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Management Department

FINAL QUALIFYING PAPER

on the topic:

«Diagnosis of trade enterprise strategic potential»
(by the materials of LLC "DPA KYIV", Kyiv)

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CONTENTS

INTRODUCTION.....	3
PART 1 THEORETICAL AND METHODOLOGICAL FOUNDATIONS OF DIAGNOSING THE STRATEGIC POTENTIAL OF AN ENTERPRISE.....	6
1.1. The strategic potential of an enterprise: the essence and components.....	6
1.2. Scientific approaches to the processes of diagnosing and assessing the strategic potential of the enterprise.....	11
PART 2 INVESTIGATION OF THE DIAGNOSING PROCESS AND ESTIMATION OF THE STRATEGIC POTENTIAL AT THE TRADE ENTERPRISE LLC “DPA KYIV”, KYIV	18
2.1. Analysis of the results of enterprise activity and using its potential in the market	18
2.2. Estimation of the strategic potential and organization of its diagnosis in the enterprise management system.....	26
PART 3 IMPROVEMENT OF THE PROCESS OF DIAGNOSING THE STRATEGIC POTENTIAL OF ENTERPRISE LLC “DPA KYIV”, KYIV .	36
3.1. Development and justification of managerial decisions to improve the process of diagnosing the strategic potential at trade enterprise.	36
3.2. Predictive evaluation of the results of LLC "DPA KYIV" after the implementation of proposed managerial decisions	43
CONCLUSIONS AND RECOMMENDATIONS	52
REFERENCES.....	55
APPENDICES	60

INTRODUCTION

In the conditions of the external environment instability and aggravation of the competition, any enterprise seeks to have a strong position in the market. It has to pay much attention to diagnostics of strategic potential within construction and implementation of the development strategy. As the international business practice testifies, correctly organized strategic potential diagnostics, allow not only to reveal the hidden opportunities for the best use of internal organizational abilities and resources of the enterprise. But, it is also a necessary condition for adoption of the weighed managerial decisions on further development strategic potential components. Diagnostics of strategic potential and assessment of advantages and shortcomings of its use allow to define reserves for increase in level of efficiency and effectiveness of strategic business management. At the same time it is necessary to notice, that diagnostics of strategic potential demands special knowledge and abilities, preparation of technical and information support for its qualitative organization and conduction.

Scientific works of both domestic, and foreign scientists are devoted to the research of problems strategic management , including diagnostics and assessment of the enterprise strategic potential; and its separate components. Authors of these researches are: I. Ansoff, M. Porter, G. Mintsberg, R. Zickh, E. Terek, A. Azarov, I. Achkasov, L. Gevlich, G. Piatnytska, A. Sokhatsky, V. Kuntsevich, A. Turilo and many others. Despite the large number of scientific research which directly or indirectly concerns aspects of strategic potential diagnostics and management, today a question of performing complex diagnostics of strategic potential and its components still remain insufficiently studied. All this determines the relevance of this final qualifying paper research topic

The purpose of the final qualifying paper is an improvement of enterprise strategic potential diagnosis process.

In accordance with the purpose of the work the following tasks were set:

- identify the essence and components of the enterprise strategic potential;
- identify the stages of diagnosing the enterprise strategic potential and the factors influencing this process and its result;

- to analyze scientific approaches to the enterprise strategic potential diagnosing and assessment processes;
- to analyze the main results of activity and use of the enterprise potential in the market;
- to assess the strategic potential and organization of its diagnosis in the management system of the investigated enterprise;
- to develop and justify managerial decisions to improve the process of diagnosing the enterprise strategic potential;
- to conduct a predictive assessment of the LLC “DPA KYIV” activity results after the implementation of the proposed managerial decisions aimed at improving the strategic potential diagnosis and usage.

The object of the research: the enterprise strategic potential diagnosis process.

The subject of the research: theoretical, methodical and practical aspects of enterprise strategic potential diagnosis process.

The information base of the research were: domestic and foreign scientific and educational publications, statistical data of the Ukraine State statistics service, information from Internet sources (including the official websites of the SQUALIO group of companies and LLC "DPA KYIV", Kyiv), the enterprise financial activity reports, the results of their own marketing researches.

In the final qualifying paper, there were used general scientific and special research methods: synthesis, system and complex analysis; forecasting (including expert evaluation and extrapolation); methods of comparison and analogy; analytical (including traditional methods and techniques of economic analysis: tabular, grouping, graphic); methods of economic and mathematical modeling, SWOT-analysis and VRIO-analysis, etc.

Scientific novelty and practical significance of the final qualifying paper consists in:

- systematization of scientific approaches to the definition of an "enterprise strategic potential" concept. Such approaches as: system, target, competence and others were allocated;
- further development of methodological approaches to the diagnosis of the enterprise strategic potential in terms of assessing its external component;
- development of practical recommendations (action plan) to improve the diagnosis and use of the LLC "DPA KYIV". strategic potential.

Final qualifying paper was carried out for the order of the LLC "DPA KYIV" (KYIV) management.

The results of the studies presented in the paper were partially tested by LLC "DPA KYIV". Some theoretical and practical results of the study were covered in the article. "The enterprise's strategic potential: the essence and scientific approaches to assessment" published in the collection of scientific articles (see Appendix A).

Final qualifying paper contains 50 pages of the main text, 10 tables and 6 figures, 5 appendices, the list of references consists of 48 titles

PART 1

THEORETICAL AND METHODOLOGICAL FOUNDATIONS OF DIAGNOSING THE STRATEGIC POTENTIAL OF AN ENTERPRISE

1.1. The strategic potential of an enterprise: the essence and components

The long-term development of any enterprise depends not only on the factors of the external environment. It also relies on the strategic potential of this enterprise and how effective is the implementation of the chosen strategy on the market. This fact confirms the importance of carrying out periodic diagnostics of the strategic potential of the enterprise. They give an opportunity to develop managerial measures aimed at maximizing the return from its use or from its development within the framework of the enterprise strategic objectives realization.

In order to perform a proper organization and execution of strategic potential diagnostics, first of all, it is necessary to clearly define the essence and components of the enterprise strategic potential. In this regard, we offer to focus on the etymology of the words "strategic" and "potential", systematize the existing approaches to definition of "strategic potential" and components of this category.

The adjective "strategic" is the derivative of the noun "strategy" (from the ancient Greek "στρατηγία" - the art of the military units management) and in the Collins English dictionary [1] it is defined as a sign of great importance for the future. In other words, when it comes to something strategic, it means, firstly, something that is very important for the enterprise, and, secondly, this is directly or indirectly related to the implementation of the strategy, the master plan or business model on the market to achieve strategic goals.

The term "potential" has a Latin origin (from the Latin "potentia"), where it meant a power and strength. Later in the economy it was interpreted as "... means, supplies, sources that can be used to solve a certain task or for the achievement of a certain goal" [2, p. 65]. Numerous attempts of diagnosing and assessment the potential of the enterprise led to the emergence of a number of different definitions for the "potential of the enterprise" concept in the scientific literature. According to the

research findings of O. Zhdan [3], they can be divided by approaches to its interpretation:

- *resource*, its supporters are V. Nemchinov, O. Anchyshkin, L. Abalkin and others. They consider the potential of the enterprise as there source component availability and it's potential use for a company;
- *effective*, its representatives are: V. Mec, M. Chumachenko, N. Krasnokutska and other scientists. They understand an enterprise potential as a generalized characteristic of the enterprise resource and competencies system ability to achieve a certain goal through the implementation of business processes; the relations that arise at the enterprise with an aim to achieve maximum possible result (for example, financial);
- *productive*, its representatives are V. Veiz, Y. Lapin and others. They directly associate an enterprise potential with the volumes of its manufacturing (or operating) activity. Therefore, a productive power indicator is used to characterize its development;
- *managerial*, its supporters are S. Strumylina, O. Oleksiuk and others. In their opinion, an enterprise potential equals to the aggregate enterprise labor force or to the maximum set of explicit/hidden capabilities to develop qualitative socio-economic system of a company.

The emergence and development of the strategic management theory has led to the introduction of the "enterprise strategic potential" scientific concept. However, to date, scientific thought has several approaches to the interpretation of the strategic potential essence. In this regard, we will systematize the existing "enterprise strategic potential" definitions (Table 1.1) and determine which definition is the most appropriate to adhere to in our study.

Among the approaches stated in Table 1.1. we consider a system approach as the most suitable one in terms of further diagnostics. It considers the strategic potential, as a set of enterprise resources and capabilities for the development and implementation of a strategy (or definition and achievement of strategic goals). In this case, the components of the strategic potential are: on the one hand, resources,

and on the other hand, opportunities that depend on the organizational capabilities of the enterprise, its competences, as well as external factors, which create favorable preconditions for the implementation of the planned strategic decisions.

Table 1.1

Systematization of "enterprise strategic potential" concept definitions ¹

Scientist (s) / reference (s)	Enterprise strategic potential – is:
<i>Definition approach based on strategic assets, ensuring the realization of potential opportunities</i>	
L. Faye, R. Randall[4]	strategic assets of the enterprise, which include everything that the organization has and what it can use for its economic purposes.
O. Sushchenko[5]	a set of resources and reserves arranged in a certain way and in accordance with the strategic directions of enterprise development, which allow to ensure the realization of enterprise potential opportunities
<i>Resource approach</i>	
I. Ignatieva[6]	a set of resources that provide the company with the opportunity to achieve strategic goals
O. Berezin [7]	a set of available resources that provide enterprise with a long term survival in a competitive environment.
<i>Competence or resource-competence approach</i>	
E. Lagunova [8]	resources and capabilities that can be adapted to market needs through the enterprise competencies/
V. Gorban[9]	a set of limited available companies resources and competencies to achieve global and strategic goals in the future, taking into account relevant environmental conditions
I.Otenko, L.Malyarets, G.Ivashchenko [10]	the basis for the unique combinations of resources and distinct competencies formation for the production of successful products and technologies
<i>A system or approach based on combination resources and opportunities in the process of implementing a strategy or achieving strategic objectives</i>	
V. Markov, S. Kuznetsova[11], G. Pyatnitska, L. Lukashova, N. Raksha [12]	a set of resources and opportunities for the development and implementation an enterprise strategy
L. Gordienko, E. Shvets [13]	a set of current resources and opportunities that can be mobilized to achieve strategic goals in a transformational environment
T. Kalinescu, Y Romanovska, O. Kirilov [14]	a set of tools and capabilities of the enterprise that can be used to achieve the goals of its development

The end of table 1.1

Scientist (s) / reference (s)	Enterprise strategic potential – is:
<i>Approach based on competitive advantages production or rational use of opportunities with or without taking into account changes in the external environment</i>	
V. Grosul, Y. Vasilenko [15]	the strongest competitive advantages that enable an enterprise to achieve its goal more effectively than its competitors; a set of dynamic capabilities of the enterprise, which can be a basement for its successful future development
S. Trygobyuk [17]	the readiness rationally use the opportunities that will arise in the internal and external environment for the implementation of the organization mission.
I. Graschenko, G. Khimich, V. Khimich [16]	a special economic category, as it reveals not only the maximum possible production volumes with the most efficient use of all resources, but also determines the company's ability to predict potential changes in the external environment and the willingness to flexibly respond to these changes
E. Lapin [18]	opportunities for the most efficient (rational) use of resources
<i>Target approach</i>	
N. Bayda [19]	the potential formed by the enterprise's development goal and which realization is determined by the stages of the corresponding strategy
V. Pastukhova [20]	possibilities for strategic goals achievement with the efficient use of available resources
V. Gavva [21]	the ability to achieve global and local strategic goals in the relevant external environment

Note. Composed and systematized by the author.

At the same time, agreeing with some scientists who consider the strategic potential as "... a complex, dynamic, polystructural system that consists of certain parts" [22, p. 202]. We also support scientific considerations, which distinguish material and intangible components, as parts of the strategic potential of the enterprise, and varieties of potential that are prior in terms of the strategy chosen by the enterprise.

However, it should be emphasized that since enterprise strategies never coincide completely (due to sector specificity, differences in the amount and competencies of employees, indicators of financial sustainability, etc.), then the division of strategic potential by scientists into different types of potential – components often do not coincide because of their unequity (table 1.2).

Table 1.2

Varieties of potentials as enterprise strategic potential components ¹

Potential type name	Scientist (s) / reference (s)									
	T. Matviychuk [23]	A. Voronkova [24]	L. Dovgan, Y. Karakai, L. Artemenko [25]	V. Kuncovich [26]	N. Krasnokutska [27]	O. Fedonin, I. Repin, O. Oleksyuk [28]	A. Turilo, K. Bogachevska [29]	I. Pytenko [30]	O. Sokhatska, O. Proboev [31]	L. Ru, P. Holand, A. Stebrite [32]
Resource	X		X							
Informative			X	X			X			
Market					X				X	
Industrial	X	X	X	X	X	X	X	X	X	X
Marketing	X	X	X	X	X	X		X		X
Financial	X	X	X	X	X	X	X	X		X
Labor or personnel	X	X	X				X	X		X
Infrastructure			X			X				
Scientific	X					X	X	X		
Intellectual							X			
Technological				X						X
Material and technical							X			
Innovative	X	X	X							
Ecological			X				X			
Investment	X		X							
Organizational			X							
Entrepreneurial	X	X					X		X	
Managerial	X			X	X		X			
Communicative		X								
Motivational		X								
Social				X						
Commercial							X			

Note. Developed by the author on the results of various sources analysis . The "X" symbol means that the scientist (s) has distinguished the type of potential as a component of the strategic potential of the enterprise.

