract product of the same category, the same purpose and quality. In this case, the cost of "bringing" the nameless product *(generic product)* to the level of the brand is determined.

Typically, indicators such as:

- • the difference between the number of consumers who prefer the brand and consumers who buy anonymous goods of the same category, purpose and quality;
- • the difference between the prices of a brand and an unnamed product;
- • average frequency and number of purchases of the brand and anonymous goods;
- • the number of loyal consumers who prefer the brand when changing commercial conditions, as well as the period of maintaining such loyalty;
- • brand life cycle period.

The main advantage of the method of calculating the cost of brand replacement is the relative simplicity and versatility of use. At the same time, it is obvious that such calculations are quite relative and in most cases cannot be verified in practice.

market method is that the value of the brand is estimated under the terms of sales agreements, where the main regulator of relations is the ratio of supply and demand. It is one of the easiest ways to assess the value of brands.

The practice of sales contracts on the world market shows that in most cases the intangible part of the company's value significantly exceeds the value of all other assets combined.

Examples [2]

Thus, the acquisition of the Swiss concern *Nestle* in 1988 by *Rowntree* for 5 million pounds was essentially reduced to the purchase of a brand, which accounted for 4 million pounds. Of the $ 220 million paid by *Schweppes* for the assets of *Hires* and *Crush,* $ 200 million went to brands. The same ratio in favor of branded assets was demonstrated by the bankruptcy of the British automobile company *Rolls - Royce* , when in autumn 1998 all companies, including plants, equipment and other funds, were transferred to *Volkswagen* for $ 1 billion, and the right to use the brand was acquired by *BMW* for $ 66 million

The last decade has been marked by high-profile mergers and acquisitions of companies and brands. In 2011, *Microsoft* absorbed *Skype,* paying $ 9 billion for the deal, surpassing *Google 's offer* , *Facebook* and *Cisco.* In 2014, *Focebook* paid $ 22 billion for *WhatsApp* . In 2013, the Russian company Rosneft bought out TNK-BP's assets for $ 54.9 billion, and VimpelCom replenished its corporate portfolio with *Wind Telecom 's assets* , paying $ 7.3 billion for them.

At the same time, the market method of estimating the value of a brand does not always reflect the actual asset ratios and often does not take into account the value of the brand for individual consumer segments.

Example [3]

An example of this is the recent bankruptcy of the oldest British bank , *Barings Bank* , as a result of which its trademark was acquired by the Dutch bank *ING* for just 1 pound. Obviously, this price does not reflect the real value of the brand for consumers.

The method of expert valuation is based on a comparative analysis of several brands, usually of one category for certain parameters. Independent experts assign weight-adjusted scores to brands. Thus, a balanced assessment of brands on the main, most important indicators, including market share, stability of the product category, brand strength, internationalization of the brand, advertising support, the degree of brand protection.

The limitations of this method are the subjectivity of expert assessments, as well as the inability to express brand capital in monetary terms. Therefore, most often this way determines the competitive position of the brand in the category, a kind of rating.

The relief method (relief relief royalty) gives an idea of the value of brand capital on the basis of regular deductions. In modern practice, firms often transfer the rights to use the brand to other companies, receiving a reward from them. In this case, the value of the brand is calculated as the sum of all deductions multiplied by the duration of the brand life cycle.

The analogy method is based on determining the value of brands with a focus on other brands. Its essence is to equate the value of the brand to a similar one from the same category.

This method initially contains a contradiction of the essence of branding: all brands are unique in nature, so there can be no analogies, as required by the principle. However, this method of determining the value of the brand is widely used, especially by small and medium-sized businesses.

All the above methods of valuation are relatively simple and quite conditional, as they are based on a single factor of brand development. Obviously, the most accurate assessment of the value of brands can be obtained by applying a multi-criteria method that integrates qualitative and quantitative indicators of brand development. This comprehensive economic approach is used by

the consulting company *Interbrandy* annually publishes ratings of the most expensive brands in the world.

Interbrand 's *income capitalization method is* applied to brands with a global scale of operations and sufficient information about them and that meet the following criteria:

- • wide scale of activity and estimated value of the brand above 1 billion dollars. [1] ;
- • globality (1/3 of sales should be made outside the market of the country of production);
- • availability of public financial statements [4] [5].

The value of brands is calculated based on the results of the financial year, and the company's specialists monitor the main trends on a quarterly basis.

Interbrand 's methodologies are used to estimate the value of leading brand portfolios, such as *Procter & Gamble* , *Unilever at Nestle* , *LOreal.*

The method of calculating the value of the brand is based on calculating the net present value of profits that the brand will bring in the future. In particular, financial forecasts, the role of branding, the strength of the brand, the value of the brand are assessed.

The financial forecast is developed on the basis of public information. Based on the company's profits for the last three years, the future annual income is calculated. The financial forecast is based on the dynamics of the market value of shares and dividends on shares over the past year. Then all operating expenses, taxes and borrowed capital costs are deducted from this amount. Thus, the income generated by *intangible earnings* is calculated . Special techniques allow to calculate the cost of intellectual capital on its basis.

The role of branding is the basis for calculating the share of intangible assets in total income, which is formed directly by the brand. At this stage, the key factors that shape consumer demand and the degree of their dependence on the brand are calculated and evaluated.

Brand strength is measured as the sum of the brand's potential risks at which projected revenue is discounted to its net present value. The strength of the brand is calculated for seven key parameters [6] (in parentheses is the weight of the parameter):

- • leadership in the product category (25%);
- • internationalization, international presence (25%);
- • stability of sales volumes (15%);
- • share in major markets (10%)
- • trends in market development and product category (10%);
- • marketing support (10%);
- • legal protection (5%).

The value of the brand is calculated as the net present value of the planned net profit from the use of the trademark. *Interbrand* 's method determines the value of the brand on the basis of financial indicators, taking into account the strength of the brand's position in the market . Therefore, with a short-term deterioration in profitability and other financial indicators, the brand can strengthen long-term relationships with consumers and thus increase its value.

To calculate the value of the brand, the formula is used:

$$K_m = k \cdot \pi,$$

where l is the net profit of the enterprise; *k is* the coefficient obtained as a result of assessing the strength of the brand. Its range varies in the range [2; 5].

Despite the presence of some errors related to the calculations and limitations of the method set by companies for the brands in question, the method of capitalization is considered the most reliable way to calculate the value of brands, as close to the concept of branding.

Lecture 3. Restructuring and reorganization in the value system of enterprises.

3.1.. Restructuring and reorganization of the enterprise aimed at increasing its value.

3.2. Characteristics of mergers and acquisitions (M & A) c Quality management system.

3.3. Periodization of M&A waves in the world.

3.4. The effect of direct and reverse synergy and ways to achieve it.

3.5. Creating a group of companies to increase their value.

3.1.1. Restructuring and reorganization of the enterprise aimed at increasing its value.

Bankruptcy is understood as the insolvency of the debtor recognized by the commercial court to restore its solvency through reorganization and amicable settlement procedures, as well as to repay the monetary claims of creditors established by this law, except through the liquidation procedure.

A possible solution for an enterprise with unsatisfactory financial and economic indicators of its activity is to carry out restructuring and its financial recovery.

Restructuring is the process of implementing organizational, economic, legal and technical measures aimed at changing the structure of the enterprise, its management, ownership, organizational and legal forms, in order to financially rehabilitate the enterprise, increase production and increase production efficiency.

The most common types of enterprise restructuring in the process of bankruptcy or prevention of its bankruptcy are its organizational, legal and financial restructuring.

Organizational and legal restructuring (corporate reorganization) is characterized by processes of corporatization, change of organizational structure and owner. Options for such restructuring may be:

* transformation of the enterprise into another enterprise;

* association of enterprises with the formation of a new legal entity;

* mergers, acquisitions, acquisitions;

* separation, division of the enterprise with the formation of a new legal entity;

* re-profiling of the enterprise;

* separation of certain structural units for further activities.

Financial restructuring involves the reform of corporate governance with the mandatory attraction of investment to improve the state of the enterprise. Thus, financial restructuring is a permanent tool of enterprise management through the management of its debt, investment and liabilities, and not just the realization of such a goal as bankruptcy prevention. It can be carried out as part of reorganization, and adaptive or advanced restructuring. Financial restructuring stabilizes the company, minimizes the threat of its liquidation, thus creating conditions for investment in further restructuring measures.

On the one hand, the financial restructuring of the enterprise may be part of its overall reorganization, as any changes are impossible without a change in the finances of the legal entity. On the other hand, it can be carried out as an independent direction of restructuring, a means of strategic financial transformation, bankruptcy prevention, increasing the level of solvency of a legal entity. In this case, financial restructuring performs a remedial function.

Rehabilitation is a system of measures aimed at improving the financial and economic condition of the enterprise, as well as fully or partially meet the requirements of creditors through lending, restructuring, debt and capital and / or changes in legal form and production structure of the debtor bankruptcy cases in order to prevent the enterprise from being declared bankrupt and liquidated or by the enterprise itself without initiating a bankruptcy case (pre-trial reorganization).

Decisions on remediation can be made by:

* pre-trial - the founder (participant, shareholder) of the debtor, property owner (authority authorized to manage property) of the debtor, the debtor's creditor, other persons to prevent bankruptcy of the debtor by using organizational and economic, managerial, investment, technical, financial and economic, legal measures in accordance with the law to initiate bankruptcy proceedings;

* in the framework of court proceedings applied to the debtor after the initiation of bankruptcy proceedings (Article 28 of the Bankruptcy Law).

Thus, the Law of Ukraine "On restoring the solvency of the debtor or declaring him bankrupt" restructuring is considered as an effective means of recovery

competitiveness of the enterprise, which can be carried out as part of remediation measures or autonomously.

Thus, conducting a systematic analysis of theoretical provisions on restructuring and the provisions of the Bankruptcy Law, it can be argued that restructuring - is the implementation of organizational, economic, financial, economic, legal, technological measures aimed at reorganizing the company, in particular by dividing it with debt obligations to a legal entity that is not subject to reorganization, if provided by the reorganization plan, to change the form of ownership, management, organizational and legal form, which can restore profitability, competitiveness and efficiency of the enterprise, which will contribute to financial recovery.

Restructuring is a narrower concept than reorganization. Restructuring includes measures to adapt production, management system and organizational structure, business processes to restore profitability and competitiveness of the enterprise. Rehabilitation, in contrast to restructuring, also includes measures of a financial nature, aimed primarily at solving the problem of financial recovery of the enterprise.

The following forms of restructuring are possible for the recovery of the enterprise:

* restructuring of enterprise management - is changes in the field of enterprise management by changing the management of the enterprise and the introduction of new, progressive forms of management, reducing the number of employees;

* restructuring of production and assets - involves changes in the organizational and production-economic sphere of the enterprise by diversifying the range of products (services), reducing production costs, selling some fixed assets, surplus equipment, raw materials, individual divisions, reverse leasing, refinancing receivables (transfer it to other liquid forms);

* financial restructuring - is changes associated with changes in the structure and size of equity and borrowed capital, as well as changes in investment activities of the enterprise using (including, but not limited to) the restructuring of accounts payable, obtaining additional loans, increasing share capital ;

* corporate restructuring (reorganization) - discussed in more detail above.

The important point is that the reorganization of an enterprise as a form of restructuring must be carried out in compliance with antitrust law, and in cases provided by law - by decision of the owner and with the participation of labor collective or body authorized to establish such enterprises or court decisions.

Thus, restructuring is one of the most effective means of restoring the solvency of the enterprise.

3.2. Characteristics of mergers and acquisitions (M&A) c Quality management system.

Mergers and acquisitions is a term used in Ukraine to refer to transactions that result in:

the existing owner of a controlling stake in a public or private joint-stock company disposes of the controlling stake owned by him to another person (private buyer) on agreed terms, or the person (initiator of the takeover) buys from the minority shareholders of the public or private joint-stock company the shares owned by him in order to concentrate the initiator of the takeover control over the company, or the assets of several companies are merged to create a new company.

Special regulatory requirements defined by the Law on Joint Stock Companies apply to transactions with shares, in particular:

1) a requirement to a private buyer or the initiator of the acquisition of a public announcement of their intention to purchase shares of a joint-stock company in order to concentrate control over the company,

2) the requirement for mandatory redemption by a private buyer of shares of minority shareholders of the company if as a result of a private agreement there is a transfer of ownership of a controlling stake in the company from the existing majority shareholder to a private buyer, and

3) the requirement of mandatory redemption by the initiator of the takeover of shares of minority shareholders in case of concentration by him - during the purchase of shares from small shareholders - of a controlling stake in the company.

Depending on the nature of the merger (integration) there are the following types of mergers:

Horizontal merger is a combination of two firms that produce the same type of product or provide the same services. Advantages: increased competitiveness;

Vertical merger is a merger into a single firm of two or more firms that carry out different stages of product production, it can be a merger of the enterprise with its supplier of raw materials or consumer of products;

Generic (parallel) mergers - associations of companies that produce interconnected goods. For example, combining a computer company with a computer parts company. Advantages: concentration of technological process of production within one company, possibility of optimization of production costs, increase of profitability of the new company (in comparison with the sum of profitability of the companies which have participated in merger);

Conglomerate (circular) mergers - associations of companies not related to each other by certain production or sales relations. A merger of this type is a merger of a firm in one industry with a firm in another industry that is neither a supplier, nor a consumer, nor a competitor. The benefits of such a merger are not obvious and depend on the specific situation;

Reorganization of companies - associations of companies involved in various areas of business. The benefits of such a merger also depend on the specific situation.

According to their economic and historical content, special rules on acquisitions should apply only if:

1) the company has a significant number of shareholders and

2) there are no restrictions on the right of shareholders to sell their shares of the company, which are usually admitted to trading on stock exchanges.

Thus, according to the EU Directive on Takeover Bids, its requirements apply only to those companies whose shares are admitted to trading on European stock exchanges. The City Code applies to a wider range of companies - it covers all public companies (especially those that are admitted to trading on the stock exchange and on an alternative exchange platform), as well as those private companies whose shares have been traded on exchanges or offered for sale to an unlimited number of people. Private companies are included in order to prevent deviations from the Code by delisting companies from quotations of stock exchanges.

