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FINAL QUALIFYING PAPER (PROJECT)

on the topic:

**«Development of competitive advantages of the enterprise»
(on materials of LLC "Pharma Start", Kyiv)**

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INTRODUCTION

The urgency of the research topic is that in a market economy the competitiveness of the company plays a decisive role for the successful activity of the enterprise; therefore, the significance of solving the problem of increasing the competitiveness of the enterprise in the rapidly changing sphere of competitive relations in the market conditions is undoubted. The fundamental basis for ensuring the competitiveness of enterprises is the formation and provision of its competitive advantages.

The basis of a market economy is the notion of competition, as the main driving force of the evolution of relations between actors operating in this environment. At the present stage of economic development, the problem of competitiveness is central to the state's economic policy.

Creating competitive advantages over the enemy becomes a strategic direction of the state and its bodies in the field of ensuring the competitiveness of the national economy. At the same time, the increase of competitiveness concerns all levels of its hierarchy: products (goods and services), enterprises, industries, the region and the country as a whole, but the particular importance of the enterprise becomes a key component of the economy.

In this regard, there is an acute problem of ensuring and increasing the competitiveness of Ukrainian enterprises.

For successful competitive struggle, enterprises need not only to upgrade technologies and technological equipment, study the domestic and foreign markets and conduct marketing research, as well as to identify their capabilities, weaknesses and vulnerabilities of competitors, but also to provide managerial influence on their own competitiveness and determine the main directions of its increase.

In order to identify ways to increase competitiveness, it is necessary to conduct its detailed analysis and evaluation. Detailed analysis and assessment of the company's competitiveness contributes to: identification and correct allocation of its priorities; development of measures for increasing competitiveness; the

choice and development of a future development strategy; attraction of investors' funds in perspective production; preparation of the program of the company's exit to new markets, etc.

To date, there is a large number of works of domestic and foreign economists devoted to the problem of analysis and evaluation, ensuring and increasing the competitiveness of the enterprise. This problem is being investigated by specialists in marketing, quality management, commodity science, management, macro– and microeconomics, while none of the experts are trying to go beyond the scope of their specialty.

Theoretical and methodological issues of competitiveness were laid down in the works of classics of economic theory: A. Smith, K. Marx, A. Marshall, D. Riccardo, J. Robinson, J. Case, J. Schumpeter, E. Cemberlena, F.A. Hayek. The issues of regulating competitiveness in the prevailing market system were considered in the writings of I. Ansoff, K. Viksell, L. Vodachek, J.–J. Lamben, A.P. Lerner, M. Meskon, V. Ouchi, M. Porter, G. Simon, A. Strickland, X. Tacuuchi, F.I. Jejuurt and others. Various aspects of competitiveness are covered by domestic authors quite widely, among them should be noted P.L. Lupak, A.A. Mazaraki, OI Dragan, N.P. Tarnavska, T.O. Zagorna, IV Sakhno et al.

The given problem is complex and multifaceted, therefore, despite the rather deep level of development of the competitiveness problem, there is still no clear systematization of the results of research, a number of theoretical, methodological and methodical issues of ensuring, increasing the competitiveness of enterprises are not fully disclosed. To date, there is no single approach to the analysis and assessment of competitiveness to determine ways to enhance competitive advantage.

The purpose of the research is to substantiate theoretical and practical recommendations for the development of competitive advantages of the enterprise.

According to the goal, the list of tasks for the implementation of this scientific study is formulated:

- check out the nature, types and classification of competitive advantages;

- consider the sources of the formation of competitive advantages and factors of their containment;
- determined methodological approaches to assessing the competitiveness of the enterprise;
- the general characteristics of the enterprise are analyzed;
- the analysis of the competitive environment of the enterprise is made;
- an assessment of the achieved level of competitiveness of the enterprise is carried out;
- the strategy of increasing the competitive advantages of the enterprise is developed;
- the program of measures aimed at increasing the competitive advantages of the enterprise is developed.

The subject of the research is the combination of theoretical and practical aspects of the development of competitive advantages of the enterprise.

The object of research is the process of forming the competitive advantages of the enterprise.

Research methods. The tasks put into work were solved by using such scientific research methods as logical, descriptive, comparative, statistical, calculative–analytical, Absolute, and relative variables, graphs, economic analysis, expert assessments, etc.

The theoretical basis of the work is the scientific researches of domestic and foreign experts on the competitive potential of the enterprise, economic analysis, assessment of the efficiency of production and economic activities, normative–legal documents. Information is based on the statistical data of “Pharma Start” LLC, “Farmak” PJSC, “Darnitsa” LLC, as well as data from the media on the situation in the pharmaceutical industry, Internet resources, and results of their own research.

Sources of information for the analysis of the financial effectiveness– the economic activity of “Pharma Start” LLC became: annual reports of the pharmaceutical enterprise, in particular Form №1 “Balance sheet (Financial

Statement)”, Form № 2 “Statement of financial results (Report on aggregate income)”, Form №3 “Statement of cash flows”, form №4 “Report about own capital”, etc. Processing information obtained during the research, conducted with the help of modern information technology. The scientific novelty of the results of the master's work is in generalization of scientific and methodological provisions and practical development recommendations on improving the efficiency of enterprise management through the development of competitive advantages of the enterprise.

The practical value of the results obtained is to create recommendations for the development of competitive advantages of the enterprise. Realization at the “Pharma Start” LLC , the proposed measures will increase the effectiveness of its economic activity by raising the level of competitiveness, which in turn will contribute to its socio–economic development, achievement of stable competitive advantages.

Structure and scope of work. Master's work consists of an introduction, three sections, a conclusion, list of used literature and applications. In conclusion, the conclusions are formed and suggestions are based on the results of the study.

PART 1

THEORETICAL AND METHODOLOGICAL PRINCIPLES OF FORMATION OF COMPETITIVE ADVANTAGES OF ENTERPRISES

1.1 The essence, types and classification of competitive advantages

For the formation of competitive advantages of an enterprise it is first of all advisable to investigate the essence of this category.

There are different points of view regarding the interpretation of competitive advantages. For the first time, the concept of "competitive advantage" was investigated by M. Porter, which determines the competitive advantage as an advantage of the firm in a field of product release when compared with other competing firms [38]. Dolzhansky I. considers the resource concept of the formation of competitive advantages, linking it with the effectiveness of the use of available resource potential [12] Stelmashchuk N.A. binds a competitive advantage to a set of system-forming factors that are multi-directional and determine its sustainability and effectiveness [26, p.125–132]. Interpretation of the concept of "competitive advantages of the enterprise" from the standpoint of scientists is given in Table 1.1.

Table 1.1

Interpretation of the concept of "competitive advantages of the enterprise"

Author	Definition
1	2
Y. Ivanov [13]	The competitive advantages are "positive differences of the enterprise from competitors in some or all types of activities that ensure the improvement of socioeconomic efficiency in the short term and long-term survival through the constant search for new opportunities and rapid adaptation to the environment and the conditions of competition, changing. "
I. Borishkevich [5, p. 6–11]	Competitive advantages are the unique strengths of the company in relation to competitors that combine the best elements of doing business, such as marketing, application of technologies, organization of activities on the innovation platform, that is all that makes the product or service exclusive, providing the company with a competitive edge.

Continuation of Table 1.1

1	2
S.Bliznyuk, A. Ostapenko [3, p. 41–42]	A set of key factors which are different from rivals, which contribute to ensuring that the company has a stable, leading competitive position in the market for a certain period.
I. Shapovalova [28]	Competitive advantage – the degree of difference from a competitor both internal and external origin, aimed at ensuring a stable competitive position for a long period.
A. Levitska [17, p. 51–54]	Competitive advantages of the company are a combination of the resources available to it (raw materials, spatial, labor, managerial, technological, informational, marketing, etc.) and ways of their use, which provide him with more opportunities for production and sales of products in comparison with his competitors.
K. Gubin [10]	Competitive advantages of the company – created as a result of creativity of people, accumulated in the process of functioning of specific forms and processes of adapting the factors of production to the environment, which promote synergy and it provides higher value of the product than the competitors.
E. Andreeva [1]	Competitive advantages are "characteristics of the enterprise, which are available at a certain competitive status and efficient use of competitive potential and provide advantages over competitors."
I. Varga [7, p. 219–222].	Competitive advantages are the sum of the main factors of success, which allow to ensure stable positions of the company in the market in the long-term.
E. Didenko [11]	Competitive advantages can be described as a set of key success factors that are different from rivals, which provide the entity with a stable competitive position in the market.

Source: [13, 5, 3, 28, 17, 10, 1, 7, 11]

Thus, most scholars agree that the competitive advantage should have the following characteristics: relativity – is revealed only when comparing several enterprises; dynamism – the opportunity to change; adaptability – the possibility of adaptation; stability – the ability to be stored for a long period of time; effectiveness – to obtain a financial effect, from its provision [13, 2].

Thus, today a number of definitions of competitive advantages of an enterprise are used and if one of them quite correctly and fully reflects the essence of this concept, then others are partial and apply only to certain areas of activity of production units.

In general, characterizing the essence of the concept of “competitive advantages of an enterprise”, we can note that the competitive advantages of an enterprise are a combination of its available resources (raw materials, spatial, labor, managerial, technological, information, marketing, etc.) and ways of their use, which provide him with more opportunities for production and sales of products in comparison with his competitors.

The most successful, in our opinion, the classification of the competitive advantages offered by the company in his work A.V. Voichak and R.V. Kamyshnikov (Fig. 1.1) [8, p. 50–53].

Let's take a closer look at the competitive advantages of the company by the sources of their occurrence. Internal competitive advantages are the characteristics of the internal aspects of the enterprise (level of costs, productivity, process organization, management system) that exceed the similar characteristics of the major competitors.

External competitive advantages are based on the company's ability to create and more important values for customers, which creates a more complete satisfaction of their needs, reduce costs and increase the efficiency of their activities. It is clear that the basis of the overall competitive advantage of the company is the internal competitive advantage. But, in our opinion, this is only the potential of the company to achieve its competitive position.

It is the external competitive advantage, on the one hand, orienting the enterprise to the development and use of internal advantages, but on the other hand, provide him with stable competitive positions, since they target him to a clear activity to meet the needs of a specific group of consumers.

The list of competitive advantages of the company requires some explanations and comments. So, with regard to internal competitive advantages: production – labor productivity, cost savings, rationality of exploitation of fixed assets, provision of material and technical resources; technological – modernity, perfection, flexibility of technological processes, use of achievements of scientific and technological progress; qualification – professionalism, skill, activity,

creativity of staff, inclination to innovations; organizational – the present, progressiveness, flexibility, structuring of the operating organizational structure; managerial – efficiency and effectiveness of the current management system, the efficiency of management of circulating assets, quality, production, procurement and marketing processes, the effectiveness of the personnel motivation system; innovative – systems and methods for the development and introduction of new technologies, products, services, availability and implementation of know-how; consequence – market culture of the enterprise, traditions, history of development; economic – availability of financing sources, solvency, liquidity, profitability, profitability; geographical – location, proximity to sources of material, human resources, markets, transport routes and distribution channels.