Thus, according to the data from Table 1.2, the most often enterprise strategic potential components that need to be diagnosed are these types of local potentials: production and financial, as well as marketing and labor (or personnel).

1.2. Scientific approaches to the processes of diagnosing and assessing the strategic potential of the enterprise

Based on the research results of S. Trygobyuk [17] the general essence of the diagnosis, is to determine the current state of all component potentials and to establish a diagnosis regarding their use and prospects for further development. The main purpose of enterprise strategic potential diagnosing (as well as its formation) is to assess the effectiveness of the use and further provide the most effective ways to use the company's resources and reserves (or capabilities) in order to maximally implement its strategy at all stages of development.

We support V. Penyuk [31], who conducted a research on the problem of human resources diagnostics and substantiated the conclusion that in general, a properly constructed process of potential diagnosing (s) at an enterprise should consist of at least three stages: 1) organization of diagnostics; 2) diagnostics of the potential (s); 3) processing the results of the diagnosis (fig. 1.1). At the same time, we believe that at the stage of diagnosis organization there should be a clearly defined system of indicators and diagnostic methods that suit the enterprise in a particular situation. At the stage of processing the diagnostic results data, when it comes to diagnosing the strategic potential, the information should be provided not only about the state of the strategic potential and / or its individual components, but also about the causes and factors that predisposed or influenced it.

The strategic potential diagnosing process is often associated with the so-called strategic diagnostics, which L. Gavlich [34] suggested to determine as an assessment of the current state of an object (in our case, the state of the strategic potential of the enterprise and its use) for its suitability to the chosen strategy, as well as forecasting the further development of events in the enterprise and in the environment in order to determine the effectiveness of the current strategy. It should be remembered that the process and the results of the strategic potential diagnosis can be influenced by various factors of both the external and internal enterprise environments.

Enterprise external environment factors influence



Fig. 1.1. The main stages of the enterprise strategic potential diagnostics ¹

Note. Developed by the author.

The factors of the external environment that directly or indirectly influence the diagnosis of the enterprise strategic potential include, the following: economic (for example, inflationary processes that can prevent an enterprise from allocating additional funds for technical equipment to ensure the qualitative and rapid processing of the diagnostics results); and technological (for example, related to the scientific and technological progress of the country as a whole and, in particular, due to lack of or underdevelopment of technology and / or technologies for the organization and carrying out diagnostics of strategic potential).

In our opinion, it makes sense to mention internal factors that can have a great influence on the results of enterprise strategic potential diagnostics: personnel, technical and informational support of the diagnostic process at the enterprise or financial possibilities of the enterprise to reimburse the funds to a third-party organization specializing in the provision of outsourcing services for conducting qualitative diagnostics of the enterprise strategic potential.

At the same time, we should remember that the factors of the external and internal environment of the company, as a rule, affect not only the process and the results of diagnosis, but also the object of evaluation itself. In this regard, we consider very relevant remark of A. Korniychuk about the enterprise potential assessment (including the strategic one) "... it is necessary to take into account the factors that influence its formation and use" [33, p. 123].

The main factors influencing the formation and / or development of the strategic potential of the enterprise are [12, p. 159]: the composition and current state of the resource-supply system at the enterprise; the degree of conformity of available enterprise resources quality and volumes to its strategic goals and objectives; organizational and managerial processes at the enterprise, aimed at developing its key competencies; external competitive environment (including key competencies of competitors and their resources).

To date, there are various scientific approaches to the enterprise strategic potential and its components diagnosis and evaluation. For example, O. Kuzmin and O. Melnyk [34] developed a model for diagnosing the level of enterprise potential based on integration of potential-forming factors. Their model makes it possible to assess and identify the level of strategic potential (or strategic perspective) depending on the key characteristics of competitiveness (K_{kr}^k), investment attractiveness (I) and enterprise development (R_r) and looks like this:

$$P = \sqrt[3]{K_{kr}^k \cdot I \cdot R_r}, 0 \leq P \leq 1, \quad (1.1)$$

where the level of potential (P) with approximation to 1 indicates that the strategic perspective of the enterprise operation and development is high enough, while with the approaching to 0 the level of strategic prospects for the enterprise decreases.

I. Achkasov and some other scientists [35] describe a number of methods (matrix, difference, rank) for company's potential competitiveness assessment. He identifies it as an integrated comparative characteristic of a potential that reflects the degree of advantage of a set of resource use quality indicators and the interrelationships organization between them. This determine the potential

effectiveness of a particular market in a certain period of time, with respect to the aggregate of analogue enterprises indicators. According to this approach there are four main levels of competitiveness and strategic capacities: 1-st level, which is characterized internally-neutral management organization; enterprise manager cares only about the implementation of production capacity, based on capacity utilization, not concerning about the problems of competitiveness and meeting the needs of consumers; 2-nd level when the potential of the company provides products which fully comply with the standards, set by its main competitors, but the management is not paying attention to potential business opportunities, which would provide certain competitive advantages; the 3-rd level when the potential of the company has several comparative advantages in market competition among their main rivals and of the management system of a company begins to actively use them in a production subsystem by contributing to their development and improvement; 4-th level, when the potential of the company is far ahead of potential competitors, and the success in competition becomes not a function of the production control but depends on the quality and effectiveness of management.

G. Pyatnitska, L. Lukashova and N. Raksha [12] in the book "Strategic Management" describe in detail the further scientific approach to the process of diagnosing and evaluating the strategic potential of the enterprise. It foresees the preliminary division of the strategic potential of the enterprise into the internal and external components. The first is characterized by the ability of the enterprise to use its organizational capabilities and resources, and the second - the ability of the enterprise to respond to the challenges of the macro environment, which is expressed through the respective competencies of the staff.

The method of VRIO analysis and the weighting factors (or shares) of each resource and organizational ability in implementing the enterprise strategy (in particular, in the creation of enterprise value) are used to evaluate the internal component of the strategic potential ($SP_{internal}$). The calculation is made according to the formula:

$$SP_{internal} = \sum_{i=1}^n W_i \cdot VRIO_i ; \sum_{i=1}^n W_i = 1, \quad (1.2)$$

where, i - index of enterprise resources and organizational capabilities; n - quantity of resources and organizational capabilities available at the enterprise; W_i - share of the i -th resource and capability in the total amount of available resources and organizational capacities of enterprises that create consumer value; $VRIO_i$ - the quantitative values of the VRIO-indicators of the i -th resource and organizational capability in implementing the competencies of the enterprise.

To assess the external component of the enterprise strategic potential ($SP_{external}$), we should estimate the adequacy of the company's strategic competences configuration with respect to expected future changes in the environment by defining the so-called strategic response indicator (SR_k) and conducting a dynamic SWOT analysis. Calculations are carried out according to the formulas:

$$SR_k = \sum_{j=1}^m f_{jk}, \quad k = \overline{1, K}, \quad (1.3)$$

$$SP_{external} = \sum_{k=1}^K SR_k, \quad (1.4)$$

where j - is the index of the enterprise external environment factor; m - the number of environmental factors, whose influence on the enterprise activities should be taken into account; k - the index of the enterprise strategic competence; K - number of enterprise strategic competences; f_{jk} - the value of the influence function of the j -th factor of external environment on the k -th enterprise strategic competence.

For the purpose of comprehensive diagnostics (including the evaluation of the external and internal components) of the enterprise strategic potential, we use a special "Estimation of strategic potential" matrix (Appendix B) and calculate the orientation ($P_{orient.}$) and development ($P_{develop.}$) indicators of the strategic potential by formulas:

$$P_{orient.} = \frac{SP_{external}}{SP_{internal}}, \quad (1.5)$$

$$P_{develop.} = \frac{SP_{external} + SP_{internal}}{2}. \quad (1.6)$$

Some scientists (in particular, H. Benyok and J. Marek) propose to evaluate an enterprise strategic potential in different functional areas of enterprise activity or development [36]: 1) the general connection with the environment; 2) technology and organization of production; 3) product development strategy; 4) distribution strategy of the product; 5) promotion strategy and advertising; 6) pricing strategy; 7) planning; 8) personnel management; 9) management of fixed assets; 10) management of resources (reserves); 11) endogenous factors of the management process; 12) results, costs, finances.

I. Buzko and I. Dmitrenko [37] substantiated the feasibility of dividing the strategic potential of the enterprise into two components - current potential and development potential, which in turn includes the residual development potential. In addition, to provide a comprehensive effective assessment of strategic potential 11 subpotentials were allocated (according to the types of resources needed to achieve strategic goals). The algorithm of its diagnosis process is divided into blocks, starting with an examination of the expediency and timeliness of carrying out measures to assess the strategic and ending with the block "Correction and implementation of conclusions and recommendations on the results of diagnosis".

Taking into account the digitalization of the economy, A. Azarov, O. Royik, O. Antoniuk and A. Storozha [39] substantiated the feasibility of forming a mechanism for evaluating the enterprise strategic potential based on artificial intelligence. They were offered methods and tools for assessing the level of strategic potential of the enterprise based on the mathematical approach of fuzzy logic and the Hopfield neural network, which allow to take into account a wide range of both quantitative and qualitative factors of influence with minimum time and money costs, in order to ensure the complexity and dynamism of the enterprise strategic potential in conditions of rapid changes in its internal and external environment. At the same time, these

scientists have improved the structural model of estimating the level of the enterprise strategic potential, which, unlike existing ones, allows using the hierarchical approach to identify a reasonable set of estimating parameters and take into account the influence of the external environment; they also developed a mathematical model of the process of an enterprise strategic potential assessment, which takes into account the multifunctional influence of factors and provides an opportunity for its decomposition.

As we can see from the results of the various scientists studies [40; 41; 42; 43, etc.], not all components of the strategic potential is equally easy to assess. So, for example, assessing entrepreneurial potential requires the diagnosis of personality traits of the entrepreneur that may eventually be developed (so, they are not immutable). R. Esaida [44] proposed to use 5-D model in which leadership, creativity, achievement, personal control and intuition of the entrepreneur are being assessed: However, testing of this model showed that the exclusively personality traits (especially intuition) may not give a complete picture of business potential. In this regard, P., Robinson, D., Stimpson, J. Hafner, and G. Hunt [45] has developed the so-called scale EAO (Entrepreneurial Attitude Orientation Scale), which provides the assessment of four aspects: achievements in business, self-business, personal control of business results and innovation in business.

Consequently, today there are various scientific approaches to the strategic potential diagnosis and assessment, and therefore the management of the company should choose the one that meets objectives of strategic development of the company on the market the best and allows to fully realize the strategic objectives in a competitive environment.

PART 2

**INVESTIGATION OF THE DIAGNOSING PROCESS AND ESTIMATION
OF THE STRATEGIC POTENTIAL AT THE TRADE ENTERPRISE LLC
“DPA KYIV”, KYIV**

2.1. Analysis of the results of enterprise activity and using its potential in the market

The LLC "DPA Kyiv" is a subject of small entrepreneurialship. It was established in 2006 in Ukraine and is a representative of the international IT company SQUALIO, which was founded in Latvia in 1997. Nowadays SQUALIO also operates in the markets of Lithuania, Belarus, Georgia, Estonia, Bulgaria, Austria and Kazakhstan (Fig. 2.1). The company's philosophy - is to use the advantages of modern technology, became actually the driver of its rapid growth in the market.

