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## **ДИПЛОМНА РОБОТА**

на тему: «Обґрунтування плану розвитку підприємства»

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## **АНОТАЦІЯ**

### **бакалаврської дипломної роботи на тему “Обґрунтування плану розвитку підприємства”**

Робота містить 70 сторінок, 20 таблиць, 6 рисунків, список літератури з 36 найменувань (на 3 сторінках), 6 додатків (на 21 сторінках).

Метою дипломної роботи є розвиток теоретичних основ та розробка практичних рекомендацій щодо обґрунтування плану розвитку підприємства.

У дипломній роботі розкрито сутність та функції плану розвитку, а також визначено, що план розвитку підприємств має свою специфіку, особливо для виробничих підприємств. Проведено комплексний аналіз діяльності ТОВ ВК “Поліпак ЛТД”, що виробляє поліпропіленові мішки. Техніко-економічний аналіз діяльності ТОВ ВК “Поліпак ЛТД” показав, що в цілому діяльність підприємства ефективна, проте наявні деякі проблеми, пов’язані з неефективним використанням робочої сили, рентабельністю та оборотністю. Поточна рентабельність підприємства має ряд проблем, обумовлених, зокрема, зменшенням кількості замовлень і збільшенням витрат.

Рекомендований план подальшого розвитку орієнтований на покращення збутової діяльності ТОВ ВК “Поліпак ЛТД”; він включає використання міжнародного партнерства на європейському ринку для розширення діяльності підприємства, де вирішальне значення мають стандарти якості, які вже застосовуються в його діяльності.

**Ключові слова:** план, розвиток, план розвитку, підприємство, середовище.

**Рік виконання роботи – 2022, рік захисту – 2022.**

## **ABSTRACT**

bachelor's thesis

### **“Justification of the development plan of the enterprise”**

The thesis consists of 70 pages, 20 tables, 6 figures, 36 references (on 3 pages) and 6 appendices (on 21 pages).

The purpose of the thesis is to develop theoretical foundations and practical recommendations for justifying the development plan of the enterprise.

The thesis reveals the essence and functions of the development plan, and also determines that the development plan of enterprises has its own specifics, especially for industrial enterprises. A comprehensive analysis of the activities of LLC PC Polypack LTD was done, an enterprise that produces polypropylene bags. The technical and economic analysis of the activity of LLC PC Polypack LTD showed that in general the activity of the enterprise is effective, but there are some problems related to inefficient use of labor, profitability and turnover. The current profitability of the enterprise has a number of problems due, in particular, reducing the number of orders and increasing costs.

The recommended plan for further development is focused on improving the sales activities of LLC PC Polypack LTD; it includes the use of international partnerships in the European market to expand the enterprise's activities, where quality standards that are already applied in its activities are crucial.

**Keywords:** plan, development, development plan, enterprise, environment.

**Year of performance** – 2022, **year of defense** – 2022.

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## INTRODUCTION

Development plan is one of the most important points when establishing or improving business that is used to determine the way in which development of whole organization and its different areas and departments must be. Development plan is an important aspect of an organization that will always have a direct impact on the success in achieving its objectives. Development plan is vital for the long running of any business, defining goals and direction of development of the organization, providing employees with a clear understanding of what is required of them within their individual responsibilities.

Development plan involves planning, monitoring, analysis and evaluation of all necessary organizational needs of the company to meet its goals and objectives, creates the direction for better use of resources in the sphere company works and choose the direction to develop for greater success. It is used to create, support and develop internal environment factors for effective work of organization, but also need to protect, adapt and forecast the changes in external environment to constantly access plan to success. Development plan is important to an organization because it provides a sense of direction and outlines measurable goals.

There are a lot of scholars who devoted their researches to the development plan issues, namely: D. Aers, L. Frederiksen, A. Haag, D. Jandossova, A. Lewis, C. Meath, O. Myronova, J. Parsons, S. Vasylyk, P. Smith and many others. The problems of development plan for enterprise is considered in works of S. Alam, M. Chavan, R. Mauborn, K. Chan, L. Wolpert and other researchers.

The goal of the thesis is to develop theoretical basics and to suggest practical recommendations concerning the development plan creation and implementation for the production enterprise.

The object of the thesis is the process of development plan creation and implementation for the production enterprise.

The subject of the thesis is the algorithm, methods, principles and tools of development plan creation and implementation for the production enterprise.

