

**Kyiv National University of Trade and Economics
Management Department**

FINAL QUALIFYING PAPER

on the topic:

«Creation of the enterprises' development strategy»

(by the materials of «Kharchovyk» PJSC, Bolgrad city, Odessa region)

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INTRODUCTION

Thematic justification. The issues associated with the search for new approaches to improving the efficiency of enterprise management and the creation of conditions for its development are playing particular importance especially in the conditions of crisis phenomena in the economy of Ukraine, instability and volatility of the environment. Ensuring continuous development of an enterprise or effective problem solution of survival can be achieved on the basis of a clearly formulated development strategy based on the company's achievable strategic goals, taking into account its resource capabilities, in particular financial ones.

It should be noted that in the conditions of a dynamic environment, the ability of enterprises to effectively implement their development strategy takes the first place. The prerequisite for effective implementation of it is the sufficiency of resources and ensuring a stable financial condition at all stages of the enterprise development strategy implementation.

The integration into account the results of a comprehensive assessment of the enterprises' financial condition and its financial capabilities during forming the development strategy, will allow to objectively evaluate the strategic capabilities of the enterprise, to justify the strategic and tactical development goals, and to ensure a stable and balanced financial situation at all stages of the strategy implementation. It will increase competitiveness and maintain competitive advantages of the enterprise.

The theory of formation and implementation of the enterprises' development strategy is considered thoroughly both in foreign and domestic literature. In the study of this problem, a significant contribution was made by D. Aaker, R. Acoff, M. Albert, B. Altrend, I. Ansoff, A. Bandurin, K. Bowman, G. Goldstein, I. Gurkov, P. Doyle, P. Drucker, B. Carlof, F. Kotler, J. Lempel, M. Meskon, G. Mintzberg, M. Porter, A. Strickland III, A. Thompson-junior, L. Lukashova, G. Piatnytska, R. Fathutdinov, D. Hassi, F. Hedouri, A. Cherep, B. Chub, Z. Shershneva and others.

At the same time, it should be noted that despite the importance of the scientific results obtained, some issues of the strategy's formation and implementation taking into account the financial possibilities of strategic development at enterprises of food industry are insufficiently studied. At the moment, the peculiarities of strategy formation are not clearly defined, taking into account the current financial condition of the enterprise and its financial ability to implement the strategy.

Further deepening of scientific research related to the improvement of the formation process of the development strategy based on a comprehensive assessment of the financial condition of the enterprise will allow taking into account the financial capabilities of the enterprise to form realistic strategic goals. It will result in the effective implementation of the strategy and ensure a stable and balanced financial position of the enterprise. The incompleteness of scientific research in the area of financial feasibility of the realization possibilities of the development strategy caused the choice of the topic of final qualifying paper, determined its aim, tasks and structure of the research.

The aim and tasks. The aim of this paper is to determine the peculiarities of the development strategy formation process and identification of measures to improve it on the example of a particular enterprise.

According to the aim were identified the following tasks:

- to observe and define the main classifications and scientific approaches of development strategy formation;
- to review the methods of selection and evaluation of enterprise's development strategy, and how these methods to use in strategy formation process;
- to analyze the process of the development strategy formation at «Kharchovyk» PJSC;
- to identify and assess the existing strategy of the enterprise;
- to determine management tools and measures on choosing a development strategy of enterprise according to the peculiarities of its activity;

– to forecast the results of implemented measures at the enterprise and its evaluation.

The object of research is the process of development strategy elaboration and formation on the investigated enterprise.

Subject of research is theoretical and methodical foundations of development strategy formation on the enterprise «Kharchovyk» PJSC.

Methods of research. The following methods were used to achieve a set aim and tasks in process of writing the paper:

- grouping and comparisons of indicators in performance of horizontal and vertical analysis;
- calculation the values of deviations for years and building of comparative analytical tables;
- generalization, graphic method for visual reflection of the results of the analysis and others;
- matrix method to evaluate factors of external and internal environment and other methods.

The information base was presented by domestic and foreign publications, Internet sources and vital information of «Kharchovyk» PJSC activity.

Scientific novelty of the received results. The results of scientific investigation in the aggregate show the important issue – the scientific justification and enterprise's development strategy formation process to increase production efficiency and improve overall position of the enterprise.

The practical significance of the results is that the implementation of the recommendations that were developed in the process of writing the paper improves the efficiency of «Kharchovyk» PJSC.

Final qualifying paper consists of an introduction, three chapters, conclusions, bibliography with 35 sources and appendixes. The total volume of the paper is 59 pages of main text with 9 figures, 14 tables, 3 app.

PART 1

THEORETICAL AND METHODOLOGICAL FOUNDATIONS OF ENTERPRISES' DEVELOPMENT STRATEGY

1.1 Enterprises' Development Strategy: Classification and Scientific Approaches to its Formation

Ensuring the continuous development of an enterprise or an effective problem solution of survival can be achieved on the basis of a clearly formulated development strategy.

The importance of developing an effective strategy is acutely felt in our time, when the environment of domestic enterprises is characterized by increased complexity, mobility and uncertainty.

Many scholars engaged in the classification and definition of the tools to form the strategy of the enterprise, namely: G. Mintzberg, M. Porter, K. Obman, K. Freeman, B. Twis, O. Vodachkova, L. Lukashova, G. Piatnytska, B. Santo, V. Savchuk and others. It should be noted that among the authors there is no unity in determining the classifiers of enterprise strategies and methods of choosing a strategy, which made it possible to conclude that it is necessary to generalize and standardize approaches to the classification of enterprise strategies and methods of its selection.

Summarizing the existing views on the essence of the strategy, it can be concluded that they have common features, namely, all authors note that the main compulsory components of the strategy are: «definition of long-term goals», «goals», «mission» [22, p. 117; 23, p. 59; 28, P. 237]. Secondly, the strategy provides for certain actions: «adoption of actions' course», «decision-making», «model of actions», «development of justified measures and plans for achieving the goals set», «a set of decisions», aimed at achieving the goals [23, p. 61; 28, P. 238]. Thirdly, the strategy provides for the distribution of certain resources that are necessary to achieve the goals set: «allocation of resources necessary for these

purposes», «coordination and distribution of resources of the company», «the allocation of resources of the company», «the distribution of necessary for this limited resources»; «the scientific and technical potential of the company and its production and sales opportunities should be taken into account» [2; 5, p. 232; 23, p. 64; 28, P. 240].

The generalization of the considered points of view gave an opportunity to present the improved definition of the strategy as a detailed action plan designed to ensure the implementation of the enterprises' mission the and achieve its goals by locating and developing the necessary resources in order to obtain long-term competitive advantages.

According to the analysis of the scientists' papers, there are quite a few classifications of the enterprise strategy, differing in the set and the number of classifications. So, it should be noted that almost all authors allocate so-called basic (or reference) strategies, but in some sources it can be defined by classification according to the company's life cycle - growth strategies (intensive growth), stabilization strategies (weak growth) and leaving strategies. A. Thompson further highlights such classification features of strategies such as: in the direction of transformation, in the nature of influence, in complexity, etc., which makes the classification of enterprise strategy comprehensive and somewhat overloaded for certain purposes of a particular work or research. That is why in the table 1 the classification of enterprise strategies was developed and summarized based on the papers of scientists [6, P. 92; 7, P. 54; 9, p.59; 14, P. 13; 15, P. 88] and meets the goals and objectives of this study.

Table 1.1

Main types of enterprise strategies

Classification trait	Types of strategy
By the hierarchy in the management system	Corporate
	Operational
	Business
	Functional
By the functional criteria	Marketing
	Manufacturing
	Financial

Classification trait	Types of strategy
By the stages of life cycle	Organizational
	Social
	Growth
	Maintenance
By the competitive position in the market	Contraction
	Leader
	Applicant
By way of achieving competitive advantages	Follower
	Newcomer
	Minimal cost
By the level of business globalization	Differentiation
	Concentration
According to the directions of development	Narrow specialization
	Diversification
	Intense growth
	Integration growth
	Diversified growth

Source: grouped by the author on the basis of [19; 22; 29]

It should be noticed that according to the main subsystems of the enterprise – administrative, managerial, manufacturing, technical, financial, marketing and social – distinguish the corresponding functional strategies aimed at supporting and implementing the goals set before each division of the company (Fig. 1.1).

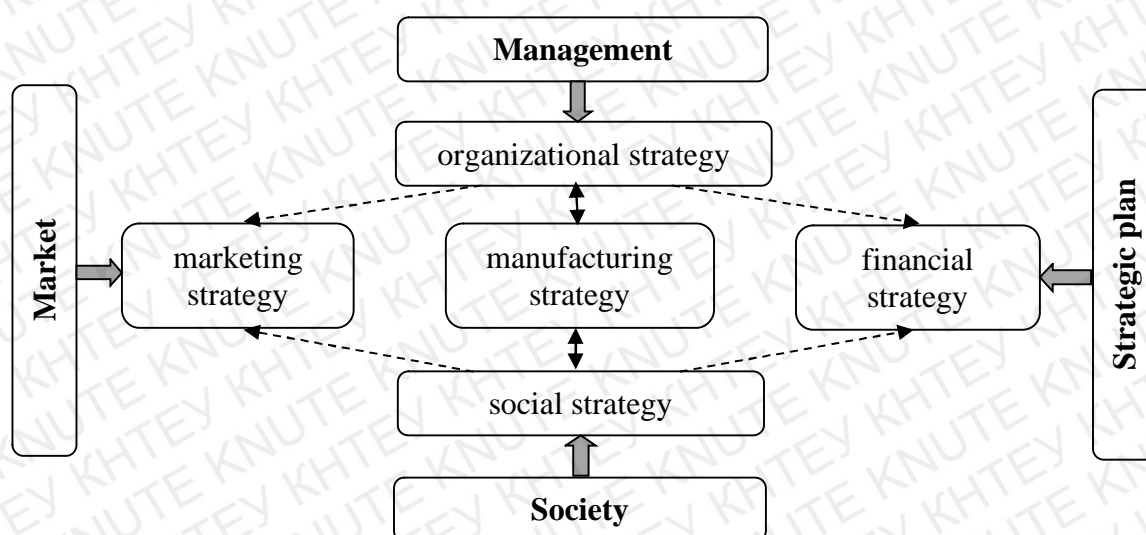


Fig. 1.1 Interconnection between the main functional strategies of the enterprise

Source: made by the author on the basis of [7]

In the system of functional strategies of an enterprise, the primary task is to define a marketing strategy that can be defined as a general plan for coordinating the marketing objectives of the firm and its capabilities, studying markets and consumer requirements, identifying on this basis those products that are most valuable to the consumer and the best sales prospects [7, P. 53].

The next step in building the strategic plans of the company is to build a manufacturing strategy, which is formed on the basis of marketing. A manufacturing strategy is a general plan to increase the production capacity and material and technical support of the production process in accordance with the marketing strategy of the enterprise.

The financial aspect is researched even later, when marketing and manufacturing strategies are generally defined. The financial strategy is a general plan for determining financial performance and financial needs, as well as an alternative choice of funding sources to minimize capital costs and maximize profits. A special place among the functional strategies occupy organizational and social. The first of these is formed under the pit of management needs. It is closely linked to, marketing, manufacturing and financial strategies, adapts and influences them. The second – a social strategy – is developed by the enterprise under the influence of society, its social groups and institutions. It is also closely interrelated with other functional strategies [8, P. 307; 19].

Strategies in accordance with the stage of life cycle should be considered in more details. It involves the formation of long-term goals of the enterprise, mechanisms for its implementation in conditions of changes in the external and internal environment at each stage of development (Fig. 1.2).

Consequently, the growth strategy is typical for those companies whose business is just beginning or developing. This strategy involves selecting target segments, increased investment, research and innovation. For this strategy, it can be distinguished three main varieties:

- a strategy for concentrated growth involves strengthening the market position or finding new markets;

- integrated growth strategy involves the construction of a vertical structure or horizontal integration;
- the strategy of diversification involves the development of new products in the existing market or the promotion of existing products to new markets [7, P. 54; 8, P. 308].