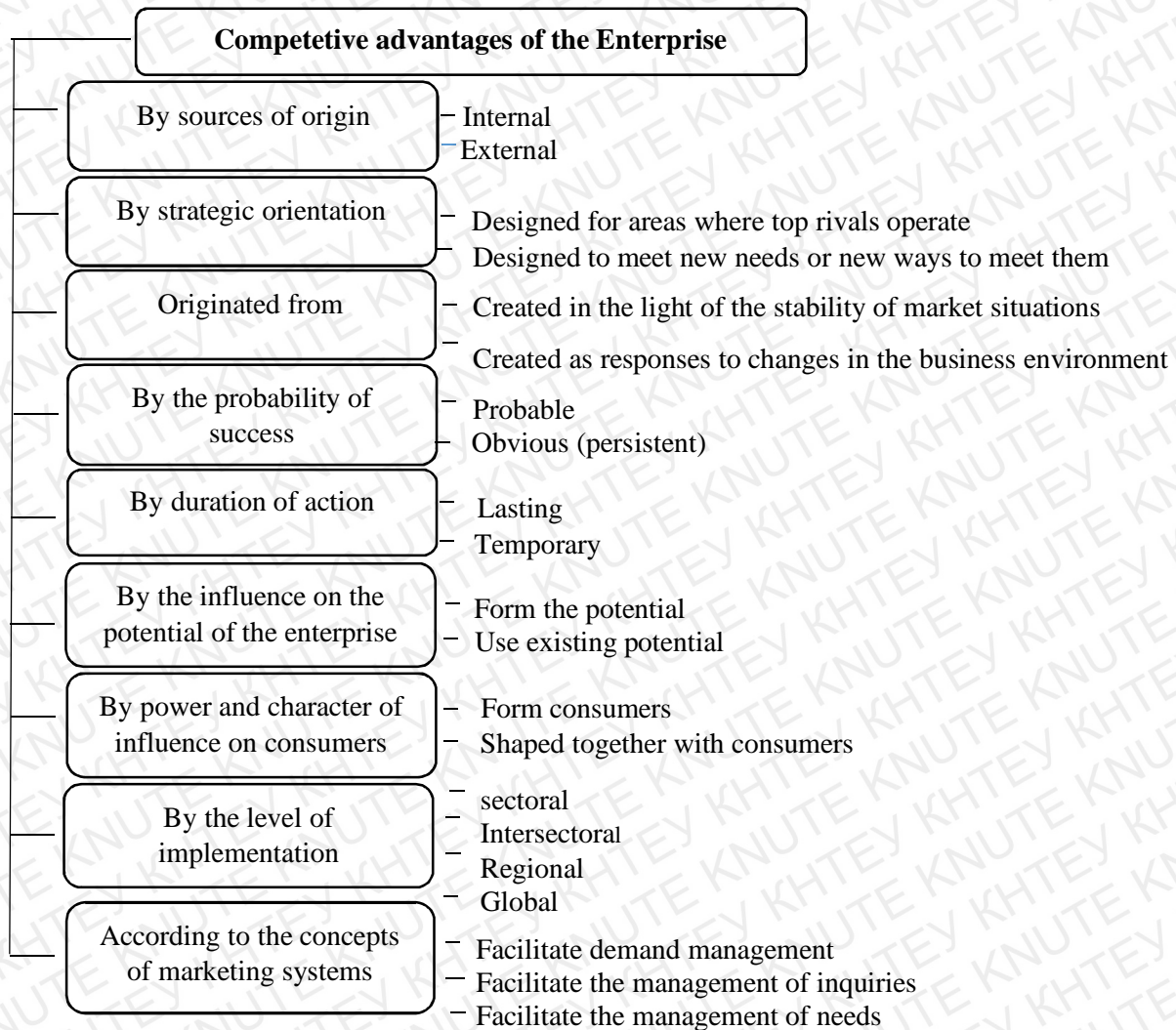


Fig. 1.1 Classification of competitive advantages of the enterprise

The external competitive advantages of the enterprise include [32]:

- information – operating on the enterprise data collection and processing system, the degree of awareness of the company on the state and trends of market development, the forces and conditions of the environment of the environment, the behavior of consumers, competitors and other business entities;
- constructive – technical characteristics of the product, its design, packaging;
- qualitative – the level of quality of products according to consumers' estimates;
- behavioral – a measure of distribution of marketing philosophy among employees of the enterprise.
- target of its activity to meet the needs of consumers of specific target markets;
- market conditions – market conditions of activity, competitive environment (quantity and behavior of competitors, the severity of competition);
- service – the level and quality of services provided by the enterprise;
- image – general representations of consumers about the company and its products, popularity;
- prices – the level and possible price dynamics, their social orientation, market power of the enterprise;
- sales – a portfolio of orders, receptions and methods of distribution of products;
- communication – channels and ways of distributing information about the company, the presence and use of communication.

In addition to the division into internal and external classification of competitive advantages can be carried out in a strategic direction. On this basis, the competitive advantages of an enterprise can be divided into the following varieties:

- the competitive advantages that may occur as a result of creating a unique set of actions, properties, characteristics, and as a result of more significant values for consumers in the same field of activity as the priority competitors;

– competitive advantages that arise as a result of conscious choice of an enterprise different from the priority competitors of the types and fields of activity due to the finding of new needs and ways of their satisfaction.

It should be noted that the latest in the modern literature on the subject are recognized as more progressive, since, on the one hand, allow the company to save on costs associated with competitive actions, and, on the other, contribute to more significant results.

By origin, the company's competitive advantages can be represented by the following varieties:

– the competitive advantages created by the enterprise, based on the stability of existing business situations, the availability of ideas as a reserve for strengthening competitiveness;

– the competitive advantages that arise as a result of changes in the surrounding marketing environment (the emergence of so-called strategic windows, that is, changes in consumer behavior, successes or failures in the behavior of competitors, demographic shifts, the emergence of new technologies, market segments, areas of knowledge).

It is important to create such competitive advantages in time to notice changes and respond adequately to them.

Depending on the probability of a company's success, the company's competitive advantages can be divided into probable (competitive victory, competitive position can't be calculated clearly and specifically in connection with the action of multi-vector factors of the surrounding marketing environment, or due to the uncertainty of its forces and conditions) and obvious.

Certain market-makers call steady competitive advantages. Thus, P. Doyle points out that a steady competitive advantage is the abolition of the advantageous side of the supply of one enterprise from the offers of competitor companies, through which consumers of target markets make a choice in its favor.

Criteria that ensure sustainable competitive advantage of the company:

– benefits for consumers;

- profitability of the enterprise;
- Uniqueness of production;
- stability (not the possibility of repetition by competitors);
- professionalism of workers [34].

Over the duration of the action, the company's competitive advantages are divided into long-term and temporary ones.

However, we share the view of D. Sutton and T. Klein, who point out that traditional commercial thinking involves focusing on the ability to copy the activities of competitors, as the regulatory barriers for this are low. In their view, genuine competition persists when competitors do not want to copy each other, since pursuit of a leader in the industry segment leads to unwanted compromises.

Depending on the impact on the company's potential, competitive advantages can be divided into those that shape the company's potential, strengthen it and build upon existing potential through redistribution of efforts and resources

By the level of realization of competitive advantages of the enterprise there are sectoral, inter-branch, regional (within the country) and global (world) [41].

Taking into account the concepts of the company's marketing systems, one can distinguish the following competitive advantages:

- promotion of demand management (effective methods of promotion and marketing of products, increase of labor productivity, reduction of production costs and sales);
- management of consumer inquiries (formation of marketing complexes, as the optimal systems of tools and actions contributing to the success of an enterprise in a specific market);
- creation of modern marketing system (techniques and methods of strategic, social-ethical, network, partner and other modern types of marketing).

The given classification of competitive advantages of the enterprise, in our opinion, will promote their better understanding, correct orientation when they are created and achieve relevant results.

1.2 Sources of competitive advantages and factors for their retention

Research of scientific sources has allowed to determine that as there is no unanimity in understanding the essence of competitive advantages of the enterprise, so there are different approaches to determining the sources of their formation.

Thus, J. Lamben defines three groups of factors (sources) for the formation of competitive advantages of the enterprise (Fig. 1.2).

The most widespread in scientific circles today is the division of sources of formation of competitive advantages of the enterprise on internal and external. At the same time, the internal sources of the formation of competitive advantages of the enterprise include characteristics of its internal aspects of activity that exceed similar characteristics of its competitors [24].

This is, in particular, the organization and technology of the production process, the management system, labor productivity, the level of the cost of production, the overall level of operating costs, etc.

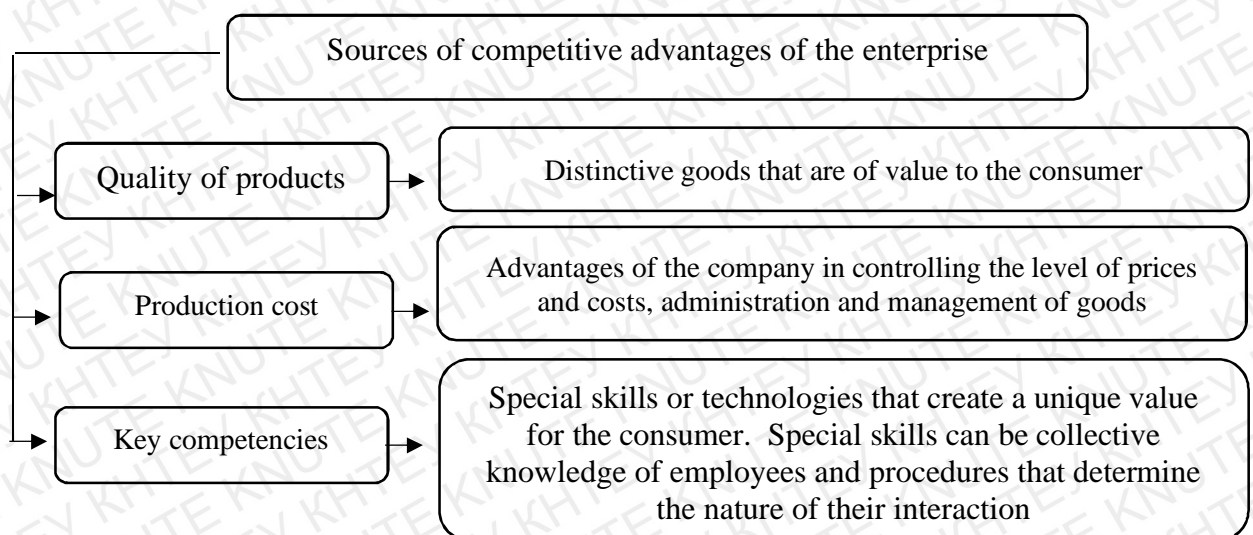


Fig. 1.2 Sources of formation of competitive advantages of the enterprise for Z. Lamben

According to external sources, the formation of competitive advantages is based on the ability of the enterprise to create more significant values for consumers of its products [36].

In addition, there are other approaches to the allocation of sources of formation of competitive advantages of the enterprise (Table 1.2).

Table 1.2

Sources of formation of competitive advantages of the enterprise in researches of scientists

Author	Sources of formation of competitive advantages
Shehovtseva L. [30, p. 11–16]	factors of production (natural resources, skilled labor, favorable conditions for the production of goods; effective investment in education, technology, licenses; creation of new types of production processes and other innovations; use of created wealth to ensure economic growth
Lygonenko L. [18]	substantial reduction of production cost; increase of activity volume, consolidation of enterprises; deploying activities in segments with better condition
Sekerin B., Molchanovsky E., Tolokonnykova Y. [24, p. 87–93]	improvement of product quality, optimization of assortment; price regulation; application of manufacturing technologies that provide the opportunity to produce; unique products location of suppliers of raw materials

Sources: [30, 18, 24]

Analysis of the development of world practice of achievement by enterprises of commercial success in the period from the end of XIX century to the beginning of the XXI century. It allows to distinguish in the evolution of key sources the formation of competitive advantages in several stages. Each of these stages is characterized by specific requirements of consumers regarding the goods (services) of firms and, accordingly, the focus of enterprises on specific aspects of a strategiture to better meet these requirements (Table 1.3).