The takeover rules do not apply to private companies, especially companies with a small number of shareholders, as well as large companies whose shares are not in free float. Also, the rules of acquisitions do not apply to the transfer of ownership of a controlling stake during:

intragroup transactions (for example, if the controller decides to transfer his controlling stake to another company under his control),

division of property of the spouses or by inheritance,

acquisition of shares as a result of the exercise by the shareholder of the preemptive right to purchase shares of additional issue.

The acquirer or private buyer is obliged to make a public announcement of its intention to purchase shares of a joint stock company (private or public) if their purpose is a one-time purchase or gradual concentration (for example, by concluding a series of agreements with small shareholders) of 10 percent or more. - the so-called significant package. Information on the number of shares to be purchased, as well as information on whether the prospective buyer is a shareholder of the company at the time of the announcement is subject to public disclosure. If he is a shareholder, he must disclose the number of shares owned by him. Information on the price at which it is planned to buy shares is not disclosed.

The public announcement of the intention to buy shares has only one legally significant consequence: within 30 days from the date of publication, the company's management has no right to prevent the completion of the sale. A person who has made a public announcement may waive his intention to buy shares without giving notice, and may also buy fewer shares than disclosed. Thus, evasion of publication also has only one legally significant consequence: the initiator of the takeover or a private buyer cannot require the management of the company not to interfere with the purchase of shares.

The law does not define the range of prohibited obstacles, nor does it provide an approximate list of them. In world practice, obstacles are corporate decisions that, in the absence of a public offering, would be considered perfectly legal. Such decisions include, for example, decisions of the board or supervisory board that have not been agreed with the shareholders on:

additional issue of shares,

alienation of significant assets of the company,

payment of dividends,

conclusion by the company of non-standard contracts for the normal economic activity of the company.

That is, if in the normal situation the consent of shareholders would not be required to make the above decisions, after the announcement of a public offer, consent becomes mandatory and these actions without the consent of shareholders are considered an obstacle to the offer. In Ukraine, the first three cases (issue of shares, alienation of assets and payment of dividends) in any case require the permission of shareholders. The fourth case is a kind of evaluation concepts, the use of which for the purposes of regulation in Ukraine is meaningless due to the lack of courts that can adequately apply them in resolving disputes. So what is the purpose of a public announcement? It is believed that it is "one of the ways to protect the company from raider attacks" [5], ie in fact it is not designed to protect the interests of the initiator of the takeover (as in Russia or the EU), but to protect the interests of management from unfriendly or even illegal [6] absorption. However, it is doubtful that a rule devoid of obvious sanctions for non-compliance can have a deterrent effect on the raider . Instead, uncertainty about the consequences of a transaction without prior public notice can make a negative contribution to the stagnation of the M&A market in Ukraine.

Mandatory redemption

The initiator of the takeover or the private buyer is obliged to repurchase from the minority shareholders the shares of the company owned by him, if:

the initiator of the takeover concentrated in its ownership a controlling stake as a result of concluding a series of agreements with other minority shareholders, or

if the private buyer bought from the majority shareholder a controlling stake in the company on the terms agreed with the majority shareholder.

Redemption is carried out on the basis of a public offer, which the buyer sends to the company and which the company is obliged to transfer personally to each shareholder.

In Ukraine, the mandatory redemption requirement has the widest scope in Europe. First, it applies to any joint stock company (public or private), regardless of the number of shareholders in such a company and the restrictions on the circulation of shares. Secondly , she knows almost no exceptions. The only permissible exception is the transfer of ownership of a controlling stake from the state to an individual during privatization. This broad approach completely ignores the economic nature of the takeover rules and is unknown even in Russia.

For example, Ukrainian takeover rules are subject to a private joint-stock company with only 2 shareholders, each of whom owns 50 percent of the company's shares, even if they have agreed to restrict the free circulation of shares issued by the company. Therefore, if one of these two shareholders decides to sell a block of shares owned by him, the other shareholder has a choice of two options: either exercise his preemptive right to purchase shares alienated by another shareholder or exercise his right to repurchase shares at market price. This second alternative, introduced in 2009 by new takeover rules, could break the agreement between the buyer and the first shareholder, as the buyer may not have enough money to buy both shares.

Quality Management Systems (QMS) - a set of interconnected and / or interacting elements of the organization, which allow to direct and control the activities of the organization on quality. In fact, the functioning of S.u.ya. is reduced to a carefully established and mutually agreed performance of all activities of the enterprise in such a way as to minimize the possibility of inconsistencies at

any stage of product development. It is believed that the management of the organization may include various systems, such as S.u.ya., financial management system, risk management system, environmental management system and so on. Today there is a tendency to form integrated control systems, which is a combination of two or more control systems, eg, S.u.ya. integrates with environmental management system, labor protection system, etc.

Approaches to the creation and implementation of S.u.ya. may be different, but to certify the implemented S.u.ya. possible only if it meets the requirements of the international standard ISO 9001: 2000. ISO 9000 series standards contain universal requirements for the stages and elements of modeling the effective S.u.ya. and targeted at any enterprise, regardless of their type and number of employees. The versatility of the ISO 9000 series standards allows them to be applied both to manufacturing companies and to organizations or institutions that provide services. ISO 9000 series standards are accepted as national in 170 countries, and the number of organizations with certified S.u.ya. According to ISO, at the beginning of 2007 there were more than 1,900 certified organizations in Ukraine, which reflects a positive trend: in 2002-2006, this number was 181, 306, 934, 1375 and 1808 organizations, respectively. Similar dynamics is observed for other countries on all continents of the world.

The ISO 9000 series of standards consists of four documents: ISO 9000: 2005 describes the main provisions of the S.u.ya. and defines the terminology. ISO 9001: 2000 sets out the requirements for the US that is implemented by an organization that wants to demonstrate its ability to supply products that meet customer requirements, meet regulatory requirements, and strives for continuous improvement. ISO 9004: 2000 contains guidelines for further improving the effectiveness and efficiency of S.u.ya. The purpose of this standard is to provide guidance on the means and methods of enhancing customer and other stakeholder satisfaction by improving an organization's performance. ISO 19011: 2002 contains recommendations for conducting audits of S.u.ya. and / or environmental management systems. All standards of the 9000 series are accepted in Ukraine as state: DSTU ISO 9000-2001, DSTU ISO 9001-2001, DSTU ISO 9004-2001, DSTU ISO 19011: 2003 respectively. Together, these documents form a coherent set of standards that promotes mutual understanding in national and international trade through the common recognition of quality management approaches, principles and methods.

The ideology of S.u.ya. according to the ISO 9001 model is based on the recognition of the priority of consumer requirements along with regulatory requirements. The standards emphasize the rationality of the process and system approach, as well as the principle of making managerial decisions based on evidence. Formation of S.u.ya. provides for the establishment of stable relationships with customers to determine adequate requirements for products and further monitoring the degree of satisfaction with the products provided. The process approach involves the organization of certain activities as processes with the definition of inputs (raw materials, materials, information), outputs (tangible or intangible results of the process), resources needed for the process (production environment; infrastructure: equipment, communications, measuring instruments etc .; staff, documentation, etc.), as well as management actions aimed at planning, monitoring and timely adjustment of the process.

As part of the implementation of each process of S.U.Ya. the middle of the last century. The PDCA cycle involves the coordinated implementation of all stages of activities in a certain sequence: Planning, implementation of planned (Do), monitoring and analysis of the results of actions (Check) and development and implementation of corrective and / or preventive actions to continuously improve enterprise processes Act). For effective functioning, the organization must identify numerous interrelated activities and manage them according to certain rules, which are established by ISO 9001: 2000. Most often, all activities defined as processes are a set of parallel and / or sequential work, so the output of one process is directly the input of the next. Understanding and meeting the requirements of internal consumers of each process by its predecessors can significantly reduce the risk of non-compliance and constantly optimize activities

at all levels of the organization. The advantage of the process approach is the provision of constant control of the connections of individual processes within the system, as well as their interaction. The process approach helps to understand and meet the requirements of internal consumers to all activities of the organization, encourages to consider processes from the standpoint of their usefulness to the organization, involves not only measuring the results of any activity, but also its ongoing monitoring of information indicators and evaluation criteria. Such measures are aimed at ensuring continuous improvement of all enterprise processes, as well as the products themselves. Measures for continuous improvement are based on a systematic analysis of S.u.ya. leadership and making objective management decisions on corrective and preventive actions. Quality management requires process management, not just end results. This is the basis for ensuring and improving quality. Each employee of the organization serves a certain process and contributes to its functioning. Each process must have a specific "master" responsible for the effectiveness of this process. Thus, the activities organized according to the process model contribute to a clearer division of responsibilities and powers, greater interest of staff in achieving the planned results at all levels of the organization. As a result, the number of discrepancies decreases during all product creation processes, labor efficiency increases, and unproductive costs decrease.

With the introduction of S.u.ya. identify all necessary processes and their application at all levels in the organization, determine the sequence and interaction of these processes, develop criteria and methods necessary to ensure the effectiveness of these processes and their management. Management is committed to providing the resources and information needed to support the operation and monitoring of the S.U. Monitoring, measuring and analyzing these processes and taking measures to achieve the planned results and systematic improvement becomes a constant task of the entire staff of the enterprise, which introduced S.u.ya.

The requirements of ISO 9001: 2000 apply to all groups of SS processes: from document management, senior management, resource management, product development to measurement, analysis and improvement processes. It is common to use the classification of processes, which provides for their division into basic (product creation), management (senior management) and ancillary (providing all kinds of resources). Functional modeling is used to clearly define the interaction of processes - a description of the process model that reflects their internal structure, inputs and outputs, relationships and interactions with other processes in the process network, as well as classification and identification features that characterize the process as functions. The purpose of modeling is to create an accurate, sufficient, concise, easy to perceive and analyze the description of S.u.ya. as a set of interacting components and relationships between them. One of the most common methodologies for creating functional models (descriptions) of complex systems and processes is the IDEF0 methodology. The basic principles and concepts of IDEF0 were approved as a US federal standard for functional modeling in 1993. Today, almost all leading organizations use the methodology of functional modeling IDEF0 to reengineer business processes and quality management processes in the formation and optimization of S.u.ya.

The process approach is universal and can be applied in the implementation of any management system. But the ISO 9000 series standards do not contain requirements specific to other related control systems, e.g. with the environment, industrial health and safety, finance and risks. However, these standards allow the organization to reconcile or integrate its S.u.ya. with corresponding requirements to other subsystems. It is possible that the organization is adapting its management system to create S.u.ya., which would meet the requirements of ISO 9001: 2000, and will not develop it as new.

After the introduction of S.u.ya. any organization has the right to apply for certification of its system in any certification body (CA) accredited for such types of work. OS can be both state and non-state. The certification procedure consists of evaluating the documentation of S.u.ya. followed by a two-stage audit by a third party (OS auditors). To harmonize the work of all OS at the international level, the ISO 17021: 2006 standard was introduced, which regulates the activities of

OS SU, environmental management systems and other systems, which emphasizes the understanding of trends in the spread of integrated management systems internationally.

3.3. Periodization of M&A waves in the world.

most M&A deals fail. Of course, this is known to the top managers of all companies that resort to such agreements. However, despite the disappointing results of mergers and acquisitions in general, they go to risky decisions. Why? The answer to this question is simple: this process is natural. In this regard, the opinion of I. is quite relevant.

Bunin that "the one who takes the most risks is the one who doesn't take the risk." It has been scientifically and practically proven that companies that enter into many mergers and acquisitions outperform companies that enter into

few deals. A convincing analysis of these results was conducted by the global consulting firm Bain & Company, Inc., which was based on a fifteen-year history of M&A activity of about 700 corporations in the United States, Britain, Germany, Italy and Japan.

The paradox of concluding an agreement is as follows. Academic research shows that 70% of all transactions do not create added value, but on the other hand, empirical observations suggest that it is too difficult to build a world-class company solely through organic growth, ie by recapitalizing profits or increasing share capital. This paradox is a classic case of two options: mergers often end in failure rather than success, but they are inevitable. It is no coincidence that the vast majority of Fortune 500 companies are the product of numerous mergers.

The basic strategic imperative to rationalize the processes of international mergers and acquisitions is to take into account the peculiarities of agreements in this regard at the beginning of the third millennium. For awareness

these features should be taken into account the cyclical-wave nature of the development of mergers and acquisitions.

M&A processes belong to the category of economic phenomena

which is characterized by cyclicality and wave-like dynamics, which is equally true for both international and national corporate consolidation. Typical periods of activity in the M&A market, when every year within a certain time lag, there are more mergers and acquisitions (the total value of which increases), is replaced by a decline in interest from buyers (in the case of acquisitions) and start-ups (in the case of mergers) , which keeps the total value of M&A deals insignificant for the next few years. It should also be noted that "M&A waves" or "consolidation waves" are close

associated with abrupt changes in the market, which are observed in periods of either technological breakthroughs or rapid economic ups and downs. Because North America in general, and the United States in particular,

Historically considered the most active M&A region in the world, scientists agree that it is most appropriate to identify 6 American M&A waves, of which only the last two are considered global consolidation periods.