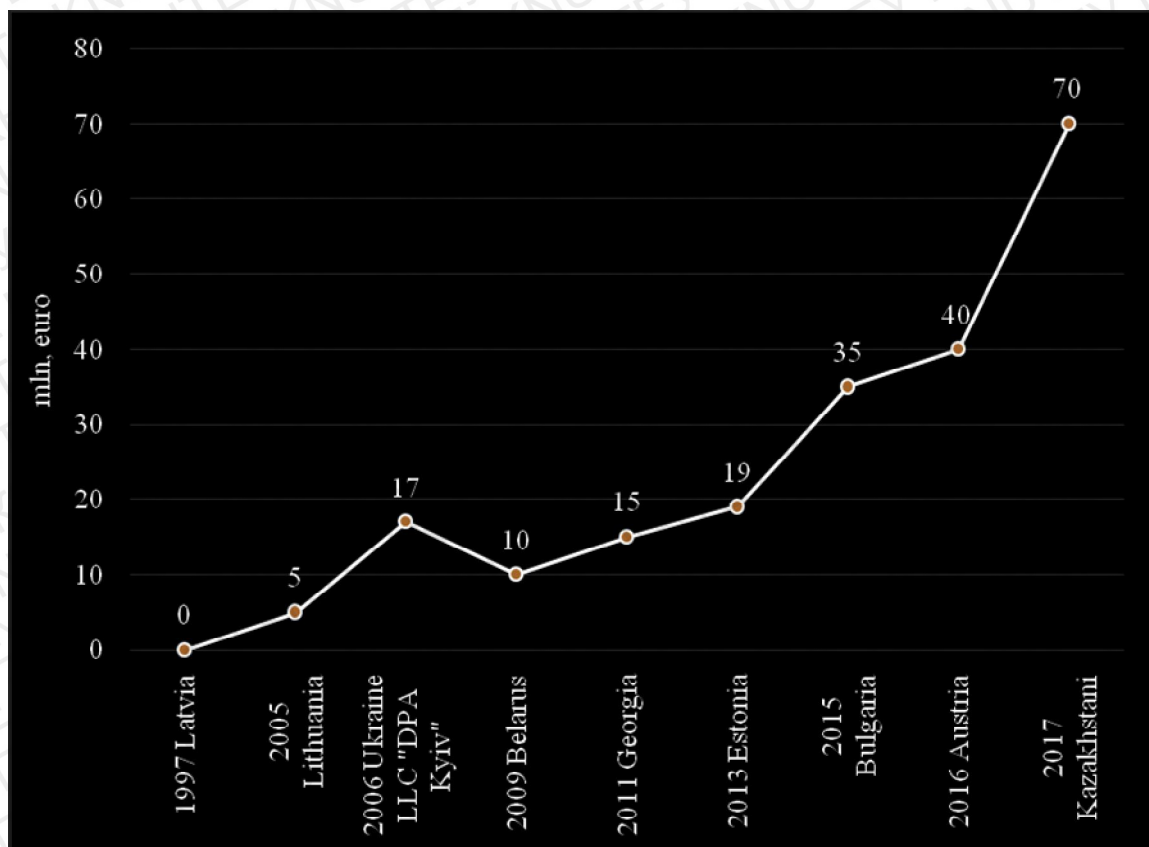


Fig. 2.1. Trade turnover and geographical diversification strategy implementation dynamics of "SQUALIO" company for 1997-2017¹

Note. Built according to the official site data:<https://squalio.com/>.

Today, the "SQUALIO" group of companies, which includes LLC "DPA Kyiv", has a number of high-level partner statuses and awards from leading IT-solutions, successfully cooperating with Microsoft, Autodesk, HP, Citrix, Symantec, Eset, Dr.Web , IBM, VMware, Abbyy, Acronis, Oracle, Adobe, Corel, Novell, 1C, IntelSecurity, Falcongaze, Trend Micro, EMC and many others. In Ukraine, "SQUALIO" has the status of Microsoft Licensing Solution Partner, which allows to make an Enterprise Agreement (EA), Enterprise Agreement Subscription (EAS) and Microsoft Products and Services Agreement (MPSA) agreements with major commercial and government organizations.

The legal address of the enterprise of LLC "DPA Kyiv". is: Zhylianska street, 75, Kyiv and the actual address: Pushkinska street, 39, Kyiv. The director of the enterprise is Oleg Fesyuk.

The working hours of the enterprise are follows: from Monday to Friday from 9:00 am to 6:00 pm.

The main type of economic activity of LLC "DPA Kyiv" is a sale of licensed software (for the CEAT it is "Wholesale trade of computers, peripherals and software"). As it is stated on the company website (www.dpa.ua), it offers a wide range of software solutions for companies of any level and scope; it specializes in the creation and management of solutions for IT infrastructure, as well as constantly increasing its experience in the field of network technologies, IT security, virtualization and data storage technologies.

The main activity areas of LLC "DPA Kyiv" include:

- software licensing;
- creation, optimization and management of IT infrastructure solutions;
- IT security organization for business customers;
- customer business processes optimization by implementing a ShareSpace modular information management system developed on the Microsoft SharePoint platform;
- IT consulting services.

In other words, the activity of LLC "DPA Kyiv" focuses on solving complex tasks in management and rational use of IT resources so that customers (users of the enterprise) will be able to concentrate on increasing the efficiency and expanding their actual business. Among the clients of the LLC "DPA Kyiv" there are banks and insurance companies, state, educational and medical institutions, enterprises of the media industry and industry, wholesalers and retailers. The most well-known major clients of LLC "DPA Kyiv" are: Metinvest, Ukrtelecom, PUMB.

The high level of LLC "DPA Kyiv" professional qualification is confirmed by the fact that the company is a Microsoft Gold Certified Partner in the following nominations:

- advanced IT-infrastructure solutions;
- IT-security solutions;
- information management solutions;
- Microsoft Business Solutions;
- visualization solutions;
- unified communication solutions;
- software licensing and asset management .

LLC "DPA Kyiv" also has a partnership statuses with a number of other global software development companies and offers software from: McAfee, Symantec, Adobe, Abbyy, Kaspersky, GFI, Dr. Web, Eset, Corel, Trend Micro, Acronis and others.

After general estimation of LLC "DPA Kyiv", based on the data of its financial statements (Appendix C), we will analyze the change in the key performance indicators of this enterprise..

According to the enterprise annual financial statements of the, its net income from sales of products (goods, services) during the period of 2014-2017 has constantly grown in actual prices (see Appendix C). However, as shown in Figure. 2.1, in comparable prices, this indicator began to increase only after 2015. When after a sharp deterioration in the value of the consumer price index in 2015,

compared to 2014, the situation with inflationary processes development in the country began to change not so rapidly.

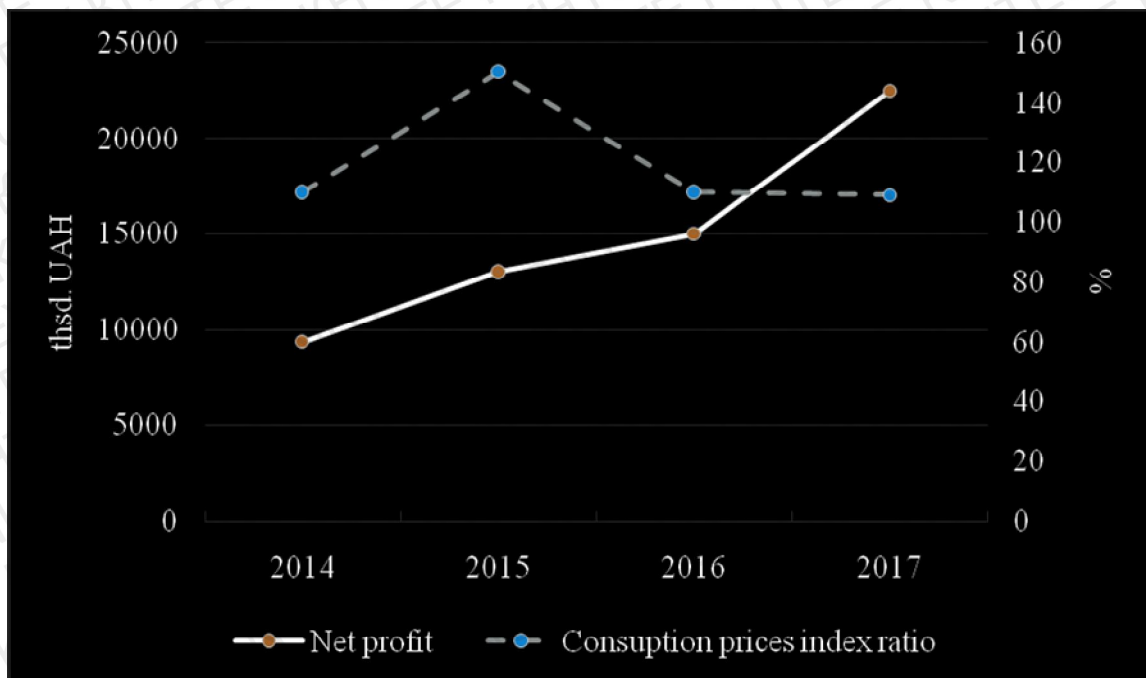


Fig 2.1. LLC "DPA Kyiv" net income (goods, services) and the consumer price index for goods and services in Ukraine dynamics for 2014-2017. ¹

Note. Built based on the LLC "DPA Kyiv" annual financial statements (see Appendix C) and the data of the Ukraine State Statistics Service (source: <http://www.ukrstat.gov.ua/>).

In spite of the information above, we state that from 2015 the investigated company constantly receives a net profit, which tends to grow (Fig 2.2). This, can be explained by the intensification of the management systems and business processes digitalization both in private commercial structures and in government institutions and organizations. At the same time, the loss of LLC "DPA Kyiv" in 2014 can be explained by the complicated economic situation in Ukraine, which also manifested in the fall of the demand for licensed software, IT management services, and so on.

It is necessary to consider the dynamics of enterprise financial sustainability and business activity indicators in order to to evaluate its future prospects for development and achievement of strategic goals, including the effectiveness of the strategic potential use (Table 2.1).

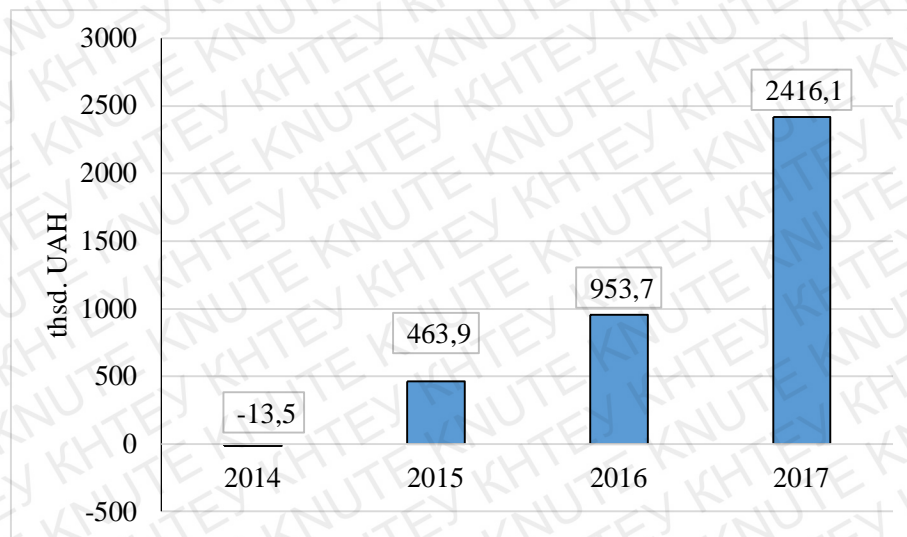


Fig. 2.2. LLC "DPA KYIV" net profit (loss) during 2014-2017 ¹

Note. Built based on LLC "DPA KYIV" annual financial statements (see Appendix C).

Based on the calculations presented in Table. 2.1, according to the dynamics of the enterprise liquidity indicators, we can draw the following conclusions:

- the current liquidity ratio, which shows the volume of current assets per unit of short-term liabilities, has tended to increase in recent years. In 2017 it was equal to 1.81 (it was within the normative value of 1-3). It should be noted that in 2014 this ratio was 4.10, which indicated the attraction of excess working assets and led to a decrease in the efficiency of their use;
- a quick liquidity ratio that measures the company's ability to repay its short-term liabilities with highly liquid assets. During 2014-2017 its value was within the normal range (0.5 and more). After reduction of the ratio in 2015 by almost 4.5 times compared to 2014, the company's quick liquidity ratio has a growth tendency;
- in 2014 the absolute liquidity ratio significantly exceeded the normative value (0,1-0,2). This fact indicated an ineffective financial resources management strategy, while a significant portion of the company's capital was diverted to the formation of non-productive assets.