Table 1.3

Evolution of practical approaches to the use of key sources of competitive advantage

№	Stages	Time period	Market requirements	Key source of comp. advantage
1	2	3	4	5
1	«Factor»	Before the XX cent.	Products at reasonable prices	The availability of factors of production
2	«Cost»	Beginning of the XX cent.–1950 th	Minimal prices	Steady decline in the production costs
3	«Quality»	1960 th — 1970 th	Superior quality characteristics	Continuous improvement in quality of products

Continuation of Table 1.3

1	2	3	4	5
4	«Adaptive»	1970 th — 1980 th	Changing consumer demands	Flexibility
5	«Innovational»	1980 th — 1990 th	Originality, uniqueness of products	Innovations
6	«Globalization– Informational»	1990 th – nowadays	Developed communication system	Active dissemination of innovative technologies

Sources: [21, 23, 19]

Typically, as a result of transformation of business conditions, as a rule, the main sources of formation of competitive benefits. Let's consider in detail the six stages of the evolution of sources of the formation of competitive advantages [14]:

1) Factor (80–90s of the nineteenth century), due to market needs in commodities at moderate prices, and therefore the key factors for the formation of competitive advantages were factors of production (capital, labor, land);

2) costly (from the beginning to the 50's of the twentieth century), which was caused by the expansion of price competition in the market, as a result, the main sources of competitive advantages were those that one way or another contributed to minimizing costs (scale of production, experience, reduction prices, etc.);

3) qualitative (from the 60's to the mid–1970s of the 20th century), which was accompanied by an increase in the requirements for the quality of goods / services of enterprises; therefore, the priority source for the formation of their competitive advantages was a process of continuous improvement of quality;

4) adaptive (from the late 70's until the mid–80's of the twentieth century), the development of which was caused by constant changes in the requirements of consumers, and therefore, the main source of competitive advantages was due to flexibility, ability to adequately and as far as possible Quickly respond to new consumer queries;

5) innovative (from the late 80's to the mid 90's of the 20th century), which was due to an increase in the priority of originality and uniqueness of products and / or the performance of certain works in ensuring the competitiveness of the

enterprise, therefore the key source of competitive advantages of the enterprises was product and process innovation;

6) globalization–informational (from the end of 90–ies of the XX century the present time), the deployment of which was the result of globalization processes and the active dissemination of modern information technologies and communications, and the main sources of the formation of competitive advantages of enterprises have developed a system of communications (in building which takes into account the principles and other principles of cross–cultural management); international division of labor; geopolitical factors, etc.

The most typical reasons for innovations that give a competitive edge are [20]: new technologies; new or changing, consumer requests; change in the cost or availability of production components; the emergence of a new segment of the industry; change in government regulation (Fig. 1.3).

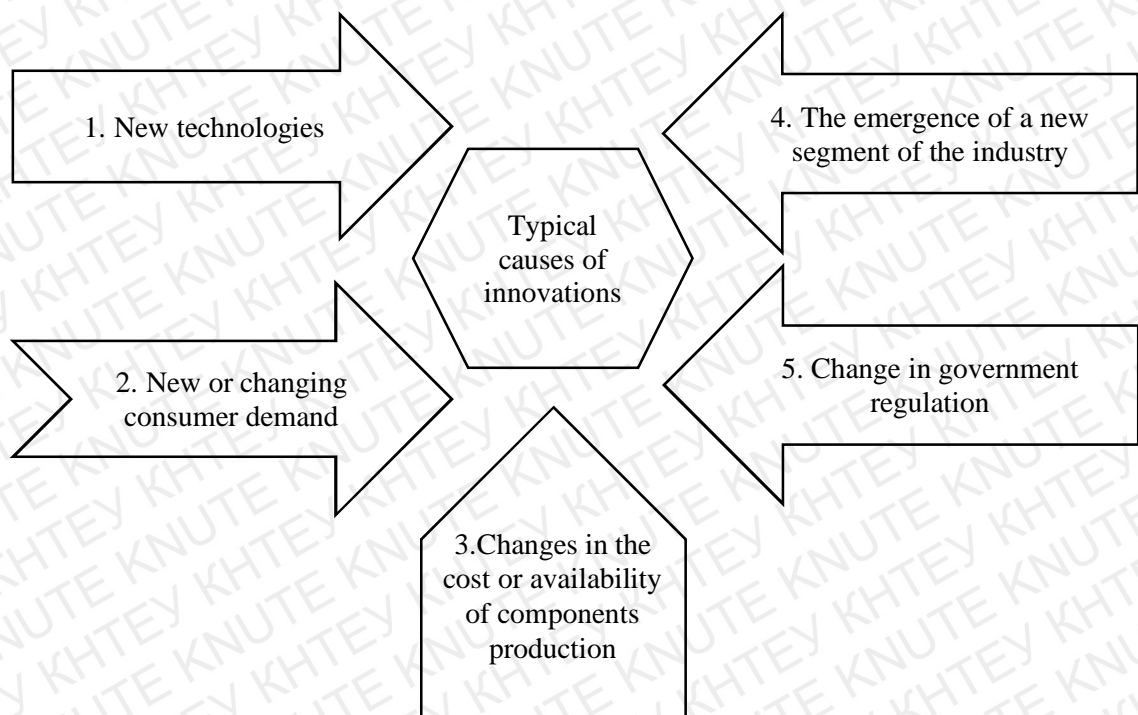


Fig. 1.3 Typical reasons for innovations that give a competitive edge

1. Changing technology can create new opportunities for product development, new ways of marketing, production, or delivery and the improvement of related services. It is precisely it that often precedes the strategically important innovation. New branches appear when changes in

technology enable the emergence of a new product. Leadership change is most likely to happen in those industries where abrupt change in technology leads to the aging of knowledge and foundations of former leaders.

2. Often, a competitive advantage arises or is passed from hand to hand when customers have completely new inquiries or their presentation of the "ideal" product dramatically changes. Those firms that are already entrenched in the market may not notice it or may not be able to react properly, because the reaction requires the creation of a new "value chain".

3. Competitive advantage often goes hand in hand due to the change in the absolute or relative cost of production components such as labor, raw materials, energy, transport, communication, media and equipment. Flexible management achieves competitive advantage by adapting to new conditions, while competitors are tied to investments and tactics tailored to the preconditions.

4. Another possibility of obtaining a competitive advantage appears when a completely new segment of the industry is formed or a re-grouping of existing segments occurs. There is an opportunity not only to enter a new group of buyers, but also to find a new, more effective way to release some types of products.

5. Changing government policies in areas such as standards, environmental protection, requirements for new industries and trade restrictions are another common incentive for innovations that lead to a competitive edge. Existing market leaders adapted to certain "rules of the game," and when these rules suddenly change, they may not be able to respond to these changes.

How long you can keep a competitive advantage depends on three factors. The first factor is determined by the source of the benefits. There is a whole hierarchy of sources of competitive advantage. Benefits of low rank, such as cheap labor or raw materials, can easily be obtained by competitors [21 p. 270–276].

Advantages of higher order (patented technology, differentiation based on unique goods or services, reputation of a firm based on enhanced marketing activities, or close customer relationships that are strengthened by the fact that

changing the supplier to the client will be excessive) can be kept longer, they have certain peculiarities [33].

First, in order to achieve such benefits, you need great skills and abilities – specialized and trained staff, appropriate technical equipment and, in many cases, close relationships with the main clients.

Secondly, the benefits of a high order are usually possible, provided long-term and intensive investment in production capacity, specialized training of personnel, in conducting research and development or in marketing.

Benefits based only on the level of costs are usually not as stable as on the basis of differentiation. One of the reasons for this is that any new source of cost savings, as simple as it would not be, can together deprive the firm of cost benefits.

The second key factor in maintaining competitive advantage is the number of firms with clear sources of competitive advantage. If the firm relies on only one advantage, competitors will try to rid it of this advantage or find a way to bypass it by inventing something else. Firms that hold leadership for many years, seek to secure themselves as much as possible in all strands of value chain.

The third and most important reason for maintaining a competitive advantage is the constant modernization of production and other activities. If the leader, having achieved the benefits, will rest on the laurels, virtually any advantage will subsequently be copied by competitors. If you want to keep an edge, you can't stay in place: the firm must create new advantages, at least with the same speed with which competitors can copy existing ones [37].

The main task is to continuously improve firm performance in order to strengthen existing benefits, for example, to more efficiently exploit production capacities or to organize more flexible customer service. Then it will be even harder for competitors to get around it, because for this they will need to urgently improve their own performance, which may simply not be enough for them [35].

However, in the end, in order to maintain competitive advantage, it is necessary to expand the set of its sources and to improve them, to pass to the advantages of a higher order, which are kept longer.

1.3 Assessing methods of the enterprise competitiveness

The assessment of the competitiveness of the enterprise allows: to determine the level of competitiveness at a specific time, to trace the trends of competitiveness over the period under investigation, to identify "bottlenecks" and reserves for improving the competitiveness of the enterprise. To date, there are no unambiguous approaches to the methodology of enterprise competitiveness research. According to the results of scientific research, it is possible to streamline the methods of diagnostics and evaluation of the competitiveness of the enterprise.

Table 1.4

Classification of methods for assessing the competitiveness of enterprises

Feature of classification	A group of methods	Methods
1	2	3
By the method of evaluation	Quantitative	Differentiated method, integral method, difference method, method of points
	Qualitative	SWOT analysis, expert estimation method, heuristic methods
By the way of presenting results	Matrix	BCG matrix, McKinsey matrix, Shell/DPM matrix, PIMS method, Ansoff's matrix
	Index (analytic)	Integral methods, method of competitive advantages, the theory of effective competition, product competitiveness
	Graphic	Radial diagram, polygon of competitiveness, method of profiles
By the indicators and variables used for the analysis	Methods that characterize market positions	BCG matrix, McKinsey matrix, Shell/DPM matrix, PIMS method, Porter's model
	Methods that characterize the management level	LOTS method, expert estimation method, situational analysis, strategic group maps, benchmarking
	Methods that characterize financial and economic activity	Methods of financial and economic analysis, methods of the financial state forecasting

Continuation of Table 1.4

1	2	3
By the degree of aspects coverage	Special	Competitiveness of products, matrix methods
	Complex	Index and integral methods, method of points
By the level of descision–making	Strategic	BCG matrix, McKinsey matrix, Shell/DPM matrix, etc.
	Tactical	Integral methods, analysis of competitive advantages, theory of effective competition, product competitiveness, self–assessment

Sources: [19, 17, 27, 23]

Evaluate the real chances of the company in the competition and receive weighted management solutions possible by using quantitative methods of evaluation of competitiveness.

Mostly they are related to the calculation of relative values that determine the level of the key indicators on individual areas of activities and later joined in the group and integrated indicators. In some quantitative methods for numerical expression of individual risk for definitions experts use weight ratios [15].

Quality methods of evaluation of competitiveness, according to the experts estimates mostly have low level of mathematical formalization. Qualitative evaluation methods subjective and conditional. Using accurate information in the process analysis of these methods allows evaluation of the real facts, not abstract numbers.

Matrix methods built on the principle coordinate system that using two–dimensional matrices and the presence of a specific information on the amount of a certain products spend marketing evaluation of enterprises to obtain accurate assessment of competitiveness of organization. Matrix methods are simple to use. Drawback of this method is a limited number of characteristics, which is carried out in assessment; Lack of reasons for analysis and taking into account the lack of factors, difficulties with assessment growth market and market share of the company [31].

Index methods related to the definition of individual indices (coefficients) for the key performance and aspects of the organization and anticipate the calculation of the consolidated index on the basis of unification of several indicators [39].

While applying these methods for a comprehensive assessment of competitiveness in a growing globalization, we need to take into account the increasing number of parameters and perform as complex calculations, and simple mathematical operations.

Graphic methods for the assessment of the competitiveness use in the construction the radial charts. Advantages of these methods are that it is easy to use and visually it is determining the differences between the goods–competitors in a separate taken criteria. Drawback of these methods is that they don't take into account the different weight of competitive factors and are unable to set the value of generalized criterion of the competitiveness of the enterprise [4].

Evaluating the competitiveness for the production, marketing and financial aspects of the organization is possible by using a group of special methods. Complex methods are in a comprehensive approach and provide the analysis of a whole range of the most important parameters of the functioning of the company.

While applying these methods you can obtain the most precise information on evaluation of the competitiveness of the company based on quite extensive list of comparative advantages taken into account such settings as internal and external environment.

Strategic methods show which competitive position company has on the market. Analysis of the competitiveness of this method enables the company to determine the appropriate strategy and formulate priority goals.

Tactical methods are related to the assessment of the certain aspects of the company, and decisions that are adopted appealing to the results are usually concerning the shortest periods.

Such analytical methods of the enterprise's competitiveness research as quantitative, complex and tactical, cause an important interest for economic entities.

One and the same method may belong to different groups depending on the attribute of classification.

In modern economy a large variety of methodological approaches to the competitiveness evaluation of the enterprises that determine the isolation of group methods, along with their total classification. Number of groups varies from 5 to 9.