PERIODIZATION OF M & A-WAVES

Period	Characteristics of the state of the M&A market
The first wave consolidation (Monopolistic)	Most mergers and acquisitions were carried out on a horizontal basis. integration (they accounted for more than 78% of agreements). Horizontal

(1897—1904)	merger / acquisition (from English Horizontal merger / acquisition; horizontalall integration; lateralintegration) is merger companies that _ specialists - are at one stage of production, sale and consumption of such products, or provide similar services . new monopoly. The peak of the first wave occurred in the period 1898-1902, when M&A activity was inherent in all sectors of the economy (meta-lurgical, food, oil, engineering). Distinctive feature agreements of this period was their multilateral nature: in 75% of cases M&A deals involved at least 5 companies, while 26% this number grew to 10 or more participants. The consequence of consolidation giants such as Standard Oil Co. were founded in certain industries, British American Tobacco and General Electric Co. The first wave ends It collapsed in 1904 with the collapse of the stock market.
The second wave consolidation (Oligopolistic) (1916—1929)	The second wave was caused by the influx of investment capital stock markets as a result of the economic boom after the First World War war combined with favorable economic conditions. IN in connection with the entry into force in 1914 of Clayton's Act (ClaytonAct), which limited such manifestations of anti-competitive behavior as price discrimination and the purchase of a large stake in competing companies, mergers in industries have led to the management of monopolies, and oligopolies, ie the dominance of a small number of powerful firms. M&A deals were mostly vertical. **Vertical mergers and acquisitions** (from . English . vertical merger (acquisition); vertical integration; verticalcombination) is merger companies that _ specialists - at different (often successive) stages of production, sales and consumption of similar products / services. Economic the content of such a merger is mainly reduced to savings on tran- promotional costs (eg merger of airline and tourist An example is the purchase of Ford Motor Co. during this period of greater purity of companies of spare parts and consumables for the production of white. Decline in the market of mergers and acquisitions, as in the case of the 1st wave, came with "Black Thursday" in 1929 ISSN 1811-9824. INTERNATIONAL ECONOMIC POLICY. 2012. № 1-2 (16-17)
The third wave consolidation (Conglomerate) (1965-1973)	The increase in the third wave of M&A activity in the United States was mostly caused by the economic boom in the world economy of the 60's and 70's

	years of the twentieth century, which resulted in an intensive increase in stock prices for stock markets, which in turn has led to an increasing use of use them as a means of payment when concluding an M&A agreement. IN at the same time, the process of paying for shares was greatly simplified with the advent of this period of the first convertible securities (from the English. "convertible securities »). According to the US Federal Trade Commission (Federal Trade Commission) from 1965 to 1975. 80% of M&A agreements had com formation of conglomerations; the number of "net conglomerates M&A agreements increased from 10.1% (1948-1955) to 45.5% (1972—1979). At the same time, the number of horizontal mergers is significant decreased from 39% (1948-1955) to 12% (1964-1971).
The fourth wave consolidation (Wave corporate encouragement) (1981—1989)	Significant growth in the number and value of M&A transactions in the 1980s. reflected those profound changes in the economic and financial climate those that were characteristic of this period (a significant role was played by the the growth of the world economy in 1982-1990). Peak active The most pronounced trend was in 1984-1989 which was a rapid increase in the share of hostile takeovers total the value of M&A transactions (in some years it reached 25%). **Enemy takeover** (from the English. hostile takeover; unfriendly takeover) - is the absorption, in which the acquiring company tries to gain control of the target company by purchasing its shares on the market without the consent of the or the main shareholders of the latter. Another feature of this period was related to the nature of the agreements, in particular ubiquitous mega-mergers / mega-acquisitions, and the number of value transactions more than $ 100 million increased 24 times (1974-1986). Using debt obligations as a source for financing M&A agreements (LBO agreements) has become the standard for most participating companies. Leveragedbuy-out (LBO) **;** leveragebuy-out) is the acquisition of a controlling stake in a company purpose, which is financed by the issuance of new shares or by loans that the buyer company must repay on its own (for its own assets serve as security).
The fifth wave consolidation (Wave international	Beginning in 1988, M&A waves began to carry international character, because as a result of almost 100 years of consolidation, the majority sectors of the world economy is headed by international companies,

agreements) (1992-2000)	whose impact on M&A processes has become the most decisive and dominant (this is confirmed, for example, by the trend of increasing mega-agreements (if in the late 80's their share in the total The share of cross-border mergers / acquisitions was 40-42%, then 1998 - 60%, and in 2000 - 75.7%)). The main motive is greater part of the mergers and acquisitions of that period was the desire multinational companies to ensure the stability of their round in ever-changing market conditions. In the West again the horizontal M&As popular in the 1900s and 1950s were gaining momentum. agreements, which peaked in 1998-2000, when most took place major consolidation agreements throughout history. European consolidation processes European countries (formation of the EU in 1993) and opening access to Eastern European and Asian markets after the collapse of the Soviet Union as well had a significant impact on the surge in the number of transactions in the 90's In 1998, 26.2 thousand agreements were concluded, which is 2.2 times more than in 1990 (their value increased 5 times, respectively)). The crown of this period of consolidation is considered to be a merger in the media industry, inter- net company America Online (AOL) in 2000 for $ 164.75 billion la rival of the publishing concern TimeWarnerInc. After 2 months after concluding the most expensive M&A deal in history the infamous "dotcom crash" took place. The M&A market fell from $ 3.35 trillion (2000) to $ 1.78 trillion (2001).
The sixth wave consolidation (Wave of mega-deals) (2002-first half of 2008)	The era of cheap money (from the English. "Cheap money") led to a total distribution of such agreements as LBO (average annual in 2005) the price of such an agreement was $ 0.49 billion, and two years later - $ 1.3 billion). Leaders in the number of mega-agreements were such industries as Pharmaceuticals (AventisSA acquired Sanofi-Synthelabo SA for $ 60.24 billion), energy (merger between RoyalDutchPetroleum and ShellTransport & Trading worth $ 74.35 billion) and telecommunications (in 2006 AT & T (American Telephone and Telegraph Company) acquired BellSouth Corp. for $ 72.67 billion). During 2006-2007, it seemed like nothing can not withstand the rapid growth in the number of prisoners at the expense credit mergers and acquisitions. For these two years, the cost of transactions LBO was $ 1.4 trillion. The United States is the equivalent of a third of this species

	mergers / acquisitions carried out at all times. At the same time in the rich These LBOs of 2006-2008 followed the following trend: : stable growth in the profits of target companies has enabled buyers / initiators to improve the ratios of interest coverage on loans, at the same time catastrophic the share of hostile takeovers grew rapidly (from 4% in 2000 to 20% in 2008), and with it the opportunity to "lose" a profitable asset. On peak of M&A activity in 2007 about 47% of the value of M&A transactions accounted for the United States and Great Britain. The global financial crisis, which began in the summer of 2008 put an end to "cheap loans" and led to almost a 40% collapse of the M&A market to $ 2.5 trillion at the end 2008 One of the first consequences of the global financial crisis experienced by Thomson Reuters, one of the largest agencies in the world (formed in 2007 as a result of the purchase of British Reuters Group 's Canadian Thomson Corporation for 17 billion USD _ USA). Its net profit for the first half of 2008 fell by 38.9% (up to USD 367 million) with a turnover increase of 43.1% (up to USD 367 million) $ 4.96 billion USA). _ _

3.1.3. Stages of development of the Ukrainian market of mergers and acquisitions.

Throughout the period of Ukraine's formation as an independent state, the market of mergers and acquisitions took place at the same time.

Stages of development of the merger and acquisition market in Ukraine:

— mass privatization of state property; creating a basis for further mergers and agreements

absorption; specific type of raiding (purchase of shares from staff at discounted

prices) - 1993-1998;

— redistribution of property after the crisis of 1998;

the emergence of the M&A market, increasing investor attention to the industries that are the most

dynamic - 1998-2003;

— economic growth; increasing state participation in M&A processes; active development

M&A market - 2003-2005;

— peak activity in the M&A market; increasing the influence of foreign investors on the system

banks - 2006-2007;

— the global economic crisis, which contributed to the reduction of operations in the M&A market;

rapid decline in interest among foreign investors in Ukrainian enterprises,

forced sale - 2008-2010;

— the emergence of new trends in the M&A market, taking into account the effects of global economic

crisis, change of priorities among investors - 2010-2013;

— policy instability and a number of re-elections, which contributed to a significant slowdown in the market

M&A and increasing distrust in the financial sector - 2014 - today.

3.4. The effect of direct and reverse synergy and ways to achieve it.

The term "synergetics" comes from the Greek word meaning "acting together". Synergy (from the Greek. Synergos - (syn) together; (ergos) acting, action) - is a summing effect, which is that when two or more factors interact, their action significantly outweighs the effect of each component in the form of their simple sum. We are talking about the phenomenon of increasing the action of one catalyst by adding another.

Synergetics, in fact, is the doctrine of interaction. The term was proposed in 1969 by Hermann Hacken, head of the University of Stuttgart Institute, to denote a scientific field that did not yet exist at the time.

Economists interested in synergetics have always wondered: are the same patterns always underlying the creation of all macroeconomic systems, regardless of the nature of their individual components? As studies of recent decades have shown, such patterns are indeed possible.

Example:

- The benefits of the keyboard, system unit, and display are almost non-existent until they are connected together;

- each of the factors of quality of life, as well as the process of life, has a share in the total process, and life itself can not be a phenomenon of disparate processes and phenomena, and shows synergy instead of interaction of flows of phenomena and processes at the system level - in systemogenesis;

- the combination of two or more pieces of radioactive material in excess of the critical mass in the sum give the release of energy that exceeds the radiation energy of the simple summation of individual pieces;

- profit after the merger of two companies exceeds the amount of profits of these companies before the merger;

- a whole more than the simple sum of its parts (Aristotle).

- trade synergy occurs when goods are delivered through the same distribution channels, their development is managed by the same management and they are stored in the same warehouse. At the same time, general advertising, methods of sales promotion, reputation can increase the income of the enterprise with fixed investments;

- operational synergy is the result of a higher degree of utilization of production capacity and personnel, the distribution of overhead costs, the benefits of general areas of study, as well as the purchase of large batches of raw materials;

- investment synergy may be the result of joint use of factory equipment, common stocks of raw materials, transfer of research results from one product to another, operation of common equipment;

- managerial synergy largely determines the overall positive effect. It represents a number of components of profits in implicit form. Here, a significant role belongs to qualified management, which can positively affect the competitiveness of the enterprise with a high synergistic effect.

In economics, the synergistic effect is due, in particular, to the fact that the combined use of several mutually agreed strategies is more useful than the isolated implementation of one. After all, different factors affect each other so much that together they can achieve more than when used alone. Therefore, the synergy is briefly written as "the effect when 2 + 2 = 5; 6; ... N ». This formula shows that the total return from several factors may be higher than the sum of indicators of their independent use. Since the economy is constantly a combination of factors of production, then taking into account the synergistic effects becomes of strategic importance [4].

The synergistic effect can be positive and negative:

1. The positive effect can be written in the form of the following inequality "2 + 2> 5". That is, the synergistic effect can be manifested through a reduction in costs at a given level of income, an increase in income at a given level of costs or in the case of an increase in income with a simultaneous reduction in costs (the effect of "double synergy").

2. The negative effect can be written in the form of such inequality "2 + 2 <5". In this case, the synergistic effect may be manifested through an increase in costs at a given level of income, a decrease in income at a given level of costs or in the case of a decrease in income with a simultaneous increase in costs (crisis syndrome).

It is proved that obtaining positive synergetic effects allows you to use additional benefits that will lead to increased profits. The presence of a synergistic effect and the ability to manage this effect creates a specific competitive advantage, which is realized at the enterprise level as a whole and which ultimately manifests itself in different commodity markets in reducing costs or acquiring unique properties. As mentioned above, it is quite difficult to determine in advance the necessary resources and conditions for their use to achieve a positive synergistic effect. Both in organizations and enterprises, it is manifested through cooperation.

The clearest synergistic patterns are manifested in marketing. The fact is that the market can be considered as an open economic system, self-organizing, with a wide network of direct and feedback links between supply and demand (when it comes to pricing), between suppliers and consumers (in exchange), between firms (in competition) and production cooperation).

In the field of management and entrepreneurship, synergy is used in diversification, creation of concerns, cooperation.

Yes, Nestle benefits significantly from product promotion, advertising and marketing research, using global development for products of the same type. Motorola is leveraging the benefits of radio communications and semiconductors to enter the mobile phone market.

The complexity of synergy issues is explained by the variety of cases of application of synergetic effects and ways to achieve them. However, there are other ways, such as diversions (the process of selling some companies) can also be effective. One striking example of this is the Finnish company Nokia, which in 1865 was engaged in the production of paper, but with the changes in the market in 1920, diversified its production, merging with two companies: Finnish Rubber Works, which was engaged in production of rubber shoes and Finnish Cable Works, which,

respectively, was engaged in the production of cables and electricity transmission [6]. Of course, it was diversification that helped the company survive difficult economic times: when a sector of the economy was in decline, Nokia survived at the expense of other industries.

However, the changed conditions contributed to the choice of only one direction - telecommunications. According to this decision, in 1996 the main funds were invested in the development of new communication standards. The positive effect was achieved almost immediately, the company managed to capture a significant share in the new fast-growing market. This example demonstrates a situation where the economic effect of investing in a particular area has exceeded the synergistic effect of resource allocation, which in a market economy is still limited.

A synergistic effect in the field of management occurs when to accomplish a task it is possible to gather like-minded people who complement each other and together achieve high results.

A harmonious system of goals is needed to achieve positive synergistic effects in production. But, strategies and structure of production potential play no less important role. The concept of the enterprise and its elements should be checked immediately for all possible disharmonies. For example, it may turn out that the desired diversification will lead to different, somewhat contradictory requirements for production capacity or market development strategy, and this will lead to irrational use of capacity and jeopardize the performance of work in general. However, we should nevertheless look for positive synergistic effects, which are possible even with relatively minor changes.

The examination of the whole concept should take into account, in addition to synergies, the degree of reliability of the enterprise and its flexibility. Reliability is understood as efforts to identify and overcome risk, ie business insurance. Flexibility means the ability of the company to adapt to change so as not to lose potential chances of success and avoid dangers (provided that the goals are clearly defined and defined behavior). Therefore, these elements of the concept should be considered together.

Synergy management can safely be called the content of entrepreneurship. In large enterprises, the synergy arises first between narrow areas of activity within one unit, then extends to several units. As a rule, synergistic management covers two hierarchical levels - the company and its department. The interaction of departments creates a higher level of business. Their task is to develop synergies between areas of activity. At the same time, all types of synergies are important: technological, which is focused on reducing costs, and business, which arises on the basis of common interests of buyers. Their coordination contributes to additional success through certain forms of sales and up to the improvement of service activities or the whole system.

