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INTRODUCTION

Thematic justification. With the transition to the market, the commercial activity of a trading company becomes more and more important. It is a prerequisite for its effective work and development. The commercial activity of a trading company should be considered in relation to the external environment, covering a wide range of economic and social issues. It should be based on the national model of market formation, the economic factors and the emerging market relations. In other words, commercial activity is determined by the realities of the transition economy.

The ability to trade competently, and most importantly, effectively trade, is a fine art in which only a small amount of practical experience, common sense and intuition are no longer sufficient. The process of saturation of the consumer market for goods and increased competition will require those who have recently joined this business and want to stay in it for a long time, a deep and comprehensive knowledge of its fundamentals in the context of various aspects of trading activities.

In the course of trading activity there is a need to ensure the optimal process of circulation of goods. The optimum turnover of a trading company can be ensured through timely and efficient commercial communication.

Commercial relationships have a significant impact on the performance of a trading business, as they depend on product mix, inventory, prices, sales, revenue, turnover, required payments, real net profit and profitability. In connection with this trading enterprise, it is necessary to form the optimum commercial relations.

The theoretical basis for the study of the study and formation of commercial activity and commercial relations were scientific works of foreign and domestic scientists, such as: Gubanov V., Golubkov E., Blank I., Starostina A., Mazarakhi A., Lakhtionova L., Lushkin V., Ponomaryov V., Yaldin I., Achkasov A., Nosova S., Sheremet A., Saifulin R. and others. However, despite the considerable number of publications on this subject, the issue of forming commercial relations of a trading company remains insufficiently covered.

The aim of the final qualifying paper is to develop proposals for improving the process of trade relations management at «EKIPROD» LLC.

To achieve this goal, the following **tasks** are defined:

- to identify scientific approaches to form and develop enterprises' relations;
- to observe methods of evaluation enterprises' relations;
- to analyze the factors influencing the commercial relations at the enterprise;
- to evaluate commercial relations at the enterprise;
- to develop measures to improve the process of commercial relations formation at the enterprise;
- to estimate commercial risk of the relations formation at the enterprise.

The object of the final qualifying paper is the process of managing the commercial relations of the trade enterprise.

The subject of the final qualifying paper is a complex of theoretical, methodological and practical issues related to the management of the commercial relations of «EKIPROD» LLC.

The methodological basis of the research is a dialectical method with a system-structural approach to study the theoretical foundations of the relations management at the enterprise. The formal-logical method was used in the study of the basic procedures for analyzing the effectiveness of the commercial relations management of the enterprise. With the help of statistical, financial and economic methods, features of suppliers' management at the enterprise and measures to increase its efficiency were considered.

The information base was presented by domestic and foreign publications, the press materials, Internet electronic sources and vital information of «EKIPROD» LLC activity.

The practical value of the results of the paper is to carry out a consistent analysis of the activities and changes in the financial state of LLC Dts Ukraine and to provide proposals of the trading enterprise.

The practical significance of the results is that the implementation of the recommendations that were developed for improving the relations management of «EKIPROD» LLC in the process of writing the paper.

Final qualifying paper consists of an introduction, three chapters, conclusions, bibliography with 54 sources and appendixes. The total volume of the paper is 53 pages of main text with 8 figures, 18 tables, 3 app.

PART 1

THEORETICAL AND METHODICAL BASIS OF ENTERPRISES' RELATIONS MANAGEMENT

1.1. Scientific approaches to form and develop enterprises' relations

The organization of commercial relations occupies a special place among the instruments of commercial activity of an enterprise. This system represents a set of forms, methods and levers of interaction of an enterprise with consumers of products, expressed in the main activity on the formation of the range of goods.

All operations on the organization of trade and operational processes and their management are associated with the rational organization of economic relations with suppliers of goods. Due to the formation of rational economic relations, the economy is systematically developing, supply and demand are balanced, products and consumer goods are delivered in a timely manner to customers. Therefore, in every commercial enterprise, economic relations with suppliers should be developed and maintained.

The role of commercial relations of a trading enterprise is considered in the scientific works of V. Alkemi, I. Blank [4], I. Ivchenko, L. Ligonenko [6], A. Mazaraki [7], T. Moskvitina, J. Schreibfeder and other scientists, however, the classification of the factors influencing the commercial relations of the enterprise is not sufficiently highlighted in the scientific literature and requires additional research.

The purchase of goods is an integral part of the commercial activity of a commercial enterprise. This commercial activity includes:

- study and forecasting consumer demand;
- identification and study of sources of income and suppliers of goods;
- organization of economic relations with suppliers of goods, including the development and conclusion of supply contracts;

– organization of accounting and control over the implementation of contractual obligations [4].

In the process of purchasing and supplying goods, commercial relations are established between the participants, representing trade enterprises, manufacturers and the entities serving the sphere of circulation. With procurement activities begin commercial relations with partners. Procurement activities are interdependent, it is carried out in accordance with the objectives of the commercial enterprise. At the same time, the procurement activities of trade organizations should be systematically organized and economically justified. For this, it is necessary that trade organizations conduct a systematic study of the sources of procurement and suppliers of goods.

The purpose of the formation of commercial relations is to fully meet the demand for goods and obtain on this basis the maximum possible net profit in the shortest time with the least waste of labor, material, financial and information resources. Depending on the market situation and the resource potential of the enterprise, it can be distinguished the following goals: introduction to the commodity market; maximizing current net profit; obtaining target profit; survival in the market, etc [6].

The systematic study of the trading environment, the formation of constant communication with suppliers, allows us to timely determine the change in market conditions, to study the production opportunities of expanding the range of products. All of this makes it possible to provide suppliers with more substantiated requirements regarding the quantity, quality, assortment of goods.

When goods are transported to consumers there used transit and warehouse forms. The transit form is a direct delivery of goods from the manufacturer directly to the retail network. Warehouse form due to the presence of warehouses, ensuring the concentration of goods and sustainable supply of trade enterprises in the wholesale format.

The choice of one form of product distribution requires consideration of specific conditions and depends on the specificity of the range of goods, the location

of the supplier and buyer, the commercial enterprise (the value of trade, the size of retail and warehouse space), transport conditions and economic feasibility of a particular form of importation [4].

Distribution channels provide the movement of goods and it's channels are understood as intermediaries, with the help of which goods are resold as they move to places of consumption. Distribution channels are characterized by the number of intermediaries engaged in bringing goods to the consumer (Fig. 1.1).

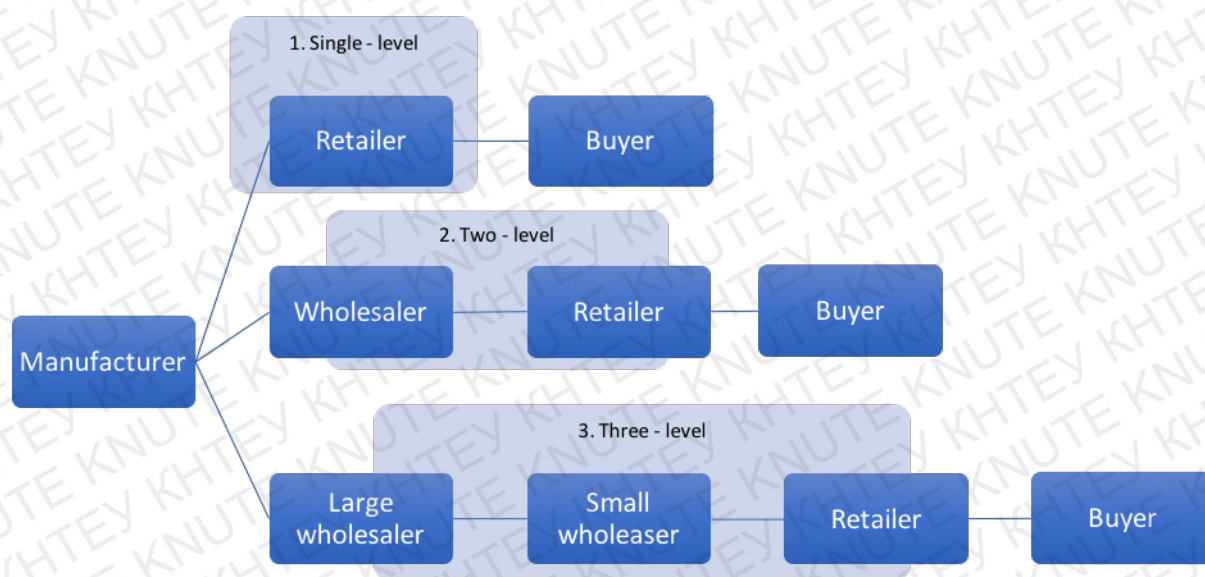


Fig. 1.1. Distribution channels which characterized by the number of intermediaries

Made by the author om the basis of [2]

Goods are transferred from suppliers on the basis of business contracts concluded between suppliers and buyers. The contracts concluded between suppliers and buyers include: types of goods, commercial terms of delivery, quantitative and value indicators of goods, terms of execution of contracts, payment procedures, as well as liability of the parties for improper performance of the contract.

Consumer demand is satisfied when properly organized procurement work, which reduces the commercial risk associated with the lack of marketing of goods. Achieve balance can be performed by a number of operations. Making commercial

purchasing decisions is impossible without studying and forecasting consumer demand.

The structure and volume of demand are influenced by the following factors:

- socio-economic (level of monetary incomes of the population, price level, etc.);
- demographic (size and composition of the population, size of families, etc.);
- climatic, historical, national, etc [7].

Therefore, the study of demand requires an integrated approach that allows to get complete information about the necessary consumer goods and prices that they are willing to pay for them. The data obtained are the basis for determining the need for goods and clarifying their range.

The next stage of the procurement of goods is associated with identifying the sources of their income and the choice of suppliers.

There are such sources of purchases:

- industrial and agricultural enterprises, local industry, individual production;
- wholesale - intermediary structures;
- wholesale and wholesale - retail warehouses;
- deliveries from foreign firms and companies [5].

Sources of commodity supply are determined on the basis of the structure of a specific commodity market, the contingent of customers, the range of goods, turnover and the financial possibilities of a commercial enterprise.

The following criteria can be used to assess the real and potential capabilities of suppliers:

- the specific position of the supplier in the market for the procurement of goods;
- procedure and order of execution of commercial transactions;
- conditions that guarantee the quality of the purchased goods;
- a combination of price and consumer properties of the product;
- terms of delivery of goods: stability, frequency, timing;

- envisaged form of payment and methods of payment.

When analyzing suppliers for the above criteria it allows to establish justifiable requirements for the purchase and delivery of goods to a commercial enterprise. The most important elements of the procurement work is the establishment of economic relations with suppliers of goods. Economic relations are understood as economic, organizational, financial, legal and other relations that are developing between buyers and suppliers of goods [1].

A commercial document representing contractual agreements for the sale of goods is a contract. The contract specifies the content of the contractual terms, the procedure for executing mutual agreements and the responsibilities of the parties, and also provides for the following basic commitments:

- name and volume of goods supplied, quality, completeness, packaging of goods;
- price and form of payment;
- deadlines for deliveries and the procedure for delivery and acceptance of goods;
- basic terms of delivery;
- warranty protection and sanctions;
- legal addresses of the parties and the date of the contract [5].