Key methods for evaluation of the competitiveness of the company are methods based on the life cycle of goods, market share, theory effective competition, competitive advantage, evaluation of the competitiveness of products and so on. Advantages and disadvantages of the most common seven groups are given in Table 1.5.

Table 1.5

Methodological approaches to enterprise competitiveness assessment

Method	Advantages	Disadvantages
1	2	3
1. Methods based on the analysis of comparative advantages	The most common and easy to calculate	The staticity of the evaluations received, the inability to adequately assess the competitive position of the enterprise, almost does not reflect the interaction of the product manufacturer with the market
2. Methods based on the equilibrium theory of the enterprise and industry	Qualitative assessment at the level of branches of different countries	To a large extent objectively reflects only the external conditions of work, almost does not characterize the ability to adapt
3. The methods are based on the theory of effective competition	A deep analysis of the internal state, the possibility of comparison with the average industry indicators	The complex synthesis of the results of the analysis (obtaining an integral assessment) and the large amount of calculations does not allow to assess the dynamics of factors influencing the level of competitiveness

Continuation of Table 1.5

1	2	3
4. Methods based on the theory of quality of goods.	Analysis of the quality of manufactured products and considerable attention to consumers	Does not take into account the efficiency of production and sales activities of the enterprise; used for manufacturers of one type of product; identification of the competitiveness of products and enterprises
5. Matrix methods	Ability to study the development of competition in the dynamics	Focus on only one strategy; the limited number of characteristics used to assess competitiveness
6. Integral method	Allows you to get unambiguous evaluations of manufacturer's competitive positions; is quite simple and obvious	Does not allow for in-depth analysis and identification of reserves to enhance competitiveness; does not take into account sectoral features; limited use for enterprises with a significant range of goods
7. Methods based on the theory of multipliers	Ability to evaluate a large number of enterprise indicators	Cumbersome method; the results are objective for a short period of time

Sources: [19,15,4,22,16]

1. The methods based on the analysis of comparative advantages help the company to achieve a stable competitive position in the market, by reducing the cost of production compared with competitors.

2. The methods based on the equilibrium theory of the firm and the industry, show how far an enterprise achieves equilibrium when the manufacturer does not have incentives to change its share in the market and each of the factors of production is used with the highest productivity.

3. By the method built on the basis of the effective competition theory, the most competitive one is the company, which has the best organized work of all its divisions reflected in the efficiency of the enterprise's activity.

4. According to the methodology based on the quality of goods theory, it is possible to identify different parameters for satisfying consumer inquiries according to a particular product and to compare the technical and economic data of the product with other competing products.

5. According to the matrix methods for assessing competitiveness, the enterprise is considered according to the life cycle of a product, firm or industry, the rate of development and attractiveness of the market, the importance of the industry for the economy as a whole. By this method, the most competitive are those enterprises that occupy a significant market share and are considered during making strategic decisions and choosing a competitive strategy.

6. Methods based on the theory of the multiplier are based on the principle of equality of the individual valuation coefficients, which are defined as the ratio of a separate significant value-forming criterion with a certain financial and economic basis. By comparing multipliers, companies can assess their competitiveness on the market.

7. According to the integrated methods for assessing competitiveness, the enterprise's integral index of competitiveness includes a number of criteria that reflect the degree of satisfaction of consumer needs and production efficiency.

In general, most methods are based on the application of the production activity coefficients, financial state and the efficiency of the company's investments.

But the use of integrated methodological approaches is the most reasonable and aims at the development of a consolidated indicator of the competitiveness level.

It is a comprehensive approach that should ensure maximum competitiveness of the investigated object, taking into account all factors of its formation.

PART 2

ANALYSIS OF THE ACTIVITY AND ACHIEVED COMPETITIVE ADVANTAGES OF THE ENTERPRISE LLC “PHARMA START”, KYIV

2.1 General characteristics of the company

ACINO is a modern pharmaceutical company in the field of development and production of high-tech generic medicines. Today, the company occupies the 8th place in the ranking of Ukrainian pharmaceutical manufacturers. Offers a wide portfolio of medicines in key therapeutic groups such as psychiatry, neurology, cardiology, therapy, endocrinology and over-the-counter medications. Today, the ACINO Pharmaceuticals portfolio in Ukraine consists of 63 drugs, among which are medicines, both own production and partners – the leading pharmaceutical companies in the world.

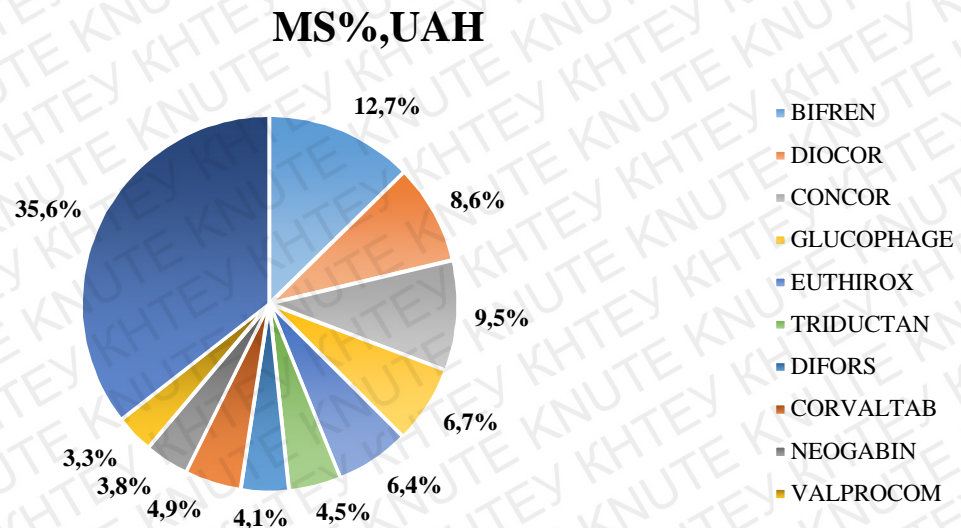


Fig. 2.1 Portfolio for sales of the most successful products

Here we can see that the leader of sales is “Bifren” with a share of 12.7%, followed by “Diocor” and “Concor”, “Glucophage”, etc. 35.6% make up all other preparations of the ACINO portfolio in Ukraine.

The provision of international quality standards is the basis of all the production and business processes of ACINO in Ukraine. For the production of highly effective medicines, the company uses its own production site in the city of

Kiev – a plant certified according to the standards of GMP proper manufacturing practice and a research laboratory for the development of new drugs.

ACINO office in Ukraine is a regional headquarters for business in the CIS countries. Today the company employs more than 700 highly qualified employees. The company collaborates with national distributors, which allows us to organize uninterrupted sales of drugs in Ukraine and to foreign markets, and also has established partnerships with pharmaceutical networks to clearly identify the needs of each patient.

ACINO involvement in the Ukrainian healthcare sector also includes support for domestic health care facilities and charity programs.

The goal of the company is to provide patients with access to advanced, effective Swiss medicines in selected markets in developing countries.

Pharmaceutical firm “Pharma Start” LLC has the following competitive strategic advantages:

- conformity of production conditions and quality control system with GMP requirements;
- introduction of innovative technologies into production;
- computerization on a scale of the enterprise as a whole;
- purposeful marketing policy;
- information support of consumers;
- the philosophy of TQM (Total Quality Management).
- environmentally friendly and safe production.
- increase of sales volumes and market share due to new products;
- constant improvement of product quality.

The most important tasks are to provide a certain level of profit, sales volume, market penetration, increase of labor productivity, more full utilization of production capacities, achievement of rhythm production.

In addition, “Pharma Start” LLC is obliged:

- to pay taxes and payments to the state budget at their place of residence in a timely manner and in full;

- to keep accounting records in the form and in the order established by the state authorities;
- to carry out obligatory types of insurance;
- comply with the requirements of sanitary, fire and other types of control.

Functional responsibilities of each group of employees are distributed quite clearly so that the system of operation of the enterprise could operate in a coherent manner.

The organizational structure of the management of “Pharma Start” LLC is presented in Figure 2.1.

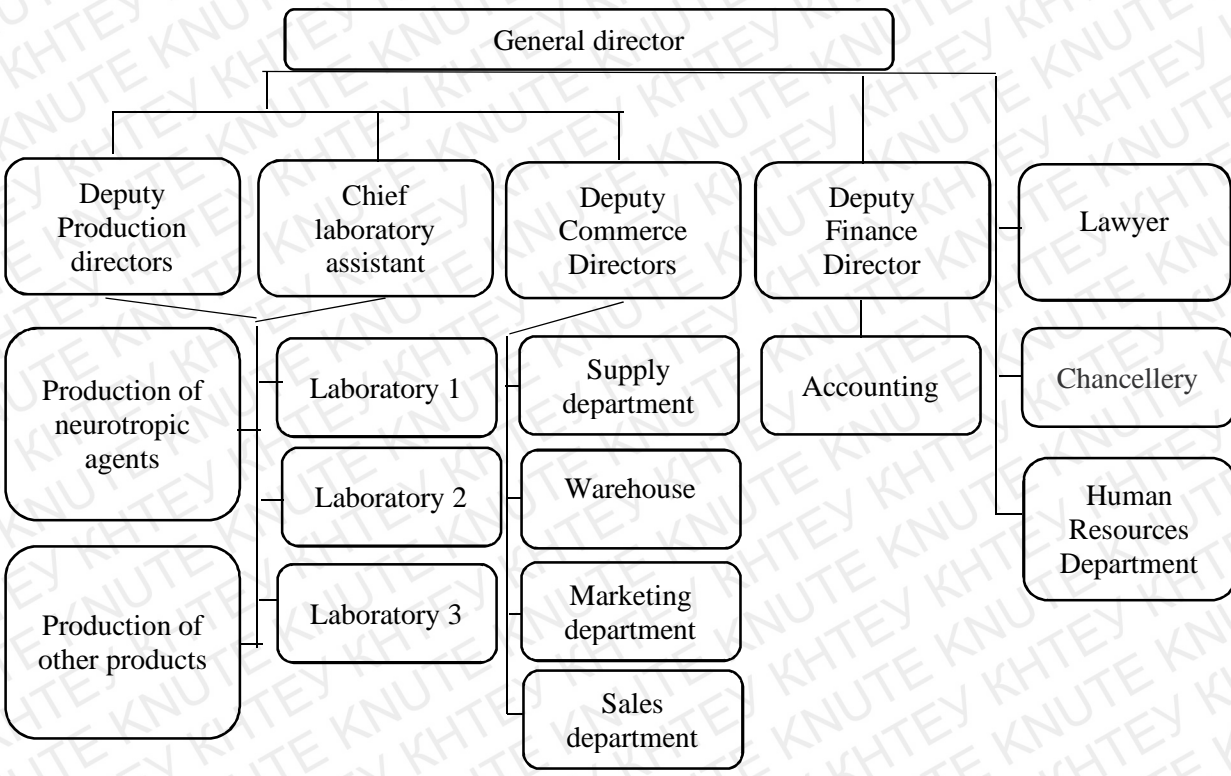


Fig. 2.2 Organizational structure of management of “Pharma Start” LLC

The company is headed by the General Director, who implements the main functions of management, such as: operational management, perspective development, financial and economic strategy. List of the responsibilities of the director includes staffing policy, the development of social infrastructure of the enterprise, work with personnel. Separate management functions delegated to the deputies of the Director General:

- The main laboratory assistant – the function of technical support for the production and development of the enterprise.
- Deputy Director General for Production – the function of operational management of production and planning.
- Deputy Director General for Commercial Issues – the function of ensuring the production and marketing of products, foreign economic relations. Management of transport services.
- Deputy Finance Director – material and financial accounting, cash management, relationship with financial and tax authorities.

In addition to the above directors, the directors are directly subordinate to: the lawyer, the office, Human Resources Department.