Table 2.1

Changes in the financial sustainability and business activity indicators of LLC "DPA Kyiv" during 2014-2017. ¹

Indicator	Year				Absolute deviation			Average annual growth / reduction rate, %
	2014	2015	2016	2017	2015 / 2014	2016 / 2015	2017 / 2016	
Current Liquidity Ratio	4,10	1,03	1,20	1,81	-3,07	0,17	0,61	-23,86
Quick Liquidity Ratio	3,35	0,75	0,84	0,97	-2,6	0,09	0,13	-33,84
Absolute Liquidity Ratio	3,16	0,11	0,14	0,12	-3,05	0,03	-0,02	-66,39
FinancialAutonomyRatio	0,76	0,10	0,25	0,61	-0,66	0,15	0,36	-7,07
Financial Stability Ratio	0,76	0,02	0,19	0,57	-0,74	0,17	0,38	-9,14
Total Asset Turnover	13,54	19,17	22,50	34,02	5,63	3,33	11,52	35,95
Return on Capital (ROC)	617,22	407,50	330,52	371,22	-209,72	-76,98	40,7	-15,59
Current Asset Turnover	13,84	20,11	23,51	27,12	6,27	3,4	3,61	25,14
Working capital turnover, <i>days</i>	26	18	15	13	-8	-3	-2	-20,63
Inventory Turnover	66,62	76,55	78,85	92,93	9,93	2,3	14,08	11,73
One stock turnover period, <i>days</i>	5,4	4,7	4,6	3,9	-0,7	-0,1	-0,7	-10,28
Receivable Accounts Turnover	299,73	66,78	83,51	97,34	-232,95	16,73	13,83	-31,26
Receiveables repayment period, <i>days</i>	1,2	5,4	4,3	3,7	4,2	-1,1	-0,6	45,55
Payable Accounts Turnover)	115,14	132,54	140,31	145,65	17,4	7,77	5,34	8,15
Accounts payable repayment period, <i>days</i>	3,1	2,7	2,6	2,5	-0,4	-0,1	-0,1	-6,92
Operating Cycle, <i>days</i>	6,6	10,1	8,9	7,6	3,5	-1,2	-1,3	4,81
Cash Conversion Cycle, <i>days</i>	3,5	7,4	6,3	5,1	3,9	-1,1	-1,2	13,37

Note. Calculated based on LLC "DPA Kyiv" annual financial statements (see Appendix C).

In 2014 and 2017 the financial autonomy coefficient of LLC "DPA Kyiv" has exceeded the normative limit (0.3-0.4). This is evidence that the company did not use all its potential during these time periods. However, a low value of this ratio during the 2015-2016 . indicated a high level of financial risk and certain threats to the company stability in the long-term perspective.

Recently, the financial stability ratio of the companies tended to increase, although it was outside the normative values (0,7-0,9). This indicates a lack of financial stability in the long-term perspective.

According to table 2.1 LLC "DPA Kyiv" has a positive trend of increasing the assets turnover rate in dynamics. While in 2014 each hryvnia invested at the enterprise generated 13.54 net income, then in 2017 – the income increased by 2.5 times, to more 34.02 hryvnias.

The upward dynamic of return on assets at LLC "DPA Kyiv" during 2016-2017 indicates an increase in the level of the fixed assets usage efficiency at the enterprise. At the same time, a decrease in return on assets in 2015 and 2016 compared to 2014 can be explained by the purchase of new equipment in this period.

The tendency to increase the value of the working capital turnover ratio during the 2014-2017 is positive, since it indicates a fairly effective policy of inventory, cash and other current assets control in the company LLC "DPA Kyiv" (see table. 2.1). Also a positive fact is the reduction of the working capital turnover period which in 2017 was 13 days. It has nearly halved compared to 2014.

The positive change in the stock turnover rate of LLC "DPA Kyiv", indicates an improvement in the efficiency of the current enterprise stock management policy. This is evidenced by a decrease in the period of inventory turnover from 5.4 days in 2014 to 3.9 days in 2017 (see Table 2.1).

After a significant decrease in the value of the receivables turnover ratio in 2015 compared to 2014, LLC "DPA Kyiv" has a tendency to its growth. IWe should notice that the decline in the receivables turnover in the period 2014-2015 had a positive effect on the entrprise activity. Since in 2014, the cost of attracting additional loans for the provision of commodity loans exceeded the profit from increased sales. However, after

stabilization the situation in 2015, an increase in the receivable turnover ratio (taking into account specifics the enterprise economic activity) also has a positive effect on the work of LLC "DPA Kyiv" (the profit from the increase in sales during this time period was significantly higher than the cost of borrowing funds for the provision of commodity loans). According to the data from table 2.1, the reduction of the receivables repayment period has been recently decreased: from 5.4 days in 2015 to 3.7 days in 2017.

The rise of the payables turnover rate value and the enterprise payback period reduction at the LLC "DPA Kyiv" can be characterized as a negative trend to a certain extent. In terms of the company's ability to finance its activities at the expense of suppliers-creditors. At the same time, the excess of accounts payable over the receivables during 2015-2017 (see Table 2.1) means that the company used part of the funds of creditors as a source of financing for its debtors.

The downtrend of the operating cycle duration at the LLC "DPA Kyiv" during 2015-2017 indicates, that the return time of receiving funds for the goods and services sold by the enterprise has decreased. Usually this is a positive trend, although the value of this indicator in 2017, unfortunately, has reached the level of 2014.

After an increase of the financial cycle duration by more than 2 times in 2015 compared to 2014, LLC "DPA Kyiv" has a tendency to decrease this indicator, which is a positive fact.

Thus, the financial sustainability and business activity results analysis of the LLC "DPA Kyiv" enterprise, presented above, shows, that recently it used its internal (in particular, financial) potential rather well. However, in order to carry out a comprehensive diagnosis of the enterprise strategic potential, it is necessary to use one of the methodological approaches presented in paragraph 1.2 of the final qualification work.

2.2. Estimation of the strategic potential and organization of its diagnosis in the enterprise management system

In order to comprehensively evaluate the enterprise strategic potential components of the LLC "DPA Kyiv", we will use the methodology in which, the VRIO-analysis will be used to diagnose the state of the internal component. For estimation the external component the SWOT-analysis will be accomplished. First of all we should compose a list of strategic resources and organizational capabilities, as well as their importance in terms of creating a consumption value and achieving strategic goals for progressive enterprise development (Table 2.2). This list is needed to determine the quantitative value of the enterprise internal component indicator

Based on the LLC "DPA Kyiv" strategic resources and organizational capabilities list in the table 2.2, we will conduct the VRIO-analysis and bring the obtained data to the table 2.3.

Table 2.2

LLC "DPA Kyiv" strategic resources, organizational capabilities list and their weight ratios list¹

Names of resources / organizational capabilities	Weight ratios ²
Resources	
1. Technical (features of the equipment, materials needed for operating activities, etc.)	0,068
2. Technological (dynamism of information technologies, new ideas in IT management usage, IT consulting)	0,086
3. Personnel (employees, qualification their ability to self-development and training, their ability to adapt to changes in enterprise development priorities, the ability to serve clients in a timely and qualitative manner)	0,086
4. Managerial (organizational structure features ,management system flexibility)	0,055
5. Information (opportunities for information communications expansion, information about enterprise internal and external environment, possibilities to increase the information volumes and quality)	0,062
6. Spatial (trading space volume, expansion opportunities)	0,017
7. Financial (the state of assets, liquidity, opportunities and amount of loans, etc.)	0,068

The end of table 2.2

Names of resources / organizational abilities	Weight ratios ²
Resources	
8. Commodity (quality and uniqueness of products (software) and services sold by the enterprise)	0,102
Organizational capabilities	
9. Ability to conduct a macroeconomic analysis of the situation in Ukraine and in the regions of the enterprise activity.	0,048
10. The ability to make predictions about expected changes in the volume and structure of consumer demand for enterprise products and services.	0,062
11. Ability to analyze and forecast the resources and capital market conditions and to develop effective strategies for interaction with different groups of stakeholders.	0,055
12. Ability to nominate and implement competitive ideas regarding technology and sales organization, taking into account the specifics of enterprise goods and services.	0,051
13. Ability to ensure enterprise internal flexibility by use usingf technological innovations.	0,068
14. Ability to ensure the enterprise sustainability to negative changes in the external environment through the development and implementation of an effective defense strategy.	0,062
15. The ability to look for ways to expand the sales market and increase operating areas.	0,055
16. Ability to maintain competitive status of the enterprise, to use and develop competitive advantages.	0,055

Notes: 1. Developed by the author.

2. Determined by the expert assessment results of the resources and organizational capabilities importance.

As the consolidated information, presented in the table 2.3, shows, that LLC "DPA Kyiv" has two competitive weaknesses: first one is related to spatial resources (which are not very important for the investigated enterprise because of the activity specifics), and the second one - the ability to analyze and forecast resources and capital market conditions, to develop effective strategies for interaction with different groups of stakeholders. At the same time, the investigated enterprise also has stable competitive advantages. These are: technological and commodity resources, as well as the ability to provide internal flexibility of the enterprise through the technological innovations usage.

Table 2.3

Summarized results of LLC "DPA Kyiv" resources and organizational capabilities¹

Resources / organizational capabilities	Evaluation criteria values identified by experts				Strategic consequences	Linguistic value of the indicator (mark)	Quantitative value of the indicator
	«V»	«R»	«I»	«O»			
1. Technical (features of the equipment, materials needed for operating activities, etc.)	<i>Yes</i>	<i>Yes</i>	<i>No</i>	–	Temporary competitive advantage	Strength, significant competence	+ 0,5
2. Technological (dynamism of information technologies, new ideas in IT management usage, IT consulting)	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	Stable competitive advantage	Strength, stable distinctive competency or core competence	+ 1
3. Personnel (employees, qualification their ability to self-development and training, their ability to adapt to changes in enterprise development priorities, the ability to serve clients in a timely and qualitative manner)	<i>Yes</i>	<i>Yes</i>	<i>No</i>	–	Temporary competitive advantage	Strength, significant competence	+ 0,5
4. Managerial (organizational structure features ,management system flexibility)	<i>Yes</i>	<i>No</i>	–	–	Competitive parity	Strength	0
5. Information (opportunities for information communications expansion, information about enterprise internal and external environment, possibilities to increase the information volumes and quality)	<i>Yes</i>	<i>Yes</i>	<i>No</i>	–	Temporary competitive advantage	Strength, significant competence	+ 0,5
6. Spatial (trading space volume, expansion opportunities)	<i>No</i>	–	–	<i>No</i>	Competitive weakness	Weakness	– 1
7. Financial (the state of assets, liquidity, opportunities and amount of loans, etc.)	<i>Yes</i>	<i>Yes</i>	<i>No</i>	–	Temporary competitive advantage	Strength, significant competence	+ 0,5
8. Commodity (quality and uniqueness of products (software) and services sold by the enterprise)	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	Stable competitive advantage	Strength, stable distinctive competency or core competence	+ 1

Resources / organizational capabilities	Evaluation criteria values identified by experts				Strategic consequences
	«V»	«R»	«I»	«O»	
9. Ability to conduct a macroeconomic analysis of the situation in Ukraine and in the regions of the enterprise activity.	<i>Yes</i>	<i>No</i>	–	–	Competitive
10. The ability to make predictions about expected changes in the volume and structure of consumer demand for enterprise products and services.	<i>Yes</i>	<i>No</i>	–	–	Competitive
11. Ability to analyze and forecast the resources and capital market conditions and to develop effective strategies for interaction with different groups of stakeholders.	<i>No</i>	–	–	<i>No</i>	Competitive weaknesses
12. Ability to nominate and implement competitive ideas regarding technology and sales organization, taking into account the specifics of enterprise goods and services.	<i>Yes</i>	<i>Yes</i>	<i>No</i>	–	Temporary competitive advantages
13. Ability to ensure enterprise internal flexibility by use using technological innovations.	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	Stable competitive advantages
14. Ability to ensure the enterprise sustainability to negative changes in the external environment through the development and implementation of an effective defense strategy.	<i>Yes</i>	<i>No</i>	–	–	Competitive
15. The ability to look for ways to expand the sales market and increase operating areas.	<i>Yes</i>	<i>Yes</i>	<i>No</i>	–	Temporary competitive advantages
16. Ability to maintain competitive status of the enterprise, to use and develop competitive advantages.	<i>Yes</i>	<i>Yes</i>	<i>No</i>	–	Temporary competitive advantages

Note. Developed by the author according to the results of the company managers survey.

Using formula (1.2) from part 1 and the data from tables 2.2 and 2.3, we will conduct an internal component assessment of the of LLC "DPA Kyiv" strategic potential:

$$\begin{aligned} SP_{\text{internal}} = & 0,068 \cdot (+0,5) + 0,086 \cdot (+1) + 0,086 \cdot (+0,5) + \\ & + 0,055 \cdot 0 + 0,062 \cdot (+0,5) + 0,017 \cdot (-1) + 0,068 \cdot (+0,5) + \\ & + 0,102 \cdot (+1) + 0,048 \cdot 0 + 0,062 \cdot 0 + 0,055 \cdot (-1) + \\ & + 0,051 \cdot (+0,5) + 0,068 \cdot (+1) + 0,062 \cdot 0 + \\ & + 0,055 \cdot (+0,5) + 0,055 \cdot (+0,5) = 0,4065. \end{aligned}$$

To assess the external component of the enterprise strategic potential, it is necessary to analyze the adequacy of the current enterprise strategic competences in accordance with the expected future changes in the environment. First, we calculate the strategic response rate using the data on the threats and opportunities of the market from the conducted dynamic SWOT analysis (Table 2.4). Also we use the information about enterprise strategic competencies (or strengths and weaknesses) in accordance with expected future changes in external environment (Appendix D).

According to the data from table 2.4, the LLC "DPA Kyiv" can expect only a slight improvement of the external environment in the next year, and therefore it needs to fully use its internal potential and further develop its competences in order to minimize losses from external threats and maximize the use of market opportunities.