One of the essential conditions of the contract is the initial price established for the purchased products. Usually they focus on two types of prices: fixed and moving. The fixed price is applied in transactions with short delivery times. It is specified in the contract and is not subject to change in the calculation. The moving price is the price calculated in the period of execution of the transaction as a result of taking into account the variables of market variables and it is provided for in transactions with long-term supply of goods. The procedure for payments for the supplied products is carried out non-cash through the bank by transferring money from the buyer's account to the supplier's account.

Before signing a contract with suppliers for the supply of goods, a trading company should take into account the basic principles of supply (Table 1.1).

Table 1.1

Basic principles of trade enterprise supply

Principles	Principle content
Regularity	Commodity supply should be carried out on the basis of the developed delivery schedules and this should be stipulated in the contract with the supplier.
Rhythm	Delivery of goods at relatively equal intervals or in equal parts, which contributes to trade with minimum inventory and accelerated turnover.
Efficiency	Depending on changes in the demand for any product, the company must promptly respond to a change in the lot size, a possible replacement with another product, or a review of the delivery period, as agreed with the supplier
Centralization	Presupposes the supply of goods to the retail network by the forces and means of the supplying enterprises, which allows the store employees not to be distracted from their direct work in customer service.

Grouped by the author on the basis of [3]

One of the most important tasks of a commercial enterprise is to determine the distribution channels. All subsequent marketing decisions and the structure of working with the media will depend on their proper choice.

Formation of commodity resources of enterprises is carried out through the implementation of a number of commercial transactions: the rationale for the volume of purchases, the establishment of economic relations, the implementation of contractual relations. If many different factors are taken into account, there is a high probability of choosing the optimal channel for the distribution of goods. Formation of the channel requires the study of the main options for its possible structure in terms of the type and number of intermediaries.

The main economic goal of the enterprise is to maximize profits and this is achieved through wholesale sales, which are possible only if there is a volume of commodity resources. Thus, commercial activity in the formation of commodity resources is the main condition and the achievement of the main economic goals of the enterprise.

1.2. Methods of evaluation enterprises' relations

Complicating the activity of commercial enterprises in modern economic conditions, which is reflected in the increase in the number of units of commodity marketing, slowing the turnover of inventory, reducing financial results and profitability, leads to increased requirements for the organization of commercial activities. Commercial processes determine the features of operating activities, and their results create the basis for the formation of financial plans and plans for investment development of a trading company. In this regard, the issue of comprehensive assessment of commercial activity of a trading company is receiving special attention. Dependence of the results of the current activity of the trading enterprise on the results of commercial activity, as well as the use of the results of the commercial activity as a base in the development of business plans for the future period, determine the objectivity of the study of the methodological and information support of the process of evaluating the commercial activity of the trading enterprise and substantiation on this basis model. complex evaluation of commercial activity at a trade enterprise.

It is advisable to recommend the control of procurement activities in the following areas: analysis of the quality of cooperation with suppliers; analysis of the competitiveness of suppliers' product portfolio; control of implementation of the plan of delivery of goods; analysis of conformity of quantity and quality of the incoming goods; control over the timely receipt of fines; control over the implementation of the procurement plan.

We recommend the regulation of purchasing activity in the following areas: legal regulation and internal company regulation. Legal regulation should be implemented through laws and other legal acts, namely contracts for the supply of goods with suppliers.

Internal company regulation includes: rational distribution of rights and responsibilities for the purchase of goods among employees of the enterprise; the consolidation of the above in the Position Instructions and Regulations on functional

units; coordinated work of all units involved in the procurement activity; elimination of deviations from the plan of purchase of goods from the norm; timely replenishment of the company's product portfolio with the necessary goods; maneuvering of financial, labor and material resources.

An important step in optimizing your business connection is to evaluate their predictive economic performance. There are different types of assessment.

Estimation of the predictive cost-effectiveness of commercial communications for the i -th forecast period. The purchase of goods by the enterprise is carried out in different periods. For this reason, it is necessary to evaluate the predictive cost-effectiveness of these relationships for a particular period, or the corresponding forecast half-lives.

Estimation of the predictive economic efficiency of commercial communications for the i -th forecast period in different commodity markets and their segments. The conditions of wholesale purchase of goods in different markets are different, which leads to alternative options for purchasing goods by a trading company and its different efficiency. Therefore, the economic effectiveness of commercial communications can be evaluated for the i -th forecast period in different commodity markets and their segments.

Estimation of the predictive economic performance of commercial communications by individual indicators. The efficiency of purchasing goods by a trading company is characterized by a system of indicators. The cost-effectiveness of a business relationship can be evaluated using a variety of different metrics.

Comprehensive assessment of the predictive cost-effectiveness of commercial communications. The cost-effectiveness of purchasing a merchant's merchandise can be gauged by all its heterogeneous indicators. In the complex evaluation of commercial relations of commercial enterprises, commercial relations, and it is advisable to calculate the integral indicators of their predictive economic efficiency.

Comparative evaluation of the predictive economic performance of commercial communications. Business relationships can be compared with other

alternatives, including modifications to their respective business relationships, relative to other types of relationships, and more.

Each of the subjects examines the commercial activities of the wholesale enterprise in the light of its interests. Owner and potential investors - to decide on investments in business, manager and employees - assessing the use of resources and profitability of work at the enterprise, contractors and credit institutions - the feasibility of concluding contracts for the supply of goods, changing credit conditions, bodies.

Methodical approaches to the estimation of the predictive economic efficiency of commercial communications and their optimization can be applied in the study of the efficiency of market activity of a trading enterprise, managing its product range, turnover, turnover, inventory and profit.

Scientific and practical interest is caused by the methods of Moskvitina T., Cherepov V. These scholars propose to evaluate the effectiveness of commercial relations (agreements) concluded by trade enterprises with industrial enterprises of Ukraine in the following sequence [42, p. 142]:

- a) determine the level of wholesale price of goods;
- b) determine the total amount of material and related costs under the agreement;
- c) determine the amount of labor costs related to the contract costs;
- d) determine the amount of compulsory transaction fees related to the cost of the transaction;
- e) determine the amount of value added tax paid by the trading company under the agreement;
- f) determine the amount of mandatory payments for the transaction, which is paid from the profits of the trading company;
- g) determine the net profit of the trading enterprise under the agreement;
- h) the amount of net profit is adjusted (if necessary) to the amount of lost income and its real amount is determined;

i) the profitability indicators of the agreement (profitability of turnover costs, profitability of turnover in the purchase of goods and profitability of turnover in the sale of goods) are determined.

Assessment of the effectiveness of commercial communications (agreements) by this method has significant advantages over the empirical approach used in the commercial practice of commercial enterprises. The main elements that determine the price of the sale of the goods are taken into account - the material and the expenses of the trade enterprise equal to them; labor costs that are part of the enterprise's turnover costs; the amount of statutory payments and the amount of net profit that remains at the disposal of the enterprise.

Based on the fact that the effectiveness of commercial relations characterizes the relationship between the results of compliance with these relationships and the cost of their formation and compliance, it should be proposed a system of indicators for assessing the effectiveness of the i -th commercial communication of a trading company in the j -th period.

Key indicators:

- real net profit of the enterprise from observance of i th commercial communication in the j -th period;
- profitability of operating costs of the enterprise associated with the formation and maintenance of the i th commercial communication (related to the purchase, delivery, storage, preparation for sale and sale of goods) in the j -th period;
- integral indicator of the effectiveness of i -ro commercial communication in the j -th period.

Auxiliary metrics:

- profitability of turnover for the purchase of goods in accordance with the i th commercial connection;
- profitability of sales of goods in accordance with the i th commercial connection [55, p. 138-139].

For the evaluation and comparative analysis of the effectiveness of commercial relations, it is advisable to take into account the proportionality of values

in the multidimensional space of the ratio of the i -th indicator characterizing the efficiency of commercial communication of the enterprise to the maximum value of this indicator from the entire analyzed set of commercial ties of the enterprise.

Thus, the integral indicator of the effectiveness of z -go commercial communication in the i -th period, intended for the evaluation and comparative analysis of the effectiveness of commercial communications of the enterprise (I_{ij}), can be calculated by the formula:

$$I_{ij} = \sqrt{\sum_{i,j=1}^n \left(\frac{C_{ij}}{C_{ij\max}} \right)^2} \times S_i, \quad (1.1)$$

where C_{ij} – the i -th separate indicator characterizing the effectiveness of the i -th commercial communication in the j -th period; $C_{ij\max}$ – the maximum value of C_{ij} on the analyzed set of its values; S_i – coefficient of C_{ij} significance [56, p.140].

The commercial relations of the enterprise are carried out for a relatively long period in significantly changing market conditions. In this regard, strategic modeling of the effectiveness of commercial communications using appropriate methodological approaches and modern computer technology is required. Such modeling will increase the validity of commercial relationships and their effectiveness.

In modeling the effectiveness of commercial relationships, it is necessary to take into account their relationship with the economic strategy of enterprise development, basic strategies, growth strategies, competitive and functional strategies. For example, an enterprise intends to implement a leadership strategy at the expense of cost savings. In this case, the company needs products that will provide its advantage in terms of rotation costs and create effective protection against competitors.

In the substantiation of commercial relations of the enterprise, it is also necessary to take into account growth strategies: market penetration strategy, strategy of increasing its market share, market development strategy, commodity development strategy, etc. For example, adhering to a product-driven development strategy will lead to a choice of goods in new packaging, with a greater variety of

flavors; with a set of properties that satisfy different customer groups; with well-defined quality standards for each of its properties, etc. [11, p. 351].

Of great importance for the formation of commercial relations are competitive strategies of the enterprise. These include: Leader strategy Challenge strategy.

For example, adhering to a strategy of expanding primary demand, the company need to buy and sell products that attract new customers. If an enterprise intends to carry out an offensive strategy, then it needs the product, which allows to increase the profitability of expenses due to the widespread use of the effect of the link between cost-effectiveness and market share with the competitive advantage of the enterprise in costs [10, p. 483].

Using dynamic coefficients of price elasticity of demand for a product, it is advisable to determine the most favorable price for buyers with k-th price sensitivity by the criterion of the integral indicator of the efficiency of sale of goods at the ith price in the j-th period to buyers with k-th price sensitivity.

After determining the most favorable price for the product for sale to buyers with k-th price sensitivity in the period under investigation and the volume of sale of goods to this group of buyers, the most favorable price for the product during that period is determined.

In order to improve the quality of justification of the effectiveness of commercial communications, it is necessary to take into account a number of their parameters in the process of price optimization: price level, price ratio in space, variation and price standard, etc.

Price variation indicators are calculated by the formulas:

1. Average linear deviation of prices

$$d = \frac{\sum_{i=1}^n |P_i - \bar{P}| \times y_i}{\sum_{i=1}^n y_i} \quad (1.2)$$

2. The mean square deviation of prices

$$\varphi = \sqrt{\frac{\sum_{i=1}^n (P_i - \bar{P})^2 \times y_i}{\sum_{i=1}^n y_i}} \quad (1.3)$$

3. The coefficient of price variation

$$V = \frac{\sigma}{\rho} \times 100 \quad (1.4)$$

4. Typicality indicator of a particular price

$$T_i = \frac{P_i - \bar{P}}{\sigma} \quad (1.5)$$

where P_i , P_j – respectively the price of the i-th product and the 1st group of goods; y_i , y_j – respectively the quantity of the i-th product and the 1st group of goods; \bar{P} – the average price level of the product.