Table 2.1

The main indicators of the business of “Pharma Start” LLC for 2015–2017, ths. UAH

Indicators	Years			Absolute deviation (+, -)	
	2015	2016	2017	2016 year from 2015 year	2017 year from 2016 year
1	2	3	4	5	6
1. Revenues from sales of products (goods, services)	780208	1144186	1551196	+363978	+407010
2. VAT	130035	190698	258533	+60663	+67835
3. Net income from the sale of goods or services	650173	953488	1292663	+303315	+339175
4. Cost of goods sold	247203	369609	498853	+122406	+129244
5. Gross profit	402970	583879	793810	+180909	+209931
6. Other operating income	33187	19400	19185	-13787	-215
7. Administrative expenses	42330	91896	137815	+49596	+45919
8. Selling expenses	156361	280342	398686	+123981	+118344
9. Other operating expenses	56387	39704	30379	-16683	-9325
10. Financial results of operating activities	181079	191337	246115	+10258	+54778

Continuation of Table 2.1

1	2	3	4	5	6
11. Other financial income	–	–	2717	0	2717
12. Other income	1593	144	122	–1449	–22
13. Financial expenses	78	5986	25971	+5908	+19985
14. Other expenses	507	138	341	–369	+203
15. Financial result from ordinary activities before taxation	182087	185357	222642	+3270	+37285
16. Net profit	126783	151937	170163	+25154	+18226

Analyzing Table 2.1 we see that “Pharma Start” LLC in 2016, in comparison with 2015, is increasing production volumes. This is evidenced by an increase in sales revenue from sales of UAH 363,978 thousand, as well as a net profit growth of up to UAH 151,937 thousand in 2016.

As a result of the increase in sales, the company has additional expenses for sales of products, which, in comparison with 2015, increased by 123,981 thousand UAH. Also increased administrative costs by 49,596 thousand UAH. compared to 2015. On the contrary, operating expenses in 2016 decreased by UAH 16,683 thousand.

In 2017, there is a further increase in almost all indicators.

Revenues from sales increased from 1,144,186 thousand UAH in 2016 to 1,551,196 thousand UAH in 2017.

Also the net income, other financial income, gross profit and net profit has increased. Along with this, other operating income and other income decreased.

Also continue to grow and almost all costs, except for other operating expenses.

The analysis of indicators of “Pharma Start” LLC shows that the company's activity has a steady upward trend.

For an effective analysis of the financial situation of an enterprise it is expedient to consider indicators of financial stability (Table 2.2).

Table 2.2

Dynamics of indicators of financial stability of “Pharma Start” LLC for 2015–2017

Indicators	Method of calculation(F. №1)	2015 year		2016 year		2017 year		Optimal (recommended value)
		Beginning	End	Beginning	End	Beginning	End	
1. The coefficient of autonomy	line1495:line 1900	0,88	0,89	0,89	0,78	0,78	0,63	>0,5
2. The coefficient of financial dependence	(line1900–line1495):line1900	0,11	0,10	0,10	0,21	0,21	0,36	<2,0
3. The coefficient of maneuverability of equity	line1495:line1195	1,28	1,28	1,28	1,28	1,28	0,94	>0,4
4. The coefficient of the provision of working capital own working capital	(line1195–line1695):(line1195)	0,83	0,87	0,87	0,74	0,74	0,66	>0,1
5. Equity / Equity Ratio (Factor of Financial Strength)	line1495:(line1595+ line1695)	7,60	8,34	8,34	3,75	3,75	1,75	>1
6. The coefficient ratio of borrowed and equity capital (coefficient of financial risk)	(line1595+line1695):line1495	0,13	0,11	0,11	0,26	0,26	0,56	<0,5
7. The ratio of own working capital	(line1495–line1095):line1195	0,83	0,84	0,84	0,65	0,65	0,46	>0,1
8. The ratio of real assets and property value	(line1010+line1101+line1102+line1170):line1300	0,30	0,36	0,36	0,39	0,39	0,53	>0,5
9. Current liabilities ratio	(line1695):(line1595+line1695)	1	0,80	0,80	0,75	0,75	0,63	>0,5
10. Long–term liabilities ratio	line1595:(line1595+line1695)	0	0,19	0,19	0,24	0,24	0,36	<0,2
11. The ratio of non–current and own funds	line1095:line1495	0,35	0,34	0,34	0,48	0,48	0,50	>0,5

Financial stability is a firmly guaranteed solvency, a balance between own and borrowed funds, independence from the incidents of a market conjuncture and partners, credibility of creditors and investors and the level of dependence on them, the availability of such a magnitude of profit that would provide self–financing.

Having analyzed the financial stability of the “Pharma Start” LLC for 2015–2017, the following conclusions can be drawn:

- the coefficient of autonomy for the period under study is higher than the norm, which indicates the high solvency of the enterprise. The investigated enterprise is engaged in the production of medicinal products, which is accompanied by a high turnover of assets, stable demand for products, adjusted supply and sale channels, and low level of constant costs. Therefore, the share of equity in this enterprise is more than 50%, the company is financially sustainable.
- the coefficient of finance is gradually increasing, which indicates an increase in the share of borrowed funds in financing the enterprise
- the coefficient of maneuverability of the equity capital of the enterprise under investigation shows that virtually all of its own funds are used to finance current operations;
- the coefficient of working capital of its working capital shows a high level of resource availability for conducting an independent financial policy, indicating the financial stability of the company and the ability to conduct active activities, even in the absence of access to borrowed funds and external sources of financing of the company.
- the coefficient of financial stability shows a high level, which indicates a steady financial position of the enterprise. But the situation is changing and in 2017 there is a gradual decrease in the coefficient, which is not very positive trend.

Profitability can be defined as the ratio of a certain profit of the indicator, the profitability of which is calculated. Profitability characterizes the level of profitability; it, to a greater extent then characterizes the final results of the enterprise. Profitability allows comparing the efficiency of different enterprises, the profitability of different types of products.

Profitability is estimated, as a rule, in percentages, and in some cases, in the coefficients.

Calculating the profitability indicators of “Pharma Start” LLC for 2015–2017 (Table 2.3)

Table 2.3

Analysis of profitability indicators for 2015–2017, ths. UAH

Indicator	Years			Absolute deviation (+, -)	
	2015	2016	2017	2016 year from 2015 year	2017 year from 2016 year
Initial data:					
1. Net income from the sale of goods or services	650 173	953 488	1 292 663	+303 315	+339 175
2. Cost of goods sold	247 203	369 609	498 853	+122 406	+ 129 244
3. Administrative expenses	42 330	91 896	137 815	+49 566	+ 45 919
4. Selling expenses	156 361	280 342	398 686	+123 981	+ 118 344
Estimated data:					
5. Full cost of sold products (line 2 + line 3 + line 4)	445 894	741 847	1 035 354	+295 953	+ 293 507
6. Earnings from sales of products (line 1 – line 5)	204 279	211 641	257 309	+7 362	+ 45 668
7. Profitability of sales% (line 6/ line 1)*100	3,1	2,2	1,9	-0,9	-0,3
8. Cost-Efficiency, % (line 6/ line 5)*100	4,5	2,8	2,4	-1,7	- 0,4
9. Costs of 1 UAH products, coins (line 5/ line 1)*100	68,0	77,80	80,09	+ 9,8	-2,29

Having analyzed the data in Table 2.3 we can draw conclusions:

- profitability of sales in 2016 decreased by 0,9% and amounted to 2,2%, and in 2017 by 0,3% to the mark 1,9%;
- The profitability of expenses in 2016 decreases in comparison with 2015. by 1.7%, and in 2017 up to 0.4%;
- in 2015, expenses for 1 UAH products made 68,00 coins, 2016 – 77,80 coins, 2017 – 80,09 coins, which positively characterizes the activity of the enterprise in the last period.

Consequently, after the calculations made, it can be concluded that the investigated enterprise during 2015–2017 was quite active in the production and marketing of products, which in turn yielded significant profits.

2.2 An analysis of the competitive environment of the enterprise

Factors of the immediate environment of “Pharma Start” LLC are:

- consumers;
- competitors;
- suppliers.

The most beneficial impact on the organization is provided by buyers and suppliers, on the other hand, there are no significant threats. Thus, it is precisely these opportunities and, above all, the buyer's organization must take advantage of the overcoming of their weaknesses.

The main factors of the immediate environment and their impact on the “Pharma Start” LLC are given in Table 2.4.

Table 2.4

Factors of the immediate environment of the enterprise

Factor groups	Exhibition	Influence on the market	Possible reaction of the enterprise
1. Consumers	Instability	Increase in queries and requirements, demand for unconditional quality of goods	Marketing research and product development Further stimulate the demand of organizations by providing additional benefits
2. Competitors	Strengthening competition	The emergence of various obstacles to strengthen their position in the market	Possible competition due to the high quality of goods, market research market
3. Suppliers	The tendency of business relations	Availability of different types of drugs	Permanent suppliers

Analyzing competition in the market, we can distinguish the following groups of companies that make up the competitive environment of the enterprise:

- “Farmak”
- “Arterium”
- “Darnitsa”
- “Teva”.

Determine the share of “Pharma Start” LLC in the pharmaceutical market, according to the rating of the leading market organizations (Table 2.5).

Table 2.5

Rating of the leading market organizations of the pharmaceutical market

№, 2017	Market organization	Growth of sales in hryvnias, %	Evolution index	Market share
1	Farmak (Ukraine)	17,0	95	5,19
2	Corporation "Arterium" (Ukraine)	18,6	96	3,70
3	Darnitsa (Ukraine)	19,4	97	3,31
4	Teva (Israel)	34,1	109	3,30
5	Sanofi (France)	15,6	94	3,18
6	Berlin-Chemie (Germany)	18,6	96	3,06
7	Kyiv vitamin factory (Ukraine)	24,5	101	2,40
8	ACINO (Swiss)	38,0	112	2,38
9	Delta Medikel (Ukraine)	10,3	89	2,35
10	Sandoz (Switzerland)	39,5	113	2,29

Source: [25]

According to the table, we see that Farmak is the largest pharmaceutical manufacturer.

“Pharma Start” LLC takes the 8th place in the ranking for the production and realization of products.

Analyzing the relative competitive advantages of “Pharma Start” LLC, we can, after evaluating some indicators of the enterprise (Table 2.6).

Table 2.6

Estimation of some performance indicators of “Pharma Start” LLC for building competitive business profile of competitors

Characteristics	Weight of the indicator, %	Pharma Start		Farmak		Arterium	
		Points	Weighted score	Points	Weighted score	Points	Weighted score
1	2	3	4	5	6	7	8
1. Price of the product	25	90	22,5 (+ 1,25) (+7,5)	85	21,25	60	15
2. Product quality	35	84	29,4 (+ 4,9) (+3,15)	70	24,5	75	26,25

Continuation of Table 2.6

1	2	3	4	5	6	7	8
3. Marketing	15	45	6,75 (- 3) (- 4,5)	65	9,75	75	11,25
4. Management	15	70	10,5 (+ 0,5) (0)	60	9	70	10,5
5. Counseling (service)	10	95	9,5 (+ 1,3) (+ 2)	82	8,2	75	7,5
Total		384	78,65	361	72,70	360	70,50
Rating			I		II		III

The problems of “Pharma Start” LLC and their degree of priority over competitors can be identified by constructing a profile of the competitive advantages of the investigated company in relation to “Arterium” and “Farmak” (Figures 2.3–2.4)

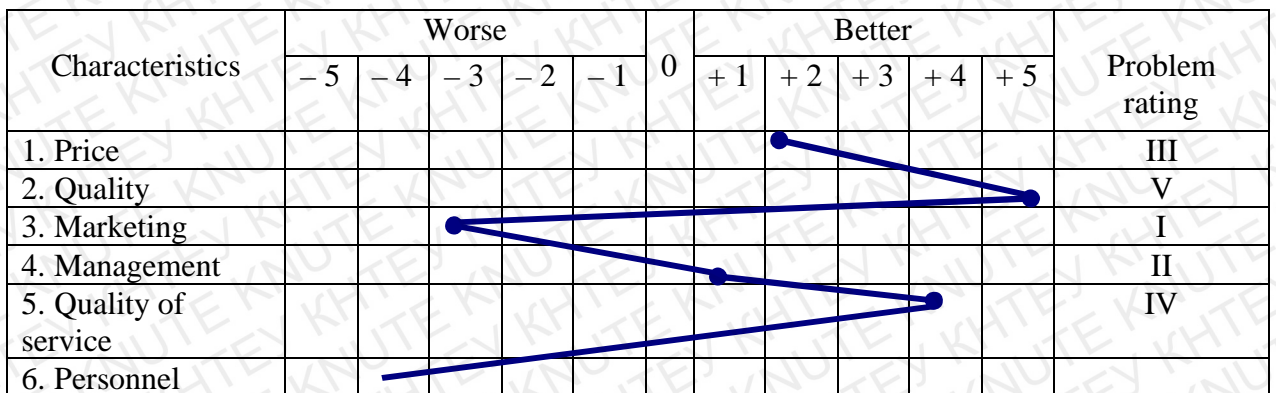


Figure 2.3 Competitive profile of the company “Farmak”