In order to simplify the external strategic potential evaluation of LLC "DPA Kyiv" taking into account strengths and weaknesses of the enterprise for the expected changes in the external environment, we propose to use the next formula:

$$SP_{\text{external}} = \frac{\sum S_T}{N_T} + \frac{\sum S_O}{N_O} + \frac{\sum S_S}{N_S} + \frac{\sum S_W}{N_W}, \quad (3.1)$$

where S_T , S_O , S_S , S_W – marks for assessing market threats and opportunities and the strengths and weaknesses of the enterprise; N_T , N_O , N_S , N_W – the total number of selected market threats and opportunities and the strengths and weaknesses of the enterprise.

Table 2.4

Summarized data from SWOT analysis of LLC "DPA Kyiv" existing and expected changes in the external environment ¹

Factors	Data as at 1.10.2018				Forecast data as at 1.10.2019			
	Degree of the factor influence	Direction of influence	Factor significance for the enterprise development	Integral indicator	Degree of the factor influence	Direction of influence	Factor significance for the enterprise development	Integral indicator
<i>Market threats (T)</i>								
1. Inflation rate growth	3	-1	3	-9	3	-1	3	-9
2. Geopolitical instability	3	-1	1	-3	2	-1	1	-2
3. Rise of competition in the IT services market	1	-1	3	-3	2	-1	3	-6
4. The outflow of highly skilled staff (programmers, IT consulting specialists, IT security)	2	-1	1	-2	2	-1	1	-2
5. The rapid development of the STP in the field of information that shortens the IT solutions lifecycle	2	-1	2	-4	2	-1	3	-6
6. High risks of unlicensed software distribution	3	-1	2	-6	3	-1	1	-3
<i>Market opportunities (O)</i>								
1. Increasing the level of society informatization	3	+1	1	3	3	+1	2	6
2. Support of innovation activity and digitization processes in the economy by the government	2	+1	2	4	2	+1	3	6
3. Minor signs of business climate improvement in Ukraine	2	+1	3	6	1	+1	3	3
4. Orientation towards Eurointegration, etc	2	+1	1	2	2	+1	1	2
<i>A total score of market opportunities and threats</i>				-12	-11			

Note. Designed by the author based on the survey of enterprise managers and expert analysts.

Then, taking into account the forecast of changes in the enterprise external environment we get:

$$SP_{external} = \frac{(-28)}{6} + \frac{17}{4} + \frac{(-32)}{7} + \frac{53}{8} = (-4,67) + 4,25 + (-4,57) + 6,63 = 1,64.$$

To bring $SP_{external}$ into a comparable form with $SP_{internal}$ transform it into a 2-point scale as follows:

$$SP_{30\%} = \frac{1,64 \cdot 2}{9} = 0,3644.$$

At the very end, we will carry out a comprehensive assessment of both external and internal components of LLC "DPA Kyiv" strategic potential, positioning the obtained value points on a special matrix model (Fig. 2.3).

According to the received data the investigated enterprise got into the fifth quadrant of the "Strategic Potential Assessment" matrix model (see Fig. 2.3). This means that this enterprise has not only some "immunity" over the influence of negative external factors on its activities and development, but also some benefits associated with resources and organizational capabilities. At the same time, it should be emphasized that a certain position also indicates that the company has both explicit and hidden reserves to increase the effectiveness of existing strategic potential usage and its further development.

In order to find out why LLC "DPA Kyiv" does not use its strategic potential at full capacity and to develop a plan of measures that will improve the situation in the future, we propose to analyze a current strategic potential diagnostics process in the enterprise management system. The latter is especially important because the poor organization and carrying out of such diagnosis were identified as the weaknesses of LLC "DPA Kyiv" (see Appendix D).

According to the results of the interview with the LLC "DPA Kyiv" director, we found out that, despite the automation of the enterprise management, very few attention is being paid to carrying out a comprehensive diagnosis of the enterprise strategic potential. This is the reason, the director believes, that there are shortcomings associated with the use and definition of the prospects for further strategic potential development.

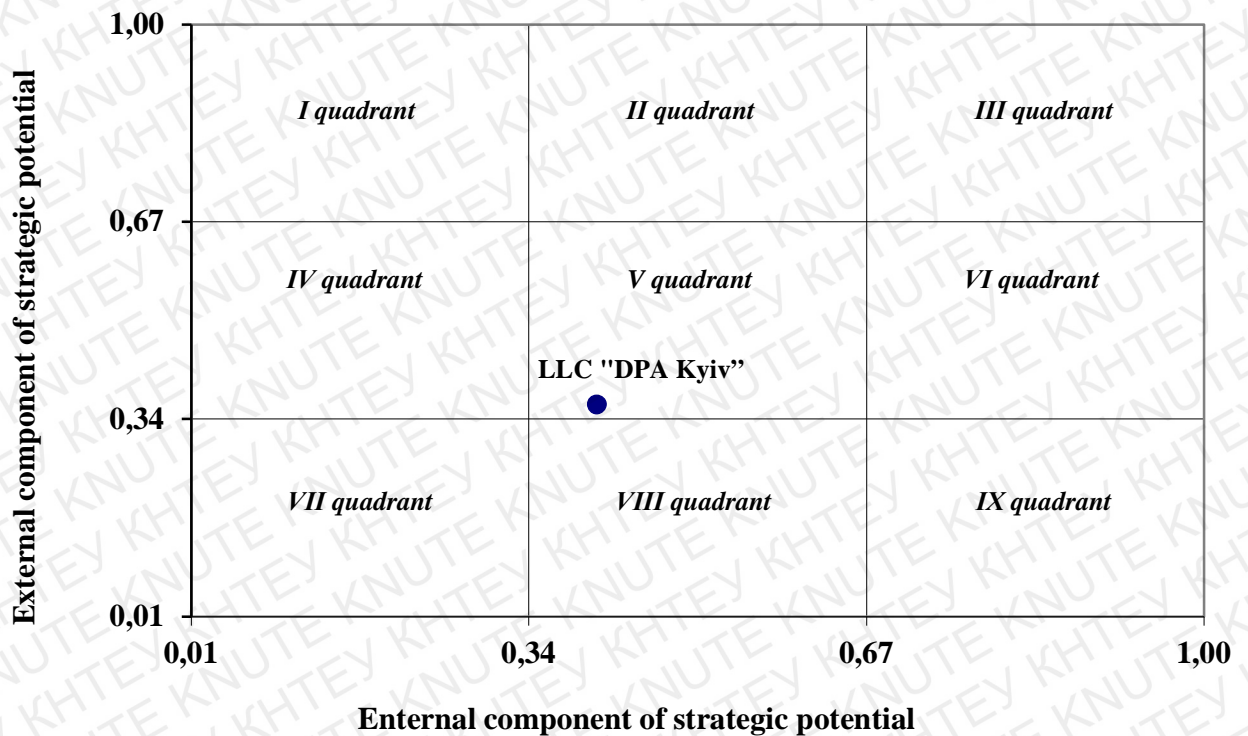


Fig. 2.3.LLC "DPA Kyiv" positioning on the "Strategic Potential Assessment" matrix model ¹

Note. Designed by the author according to the evaluation of the internal and external components of the enterprise strategic potential.

In fact, diagnosis of the LLC "DPA Kyiv" potential use today is a simple analysis of indicators of the net income and profit and certain financial stability and business activity indicators. Unfortunately, the company pays little attention to assessing the intellectual and innovative potential as the most important components of the enterprise strategic potential, whose activities are directly linked to the spread of progressive IT technologies.

While determining the place of strategic potential diagnostics in the current LLC "DPA Kyiv" management system, we can only say that the management of the company is aware of the importance of this process for the adoption and implementation of effective strategic decisions. However, no actions are taken on establishing a qualitative strategic potential diagnosis. It will definitely contribute to the improvement of LLC "DPA Kyiv" strategic development management incl. automation of this process. The latter fact is the most surprising, as LLC "DPA

Kyiv” professionally and qualitatively performs work on optimizing business processes and implementing IT management technologies for their clients.

The survey of LLC "DPA Kyiv" employees also showed that most of them (75%), unfortunately, can not clearly determine what is a strategic potential and which of its components are especially important to evaluate, taking into account specific nature of the economic activity of their enterprise.

Also the enterprise has no clear understanding of what metrics and methods fit the best to get the actual strategic potential diagnosis result. Another question for the enterprise management - is how we need to organize information provision, processing and further use of the diagnostic data.

The decomposition of the strategic planning process for the enterprise development of LLC "DPA Kyiv" has revealed that during the development of its strategic plan, a SWOT analysis is conducted. But not a dynamic one and without a comprehensive diagnosis of the external and internal components of the strategic potential (Fig. 2.4).

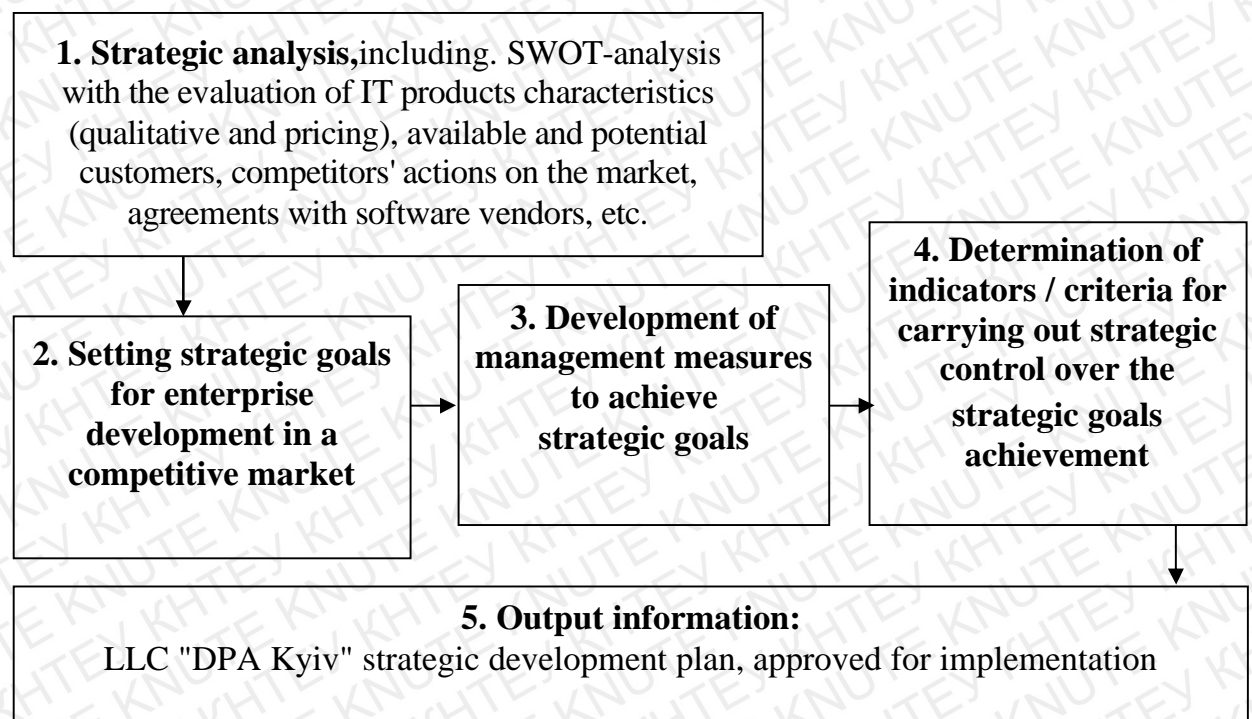


Fig. 2.4. Decomposition of the strategic planning process for LLC "DPA Kyiv" development ¹

Note. Built by the author according to his own research.

Thus, according to the results of the strategic potential diagnostics organization analysis of LLC "DPA Kyiv" management system, we can state that nowadays, it is critically undeveloped.

Concluding the data above and also taking into account the information and technical capabilities of the investigated enterprise, we consider it reasonable to develop a plan of managerial measures. It will enable not only to properly organize and permanently conduct a comprehensive strategic potential diagnosis, but will also contribute to increasing the level of LLC "DPA Kyiv" strategic management effectiveness.

PART 3

IMPROVEMENT OF THE PROCESS OF DIAGNOSING THE STRATEGIC POTENTIAL OF ENTERPRISE LLC “DPA KYIV”, KYIV

3.1. Development and justification of managerial decisions to improve the process of diagnosing the strategic potential at trade enterprise.

In part 2 of the final qualifying paper, we have found out, reasons which precludes the proper organization of strategic potential diagnosing of LLC “DPA KYIV”. As a consequence, it adversely affects the use and development of this potential. We will try to solve the problems mentioned above with a set of managerial decisions.