The use of the methods proposed in commercial practice of trading enterprises allows to carry out systematic research of commercial relations and to qualitatively justify the decisions on their formation. The main elements of such research are: volume, structure, dynamics and tendencies of changes in demand and supply; level, structure, variation, concentration, typicality, stability, dynamics and trends of price changes, price elasticity of demand, price discounts and conditions of their supply; commodity loans and terms of their granting; the level, dynamics and trends of competition and inflation; volume of purchase of goods, volume and frequency of delivery of goods; business services; commercial opportunities and strategies of the trading enterprise; basic terms of delivery of goods; rotation costs; compulsory payments, net income, and business risk. The evaluation and modeling of the effectiveness of commercial relations, in accordance with the proposed approaches, will improve the efficiency of commercial activity of a trading company.

PART 2

INVESTIGATION OF THE RELATIONS FORMATION PROCESS AT «EKIPROD» LLC

2.1. Analysis of factors influencing the commercial relations at the enterprise

Economic analysis plays a prominent role in the enterprise planning, taking into account its own capabilities and assessing the influence of the macro environment factors.

The evaluation of business activity is offered by the following indicators: receivable turnover, inventory turnover ratio, accounts payable turnover ratio, asset turnover ratio. Negative trends of these indicators and the results of calculations for the investigated enterprise are presented in Table 2.1.

Table 2.1

Dynamics of «EKIPROD» LLC business activity indicators in 2016-2018

Indicator	Negative trend	Years		
		2016	2017	2018
Receivable turnover	decrease	117,0	102,2	77,0
Inventory turnover ratio	decrease	10,0	33,9	44,1
Accounts payable turnover ratio	increment	9,4	41,0	28,3
Asset turnover ratio	decrease	4,0	5,3	6,7

In general, the investigated enterprise can observe a tendency for decreasing of the receivable turnover. To determine the causes of this position it should be considered the indicators presented in Table 2.2.

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

The company most effectively used a commodity loan and provided a delay in payment in 2016, when the payables exceeded the receivables in several times. On the one hand, this indicates a worsening of the payment discipline of the investigated enterprise, on the other hand, the «EKIPROD» LLC used payables as a

free source of financing. In general, for the entire study period this indicator was more than one for «EKIPROD» LLC.

Table 2.2

**Dynamics of receivable turnover estimation at «EKIPROD» LLC
in 2016-2018**

Indicator	Years		
	2016	2017	2018
Accounts receivable period, days	3	4	5
Share of receivables in working capital, %	7,7	14,3	19,2
Value of payables and receivables	10,2	1,8	2,3
The ratio of growth in sales of products to the growth of receivables	1,1	0,9	0,8

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

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

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

In 2017-2018, the amount of receivables increased at «EKIPROD» LLC more rapidly than sales volumes, indicating that receivables grew not only due to the growth of sales volumes, but also due to an increase in the term of customer lending. Against the backdrop of reducing the amount of payables used in the company as a

short-term source of funding, it is difficult to name a policy of management of accounts receivable reasoned.

Next step is to consider the following set of indicators used to assess the ability of an enterprise to pay its short-term obligations – liquidity indicators, which include the indicator of current, rapid and absolute liquidity. The liquidity indicators actually answer the question whether the company will be able to pay off its obligations without delays during the year and at what expense it will take place (Table 2.3).

Table 2.3

**Dynamics of liquidity and solvency indicators at «EKIPROD» LLC
in 2016-2018**

Indicator	Negative trend	Years		
		2016	2017	2018
Current liquidity ratio	less than 1-2, decrease	1,06	1,06	1,62
Quick liquidity ratio	less than 0,6-0,8, decrease	0,28	0,72	1,16
Absolute liquidity ratio	less than 0,2, decrease	0,12	0,20	0,74

In general, all considered liquidity indicators indicate a high liquidity of the investigated enterprise, which in turn means that the enterprise is able to pay its current debts and liabilities, the company is able to take advantage of discounts and emerging profitable commercial opportunities, and if all the lenders will submit accounts to at the same time, the company will not have to sell long-term investments and assets.

The quick liquidity ratio takes into account the most liquid assets of the enterprise - receivables, securities and cash. The results of the calculation of this indicator showed that during the investigated period, «EKIPROD» LLC was able to pay more than 60% of its current liabilities due to accounts receivable and cash (except in 2016).

An equally important indicator of liquidity that characterizes the company's ability to pay off current liabilities by cash and current financial investments is the ratio of absolute liquidity. The results of the calculation of this indicator showed that

«EKIPROD» LLC in 2018 was able to repay 74% of current liabilities, as during the investigated period there were high values of this coefficient.

The next set of indicators refers to financial stability indicators, which show the degree to which the company uses debt financing. Financial stability is a prerequisite for the sustainable development of any enterprise, as it indicates the ability of the company, in any unfavorable market situation, to pay off with its creditors and not to be on the verge of bankruptcy. The main indicators of financial sustainability are presented in Table 2.4.

Table 2.4

**Dynamics of financial sustainability indicators at «EKIPROD» LLC
in 2016-2018**

Indicator	Negative trend	Years		
		2016	2017	2018
Total debt to equity	less than 0,5, decrease	0,48	0,64	0,71
Ratio of borrowed and own funds	more than 1, increment	1,03	0,53	0,39
Interest coverage ratio	less than 1, decrease	-0,40	16,93	60,76

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

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

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

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

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

The ratio of borrowed and own funds (financial leverage) is also used to assess the degree of dependence of the company on loan financing sources. The lower this figure, the greater the share of capital invested by shareholders, the higher the degree of creditors protection in the case of a fall in the assets value of the enterprise or receiving losses. During the studied period, this indicator shows a positive tendency to decrease. If in 2016 the lenders of «EKIPROD» LLC provided UAH 1.03. for each hryvnia of own capital, then in 2018 already UAH 0.39. This means that most of the invested capital is owned by shareholders.

The coverage ratio is intended to assess the ability of an enterprise to settle in financial payments and avoid bankruptcy. The higher its value, the more enterprise can be sure that an enterprise can easily make interest payments. During 2017-2018, this figure exceeded 1, indicating the ability to repay its financial liabilities even if operating profit is declining.

In order to be able to develop the most effective proposal of improving the relations management process at «EKIPROD» LLC, it is necessary to assess the strategic position of the enterprise.

An analysis of the internal potential of the company enables to identify its strengths and weaknesses, and to evaluate their interconnection with the factors of the environment [34].

Typical strengths and weaknesses of the firm are shown in Table 2.5. At the same time recognition of the above groups of factors considered the definition of

those areas of the firm's activity, which are amplified or weakened by specific factors.

Table 2.5

Internal environment of «EKIPROD» LLC

Strengths	Weaknesses
Experience in the market (positive image, friendly and affective attitude to the firm)	Low level of development of mechanization, automation and technical and technological base of warehouse economy (cost-time costs for the transformation of warehouse assortment into consumer)
A wide, deep and diversified range of products, including the availability of exclusive original products (creating the optimal range of affordable products for different categories of users, attracting new customers)	Insufficient level of personnel qualification (loss of sales, number of regular clients, volumes of timely payment, quality of service)
Long-term contracts with producers, in particular foreign ones (long-term interconnections, due to which there are economic relations between the producer and the intermediary, such social ones)	High transportation costs (result of financial and economic activity, in particular, profitability)
A significant number of regular customers (an increase in market share)	Low level of inventory management system (total costs to maintain stocks and the number of lost sales as a result of the lack of necessary goods)
Presence of e-mail, communication via Web-sites (possibility of accumulation, forwarding of information, etc.)	

In order to summarize the factors that have an impact on the market position of «EKIPROD» LLC and the choice of strategy, it will be conducted a SPACE-analysis. This type of analysis takes into account four groups of criteria, namely: economic potential, competitive advantages, industry attractiveness and environmental stability. Each group of criteria contains indicators, the assessment of the importance of which is carried out by an expert method. The analysis of these indicators was conducted on the basis of rating assessments.

Experts for analysis were: executive director, chief accountant, lawyer, chief of logistics department, head of marketing department.

The 5-point rating scale was used. The weighting factor determines the significance of each criterion and is in the range from 0 to 1, the sum of values is thus 1. The results of the expert survey are given in Table 2.6.

Table 2.6

**Components for building the matrix of SPACE-analysis for
«EKIPROD» LLC**

Internal strategic position				External strategic position			
Economic potential (EP) («financial strength» (FS))				Stability of the environment (ES) (external business conditions)			
Factors	Weight	Score	\sum score	Factors	Weight	Score	\sum score
1.Profitability of capital	0,25	3,6	0,9	1.Inflation rate	0,05	4,1	0,205
2.Indicators of financial sustainability and solvency	0,2	3	0,6	2.Political instability in the country	0,2	6	1,2
3.Profitability and profitability of company's activity	0,4	3,1	1,24	3.Degree of industry dependence on foreign suppliers	0,15	3	0,45
4.Operating Expense Level	0,15	2,8	0,42	4.Stability of demand	0,15	2,7	0,405
				5.Influence of competitors	0,15	3,5	0,525
				6.Influence of scientific and technological progress on the development of the trade industry	0,3	4	1,2
Total			3,16	Total			3,985
Competitive Advantages (CA)				The attractiveness of the industry (IS) (business-direction)			
Factors	Weight	Score	\sum score	Factors	Weight	Score	\sum score
1.Latitude of goods portfolio	0,2	4	0,8	1.Level and intensity of sectoral competition	0,4	4,1	1,64
2.Location	0,05	4,5	0,225	2.The attractiveness of the trade industry	0,4	5	2
3.Level of goods quality / services	0,2	4,8	0,96	3.Stage of the industry's life cycle	0,1	2,1	0,21
4.Pricing policy	0,15	3,8	0,57	4.Stability of profits and the general rate of profits of the trade industry	0,1	3,9	0,39
5.Dynamics of market share changes	0,05	2,3	0,115				
6.Level of marketing activity	0,1	1,9	0,19				
7.Customer Relationship Support	0,25	4,6	1,15				
Total			4,01	Total			4,24

Based on the data obtained from Table 2.6, it can be determined the vector of the recommended strategy by determining the point P according to the formulas:

$$X=IS-CA=4,24-4,01=0,23;$$

$$Y = FS - ES = 3,16 - 3,985 = -0,825.$$

Next, the vector of the recommended strategy should be constructed (Fig. 2.1) using the SPACE-analysis method with two points: $O(0; 0)$ and $P(0.23; -0.825)$.