If the divisions of a particular enterprise do not cooperate with each other to perform current tasks, then in each of them the decisive factor is the desire to succeed in its substructure. As a result, mental encapsulation (separation) from other organizational groups of the enterprise occurs very quickly, a certain "selfish zone" is formed. From the standpoint of flexibility, such a development is often considered acceptable. However, in practice, it causes some tension and hinders attempts to achieve a synergistic effect in the interests of the whole enterprise or to use the experience and competence of one autonomous unit for others.

The search for a synergistic effect plays a different role in different enterprises. In practice, the problem is that some organizational units do not seek cooperation, but rather are afraid of competitors. Sometimes the situation is such that the more an autonomous structure discovers its own know-how, the faster it is in danger of deteriorating its position compared to other organizational units. In this case, the best solution is to share information by breaking down barriers

Operational synergy is an additional effect arising from the joint operational activities of individual business units of a vertically integrated structure, and is

the result of joint use of fixed and working capital, personnel, distribution of overhead costs, joint logistics, etc.

Financial synergy is an additional effect arising from the joint financial activities of individual business units of a vertically integrated structure, and is the result of changes in the tax burden, the degree of financial risk, creditworthiness, and hence the financial condition

vertically integrated structure.

Management synergy is an additional effect that arises as a result of joint management in a vertically integrated structure, and is the result of centralization

separate business processes, joint management decisions and use

experience, qualifications, skills and abilities of management staff.

Investment synergy is an additional effect that arises as a result of joint investment activities of individual business units of a vertically integrated structure, and is the result of joint use of capital and financial investments.

In our opinion, to classify the types of synergies according to the activities in which it manifests itself, it is necessary to apply an integrated approach and take into account not only

main activities (operational, financial, investment). Based on the content of operational synergies within its boundaries, other types of synergies can be considered: resource, technological, personnel,

commercial (trade). Within the framework of financial synergy, one can distinguish tax synergy and synergy of financial condition. Given the above, we have improved the classification of types of synergies as a result

functioning of vertically integrated structures. The facet method was used in constructing this classification.

The division of synergy into internal and external, positive and negative in the current achievements of scientists already exists. We propose to improve this classification due to new classification features that share the synergy of vertically integrated structures: the scale of the manifestation - local, segmental and general; by stages of the life cycle - for synergy on

stages of creation, development, stability, aging and elimination of vertically integrated structure.

In addition, in order to assess the outcome of changes in the financial condition of the vertically integrated structure, causing the integration processes of individual business units, we first proposed to identify and assess the synergy of the financial condition.

By synergy of the financial condition of the vertically integrated structure we mean an additional effect that is the result of changes in the financial condition due to the integration of financial activities of individual business units included in the vertically integrated structure.

Considering the classification feature on the scale of the manifestation, we propose to highlight:

- local synergy, which is manifested in the cooperation of a separate business unit of a vertically integrated structure with its partner, which is not part of this structure;

- segmental synergy, which is manifested in the cooperation of individual business units between

itself within a vertically integrated structure;

- general synergy, which is manifested in general throughout the vertically integrated structure.

When considering vertically integrated structures, five main stages of their life cycle can be identified. Accordingly, we are asked to determine the synergy due to the functioning of vertically integrated structures at each stage of the life cycle.

For example, the synergy that is formed at the stage of creating a vertically integrated structure is mainly due to joint management actions, joint investment activities and

activities to optimize financial resources, ie mainly consists of management, investment synergies and synergies of financial condition. At the stage of development of a vertically integrated structure, in our opinion, the corresponding synergy is formed, c

mainly due to technological, innovative, resource, personnel, marketing, information synergies and synergies of financial condition, ie those types of synergies,

accompanying the process of development and optimization of the association and is the most

significant in this period. At other stages of the life cycle vertically integrated

structures also have their own characteristics of the formation of the synergistic effect. However, the synergy of the financial situation, we believe, arises and accompanies the integration process

all stages of the life cycle of vertical integration structures and is the result

which confirms the feasibility of vertical integration.

3.2.3. The mechanism of achieving a synergistic effect in mergers and acquisitions.

One of the main motives of M&A is the desire to obtain a synergistic effect.

By this we mean the ability to create value that exceeds the separatist value the acquired company, through the use of assets of both companies, note that in practice, there are operational and financial synergies. Operating includes synergies that allow firms to increase their operating income, increase the pace growth or achieve both at the same time. Financial are the effects of synergies, as a result of which the reward takes the form of an increase in cash flows or a decrease

cost of capital (discount rates). Therefore, each merger should be evaluated in the light of the probability of achievement synergistic effects. Today there is a need to develop a comprehensive method of evaluation synergy effect that takes into account all aspects of trophic evolutionary modeling operations M&A relations "business entity - potential competitor". To achieve this goal, the possibility of using traditionally used cost approaches in the assessment - market, cost and profit.

Using the market approach, the synergy effect can be estimated on the basis of projected values of growth in the share price of the merged companies. Synergy means victory over expectations: if it is possible from the point of view of investors, then after the announcement of the merger, the shares of future partners should rise in price.

There are no two completely identical mergers, so the calculations use average market multipliers, in addition, the comparative approach does not identify all potential sources of synergy. Therefore, in our opinion, on the basis of this approach it is possible to obtain only an approximate value of the synergy effect.

In some cases, the synergy effect is assessed on the basis of a cost approach as an increase in the value of the property complex as it is acquired or acquired by tangible and intangible assets until the ability to produce profitable products in demand.

The synergistic effect in this case is manifested in increasing the value of assets. Most often, valuation approach (DCF) methods are used in the practice of valuation, synergies that take into account the manifestation of the effect as an increase in discounted cash flows (DCF) for shareholders. The analysis of synergy effects is carried out qualitatively and quantitatively. Qualitative analysis seems to create a "list of applications" for effects. In the future, specifying the agreement, selects the most likely causes of their occurrence.

At a quantitative estimation forecast increments of the following parameters are defined:

increase revenue by increasing sales, improving product quality or

strengthening the company's competitive position. It also takes into account reducing costs and accelerating sales growth through economies of scale and new growth opportunities.

appropriate to use as

M&A synergy assessment model is a cash flow discounting model.

Therefore, the magnitude of the synergy effect can be calculated more reliably on the basis of the indicator

"Net reduced effect of M&A synergy" (NPVS - netpresentvaluesynergies). Analysis

the efficiency of the merger is carried out by building a model of the discounted future flow.

Given the above, it seems appropriate to use as

basic model for estimating the synergy effect from M&A companies cash discounting model

flows proposed by I. Ivashkovskaya (as the most effective, compared with others, in

currently), which eliminates a number of the above shortcomings of other models, however

additional variables must be entered in this model:

The proposed calculation formula is as follows:

NPVS n i i e i - - + Δ = ∑ = DFCFE = DS - DC - DT - DNWC - DCapex ± DL + DDebt - DI , De: NPVS (Net present value synergies) - pure reduced synergy effect; Δ FCFE (free cash flow to the equity holders) - cash flow for shareholders; Δ S (sales) - revenue growth; Δ C (costs) - cost savings; should be considered in terms of individual industries, taking into account the so-called "list of applications" to achieve those synergies that are most likely to be found in enterprises in this industry; Δ T (tax) - savings on income tax; Δ NWC (no working capital) - savings on investment in working capital; Δ Capex (capital expenditure) - savings on investments; ± Δ L (labor) - increase in income (+) / cost savings (-) due to the combination of managerial skills of the team; DDebt - change in net debt (taking into account financial synergies); Δ I (investment) - additional investment for restructuring; re (return) - return on equity (barrier rate); P (premium) - the premium paid when the acquiring company acquires the shareholders of the target company; E (expenses) - the costs of the buyer during the acquisition process.

The premium paid by the purchaser by the buyer to the shareholders of the company P (premium) and the costs of the buyer during the acquisition process E (expenses) are considered by us as one-time, which the buyer bears directly at the time of the transaction, so they are

the proposed model is not discounted.

The effect of the manifestation of team synergy ± ΔL (labor) is calculated as a value

which will reduce the cost (-L) of staff training (development of training programs, payment

training services), as well as converted into cash equivalent indicators of quality of work

personnel (the amount by which fines and penalties previously accrued to the company will be reduced due to staff errors).

3.5. Creating a group of companies to increase their value.

The strategic investor is interested, first of all, in the attractiveness of the enterprise in terms of its level of profitability (which should exceed the barrier rate of return of the investor) and the level of investment risk of the enterprise in comparison with others.

Unlike the investor, the owner must constantly worry about increasing the profitability of the enterprise. It also aims to develop business, increase sales and reduce costs to achieve this goal. The long-term goal of the owner is to increase the value of the company in order to profitably sell part of its share to a strategic investor in the future. Thus, the owner is interested, above all, the problem of increasing the value of capital invested in the enterprise.

The company's managers must strive to ensure the quality of their functional responsibilities. That is, to make the right management decisions to ensure the normal operation of the enterprise. Thus, senior management is primarily interested in ensuring the positive operating activities of the company to demonstrate the effectiveness of its work in the eyes of the owner and investor.

If we analyze the interests of all participants in business (investors, owners and managers), it is obvious that their goals and ways to achieve goals are very different from each other. Entrepreneurs use strategies and methods to solve their problems that are contrary to the interests of other participants to achieve their goals. In this regard, the owners of the company is a difficult task: how to meet the requirements of managers and investors and at the same time do not forget about their own interests and wishes of staff. But along with these differences, there is a factor that unites all stakeholders in business - the economic added value generated by the company. It is the economic value that is primary in the consolidated value system of the enterprise.

The very concept of "enterprise value" requires adequate scientific analysis. From a scientific point of view, the current and little-studied problem is the formulation of approaches to the practical application of cost management models depending on the stage of development of the enterprise. An analysis of the modern scientific literature has revealed the presence of a large number of publications on the theory and practice of cost-oriented management. However, many publications are not systematic enough, they usually do not take into account the specifics of the country and industry specifics. The level of complexity of real theoretical problems increases significantly due to the variety of processes occurring in modern enterprises, as well as in the world economy.

The application of this concept requires that all actions of the company's management are based on cost thinking, which, in turn, is due to the presence of two components - measuring the value of the company and the cost ideology of management. This allows the company to achieve a stable movement in the direction of increasing value, agree on all other management objectives and ensure its long-term prospects.

The area and the generalizing complex criterion of this strategy is the value of the enterprise, which reflects the aggregate characteristics of the financial performance of the enterprise and ensures the interests of various counterparties of market relations. Due to this, the valuation of the enterprise becomes an integral tool of property management. The transition from the paradigm of evaluation and statistical process of estimating the value of the enterprise to the search and forecasting process aimed at forming a quality system of information support for management decisions in choosing alternatives to financial forecasts of enterprise development, due to finding opportunities for further effective operation.

Cost-oriented enterprise management is a consistent process of implementation in the business processes of the financial model of analysis based on the principle of economic added value and

building on its basis and with its help strategic and operational management decisions of enterprise management.

The enterprise competitiveness management system is a specific multifunctional system consisting of a set of interconnected blocks [11]:

Block 1. Rationale for the choice of enterprise strategy should be based on a matrix of general competition strategies, taking into account the competitive advantages created by the enterprise (including cost advantage, differentiation and focus) [14]. It also makes sense to use the basic competition strategies modified by I. Ansoff: cost reduction, product differentiation, market segmentation, introduction of innovations, rapid response to market needs, ensuring the competitiveness of the enterprise.

Block 2. Achieving a synergistic effect in the system of competitiveness management, which arises as a result of: radical restructuring of the organizational and economic structure of management; creation of productive centers of profit and responsibility for the results of activities; introduction of entrepreneurial type of internal management of the enterprise; providing an integrated approach to the reorganization of the system and structure of internal management of the enterprise; improving organizational forms and methods of marketing research.

Block 3. Reforming the personnel management system and work motivation based on increasing the objectivity of performance appraisal; creation of conditions for creative work, development of an effective system of recognition of labor merits, introduction of non-traditional methods of stimulation and payment of work; improving the mechanism of motivation and responsibility for ensuring competitiveness; reorganization of the system of training and retraining taking into account the requirements of strategic management; ensuring employee participation in management decisions.

Block 4. Integrated approach to improving the quality and competitiveness of products, which includes: technical re-equipment and modernization of production, implementation of advanced technological processes; development of an effective strategy of foreign economic activity, export orientation of commodity policy; development of cooperation on mutually beneficial terms with leading Western companies; development and implementation of a comprehensive quality management system; intensification of investment and innovation activities.

Block 5. The system of activity planning according to the diversification approach envisages: implementation of the policy of diversification of the main products taking into account the dynamics of changes in market conditions; developing and ensuring the relationship of long-term, annual and operational plans for sales and profits; use of long-term business planning as a tool for creating long-term competitive advantages.

Block 6. Forecasting the level of competitiveness of the enterprise using modern methods.

Block 7. Improving the internal financial management of the enterprise, which allows information support of the company's management with financial statements for internal control and sound management decisions to improve quality and competitiveness.

Block 8. Information support of the enterprise management system, the formation of which requires: development of a comprehensive integrated management system to solve management problems, the introduction of advanced information technology and communications; development of a computer system for product quality management; creation of a single integrated system of planning, rationing and cost accounting; technical support of the internal management information system.

Lecture 4. Unfriendly mergers and acquisitions in the management system of enterprise value formation.

4.1. Unfriendly takeovers of enterprises: concepts and features.

4.2. Concepts and types of raiders. Typical signs of a raider attack.

4.3. Typical signs of a raider attack.

4.4. The impact of hostile takeovers on the value of the aggressor's shares.

4.1. Unfriendly takeovers of enterprises: concepts and features.

There are a number of players in the market who use merger tactics to expand their business. They can be conditionally classified as follows:

1. Financial-industrial groups that build vertically integrated holdings "from raw materials to the buyer".

2. Direct competitors seeking to control most of the local market for a particular product or service.

3. Investment companies for which unfriendly takeovers are a way to make money.

4. Specialized companies acting for the benefit of existing or potential customers.

5. Corporate blackmailers.

Based on the definition of a potentially dangerous business entity, we can identify the following motivations of the "invader":

- increase in market share;

- elimination of competitors;

- establishing control over sellers or suppliers;

- "acquisition of income" of the attacked company;

- resale of assets or the company as a whole at a higher price;

- corporate blackmail.