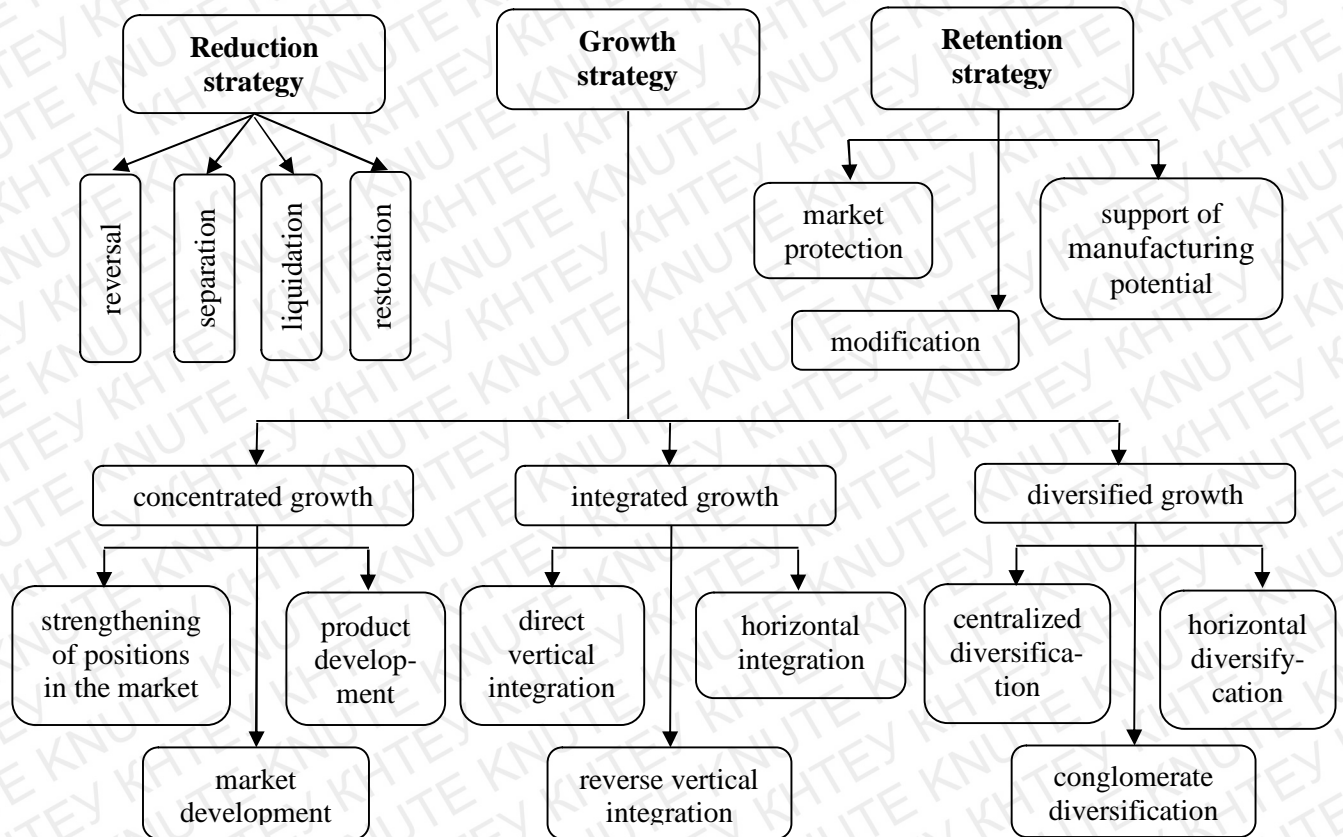


Fig. 1.2 Classification of enterprise strategies by the stage of life cycle

Source: made by the author on the basis of [6; 7; 9; 14; 15]

A retention strategy is a strategy for companies whose business has reached maturity. Enterprises in this state are trying to defend their positions from competitors, reduce costs and prices, look for new markets.

The retention strategy involves selective investment and maintaining a balance between costs and revenues. For this strategy, it can be distinguished three of its main varieties:

- market protection involves protecting the existing market part and gradually modifying the product;

- support of production potential involves strengthening of separate business lines, maintenance of property status;
- the modification involves modification of the product range of the enterprise and its strong support on the market [22, p. 219].

The strategy of reduction involves complex actions for the gradual collapse of the business, which has moved to the final stage of the life cycle. In this state, different lines of behavior are possible: lowering prices and activating marketing efforts in order to prolong the life cycle or stop any investment and implement the harvest strategy (obtaining the maximum profit from the sale of products and assets). In general, scientific literature identifies the following types of reduction strategies:

- the strategy of reversal involves the production refusal of unprofitable products, reduction of labor force, search of efficient resources use;
- the strategy of the division provides for the sale of inefficient independent economic units, the sale of part of the enterprise assets;
- the liquidation strategy involves the sale of the company in case of bankruptcy;
- the recovery strategy involves remediation of costs, search for new products and technologies, and investment attraction [8; 29, P. 200].

As it was previously defined, the formation of a strategy for the operation and development of an enterprise is a complex and multifaceted process that contains a set of tasks at each stage:

1. Analysis of the external and internal environment of the enterprise.
2. Determine the purpose and mission of the enterprise.
3. Formation of strategic alternatives.
4. Select a strategy.
5. Realization of the enterprise strategy.

Summarizing the opinions of scholars [5; 27; 24], it is necessary to note the following stages of the strategy's implementation:

1. Determination of the necessary strategic changes related to the alignment of the strategy elements to the internal and external environment of the organization (first of all it is about the necessary changes in organizational structure and culture).

2. Distribution of key managerial tasks by the individual departments of the organization and responsible executives (development of goals and objectives for each strategic economic entity, economic and functional unit and alignment with the strategic objectives of the organization).

3. Development of plans and budgets system.

4. Policy development.

5. Definition of criteria and methods for assessing the results of work on the strategy implementation (implemented using appropriate procedures and rules).

One of the tools for implementing the strategy is the Balanced Scorecard, developed by D. Norton and R. Kaplan [10; 11; 16; 17; 28]. It has been proven that, in order to improve short-term financial performance, the cost of training, marketing and customer service was reduced. However, this negatively reflected in the future financial position of the organization. To address this problem, a concept of a balanced system of indicators was developed that allowed the integration of financial and non-financial performance indicators [16, p. 172; 17, p. 98].

Balanced Scorecard is a system of company's strategic management based on measuring and evaluating its effectiveness in a set of optimally selected indicators that reflect all aspects of the organization's activities, both financial and non-financial. The name of the system reflects the balance that exists between short-term and long-term goals, financial and non-financial indicators, main and auxiliary parameters, as well as external and internal factors of activity.

The authors of the balanced system of indicators consider that a necessary condition for the successful implementation of the strategy is the combination of strategy, planning and production activities into an integrated management system [16, p. 176; 17, p. 102]. Strategic planning and operational activities in this management system are not regarded as two different business lines of the

enterprise, but as stages of one system, which are interconnected by common goals, indicators, resources, data flows and information. The introduction of integrated management system consists of six stages (Fig. 1.3):

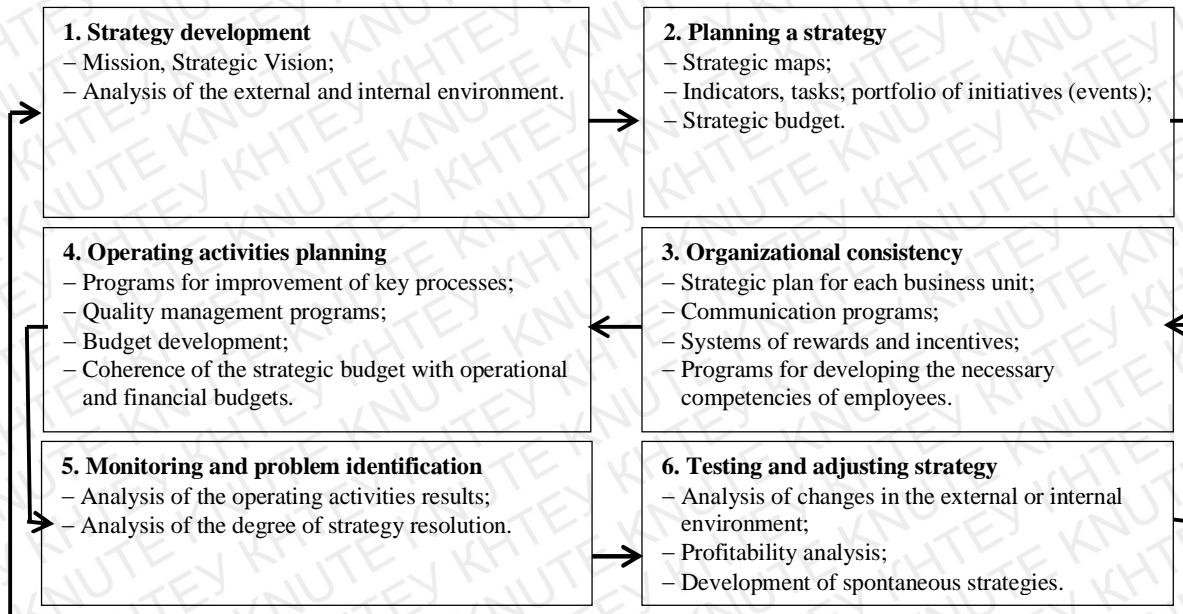


Fig. 1.3 Scheme of formulation and implementation of development strategy

Source: made by the author on the basis of [16; 17]

Stage 1. Strategy development. The mission and strategic vision of the enterprise are determined, an analysis of the external and internal environment of the enterprise is carried out using a variety of methods of strategic analysis.

Stage 2. Planning a strategy. The formation of strategic maps and a balanced system of indicators are being carried out, a portfolio of strategic initiatives is being formed and a strategic budget is being developed.

Stage 3. Relevance of the organization and the chosen strategy. A strategic plan for each business unit is being developed, communications programs are being developed, systems of rewards and incentives are developed, and programs for developing the necessary competencies of employees are developed.

Stage 4. Operating activities planning. The key business processes in the enterprise are determined and programs of their improvement are developed, general quality management programs are being developed. The annual operational

plan is aligned with the strategic indicators set in a balanced system of indicators, as well as budgets.

Stage 5. Monitoring and problem identification. The monitoring of the results of the enterprises' operational activity is carried out and the degree how the indicators of the enterprises' strategy are reach is analyzed. For timely response to identified problems in the process of strategy implementation, the structure, frequency and participants of the relevant meetings are determined.

Stage 6. Testing and adjusting strategy. The structure, periodicity and participants' meetings on testing and adjusting the existing strategy are determined. If necessary, changes are made to the strategic map and a balanced system of indicators [25; 27, p. 87].

Thus, an integrated system for developing and implementing a strategy and building a balanced system of indicators will allow organizations to fully exploit the potential of their strategies and to counteract the barriers to effective implementation of the strategy.

1.2 Methods of Selection and Evaluation of Enterprises' Development Strategy

One of the key stages of strategy formation is the choice of strategy among the developed strategic alternatives. It should be noted that for solving this problem today there is a sufficiently developed toolkit. The analysis of the basic methods of estimation and selection of the enterprise strategy, their disadvantages and advantages is given in the Table 1.2.

Table 1.2

Comparative characteristic of the basic estimation methods and choice of enterprise strategy in the form of the result expression

A group of methods	Methods	Advantages	Disadvantages
Graphic methods	Radial Chart of Competitiveness	Easy to use, high degree of visibility	It does not make it possible to determine the value of a generalized criterion of enterprise
	Polygon of competitiveness		

Ending of the Table 1.2

A group of methods	Methods	Advantages	Disadvantages
			competitiveness
Matrix methods	Different types of matrices: McKisey, Shell, I. Ansoff matrix, etc.	Allows to make a detailed assessment of the development strategy options	Does not take into account the different weight of the competitiveness factors
Index methods	An analysis of comparative advantages of competitor companies	Allows for a detailed assessment of options for a development strategy based on an integrated approach	It takes a lot of time, there is no common methodology for assessing the competitiveness of the enterprise
	Method based on the theory of effective competition		
	Integral method		
	Method of self-esteem		

Source: grouped and systematized by the author on the basis of [30; 31; 34]

Thus, according to the analysis conducted in Table 1.2 it can be noted that the matrix method allows a detailed assessment of the strategy at minimal resource costs, taking into account the various factors of influence (depending on the matrix's dimension), graphical interpretation allows to compare strategic alternatives without difficulty, is simple and easy to use. Consequently, one of the main tools for qualitative analysis of enterprise positioning in a competitive environment is matrix methods.

Depending on the level of strategic planning, the matrixes are divided into:

- the strategic planning matrix at the corporation level analyzes the business entering the corporation, it helps to carry out portfolio analysis, as well as analysis of the situation in the corporation as a whole;
- matrixes of the business level, which are related to this business unit and relate most often to one product, analyze the features of this product, the situation on the market of this product, etc.;
- functional matrixes investigate the factors affecting the functional areas of the enterprise, among which marketing, personnel management are the most important [34].

According to the classification, depending on the factors forming the matrix, the construction of the two-dimensional matrix is carried out at the intersection of the two selected factors, therefore the matrix highlights the interaction of the two selected indicators during the formation of a competitive strategy. Typical sets of factors that form the basis of the matrix are given in Table 1.3.

Table 1.3

Classification of matrixes depending on the factors that make it

Variety of matrix	Applicable factors
I. Ansoff «commodity-market»	– company products (available and new) – enterprise markets (existing and new ones)
BCG	– growth rates of sales markets of the enterprise – the relative market share of the enterprise in the target markets
J. Nichols (MCC)	– goals (projects) of the enterprise – enterprise resources
McKinsey-GE, Schell / DPM, G. Dey, D. Monienson, McNeim, Hexa-Mejlapah	– attractiveness of the company's sales market – competitiveness of the enterprise in the target markets
McDonald M.	– degree of attractiveness of target markets for the enterprise – competitive advantages of the company in the target markets
A. Litll (ADL), Brownal-Bart, Hofer / Schendel	– stage of the product life cycle of the enterprise – competitive position of the company in the target markets
M. Porter's Competitive Strategies	– a source of competitive advantages – strategic orientation of the enterprise (for the whole market or for a separate segment)

Source: grouped and systematized by the author on the basis of [19; 22; 29]

Thus, the use of matrix estimation methods is a priority tool when making strategic decisions and choosing a strategy for enterprise development, aimed at ensuring its steady competitive position in the market and the growth of market value. Matrixes are used when selecting strategies at all levels of the strategic pyramid of the enterprise, each of which matrix analysis has its own specifics.

As a result of research made in the 1st part, it should be mentioned that ensuring the continuous development of the enterprise or the effective solution of the survival problem can be achieved on the basis of a clearly formulated development strategy. The study of the theoretical essence of the concept of «strategy» revealed the existence of the main compulsory components of the strategy: the definition of long-term goals, mission; the presence of certain actions aimed at achieving the goals; the distribution of certain resources that are necessary to achieve the goals. The generalization of the considered points of view gave an opportunity to present the systematized definition of the strategy as a detailed action plan designed to ensure the implementation of the enterprises' mission and achieve its goals by locating and developing the necessary resources in order to obtain long-term competitive advantages.