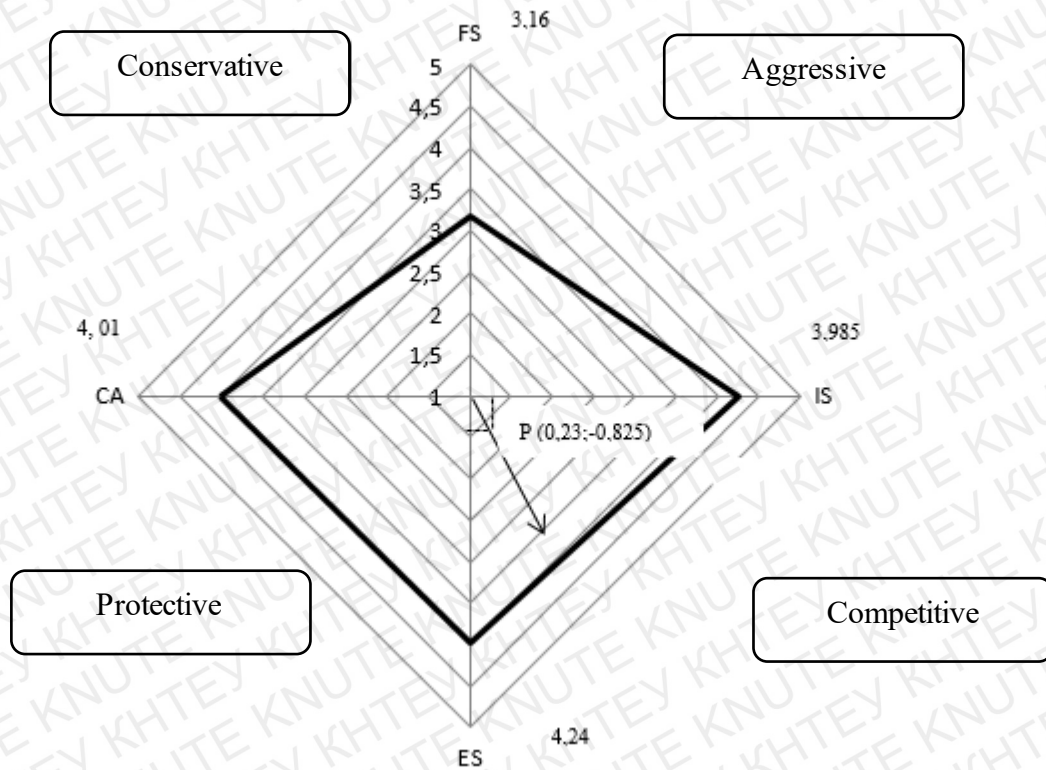


Fig. 2.1. Matrix of «EKIPROD» LLC SPACE-analysis

Consequently, according to the data of the conducted SPACE-analysis, «EKIPROD» LLC should be inclined to support the competitive strategy.

This type of strategy is characteristic for attractive markets in a relatively unstable environment. «EKIPROD» LLC should:

- focus its efforts on protecting competitive positions, because the market is quite saturated;
- use its own potential as much as possible to find new ways to make a profit.

Propose to build a McKincey matrix for SPACE-analysis, which will make it possible to verify the results obtained and possibly supplement them. For the construction of the McKincey matrix, the following parameters is used: *Market attractiveness* and *Competitiveness of the enterprise*.

Using these two parameters, it should be conducted calculations to determine the quorum and responses to the purpose of determining the strategic position of the enterprise and it is shown in tables 2.7 and 2.8.

Table 2.7

Estimation of «EKIPROD» LLC market attractiveness

Criteria	Weight	Score	Weighted score
The pace of market growth	0,5	4,5	2,25
Market sensitivity to prices	0,1	2,9	0,29
Profitability	0,2	4,1	0,82
Concentration of market participants	0,1	3,1	0,31
Sensitivity to inflation	0,1	4,1	0,41
Total weighted rating	1		4,08

Table 2.8

Competitiveness assessment of «EKIPROD» LLC

Criteria	Weight	Score	Weighted score
Relative market share	0,15	4,1	0,615
Attractiveness of the range	0,3	4,5	1,35
Cost of production	0,15	2,9	0,435
Competitiveness of prices	0,25	3,2	0,8
Effectiveness of the marketing system	0,15	3,2	0,48
Total weighted rating	1		3,68

The analysis of indicators was conducted on the basis of rating assessments. The experts were: Executive Director, Chief Accountant, Head of Marketing Department.

«EKIPROD» LLC is located at the intersection of the intermediate zone of the matrix and aggressive growth, which indicates that there exist almost a combination of average estimates for two criteria.

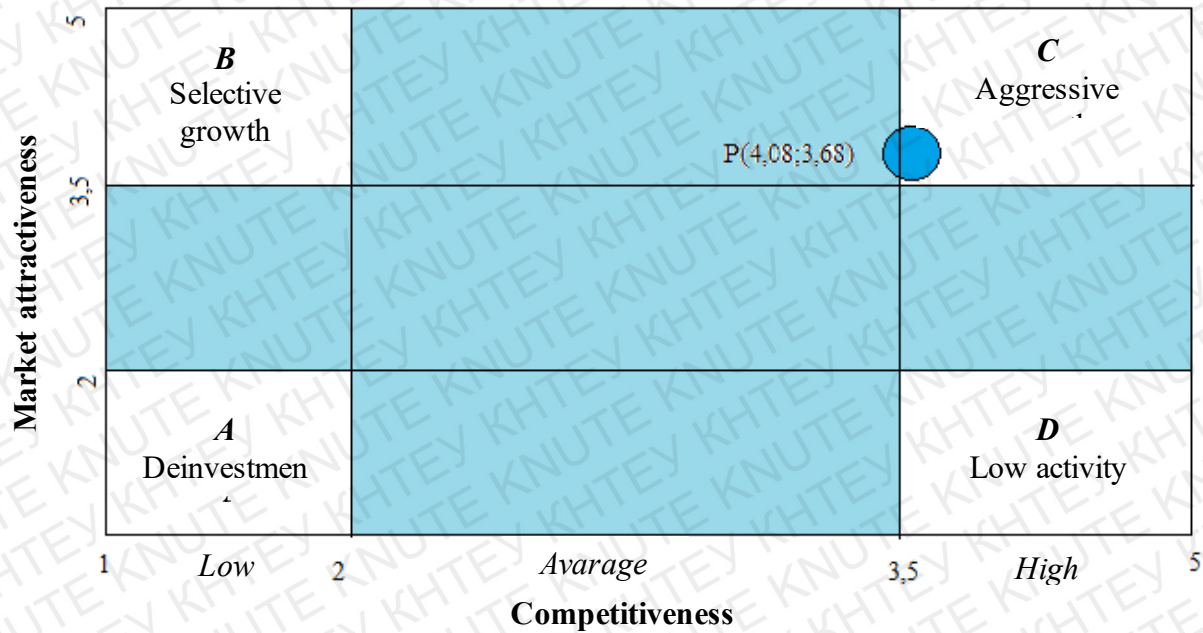


Fig. 2.2. McKincey matrix of «EKIPROD» LLC

According to the results of the analysis, it can be concluded that the company follows the strategy of growth, namely aggressive growth, which suggests that the company needs to invest in its own development, and therefore create a development strategy.

2.2. Evaluation of commercial relations at the enterprise

The sources to receipt goods in «EKIPROD» LLC are: goods producers; wholesale-intermediary structures; wholesale and wholesale and retail warehouses; supplies from foreign firms and companies.

We will analyze the performance of contracts that were concluded at «EKIPROD» LLC with suppliers in 2017-2018 (Table 2.9).

Table 2.9

Analysis of «EKIPROD» LLC contracts performance for the goods supply

Indicator	2017	2018	Deviation	
			absolute, +/-	relative, %
Concluded contracts with suppliers	128	137	9	7,03
Completed contracts	121	133	12	9,92
Percentage of contracts execution	94,53	97,08	2,55	2,70

As can be seen from the Table 2.9 in 2018 it was concluded with suppliers for 9 contracts (7.03%) more than in 2017. The percentage of contracts fulfillment in 2018 increased from 94.53% to 97.08%, i.e. by 2.55% compared to 2017. Which indicates an improvement in the goods supply at «EKIPROD» LLC in 2018.

In order to analyze commercial relations with suppliers of the investigated enterprise, ABC-method was chosen [9, P. 27]. Its essence is to attribute to each commodity some qualitative sign (symbol), which will characterize its status within the framework of the whole product range, and the supplier group to which it belongs. However, the qualitative attribute, attributed to the product should directly depend on any quantitative measure of the trading company activity concerning this product. The best fit is such a figure as the amount of proceeds received from the sale of goods for the period (value of turnover for this product).

The data about the results of sales of three supplier groups on «EKIPROD» LLC for the period should be considered. The first group includes 14 positions, the second – 12 and the third – 11. The term «position» implies that goods belonging to the same supplier group may differ only by the name of its trademark. Obviously, the goods of different groups can be quite diverse and not be subjected to comparisons by its physical characteristics (attributes). However, one common to all goods indicator – the value of goods turnover over the period was chosen.

The positions according to this indicator should be ranked: it is sorted in the order of decreasing the value of its turnover (Table 2.10, column 4).

The necessary designations of the indicators should be entered. The number of items in the product range is denoted through n , the value of the goods turnover is denoted through x_j , where $j = 1, \dots, n$ – is the index (serial number) of the position assigned to it after the ranking (Table 2.10, column 8). Also x – is the value of the turnover of trade enterprises for the period.

Next, the turnover share of each position in the turnover of investigated enterprise should be calculated (Table 2.10, column 5).

$$d_j = \frac{x_j}{x}, j = 1, \dots, n \quad (2.1)$$

The next step is to calculate the accumulated (cumulative) share of the position in the turnover. The indicator characterizes the contribution of the set of positions in the turnover of «EKIPROD» LLC. The positions are reorganized in the order of reducing its contributions to the turnover of investigated enterprise. As a result, the accumulated share in any line of the table 2.10 characterizes the contribution of the most significant positions in the turnover of «EKIPROD» LLC (Table 2.10, column 6):

$$D_j = \sum_{k=1}^j d_k, j = 1, \dots, n \quad (2.2)$$

Consequently, the cumulative share itself will be the quantitative characteristic that will allow to combine positions in the so-called ABC-groups of suppliers.

Now let's look at the ABC-groups of suppliers themselves. To do this, the rule of Pareto «80-20» should be used. This is unique in its practical value rule in the annex to the analysis of the product range and will be read as follows: «80% of the enterprise's turnover provide 20% of the product range, and 20% of the remaining turnover provide other 80% of goods».

The positions that provided «EKIPROD» LLC at least 80% of the turnover were selected. To do this, such test was made: $D_j \leq 80\%$ or $D_{j-1} < 80\%$ and $D_j > 80\%$, $j = 1, 2, 3, \dots$ (Table 2.10, column 6).

The last one on this list is Wine «Cabernet» PREMIUM. Its cumulative share amounted to 83.01%. Thus, two groups of suppliers were received: the first group provides at least 80% of the turnover, the second – no more than 20%. However, this is a very «rough» breakdown, which will not provide the necessary analytical information for making any correct management decisions in terms of optimizing the product range of «EKIPROD» LLC.