We note that the necessity of such diagnosis and the appropriate managerial decision should be understood before the start of the process. The main reasons to start diagnosing the enterprise strategic potential are: 1) development (or improvement) of the enterprise strategic potential; 2) increasing the effectiveness and efficiency of the strategic potential use. As a basis we will take the main stages of the enterprise strategic potential diagnostics presented in fig 1.1.

We should set certain limitations of monetary, time and personnel costs for the implementation of all stages of strategic potential diagnosing process. The reason is difficult economic conditions for Ukrainian enterprises, as well as the specifics of LLC “DPA Kyiv” activities and the limited staff resources.

At the diagnosis organization stage (fig. 1.1) we should determine: the diagnosis format (express, complex or fundamental); methodical tools; indicators and / or criteria for diagnosing; personnel, responsible for its accomplishment; the volume of necessary financial, time and other resources; the sources of data for diagnostics; the way how to process the strategic potential diagnostic information and who is assigned to adopt developed strategic decisions.

At the same time, we believe that the scope of diagnosis should be determined at the stage of diagnosis organization. In other words, it is necessary to

give a clear answer to the question: "Whether the enterprise strategic development goals need diagnostic data of all the strategic potential or just its individual components (the types of potential included in its composition)? "In our opinion, the most important components of strategic potential for LLC "DPA Kyiv" are: innovative, intellectual, financial, informational, scientific, technical and human resources. Each of these components needs to be evaluated with the use of special indicators system, identifying its strategic resources and organizational capabilities. For evaluation we can use: statistical theory tools; economic and mathematical methods and models; strategic management theory (for example, VRIO-analysis, dynamic SWOT analysis, etc).

Table 3.1

**Reasons to accept the necessity of strategic potential diagnostics on LLC
"DPA Kyiv" and corresponding target facilities¹**

Reasons of accepting the necessity of strategic potential diagnostics on LLC "DPA Kyiv	Target facilities
<ul style="list-style-type: none"> – problems with achieving specific strategic development goals; – the decision to change strategy; – changes in IT services market conditions; – rapid and substantial changes in environmental factors, which actually affect the enterprise activity and development; – inefficient activity or degradation of enterprise performance on the market; – deterioration of the enterprise competitive position on the market; – the emergence or increasing the number of negative reviews about the enterprise products and services; – others. 	<p align="center">development (or improvement) of the enterprise strategic potential</p>
<ul style="list-style-type: none"> – probability of unwanted deviation between existing and used enterprise strategic potential; – the probability of the enterprise strategic potential components irrational use (varieties of potential, resources, organizational capabilities, competencies); – the probability of inconsistency between the available strategic potential and the one which is necessary for realization of the enterprise determined strategic objectives; – others. 	<p align="center">reconfiguration of strategic potential components (taking into account the necessity to achieve the defined enterprise strategic goals) and optimization of their use</p>

Note. Designed by the author.

Based on the obtained results it is advisable to analyze the dynamics of their changes in time and to determine the trends of change. The enterprise management

should develop a plan of managerial measures which will allow to use the enterprise strategic potential better or to improve its individual components. The process of diagnosis consists not only of evaluation, but also identification of the causes and consequences of the tendencies and the estimation results. The next step will be a creation of an actions list. We use the data of calculations of financial stability indicators data of LLC "DPA Kyiv" in part 2 and prepare a plan of management activities aimed at improvement of financial potential development as a component of the enterprise strategic potential (table 3.2).

We believe that the implementation of the table 3.2 measures will allow to optimize the use of LLC "DPA Kyiv" current strategic potential (and thus contribute to the achievement of strategic development goals) and more clearly outline the desirable directions for its further development (or improvement).

Table 3.2

Development of management measures planto improve the use and / or development of LLC "DPA Kyiv" strategic potential on its financial component example ¹

The tendency of the indices' change characterizing the financial potential of the enterprise	Managerial measures proposed to improve the use of the financial component of the enterprise strategic potential
A positive tendency towards increasing the current liquidity ratio within its normative value	Search for reserves in order to increase the value of current liquidity to 2-2.5 by taking measures aimed at increasing the amount of current assets and reducing the amount of current liabilities (for instance, by means of concluding a deal or through arrangement for granting credit funds for a longer period of time).
A positive trend to an increase in the quick liquidity ratio after its decline. The ratio is within the normative value.	Take measures in order to ensure that the enterprise always has sufficient amounts of liquid working capital for timely settlement of obligations.
The stabilization of absolute liquidity ratio: in recent years it fluctuates within the normative value.	The avoidance of derating coefficient below the value of 0.1 in order to prevent the enterprise from not being able to repay the debt in a timely manner in case the payment period is due soon. In order to prevent the occurrence of the indicator below the normative, borrowings, if necessary, should be aptly attracted by the enterprise and / or a part of the excess assets to increase the sum of the most liquid assets should be also implemented. In order to prevent excessive amounts of absolute liquidity (as it was in the DPA in the 2014th), the company must timely invest its funds in the development of operating activities.

Continuation of the table 3.2

Trend of changes in the indicators characterizing the enterprise financial potential	Managerial measures proposed to improve the use of the financial component of the enterprise strategic potential
<p>In 2015-2016 the company's financial autonomy ratio was less than the normative value, but in 2017 it exceeded .In the first case it was caused by high financial risks, and in the second - by the under-usage of the enterprise potential.</p>	<p>Taking measures in order to balance the incoming and outgoing cash flows. Taking into account the situation in the 2017th, in cases where there are sources and acceptable offers to raise additional debt, ameliorating their attractiveness with the view to increasing their business and the company's market share. In order to avert a recurrence of the situation in the 2015-2016, to invest additional funds by the company's owners or attracting third-party investors to business.</p>
<p>Insufficient enterprise financial stability in the strategic perspective, according to the dynamics of the enterprise financial stability ratio.</p>	<p>Taking measures in order to improve financial sustainability by following such steps as: 1) increasing the amount of equity capital (for instance, through reinvestment of profits); 2) increasing the amount of long-term borrowings.</p>
<p>Trend of changes in the indicators characterizing the enterprise financial potential</p>	<p>Proposals for managerial measures to improve the use of the financial component of the strategic potential of the enterprise</p>
<p>A positive tendency towards increasing asset turnover ratio.</p>	<p>Implementation of measures aimed at further increasing the turnover of assets by: increasing net income, taking measures to repay receivables, etc.</p>
<p>Positive tendency of increasing the assets turnover ratio</p>	<p>Conduct measures that will promote: further increase of net income of the enterprise; timely repayment of receivables.</p>
<p>Positive tendency of increasing return on capital</p>	<p>Orientation towards 100% loading of available equipment; sale of non-used fixed assets. However, it is feasible to reduce the capital productivity of the enterprise in the short term, provided that if the volume of operational activity (the growth of the scale of business) increases.</p>
<p>Positive tendencies of increasing the working capital turnover ratio and reduction of working capital turnover period</p>	<p>Further enhancement of the stockline management policy, accounts receivable, other circulating assets</p>

The end of the table 3.2

Trend of changes in the indicators characterizing the enterprise financial potential	Managerial measures proposed to improve the use of the financial component of the enterprise strategic potential
Positive tendencies towards increasing the coefficient of inventory turnover and decreasing the period of inventory turnover	Further improvement of the stock management policy with the focus on ensuring the continuity of the operating activities of the enterprise.
Positive tendencies towards increasing the turnover coefficient of receivables and reducing the turnover period of receivables, on the condition that the profit from increased sales is significantly higher than the expenses on bringing the leveraged asset for the provision of commodity loans.	Comprehensive and thorough policy of providing commodity loans to customers should be formed and maintained in the enterprise. It is recommended that all clients are split into groups based on the history of cooperation, the importance of each of them and their current financial position and to adopt one of the two decisions, taking into account market threats: 1) to extend credit to the most reliable customers (a conservative version); 2) to extend credit to everybody except for potential bankrupts (an aggressive variant), thus trying to maximize sales volumes).
Negative tendencies towards increasing the turnover coefficient of payables and reducing the period of turnover payable provided that the accounts payable outweigh the receivables	Taking measures in order to develop good relations with suppliers by improving payment discipline
Trend of changes in the indicators characterizing the financial potential of the enterprise	Proposals for managerial measures to improve the use of the financial component of the strategic potential of the enterprise
A positive tendency towards reducing the duration of the operating cycle	Further reduction of the value of the indicator can be achieved both by optimizing the operating activity of the enterprise and by improving the efficiency of management of accounts receivable: reducing the average period of repayment of receivables will reduce the duration of the operating process.
A positive dynamic of reducing the duration of the financial cycle in recent years	Search for reserves to further reduce the duration of the financial cycle, for example, by: reducing the duration of the operating cycle; reducing the repayment period of accounts receivable and increasing the period for repayment of accounts payable.

Note. Designed by the author.

In the process of diagnosing the strategic potential of LLC "DPA Kyiv", we also propose an assessment of the structure and state of strategic potential development using the formulas (1.5) and (1.6) presented in section 1 of this study. This will allow, on the one hand, to determine which orientation (internal or external) has the strategic potential of the enterprise, and on the other - to

determine the type of its development. Then, if it becomes clear that a certain orientation of the strategic potential of the company is a tendency towards a recession in its development, then it will be clear in what direction the re-configuration of the strategic potential component of LLC "DPA Kyiv" is necessary to move in order to change the situation in the long term and provide a progressive type of development of its strategic potential.

As an example of how exactly this will be done in practice, we will use the data of the calculations of the quantitative values of the internal and external components of strategic potential of LLC "DPA KYIV" conducted in section 2 of the final qualifying paper and assess the structure and state of development of the strategic potential of the investigated enterprise by defining indicators P_{orient} and $P_{develop}$:

$$P_{orient} = \frac{0,3644}{0,4065} = 0,8964 ;$$

$$P_{develop} = \frac{0,3644 + 0,4065}{2} = 0,3855 .$$

According to the calculations presented above, such following conclusions are drawn as: 1) the strategic potential of the company LLC "DPA KYIV" today has an internal focus; 2) since the P_{orient} in the range 0,34-0,67 is within the range of 0.34-0.67, this indicates certain stagnation in the development of the strategic potential of the investigated enterprise. Note that in some cases, stagnation in the development of strategic potential can mean stagnation, while in other cases, it can mean temporary uncertainty in the direction of developing strategic potential. In our view, despite the profitability of the activities of LLC "DPA KYIV", in this case we see the manifestation of the second situation, i.e. when at the enterprise there is temporary uncertainty about the future direction of development of strategic potential. In other words, the management of the company can not yet give a clear answer to this question: "Will the further intensified development of the internal component, or the strengthening of the external component of the strategic potential, be better for the effective development of LLC "DPA KYIV" in

the strategic perspective?". However, from our point of view, taking into account the positive trend of the spread of digitalization in the activities of commercial organisations and state institutions, LLC "DPA KYIV" makes sense to strengthen the external component of its strategic potential, in order to take advantage of market opportunities the enterprise due to the digitalization of business processes, increased attention to ensuring its security, its consulting and the like.

In order to strengthen the external component of strategic potential at LLC "DPA KYIV", it is necessary to develop an action plan aimed at developing existing and increasing the number of new strengths of the enterprise and minimizing losses due to the impact of market threats on enterprise operations, including by avoiding or minimizing a direct negative impact on the company's activities such as, for example, factors such as: high risks of the proliferation of unlicensed software in Ukraine. This, in particular, can be done by actively participating in lobbying for the intensification of institutional and other measures for the introduction of strict control and penalties for the use of unlicensed software, etc. In addition, the company, using advanced methods of disseminating information, should, with the help of various promotional measures, create among its actual and potential clients a solid awareness of the importance and necessity of IT security services, IT consulting, IT management. The similar influence on the consumers on the part of the investigated enterprise will promote the further activation of the promotion of specific products and services of LLC "DPA KYIV" in the era of integration of off-line and on-line business, the emergence and spread of so-called cloud technologies for the accumulation and transmission of information, which, raises the level of accessibility for anyone to get new knowledge and data at any time and anywhere, and so on.

At the same time, strengthening the external component of the strategic potential of LLC "DPA KYIV", it should not be forgotten about the internal, in particular, that in Section 2 the poor awareness of the employees of the investigated enterprise about the components of the strategic potential, the indicators of their evaluation and methodical approaches to the diagnostics of the state and development

of strategic potential. That is why we recommend that a one-day training seminar for employees of the company on the topic "Diagnostics of the use and development of the strategic potential of the enterprise" should be envisaged within the framework of elaboration and substantiation of managerial decisions to improve the diagnostic process of strategic potential of LLC "DPA KYIV". This, in turn, will contribute not only to the development of additional competencies of the company's full-time employees, but also to develop the staffing component of the strategic potential of LLC "DPA KYIV".

At the very end, in order to ensure that the process of diagnosing strategic potential at the investigated enterprise does not take much time and was carried out fairly quickly, and at any need (or the preconditions defined in Table 3.1), relevant work should be done on the organization of proper information and software diagnostics strategic potential in an automated mode and later automatically (as far as possible, considering the chosen method of diagnosis) in the LLC "DPA KYIV".