Despite all above mentioned, the formation of the enterprises' development strategy is a complex and multifaceted process that contains a set of tasks at each stage: analysis of the external and internal environment of the enterprise; determine the purpose and mission of the enterprise; formation of strategic alternatives; select a strategy; realization of the enterprise strategy.

The study of the main tools for implementing the strategy showed that the most expedient is the use of integrated management system of implementation strategy by R. Kaplan and D. Norton. It allows to combine strategy, planning and production into a single system. Strategic planning and operational activities in this management system are considered as stages of one system, which are interconnected by common goals, indicators, resources, data flows and information.

Also, the matrix method allows a detailed assessment of the strategy at minimal resource costs, taking into account the various factors of influence (depending on the matrix's dimension), graphical interpretation allows to compare strategic alternatives without difficulty, is simple and easy to use. Consequently, one of the main tools for qualitative analysis of enterprise positioning in a competitive environment is matrix methods.

PART 2

INVESTIGATION OF THE PROCESS OF DEVELOPMENT STRATEGY FORMATION AT «KHARCHOVYK» PJSC

2.1 Analysis of the Development Strategy Formation at the Enterprise

Formation of development strategy is a key stage of strategic management. The proper approach to the implementation of the strategy depends on the success of the strategic plan, the stability and efficiency of the management of the enterprise. To create an effective business strategy requires a technique that would allow to assess how effective the current strategy, with which problems facing the company, how strong is its competitive position. This requires the definition of target management function, which aims to determine what will be with the enterprise by the end of strategic management period [21, p. 89].

Formation of development strategy should include the following key elements:

1) understanding the company's mission, which is the main purpose of the enterprises' activity and identifies priority areas for strategic development of the company. It also includes analysis of overall strategy formation period, the main condition of which is the predictability of the economy development in general and also the situation on the consumer market;

2) determining the state of the environment and the analysis of its impact on the company. Creation of effective interaction forms with the external environment and relationships in the internal environment of the enterprise;

3) evaluation of strong and weak aspects of the enterprises' activity that defines potential possibilities of domestic enterprises and aims to identify the level of competitiveness;

4) selection of key strategic model of enterprises' development, taking into account the stage of its life cycle;

5) development of a system of company's strategic goals with regard of defining strategic model of enterprises' development;

6) analysis of the target indicators of strategic management of company's development for periods of strategic management policy formulation for some of the most important activities of the company;

7) forecasting of markets development plan where the company operates, taking into account environmental factors, creation of alternative development strategies for enterprise and scenarios of its implementation [12, P. 69-70].

Thus, the strategic concept is based on possible strategic objectives defined in the previous step of analysis, and based on the conditions of functional environment and development goals of the enterprise

In each case, the company has three development scenarios: maintaining the current state, its deterioration or improvement.

Modern market economy is characterized by instability and dynamic socio-economic processes. To maintain operation and further development of the company it has to adapt to constant changes in both external and internal environments. The choice of strategic direction in management of the company's activity provides goals achieving and adaption to new conditions.

However, current approaches to the development strategy design of national winery enterprises are not processed enough and do not take into account the specific factors of its operation caused by intersystem and macro factors [13, P. 425].

To develop the strategy, each company must understand the following important elements of its work: mission, competitive advantages, peculiarities of business organization, markets, where it operates, production (service), resources, structure, manufacturing program, organizational culture.

Formation of the company's strategy is a process that comes through certain stages. The proposed algorithm combines the basic functions on development and implementation of strategy and the most important actions for their practical realization. Each of the stages should be considered and then find out their

common characteristics and determine whether these phases are followed by «Kharchovyk» PJSC.

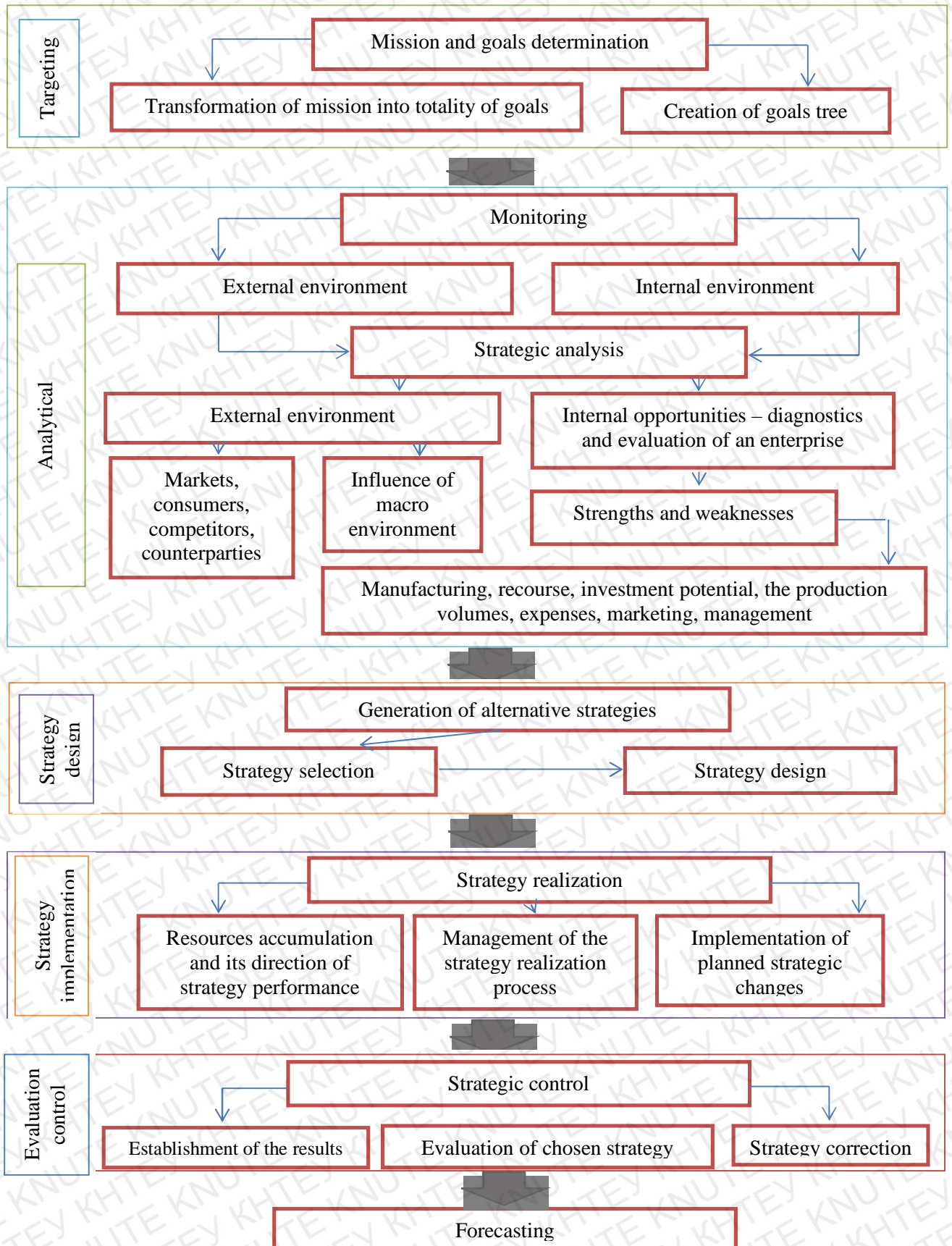


Fig. 2.1 Algorithm of strategy development and implementation [33, p. 193]

When the company begins the process of strategic planning, starting point usually is the formation or revision of the company's mission. Interestingly, it is all starts with the mission of the enterprise, but to develop it, company needs to understand other elements of its strategy. In particular, to analyze the internal capabilities of the enterprise (production, manufacturing capacity, etc.) and to evaluate the environment (competitors, customers, suppliers, substitutes, etc.), it means that work on the mission begins after an enterprise had already done most of the work on drawing up strategy.

In addition, the mission should cover the vision of the enterprise, a clear idea of what the company is trying to offer to its customers, and declare its intention to serve a particular market segment [33, p. 194].

Mission of «Kharchovyk» PJSC is «to satisfy the needs in quality winery products (for domestic consumption and exports) that will cost parameters sufficient for the company for the development and improvement of its activity» [18]. In this the enterprise defines the market segment and its products to the consumer. Clarify that it wants to expand the activity in the other countries.

Then, it should be identified goals of «Kharchovyk» PJSC. Setting goals in summary involves passing four mandatory stages:

- 1) identifying and analyzing trends that can be observed in the environment;
- 2) establishment of common goal of the organization;
- 3) building a hierarchy of goals («tree of goals»);
- 4) establishment of individual goals and objectives as a tool of ensuring their implementation.

Goals should be clearly defined and quantifiable measured [32, p. 95].

«Kharchovyk» PJSC establishes strategic goals and they are:

- increasing of production volumes;
- increasing of profits through increasing volumes of sales and cost optimization;
- expansion of the company's activity by expanding the assortment of produced production and access to new markets of products realization;

- improving of staff qualification through its training;
- improving the motivation system in the company;
- introduction of new technologies that will help to improve the functioning of the enterprise.

Main types of products produced by «Kharchovyk» PJSC are presented in Fig. 2.2.

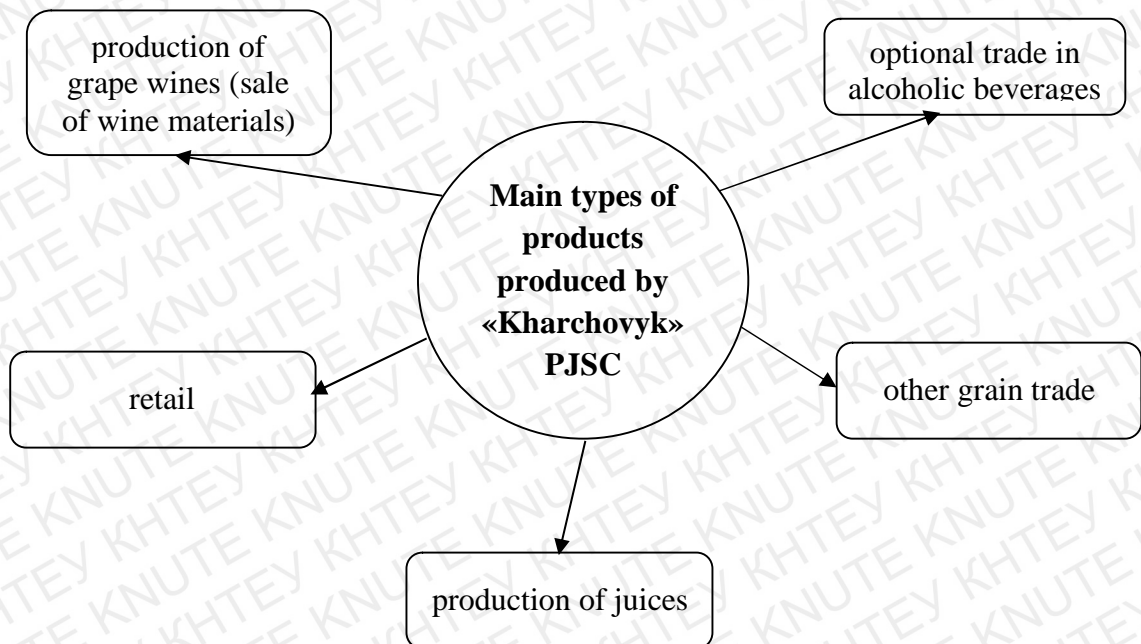


Fig. 2.2 Main types of products produced by «Kharchovyk» PJSC

Source: grouped by the author on the basis of [18]

The company produces dining wines, dessert wines fortified in bottles of various capacities. The production of these types of goods is the most promising in the company's activities. Also during 2018 the company engaged in wholesale trade in grain and alcoholic beverages; production of juices, production of wine materials.

The next step is to determine the impact of negative and positive factors of external and internal environment to the position of the enterprise. Instability of external environment, which today is observed in the winery sector is a source of socio-economic, technological and environmental problems for enterprises.

Analysis of the environment under the conditions of uncertainty enables to create the limits, in which will operate the winery company; identify possible favorable situation and threats; highlight the strengths and weaknesses of competitors, directions of their development. Analysis of the internal environment reveals opportunities, potential, which can expect the company in competition in achieving its goals [13, P. 425].

Very important is the environment of the enterprise and its analysis. It is one of the first steps in creation development strategy. Some divide it into external and internal and also directly or indirectly influence. According to it the major of scientists divide an environment into three levels:

- macro environment (external or general environment of an enterprise);
- meso environment (the external immediate environment);
- microenvironment (internal environment).

Firstly it should be considered macro environment of «Kharchovyk» PJSC. The activity of the company depends on seasonal changes, namely, the wine material is harvested once a year in September-October. There is a dependence on grape harvest in the farms of the region and on the current state policy regarding the conditions for the implementation of alcohol by winemaking enterprises. Wine in bottles is produced for 12 months per year (peak production is March-April and November-December) and is sold to wholesale enterprises of trade in all regions of the country.

The main types of products produced by «Kharchovyk» PJSC and which sales of income in 2018 were 10% or more, including production (in physical and monetary terms):

- 1) production of grape wines (dry and semi-sweet) – 767,7 thousand of bottles, in monetary terms – 181977 thousand UAH (71,19%), average prices – 269 thousand UAH, revenue – 231558 thousand UAH, export – 25803 thousand UAH, export share of total sales is 8%.
- 2) wholesale trade of grain: the amount of proceeds – 35718 thousand UAH, the total amount of export – 35718 thousand UAH, the share of export – 11% [18].