Ranking the position of «EKIPROD» LLC by the turnover size

Supplier group	Product name	Sales volume, ths. units	Turnover, ths. UAH	Share in turnover, %	Cumulative share in turnover, %	ABC-sign	Item number
1	2	3	4	5	6	7	8
Supplier #1	Wine «Muscat» white	1 511	60 591,10	19,94	19,94	A	1
Supplier #2	Wine «Bastardo»	1 749	50 808,45	16,72	36,66	A	2
Supplier #2	Wine «Muscat red»	964	40 825,40	13,43	50,09	A	3
Supplier #3	Wine «Cabernet»	743	24 519,00	8,07	58,16	A	4
Supplier #1	Wine «Peach» white	345	18 595,50	6,12	64,28	A	5
Supplier #1	Wine «Chateau de Wine» white	312	16 536,00	5,44	69,72	B	6
Supplier #1	Wine «Chateau Royal» white	457	14 806,80	4,87	74,59	B	7
Supplier #3	Wine «Chardonnay» white	216	13 856,40	4,56	79,15	B	8
Supplier #3	Wine «Cabernet» PREMIUM	372	11 718,00	3,86	83,01	B	9
Supplier #3	Wine «Saperavi» PREMIUM	331	8 970,10	2,95	85,96	B-C	10
Supplier #1	Wine «Chateau de Wine» red	113	5 989,00	1,97	87,93	B-C	11
Supplier #2	Vermouth «Marelli Blanc»	132	4 092,00	1,35	89,28	B-C	12
Supplier #3	Wine «Sauvignon» PREMIUM	143	4 004,00	1,32	90,60	B-C	13
Supplier #1	Wine «Chateau Royal» red	71	3 770,10	1,24	91,84	B-C	14
Supplier #3	Wine «Saperavi Classic»	125	3 500,00	1,15	92,99	B-C	15
Supplier #2	Wine «Cahors»	54	3 461,40	1,14	94,13	B-C	16
Supplier #2	Wine «Isabella»	49	2 513,70	0,83	94,95	B-C	17

Supplier group	Product name	Sales volume, ths. units	Turnover, ths. UAH	Share in turnover, %	Cumulative share in turnover, %	ABC-sign	Item number
1	2	3	4	5	6	7	8
Supplier #3	Wine «Sauvignon Classic»	46	2 431,10	0,80	95,75	B-C	18
Supplier #3	Wine «Merlot Classic»	48	2 253,60	0,74	96,50	B-C	19
Supplier #1	Wine «Muscat» red	31	1 457,00	0,48	96,97	C	20
Supplier #1	Wine «Isabella»	26	1 329,90	0,44	97,41	C	21
Supplier #3	Wine «Chardonnay» PREMIUM	26	1 203,80	0,40	97,81	C	22
Supplier #3	Wine «Muscat Classic» white	21	1 029,00	0,34	98,15	C	23
Supplier #1	«Black Cardial» red	29	880,15	0,29	98,44	C	24
Supplier #2	Vermouth «Marelli Cherry»	35	805,00	0,26	98,70	C	25
Supplier #1	Wine «Quince» white	24	576,00	0,19	98,89	C	26
Supplier #1	Wine «Glintvine»	16	483,20	0,16	99,05	C	27
Supplier #2	Vermouth «Marelli Mojito»	19	437,00	0,14	99,19	C	28
Supplier #3	Wine «Shelkovitsa» red	17	435,20	0,14	99,34	C	29
Supplier #3	Wine «Raspberry» red	9	409,50	0,13	99,47	C	30
Supplier #2	Wine «The sun in the glass»	7	341,25	0,11	99,58	C	31
Supplier #3	Wine «Kyzyl» red	13	338,00	0,11	99,70	C	32
Supplier #2	Vermouth «Marelli Plum»	12	300,00	0,10	99,79	C	33
Supplier #3	Wine «Garnet» red	13	279,50	0,09	99,89	C	34
Supplier #2	Wine «Wild cherry» (merry)	7	172,90	0,06	99,94	C	35
Supplier #1	Wine «Glintvine» white	4	117,00	0,04	99,98	C	36
Supplier #2	Wine «Currant»	2	56,80	0,02	100,00	C	37

That's why each of the groups received should also be divided according to the rule of Pareto «80-20». For the first group the following checkpoint was got – the cumulative share in the turnover: $80\% \times 80\% = 64\%$, for the second – $20\% \times 80\% = 16\%$.

Thus, 4 groups were created:

- 1) *the first group* provides 64% of the turnover (the list of items completes the Wine «Peach» white, Table 2.10, column 6);
- 2) *the second group* provides 16% of the turnover (the list of items completes the Wine «Cabernet» PREMIUM);
- 3) *the third group* provides another 16% of the turnover (the list of positions completes the Wine «Merlot Classic»);
- 4) *the fourth group* provides 4% of the remaining turnover.

The resulting groups are already becoming more «understandable» in terms of assessing its significance. Taking into account that the product range of «EKIPROD» LLC is significant, then one more additional breakdown of the first group is necessary. It should be done since the 64% contribution of this group's positions to the turnover is quite significant and the status of individual positions that are part of the group needs to be clarified. Continuing the partition by the rule of Pareto «80-20» a new control point was got – $80\% \times 64\% = 51,2\%$. The group provides 51.2% of the turnover.

Now symbolic names to supplier groups and goods that are included in it should be assigned (Table 2.10, column 7 and Table 2.11).

Table 2.11

Assigning symbolic names to supplier groups and products that are included in it

Group	Share of the group in the turnover	Cumulative share of groups in turnover	Characteristics of goods included in the group
A	64%	64%	Goods-leaders that determine the commercial and financial position of the company, its status on the market. Usually – these are goods that have long been in the product range of the

Ending of the Table 2.11

			enterprise and are well-known to consumers. Most often they bring the biggest profit to the enterprise. Even if the goods do not quite suit the management of the company in terms of its profitability, withdrawal from the product range may be associated with significant risk for the company. The group may include important accompanying products of the product range of the enterprise
B	16%	80%	Related products that are important for the company, as well as goods that have recently been introduced into the product range or products that have lost its former status as sales leaders
B-C	16%	96%	Not significant for the company related products, as well as goods that have recently been introduced into the product range or goods that have lost its former status as sales leaders, are not significant
C	4%	100%	Products that can be withdrawn from the product range without any risk (unless some of them have unique attributes that play an important role for consumers, which is usually unlikely in most cases), as well as products that have been recently introduced into the product range

Source: compiled by the author

It is necessary to pay attention to the number of positions, which are included in the group «A» and group «C» product range of «EKIPROD» LLC. Five positions provide 64.28% of the turnover and 18 positions – only 3.5%. Such a relationship between the number of positions and its contribution to the turnover is the «normal» situation for trading enterprise.

Next, an ABC-analysis in the context of each of the supplier groups should be conducted. As a result, the following tables for the ABC-distribution of product range and turnover of «EKIPROD» LLC (Fig. 2.3-2.5) in terms of supplier groups were formed.

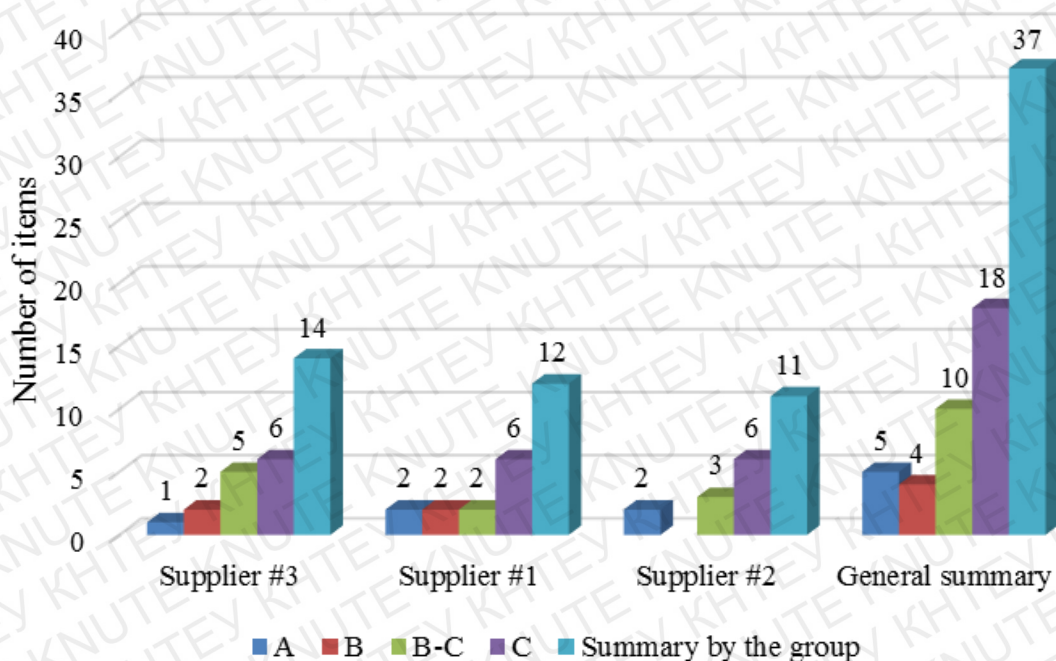


Fig. 2.3. ABC-distribution of product range in terms of supplier groups at «EKIPROD» LLC

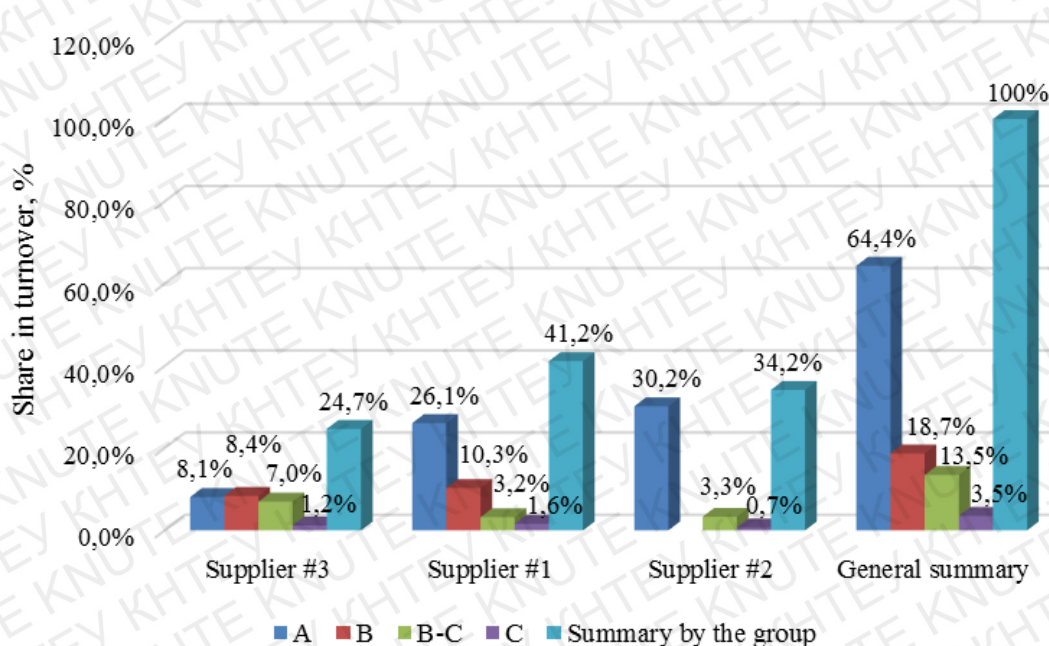


Fig. 2.4. ABC-distribution of turnover in terms of supplier groups at «EKIPROD» LLC

So, the algorithm and the basic parameters of ABC-analysis were considered. It is worth pointing out that the most important value of the ABC-analysis is in dynamics. In addition, there may be goods in the product range of the enterprise that were on sale but not sold during the period under review. Therefore, it is necessary to analyze the quantity of such goods that are in the supplier groups and an appropriate assessment of the sales efficiency of these groups.