3.2. Predictive evaluation of the results of LLC "DPA KYIV" after the implementation of proposed managerial decisions

Implementation of any managerial decisions (especially having a strategic importance as, for example, diagnostics of strategic potential) you should not begin until expected estimation of to what consequences it will lead is carried out. The last is necessary as there is always a risk of losses due to either badly reasonable or unsuccessfully realized managerial decisions.

Practically each enterprise, trying to operate effectively on the market in strategic prospect, uses in the course of adoption of managerial decisions forecasts concerning the expected results of their realization in practice. Evidence-based forecasts play an important role in work of the enterprise director, the economist, marketing specialist, managers, etc. as it creates a base for adoption of the weighed managerial decisions in which both probable opportunities, threats and risks of losses are considered.

There are many methods of forecasting (more than 100-150 different methods and methodological approaches), but in practice not more than 20 of them are widely

used. Now there are many methods of forecasting (over 100-150 various techniques and methodical approaches), but in practice no more than 20 of them are widely used. On extent of formalization all existing methods of forecasting it is possible conditionally divide into such groups: 1) intuitive, which are used in cases of impossibility of quantitative assessment of the separate phenomena (or processes) or impossibility of account and a significant amount of factors in a difficult object of a research; 2) formalized, which taking into account the general actions and ways of obtaining the predicted information are divided into methods: modeling and extrapolation; 3) complex, in particular, the method of scenario forecasting belongs (or creation of scenarios). For forecasting reason we distinguish:

- search prediction, which aims to get predictions about the state of the object or the research process in the future, provided that the current trends of the events are preserved;
- normative forecasting, which is intended to predict ways to achieve the desired state of the object of management according to predetermined goals and / or specified criteria.

Predictions, as evidenced by international business practices, can relate to changes both in the external and internal environment of the enterprise. In our case, they will, above all, touch upon changes in the external and internal components of the strategic potential of LLC "DPA KYIV". At the same time, in our opinion, for these purposes the method of normative intuitive forecasting will be best suited.

Any improvement, including that it is connected with improvement of diagnostics of strategic capacity of the enterprise within strategic management of its activity and development, has to be economically expedient and reasonable. It, in turn, assumes, first, accurate determination of volumes of the expenses necessary for carrying out improvement; secondly, forecasting of changes in indicators of results of activity of the enterprise as a result of improvement. At the same time, if the growth rate of expenses on the administrative actions directed to improvement of process of diagnostics of strategic potential of LLC "DPA KYIV" is smaller, than growth rate of net income and profit, it will demonstrate expediency of introduction of the planned administrative actions. And vice versa: if expenses on realization of actions for

improvement of diagnostics of strategic potential are more, than economic effect which this improvement will bring, then introduction of the planned actions will be not expedient and the management of the enterprise has to either partially, or to completely reconsider them regarding introduction of amendments.

In the previous paragraph of part 3 we proposed managerial decisions that, on the one hand, allow to improve process of diagnostics of strategic capacity of the studied enterprise, and on the other hand – were developed as the administrative measures contributing to fuller use and/or the development of strategic capacity of LLC “DPA KYIV” despite the received results of estimation its separate component and an external and internal component in general. However, as our research is devoted to a perspective of diagnostics of strategic potential of the enterprise, in the course of development of forecasts further, first of all, we will take those managerial decisions which concern the organization and carrying out such diagnosing in LLC “DPA KYIV” in attention.. For this purpose at first we will accurately formulate target indicators and the action plan for improvement of diagnosing and use of strategic capacity of LLC “DPA KYIV” and we will calculate the necessary budget for implementation of the plan provided that employees of the enterprise independently (that is without involvement of other enterprises and organizations) will introduce the majority of planned actions (table 3.3).

Proceeding from the actions (planned actions) presented in tabable 3.3, forecasting in our case will concern as key indicators of results of activity of LLC “DPA KYIV” in the market during 2018-2020, and the expected changes in estimation of strategic potential. According to our plan, as a result of improvement of diagnostics of strategic capacity of the studied enterprise and as a result of acceptance of other measures that were described in paragraph 3.1, the score value of an external component of strategic capacity of LLC “DPA KYIV” will double, that is will be 0,7288. It, first of all, will be connected with the best, than now, use of market opportunities by the enterprise and minimization of probable losses from market threats, thanks to further strengthening of strengths and reduction of amount of weaknesses.

Table 3.3

**Planning measures to improve diagnosis and strategic potential use of LLC
"DPA KYIV" and budget for their implementation ¹**

Target indicators		Plan	
Indicator name	Planned indicator value	Managerial measures	Budget, <i>thsd. UAH.</i>
<ul style="list-style-type: none"> • Take measures to strengthen (increase the value of the bulk) of the external component of the strategic potential of the enterprise • Implementation of measures to improve (increase the score) of domestic strategic potential in terms of cadre, financial, information, organizational and managerial component 	<ul style="list-style-type: none"> ↑ twice in 3 years (each year ↑ by ≈ 0,1215) Year 1 – ↑ by 0,5 Year 2 and 3 – ↑ by 0,15 each year 	1. Preparation of technical documentation for establishing a comprehensive diagnostics of strategic potential (with the definition of the features of technical, software and information provision of the diagnostic process)	20,0
		2. Measures to improve the use and development of the organizational and managerial component of the strategic potential of the enterprise: introduction of the subsystem "Diagnostics of strategic potential" in the management system of LLC "DPA KYIV" and continuous monitoring of the data of strategic potential assessment and its separate components in the process of strategic management of enterprise development	30,0
		3. Measures to improve the use and development of the information component of the strategic potential of the enterprise: 1) Informing the employees about the importance of diagnosing the strategic potential; 2) the use of cloud technologies to promote information about the company's products in the market of IT services, etc.	15,0
		4. Measures to improve the use and development of the financial components of the strategic potential of an enterprise: prevention of receivables, including by establishing comprehensive and clear policy of granting trade credit to customers, and the like (see events defined in the table. 3.2)	8,0
<ul style="list-style-type: none"> • Net profit 	<ul style="list-style-type: none"> ↑ 17 % each year during 2018–2020 	5. Measures to improve the use and development of the human resources component of the strategic potential of the enterprise: conducting the training "Diagnostics of the use and development of the strategic potential of the enterprise" 2 for the employees of LLC "DPA KYIV".	6,5
		6. Measures to strengthen the external component of the strategic potential of the company: active participation in lobbying of enhancing institutional and other measures for introduction of strict control and penalties for use of unlicensed software, etc.	45,0
<ul style="list-style-type: none"> • Net profit margin on sales 	<ul style="list-style-type: none"> Year 1 – ↑ 0,3 % Year 2 – ↑ 0,5 % compared to the previous year Year 3 and next – ↑ 0,8 % compared to the previous year 		
<ul style="list-style-type: none"> • Turnover of accounts receivable 	<ul style="list-style-type: none"> ↑ 1,25 times 		
Total amount of expenses (budget) for implementation of the plan to improve the diagnostic process and use of strategic potential LLC "DPA KYIV"			124,5

Notes: 1. Developed by the author.

2. For conducting the training is planned to bring an expert from outside

At the same time, according to the forecast, LLC "DPA KYIV " should gradually increase the score value of the internal component: by 0,35 for the next three years, that is, its value in points will be 0,7565.

Improvement of the value of the internal component of the strategic potential of LLC "DPA KYIV" will be caused by:

- 1) development of personnel components of strategic potential, including as a result of special trainings for employees of the enterprise;
- 2) better use of the financial component of the strategic potential through the implementation of the management measures presented in table 3.2;
- 3) improvement of the use and development of the information component of strategic potential through the use of cloud technologies for data accumulation and information transfer, informing the employees of the company about the importance and useful effect of organizing and conducting diagnostics of strategic potential;
- 4) development of organizational and managerial components of strategic potential through the introduction of the subsystem "Diagnostics of strategic potential" in the system of management of LLC "DPA KYIV ".

The planned changes in the values of the components of the strategic potential of LLC "DPA KYIV" allow to make a predictive assessment of changes in its status based on the results of the implementation of managerial decisions aimed at improving its diagnosis and use (including related to the development of certain components) of the strategic potential of the investigated enterprise (fig. 3.1).

We also predict that in 2020 the strategic capacity of LLC DPA KYIV as a result of realization of all planned actions defined in table 3.3 though will still have internal structural orientation of strategic potential, but in it will be traced further inclination to balance between internal and external components of this potential. The following calculations, in particular, demonstrate to it:

$$P_{orient.}^{2020} = \frac{0,7288}{0,7565} = 0,9634 \rightarrow 1;$$

$$P_{orient.}^{2020} - P_{orient.}^{previous} = 0,9634 - 0,8964 = +0,067.$$

At the same time, thanks to the improvement of diagnostics of the strategic potential and, as a consequence, the strategic management of the development LLC "DPA KYIV", strategic potential of enterprise in 2020 will move from the stage of stagnation of development in the stage of progressive development. This is evidenced by the fact that the predictive value of the index $P_{develop.}$ in 2020, more than 0,67 and is sent to 1,00 (unit):

$$P_{develop.}^{2020} = \frac{0,7288 + 0,7565}{2} = 0,7427 \rightarrow 1.$$

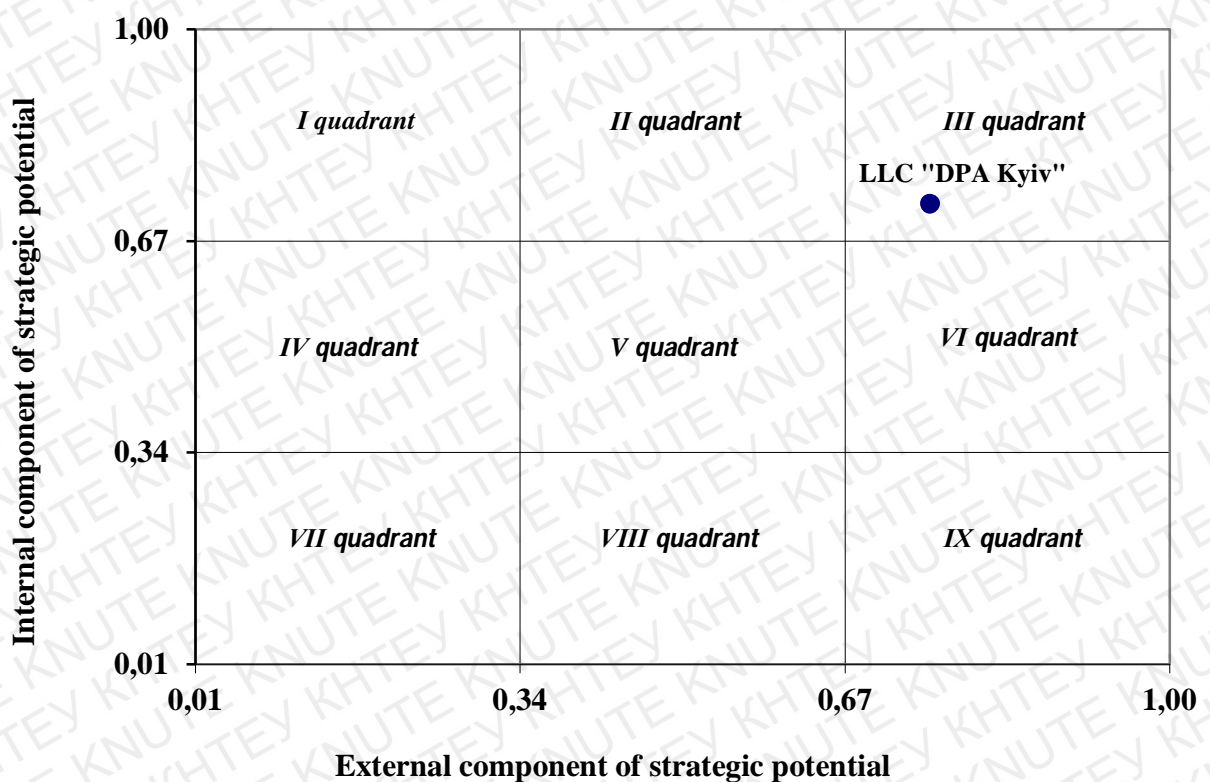


Fig. 3.1. Forecast positioning of LLC "DPA KYIV" on the matrix model "Strategic Potential Assessment" in 2020 after improving the diagnosis and use of strategic potential. ¹

Note. Built by the author according to the evaluation of the internal and external components the strategic potential of the enterprise after the introduction of managerial decisions to improve the diagnosis and use of this potential

The fall of LLC "DPA KYIV" in the third quadrant of the matrix model "Estimation of strategic potential" shows that according to the forecasts in 2020, if the

managerial decisions proposed by us are effectively implemented, the investigated enterprise will have such strategic potential that will open up wide possibilities for it, making optimal strategic decisions regarding future development prospects. Such a strategic potential of LLC "DPA KYIV" will not only help to form its leadership or competitive position in the market of IT services of Ukraine, but will also strengthen it in the strategic perspective.