Operational or business environment (global, national, locally regional) of «Kharchovyk» PJSC:

1. The first major risks in the enterprise activities is the financial position of the alcohol products buyers. The sales and marketing department collects the necessary information to minimize the risk of working with unreliable partners.
2. The second main risk is the state policy in the taxation of wine-making enterprises. The main tax, which forms the price of finished products, is the excise duty (86% of all taxes paid), which in turn is the object of «manipulations» of legislators during the formation of the state budget. There is no protection from this risk, a substantial increase in the rates of excise duty on wine grapes endangers development of viticulture and winemaking in the country as a whole, since alcoholic beverages will extricate the wine market from the market. In the case of more substantial increase in excise tax rates, «Kharchovyk» PJSC will be forced to significantly increase the prices for products, which in turn will lead to a decrease in sales volumes. On sales channels and sales methods: the company's products are sold through a distribution network throughout the country without the involvement of intermediaries and dealers on the basis of contracts concluded with customers. The company's products are in the middle of the price segment.

Sources of raw materials, their availability and price dynamics:

- grapes are acquired from farms of the Bolgrad district in Odessa region;
- alcohol is bought at a monopoly supplier of the state enterprise «Ukrspirt».

Raw materials have a steady, gradual tendency to grow. The number of suppliers for the main types of raw materials and materials, which occupy more than 10% in the total supply – twenty suppliers. Suppliers for the main types of raw materials are legal entities – residents [18].

A uniform development of the production sector, in which «Kharchovyk» PJSC operates, is observed. It is planned to improve the financial position of the company, conduct research and introduce new types of products into production, new technologies. The company also plans to expand the wholesale trade of alcoholic beverages from other producers.

The main competitors of «Kharchovyk» PJSC in the wine industry is SE «Vincontsern», B.-Dnestrovsky and Bolgradsky winery. The share of «Kharchovyk» PJSC products on the market is insignificant, in the segment of semi-sweet wines – 11% [18].

The peculiarity of the production is that the technical varieties of grapes are used, from which the wines, fastened dessert wines in bottles of various capacities are made. One of the features is also dependence on the environment, namely climatic conditions.

Information about the persons whose services «Kharchovyk» PJSC uses is given in Fig. 2.3.

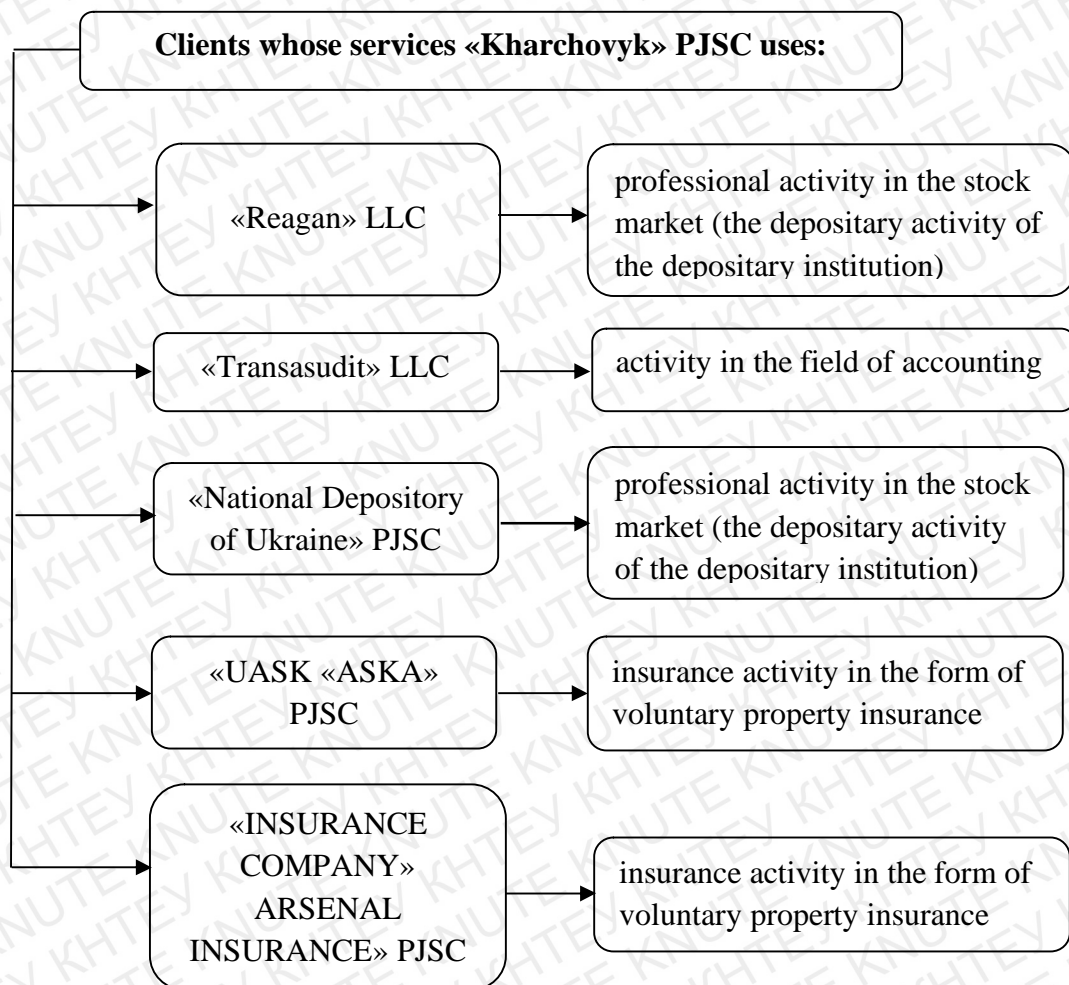


Fig. 2.3 Clients whose services «Kharchovyk» PJSC uses

Source: grouped by the author on the basis of [18]

In general, it is possible to distinguish the following problems that affect the activities of «Kharchovyk» PJSC and its degree of dependence on legislative or economic constraints (Fig. 2.4).

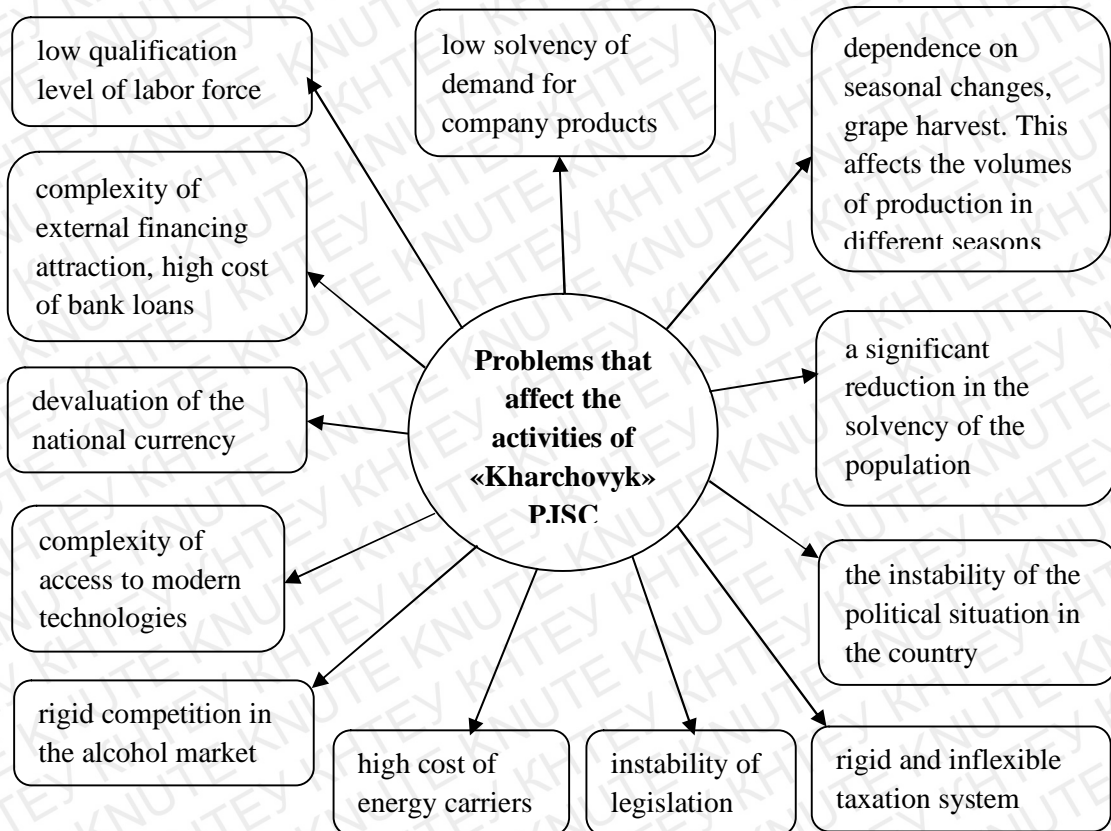


Fig. 2.4 Problems that affect the activities of «Kharchovyk» PJSC

Source: grouped by the author on the basis of [18]

Consequently, «Kharchovyk» PJSC operates in Ukraine. In addition to laws and regulations that affect the political and economic environment in Ukraine, they can quickly change, the assets and activities of the enterprise can be threatened due to adverse changes in the legislative and economic environment.

The formation of indicators for a balanced system of indicators begins with a financial component, since financial indicators are the main indicators that characterize the efficiency of the enterprise. At the same time, the most relevant are indicators of assets profitability growth, return on equity, profitability of products, net income of enterprise, net profit, EVA, minimization of production cost etc.

R. Kaplan and D. Norton [17, p. 221] suggest the formation of financial indicators depending on the stage of strategic development, which are distinguished by three types: growth, steady position, «harvesting».

It was established that «Kharchovyk» PJSC is in a stable growth stage. This means that the investigated company not only keeps its share of the market, but also increases it, most of the business units need investments that are connected with the elimination of bottlenecks, expansion of capacities, constant improvement of business. The main financial goals are income from core business and gross profit.

For this stage, there were three financial areas leading to the implementation of the business strategy [17; 20, P. 201]:

- growth of income and expansion of the activity structure;
- costs reduce and productivity increase;
- asset utilization and investment strategy (Table 2.1).

Table 2.1

**Indicators of strategic financial directions of «Kharchovyk» PJSC
development**

Stage	Strategic directions		
	Growth of income and expansion of the activity structure	Costs reduce and productivity increase	Asset utilization and investment strategy
Steady position	<ul style="list-style-type: none"> – share of target customers; – cross selling; – percentage of revenue from new use of existing product; – profitability of product and customer 	<ul style="list-style-type: none"> – own costs against competitors' expenses; – reduced costs; – indirect costs (percentage of sales) 	<ul style="list-style-type: none"> – duration of the financial cycle; – return on investment capital; rate of assets turnover

As a conclusion it should be noted that strategy formation is considered as one of the essential components of strategic management. Through strategic management the company is able to achieve market advantages and reveal promising areas of its activity, the opportunity to better understand their potential

possibilities and limitations. It not only affects the conditions on enterprise, but also creates them. The strategy requires any company, which claims on success.

In this paragraph the main stages of the strategy formation process were defined and they were shown on the example of enterprise. It should be mentioned that «Kharchovyk» PJSC has the mission, strategic goals that are the elements of strategic process, so it is clear that the enterprise has elements of strategic management.

2.2 Identification and Assessment of Existing Development Strategy at the Enterprise

For enterprises of Ukraine, the most expedient is the formation of balanced system of indicators based on a financial analysis of activities, which was designed to facilitate the transition from budget management to strategic enterprises [3]. The bottom line is that a certain set of financial coefficients is first defined, which are then analyzed, and the conclusions refer to one or more components of the balanced system. The conclusions drawn from the financial analysis should be so specific that it is possible to identify a key indicator that will determine the degree of problem resolution.

Given the need for a comprehensive study of the financial situation, based on a balanced system of indicators, it should be identified the problem sides of the financial position of the investigated enterprise. For this it should be calculated the indicators of business activity, which show the degree of efficiency using the company's assets.

The evaluation of business activity is offered by the following indicators: receivable turnover, inventory turnover ratio, accounts payable turnover ratio, asset turnover ratio. Negative trends of these indicators and the results of calculations for the investigated enterprise are presented in Table 2.2.

Table 2.2

Dynamics of «Kharchovyk» PJSC business activity indicators in 2015-2017

Indicator	Negative trend	Years		
		2015	2016	2017
Receivable turnover	decrease	117,0	102,2	77,0
Inventory turnover ratio	decrease	10,0	33,9	44,1
Accounts payable turnover ratio	increment	9,4	41,0	28,3
Asset turnover ratio	decrease	4,0	5,3	6,7

In general, the investigated enterprise can observe a tendency for decreasing of the receivable turnover. To determine the causes of this position it should be considered the indicators presented in Table 2.3.

Table 2.3

Dynamics of receivable turnover estimation at «Kharchovyk» PJSC in 2015-2017

Indicator	Years		
	2015	2016	2017
Accounts receivable period, days	3	4	5
Share of receivables in working capital, %	7,7	14,3	19,2
Value of payables and receivables	10,2	1,8	2,3
The ratio of growth in sales of products to the growth of receivables	1,1	0,9	0,8

The specificity of the winery is a fairly long period of product sales - from 6 to 24 months on average. As the calculations show, «Kharchovyk» PJSC is characterized by short terms of payment for finished products (up to 10 days).

As far as the company uses commodity credit and it provides the deferred payment can be traced using the value of payables and receivables.

The company most effectively used a commodity loan and provided a delay in payment in 2015, when the payables exceeded the receivables in several times. On the one hand, this indicates a worsening of the payment discipline of the investigated enterprise, on the other hand, the «Kharchovyk» PJSC used payables as a free source of financing. In general, for the entire study period this indicator was more than one for «Kharchovyk» PJSC.