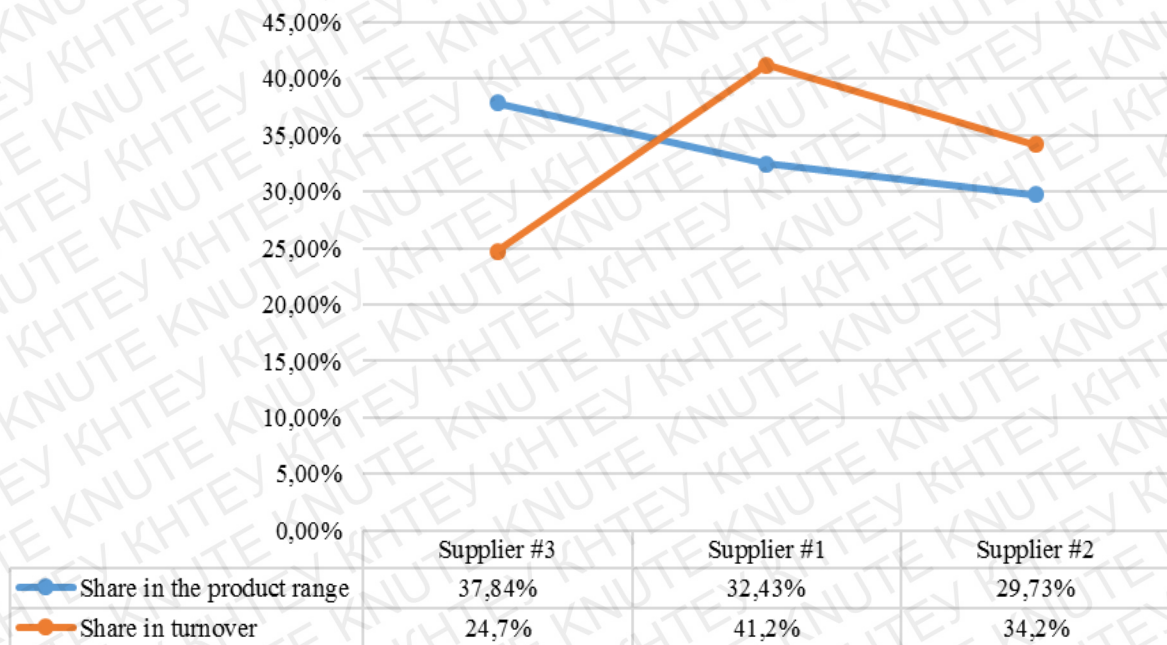


Fig. 2.5. The ratio between the shares in the product range and turnover at «EKIPROD» LLC

The data presented in the above tables and figures give an opportunity to conduct a very detailed analysis of the product range structure and develop appropriate solutions for its optimization in frames of supplier relations.

PART 3

IMPROVING THE RELATIONS MANAGEMENT PROCESS AT «EKIPROD» LLC

3.1. Development of measures to improve the process of commercial relations formation at the enterprise

On the basis of the research carried out in the previous part, a method of matrix functional and strategic analysis of the enterprise was proposed. The basis for this methodology is the products portfolio management, in contrast to which the variables «X» – the relative market share and «Y» – the growth rate of the market were modified. It is usually calculated in the classical BCG matrix [28]. Variables were modified to «X» – the share of goods in the formation of aggregate profit and «Y» – the share of goods in the growth of revenue, respectively (Fig. 3.1). This is due to the influence of the following basic conditions:

1. It is quite difficult to calculate numerically and precisely the market share, since there is a high probability of ignored factors.
2. The volume of sales (revenue) of the enterprise is actually the volume of its market in each specific period of time.
3. For each enterprise, the key task is the absolute growth of revenue and profit, even if the market share is reduced.
4. In the conditions of dynamic and not always predictable changes in market demand, a situation may arise when a market share can grow at a drop in revenue and profit.
5. Enterprises, pursuing long-term goals of preserving markets, are often forced to sell products at below cost, that is, a high value for the «market share» indicator for a particular product category in this case will not reflect its high profitability.

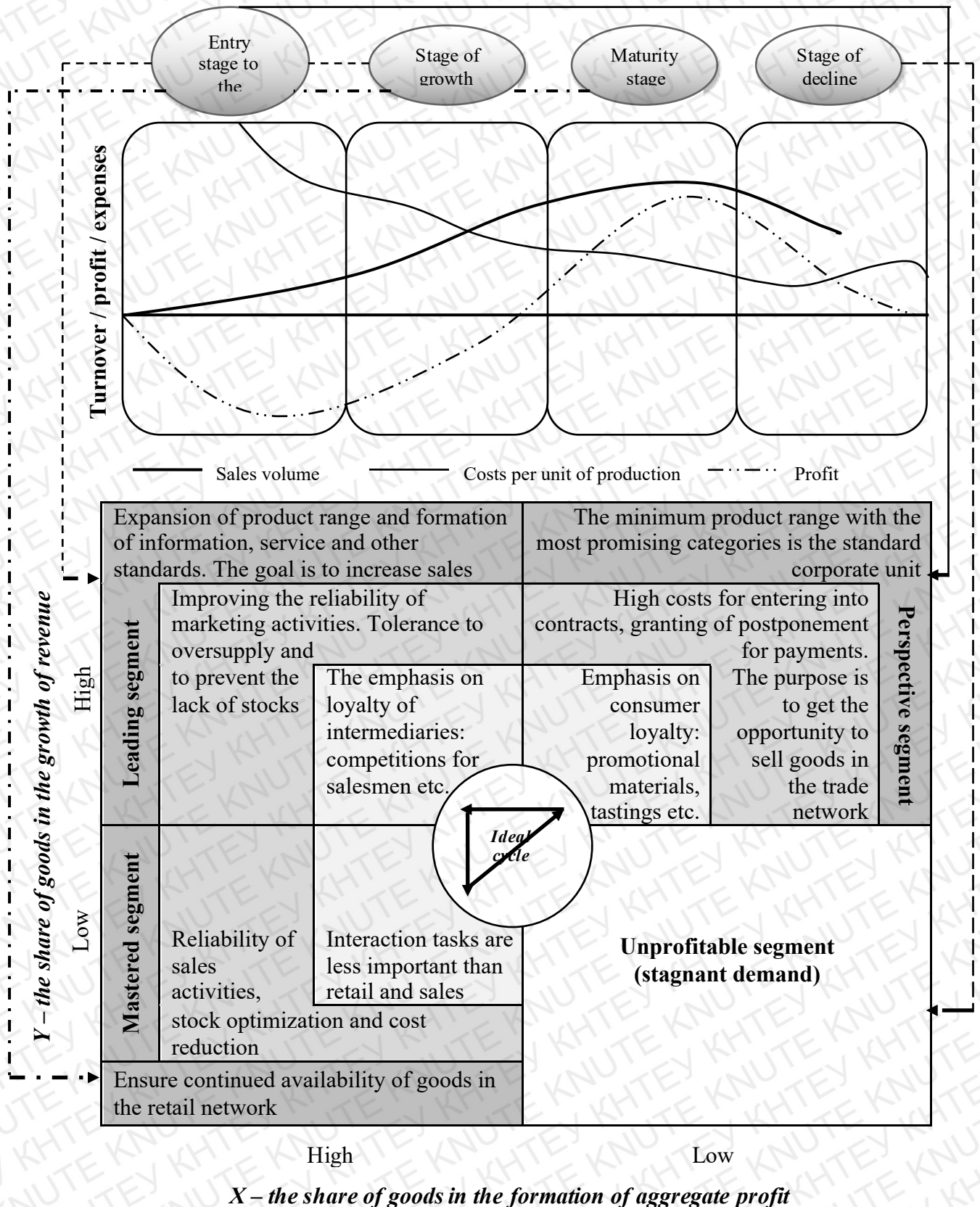


Fig. 3.1. Method of Matrix Functional and Strategic Analysis

Source: compiled by the author using [18, 20, 21, 24, 28]

In determining the method of matrix functional and strategic analysis, the following hypotheses were adopted:

- the larger the share of goods in the formation of the company's total profits, the higher the level of its life cycle (higher profits show a competitive advantage over costs, the ratio of price and quality of sales);
- the higher the share of goods in the growth of the total turnover of the enterprise, the more significant prospects for the development of this product, that is, the growth of sales indicates the movement of goods in the ascending cycle of the life cycle (the dissatisfied demand in the growing market).

The proposed method involves the division of the commodity «portfolio» into four segments based on the perspective and profitability of sales for specific products. To assign a commodity category to one of the segments is proposed based on the assessment of the location of goods in the coordinate system «X» – the share of goods in the formation of aggregate profits, «Y» – the share of goods in the growth of revenue, which forms four quadrants (Fig. 3.1). If goods are characterized by high values of both indicators, they fall into the quadrant «Leading segment». This product category requires financial support and promotion (upper left corner, Fig. 3.1). When products are determined by the high value of the «X» and low «Y», they relate to the «Mastered segment» quadrant (lower left corner, Fig. 3.1). Their implementation brings a stable high income, and prospects for growth in sales are minimal. At low values of the index «X» and high «Y» goods fall into the quadrant «Perspective segment» (upper right corner, Fig. 3.1). The latter need to be specially studied to determine whether there are opportunities for certain investments to transfer them into the «Leading segment». If both «X» and «Y» are low, then the goods belong to the «Unprofitable segment» (lower right corner), which brings either a slight income or losses. It is expedient to reduce the volume of sales of such products if possible, if there are no weighty arguments for their preservation (probable recovery of demand, referring to socially significant products, etc.).

The feature of the proposed method of matrix functional and strategic analysis is that it provides an opportunity to:

- determine the real and prospective level of suppliers' competitiveness;
- develop for the enterprise adequate market conditions forecasts of sales of the most profitable product range groups with the allocation of investment priorities;
- compare different alternative strategies for each supplier category;
- form a visual representation of the product portfolio.

The main advantage of the proposed method of matrix functional and strategic analysis is that it is based on accessible and reliable information. The results of such an assessment can be used to make decisions as to which activities (individual products) should be maintained or used as much as possible in a limited time interval («remove the cream» from the market or change the product portfolio).

Thus, the effectiveness of applying the method is determined by the fact that as a result of its implementation, it becomes possible for the enterprise to plan a balanced structure of the product range distributed in different phases of the life cycle, as well as rationally redistribute financial resources (research, advertising, sales promotion, consumer analysis, etc.) from products that bring a consistently high income (maturity stage) to commodity categories that are implemented in a growing market (market entry and growth).

Practical testing of functional and strategic analysis was carried out for five owned TM of «EKIPROD» LLC (Table 3.1, 3.2).

As characteristic of each supplier category (horizontal axis) the parameter «X» – «the share of goods in the formation of aggregate profits» is calculated during the base period (see Table 3.1). Products under the different TM are divided into 25 groups – according to the received TM of the investigated enterprise (from «1» to «5») and by suppliers (from «a» to «e»). The line and column intersection represents the name of the product group, for example, a_2 – supplier #3, who sold the «The sun in the glass» TM, c_5 – supplier #2, who sold the «Chateau de Wine» TM, etc. The «minus» sign in the value of «X» shows that the sale of this product reduces the aggregate volume of profit by $x\%$.

The indicator «X» is proposed to be calculated using the following formula:

$$X_i = \frac{V_i}{V_0} \times 100\% \quad (3.1)$$

where V_0 – the total amount of profit in monetary terms in the base period, V_i – volume of profit / loss of goods of i -th group of products for the same period; at the same time $V_0 = V_i$.

Table 3.1

**Share of TM product groups in the total amount of profits earned by
«EKIPROD» LLC (in % of total profit)**

№	TM	<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e</i>
		Supplier #3	Supplier #1	Supplier #2	Supplier #4	Supplier #5
1.	«Bolgrad» TM	-15,15	21,07	5,56	1,91	24,55
2.	«The sun in the glass» TM	-10,01	-0,18	0,00	-0,92	0,00
3.	«Cardial» TM	-11,34	8,74	20,64	0,44	1,11
4.	«Marelli» TM	-7,87	-0,04	0,00	-0,86	2,59
5.	«Chateau de Wine» TM	-20,96	19,58	26,49	8,65	26,38

As a second characteristic of the product group, the parameter «Y» – «the share of goods in the growth of revenue» was calculated (Table 3.2).