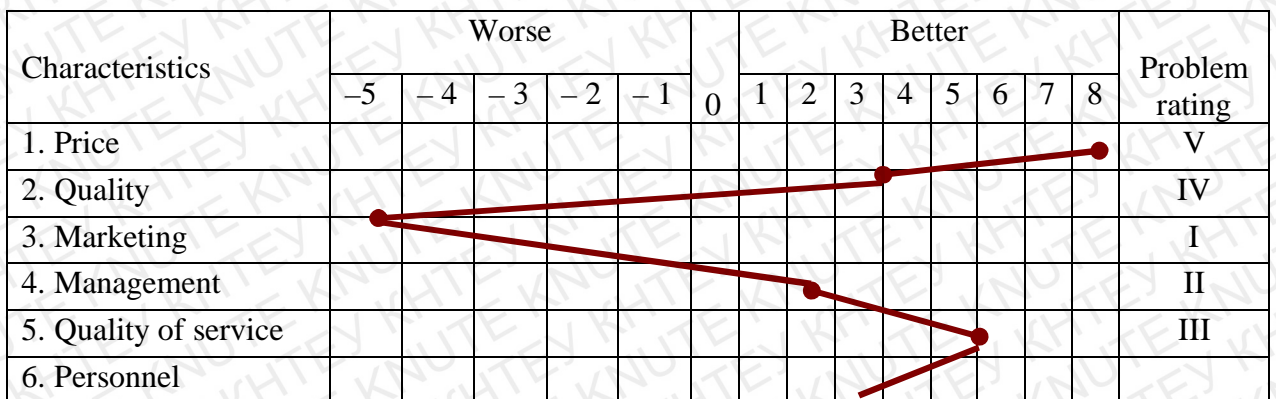


Fig. 2.4 Competitive profile of the company “Arterium”

Table 2.7 presents the main risks of "five forces of competition" by Michael Porter faced by “Pharma Start” LLC.

Suppliers provide the company with the main materials and equipment. Consumers also play an important role in the business, they are the basis of the success of “Pharma Start” LLC.

Table 2.7

The main types of risks of “five forces of competition” by Michael Porter

№	Competition forces for Porter	Name of types of risk
1	Appearance of new competitors	<ul style="list-style-type: none"> - Loss of sales - threat of price reduction
2	the threat of the appearance of commodities of substitutes	<ul style="list-style-type: none"> - loss of market share - the risk of lowering prices - risk of cost growth to improve quality
3	opportunities for buyers	<ul style="list-style-type: none"> - the risk of lowering the solvency of buyers - the risk of increasing the cost of additional guarantees - destroying the barrier of addiction
4	Opportunities for suppliers	<ul style="list-style-type: none"> - reduction of delivery quality - bankruptcy of suppliers
5	competition between companies	<ul style="list-style-type: none"> - risk of loss of market share - the risk of lowering prices - the risk of higher costs for quality

Thus, the main factors of “Pharma Start” LLC are consumers, competitors and suppliers.

The greatest threat to the company is caused by competitors.

In order to improve its competitive position with regard to Farmak and Arterium, Pharma Start should first focus on the marketing problem.

Feasible organization within a company of a system for monitoring public opinion (real and potential consumers) or use of independent advisory support in the interest of obtaining the information necessary for forecasting demand. Development planning, sales; activation of advertising and public relations, which will also affect the increase in sales volume; it is also necessary to improve the management at the enterprise (possibly through the organization of the system of personnel development, including the improvement of the professional qualities of senior management, and the formation of a corporate culture that will create a

favorable environment for manifestation of initiative by employees, disclosing their creative potential in pursuit of the goals of the organization).

Following on the importance of Farmak, according to the profile of the company, there are problems of further lowering the cost of products for consumers, improving the quality of service, increasing the number of qualified staff.

On the contrary, as already noted before Arterium, the company has significant competitive advantages.

2.3 Assessment of the achieved level of competitiveness

Assess the achieved level of competitiveness of “Pharma Start” LLC with the help of a polygon of competitiveness.

To do this, as the main competitor, we will choose the company “Farmak” PJSK. (Table 2.8).

Table 2.8

Assessment of comparative advantages (for a 10–point system: a minimum score of 1, a maximum of 10)

Competitiveness factors	Pharma Start LLC	Farmak PJSK
Assortment	9	9
Quality of products	9	9
Level of technical support	9	9
Qualification of staff	10	10
Price	8,0	9,8
Sales channels	8	8
Payment terms and additional services	8	8
Promotion of goods in the markets	7	9
Advertising	6	9
Company image	10	10
Total number of points	84,0	89,8

The leader of the market is “Farmak” PJSK.

“Pharma Start” LLC lags behind the direct leader by 5.8 points.

The main criteria by which “Pharma Start” LLC gives way to the leader is the price, product promotion and advertising.

The analysis of the range of goods showed that a relatively wide range is presented in pharmacy networks – this factor of competitiveness has been awarded 9 points. The analysis of the quality of the offered assortment meets the standards.

According to such a factor of competitiveness as the price of “Pharma Start” LLC inferior to “Farmak” PJSK. 1.8 points.

Estimates of competing enterprises were exposed on the basis of calculation of the price level coefficient for each firm.

Price level coefficient (PLC):

$$PLC = (P_{\max} + P_{\min}) / 2P_{\text{installed by the firm}}, \quad (2.1)$$

where P_{\max} , P_{\min} – maximum and minimum price on the market;

$P_{\text{installed by the firm}}$ – price of the goods, installed by the firm

The coefficient shows the growth or decrease of the firm's competitiveness due to the dynamics of product prices.

In the success of any organization's work, advertising plays an insignificant role, since advertising is one way to increase the volume of sales of goods by passing information about products to potential buyers.

According to the data presented by “Pharma Start” LLC. It is possible to trace the dynamics of advertising costs and the resulting changes in advertising revenue. (Table 2.9)

Table 2.9

Changes in advertising costs, advertising revenue

2015		2016		2017	
Advertising expenses, UAH	Profit from advertising, UAH	Advertising expenses, UAH	Profit from advertising, UAH	Advertising expenses, UAH	Profit from advertising, UAH
20 500	5 800	20 500	6 230	48 500	10 580

At this stage, the expenses for advertising by “Pharma Start” LLC are several times higher than profit. Therefore, the organization must review the advertising means used.

Thus, according to this factor of competitiveness of “Pharma Start” LLC, 6 points were awarded. One of the reasons for such a weak promotion of the product is the lack of a certain strategy.

Let's examine the state of the organizations under consideration by the polygon of competitiveness (“Pharma Start” LLC – Enterprise A, “Farmak” PJSK – Enterprise B) (Fig. 2.4).

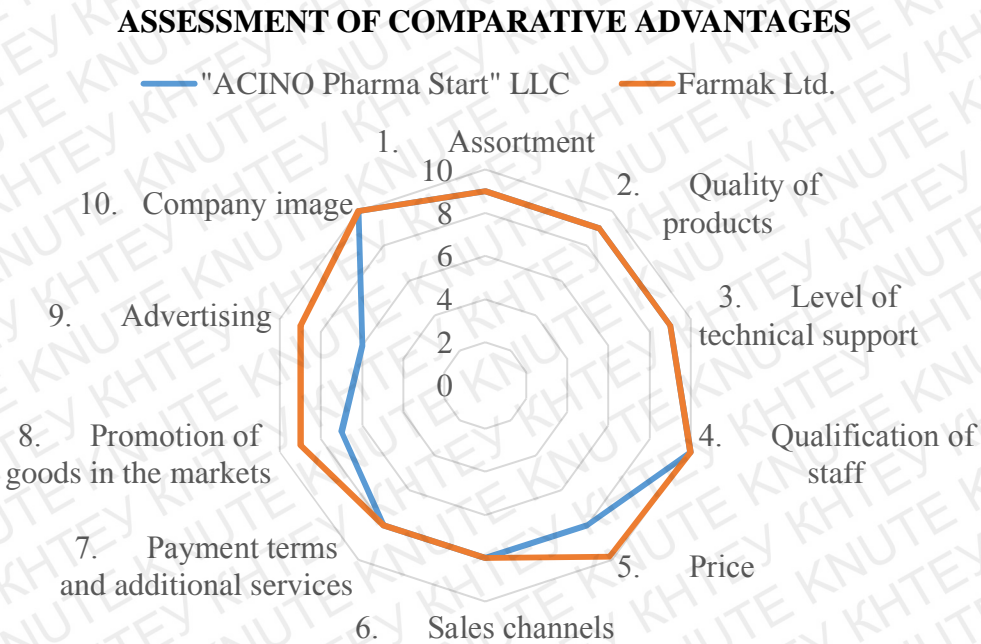


Fig. 2.5 Polygon of competitiveness

Each axis represents the value of the ten factor under consideration for the two organizations under consideration. By some parameters, the number of points coincides, the differences are mainly due to: promotion, price and commercial advertising.

In general, according to the results of the analysis, it is possible to conclude that “Pharma Start” LLC is a competitive organization.

The proposed method for analyzing the marketing environment of “Pharma Start” LLC the SWOT method is a widely accepted approach that allows a joint

study of the external and internal environment. Applying the SWOT method, it manages to establish a link between the strength and weakness of the organization and external threats and capabilities.

The SWOT methodology suggests first identifying the strengths and weaknesses, as well as threats and opportunities, and, after that, establishing chain of links between them, which can then be used to formulate the strategy of the enterprise.

On the basis of the available data of “Pharma Start” LLC we will conduct an analysis of the marketing environment of the enterprise (Table.2.10).

Table.2.10

**Compilation and evaluation of the enterprise environment profile of
“Pharma Start” LLC**

Factors	Score on the scale			The degree of significance of the factor for the enterprise
	Importance for the industry (X)	Influence on the enterprise (Y)	Direction of influence (Z) (+/-)	
1. Macroenvironment				
- political and legal factors	2	1	+1	+2
- economic factors	2	3	-1	-6
- demographic factors	2	2	-1	-4
- socio-cultural factors	2	1	+1	+2
- scientific and technical factors	2	2	+1	+4
2. Microenvironment				
- consumers	3	3	+1	+9
- competitors	3	2	-1	-6
- contact audiences	2	2	+1	+4
3. The internal environment				
- managerial knowledge and skills	3	2	+1	+6
- marketing knowledge and skills	3	2	-1	-6
- financial opportunities	3	3	+1	+9
- optimal organizational structure of management	2	2	+1	+4
- the breadth of services provided	3	3	+1	+9
- level of qualification of employees	3	3	+1	+9

Source: own development

Assessing the importance of the factor for the industry (X):

3 – great value

2 – moderate value

1 is a weak value

Assessment of the impact on the organization (Y):

3 – strong influence

2 – moderate influence

1 – weak influence

0 – lack of influence

Assessment of the direction of impact (Z):

+1 – Positive orientation

-1 – Negative orientation

Drawing up a SWOT matrix using “Environment Profile”.