Taking into account the planned (projected) value targets, which will be controlled in implementing managerial decisions to improve the process of diagnosing the strategic potential (see table 3.3), as well as data on the costs (budget), which should be of LLC "DPA KYIV" for this, calculate the predicted values of the dynamics of net income of LLC "DPA KYIV" during the years 2018-2020. provided no introduction and implementation are presented in table 3.3 plan of measures. For this first by using the features of the software Microsoft Excel, build a linear model that characterizes the change in net income of LLC "DPA KYIV" solely based on the dynamics of its net income in previous time periods, i.e during the years 2014-2017 (Appendix E)

According to the obtained linear model (see appendix E), the estimate average level of the series at time $t = 0$ is 4662,1 ths hm. and the average annual absolute growth of net income of the company equal 4118,4 thousand hm .

For prediction of this model for three time periods in advance it is necessary to put in the constructed model the values of the time parameter $t = 5; 6; 7$. After the substitution, we get that without the implementation of our proposed action plans to improve the diagnosis and use of strategic potential, the net income of LLC "DPA KYIV" in the following time periods is likely to be as follows:

$$\hat{y}_{2018} = 25254,1 \text{ thsd.UAH} ; \quad \hat{y}_{2019} = 29372,5 \text{ thsd.UAH} ; \quad \hat{y}_{2020} = 33490,9 \text{ thsd.UAH} .$$

Thus, despite the spread of the digitalization of business processes in the economy in the next three years net income of the investigated company will continue to increase even if the company will not be implemented measures to improve the diagnosis of strategic capability. However, subject to the implementation of our proposed managerial decisions aimed at improving the diagnosis of strategic

capability and effectiveness of its use and development of a single component, the increase in net income will be more rapid and significant, namely:

$$\hat{y}_{2018} = 26276,81 \text{ thsd.UAH} ; \hat{y}_{2019} = 30743,87 \text{ thsd.UAH} ; \hat{y}_{2020} = 35970,32 \text{ thsd.UAH} .$$

At the very end of our forecast assessment of the results of the implementation of our developed and substantiated management measures to improve the diagnosis of strategic potential in the system of activity management and development of LLC "DPA KYIV", we will determine the forecast results of the dynamics of net profit indicators and the ratio of net recoupment of operating costs for the investigated enterprise in the future. time periods (table 3.4).

Table 3.4

Forecast of changes in net profit and net recoupment factor of operating expenses LLC "DPA KYIV" provided that the planned measures to improve the diagnosis of strategic potential are implemented. ¹

Indicators	Value in 2017	Predicted value			Absolute deviation		
		2018 ²	2019	2020	2018 / 2017	2019 / 2018	2020 / 2019
Net income from sales of products <i>thsd.UAH</i>	22458,8	26276,8	30743,9	35970,3	3818,0	4467,1	5226,4
Operation costs, <i>thsd.UAH</i>	19628,9	22631,4	26111,7	30153,3	3002,5	3480,3	4041,6
Net profit, <i>thsd.UAH</i>	2416,1	2916,7	3566,3	4460,3	500,6	649,6	894,0
Net Profit Margin, %	10,8	11,1	11,6	12,4	0,3	0,5	0,8
Net recoupment rate of operating expenses	8,1	7,8	7,3	6,8	-0,4	-0,4	-0,6

Note:1. Calculated by the author.

2. Provided that the proposed action plan will be implemented by LLC "DPA KYIV" from 2018.

Consequently, according to our forecasts, the costs of implementing planned measures to improve the diagnosis of strategic potential will be repaid within a year after their introduction. These measures will contribute to the fact that the average annual growth rate of net income in LLC "DPA KYIV" will be higher than the

average annual growth rate of operating expenses by approximately 1.6%. The latter, in turn, will have a more positive effect on the average annual growth rate of net profits over the period 2018-2020, which in 2020 should increase by more than 1,8 times from 2017. At the same time, a positive (ie a decrease) is expected and the dynamics of the net payback ratio of operating expenses, which reflects how much of the operating expenses the company needs to create a net profit of UAH 1. This ratio in 2020 will decrease by 1.3 compared with 2017 and will amount to 6.8.

Thus, we note that according to our forecasts, the practical implementation of the proposed managerial decisions will not only improve the system of strategic management of development of the LLC "DPA KYIV" in terms of diagnosing and using the strategic potential as a whole and its individual components, but will also contribute to the improvement of the overall results of its economic activities on competitive market.

CONCLUSIONS AND RECOMMENDATIONS

In modern conditions the increasing value in process of enterprise management is, on what the managerial decision-making is based (especially when it comes to so-called strategic decisions). Therefore, trying to increase the level of efficiency of strategic management of its development, the enterprise not only necessary, but imperative to diagnose strategic capability.

In the course of writing this final qualification work, an analysis of the scientific-theoretical and methodological principles of diagnosing the strategic potential of the enterprise was conducted, the process of organization of this diagnosis was investigated at LLC "DPA KYIV", and the plan of actions aimed at improving the diagnostics of strategic potential in the management system of LLC "DPA KYIV", Kyiv.

According to the results of final qualifying paper, we can make the following conclusions and suggestions:

1. The systematization of scientific approaches to the definition of the concept of "strategic potential of the enterprise" and the analysis of the definitions of this concept have made it possible to draw a substantiated conclusion that the most successful nature of the strategic potential is disclosed through a systematic approach, according to which strategic potential is defined as a set of resources and capabilities of the enterprise for the development and strategy implementation (or achievement of strategic goals).
2. So far, scientific thought has not a single clear approach to determining the list of potential components of the strategic potential of the enterprise. However, both academics and practitioners are of the opinion that strategic potential is a complex, dynamic, polystyrene system.
3. Found that the process of diagnosing strategic potential consists of three stages:
1) organization of diagnosis; 2) direct diagnostics of the potential; 3) processing of diagnostic results. It is also found that the various factors of the

external and internal environment of the enterprise can affect both the conduct and the results of the diagnosis.

4. There are many scientific approaches to the diagnosis and assessment of strategic potential and its components, and therefore, in each case, managers should choose the one that best meets the goals of strategic development of the company on the market.
5. The results of the analysis of the main performance indicators of LLC "DPA KYIV" showed that recently this enterprise quite well used its internal (in particular, financial) potential. However, the process of diagnosing the strategic potential of the enterprise, unfortunately, is currently being investigated at the enterprise under consideration only for the calculation and analysis of indicators of financial sustainability and business activity. In addition, some employees of the company are not aware of the importance and lack of sufficient knowledge and skills to conduct a comprehensive diagnosis of the strategic potential of the enterprise.
6. The assessment of the strategic potential of LLC "DPA KYIV" showed that today, the company has not only a certain "immunity" over the impact of negative external factors on its activities and development, but also some of the benefits associated with resources and organizational capabilities. At the same time, it was discovered that the company has both explicit and hidden reserves to increase the effectiveness of using existing strategic potential and its further development.
7. The management measures aimed at improving the diagnosis and utilization of the strategic potential of the enterprise (first of all, its financial, personnel, organizational, managerial and information component) have been worked out and substantiated, implementation of which, according to our forecasts, will contribute to raising the level of effectiveness of strategic development management of LLC "DPA KYIV".
8. Forecast evaluation of the results of activity of LLC "DPA KYIV" in two development scenarios: with and without the introduction of the proposed

managerial decisions (action plan) for improving the diagnosis of strategic potential in the enterprise management system has shown that in the first and second case incomes and profits of the company will increase. However, as a result of our plan of action, this growth will be more rapid and substantial.

The results of the research presented in the work are partly covered in the article "Scientific methods of enterprise strategic potential diagnosis" published in the collection of scientific articles, and also planned to be implemented in the activities of LLC "DPA KYIV", Kyiv.

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APPENDICES

Appendix B

«Estimation of strategic potential» matrix model [12, p. 172]

EXTERNAL COMPONENT OF STRATEGIC POTENTIAL <i>(SP_{external})</i>	Has only or mainly positive characteristics	Iquadrant	IIquadrant	IIIquadrant
	Balance of positive and negative characteristics	IVquadrant	Vquadrant	VIquadrant
	Has only or mainly negative characteristics	VIIquadrant	VIIIquadrant	IXquadrant
		Has only or mainly negative characteristics	Balance of positive and negative characteristics	Has only or mainly positive characteristics
		INTERNAL COMPONENT OF STRATEGIC POTENTIAL <i>(SP_{internal})</i>		

Appendix D

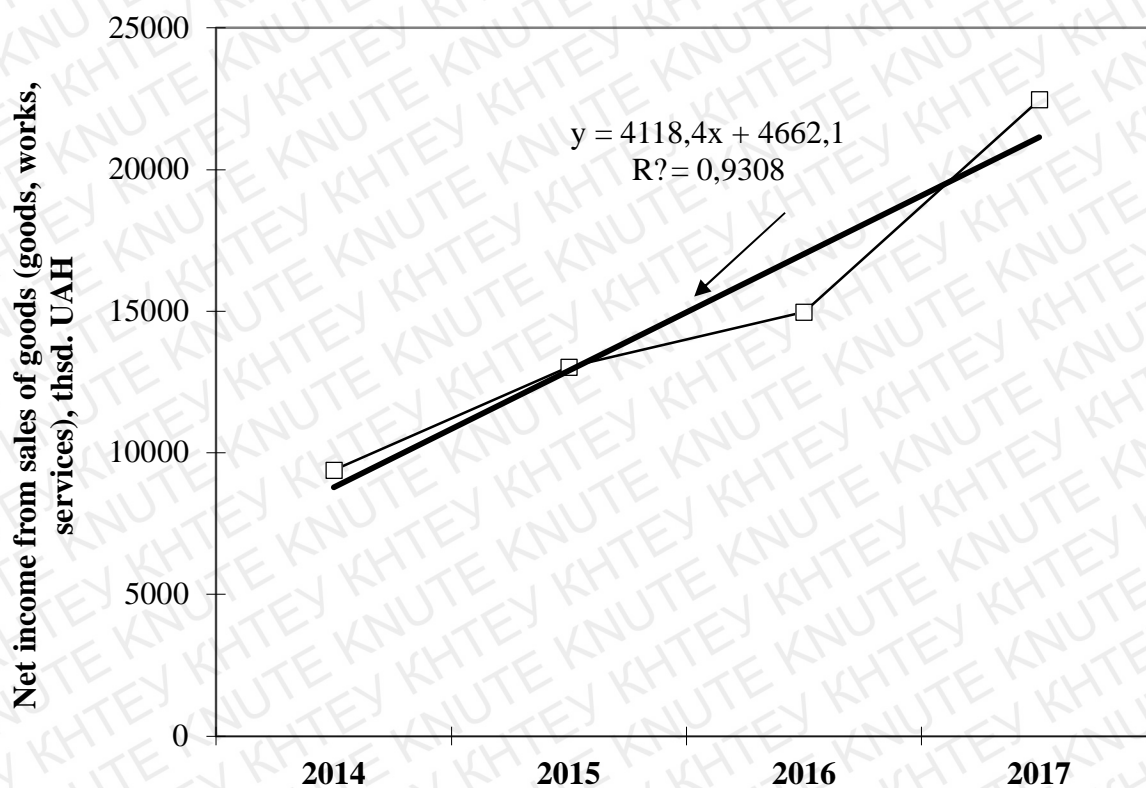
Summarized data from LLC "DPA KYIV" SWOT analysis, according to expected future changes in the environment ¹

Enterprise strengths/weaknesses	Score
Strengths (S)	
1. Many years of experience in the market and the availability of a large customer base (including large business corporations and government agencies)..	+9
2. Highly qualified personnel.	+9
3. Stable profitability in recent years.	+6
4. Positive business reputation.	+6
5. Unique product offering that is difficult to reproduce and simulate.	+9
6. The growth of the IT services market share	+4
7. High-quality advertising, especially on their own web site.	+4
8. Other strengths identified during VRIO analysis and summarized in Table 2.3.	+6
Weaknesses (W)	
1. High level of dependence on leading world software vendors.	-6
2. The high price of some software and services, which limits the potential customer range	-6
3. Insignificant shortcomings in the enterprise strategic potential financial component usage.	-2
4. Insufficient enterprise financial stability in the strategic perspective	-4
5. Negative tendencies in reducing the accounts payable turnover period under the condition of exceeding the accounts payable over the receivable.	-2
6. Poorly organized and conducted strategic potential diagnostics, which adversely affects the choice and effectiveness of strategy implementation.	-6
7. Other weaknesses identified during VRIO-analysis and summarized in Table 2.3.	-6
Total strengths and weaknesses assessment score	21

Note. Compiled and evaluated by the author similarly to the market opportunities and threats assessment in the table 2.4.

Appendix E

Linear trend change model for net realizable sales products (goods, works, services) LLC "DPA KYIV"¹



Note. Built by the author according to the research company.