Having determined the motives, the "absorbing company" chooses a target, after which begins the most important preparatory stage of planning the capture, almost invisible to the target company, while it involves very serious forces and resources. In organizations that specialize in unfriendly takeovers, there is the concept of "Raid-eligible object". First of all, they include companies whose business value is much cheaper than their assets. Often these are inefficient companies that do not pay dividends and infringe on the rights of minority shareholders.

The preparatory stage begins with the collection and analysis of information - especially open, such that is freely available. Here, in particular, it helps to monitor the press, where the right organization is mentioned. It is relatively easy to obtain confidential information in Ukraine. For example, data provided to tax authorities by a legal entity, information on export and import operations (customs), real estate and vehicles registered with the company.

Strategically important data on the distribution of shares between the owners of a company, no less valuable insider information. The greatest interest for the "invader" are:

- corporate information: founding documents, regulations governing the activities of management bodies, minutes of meetings, minutes of meetings of directors, information on subsidiaries and affiliates, the size and structure of share capital, operational information on changes in the register of shareholders;

- financial and economic information: balance sheets, information on the availability and structure of receivables and payables, the availability of liquid assets and their legal status, information on available encumbrances, information on counterparties of the target company, information on tax and banking history;

- information about the management and owners of the target company: data on positions held, the number of shares owned by them or shares in the share capital, the method of purchasing and paying for shares with a share in the share capital, personal information.

As a rule, no successful seizure operation is complete without the participation of central or local authorities, the judiciary, law enforcement and regulatory agencies. Representatives of the target company are always very impressed by the demonstration of a close alliance with the authorities. The administrative resource is never advertised, but its invisible presence is felt. The invader assesses the possibilities of media involvement, assesses legal, economic, administrative risks and costs. Having collected or purchased information about the victim, a professional raider develops a capture plan with a detailed budget, usually 10-25 percent of the market value of the object.

In any case, if the raider managed to gain control over the victim's assets for at least a few hours - it's done. Formally, the firm-buyer of the seized assets is a "bona fide purchaser", and it takes many months and years to sue it (or the next buyer) for these assets, if at all.

Capture strategy.

In the process of implementation, each strategy of unfriendly takeover can be adjusted many times according to specific circumstances; in addition, any serious strategy should provide for several possible scenarios, depending on which the aggressor company will take certain steps. But, as practice shows, any plan exploits one technology, the successful implementation of which is the basis for the acquisition of the target company. This technology includes:

1. Creating for the target company such conditions under which it will be impossible to quickly withdraw assets or burden it with significant liabilities, which will significantly reduce the value of the enterprise.

This is achieved by seizing on the basis of court rulings to secure a claim on all significant assets of the organization, as well as a ban on the company's management to enter into transactions, issue bills and the like. The definition is usually made by a court of general jurisdiction or commercial on the absurd claim of a minority shareholder, the new CEO of the company and the like in the order of precautionary measures.

In some cases, when the resources of the aggressor company do not allow it to obtain the necessary definition, the seizure of the assets of the target company may be carried out in criminal proceedings on the basis of steps taken by an investigator, investigator or prosecutor in criminal investigations. For example, raiders bought 34 percent of ordinary registered shares from a joint-stock company from two shareholders. Then, by buying shares from minority owners, the stake was increased to 46 percent. Opposition shares (17% of three shareholders each) were seized by a court ruling, and real estate was seized so that their director would not withdraw assets. After that, they held an extraordinary general meeting of shareholders, re-elected the board of directors, which immediately appointed its CEO. The seizure of the real estate was lifted, the new head sold it to a "gasket" (the company - "one-day") at a reduced price, otherwise it would be necessary to conduct a major transaction approval through a shareholders' meeting. And the "gasket" resells the property to a bona fide purchaser.

2. Acquisition of shares / units, debts of the target company in order to establish legal control over the company or at least create conditions that would provide the aggressor with a serious impact on the target company. This method is used, for example, when most of the shares of the object are "scattered" on small holders - the shares are bought in order to collect a controlling stake. As there are fewer and fewer light raider facilities, raiders have to come up with new methods of working with consolidated packages. For example, raiders do not buy stocks, but actually steal assets that interest them. In the capital, of course, real estate. For example, a false protocol of an extraordinary meeting of shareholders of one of the companies with the decision to elect a new CEO was sent to the tax inspection. The new head signed a contract of sale of a complex of buildings with a total area of 2768 sq.m. The buyer is, of course, a one-day firm, which immediately resells the "lass" real estate. It took less than a month to complete both operations. The new owner is protected from the claims of the former, reliable, owner with the status of "decent purchaser". "Odnodenka" is successfully eliminated, and the "poor" victim is closed. Everything is done. The former director learned that he was no longer the owner of the building, only when private security "took" him out of the office. Of course, a criminal case has been opened, but the culprits have long been in the "warm countries", so to go to court in this criminal case is clearly not assigned.

3. Creating conditions that prevent the conduct of additional additional issues of shares in order to reduce the share of the aggressor company in the authorized capital of the target company in percentage terms. These conditions are usually created either by imposing prohibitions on additional issues through the provisions on securing the claim, or by reaching appropriate informal arrangements with the authorized registration authorities of the executive on the securities market. In some cases, these actions are carried out together with steps to neutralize the activities of major shareholders of the target company.

4. Carrying out measures aimed at neutralizing the actions of major shareholders of the target company.

These measures are generally called blocking. As a result of using this technique in corporate struggle, a large shareholder (participant) of the target company, at least for a while, remains able to exercise rights to shares owned by him. By blocking, the aggressor also seeks to reduce the total number of votes at the general meeting of shareholders (participants) of the target company needed to make important decisions. A separate way to neutralize the owners of large stakes is to transfer the register to another registrar on the basis of determinations of various courts to take measures to secure the claim. In the future, a large package is simply stolen from the owner and many times resold to bona fide purchasers, but this will be discussed in more detail below. For example, the Invaders bought a 5 percent stake in Horn and Hoof from minority shareholders. The enemy connected the defense - a large bank. Under the guise of negotiations, the aggressors bought another 10 percent and seized the property. The target company blocks the registration of the "raider" package from the registrar. Based on the court ruling on the claim of the fictitious shareholder, the register was transferred to another registrar. As a result, the bank bought the "raider" package at double the price. And 100 percent profit in such transactions is considered a failure. This is usually a 300-1000 percent "profit".

5. Carrying out hostile corporate actions against the target company. Basically, these actions are reduced to holding an extraordinary general meeting of shareholders (participants) of the target company and the formation of parallel governing bodies of the enterprise. Also, quite often hostile corporate actions materialize in the form of judicial denial of actions and decisions of the governing bodies of the target company. A significant number of often absurd lawsuits are initiated against the target company. As practice shows, they have a strong effect on the nerves of managers and the largest shareholders of the target company.

6. Carrying out a policy aimed at destabilizing the situation in the target company, as well as the creation of the latter various problems with suppliers, consumers, tax and law enforcement agencies, public authorities and management.

These actions are reduced to sending various complaints and applications to state, law enforcement and fiscal authorities. Quite often, the aggressor companies resort to such a tried and tested method as the initiation of criminal prosecution on trumped-up grounds against the leaders of the target company, its major shareholders. Much attention is also paid to work with the company's contractors: the main suppliers and customers are generously provided with misinformation about the imminent bankruptcy of the target company, which often bears fruit. For example, suppliers refuse to supply components on deferred payment terms, requiring prepayment. Such sudden changes in the sales policy of the main suppliers can completely paralyze the normal operation of the target company, and its leadership is forced to wage war on two fronts: with the aggressor and with its own counterparties.

At this stage, raiders in their specialized seminars advise to carry out an attack called "coffin". The directors bring a coffin and wreaths to the office, on the ribbons of the inscription: "From the family", "From the labor collective". The director grabs the phone, and there is a mourning march. The result is either prolonged hospitalization of the unpopular director or his resignation.

7. Conducting a powerful company in the media, aimed at discrediting the company's management, its major shareholders.

An analysis of numerous projects on unfriendly takeovers shows that aggressor companies often use the media in their activities, through which a massive campaign is conducted to discredit the leaders of the target company and its major shareholders. Such PR campaigns yield some results, especially when there is a need to exert psychological pressure on public authorities and administrations, as well as on courts dealing with corporate conflict cases. For example, with the capture of a large enterprise, articles began to appear in the press every day on the topic "Where are our salaries?". Employees of the enterprise, organized by raiders, took to the streets with the same posters. Moreover, wage arrears were minimal and were associated with personnel changes in accounting. However, the press and the requested parliamentary inquiries did their job - the prosecutor's investigation began.

Sometimes discrediting campaigns are organized to further initiate criminal proceedings "based on the results of publications." A newspaper with a dubious publication is accidentally found on the table of the prosecutor, who is known to be obliged to respond to all reports of crimes published in the media.

8. Implementation of measures aimed at intercepting management in the target company.

These measures ensure the establishment of physical control over the target company. Without the interception of management talking about the acquisition of the company does not make sense.

9. Carrying out activities that promote the physical maintenance of the target company.

After taking over management, it is necessary to keep the target company or at least make a quick withdrawal of its assets. It is obvious that, having captured the target company, the aggressor must

think about its further defense. In order to organize an effective defense, the aggressor must, at least, identify potential new aggressors and take measures to neutralize their possible claims, as well as analyze the directions of possible strikes.

10. Implementation of steps to ensure the elimination of the conflict after the establishment of physical control over the target company.

Such steps are designed to minimize the number of dissatisfied with the takeover of the company and, consequently, reduce the risk of possible seizure of the company by these individuals. These usually include former managers of the target company, its largest shareholders, public authorities and management, as well as persons engaged in criminal or informal protection of the enterprise. As a rule, the problems with the above are resolved through negotiations, as a result of which former executives and major shareholders can receive decent compensation, government and administration usually promise increased jobs and regular tax payments, representatives of criminal and law enforcement agencies receive solid " retreating ”.

The company is enthusiastic. What's next?

In order to fix the initial position of the target company after its capture, the following technologies are used:

2. "Sale" of the property complex with the use of a commission agent.

The target company itself is usually not involved. The dispute unfolds a couple of thousand kilometers from the location of the company. One of the local Bacchus fans is suing a nearby registered company, and the ancient god's suitor claims to have hired the bad company to buy the target company's property complex. The commission agent concluded the purchase and sale operation, but did not transfer the complex to the principal. The latter, fearing that the desired property complex would turn out, asked the high court to oblige the commissioner to transfer the property to him, and while the litigation was going on, the property complex was seized, accompanied by various prohibitions, such as registration of transfer of ownership. Real Estate.

Formally, the target company is not involved in the dispute, and therefore even has no right to file a complaint against the determination of securing the claim. There are no issues with jurisdiction, as the plaintiff is a citizen; with jurisdiction, it should be noted, too.

3. "Sale" of a controlling stake in the target company using a commission agent.

The situation is completely identical to that described above. Only the property illegally held by an unscrupulous commission agent is a controlling stake in the target company, which is subject to the desired seizure. And he may be accompanied by a ban on making changes to the register of shareholders. Sometimes, for complete legal purity, the shares of their immediate owners are seized.

4. Preliminary "agreement" of purchase and sale of a controlling stake in the target company.

When using this technology, two dubious citizens argue about forcing one of them to enter into a basic contract of sale of a controlling stake in the target company. It is said that a preliminary agreement was concluded between the parties, the defendant has already purchased this package, and the plaintiff refuses to sell. Since the defendant can sell these shares to anyone, the plaintiff asks the court to seize the shares.

Another common way to destabilize the position in the target company is to steal shares with the subsequent use of the institution of a bona fide purchaser.

In the vast majority of cases, methods of theft of securities are reduced to four, the most common:

1) imitation of transactions (or illegal transactions) with shares;

2) manipulation of the register of shareholders of the company;

3) recovery of shares on non-existent shareholder obligations;

4) a comprehensive way of stealing shares.

What mistakes do managers make? It is hardly possible to overestimate the role of the leader in the case of corporate conflicts. It is naive to think that only companies with weak management are interested. It would seem that an experienced leader should pay close attention to the prevention of corporate takeovers, information about which is now abundant. Sources of information about the real scale of the phenomenon are the business press, various electronic media, channels of direct exchange of information between owners and directors of enterprises, associations of entrepreneurs. The main participants in corporate relations receive such information from their specialists and permanent external consultants, as well as in the process of participating in various face-to-face training forums (lectures, seminars, business games, fundamental training through new education, etc.). But, nevertheless, many business owners and their top managers do not imagine the essence and severity of the problem. Thus, in the fatal hour of the beginning of the corporate attack on their property and other material interests, as a rule, are not able to give a serious rebuff to the aggressor. For example, the scheme of unfriendly takeovers of enterprises "X" was carried out to a genius simply. A real piece of it was real estate. The raiders gained access to the company's paperwork by gifting the secretary general's secretary with French perfume and a box of candies. After that, the leader, an honored scientist, was slightly blackmailed. Far from real life, the "botanist", afraid of the announcement of information about the misappropriation of 25.5 percent of shares transferred by trusting shareholders to his supervisor, appointed the acting secretary. CEO, went on vacation. Despite signing documents for the sale of the building on the promissory note of the company - a butterfly, receiving a gift ticket to the Crimean sanatorium. That's all the absorption.

There are many reasons for this paradoxical situation. Moreover, they have a different nature: in their totality there are circumstances of psychological properties, and deep microeconomic trends. Let's highlight the main ones.

1. Psychological effect of underestimation. Like a domestic fire, flood, or earthquake, a devastating corporate conflict is one of the most likely events. Some are destined to mine them, some are not.

At the same time, business owners, being professionals, understand that building a corporate defense system is a very capital-intensive measure. And often the reasons for saving financial resources outweigh the reasons for insurance. Therefore, corporate protection is often seriously considered when a project prepared by a business pirate is already underway, and since its main factor is the unpreparedness of the target company, radical measures to protect the business at this stage are futile.

2. Exaggeration of the factor of "personal ties". It is believed, and not without reason, that domestic entrepreneurship is impossible in principle without the direct support or general patronage of various government agencies or their leaders. Large investors and business leaders do not part with the certainty that if a potential corporate adversary uses even the most daring schemes, such as judicial takeover or seizure of property, government officials will support them.