The external environment

The external environment	Opportunities (chances)	Threats
	1.Privicy of consumers (+9) 2. scientific and technical factors (+6)	1. Economic factors (-6) 2. Intensity of coning (-6)
Strengths 1.Financial opportunities (+9) 2. Latitude of rendered services (+9) Worker Level 3 (+9)	Field S&O 1.1 Outdoor advertising (81) 1.2. Online Service Improvement (54) 2.1 Improving the quality of services provided (81) 2.2 Expansion of the portfolio of services provided (54) 3.1 Professional training of personnel (81) 3.2 Professional training of personnel (54)	Field S&T 1.1 Professional training of personnel (54) 1.2 Expanding the portfolio of services provided (81) 2.1 Improving the quality of services provided (54) 2.2 Improving the quality of services provided (54) 3.1 Professional training of personnel (54) 3.2 Professional training of personnel (54)
Weak sides 1.Marketing knowledge and skills (-6)	Field W&O 1.1. Professional training of staff (54) 1.2 Professional training of personnel (36)	Field W&T 1.1. Professional training of staff (36) 1.2. Professional training of staff (36)

Fig. 2.6 SWOT analysis matrix

The biggest threat to “Pharma Start” LLC is the economic factors, as well as the intensity of competition in the industry. It is up to the company to address its strengths to overcome the threat of economic factors and competition.

In the course of the study, the ineffective management of marketing activities was also identified. That is why management needs to provide professional marketing professionals with professional training, and better knowledge in the field of finance for attracting new customers and expanding the market.

The analysis shows that the internal potential of “Pharma Start” LLC is rather high. Strong positions of the company in management, personnel, although there is an insufficient motivation of employees.

Especially high level of management of the company.

At the moment, the company uses modern information technology, all documentation and accounting is carried out automated.

Despite the presence of the marketing service, the positions of “Pharma Start” LLC are not strong enough in this direction.

Weakness of the company's activity is marketing.

PART 3

WAYS TO IMPROVE COMPETITIVE ADVANTAGES OF THE ENTERPRISE LLC “PHARMA START”, KYIV

3.1 The strategy of increasing the company's competitive advantages

Features of modern economic relations caused necessity for companies to search for the tools that promote development, which provide a high level of competitiveness.

One of these tools considered as a strategy to enhance the competitiveness of enterprises, because of their successful stable operation, which is determined by competitive position in the market and affects the market through the offer of quality services or products, satisfying the specific requirements of the consumers and ensuring effectiveness of its operation.

The main features of competitive relations are formed as the result of increasing integration, globalization, individualization requirements, variability and differentiation of consumer preferences, the increasing role of competitive interactions of companies [6].

In modern conditions of managing the efficiency of the company should focus on the offensive strategies that can bring enterprises a new level of management and maintained their financial stability and solvency, that is, to ensure the effective functioning in a competitive environment.

In many economic situations, there is a need for the development and decision-making in conditions of uncertainty. Uncertainty may have different nature. The planned actions of the company aimed at reducing the effectiveness of the decisions made by the competitor can be uncertain. Uncertainty can refer to risk situations, in which the subject of decision maker, is able to set not only all possible outcomes of decisions, but the likelihood of possible conditions of their appearance. Conditions affect decision-making subconsciously, regardless of the actions of the subject of the decision makers. When aware of all the consequences

of possible solutions, but their accuracy is unknown, it is clear that decisions are made in conditions of uncertainty. Finally, the uncertain can be the target of the task, which is solved when the indicator of the effectiveness of the solution is characterized by one number and does not always reflect a full picture.

The need for quantitative analysis of economic and financial situations and making on their basis administrative decisions led to the use of special mathematical methods of the substantiation of decisions in conditions of market uncertainty, the theoretical aspect of which is the game theory, which solved the problem of decision making under economic uncertainty. These situations have in common that they have at least two parties with different interests, each one of them wants to achieve the target, and has the ability to act depending on the action of the opposing side. Such situation is called a conflict.

Game theory is the study of operations with mathematical models of optimal decision making in situations of conflict [9]. Stakeholders in the game are called players. In some games unions are developed. If their goal is joint action, these associations are called County actions. If the Association was created on the basis of the identity of advantages of the results of the game, they are coalitions of interests. If the game involves two players, it is called steam, and if more than two—multiple. The arbitrary action of the player is called a strategy (pure strategy). The strategy of the player, comprising in random alternation of pure strategies is called mixed strategy. In conflict, each player makes a move, i.e. chooses its strategy, resulting in the set of strategies of all players (conflict situation). The sequence of moves that causes the game to end, called the party. Is called optimal strategy, which is under repeated game guarantees the maximum possible average gain for the player (minimum possible average loss). The goal of game theory is to determine an optimal strategy for each player.

Using the method of game theory we have formulated and solved the problem. The purpose which should be defined, what alternative strategies should be developed to increase sales of our enterprise as a reasonable player in the conflict with intelligent opponents, to ensure that each of the opponent wins.

Participants in this game will be a “Pharma Start” LLC, and the enterprise-rival – “Farmak” PJSC

Thus, we will prepare the payoff matrix, which provides the consideration of three strategies for manufacturers of homogeneous products.

“Farmak” PJSC:

X1– the opening of new distribution centers

X2 – increase the number of sales agents

X3 – Offer customers more favorable terms of sale

“Pharma-Start” LLC

Y1 – reducing the cost of production

Y2 – Increase in advertising costs

Y3 – improving the quality of products

Calculate the volume of sales of products of “Pharma Start” LLC a conventional example in the application of possible pairs of strategies (Table. 3.1)

Table 3.1

“Farmak” PJSC:	“Pharma Start” LLC		
	Y1	Y2	Y3
X1	6	4	9
X2	9	3	2
X3	7	1	5

According to the table, it is necessary to determine upper and lower price of the game and find saddle point.

First of all, define a dominant strategy. The first strategy of the player X dominates the second and third.

Analyzing the next possible actions of player Y, we note that its third strategy dominates the first, since all the values of the winnings in any action of the opponent is not worse than in the case of selection of the first strategy, that is, all elements of the first row of payoff matrix is not less than the corresponding elements of the third row.

So, we get the following payoff matrix:

$$= \begin{matrix} 6 & 4 & 9 \\ 9 & 3 & 2 \\ 7 & 1 & 5 \end{matrix}$$

In the case of selecting a player X of the first strategy, depending on the player's actions Y he can get 6, 4 or 9 units. But always his winnings will be at least $\min(6,4,9) = 4$, i.e. independent of the behavior of the player Y. If we consider the possible consequences of the choice of player X second strategy, the same as a guaranteed winning will be $\min(9,3,2) = 2$. For the third strategy, respectively, we have: $\min(7,1,5) = 1$.

Lowest price of the game is determined by selecting the minimum values for each row, and then choose the maximum value.

$$\alpha = \max(\min A_{ij})$$

Therefore, the lower the price of the game: $\alpha = \max(4,2,1) = 4$ and player X to maximize the minimum payoff needs to choose the first of the three possible strategies. This strategy is maximin in this game.

Player Y who attempts to minimize his loss, choosing the first strategy can play a 6,9 or 7 units. But in all cases the actions of the player X, he can lose no more than $\max(6,9,7) = 9$. For the second strategy, we have $\max(4,3,1) = 4$, for the third $\max(9,2,5) = 9$.

The upper price of the game is defined by selecting in each column the maximum number, then selecting from these values the minimum $\beta = \min(\max A_{ij})$

$$\text{Therefore, the upper price of the game } \beta = \min(9,4,9) = 4$$

And for the player Y it is advisable to choose the second strategy, which is minmaxing in the game.

Because this game has saddle point, the price of the game is 4. Maximin optimal strategy of the player X is the second of three possible strategies of his actions. For player Y, the optimum is also the second of the three possible.

That is, the results of the solution of this problem are that in order to raise sales volumes and to additional profit for our company, we need to increase spending on advertising. Profit encourages competitors to develop own strategy. The competitive strategies, that the enterprises–competitors can invent, and the way that they can determine to implement these strategies, are different.

The frequency and depth of changes in strategies of enterprises depend on the market success or failure, and the duration of a competitive confrontation – from companies–contenders and how the strategy is suitable for specific market conditions. When based on data from the situational analysis it becomes clear that the competitive strategy of the enterprise is defeated or ineffective, then it tries to find the best strategy that you will not be able to simulate or bypass the opponent.

Modern strategy of development of “Pharma Start” LLC, primarily aimed at strengthening our leadership position in the market and competitiveness, based on improving the efficiency of functioning of the organization, introduction of innovations in production and management, staff development and, of course, the development and upgrading of the product portfolio.

Being one of the leaders of the domestic pharmaceutical industry – means to be proactive, not afraid to change.

The gradual expansion of the product portfolio of “Pharma Start” LLC with a consistent diversification of the range of medications is a profitable enterprise development strategy.

3.2 Development of measures to increase the company's competitive advantages

According to the results of the analysis, the next weaknesses of the company were found: the image of the enterprise; Advertising activity; ordering and quality of service; organization of work with clients; efficiency of marketing communications; high price policy in relation to competitors.

To eliminate the weaknesses we have developed a program for increasing the competitiveness of “Pharma Start” LLC, which aims at solving these problems through the implementation of measures, the implementation of which will strengthen the competitive position of the company in the pharmaceutical market.

Table 3.1

The project to increase the competitiveness of “Pharma Start” LLC

Project elements	Content
Grounds for development	Low level of enterprise competitiveness in certain areas
General purpose	Increasing the organization's competitive advantages
Project tasks	<ol style="list-style-type: none"> 1. Strengthening the image of the enterprise 2. Improvement of advertising activity 3. Development of measures to stimulate sales 4. Increasing the level of information security of the enterprise 5. Professional development of employees 6. Optimization of price policy
Executant	Heads of functional departments
Common sources of funding	Own financial resources of the organization
Expected final results	Increasing the competitiveness of the company, strengthening image and increasing profits
Control over the implementation of the project	General Director of “Pharma Start” LLC

The Competitiveness Program focuses on the most important aspects of the organization's development, in those areas of activity that are most significant for the enterprise in the competition.

The purpose of the program is to eliminate the weaknesses of the company and develop measures for the development of strengths. The “Pharma Start” LLC should provide attractiveness of the goods and services by means of various mechanisms, promoting the growth of competitive advantages in comparison with the enterprises producing similar products. The program is aimed at creating the image of “Pharma Start” LLC as a thriving, dynamically developing, promising and strong competitor for other companies in the pharmaceutical market. To ensure a stable and steady development of the organization, one of the indispensable conditions is the constant research of the market in which the company operates, and the continuous improvement of all elements of the enterprise's activity.

1. Strengthening the image of the enterprise.

The goal is to create a supportive image. Task:

- 1) Create a favorable image of organization in the eyes of the city administration.
- 2) To establish relations with the public of the city.
- 3) To form the image of a reliable partner in the eyes of clients.

Measures to create a favorable image of the enterprise are presented in table 3.2.

Table 3.2

Activities to strengthen the image of the company

Activities	The term of implementation	Financial need, UAH	Executant
Charity	01.2018–2020 years	90 000	Marketing and advertising department
Creating a PR–manager position	03. 2018 year	25 200	Marketing and advertising department
The publication of all the achievements of the organization, such as, new products or services in local Newspapers and on the Internet. Writing fashion articles of top management about the activities of "Pharma–Start"	2018–2020 years	30 000	PR–manager
Sending clients holiday greetings. Congratulations to the leaders of large organizations–clients with personal holidays, achievements, successes.	2018–2020 years	10 000	
Regular brief reviews of the pharmaceutical market (employees of the "Pharma–Start" LLC act as experts)	2018–2020 years	–	
Publication of the corporate prospectus: history of development, significant achievements, managers, prospects	spring 2018 year	40 000	
The organization and placement of advertising video on the TV	summer 2018 year	50 000	
Manufacturing of souvenir and representative products (for large clients and partners)	2018–2020 years	50 000	
Participation in city events (marathons, the festival of colors)	2018–2020 years	60 000	

2. Improvement of advertising activity. The goal is to create favorable conditions for the promotion and marketing of goods and services of “Pharma Start” LLC, forming the consumer a certain level of knowledge about these products, encouraging consumers to turn to the company of “Pharma Start” LLC call to the acquisition of drugs in the company, stimulation of product sales, acceleration of trade turnover.

Tasks:

- 1) To enhance the image and popularity of the enterprise
- 2) Increase sales by promoting products through advertising.
- 3) Promotional activities are presented in the table below.