The sign «minus» in this case indicates that revenue on the products under consideration has decreased in comparison with last year by $y\%$.

Thus, for each supplier category indicators were obtained that allow to construct a coordinate system (Fig. 3.2), where one of the parameters characterizes the share of each group in the volume of total profit – «X» (Table 3.1), and the other parameter characterizes the share in the rate of change in the volume of total revenue – «Y» (Table 3.2).

Table 3.2

**Share of TM product groups in the growth rate of the total sales of
«EKIPROD» LLC (in % of total growth)**

№	TM	<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e</i>
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		Supplier #3	Supplier #1	Supplier #2	Supplier #4	Supplier #5
1.	«Bolgrad» TM	1,74	5,76	2,54	1,97	3,85
2.	«The sun in the glass» TM	3,71	-1,66	0,00	-0,24	0,00
3.	«Cardial» TM	1,59	3,55	2,66	0,50	1,51
4.	«Marelli» TM	14,12	-0,11	0,00	3,44	-0,27
5.	«Chateau de Wine» TM	12,68	19,43	12,17	4,76	6,30

As a result of the matrix functional and strategic analysis, it was found that:

- two product groups from supplier #1 – *b5* and supplier #2 – *c5*, who sold the «Chateau de Wine» TM are in the «Leading segment»;
- two product groups from supplier #3 – *a4* («Marelli» TM) and *a5* («Chateau de Wine» TM) are classified in the «Prospective segment»;
- four product groups are in the category «Mastered segment», which bring a stable income for reinvestment into new products;
- fourteen product groups are in «Unprofitable segment» (Fig. 3.2, Table 3.3).

It is established that when forming a product line within the framework of the development program of enterprise it is expedient to direct additional efforts on the analysis of the group of goods located in the upper right part of the graph – «Perspective segment». This category is characterized by a low level of awareness among buyers, unclear competitive advantages, the strengthening of which requires substantial investment, the implementation of special measures in the establishment of effective relationships with consumers and the development of common criteria for assessing sales and trading activities. For example, standards and quality control of goods and services, breadth of product range, system of trade discounts, delivery terms, payments and etc.



Fig. 3.2. Results of matrix functional and strategic analysis of suppliers at «EKIPROD» LLC

Note. It is composed of functional and strategic analysis materials (X – Table 3.1, Y – Table 3.2)

Growth in sales leads to increased revenue. As a result, products from the upper right quadrant «Perspective segment» go into the category «Leading segment». Such products occupy advantageous position and rapidly developing. Thus, supplier #1 and supplier #2, which are sold under the «Chateau de Wine» TM, on the one hand, bring the highest amount of revenue and profits, and on the other hand, they require significant resources to finance continued growth in terms of loyalty formation of end users, increasing the reliability of sales activities (deliveries in the exact time and timely payments).

Table 3.3

Necessary directions of action at «EKIPROD» LLC for each group of goods, based on the results of the analysis according to the proposed method of matrix functional and strategic analysis

Position in the matrix (Fig. 3.2)	Parameters		Product groups	Directions of actions
	the share of goods in the growth of revenue («Y»)	the share of goods in the formation of aggregate profit («X»)		
Perspective segment – upper right corner	↑	↓	a5, a4	Intensification of efforts in the field of interaction with resellers, development of common criteria for the assessment of sales and trading activities by these product categories
Leading segment – upper left corner	↑	↑	b5, c5	Loyalty formation of end-users, reliability increase of sales measures, optimization of goods turnover and product range policy
Mastered segment – bottom left corner	↓	↑	b1, c3, e1, e5	Reducing costs, maintaining sales volumes at a given level, ensuring uninterrupted availability of products at outlets, consistently high quality goods and services, inventory optimization, product movement, warehouse activities, and payment deadlines
Unprofitable segment – bottom right corner	↓	↓	a1, a2, a3, b2, b3, b4, c1, d1, d2, d3, d4, d5, e3, e4	The withdrawal of the product category from the product portfolio, which requires the maximum possible reduction in production and commercial costs in support of the situation of goods on the market, as well as lower prices for the full sale of inventories

Source: compiled by the author

As the market slowdown, products tend to go into the «maturity» stage (lower left quadrant – «Mastered segment»). At this stage, the demand for the product reaches its saturation. Consequently, it is necessary to reduce costs and at the same time maintain sales at a given level (uninterrupted availability of products at points of sale, stable high quality of goods and services, optimization of commodity stocks).

Goods that are in the final stage of the life cycle, as a rule, fall into the category «Unprofitable segment». They are characterized by a decline in sales and a significant reduction in profitability. At the same time, this group includes supplier #1 (*b2* – under the «The sun in the glass» TM, *b3* – under the «Cardial» TM, *b4* – under the «Marelli» TM) and supplier #2 (*c1* – under «Bolgrad» TM). It follows that enterprises either do not fully use market opportunities, or goods delivered from these supplier categories are at an early stage of the life cycle, which requires their allocation into a special innovation group and inclusion in a matrix of functional and strategic analysis after deciding about development.

The proposed method of matrix functional and strategic analysis helps to increase the effectiveness of planning, management and control measures and allows to:

- use available and reliable information;
- determine the current and prospective level of competitiveness of the goods;
- efficiently manage costs;
- form an adequate market situation, sales strategy;
- precisely directing the activities of actors to adapt to constantly changing market conditions (forming a target orientation for searching and gaining benefits from new opportunities, for example, with changing demand, lowering purchasing prices, etc.).

In this regard, in the next paragraph it is advisable to estimate commercial risk.

3.2. Commercial risk estimation of the relations formation at the enterprise

Nowadays, most decisions of entrepreneurial activity are taken in conditions of uncertainty, when it is necessary to choose the direction of action from several possible options, implementation of which is difficult to predict. An entrepreneur must choose exactly the one that will lead to the highest profit. However, getting a profit entrepreneur is not guaranteed. The remuneration for time spent can be both profit and expenses. Thus, the commercial risk of entrepreneurial activity is the risk of losing any decision.

Commercial risk is a risk that arises in the process of selling goods and services produced or purchased by an entrepreneur.

The main factors that eliminate commercial risk at «EKIPROD» LLC include those that make it most meaningful to regulate its value. Depending on the size of the influence of such factors, the level of risk is also applied. That is, the factors that limit the risk, in their opposite sense, are factors that increase the risk. They can be internal and external.

External factors are those conditions that the entrepreneur can not change, but must take into account, as they can affect the state of his affairs. External factors include: market equilibrium, supply and demand, competition, legislation, tax system, political situation in the country, etc. [34].

The influence on «EKIPROD» LLC activity has *internal factors*, which include: costs of production and circulation, sales volume, rate of profit, turnover of goods, quality of goods, works, services, etc.

The activity of an entrepreneur in the field of commercial risk management is aimed at protecting his enterprise from the risks, and also prompts the decision of the main task of entrepreneurship – depending on the situation, choose between several projects the optimal, taking into account the fact that the more profitable the project, the higher the risk. Risk management is a proper understanding of risk. It is important for an entrepreneur to know the true value of the risk that his business is exposed to. Here the promising risk analysis associated with planning in a market economy is of paramount importance. The forecast is to some extent probable, therefore, the more accurate the analysis of risk in forecasting, the more accurate the

assessment of the prospects and correctness of management decisions, and hence more precise engineering of entrepreneurship.

To strengthen the possibility of managing the factors influencing the activity of «EKIPROD» LLC is to reduce the level of risk, to determine its level and the future outcome. It is impossible without a sufficiently accurate calculation of costs. Attempts to find ways to increase profits by reducing production costs, especially in conditions of fierce competition, can lead the company to bankruptcy.

The material assets of «EKIPROD» LLC have the ability to end, each saving money can become a means of investing in the development of production. In modern conditions it provides the most risk reduction and competitiveness. For this purpose, the company must constantly expand its supply channels and monitor the needs of consumers in order to ensure their own ability to rapidly change the product range.

Therefore, the problem of analysis is complicated in order to more accurately choose the most effective objects of expenditure. In this regard, each product group must be selected not only depending on the size of the demand of customers, but also on the level of expenses and profitability of these types of goods, since the least costly and most profitable products under other equal conditions provide greater profit and financial stability of enterprise.

Profit and its accumulation allows «EKIPROD» LLC to reduce or avoid the risks associated with the sale of goods, as well as invest in measures to increase competitiveness and financial sustainability. It is possible to secure competitiveness by introducing innovations, the necessity and expediency of which need to be determined in advance.

Innovations can be carried out in the whole population as a whole, as well as for certain types of goods and services. Therefore, the calculation of income, expenses, profit and reserves for increasing the competitiveness based on the analysis of the rate of return must be carried out for each type. In this regard, the cost calculation of each product group is not less important than costing. Only a

combination of income and expense estimates can provide the enterprise with the information it needs to control, analyze and manage it [1].

Reducing the high level of profit rate with the help of its analysis can be done not only to reduce the price, increase the cost of improving the quality of products and services, develop new services and other more favorable conditions for its customers, but also the implementation of conditions for interest, creative activity and responsibility of the workers. Thus, it can be concluded that the management of enterprise's commercial risk is achieved by monitoring the analysis of factors that affect its level, as well as their variation in order to increase profits and reduce the level of risk.

The general assessment of commercial risk in the product range formation at «EKIPROD» LLC is solved by the formula:

$$R = \sum_{i=1}^n B_i W_i, \quad (3.2)$$

where R – level of risk;

B_i – rank of i -th factor, $i = 1, \dots, n$, $n < 10$;

W_i – the normalized weight of the i -th factor in the overall assessment.

$$\sum_{i=1}^n W_i = 1 \quad (3.3)$$

Each risk is described by a certain number of factors (no more than ten). The value of each of them varies according to the level of risk (with the growth of risk), then is normalized. At the same time, each factor on the basis of expert conclusions is assigned its weight, reflecting the proportion of its impact on the overall size of the risk level. The closer the level of risk to 1, the lower the risk, the closer it is to n (for 10 factors $n = 10$), so it is higher.

Objective risk criteria for «EKIPROD» LLC are stable and do not depend on the actions of business entities, they should be taken into account as necessary risk costs, and in some cases it is necessary to adapt to certain conditions of uncertainty.

However, in certain cases, some of the risk factors fall (within certain limits) under marketing influence. These include:

- situation in the busy niche of the market;
- the state of the orders portfolio;
- market share occupied;
- balance between production and sales;
- production, financial, marketing and other economic factors;
- competitiveness of the enterprise, etc.

Along with the definition of the level of risk it is important to establish areas of risk. The risk area is the limits in which the risk does not exceed the specified values that characterize the level of risk, but does not exceed its inadmissible level. On a ten-point scale, it can be identified such areas of risk (Table 3.4).

Table 3.4

Zones of risk by a ten-point scale

Limit of risk areas (R)	0	0,1 – 2,5	2,6 – 5,0	5,1 – 7,5	7,6 – 10
Characteristics of risk zones	No risk	Insignificant	Increased	Critical	Invalid

Source: compiled by the author

An average expert assessment of the risk of product range formation at «EKIPROD» LLC is $R = 3.1$. It indicates an increased risk. In this case, management should choose between high risk and probably large profits from the implementation of a fundamentally new product.

«EKIPROD» LLC activity, as well as any other business entity, is associated with the risk inherent in entrepreneurship.