3. The factor of colossal employment of owners and directors of domestic enterprises. It should be assumed that corporate (managerial and legal) business arrangement is not included in the system

of their main priorities. This is all the more true for designing a business defense system against unfriendly takeovers and corporate blackmail. These problems can not compete, for example, with the struggle for the client in an increasingly fierce competition, or with financial and tax planning.

4. High concentration of ownership. Most of the domestic business is represented by FIGs, holdings and other formats of large integrated corporations. The corporate centers of the latter are so sometimes convinced of the general advantage in power (financial, lobbyist, etc.) over potential aggressors who do not consider the protection of business as a topical issue.

5. General unprofessionalism of the owner. Some entrepreneurs are beginning to understand that building an effective business defense system is the destiny of professionals. However, in order to understand whether a quality expert product is sold by many companies that specialize in this issue, it is necessary to know the situation at least in general. Meanwhile, the corporate governance and legal competence of many executives of our large companies leaves much to be desired. Therefore, the phenomenon of unpreparedness for corporate defense is often simply expressed in the creation of pseudo-reliable schemes, in relation to which users have an illusory confidence in their performance. Another, more numerous group of entrepreneurs (especially owners of FIGs and holdings), having acquired a large staff of their own employees, representing specialties "for all occasions", entrusts them with projects to protect their own business. Such "specialists", as a rule, simply do not have enough knowledge and experience to solve such complex problems.

6. Lack of proper overall corporate culture. Its main manifestation, as will be shown in the future, is the superior attitude of the controlling participants of the companies to the minority shareholders. Meanwhile, the latter are people with a vested interest in stabilizing corporate relations and, as a rule, ready if not financial, then at least intellectual and organizational resources to participate in creating harmonious management structures, fragments of which are adapted to this company prevention systems corporate conflicts.

7. "Red Management" - one of their features of domestic business. The Red Director is a pupil of the Soviet management school. He is slow, does not like expensive lawyers, relies on a factory lawyer and the loyalty of the staff, rather ignores the court hearing somewhere in "Katsapetovka", which is considering a lawsuit against the company. Unfortunately, it is enterprises with this type of management that are the first to fall prey to raiders.

4.2. Concepts and types of raiders. Typical signs of a raider attack.

The term "raider" (English raider, from raid - attacker).

A raider is a natural or legal person who specializes in intercepting the operational management of an enterprise or taking possession of its property, using a specially staged business conflict and other measures.

Raids - confiscation of property on legal grounds, which are based on gaps in the law or systemic shortcomings in the functioning of state institutions (judicial and law enforcement systems, the system of registration of legal entities, etc.).

Raiding is the unlawful takeover or seizure of one business or part of its property by another. In essence, it is a combined (economic, legal, organizational, informational) activity aimed at gaining business. Raider capture is not a robbery. This is a carefully planned action, the preparation of which can take several years. Large raider structures have a huge staff of diverse specialists: economists, lawyers, managers and individuals whose main task is to gather information. Raider capture involves several stages: information - gathering useful information about the company chosen by the victim (about assets, economic activities, products, financial condition, founders, managers, securities issued, etc.); preparatory - creating a negative information background about the company with the use of the media to discredit it to managers and shareholders; joint-stock -

purchase through fictitious persons of shares of the enterprise from small shareholders, change of owners and the management; judicial - in order to create conditions for the seizure of shares, stakes or property, filing fictitious lawsuits in court, opening criminal cases; power - the seizure of the enterprise, the formation of a parallel governing body, physical control over the enterprise; takeover - legalization of the rights of new owners.

The main targets of the raiders are OJSCs (open joint stock companies) and CJSCs (closed joint stock companies), although their attacks also include LLCs (limited liability companies), which are financially unstable and have conflicts between owners. Lawyers claim that raiders play the role of "business nurses" and thus contribute to its economic development, in particular, they:

- eliminate inefficient management from business management;

- prevent the abuse of reputable shareholders;

- restructure enterprises that work inefficiently. In the end, the owners of the attacked company even benefit from a "successful" raider attack, as the value of their shares (along with the value of the shares acquired by the raider) increases. In fact, the institution of "raiding" has become one of the most important tools to protect the interests of minority shareholders [9, p. 97].

Recently, this term has been used to denote the facts of illegal seizure of enterprises, which, unfortunately, has become widespread in Ukraine. Thus, according to various sources, in the last two years there were from two to three thousand raider attacks. The social danger of raiding is not only encroachment on the property of individuals, but also on the economic security of the state as a whole, as it leads to the destruction of efficient enterprises, exacerbates social tensions, reduces the investment attractiveness of Ukraine.

The practice of acquiring the ownership of enterprises against the will of the owner (or the share that allows to control their activities) is not an extraordinary event in a market economy. But in developed countries, purely economic methods are used to achieve this goal: small holders buy shares at a price much higher than what the issuer can offer. Thus, a controlling stake is formed, which makes it possible to control the activities of the enterprise.

In this context, we can identify the following basic forms and methods of raiders:

- destabilization of the enterprise;

- lawsuits for non-holding of meetings and appointment of a bailiff for management;

- opening of criminal proceedings;

- re-issuance of shares in their favor in violation of applicable law;

- failure to hold regular shareholders' meetings;

- repurchase of shares from minority shareholders;

- additional issuance of large sums in violation of the rights of major shareholders;

- ensuring support for illegal decisions of courts and state bodies through corrupt officials;

- replacement of the entire management of the enterprise, its resale for liquidation.

Summarizing the numerous publications of recognized experts in the field of mergers and acquisitions, we can identify the following methods of raiding:

1) theft of shares;

2) manipulation of the register;

3) bribery of officials;

4) the seizure of power by society.

In our opinion, the main reason for the emergence and spread of raiding is the imperfection of current legislation, especially that part of it that regulates corporate law, the activities of joint stock companies.

The mechanism of illegal seizure of an enterprise is a well-organized, well-thought-out, purposeful and complex measure that requires significant intellectual and financial resources from its initiators (raiders). Yes, in many cases, when seizing businesses, raiders use gaps in the law in an attempt to make their actions appear legitimate, but this is only the appearance of actions, as any raid is openly criminal.

Experts point out that raiders can be prosecuted under certain articles of the Criminal Code, but in practice this is rare. It is difficult for law enforcement to prove the fact of raiding - pre-trial investigations are too confusing, and highly qualified investigators are not enough to understand all the acts of corporate conflict [11].

Impunity of raiders and passivity of the authorities corrupts society, and any measures to combat raiding will be ineffective in the absence of political will and constructive consensus on this issue.

Another reason for the emergence and spread of raiding is corruption. Experts note that it is easier for a raider to attack and the choice of means is easier if the latter enlists the help of specific government officials. Thus, the Anti-Raider Union of Entrepreneurs of Ukraine notes that some representatives of state bodies not only do not hinder the raiders, but also actually fulfill their orders.

In many cases, the spread of raids is facilitated by the inaction of law enforcement agencies. This is especially true of the prosecutor's office, which does not always respond to violations of the requirements of the Civil Procedure and Commercial Procedural Codes of Ukraine, as well as other laws when judges consider lawsuits initiated by raiders.

A. Orleans and R. Durdiev argue that the problem of criminalization of raiding is due to the complexity of this phenomenon. First, raiding can be committed by several alternatives or a combination of different actions (unjust court decision, illegal actions of an official, forgery of documents, falsification of evidence, coercion to commit a crime or refusal to commit it, arbitrariness or physical violence). Secondly, such actions may involve various accomplices (the customer or the person in whose interests the raids are carried out; the person who directly organizes the raider scheme, as well as the perpetrators of illegal actions - components of the raider scheme, etc.). It is obvious that individual cases of raiding can be extremely different from each other, and therefore it is difficult to combine all types of raiding in one criminal offense.

This situation leads to the existence of two different ways to improve criminal law in order to combat raiding.

The illegal activity of raiders is individual and at the same time it is possible to determine the general features of this phenomenon: 1) forgery of documents provided for state registration, which are included in the information about the legal entity.

2) forgery of the seal and signature of the notary on the application for state registration of changes made to the information about the legal entity.

3) state re-registration of the right to property and disposal of a legal entity is carried out without expert verification of the authenticity of these documents, which are provided on behalf of the owners of the enterprise to the tax authorities. This situation is due to the fact that the tax administration does not have the ability and obligation by law to conduct mass examinations of the authenticity of signatures and printing on documents provided to them.

4) forgery of the contract of sale (lease) of property of the enterprise.

5) forgery of documents entitling to carry out operations with shares of the target company (without the participation of the court). These may be decisions of the meeting and shareholders, extracts from the register of shareholders of the company.

4.3. Typical signs of a raider attack.

The nature of actions to organize a raider capture of an entity may differ depending on the structure of its authorized capital, financial capabilities of the raiders, the financial condition of the victim enterprise, its willingness to resist and other factors. At the same time, each raider attack is a carefully planned operation, which mostly consists of the following main stages (Fig. 1). MAIN STAGES OF RAIDER CAPTURE 1. Collection of data on the victim business entity 2. Analysis of the obtained data 3. Selection of the raider capture scheme 4. Planning of a raider attack using specific technologies 5. Raider capture .

The implementation of a raider attack begins with the collection and analysis of information about

all components of the operation of the entity, including financial and tax

reporting, management accounting materials,

statutory documents of the business entity,

information from the register of shareholders (the share of the enterprise that falls on the average shareholder, the list of largest shareholders, including

including their personal data), minutes of the council

directors, employment contracts; data on the features of management, financial policy, top management, assets and liabilities of the business structure.

Particular attention is paid to the collection of information about the entity

data that compromises his leadership,

and all aspects of the operation of the enterprise that make it vulnerable to the actions of intruders. Raiders also evaluate the system

protection of the business entity, analyze its ability to counteract the possible

enthusiasm, in particular, explore the possibility of involvement of the business entity

for its protection of the judiciary and the prosecutor's office, public authorities and local

municipality.

All the factors that the raider analyzes before capturing the victim can be divided conditionally

on the general conditions of operation, strengths and weaknesses of the enterprise.

Information about the entity can be obtained from external and internal

sources. Information from the internal environment of the business entity is received

due to unauthorized intrusion into his computer network, servers, systems

database storage; listening to conversations, obtaining confidential information

through bribery or blackmail of employees, as well as deliberately introduced agents in

the structure of the victim business entity.

Information from the external environment of the business entity raiders can

obtain from both legal and illegal sources.

First of all, they search for open information that is freely available. For

this raiders monitor directories, media reports, analyze materials

presentations, exhibitions and conferences, thus gaining information about the victim entity.

Raiders can also obtain confidential data through corrupt connections

with public authorities, in particular by initiating various inspections. Information about the subject

management is often obtained through charities as well as suppliers and

consumers of the enterprise. Sometimes, in order to obtain confidential information about a victim business entity, raiders resort to false competitions, conduct

fictitious negotiations on the purchase of products or the entity in general.

The next stage of the raider attack is a thorough analysis of the information gathered

entity. Study the market position of the business entity, evaluate

its market value, analyze the financial condition and investment attractiveness. Important

the role in the analysis of the functioning of the business entity is given to gaps and shortcomings in the organization of financial management. Based on the results of the analysis, the raider capture scheme is selected with the planning of specific technologies to be used.

4.4. The impact of hostile takeovers on the value of the aggressor's shares.

There are several characteristics that make a company a desirable victim for enemy capture.

Including:

- compliance of the acquisition goal with the strategic goal of the absorber company (hereinafter - the absorber, the aggressor);

- underestimation of the assets of the company being acquired (hereinafter - the victim company);

- the victim company has highly liquid monetary assets or liquid securities;

- the presence of underutilized debt potential of the victim company;

- the existence in the victim company of subsidiaries that can be sold without significant impact on size

cash flows;

- weak management control of the victim company over its shares.

By "hostile takeover" is meant the establishment of a person or group of persons

corporate control over a joint-stock company against their will and in conditions of strict opposition to

by managers or shareholders who provide such control.

Protection against "hostile takeovers" provides a system of measures for managers or owners of the firm

aimed at preventing attempts to buy it or gain some control over it

assets.

The intermediate goal and tool for implementing the absorber's plans for the victim's assets is to obtain

corporate control. The ultimate goal of any takeover is to obtain the right

disposal of the assets of the victim company in favor of the absorber company.

Table 1 highlights the types of corporate control that an aggressor can gain when trying

the absorption of the victim.

Tools used by the absorber in the fight for corporate control over the company victim:

- tender offer;

- purchase of shares on the stock market (stock market acquisitions);

- proxy fight.

If one firm wants to take control of another, it usually tries

agree with the management and board of directors of the victim company. In cases where negotiations

complete successfully, we can talk about a friendly takeover (friendly takeover).

Empirical studies of mergers and acquisitions in the United States show that more than 50%

acquisitions are friendly, ie end at the stage of the initial offer. The other part of the absorbers

firms behave more aggressively.

One of the most commonly chosen absorption tactics is the so-called "bear hug". At its core

- sending letters to the directors of the victim company notifying them of the alleged takeover and

the requirement to make a quick decision (sometimes within a few hours) on the proposal. If

the absorbing firm does not receive a positive response to its offer, it can apply

directly to the shareholders of the victim company with a tender offer. Such a situation is evidence

hostile takeover. In this case, the "invader", who succeeds in gaining control,

seeks to replace directors and managers who do not want to cooperate.

In foreign practice of hostile takeovers (hostile takeover) there are three main types.

The tender offer is, of course, a direct offer of the absorber to the shareholders of the victim to acquire them

shares for cash, by exchanging them for other securities or for a combination of these assets for the purpose

gaining corporate control over the victim. In this case, as a rule, the following are observed

conditions:

- the offer is made for all shareholders and is public;

- a significant block of shares is bought together;

- the offer contains a premium (surcharge) over the market price of shares, which prevailed at the time of such

proposals;

- terms of the offer are fixed;

- as a condition for concluding transactions with shareholders, the purchase offer contains an agreement

relative to the minimum required number of shares to be collectively offered to the acquirer

to purchase;

- the offer is valid for a short period of time.
Tender offer in case of hostile capture can be realized in different ways.