Having analyzed the share of receivables for goods, works, services in the total amount of current assets, it should be noted that at the investigated enterprise its level is at the level of 15-20%. In general, during the investigated period, receivables in the current assets only increased. To reduce the proportion of receivables to «Kharchovyk» PJSC it is expedient to use modern forms of refinancing of receivables, which will allow transferring receivables into other more liquid types of assets.

The growth of receivables may also be associated with an increase in sales volumes, but may also be due to a change in lending policy or an ineffective work of the company's employees with customers. In order to determine the reasons and reasonableness of the receivables growth, it should be considered the ratio of growth in sales of products to the growth of receivables.

At the investigated enterprise, the growth of the receivables amount to a greater extent was not due to the growth of sales volumes, as the ratio of growth rates of sales and growth of accounts receivable was less than or equal to one.

In 2016-2017, the amount of receivables increased at «Kharchovyk» PJSC more rapidly than sales volumes, indicating that receivables grew not only due to the growth of sales volumes, but also due to an increase in the term of customer lending. Against the backdrop of reducing the amount of payables used in the company as a short-term source of funding, it is difficult to name a policy of management of accounts receivable reasoned.

Next step is to consider the following set of indicators used to assess the ability of an enterprise to pay its short-term obligations – liquidity indicators, which include the indicator of current, rapid and absolute liquidity. The liquidity indicators actually answer the question whether the company will be able to pay off its obligations without delays during the year and at what expense it will take place (Table 2.4).

In general, all considered liquidity indicators indicate a high liquidity of the investigated enterprise, which in turn means that the enterprise is able to pay its current debts and liabilities, the company is able to take advantage of discounts and

emerging profitable commercial opportunities, and if all the lenders will submit accounts to at the same time, the company will not have to sell long-term investments and assets.

Table 2.4

**Dynamics of liquidity and solvency indicators at «Kharchovyk» PJSC
in 2015-2017**

Indicator	Negative trend	Years		
		2015	2016	2017
Current liquidity ratio	less than 1-2, decrease	1,06	1,06	1,62
Quick liquidity ratio	less than 0,6-0,8, decrease	0,28	0,72	1,16
Absolute liquidity ratio	less than 0,2, decrease	0,12	0,20	0,74

The quick liquidity ratio takes into account the most liquid assets of the enterprise - receivables, securities and cash. The results of the calculation of this indicator showed that during the investigated period, «Kharchovyk» PJSC was able to pay more than 60% of its current liabilities due to accounts receivable and cash (except in 2015).

An equally important indicator of liquidity that characterizes the company's ability to pay off current liabilities by cash and current financial investments is the ratio of absolute liquidity. The results of the calculation of this indicator showed that «Kharchovyk» PJSC in 2017 was able to repay 74% of current liabilities, as during the investigated period there were high values of this coefficient.

The next set of indicators refers to financial stability indicators, which show the degree to which the company uses debt financing. Financial stability is a prerequisite for the sustainable development of any enterprise, as it indicates the ability of the company, in any unfavorable market situation, to pay off with its creditors and not to be on the verge of bankruptcy. The main indicators of financial sustainability are presented in Table 2.5.

The total debt to equity coefficient shows how enterprise is independent of external creditors (the higher the value, the more stable the financial condition, since less borrowed resources are involved). In fact, this indicator shows what portion of assets is funded by equity.

Table 2.5

**Dynamics of financial sustainability indicators at «Kharchovyk» PJSC
in 2015-2017**

Indicator	Negative trend	Years		
		2015	2016	2017
Total debt to equity	less than 0,5, decrease	0,48	0,64	0,71
Ratio of borrowed and own funds	more than 1, increment	1,03	0,53	0,39
Interest coverage ratio	less than 1, decrease	-0,40	16,93	60,76

It should be noted that lenders give preference to the higher value of the total debt to equity coefficient, since the higher it is, the greater the protection against losses of creditors in the event of the liquidation of the enterprise as a result of bankruptcy.

It should be noted that if theoretically the investigated enterprise will be liquidated at the moment, in order to fully settle accounts with creditors, the assets of «Kharchovyk» PJSC should be realized at the rate of not less than UAH 0.29 for 1 UAH nominal value of assets.

This in turn emphasizes once again that the higher the value of total debt to equity coefficient, the higher the protection level of creditors interests, and vice versa, the smaller the value of debt to equity coefficient, the higher the financial risk. On the other hand, it is beneficial for the shareholders to use borrowed capital, since in this case the return on equity and net profit per share increase accordingly.

Thus, it should be noted that the too high total debt to equity coefficient speaks of the company's excessive caution in attracting debt capital and the lost opportunity to increase the return on equity through the use of the financial leverage effect.

The ratio of borrowed and own funds (financial leverage) is also used to assess the degree of dependence of the company on loan financing sources. The lower this figure, the greater the share of capital invested by shareholders, the higher the degree of creditors protection in the case of a fall in the assets value of the enterprise or receiving losses. During the studied period, this indicator shows a

positive tendency to decrease. If in 2015 the lenders of «Kharchovyk» PJSC provided UAH 1.03. for each hryvnia of own capital, then in 2017 already UAH 0.39. This means that most of the invested capital is owned by shareholders.

The coverage ratio is intended to assess the ability of an enterprise to settle in financial payments and avoid bankruptcy. The higher its value, the more enterprise can be sure that an enterprise can easily make interest payments. During 2016-2017, this figure exceeded 1, indicating the ability to repay its financial liabilities even if operating profit is declining.

Profitability indicators are used to assess the overall efficiency of investing in a particular company, the efficiency of using the company's material and labor resources. The estimated profitability is based on the following indicators: gross profitability of sales, profitability of products, return on equity, return on assets. Negative trends of these indicators and the results of calculations for the investigated enterprise are presented in Table 2.6.

Table 2.6

Dynamics of profitability indicators at «Kharchovyk» PJSC in 2015-2017

Indicator	Negative trend	Years		
		2015	2016	2017
Gross profitability of sales, %	less than 0, decrease	18,45	18,49	15,34
Product profitability (loss), %	less than 0, decrease	0,70	3,77	2,15
Net profitability of equity, %	less than 0, decrease	-2,60	-72,10	2,99
Return on Total Assets (ROA), %	less than 0, decrease	-1,25	-46,13	2,12
Gross profitability of products, %	-	22,63	22,68	18,12
Share of administrative costs in the cost of sales	-	0,06	0,05	0,04
Share of sales costs in the prime cost of sales	-	0,16	0,15	0,12

Gross profitability shows the ratio of gross profit and net sales revenue. The indicator characterizes the efficiency of the current activity of the enterprise and the validity of its pricing policy. For the investigated company, the gross

profitability of sales was at a rather high level (approximately 20%). Beginning in 2015 there has been a further reduction in the gross profitability of sales.

Gross profitability of sales characterizes what profit the enterprise will receive for 1 UAH costs related to production (excluding administrative and sales costs). The value of the gross profitability of the sales at the enterprise during the investigated period had a positive value of more than 20%, except in 2017. Comparison of gross profitability of sales and gross profitability of products shows a very significant difference, which testifies to excessive non-productive costs of the enterprise (administrative costs and sales costs) (Fig. 2.5).

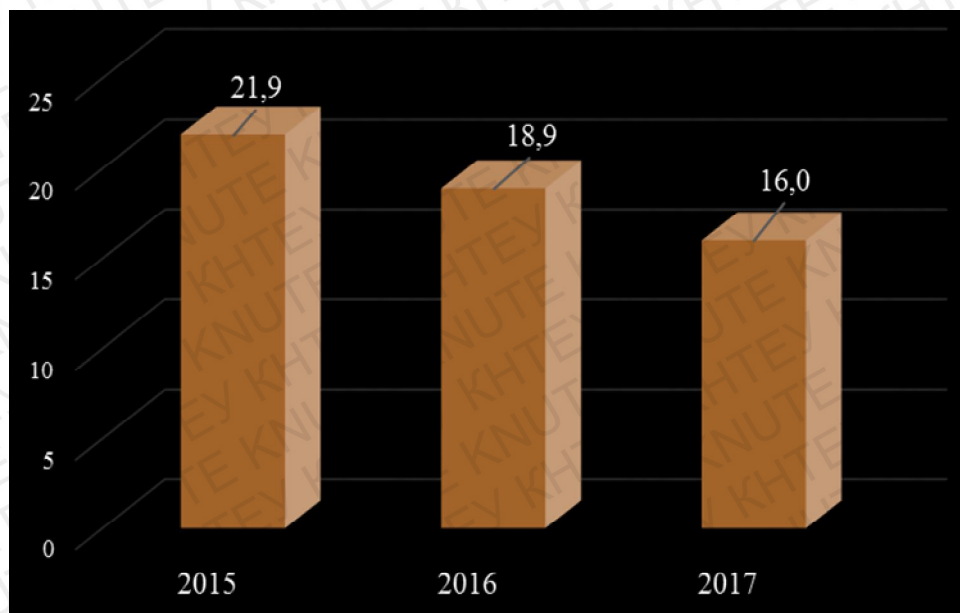


Fig. 2.5 The difference between the gross profitability of products and the profitability of sales at «Kharchovyk» PJSC in 2015-2017

The results presented in Fig. 2.5 indicate that the enterprise, apart from the cost of product sales, which is directly related to the production of goods, bears administrative costs and sales costs in the amount of more than 30-40% of the cost. The positive trend for «Kharchovyk» PJSC is the gradual reduction of this difference.

The share of administrative expenses in the cost of sold products of the investigated enterprise had a positive tendency to decrease from 6% in 2015 to 4% in 2017.

The great importance to the investigated enterprise plays the costs of sales, as there is a reduction in the share of sales costs from 16% in 2015 to 12% of the sales cost in 2017.

The analysis of these indicators will help identify weaknesses in the company, deficiencies in its work, as well as establish operational and strategic, financial and non-financial objectives that fully reflect the chosen strategy for enterprise development. In addition, the chosen strategy for development and the setting of goals should be in line with the existing potential of the enterprise and its current financial position.

The conducted research allowed to determine that the most expedient to carry out the formation of balanced system of indicators based on an analysis of the financial position of enterprise. This will facilitate the transition from budget management to strategic. It was analyzed the financial status of an enterprise in four groups of indicators: indicators of business activity; indicators of liquidity and solvency; indicators of financial stability; indicators of profitability.

1. A uniform development of the production sector, in which «Kharchovyk» PJSC operates, is observed. It is planned to improve the financial position of the company, conduct research and introduce new types of products into production, new technologies. The company also plans to expand the wholesale trade of alcoholic beverages from other producers. The share of «Kharchovyk» PJSC products on the market is insignificant, in the segment of semi-sweet wines – 11%.

2. In 2016-2017, the amount of receivables increased at «Kharchovyk» PJSC more rapidly than sales volumes, indicating that receivables grew not only due to the growth of sales volumes, but also due to an increase in the term of customer lending. Against the backdrop of reducing the amount of payables used in the company as a short-term source of funding, it is difficult to name a policy of management of accounts receivable reasoned.

3. All considered liquidity indicators indicate a high liquidity of the investigated enterprise, which in turn means that the enterprise is able to pay its current debts and liabilities, the company is able to take advantage of discounts and

emerging profitable commercial opportunities, and if all the lenders will submit accounts to at the same time, the company will not have to sell long-term investments and assets.

4. The value of the gross profitability of the sales at the enterprise during the investigated period had a positive value of more than 20%, except in 2017. Comparison of gross profitability of sales and gross profitability of products shows a very significant difference, which testifies to excessive non-productive costs of the enterprise (administrative costs and sales costs).

5. Provided calculations allowed to identify the weaknesses of the company, shortcomings in its work, as well as to establish operational and strategic, financial and non-financial goals in next part, which will fully reflect the chosen strategy of enterprise development. The chosen development strategy and the setting of goals should be in line with the existing potential of the enterprise and its current financial position.

PART 3

IMPROVING THE PROCESS OF DEVELOPMENT STRATEGY FORMATION AT «KHARCHOVYK» PJSC

3.1 Tools and Measures of Choosing Development Strategy for «Kharchovyk» PJSC

The financial level of development characterizes the efficiency of financial and economic activity of the enterprise and its financial potential. Depending on the financial level of development, enterprises will have different financial capabilities to implement the development strategy. Consider the factors of the environment may be due to the use of the indicator such as intensity of development [4].

Intensity of development is a dynamics indicator of the enterprise development within the industry and is expressed as a percentage [26]. For 100% there is a lack of dynamics in the enterprise development, if the intensity indicator is more than 100%, this indicates a stable development of the enterprise for a definite period. The value of the indicator is less than 100% means a lag in the development of the enterprise in relation to the industry as a whole.

The indicator of the intensity of enterprise development is calculated by the following formula [4]:

$$IED = \frac{\Delta SV_{ent}}{\Delta SV_{ind}} \times 100\%, \quad (3.1)$$

where IED – the intensity of enterprise development, %; ΔSV_{ent} – the growth rate of the sales volume of the enterprise; $\overline{\Delta SV_{ind}}$ – the average growth rate of sales volumes within the industry as a whole.

In order to choose a development strategy, it is proposed to divide the indicator of the intensity of enterprise development according to the following criteria:

- less than 100% – low intensity of enterprise development;

- from 100% to 124.9% – the average intensity of enterprise development;
- from 125% and more – a high level of intensity of enterprise development.

The taxonomic development indicator developed by Boyko I.A. [1] makes it possible to characterize the development level of individual aspects of the enterprise's activity. The value of the taxonomic indicator varies from 0 to 1. Accordingly, the higher the value of the indicator, the higher the level of development. In analyzing the taxonomic index of business development it is expedient to apply the uniform distribution and the following categorization of the development level:

- 0-0,19 – critical level of development;
- 0,2-0,39 – low level of development;
- 0.4-0.59 – average level of development;
- 0.6-0.79 – sufficient level of development;
- 0.8-1.0 – high level of development.