On the basis of expert conclusions, the risk factors for the product range formation at «EKIPROD» LLC and its implementation on the market were evaluated. It is necessary to assess the general risk of the danger of non-

implementation of the goods. The calculation of the level of risk is given in Table 3.5.

Table 3.5

Estimation of commercial risk at «EKIPROD» LLC

№	The risk factor	Business condition estimation	Rank of factor (B_i)	Weight of factor (W_i)	$B_i W_i$
1.	Market capacity	Great	2	0,08	0,16
2.	Dynamics of market development	Strong fluctuations, growth with slowing down	2	0,09	0,18
3.	Brands	Predominance of well-known brands	4	0,2	0,8
4.	Competitiveness of the product	High	1	0,15	0,15
5.	Intensity of competition	High	4	0,3	1,2
6.	Production and financial factors	Sufficient	3	0,01	0,03
7.	Reliability of trading partners	High	4	0,09	0,36
8.	Sales of goods from previous seasons	Successful	2	0,01	0,02
9.	The quality of the marketing service	Successful	3	0,06	0,18
10.	Force major Factors	High	2	0,01	0,02
TOTAL				1	3,1

The development of a commercial risk management strategy of «EKIPROD» LLC should be based on certain principles:

1. *the principle of systemicity*, which requires the systematic (integrated) approach to study assessment and implementation of risk control measures, as well as the need to take into account the risk factor in the development of other functional management strategies of the enterprise;
2. *the principle of justification*, which requires the necessity of a thorough justification of the measures and actions carried out towards risk management;

3. *the principle of economics*, which requires the assessment of the cost estimates for risk management and their comparison with possible losses of the enterprise in case of risk events;

4. *the principle of consistency*, which stipulates the need to comply with the risk manager in developing and implementing a risk management strategy for a certain sequence of action for the most effective conduct;

5. *the principle of flexibility of commercial risk management strategy*, which provides for the possibility and necessity of continuous operational correction of the previously developed risk management strategy and tactics in connection with the constant change in the factors that determine the risks of the enterprise. Therefore, the risk management strategy should be designed in such a way that, if necessary, it could make the necessary adjustments.

The development of a commercial risk management strategy at «EKIPROD» LLC provides according the following sequence of actions:

- I. stage –it is necessary to identify the risks inherent in the activity of «EKIPROD» LLC or its separate business operations, that is, to determine the list of systematic and specific risks with which the studied enterprise is faced. This work should be carried out by specialists of the company by identifying possible losses and obstacles that may occur in the course of carrying out each type of business operations of the enterprise or the enterprise as a whole.
- II. stage – the collection of information about the identified types of risk and the nature of their manifestation at «EKIPROD» LLC or similar enterprises is carried out. The quality of the information provision of the risk management process is very important, as it enables us to accurately assess the level of risk and its financial implications. Required information is obtained from both internal and external sources.

The sources of *internal information* about the level of commercial risk at «EKIPROD» LLC and its specific business operations are:

- 1) forms of accounting and statistical reporting;
- 2) primary documents directly related to the conduct of certain business

transactions – acts of inventory acceptance, contracts and agreements concluded, claims, exhibits, goods and transport documents, etc.;

- 3) primary accounting documents, logs, warrants and negotiable information from individual accounts.

The external information necessary to study the risk of the company includes:

- 1) legislative and regulatory documents regulating the activities of the companies and its counterparties;
- 2) official information about the level of inflation, the size of changes in prices for goods and services, the level of the discount rate of the National Bank of Ukraine;
- 3) results of monitoring the markets in which the enterprise operate (consumer, financial, stock, foreign exchange labor market, means of production, etc.);
- 4) information about the efficiency of the trading sector as a whole and individual analogue companies and competitors,
- 5) information about the level of loss-making and stability of enterprises (number of bankruptcies);
- 6) information about the conditions of external risk insurance and the development of the insurance market as a whole;
- 7) information about arbitration practice on the resolution of commercial disputes, etc.

- III. stage – an assessment of the certain types level of risk and riskiness of «EKIPROD» LLC activity (or economic agreement) as a whole should be carried out. The assessment of the risk level can be carried out by various methods: statistical, expert, calculation and analytical (sensitivity or computer simulation), etc.
- IV. stage – an estimation of possible financial losses of «EKIPROD» LLC in the risk event, which is a manifestation of a particular type of risk, should be carried out. The financial losses that are expected to be can be estimated in absolute terms (in cash or in kind) or relative to some indicator of the

economic activity of the enterprise (income, profit, expenses, assets or capital).

V. stage – risk examination is conducted. During its conduct it is necessary to compare between each other:

- 1) the level of risk and expected rate of return, and compare it with the ratio between the risk and return on the activity that actually occurred or is the average market indicator;
- 2) the size of financial losses that may be due to risk events, with the company's financial capabilities.

The result of this work should be the answer about the appropriateness of such a level of commercial risk for «EKIPROD» LLC.

There are three options for assessing the commercial risk at «EKIPROD» LLC:

a) when recognizing risk, it is absolutely expedient to carry out an operation or activity of the enterprise to which it is inherent in a scenario that has actually been developed or planned. In this case, the usual (typical for this enterprise) measures to control and finance the risk should be conducted.

b) when recognizing risk, it is absolutely inappropriate to engage in an enterprise that is associated with this risk (the project for a particular business transaction is rejected).

c) if it is not possible to evaluate the expediency of risk (doubtful expediency), it should be proceeding to the next sixth stage of work on the development of a risk management strategy.

VI. stage – development of risk control and financing measures. Risk management practices cover a variety of approaches to minimizing the effects of a company's business.

In general, they are divided into two large groups:

- organizational or risk-control methods;
- economic or risk financing methods.

After defining a certain list of measures, a reassessment of the appropriateness of the risk is carried out, determining its final attitude to the type of activity or transaction.

VII. stage – begin to implement the planned risk management measures in practice. In the course of this work it is also necessary to periodically repeat the individual stages of the risk assessment process for the operational adjustment of the previously developed strategy.

In table 3.6 is presented an assessment of the expediency of the commercial risk to form product range at «EKIPROD» LLC. It is calculated on the basis of expert assessments and real practice of competitors.

Table 3.6

Estimation of commercial risk expediency at «EKIPROD» LLC

№	Indicator	Value
1.	Expected level of return	333347,3
2.	Expected level of risk	2,7
3.	Expected amount of financial losses on the condition of commercial risk	356681,6
4.	Probability of risk	31
5.	Probability of non-occurrence of risk	69

Consequently, on the basis of the conducted research, it can be concluded that the probability of obtaining by «EKIPROD» LLC profit exceeds the probability of commercial risk. That is, it can be assumed that the existing level of commercial risk at the enterprise is appropriate.

It should be noted that in order to reduce the commercial risk of the investigated enterprise, it is necessary to prevent:

- reduction of sales volumes as a result of falling demand for goods sold by the enterprise, squeezing out its competing goods, imposing restrictions on sales;
- increase the purchase price of goods in the process of implementing an entrepreneurial project;

- unpredictable reduction of procurement volumes in comparison with planned ones, which reduces the scale of the whole operation and increases expenses per unit volume of goods sold (at the expense of conditionally constant expenses);
- loss of goods;
- loss of goods quality in the process of circulation (transportation, storage), which leads to a decrease in its price;
- increase of expenses of circulation in comparison with the planned as a result of payment of fines, unforeseen duties and deductions, which leads to a decrease in profit of the enterprise.

CONCLUSIONS AND PROPOSITIONS

As a result of the conducted research the following conclusions and recommendations should be done to improve the process of product range management at «EKIPROD» LLC:

1. Formation of commodity resources of enterprises is carried out through the implementation of a number of commercial transactions: the rationale for the volume of purchases, the establishment of economic relations, the implementation of contractual relations. If many different factors are taken into account, there is a high probability of choosing the optimal channel for the distribution of goods. Formation of the channel requires the study of the main options for its possible structure in terms of the type and number of intermediaries.

2. The use of the methods proposed in commercial practice of trading enterprises allows to carry out systematic research of commercial relations and to qualitatively justify the decisions on their formation. The main elements of such research are: volume, structure, dynamics and tendencies of changes in demand and supply; level, structure, variation, concentration, typicality, stability, dynamics and trends of price changes, price elasticity of demand, price discounts and conditions of their supply; commodity loans and terms of their granting; the level, dynamics and trends of competition and inflation; volume of purchase of goods, volume and frequency of delivery of goods; business services; commercial opportunities and strategies of the trading enterprise; basic terms of delivery of goods; rotation costs; compulsory payments, net income, and business risk. The evaluation and modeling of the effectiveness of commercial relations, in accordance with the proposed approaches, will improve the efficiency of commercial activity of a trading company.

3. The coverage ratio is intended to assess the ability of an enterprise to settle in financial payments and avoid bankruptcy. The higher its value, the more enterprise can be sure that an enterprise can easily make interest payments. During 2017-2018, this figure exceeded 1, indicating the ability to repay its financial liabilities even if operating profit is declining. According to the results of the analysis, it can be

concluded that the company follows the strategy of growth, namely aggressive growth, which suggests that the company needs to invest in its own development, and therefore create a development strategy.

4. Economic efficiency of relations management at «EKIPROD» LLC was identified and assessed. Using the rule of Pareto 4 product groups of «EKIPROD» LLC were created: *the first group* provides 64% of the turnover (the list of items completes the Wine «Peach» white); *the second group* provides 16% of the turnover (the list of items completes the Wine «Cabernet» PREMIUM); *the third group* provides another 16% of the turnover (the list of positions completes the Wine «Merlot Classic»); *the fourth group* provides 4% of the remaining turnover. According to the number of positions, which are included in the group «A» and group «C» product range of «EKIPROD» LLC, five positions provide 64.28% of the turnover and 18 positions – only 3.5%. Such a relationship between the number of positions and its contribution to the turnover is the «normal» situation for trading enterprise.

5. Measures for improving the process of relations management at «EKIPROD» LLC were substantiated. Method of matrix functional and strategic analysis of the enterprise was proposed on the basis of classical BCG matrix. Variables were modified to «X» – the share of goods in the formation of aggregate profit and «Y» – the share of goods in the growth of revenue, respectively. As a result of the matrix functional and strategic analysis, it was found that: two product groups from supplier #1 and supplier #2, who sold the «Chateau de Wine» TM are in the «Leading segment»; two product groups from supplier #3 «Marelli» TM and «Chateau de Wine» TM are classified in the «Prospective segment»; four product groups are in the category «Mastered segment», which bring a stable income for reinvestment into new products; fourteen product groups are in «Unprofitable segment». The effectiveness of applying the method is determined by the fact that as a result of its implementation, it becomes possible for the enterprise to plan a balanced structure of the supplier engagement distributed in different phases of the life cycle, as well as rationally redistribute financial resources (research, advertising, sales promotion,

consumer analysis, etc.) from products that bring a consistently high income (maturity stage) to commodity categories that are implemented in a growing market (market entry and growth).

6. Commercial risk in relations management for «EKIPROD» LLC was estimated. Objective risk criteria for «EKIPROD» LLC are stable and do not depend on the actions of business entities, they should be taken into account as necessary risk costs, and in some cases it is necessary to adapt to certain conditions of uncertainty. However, in certain cases, some of the risk factors fall (within certain limits) under marketing influence. An average expert assessment of the risk in relations management at «EKIPROD» LLC is $R = 3.1$. It indicates an increased risk. In this case, management should choose between high risk and probably large profits from the engagement of some fundamentally new suppliers.

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