Two-tier offer - the case when the price at which the acquiring company promises

buy stocks, differentiated. The price of the first, higher, level is paid for a certain maximum

the number of shares announced at the same time as the tender offer. The rest of the shares are bought at a lower

price.

Partial offer is characterized by what the acquiring company determines

the maximum number of shares it wants to buy but does not announce its plans for the rest.

Acquisition of shares with a two-tier or partial offer is often due to the minimum

the number of shares that must be acquired to gain control of the firm. Such schemes were invented

in order to give shareholders an incentive to quickly approve the tender offer - who sells shares

first, he gets a higher price for them.

All-or-all offer. The proposal made in this form means the following:

the acquiring company determines the price, but not the maximum number of shares it wishes to acquire, and

at the same time declares that none of these shares will be purchased until certain terms of the offer

will not be fulfilled.

Features of application of tender offers which are widely used in the international

financial practice, governed by relevant legal acts (for example, the William Act in the United States)

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Purchase of shares on the stock market in the form of large stakes without any public announcements,

addressed to all shareholders of the victim company, of course, is an alternative to the tender offer. WITH

In order to conceal the true goals, the absorber usually does not directly buy shares, but uses a number of friendly or related companies. The same functions can perform and

professional participants in the securities market, in particular brokerage companies, which buy shares of the victim company under the guarantee of their further redemption by the absorber (so-called "parking of shares").

The struggle for power of attorney aims to accumulate by the absorber a significant number of votes independent of

shareholders by obtaining power of attorney from them, which authorizes the absorber

to represent their interests at the general meeting of shareholders of the victim with the right to vote for all or certain

issues on the agenda. The struggle for power of attorney is the preparation of the absorber for the so-called "struggle for

representation ", which unfolds at the general meeting of shareholders. In foreign practice, the enemy

acquisitions are divided into two main forms of struggle for representation:

- struggle for seats on the board of directors;

- the struggle for approval of management proposals.

As a result of the victory in the fight for seats on the board of directors of the victim company, the absorber introduces to

this body of its candidates, which allows it to establish corporate control over the activities

victims. As a rule, the board of directors is responsible for determining the main activities of the firm,

submits for approval by the general meeting of shareholders key issues, including proposals on

major acquisitions, appoints the CEO, etc.

The struggle for the approval of management proposals at the shareholders' meeting is important for the absorber,

as managers, in particular, may submit for approval by the general meeting of shareholders

the absorber's proposals to acquire corporate control over the victim company or, conversely,

take the initiative to adopt amendments to the statute aimed at protection from the enemy

absorption.

The Ukrainian practice of hostile takeovers is quite different from the foreign experience. On the one hand,

an arsenal of legal and financial instruments created for this purpose in developed stock markets

world, is used in Ukraine in a very limited form. However, on the other hand, domestic absorbers

widely and successfully use "unique" technologies that have virtually no analogues in the world

practice.

It is obvious that this situation has developed due to the specific features of the Ukrainian stock market, to which, c

first of all, we can include the following:

- relative youth and immaturity of the corporate movement;

- imperfection of corporate legislation of Ukraine, in particular:

– lack of normative regulation of a number of legal relations;

– contradiction;

- incomplete processes of privatization of state property;

- significant politicization of the economy and widespread administrative interference in the activities of the state

enterprises, in particular:

– the presence of state-owned large stakes;

– broad powers of public authorities and management in the economic sphere;

– corruption among government officials;

- imperfection of the judicial system, in particular:

– low qualification of judges dealing with corporate disputes in the field of corporate

rights;

– lack of specialization of judges in corporate law;

– corruption;

– politicization.

In Ukraine, such methods of hostile takeover as a tender offer are practically not used

struggle for power of attorney. The use of the tender offer as a way to acquire shares of the victim company requires detailed legislative regulation, which is still lacking in the domestic

corporate legal field.

First of all, the tender offer entails significant financial risks for both the absorber and the shareholders of the victim company. Therefore, to protect the interests of bidders, the legislator must establish clear rules for their conduct, in particular, relating to:

- the period during which the tender remains open (an example is regulation

tender proposals in the financial practice of foreign countries);

- conditions of transfer of shares to the ownership of the absorber;

- the order of settlements between the absorber and the shareholders of the victim company that accepted the tender

offer.

Of course, the board or a management-controlled registrar certifies such powers of attorney

free and in absentia. At the same time, the absorber is forced to apply for certification of powers of attorney

shareholders - individuals to a notary who charges a fee for this service. In addition, you need a personal

appearance of the shareholder to the notary with documents confirming the identity of the shareholder and ownership of shares

victim companies. In addition, along with the announcement of the upcoming meeting of shareholders of the board often

sends power of attorney to shareholders and stamped envelopes to return completed

powers of attorney to the board. Naturally, returned powers of attorney are certified by the board or registrar

without any verification of the identity and correctness of the power of attorney. There are also falsifications

board or registrar of such powers of attorney.

Obviously, there will be no problems with the subsequent registration of the manager-representative to participate in

general meeting of shareholders of the victim company, which is held by the same persons who "certified" these

power of attorney. Thus the powers of attorney issued by shareholders to the absorber are carefully checked and

any formal pretext is used to deny such registration.

Probably the only case when the absorber can really count on a victory over management

in the struggle for power of attorney, there is a power of attorney of the state body that manages the state block of shares

victim companies.

In the vast majority of cases, hostile takeovers are carried out through stock buying

victims of the organized stock market, financial intermediaries on the OTC

market, as well as shareholders-individuals, including employees of the victim company. In the latter

In this case, the management seeks to make it as difficult as possible for the absorber to buy shares owned by members

labor collective. Such shareholders are subject to administrative pressure until the employee is fired

on a contrived basis in case he sells shares to the absorber. Often management turns to

a sense of patriotism of workers, urges not to sell shares to "foreigners", while the image of the absorber

submitted by management as a competitor or speculator who will close the company, sell it

property and dismiss employees immediately after taking corporate control of the company victim.

Of course, in such a situation, the absorber uses the following methods to stimulate the sale of shares

small shareholder and neutralize the opposition to this by management:

- construction of individual pricing and quantitative buying strategy (usually a gradual reduction in price

purchase of shares, which may be accompanied by an increase in the minimum required number of shares, which

the absorber agrees to purchase from one shareholder);

- bribery of the registrar's employees in order to obtain information from the register of shareholders of the victim company

and assisting such employees in re-registering ownership of shares in the name of the absorber;

- preliminary acquisition by the absorber of the registrar company;

- organization of various inspections of the economic activity of the victim company and management

controlling bodies (tax inspection, law enforcement bodies, territorial administration

NSSMC, Antimonopoly Committee of Ukraine, Society for Consumer Protection, etc.);

- publication of various types of information that compromise management in the media;

- political pressure on the managers of the victim company, who hold elected positions in local bodies

self-government and central authorities.

If the absorber has accumulated a significant number of shares of the victim, giving him a relative or

operational corporate control, then to establish strategic corporate control

the absorber may initiate an additional issue of shares. Using various legal and technical tricks,

the absorber can make it much more difficult for unfriendly shareholders to exercise their preemptive right to acquisition of additional issue shares. After the additional issue of shares, the share of unfriendly shareholders may be "blurred" to a level acceptable to the absorber. In this case, the funds spent by the absorber on

acquisition of shares of additional issue in the victim company, remain under the control of the absorber and can be relatively easily removed from the victim company through various commercial transactions between victim and friendly absorbers.

Another method of obtaining corporate control, although quite complex, long and risky, is buying up the debts of a victim company that is experiencing financial difficulties, with prospects

blackmail management of the bankruptcy of the enterprise. If such blackmail does not bring the desired

results, the absorber may initiate bankruptcy proceedings against the victim company to further:

- acquisition of an integral property complex of the enterprise at public auctions during liquidation

victim companies;

- rehabilitation of the enterprise, in which the absorber will act as a sanatorium, and "under him" will be carried out

additional issue of shares, which gives the absorber corporate control over the victim company.

Foreign practice of hostile takeovers has developed a significant number of ways to protect the victim's company from the interception of corporate control over it by the aggressor company. As a rule, protective mechanisms are created by management to retain positions in the company that provide an opportunity.

manage its assets, in particular, set high rewards for top managers of the victim's company.

In conditions of significant "scattering" of shares of large companies among small investors in the developed

In Western countries, the management of such companies is often the only organized force capable

resist the attacks of the absorbers and materially interested in maintaining the existing structure

share capital and corporate governance of the company. The most popular protective mechanisms

described below.

During the long-term practice of mergers and acquisitions in the financial markets, certain technologies have been developed

protection against "unfriendly takeovers". All protection methods that the victim company can use,

can be divided into "pre-offered defense" and "post-offered"

defense). Methods of "protection to the proposal" involve the establishment of provisions-conditions in the statutory

documents and agreements with employees, etc. (so-called "shark repellents").

The purpose of these provisions is usually to impose certain restrictions on the transition from corporate

control over the victim company or burdening such a transition with certain obligations. Methods

"Post-offer protection" is aimed at reducing the attractiveness of the acquisition of the absorber of the victim company.

Consider ways to protect against "unfriendly takeovers" in more detail.

1. The supermajority amendment provides for the establishment of a high interest rate

the share era required for approval of the takeover (usually 80-90%).

The condition of a super-majority is a method of protection that involves inclusion in the charter of the victim company

a provision providing for the establishment of a high percentage of the votes required for a decision

about the merger. In many cases, this restriction also applies to transactions such as adoption

decisions on the liquidation of the company, its restructuring, sale or financial leasing of large assets, which

owned by companies, etc. Most companies that use this method of protection install

quantitative barrier of votes for the decision to merge at the level of 2/3 to 80%. Terms

supermajorities are automatically applied to all transactions involving stakeholders

or major shareholders. In addition, the condition of supermajority applies to cases of attempts to remove protection

from the company. Naturally, such a restriction significantly limits the possibility of unfriendly takeovers - for

Ensuring control of the "aggressor" requires much more resources.

2. The condition of "fair price" (fair price amendment) - the inclusion in the charter of the victim company of the determinant

terms of redemption of more than 20% (30%) of voting shares. Really the condition of a fair price is

strengthening the condition of supermajority and, as a rule, is not applied separately from it. Fair price

is defined as the same redemption price for any share of the victim company. The main purpose of this reception

protection - prevention of two-stage tender offers by the buyer company. A two-stage (twotier) offer means that first an offer is made to buy only large stakes

(more than 5%), then offered to buy small packages, but at a lower price. Naturally, that's it

the scheme infringes on the interests of minority shareholders. In addition, there is an opportunity to buy the company at a price

below market. Most companies that have used this method of protection have established a “fair

price "based on the historical value of their shares over the past 3-5 years. If the buyer company performs

the condition of a fair price, in most cases the condition of a supermajority is removed. Protection of "fair

price "may be withdrawn in the following cases: if the withdrawal of protection is approved by 95% of shareholders

victim companies; at a friendly merger.

3. Condition of re-election of the board of directors (classified board amendment, staggered board amendment). Yes

the condition imposes restrictions on changing the composition of the board of directors. The division of the board of directors means that c

the charter of the company - victims for absorption the point in which the order of division of council is stipulated is entered

directors on three equal parts; each part of the board of directors may be elected general

meeting of shareholders for one year and so for three years. Thus, the possibilities are limited

"Aggressor" to gain immediate control over the victim company immediately after the acquisition

controlling stake: the buyer company will have to wait another two years to receive

required a majority on the board of directors. In practice, such a restriction in a large number of cases

removed if the "aggressor" has a real chance to gain control over the purpose of the takeover. However, more

half of the companies included in the Standard & Poor's 500 index use this method of protection,

because it really complicates and increases the cost of absorption.

4. Regulations on authorization of issues of new securities (authorization amendments). Such provisions allow the board of directors of the victim company to create a new class of securities- "Poison pills", which in case of hostile absorption give the right to vote. These securities can be released for friendly companies and thus serve as protection against hostile takeovers.

"Poison pills" in the most general form are issued by the victim company rights placed between its shareholders and granting the right to repurchase additional ordinary shares companies in the event of an event. Any attempt can be a catalyst for redemption changes in control over the company, not agreed with the board of directors. The following are the following six main types of "poison pills" (Preferred stock plans, Flip-over plans, Flip-in plans, Flip-out plans, Back-end plans, Voting plans).

Preferred stock plan is essentially an issue of a victim company of convertible preferred shares, which distributed among shareholders as dividends. These preferred shares are equated in voting rights to ordinary shares. The issuance of such preferred shares leads to a decrease in dividends ordinary shares, in addition, the amount of dividends on preferred shares is set significantly at a higher level than for ordinary shares: the aim is to ensure that the owners of preferred shares refrained from converting them into ordinary. The issuer reserves the right of redemption preferred shares after a certain period (in practice - at least 15 years).

The principle of protection is implemented as follows. In terms of distribution of preferred shares contains an item in which it is stipulated that in case of purchase by another investor of a "significant" block of ordinary shares holders of preferred shares have the right to demand from their company the redemption of these preferred shares shares, if the owner of a "significant" block of shares within a short time does not announce a decision on friendly merger with the issuer. Upon receipt of the redemption request, the company must redeem preferred shares at a price not lower than: (1) the maximum price paid by the owner of the "significant" package for preferred shares acquired by him during the previous year, or (2) the maximum price paid the owner of a "significant" block of shares for ordinary shares acquired by him during the previous year, multiplied by the conversion factor.

If the decision on the takeover is made, the owners of preferred shares are deprived of rights

their redemption by his company. As a result, preferred shares will have to be converted into ordinary shares

shares of the company that acquired.

The flip-over plan is as follows. The victim firm announces the payment of dividends on ordinary shares in

form of rights to purchase a certain class of their securities, usually ordinary shares. Execution price

the right is set at a level that significantly exceeds the market value of securities for purchase

to whom this right is granted. In addition, these rights cannot be exercised until a certain issue occurs.

Such an event could be the acquisition by a buyer company of a significant stake or

receiving an offer to purchase such a package. After such an event, shareholders of the victim can not exercise their rights for a short period of time (usually 10 days). After

at the end of the specified time the rights can be exercised, and the victim company distributes the certificates of these

right. Until then, ordinary shares and rights cannot be traded separately.