Thus, the matrix necessary for the positioning the enterprise, taking into account the financial level of development and the level of development intensity, will have the following form (Fig. 3.1).

For enterprises with a high financial level of development, regardless the intensity of development, it is advisable to use a growth strategy. Also, the growth strategy should be used by enterprises that have a sufficient financial level of development and a high (average) level of development intensity, as well as enterprises with an average financial level of development and high development rates. For enterprises with critical financial development and low and average intensity, it is advisable to choose a reduction strategy, as well as for companies with low financial development and development intensity.

In general, if the financial level of development characterizes the efficiency of the enterprise, the level of its profitability, optimality of the assets structure and sources of financing, the level of intensity of enterprise development more characterize the performance of activities, how much the achieved sales of

products meet the goals set. The choice of an enterprise can take place in three directions:

- 1) in the direction of increasing efficiency, which involves the enterprise's efforts not only to increase the volume of sales, but how to increase the efficiency of utilizing all available resources of the enterprise (*evolutionary development*);
- 2) in the direction of increasing the efficiency, which assumes at the current level of efficiency of using existing resources of the enterprise to maximize the efforts to increase the volume of sales (*evolutionary development*);
- 3) in the simultaneous direction of increasing effectiveness and efficiency, which involves focusing efforts on increasing sales volumes while simultaneously increasing the efficiency of using enterprise resources (*revolutionary development*).

Intensity of enterprise development	high	11	12	13	14	15
	average	10	9	8	7	6
	low	1	2	3	4	5
		critical	low	average	sufficient	high
		Financial level of development				

Growth strategies (diagonal from 14 to 6)
Strategies of stabilization (diagonal from 8 to 2)
Reduction strategies (diagonal from 10 to 2)

Fig. 3.1 The matrix of the strategy choice in accordance with the financial level of development and intensity of enterprise development

Source: compiled by the author on the basis of [1; 4; 35]

The characteristic of the situation inherent to each quadrant will be as follows:

Quadrant 1. The strategy of reduction, the growth rate of the enterprise activity is lower than the growth rate of the market, the market share is decreasing, the enterprise is characterized by a crisis situation, low level of financial potential, high risk of bankruptcy, the inability to attract debt capital in large volumes.

Quadrant 2. The strategy of reduction, growth rates of the enterprise activity does not differ significantly from the growth rate of the market, the market share does not change, the enterprise is characterized by unstable financial condition and low level of financial potential, significant financial risk of liquidity loss and financial stability, low opportunities for attracting debt capital.

Quadrant 3. The stabilization strategy, the growth rate of the enterprise activity is lower than the growth rate of the market, the market share is decreasing, characterized by average financial potential, average financial risk of liquidity loss and financial stability, average opportunities for attracting additional financing.

Quadrant 4. The strategy of slow growth, the growth rate of the enterprise activity is lower than the growth rate of the market, the market share is decreasing, characterized by stable financial condition and sufficient financial potential, financial risk of liquidity loss and financial stability is insignificant, wide possibilities of attracting additional financing (borrowed or own).

Quadrant 5. The strategy of slow growth, the growth rate of the enterprise activity is lower than the growth rate of the market, the market share is decreasing, which may indicate the exhaustion of the company's opportunities in this market, characterized by a stable balanced financial situation and high financial potential, financial risk of liquidity loss and financial stability practically absent, wide possibilities of attracting additional financing (borrowed or own).

Quadrant 6. The strategy of slow growth, the company is slowly growing, growth rates are adapted to the average growth rate of the industry, the enterprise is characterized by stable balanced financial status and high financial potential,

financial risk of liquidity loss and financial stability, there is practically no broad opportunities for attracting additional financing (borrowed or own).

Quadrant 7. The strategy of slow growth, the growth rate of the enterprise does not significantly exceed the average growth rate of the industry, the market share does not change significantly, the enterprise is characterized by stable financial status and sufficient financial potential, financial risk of liquidity loss and financial stability is insignificant, wide possibilities of attraction additional financing or own).

Quadrant 8. The strategy of stabilization, the growth rate of the enterprise does not significantly exceed the average growth rate of the industry, the market share does not change significantly, the enterprise has an average financial potential, the average financial risk of liquidity loss and financial stability, the average opportunity to attract additional funding.

Quadrant 9. The strategy of stabilization, the growth rate of the enterprise substantially does not exceed the average growth rate of the industry, the market share does not change significantly, the enterprise is characterized by unstable financial condition and low financial potential, significant financial risk of liquidity loss and financial stability, low possibilities of attracting debt capital.

Quadrant 10. The strategy of reduction, the growth rate of the enterprise does not differ from the average growth rate of the industry, the market share does not change, the financial situation is critical, the enterprise is characterized by low financial potential, high risk of bankruptcy, the possibility of attracting loan capital in small volumes.

Quadrant 11. The strategy of stabilization, the growth rate of the enterprise exceeds the average growth rate of the industry, the market share is growing significantly, but the financial situation is critical, the company is characterized by low financial potential, high risk of bankruptcy, the possibility of attracting debt in small volumes.

Quadrant 12. The strategy of stabilization, growth rates exceeds the average growth rate of the industry, the market share is increasing, the enterprise is

characterized by an unstable financial situation and low financial potential, a significant financial risk of liquidity loss and financial stability, low possibilities of attracting debt capital.

Quadrant 13. Growth strategy, the enterprise is dynamically developing, growth rates exceed the average growth rate of the industry, the market share is increasing, the enterprise is characterized by average financial potential, average financial risk of liquidity loss and financial stability, average possibilities of attracting additional financing.

Quadrant 14. Growth strategy, the company is dynamically developing, growth rates exceed the average growth rate of the industry, the market share is increasing, the company is characterized by a stable financial situation and sufficient financial potential, the financial risk of liquidity loss and financial stability is insignificant, the wide possibilities of attracting additional financing (borrowed or own).

Quadrant 15. Dynamic growth strategy, the company is dynamically developing, growth rates exceed average growth rates, market share is increasing, characterized by stable and balanced financial condition and high financial potential, financial risk of liquidity loss and financial stability is practically absent, wide opportunities for attracting additional financing (borrowed or own).

More detailed results of the development strategy choice, depending on the financial level of development and development intensity are presented in Fig. 3.2.

The proposed strategies should be considered in more detail. The strategy of concentrated growth – the essence of the strategy is that the company focuses its efforts on the release of one product (or its modification) and remains within the same industry. At the same time, the company constantly seeks to strengthen its position in the modern market and searches for new ones (can be expressed in improving the existing product or production of a new product in the existing market, also looking for opportunities to improve the existing position on the market or to switch to a new market) [12; 21; 32, P. 104- 111; 33].

Intensity of enterprise development	high	11.	12.	13.	14.	15.
	average	10.	9.	8.	7.	6.
	low	1.	2.	3.	4.	5.
		critical	low	average	sufficient	high
		Financial level of development				
		<ul style="list-style-type: none"> • Strategy of protecting market position. • Strategy for streamlining the market. • Restructuring strategy. • Business reengineering strategy. • Cost reduction strategy. 	<ul style="list-style-type: none"> • Strategy of protecting market position. • Strategy for streamlining the market. • Restructuring strategy. • Business reengineering strategy. • Cost reduction strategy. 	<ul style="list-style-type: none"> • Concentrated growth strategy. • Integrated growth strategy. • Strategy of protecting market position. 	<ul style="list-style-type: none"> • Concentrated growth strategy. • Integrated growth strategy. • Strategy of protecting market position. 	<ul style="list-style-type: none"> • Concentrated growth strategy. • Integrated growth strategy. • Strategy of protecting market position.
		<ul style="list-style-type: none"> • Strategy of «harvesting». • Cost reduction strategy. • Restructuring strategy. • Business reengineering strategy. 	<ul style="list-style-type: none"> • Strategy for streamlining the market. • Strategy of protecting market position. • Restructuring strategy. • Business reengineering strategy. • Cost reduction strategy. 	<ul style="list-style-type: none"> • Strategy of protecting market position. • Strategy for streamlining the market. • Restructuring strategy. • Business reengineering strategy. • Cost reduction strategy. 	<ul style="list-style-type: none"> • Concentrated growth strategy. • Integrated growth strategy. • Strategy of diversified growth. 	<ul style="list-style-type: none"> • Concentrated growth strategy. • Integrated growth strategy. • Strategy of diversified growth.
		<ul style="list-style-type: none"> • Elimination strategy. • Strategy of reduction and reorientation. • Cost reduction strategy. • Restructuring strategy. • Business reengineering strategy. 	<ul style="list-style-type: none"> • Strategy of reduction and reorientation. • Cost reduction strategy. • Restructuring strategy. • Business reengineering strategy. 	<ul style="list-style-type: none"> • Strategy for streamlining the market. • Restructuring strategy. • Business reengineering strategy. • Strategy of diversified growth. 	<ul style="list-style-type: none"> • Integrated growth strategy. • Strategy of diversified growth. • Strategy for streamlining the market. 	<ul style="list-style-type: none"> • Concentrated growth strategy. • Integrated growth strategy. • Strategy of diversified growth.

Fig. 3.2 The matrix of strategy choice «financial level of development / intensity of development»

Source: compiled by the author on the basis of [12; 21; 32; 33]

Options for implementing the strategy:

- a strategy to strengthen the position on the market, in which the company makes efforts to ensure that the product in this market win better positions. This type of strategy requires more marketing efforts. There are also attempts to implement the so-called horizontal integration, in which the company tries to control its competitors.
- market development strategy, which is to find new markets for an existing product;
- a product development strategy that involves the production of a new product, which will be implemented on the already developed market.

Integrated growth strategies are strategies that are associated with enterprise expansion by adding new structures. Typically, an enterprise can resort to such strategies if it can not implement concentrated growth strategies and at the same time integrated growth does not contradict its long-term goals. An enterprise can implement integrated growth both through acquisition of property and through expansion from the inside. In both cases there is a change in the position of the company within the industry [12; 21; 32; 33].

Options for implementing the strategy:

- the strategy of reverse vertical integration is aimed at the growth of the enterprise through the acquisition or strengthening of control over suppliers. An enterprise can either create subsidiaries that deliver or buy companies already engaged in supply. The implementation of the strategy of reverse vertical integration can give the company very favorable results due to the fact that the dependence on the fluctuations of prices for raw materials and suppliers' requests will decrease;
- the strategy of direct vertical integration is the growth of the enterprise through the acquisition or strengthening of control over the structures that exist between the enterprise and the end user, namely, distribution and sale systems. This type of integration is very beneficial when intermediary services are

expanding or when an enterprise can not find intermediaries with a high-quality job;

- the strategy of horizontal integration aims to strengthen the position of the enterprise by absorbing or merging with one-member enterprises. The enterprise as a result of integration receives already conquered markets, prepared labor, established contacts with suppliers.

Diversified growth strategies are implemented in the case that the company can not further develop in this market with this product within the framework of this industry [4; 21; 32; 35].

Options for implementing the strategy:

- the strategy of concentrated diversification is based on the search and use of additional opportunities for the production of new products that are available in the existing business. That is the existing production remains in the center of business, and the new emerges based on the capabilities that exist in the mastered market, the technology used or in other strengths of the firm;

- the strategy of horizontal diversification involves looking for opportunities for growth on the existing market at the expense of new products, which requires a new technology different from that already in use. This strategy is aimed at the production of such technologically unrelated products that would have used the existing capabilities of the enterprise. Since the new product must be consumer-oriented core product, then in quality it should be concomitant already manufactured products;

- the strategy of conglomerate diversification is that the company expands at the expense of the production of new products that are technologically unrelated to the already developed, which are implemented in new markets. This is one of the most difficult to implement development strategies, because its successful implementation depends on many factors, in particular, on the competence of staff and especially managers, seasonality of the market, availability of necessary funding, etc.

The stabilization strategy focuses on existing business activities and maintains a competitive position on the market. It is used in mature industries with static technology, enterprises that are satisfied with their position [3; 4; 12; 33].

Options for implementing the strategy:

- the strategy of protecting the situation in the market is primarily related to actions to maintain a high level of market penetration, as well as with the intensification of operational marketing in the part of the protective pricing policy, the strengthening of the distribution network, the strengthening of sales promotion measures, etc.;
- the strategy of market rationalization involves the reorganization of strategic areas of management in order to reduce costs or increase efficiency. For example, by focusing on the most cost-effective segments, reducing the number of clients by setting a minimum order volume, leaving some segments.

The strategy of reduction is realized when the company requires the regrouping of forces after a long period of growth or due to the need to improve efficiency when there are recessions and fundamental changes in the economy. In these cases, enterprises resort to the use of strategies for purposeful reduction of production.

Options for implementing the strategy:

- the liquidation strategy is a limiting case of reduction strategy and is carried out when an enterprise can not continue to conduct business;
- «harvesting» strategy implies a waiver of a long-term view of business in favor of maximizing income in the short term. This strategy applies to a non-prospective business that can not be profitable but can generate revenue during the «harvest». This strategy involves reducing the cost of procurement, labor and maximum revenue from the sale of existing products and continued layoffs. The strategy of «harvest» is designed to ensure that with the gradual reduction of the business to zero will get the maximum total income;
- the strategy of reduction and reorientation is that the company closes or sells one of its divisions or businesses in order to make a long-term change in the

business boundaries. Often this strategy is implemented by diversified enterprises when one of the productions is badly combined with others. This strategy is implemented when it comes to obtaining funds for the development of more promising or at the beginning of new businesses;

– the strategy of reducing costs is quite close to the strategy of reduction, since its main idea is to find opportunities for reducing costs and taking appropriate measures to reduce costs. However, this strategy has some distinctive features, which are that it is more focused on eliminating rather small sources of costs, as well as the fact that its implementation has temporary or short-term nature. The implementation of this strategy is associated with a reduction in production costs, increased productivity, reduced staff, the production termination of non-profitable goods and the closure of unprofitable facilities.