In order to achieve this goal, the following tasks were set:

- to consider an essence of the development plan;
- to study the specifics of the development plan classifications and principles of its use;
- to analyze international experience in development plan creation and implementation;
- to provide the general characteristics of LLC PC Polypack LTD that produces polypropylene bag and flexible containers; as well as to conduct technical and economic analysis of the LLC PC Polypack LTD's activity;
- to analyze external and internal environment of LLC PC Polypack LTD from the strategic perspective;
- to develop the main elements of the LLC PC Polypack LTD development plan;
- to create a plan of the implementation of the recommended development plan using PERT analysis.

In this thesis, the following research methods were used: morphological analysis, logical generalization, graphical method, horizontal and vertical analysis, ratio financial analysis, SWOT analysis, project evaluation and review techniques.

The informational base of the thesis consists of the works of scholars on the problems of development plan creation and implementation, as well as reports of LLC PC Polypack LTD, statistical and analytical data on the development plan used by companies.

Base of research is LLC PC Polypack LTD.

The practical significance of the work is that the implementation of the recommended development plan will increase profits, give the access to European market for the enterprise.

Thesis consists of introduction, three chapters, conclusions, list of references and appendices.

# 1. THEORETICAL BASIS OF THE DEVELOPMENT PLAN OF THE ENTERPRISE

## 1.1. Essence of the development plan of the enterprise

Discussing general terms of the development plan it is important to note that it makes sense in all planning at the enterprise. In order to get clear understanding creation of development plan, it is necessary to review its basic concept – development plan that is involved in the whole planning process.

For better understanding, we can review some already generated terms of authors about essence of development plan in concept of its creation for enterprise. There are different points of view. Few of authors define it as plan, while others provide wider views, when marking them as document, element or function of management. Let us see each definition separately and conclude about their contribution in creation of general final term related to development plan and dedicate which points are critically important for clear understanding.

The morphological analysis of the term “development plan” is performed in tab. 1.1.

**Table 1.1**

### Morphological analysis of the term “development plan”

Author 1	Definition 2	Genus 3	Key words 4
Smith P. [32]	action plan, working document used actively by both the employee and line manager. They ensure the company is growing, employees developing their ability to achieve more in the workplace and meet the organization’s goals.	Plan	Action plan, document, growing, developing, achieve goals.
Meath C. [23]	a document which details the overall strategy of the company for its proper planning and sustainable development and generally consists of a written statement and accompanying instructions.	Document	Details strategy, planning and development, statement.
Aers D. [7]	plan that documents the goals, required skill of staff and competency development, and objectives company will need to accomplish in order to support continuous improvement and firm development.	Plan	Goals, staff skills, development, objectives, continuous improvement.

**Ending of tab. 1.1**

1	2	3	4
Frederiksen L. [16]	is a business document that outlines how company implement business development strategy. It can be a plan for an individual, a practice or the firm as a whole. Its scope covers both the marketing and sales functions, as they are so intertwined in most professional services firms.	Business document	Implement, development strategy, individual, practice, marketing and sales functions.
Seth S. [28]	a wide scope of ideas, activities, and initiatives that a business owner and management implement with the goal of making the business better. Business development impacts every department within a company, including sales, marketing, manufacturing, human resources, accounting, finance, product development, and vendor management.	Ideas	Ideas, activities, initiatives, all departments.
Drikents A. [14]	plan that sets goals for growth and explains how company will achieve them. It can have a short-term or long-term focus. Review and revise the plan is obligatory. It is company roadmap to growth, so make it clear, specific and realistic.	Plan	Goals for growth, achieve, short/long-term focus, review and revise, clear, specific, realistic.
Jandossova D. [18]	any activity or idea that aims to make a business better over time. This means making use of customers, implementing strategic partnerships, using markets and building company's reputation. Its roles at any level, from executives through to employees, are looking at how they can make the business grow their increased revenue, physically expand and develop, while fostering strategic and long-term partnerships in the process.	Activity	Idea, strategic partnership, reputation, grow, expand, develop.

In general, authors describe term “development plan” basically as plan also as document, that is some previously determined actions needed for development of enterprise. But it was mentioned as ideas and activity performed for firm growth. Key ideas are expressed as plan of action, that describe step by step strategy for implementation in each department by all staff. Common goal is a base in all of the descriptions, plan must be considered as measurable and achievable. In that case, the goal must be determined, also it is good to create evaluation strategy to grade that plan relevance. Plan must be considered in the scope of internal strategies creation and in external partnership setting. It always about needed resources as staff competencies



and high technology usage. Plan shows the action, development, growth, expand, activities, ideas and initiatives.