Early redemption is possible, but it is carried out at a significant discount. As a result, in the case of adoption

Acquisition decisions The shareholders of the acquired company will have the opportunity to buy shares very profitably

a company that emerged after the takeover, which can be very costly for the acquiring party.

Flip-in plan is essentially an addition to the previous method of protection. Its essence is as follows:

if the acquiring company transfers the assets of the acquired company to its discriminating shareholders

conditions or conditions that reduce the cost of investment, the shareholders of the victim company are entitled

buy back shares of the buyer company with a significant discount on their market value. So

protection of shareholders of the absorbed party is provided; in addition, the purchase may become more dear to the buyer company.

Flip-out plan - a method of protection in which the shareholders of the company-victim of the acquisition are entitled to redemption of shares of the "aggressor", which is essentially a counterattack on this "aggressor". This is reminiscent of Peckman's defense

which will be discussed below. Of course, the implementation of such a method of protection requires significant financial resources resource.

The Back-end plan protection procedure almost completely replicates Flip-over plans, except that

rights to purchase debt instruments are distributed, not ordinary shares. Buyer company after

the takeover faces the problem of servicing a large amount of debt

(principal debt and interest). The debt is created to protect the victim company.

The main task of the Voting plan is to prevent an attempt to gain control of one's company

persons or groups of persons by a simple majority of votes. The essence of the method is that the company is a victim

announces to its shareholders the payment of dividends in the form of preferred shares. If

an individual or group of persons becomes the owner of a "significant" package of ordinary and preferred shares,

holders of preferred shares, with the exception of the holder of a "significant" package, receive the right

supervoice, which does not allow the owner of this "significant" company to gain control over the company

package.

5. Provision limiting the repeal of previously adopted amendments (Lock-in amendment). These provisions

make it difficult to remove previously approved amendments from the charter of the victim company by creating a mechanism

counteracting hostile takeovers.

6. Recapitalization of the upper class (Dual class recapitalization) as a method of protection is as follows.

All shares issued by the company are divided into two classes: shares with ordinary voting rights (low class

shares) and shares with increased voting rights (higher class of shares). Usually low-class shares vote on the principle of "one share - one vote", and high-class shares - "one share - ten votes". Promotions

top class are placed only among the shareholders of the company - the victim. They can be through a certain

time exchanged for low-class shares (ordinary shares). As a rule, dividends on shares of the upper class

are set at a lower level than for lower-class shares; in addition, high-end stocks

are always illiquid and may not be traded on the stock market at all. The main purpose of the issue of shares

upper class - to force their owners to exchange them for lower class shares as soon as possible. Also

it is established that managers of outsider companies cannot be participants in such an exchange

(recapitalization). After such a recapitalization, the management of the victim company, even

having a relatively small block of ordinary shares, will be able to effectively block attempts

changes in control over the company. Practice shows that this method is very effective.

7. Compensatory parachutes are called in the contracts of managers, the conditions included and

guarantee significant payments to these managers in the event of "unfriendly takeovers" or non-compliance with

takeover managers. The natural practice of an acquisition company is to replace key managers victim companies.

Compensation parachutes are:

- gold (compensation agreements are concluded with senior management);
- silver (compensation agreements are concluded with middle management);
- tin (compensation agreements are concluded with the management of the lower level and some ordinary employees of the company).

If the compensation agreements are legally perfect, and the amount of compensation is significant, then y absorbing company possible problems. In addition, the availability of such contracts is an incentive for management of the company to carry out effective protective actions if required by shareholders.

As a rule, such contracts rarely exceed 1 year. Conclusion is considered a common practice such contracts 6-8 months before the "unfriendly takeover".

8. In case of targeted buyout, the victim company makes a direct tender offer to an external investor or a group of investors who already own a large block of its ordinary shares and may represent potential threat. Redemption is carried out with a significant premium compared to the market price of shares. By this method eliminates the potential threat of "unfriendly takeover". Naturally, that the success of this method of protection is largely determined by the size of the proposed premium over the current market rate.

9. Non-interference agreement (stop agreement) is a contract concluded between the management of the takeover victim company and a major shareholder, according to which this major shareholder undertakes not to own a controlling stake for a certain period of time.

10. A lawsuit is one of the most popular types of protection after receiving an offer absorption. More than 1/3 of all bids made in the United States between 1962 and 1980, accompanied by the initiation of various lawsuits by the victim company. Thus the buyer company was accused of violation of various types of legislation, including environmental.

Most lawsuits are filed in connection with antitrust law and law that regulates the stock market. As a result of the lawsuit, the victim company may be detained conducting "unfriendly takeovers" (court proceedings, hearings, review of the case, etc.) and at the same time increase the cost of takeover (it is more interesting to increase the size of the tender offer than to carry significant

court costs). In addition, such technology is possible when the lawsuit is made by a "friendly" company

absorbed by a firm or individual on the basis of prior collection of information by the victim company.

11. Restructuring of assets - sale and purchase of assets that are carried out to reduce

attractiveness of the object of absorption. Possible sale of attractive assets ("crown jewels")

reduces the investment attractiveness of the company being acquired, and the acquisition of such a business can

lead to problems with government regulators.

11.1. "Crown jewels". If the management of the victim company believes that the absorber

attract certain assets of the victim company, the management may try to sell these “jewels

crown ”, or transfer to formally independent subsidiaries.

11.2. Scorched earth. If management comes in selling attractive

the absorber of the assets of the victim company is very far away, leaving behind only the "scorched earth", ie

a company that does not own any significant assets.

Management can also do the opposite: acquire new assets that will be economical

unfavorable for the absorber, or cause him problems with antitrust authorities, but in that

the same time may be useful (or may not be) for the victim company itself.

11.3. "Green mail", redemption with a premium (premium buyback),

inaction (standstill agreement). At the threat of hostile takeover, the victim company can go on

repurchase of their shares with a premium in relation to their market price. Redemption is organized with the help

confidential management negotiations with a major shareholder or group of shareholders.

Often the absorber is such a shareholder. In this case (and often simultaneously with the ransom) between the victim and

the aggressor enters into an agreement on inaction. According to such an agreement, the absorber in which they were bought

shares, undertakes not to buy shares of the victim company for a certain period of time.

12. Restructuring of liabilities is carried out through:

- conducting an additional issue of ordinary shares, which are fully placed among friendly outsiders

investors (or shareholders), ie persons who support the existing management of the victim company in

in case of an attempt at "unfriendly takeover";

- large-scale issuance of debt obligations (short-term or long-term bonds);

at the same time, the funds received from the issue are used to repurchase their ordinary shares, which

are traded in the market or are in large but "unreliable" shareholders.

In the first case, such protection provides more chances for management to maintain its status

when voting at the general meeting of shareholders.

In the second case, an increase in the company's external debt reduces its investment

attractiveness; in addition, the additional redemption significantly complicates the acquisition process

controlling stake in the company by reducing the number of shares available for purchase

"Aggressor".

13. Leveraged recapitalization (LCO), redemption from

using leveraged buyout (LBO). The purpose of these operations is to increase the number

shares owned by management.

To do this, the victim company raises significant funds. When recapitalizing using financial

leverage company-victim at the expense of borrowed resources pays large one-time dividends to their

"Outside shareholders, outsiders" money, while managers - "internal

shareholders "(inside shareholders, insiders) - receive these dividends in the form of shares. In the case of redemption from

using the financial leverage of the victim company at the expense of borrowed funds buys from abroad

shareholders all or a significant part of the shares of the victim company owned by them. As a result of these operations

"Share", ie the total share of shares of the victim company due to management, significantly

increases.

After recapitalization or redemption using financial leverage, the victim company becomes smaller

attractive for two reasons. First, it becomes more difficult for the absorber to reach an agreement with existing ones

shareholders, as a large number of voting shares are concentrated in the hands of management. Second, increasing the debt of the victim company makes it less economically attractive to the aggressor.

One of the results of redemption using financial leverage may be the disappearance of the victim as a public company. Management can find partners to raise debt capital and

repurchase of all shares of the victim company trading on the market. Often a victim company for this

so-called "junk bonds" are issued.

14. "Poison option" (poison put). This tool provides the bondholders of the victim company

the right to present them for payment before maturity and the increased redemption value in the case

enemy absorption, ie to apply the so-called "macaroni defense" (ma aroni defense). Of course, such a right cannot be exercised in a friendly takeover, even if such a takeover causes damage to bondholders.

In some cases, paying for bonds can be a very expensive obligation for a potential consumer victim companies. As a rule, the aggressor actively borrows resources for the takeover. In the same time when he has a lack of funds associated with the takeover of the victim company, payment bonds begins to exert additional financial pressure on the absorber.

15. "White Knight" and "White Squire" - methods of protection, when the friendly is invited to absorb shareholders investor. When choosing a way to protect the "white knight", the victim company tries to prevent "unfriendly enthusiasm" by carrying out friendly takeovers by selling one's own controlling stake in the company's friendly management. The size of the proposal made by the "white knight", is determined mainly by the extent to which such an operation fits into his strategy. If there is a compliance strategy, the price may be higher than that offered by the "aggressor", if the level matching strategy is small, the price will be lower. In practice, a situation is possible when the "aggressor" will raise the price without giving up trying to "unfriendly capture" even after the appearance "White knight" - then the price will rise.

The protection of the "white squire" differs from the protection of the "white knight" in that the "white squire" does not receive control over the victim company. Management-friendly company - white squire buys for offer the victim a large package of shares on the terms of "non-interference" (usually this means a commitment vote for management proposals). Thus, the "aggressor" loses the opportunity to get a majority vote at the shareholders' meeting and therefore solve the takeover problem. As a reward "white Squire usually receives seats on the board of directors or increased dividends on purchased shares.

8. PacMan defense is a counterattack by the victim company on the aggressor company in case rigid takeover attempts (the victim company makes a counter-tender offer to shareholders the buyer company to repurchase a controlling stake in its shares). Such a practice is very rare, as the main problem with its application is the significant amount of financial resources required for

conducting a counterattack on the buyer. Therefore, only a victim company, which significantly exceeds the company absorber of free financial resources, can count on the successful implementation of such

protection.

10. Reincompany means reissuance of registration documents to another region (transfer

legal address), where there are more stringent antitrust requirements than at the current location

registration. Such protection can make it much more difficult to take over a reincarnated company, however

the paperwork process can be time consuming.

During the years of formation of a market economy in Ukraine, the process of mergers and acquisitions was almost not considered

scientific papers and publications, and "unfriendly takeovers" of enterprises are practically not mentioned. At the same time, the practice of "unfriendly takeovers" of Ukrainian industrial and commercial companies is enough

wide. Consider the recommendations that domestic practices give in terms of combating unfriendly takeovers:

1. Protection of the register of shareholders from unauthorized access.

2. The charter shall provide from the outset for protection against takeovers.

3. Concluding employment contracts with the company's management, which stipulate significant compensation in case of dismissal.

4. Consolidation of the scattered package (in the absence of money it is possible to find a partner for

merger).

5. The most significant assets of a company or enterprise are transferred to subsidiaries. Subsidiaries

companies in turn are separated from the parent, and the aggressor buys a "pacifier".

6. If the aggressor is interested in participating in the production chain, then, not having the opportunity to agree with

manager or business owners, he tries to buy it. In such a situation, it is possible

it would be advisable to allow the aggressor to use the assets rather than lose corporate control.

7. PR protection. Forming the company's image. Organization of information war against the aggressor. If

the company is absorbed, and the government decides to support it, the chances of the aggressor are significantly reduced.

8. Carrying out a closed issue of shares with closed placement.

9. The company enters into agreements with applications that take effect if someone receives

control over it, and dramatically worsen the overall financial and economic condition of the company. In this case

the aggressor risks receiving many fines and debts.

10. Conscious "hanging" of debts on the enterprise.

11. If the aggressor is not interested in the whole company, but a group of equipment, sales system, then such an asset can be taken out of the company, separate it into a separate company, and then separate from the parent company. If the company does not have such an asset, the aggressor's interest in taking over disappears.

12. Since the most common method of takeover in Ukraine is debt collection, you should try to negotiate with creditors.

Ukrainian realities do not allow the effective use of some of the methods described above to counter hostile takeovers. First of all, the reason for this is the legal system on which domestic legislation is based.

The difference is that a number of anti-aggression techniques used, for example, in the United States, have been legitimized not by statutory law but by court precedents in cases involving corporate disputes. Ukrainian legislation is developing in the system of continental statutory law, which provides less freedom in the legal consolidation of such corporate relationships.

The methods of protection against unfriendly takeovers used by Ukrainian victim companies can be divided into 2 groups: related to the shares of joint-stock companies and related to the assets of joint-stock companies.

The following techniques can be used by the management of the victim company shares:

- partial repurchase of shares;

- refusal of the registrar friendly to the victim company from re-registration in the name of the absorber of the shares acquired by the latter;

- loss of a registrar friendly to the victim company with the absorber included in it and

further restoration of the register without the absorber or with a reduction in the number of shares owned by him

victim companies;

- obtaining power of attorney by management from small shareholders, in particular, members of the labor

the staff of the victim company, to represent their interests at the general meeting of shareholders;

- refusal to register the absorber (to participate in the general meeting of shareholders);

- manipulation of the quorum of the general meeting of shareholders;

- manipulation of the voting results of the general meeting of shareholders;

- conducting an additional issue of shares to increase the share of authorized capital due

management, and "blurring" of the absorber's share;

- "fixation" of the shares of the victim company, which belong to the members of its labor collective, by contributing them to the authorized capital of the newly created and controlled by the management of the closed joint-stock

company or limited liability company. For the assets of the victim company, management may apply the following tactical moves:

- "withdrawal" of liquid assets of the victim company in created with its participation and controlled by management

business associations;

- alienation of liquid assets of the victim company into the ownership of persons controlled by management;

- encumbrance of the assets of the victim company with obligations to the controlled management

persons;

- conclusion by the victim company with management-controlled persons of "exclusive"

long-term contracts for the sale of products of the victim company, supply of raw materials and

components, etc.

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