The strategy of restructuring the enterprise is a set of decisions on bringing the production-technological and organizational-management structure in line with changed conditions and strategy of the company's operation.

The strategy of business reengineering is to reorganize the enterprise. At the same time, the task is to approximate the real value of the enterprise to the optimal through structural restructuring of the business in order to release the value already invested in the company, but not realized due to the suboptimal use of resources. Reengineering is a complete rethinking of existing business practices, work routines, and attitudes towards customers and suppliers.

3.2 Forecasted Evaluation of the Implemented Measures at «Kharchovyk» PJSC

The calculated level of financial development was based on four components: business activity, liquidity, financial sustainability and profitability and calculated as their average arithmetic. If to sum up all four levels that have values from 0 to 1, the structure of the financial development indicator can be

shaped and which financial component is stronger or, conversely, weaker can be determined.

The main task of planning the strategy implementation is the development of tactical and operational measures. In order to identify tactical and operational measures and controlled indicators it is expedient to form a profile of financial development. First of all, the dynamics of financial development indicators and its individual components for «Kharchovyk» PJSC should be considered (Table 3.1).

Table 3.1

**Level of financial development dynamics and its components for
«Kharchovyk» PJSC in 2015-2017**

Indicator	2015	2016	2017
Level of financial development	0,34	0,53	0,54
incl. level of business activity	0,39	0,27	0,23
level of liquidity and solvency	0,33	0,59	0,64
level of financial stability	0,39	0,95	0,86
profitability level	0,24	0,32	0,41

After calculating the intensity of development, a matrix for selecting the strategy for the investigated enterprise should be formulated (Fig. 3.3).

For the further strategic development of «Kharchovyk» PJSC, it is expedient to pass into quadrant 14 in order to maintain the existing intensity of development and increase the level of financial development or, under unfavorable conditions, to stay in quadrant 13. In the case of choosing the first option, «Kharchovyk» PJSC will follow the path of evolutionary development in the direction increasing the efficiency of using available resources. From this position, it is advisable to choose a strategy for protecting the situation on the market while simultaneously implementing the reengineering strategy in order to increase the efficiency of the activity and the financial level of development in particular.

Based on the results obtained, «Kharchovyk» PJSC has the greatest potential for growth, since at an average financial level of development, the enterprise is characterized by high intensity of development. The enterprise is located in

quadrant 13, therefore it is expedient to use one of the following strategies: a strategy of concentrated growth, integrated growth strategy, strategy of protecting the market situation.

	11	12	13	14	15	
Intensity of enterprise development	high		«Kharchovyk» PJSC			
	average	6	7	8	9	10
	low	1	2	3	4	5
	critical	low	average	sufficient	high	
	Financial level of development					

Fig. 3.3 Actual position of «Kharchovyk» PJSC in the matrix of enterprise development strategy choice

For «Kharchovyk» PJSC one of the weakest parties is business activity, therefore, a profile of business activity should be firstly formed (Table 3.2).

The calculated profile allows to identify problem areas of business activity, taking into account the indicators that need to be monitored. In particular, for «Kharchovyk» PJSC problem area is the issue to manage accounts payable, therefore, for the solution of this problem, the most expedient choice is to manage the maturity of accounts payable.

To further develop tactical and operational measures, it is necessary to distribute possible measures to increase the level of business activity, liquidity and solvency, financial sustainability and profitability. Tactical (obtaining the result in

a period of more than one year) and operational (receiving a result in a period of up to one year).

Table 3.2

Profile of the business activity level of «Kharchovyk» PJSC in 2017

Indicator	critical	low	average	sufficient	high
Average repayment period of receivables, days					
Share of receivables in current assets					
Value of payables and receivables		2,3			
Ratio of growth rates of sales to the growth rate of receivables		0,8			
Average period of inventory turnover, days					8,2
Average period of raw materials turnover, days					
Average period of finished products turnover, days					0,1
Average period of goods turnover, days					0,8
Ratio of the cost growth rate of goods sold to the growth rate of inventories		1,3			
Share of payables in the total amount of current liabilities					
Average maturity of payables, days	12,7				
Ratio of accounts payable to the cost of production	0,04				
Ratio of the growth rate of production costs to the growth rate of payables					
Difference between the average period of accounts payable turnover and the average period of stocks rotation, days					

— Actual profile

----- Desired profile

Source: calculated by the author

Based on the data obtained, tactical and operational measures should be formulated to increase the level of financial development, indicating positive influence (+), negative influence (-) or neutral influence (0) on separate components of financial development (Table 3.3).

Table 3.3

**Operational measures to increase financial development
at «Kharchovyk» PJSC**

Measures	Components of financial development			
	business activity	liquidity and solvency	financial sustainability	profitability
Creating the minimum stock of raw materials and goods	+	+	0	+
Minimization of seasonal stocks of raw materials and materials	+	+	0	+
Reduction of stocks of raw materials and materials used for production of products with low demand	+	+	0	+
Reducing stocks of low-demand products	+	+	0	+
Reducing the range of product buyers on credit by eliminating high risk groups	+	+	0	-/+
Sale of products on prepayment	+	+	0	-/+
Minimization of terms in payment delays	+	+	0	-/+
Minimizing the size of a commercial loan	+	+	0	-/+
Rigid collection procedure for receivables	+	+	0	-/+
Increase the term for receiving commodity credit from suppliers	+	-	-	0
Increased volumes of received commercial credit from suppliers	+	-	-	0
Application of a price discount at cash payments for sold products	+	+	-	-
Sale of non-current assets that do not participate in the production process	+	+	+	0/-/+
Application of modern refinancing forms of accounts receivable	+	+	0	-
Implementation of long-term financial instruments of the investment portfolio	0	+	0	-

Source: calculated by the author

As can be seen from the table, most of the proposed operational measures have a significant impact on liquidity and business activity. As regards the

improvement of financial sustainability and profitability, implementation of such measures will be more long-term.

It should also be noted that some of the proposed measures may have both a positive and a negative impact on individual aspects of financial development. For example, measures such as reducing the number of product buyers on credit by eliminating high-risk groups, selling products in advance, minimizing terms in payment delays, minimizing the size of a commercial loan, and a rigorous collection procedure for receivables are typically related to the introduction of a conservative (tough) credit policy for purchasers of products. Such a policy negatively affects the stable business relationships of the enterprise with buyers (debtors), which, in turn, can lead to the disconnection of communications and the reduction of sales volumes. Therefore, if such a policy did not cause a significant decrease in sales volumes, then these measures will positively affect the profitability of the enterprise. Otherwise, in case of reduction of sales volumes, negative.

In the case of the non-current assets sale, that are not involved in the production process is also ambiguous. If fixed assets or inventories are sold at book value, this will have a neutral effect on the level of profitability, but in the case of sales below book value, this will reduce the profitability.

Tactical measures to increase the level of financial development are presented in Table 3.4.

Some of the proposed measures have a double effect. Thus, the limitation of the bank loans use will increase the level of profitability by reducing the financial costs of the enterprise. At the same time, the limitation of the bank loans use limits the development of the enterprise and reduces the profitability of the equity itself by reducing the effect of the financial leverage. Renting or leasing equipment will help to increase profitability, as some advanced technologies or equipment will be introduced, which will reduce the company's costs and increase profitability. However, in the case that lease payments significantly overcome the cost savings due to the introduction of equipment, this will reduce the profitability.

Table 3.4

**Tactical measures to increase financial development
at «Kharchovyk» PJSC**

Measures	Components of financial development			
	business activity	liquidity and solvency	financial sustainability	profitability
Closing of nonprofit production	0	+	+	+
Optimization of price and assortment policy	0	+	+	+
New product development	0	+	+	+
Optimization of variable and constant costs	0	+	+	+
Restrictions on the use of bank loans	0	+	+	-/+
Additional issue of shares	0	+	+	0
Decrease in administrative expenses and sales expenses	0	+	+	+
Increased marketing efforts to promote goods on the market	0	+	+	+
Creating a Brand (Rebranding)	0	+	+	+
Reduction of production costs (reduction of production staff of main and auxiliary units, reduction of costs and raw materials and energy resources)	0	+	+	+
Increase in equity by capitalizing profits	0	+	+	+
Transfer of social infrastructure objects to communal property	0	+	+	+
Automation and mechanization of production	0	+	+	+
Application of reverse leasing	0	+	+	-/+
Restrictions on the purchase of fixed assets	0	+	+	-
Rental equipment instead of buying it	0	+	+	-/+
Lease of unused areas	0	+	+	+
Temporary suspension of the investment projects implementation	0	+	+	-
Attraction of long-term financing (long-term loan, issue of bonds, issue of shares, leasing)	0	+	+	+/-
Restructuring debts by transforming short-term debt into a long-term	0	+	+	0
Prolongation of short-term financial loans	0	+	+	0
Optimization of the production program	0	+	+	+

Source: calculated by the author

Using the presented measures, the necessary list of tactical and operational measures for the implementation of the chosen strategy should be formed to protect the market situation and the strategy for business process reengineering at «Kharchovyk» PJSC (Table 3.5).

Table 3.5

Process of strategy planning at «Kharchovyk» PJSC

The name of the stage	Content
Specification of goals and objectives of the strategy through the formation of financial development profiles	<ul style="list-style-type: none"> • Maintaining a high level of penetration into the market, activating operational marketing in the part of the protective pricing policy, strengthening the distribution network, strengthening sales promotion measures. • Improved management of payables. • Improvement of cost management system
Development of tactical measures	<ul style="list-style-type: none"> • Optimization of price and assortment policy • New product development • Optimization of variable and constant costs • Increasing marketing efforts to promote products on the market • Reduction of production costs (reduction of production staff of main and auxiliary units, reduction of costs and raw materials and energy resources) • Automation and mechanization of production
Development of operational measures	<ul style="list-style-type: none"> • Increase the term for receiving commodity credit from suppliers • Increase volumes of received commercial credit from suppliers
Development of indicators system for assessing the implementation of the strategy	<p>Finances:</p> <ul style="list-style-type: none"> • Gross profitability of sales • Gross profitability of products <p>Customers:</p> <ul style="list-style-type: none"> • Market share • The share of new types of products in the total volume of sales <p>Business Processes:</p> <ul style="list-style-type: none"> • The maturity of accounts payable • Costs for 1 UAH of commodity products • Marginal revenue <p>Training and development:</p> <ul style="list-style-type: none"> • Number of developed (recipe) technological cards • Productivity

Source: developed by the author

The list of indicators can be expanded to cover all important aspects of the enterprise. The proposed indicators should be in line with the company's budgets.

For example, for the indicator of gross profitability of sales enough forecast budget on profits and losses. The calculation of the gross profitability of the product is based on information on the budget of the sales cost and sales budget. The market share is calculated on the basis of sales and sales budget information.

Similarly, all other indicators of the planned strategy for monitoring and timely corrections should be linked to the budget system of the enterprise.

An improved approach to the formulation and implementation of the strategy is as follows (Fig. 3.4).

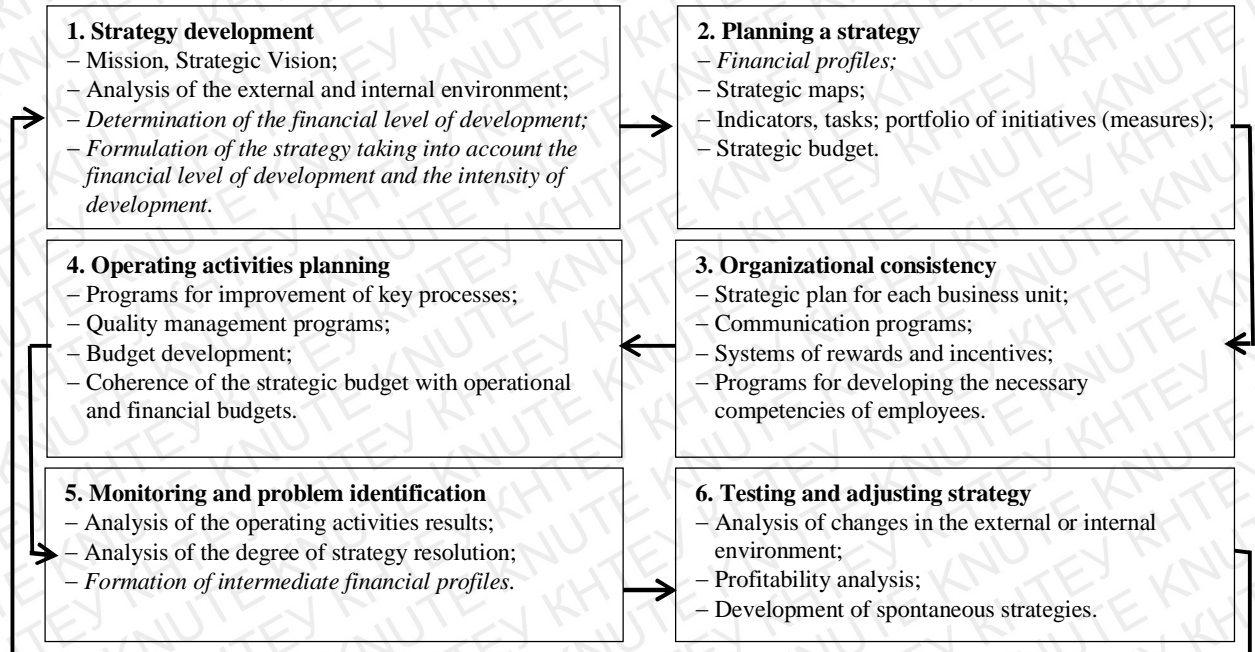


Fig. 3.4 Scheme of formulation and implementation of development strategy at «Kharchovyk» PJSC

The proposed sequence of stages of the formulation and implementation of the strategy will formalize the process of strategic management and provide control on each of them, which will increase the efficiency of the enterprise.