Table 3.3

Measures to improve the advertising activity of “Pharma Start” LLC

Activities	The term of implementation	Executant	Financial need, UAH
Billboard rental (3 pcs.)	2018–2019 years	Marketing and advertising department	144 000
Production of billboards + layout	02.2018 year		12 000
Participation in exhibitions	2018–2020 years		40 000
Issue of printed products, souvenirs	2018–2020 years		60 000
Advertising on the website of the city and other news portals	2018 years		63 600
Maintaining and promoting the website of “Pharma–Start”	2018–2020 years		100 000
Production and placement of outdoor advertising	summer 2018 year		60 000
Advertising in specialized magazines	2018–2020 years		30 000
Newsletter press releases, banner advertising	2018–2020 years		–
Advertising on TV	2018–2019 years		135 000

3. Development of actions to stimulate sales Objective – development of measures to encourage potential customers to make a purchase of “Pharma Start” LLC production.

Task:

To develop a system of discounts – discounts for large volume purchases, that is, reducing the normal selling price, which is guaranteed by the buyer, if he acquires a consignment of goods exceeding a set value; If the customer uses the services of “Pharma Start” LLC with a frequency of at least 4 times a year, then the discount is 3% of the total order.

4. Increase the level of information security activities of the enterprise. The goal is the equipping of the new modern information technologies.

Tasks:

- 1) To create a single database for the collection, processing, storage and transmission of information within the organization.
- 2) The establishment of a system for working with clients
- 3) Monitoring of market and marketing research (i.e. analysis of the external environment)

Table 3.4

Increase of level of informational support of activities of the enterprise

Activities	The term of implementation	Executant	Financial need, UAH
Introduction of a unified electronic document management system	01.2018–03.2018		40 000
Introduction of system of electronic sales of pharmaceutical products and services	summer 2019	System administrator	60 000
Introduction of the automated information system of the "Pharma Start" LLC, actively interacts with the help of the Internet	2019 –2020 year		90 000
Constant collection, analysis and storage of information about the state of the environment of the organization. Creating a single database. Carrying out marketing researches	2018–2020 years	Marketing service	–
Training of skilled information technology users in the organization	2019 year	Head of HR department	30 000

5. Improving the skills of workers. The purpose is to improve the skills of workers in the production process.

Task:

- 1) Conduct training of the workers of the production process.
- 2) Create a system for training of the employees in the production unit.
- 3) Creating an additional incentive system for workers.

The main measures for the improvement of qualifications are presented in the table 3.5.

Table 3.5

The main measures for the improvement of qualification

Activities	The term of implementation	Executant	Financial need, UAH
Development of regulations for qualification of the production personnel	March 2018		–
Courses to improve your qualification	2018 – 2020 years	Head of HR department	70 000
Internship at other enterprises with a similar type of activity	2018–2020 years		100 000
Acquisition (updating) of specialized educational literature	spring 2018 year		30 000
Conduct annual control tests to check the level of knowledge of workers	Fall 2018–2019 years		30 000
Moral encouragement for workers who have raised their level of knowledge (board of honor)	july 2018–2019 years	Trade Union	5 000
Conducting the competition “Best in the profession”, material incentives for the winners	2018 year	Trade Union	10 000

Also, it is necessary to carry out various activities with the participation of staff and management of enterprise “Pharma Start” LLC with the aim of creating a favorable climate in the team. Such policy of management of the enterprise will be realized only in the case that ordinary workers will understand the future development of the enterprise itself. Such a strong way, “Pharma Start”, as the quality of goods, the management company must be kept. Great use of primary quality improvement brings a simple procedure of comparison of own products with the similar characteristics of the products of its competitors. Typically, a professional is not difficult, the causes of the poor quality of these products,

especially because the company “Pharma Start” has qualified employees of the Department of quality control, which constantly check products for quality in the laboratory. If the “Pharma Start” LLC will use all these activities, the company will always be competitive and will be able to produce products of higher quality than the competitors. Thus, applying the proposed programme of activities, the management of “Pharma Start” LLC will increase the competitiveness of enterprises and will be able to take a leading position on the pharmaceutical market.

Table 3.6

Expenditure on the implementation of these measures

Directions	Expenditures (UAH)
Strengthening the image of the enterprise	455 200
Improvement of the advertising activity	644 600
Development of measures to stimulate sales	–
Increase of level of information support of activity of the enterprise	220 000
Professional development of workers	245 000
Total	1 564 800

The financing of this project will be carried out at the expense of the companies own sources, namely profit and borrowed funds of the bank.

The above measures will help organization to take leading competitive positions on the pharmaceutical market.

Determine the cost–effectiveness of the proposed measures.

The project's performance is calculated on four main indicators: Net present value (NPV), Profitability Index (PI), Payback Period (PBP) and Internal Rate of Return (IRR).

Let's consider the economic justification of the program of increasing competitiveness of “Pharma Start” LLC.

To realize the investment required (I) 1 564,8 thousand UAH., Duration of the project (t) 3 years, interest rate (r) 15% (to be established between the investor and the bank).

Data for calculating the economic efficiency of this project are presented in table 3.8.

Table 3.8

**Data for calculation of indicators of economic efficiency of the program
of increase of competitive advantages of “Pharma Start” LLC**

Period	Initial investments, (UAH)	Expert estimation of expected revenues, Cash Flow(CF), (UAH)
2015 year	665 300	840 000
2016 year	569 500	780 000
2017 year	330 000	600 000
Total	1 564 800	2 220 000

Net present value (NPV) is the profit on the investment project. Determine how discounted earnings minus discounted costs. The NPV is a key indicator, since it can be summed up for all projects.

Net reduced income is calculated by the formula:

$$NPV = \frac{C}{(1+r)^t} - \sum_{t=0}^n \frac{I_t}{(1+r)^t} \quad (3.2)$$

where CF_t – cash flow income at the end of tth period;

I_t – initial investment;

r – discounted rate;

n – number of project implementation years.

List the cash flows to the type of current income:

$$PV1=840\,000/(1+0,15)=730\,434.78$$

$$PV2=780\,000/(1+0,15)^2=589\,792.06$$

$$PV3=600\,000/(1+0,15)^3=394\,503.25$$

$$NPV=(730\,434.78+589\,792.06+394\,503.25)-1\,564\,800=149\,930,09 \text{ UAH.}$$

NPV is 149 930,09 UAH. The positive NPV value indicates that initial investment pays off. Based on this, you can determine that the project is profitable. In addition to the NPV investment performance, an internal rate of return (IRR) is used.

The IRR characterizes the economic strength of the project. This is the calculated interest rate, measured in %, for which NPV = 0.

The IRR shows the marginal interest rate for which we can attract borrowed capital.

$$\text{IRR} = r_a + (r_b - r_a) * \text{NPV}_a / (\text{NPV}_a - \text{NPV}_b) \quad (3.3)$$

Interest rates r_a and r_b are chosen arbitrarily, but conditions must be met at an interest rate $r_b \rightarrow \text{NPV} < 0$; $r_a \rightarrow \text{NPV} > 0$.

$$r_a = 15\%$$

$$r_b = 30\%$$

List the cash flows to the type of current income at the interest rate 35%:

$$\text{PV}_1 = 840\,000 / (1 + 0,30) = 646\,153.84$$

$$\text{PV}_2 = 780\,000 / (1 + 0,30)^2 = 461\,538.46$$

$$\text{PV}_3 = 600\,000 / (1 + 0,30)^3 = 273\,099.68$$

$$\text{NPV}_b = (646\,153.84 + 461\,538.46 + 273\,099.68) - 2\,220\,000 = -839\,208,02$$

UAH.

$$\text{IRR} = 0.15 + (0.30 - 0.15) * 149\,930.09 / (149\,930.09 - (-839\,208.02)) = 0.1728 = 17.28\%$$

The higher the IRR, the more effective the project. The economic strength of the project is higher, the higher the difference between the IRR and the interest rate. The difference between the IRR and the interest rate is 2.28%.

The profitability index (DPI) describes the return on the investment in the capital invested. DPI is defined as the ratio of discounted income to discounted costs. DPI is calculated using the following formula:

$$= \frac{\sum \frac{(\quad)}{(\quad)}}{\sum \frac{(\quad)}{(\quad)}} \quad (3.4)$$

$$\text{DPI} = (730\,434.78 + 589\,792.06 + 394\,503.25) / 1\,564\,800 = 1,096$$

If $\text{DPI} > 1$ is inequality and $\text{DPI} = 1,096$ according to our project, then the project is considered effective.

Payback period (PBP) is a period of time for which the funds invested in the project are returned to the investor. Calculated on the basis of discounted income and expenses. Payback period (PBP) is calculated by the formula:

$$PBP = n, \text{ with which } \sum > \quad (3.5)$$

$$PBP = 1\,564\,800 / ((730\,434,78 + 589\,792,06 + 394\,503,25) / 3) = 2,73$$

The project will pay back 2.73 years. A relatively short payback period means a lower degree of risk and a quick return.

Thus, we can draw the following conclusion, calculating the four indicators of the evaluation of the effectiveness of the program for increasing competitiveness in the “Pharma Start” LLC.

This program can be considered as profitable, since NPV = 149 930.09 UAH. This suggests that the investment will pay off, the difference between the IRR and the interest rate of 2.28%, indicates the economic strength of the program; the profitability index is 1,096; the payback period is 2.73 years. This is a relatively short payback period.

Based on the developed program of measures to increase the competitiveness of the “Pharma Start” LLC, we can conclude that properly planned actions oriented towards the future and aimed not only at making profit, but also to strengthen the image of the company, leading to the successful work of the company.

The proposed measures will improve the relations of employees, clients and the public with “Pharma Start” LLC and increase the efficiency of the company's activity by increasing sales.

CONCLUSION AND SUGGESTIONS

In the framework of this final qualification work, problems of the development of competitive advantages of the enterprise were investigated by the example of “Pharma Star” LLC.

In the first section, the nature, types and classification of competitive advantages were considered.

The theoretical generalization of the existing literature approaches to the definition of the essence of the category “competitive advantages of the enterprise” made it possible to define it as a combination of its available resources (raw materials, spatial, labor, managerial, technological, information, marketing, etc.) and the methods of their use, which provide him wider possibilities of production and sales of products in comparison with its competitors. Competitive advantages are divided into external and internal. It is the external competitive advantage, on the one hand, orienting the enterprise to the development and use of internal advantages, but on the other hand, provide him with stable competitive positions, since they target him to a clear activity to meet the needs of a specific group of consumers.

The process of creating competitive advantage is the early detection of factors, the appraisal of the competitive position of the enterprise, identify deviations from the chosen ideal of development, to identify reasons for these deviations, the adequate adaptation of the individual spheres of economic activity.

Having considered methods of measuring competitiveness, we can say that each of them has its own advantages and disadvantages. Therefore, to enhance the competitiveness of enterprises it is necessary to use such methodical approaches that are best suited to develop appropriate programmes of action towards implementation of the chosen strategy.

In the second section of this final qualification work, a comprehensive analysis of the investigated company - LLC Pharma Start, consisting of the general characteristics of the enterprise, the organizational structure of management,

financial and economic analysis, analysis of the internal and external environment of activity, SWOT-analysis, as well as assessing the competitive advantages of this enterprise and comparing them with competitors.

According to the results of the analysis of financial and economic activity for 2015-2017, it was found that the investigated enterprise actively engaged in the production and marketing of products, which in turn yielded significant profits.

After analyzing the results of competitiveness, it should be immediately emphasized that Pharma Start LLC has two main competitors: Farmak and Arterium. These firms have long been working in this market and managed to gain the trust of customers (buyers).

In order to improve its competitive position with respect to “Farmak” and “Arterium”, “Pharma Start” LLC should first pay attention to the problem of marketing or the use of independent consulting support in the interests of obtaining information necessary for demand forecasting, development planning, and marketing; activation of advertising and public relations, which will also affect the increase in sales.

In the third section of the final qualification work were formulated and economically grounded measures aimed at significant increase of competitive advantages of the enterprise, namely:

- measures to improve the company's image;
- measures for the development of advertising activities;
- increase of information support of the enterprise activity;
- staff training measures.

Implementation of the project activities will increase the competitive advantages of the enterprise, which will significantly increase the competitiveness of “Pharma Start” LLC.

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