The conducted research in part three allowed to determine following:

1. The expediency of determining the financial level of enterprise development, which characterizes the financial condition of the enterprise, the efficiency of the resources use and its financial capabilities, is substantiated. The financial development level is calculated as the arithmetic mean of business activity, liquidity and solvency, financial sustainability and profitability.

2. To improve the financial level of development and, accordingly, the balance of financial condition, each of the components of the financial development level, for which the criteria of evaluation have been calculated are considered. It allowed

to receive the actual profile of enterprise, and on the basis of this, identify its strengths and weaknesses and predict the desired profile.

3. The financial level of enterprise development characterizes the efficiency of financial and economic activity of the enterprise and its financial potential. Depending on the financial level of development, enterprise will have different financial capabilities to implement the development strategy. The conditions of the environment are proposed to be taken into account when using the rate of development.

4. To choose a development strategy, the level of intensity of enterprise development is divided by the following criteria: less than 100% – low level of enterprise development intensity; from 100% to 124.9% – the average intensity of enterprise development; from 125% and more – a high level of intensity of enterprise development.

5. Strategic positioning of enterprise taking into account its financial level of development and level of development intensity is carried out with the help of two-dimensional matrix «financial level of development / level of development intensity».

6. In order to develop tactical and operational measures that are proposed to be determined by forming the profiles of certain components of the financial position, a number of tactical and operational measures are proposed in the paper. Its implementation will increase the financial level of development and, accordingly, improve the financial position of the enterprise. In addition, the nature of the impact (positive, negative, neutral) of the specified measures on the separate components of the financial condition of the enterprise is determined.

7. The proposed sequence of stages of the formulation and implementation of the strategy will formalize the process of strategic management and provide control on each of them.

CONCLUSIONS AND PROPOSITIONS

As a result of the conducted research the following conclusions and recommendations should be done to improve the process of development strategy formation and measures identification at «Kharchovyk» PJSC:

1. The main classifications and scientific approaches of development strategy formation were observed and defined. The formation of the enterprises' development strategy is a complex and multifaceted process that contains a set of tasks at each stage: analysis of the external and internal environment of the enterprise; determine the purpose and mission of the enterprise; formation of strategic alternatives; select a strategy; realization of the enterprise strategy.

2. The methods of selection and evaluation of enterprise's development strategy were reviewed, and how these methods to use in strategy formation process were observed. The study of the main tools for implementing the strategy showed that the most expedient is the use of integrated management system of implementation strategy by R. Kaplan and D. Norton. It allows to combine strategy, planning and production into a single system. Strategic planning and operational activities in this management system are considered as stages of one system, which are interconnected by common goals, indicators, resources, data flows and information.

3. The process of the development strategy formation at «Kharchovyk» PJSC was analyzed. It is possible to distinguish the following problems that affect the activities of «Kharchovyk» PJSC and its degree of dependence on legislative or economic constraints: dependence on seasonal changes, grape harvest. This affects the volumes of production in different seasons; a significant reduction in the solvency of the population; the instability of the political situation in the country; rigid and inflexible taxation system; high cost of energy carriers; instability of legislation; complexity of external financing attraction, high cost of bank loans; devaluation of the national currency; complexity of access to modern technologies;

low qualification level of labor force; low solvency of demand for company products; rigid competition in the alcohol market.

It was established that «Kharchovyk» PJSC is in a stable growth stage. This means that the investigated company not only keeps its share of the market, but also increases it, most of the business units need investments that are connected with the elimination of bottlenecks, expansion of capacities, constant improvement of business. The main financial goals are income from core business and gross profit.

4. The existing strategy of «Kharchovyk» PJSC was identified and assessed on the base of financial indicators analysis. In 2016-2017, the amount of receivables increased at «Kharchovyk» PJSC more rapidly than sales volumes, indicating that receivables grew not only due to the growth of sales volumes, but also due to an increase in the term of customer lending. Against the backdrop of reducing the amount of payables used in the company as a short-term source of funding, it is difficult to name a policy of management of accounts receivable reasoned.

5. Management tools and measures on choosing a development strategy of «Kharchovyk» PJSC according to the peculiarities of its activity were determined. Strategic positioning of enterprise taking into account its financial level of development and level of development intensity was carried out with the help of two-dimensional matrix «financial level of development / level of development intensity». The profile of certain component of the financial position was formed to create number of tactical and operational measures.

6. The results of implemented measures at «Kharchovyk» PJSC and its evaluation were forecasted. The implementation of tactical and operational measures will increase the financial level of development and, accordingly, improve the financial position of the enterprise. In addition, the nature of the impact (positive, negative, neutral) of the specified measures on the separate components of the financial condition of the enterprise is determined.

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APPENDIX A

APPENDIXE B

Balance sheet (statement of financial position)

Assets	Line code	2015	2016	2017
1	2	3	4	5
I. Non-current assets				
Intangible assets:	1000	1727	794	18
initial value	1001	1893	1893	1893
accumulated depreciation	1002	166	1099	1875
Incomplete capital investment	1005	0	0	7412
Fixed assets:	1010	13600	15268	18138
initial value	1011	27116	30827	36014
wear and tear	1012	13516	15559	17876
Investment Property:	1015	0	0	0
initial value	1016	0	0	0
wear and tear	1017	0	0	0
Long-term biological assets:	1020	0	0	0
initial value	1021	0	0	0
accumulated depreciation	1022	0	0	0
Long-term financial investments: which are accounted using the equity method of other enterprises	1030	0	0	0
other financial investments	1035	0	0	0
Long-term receivables	1040	0	0	0
Deferred tax assets	1045	0	0	0
Goodwill	1050	0	0	0
Deferred aquaculture expenses	1060	0	0	0
Remaining funds in centralized insurance reserve funds	1065	0	0	0
Other non-current assets	1090	0	0	0
Total for Section I	1095	15327	16062	25568
II. Current assets				
Stocks	1100	40969	48248	72279
Inventories	1101	6070	15965	23108
Unfinished production	1102	22142	23045	35387
Final product	1103	6158	6017	1982
Goods	1104	6599	3221	11802
Current biological assets	1110	0	0	0
Deposits of reinsurance	1115	0	0	0
Promissory notes received	1120	0	0	0
Accounts receivable for products, goods, works, services	1125	164423	163095	55604
Accounts receivable by settlement: on advance payments	1130	0	0	0

with budget	1135	5860	6723	12260
including income tax	1136	0	0	0
from accrued income	1140	0	0	0
from internal settlements	1145	0	0	0
Other Current Accounts Receivable	1155	54522	37258	28326
Current financial investments	1160	0	0	0
Money and their equivalents	1165	9454	365	174
Cash	1166	39	0	0
Bank accounts	1167	9415	365	174
Costs of future periods	1170	486	517	509
The share of a reinsurer in insurance reserves	1180	0	0	0
including:				
reserves of long-term liabilities	1181	0	0	0
provisions for losses or provisions for due payments	1182	0	0	0
reserves of unearned premiums	1183	0	0	0
other insurance reserves	1184	0	0	0
Other current assets	1190	24	2211	3906
Total for Section II	1195	275738	258417	173058
III. Non-current assets held for sale and disposal groups	1200	0	0	0
Balance	1300	291065	274479	198626
Passive	Line code	2015	2016	2017
1	2	3	4	5
I. Equity				
Registered (share) capital	1400	53	53	53
Contributions to unregistered authorized capital	1401	0	0	0
Capital in surplus	1405	0	0	0
Additional capital	1410	11984	11984	11984
Emission Income	1411	0	0	0
Accumulated exchange rate differences	1412	0	0	0
Reserve capital	1415	54	54	54
Retained earnings (uncovered loss)	1420	15391	19354	21919
Unpaid capital	1425	(0)	(0)	(0)
Capital withdrawn	1430	(0)	(0)	(0)
Capital withdrawn	1435	0	0	0
Total for Section I	1495	27482	31445	34010
II. Long-term commitments and collateral				
Deferred tax liabilities	1500	0	0	0
Pension obligations	1505	0	0	0
Long-term bank credits	1510	0	0	0
Other long-term liabilities	1515	16799	16495	16495
Long-term security	1520	0	0	0
Long-term maintenance of staff costs	1521	0	0	0
Targeted financing	1525	0	0	0

Charity	1526	0	0	0
Insurance reserves, including:	1530	0	0	0
reserve of long-term liabilities; (at the beginning of the reporting period)	1531	0	0	0
loss reserve or due allowance; (at the beginning of the reporting period)	1532	0	0	0
reserve of unearned premiums; (at the beginning of the reporting period)	1533	0	0	0
other insurance reserves; (at the beginning of the reporting period)	1534	0	0	0
Investment contracts	1535	0	0	0
Prize fund	1540	0	0	0
Reserve for jackpot payment	1545	0	0	0
Total for Section II	1595	16799	16495	16495
III. Current liabilities and security				
Short-term bank credits	1600	0	39470	0
Promissory notes issued	1605	0	0	0
Current payables: for long-term obligations	1610	0	0	0
for goods, work, services	1615	198392	127586	103299
according to calculations with the budget	1620	344	23	43
including for income tax	1621	285	2	0
on insurance calculations	1625	18	0	0
on payroll calculations	1630	295	0	0
on receipt of advances	1635	0	0	0
according to the calculations with the participants	1640	2	2	2
from internal settlements	1645	0	0	0
for insurance activity	1650	0	0	0
Current provision	1660	428	457	916
Future revenues	1665	0	0	0
Deferred commission income from reinsurers	1670	0	0	0
Other current commitments	1690	47305	59001	43861
Total for Section III	1695	246784	226539	148121
IV. Liabilities related to non-current assets held for sale and disposal groups	1700	0	0	0
V. Net asset value of non-state pension fund	1800	0	0	0
Balance		291065	274479	198626

APPENDIXE C

Financial Statement (Consolidated Income Statement)

I. Financial results

Article	Line code	2015	2016	2017
Net income from sales of goods (goods, works, services)	2000	231162	388977	325273
Net earned insurance premiums	2010	0	0	0
Awards signed, gross amount	2011	0	0	0
Awards transferred to reinsurance	2012	0	0	0
Change in reserve of unearned premiums, gross amount	2013	0	0	0
Change in the share of reinsurers in the reserve of unearned premiums	2014	0	0	0
Cost of sold products (goods, works, services)	2050	(162839)	(262140)	(237524)
Net losses incurred on insurance payments	2070	(0)	(0)	(0)
Gross: profit	2090	68323	126837	87749
loss	2095	(0)	(0)	(0)
Income (expense) from changes in long-term liability provisions	2105	0	0	0
Income (expenses) from changes in other insurance reserves	2110	0	0	0
Change in other insurance reserves, gross amount	2111	0	0	0
Change in the share of reinsurers in other insurance reserves	2112	0	0	0
Other operating income	2120	41654	37716	4855
Income from changes in the value of assets measured at fair value	2121	0	0	0
Income from initial recognition of biological assets and agricultural products	2122	0	0	0
Administrative expenses	2130	(4664)	(3483)	(3719)
Selling expenses	2150	(55758)	(110310)	(76365)
Other operating expenses	2180	(42622)	(42185)	(6237)
Cost of changes in the value of assets that are measured at fair value	2181	(0)	(0)	(0)
Costs from the initial recognition of biological assets and agricultural products	2182	(0)	(0)	(0)
Financial result from operating activities: profit	2190	6933	8575	6283
loss	2195	(0)	(0)	(0)
Income from equity participation	2200	0	0	0
Other financial income	2220	0	0	0

Other income	2240	0	0	0
Income from charity	2241	0	0	0
Financial expenses	2250	(1002)	(3695)	(3125)
Losses from equity participation	2255	(0)	(0)	(0)
Other expenses	2270	(15)	(13)	(0)
Profit (loss) from the influence of inflation on monetary items	2275	0	0	0
Financial results before tax: profit	2290	5916	4867	3158
loss	2295	(0)	(0)	(0)
Income from income tax	2300	-1130	-904	-593
Profit (loss) from discontinued operations after tax	2305	0	0	0
Net financial result: profit	2350	4786	3963	2565
loss	2355	(0)	(0)	(0)

II. Comprehensive income

Article	Line code	2015	2016	2017
Revaluation (subtraction) of non-current assets	2400	0	0	0
Revaluation (subtraction) of financial instruments	2405	0	0	0
Accumulated exchange rate differences	2410	0	0	0
Share of other aggregate income of associates and joint ventures	2415	0	0	0
Another cumulative income	2445	0	0	0
Other comprehensive income before tax	2450	0	0	0
Income tax linked to other comprehensive income	2455	0	0	0
Other comprehensive income after tax	2460	0	0	0
Total revenue (amount of lines 2350, 2355 and 2460)	2465	4786	3963	2565

III. Elements of operating expenses

Article	Line code	2015	2016	2017
Material costs	2500	95696	146695	202423
Salary expenses	2505	6518	7732	12829
Deductions for social events	2510	1023	1657	2131
Amortization	2515	1831	3390	3481
Other operating expenses	2520	59077	111939	80964
Total	2550	164145	271413	301828