Paul Smith in his description includes the fact that development plan is both action plan and working document used actively by both the employee and line manager, that is important part of unity of working process needed to perform work clearly. Also, the hierarchy of processes is defined as top managers that control and ensure the company growth and employees developing their ability to achieve more in the workplace and meet the organization's goals [32]. In that case, document has the priority of actions performed to achieve pre-selected goal.

In that definition, we could mark the importance of the whole company goals as well as inclusion of all working levels that are crucial for their achievements. It means the acknowledgment of all employees about targets and actions needed to perform it. It is clear for understanding, but in that case concentration on employees' development is higher than on other spheres of work. Development plan is about all development levels, inside of staff team as well as in all spheres such as equipment, customer relations, strategy formulation etc.

Second author declares that development plan is a document, that indicate document must be previously prepared. It is a plan which details the overall strategy of the company, it must include all the levels in the firm. It should be developed for proper planning and sustainable development of the company. Generally, the fact mentioned by Meath C. that plan consists of a written statement and accompanying instructions [23], show us plan as step by step planning with inclusion of all departments in organization for common work.

General idea that development plan includes all levels of the organization and must be prepared in advance could describe many planning processes. Here it will be good to add information about goal of organization that needed to be achieved with such plan. Also, we need include information about goal further evolution importance, that will show the process of growth of organization that plan developed for.

David Aers for Duke university mentioned the definition as plan that documents the goals, signify that it is important for company to set clear goals. In addition, when

defining development plan, we need to include required skill of staff for achieving of goals, it must contain hierarchy and competency development [7]. Objectives company will need to accomplish in order to support continuous improvement and firm development must be also identified in plan. Additionally, it is about the long-term goal for company, that could include short and long duration plans.

It is wide designation for development plan, that include importance of continuous improvement, goals creation, development of competencies and deviation of the goal by smaller objectives. It is important to mention structural integrity of certain organization which will develop plan.

As well, we can consider another definition written by Lee Frederiksen. He also mentions development plan as a business document that outlines company implement its business development strategy. It can be a plan for an individual, a practice or the firm as a whole. Its scope covers both the marketing and sales functions, as they are so intertwined in most professional services firms [16].

Firstly-mentioned significance of tracking and controlling of plan implementation that must be included in strategy is crucial to take into attention, because as control is one of the main managerial functions, it must be grounded in planning process. In addition, this definition is about connection of all levels of organization, that partly reviles classification and opportunities for development for individuals (employees) and whole (organization). It will be good to add that link between structural levels in organization and acknowledgement of staff about goals is substantial for progressing a goal.

Shobhit Seth indicates that development plan is a wide scope of ideas, activities, and initiatives that a business owner and management implement with the goal of making the business better [28]. It is about action, preparation and involving of managers and staff in creation of reliable plan. Inclusion of goal setting that will be easily disclosed for all staff make that goal easier achievable.

Business development impacts every department within a company, including sales, marketing, manufacturing, human resources, accounting, finance, product development, and vendor management [28]. Widely opened idea of importance of all

links of company with in and outdoor spheres creates deepen understanding of range and importance of wide development plan.

In the full definition showed a high importance of all spheres of company that must be developed simultaneously and implication into planning process those professionals starts from owners to laborer for accurate research of topic. It is significant point in successful plan development. But to simplify the definition we could only specify importance to develop all spheres instead of counting all of them.

To reinforce we can consider definition of Arturo Drikents who declares development plan also as a plan in general. Plan that sets goals for growth and explains how company will achieve them. It can have a short-term or long-term focus. Review and revise the plan is obligatory. It is company roadmap to growth, so make it clear, specific and realistic [14].

The author said about goal-setting for growth of the whole enterprise and mark the process of explanation of steps needed. It must be included all staff levels that are involved in creation, but even more organization and performance, because there must be clear set of actions and goal must be submitted for consideration. Classification of different terms of plan marks that planning must have time boundaries. Here function of control is also declared, that shows obligatory reconsideration and evaluation of work done. First time we could see the method of creation of goal of planning. Goal must be clear for the whole organization as well as for each employee. It must be realistic means must be grounded on previous statistics and received results.

Last author defined development plan as activity or idea that differs it from previous ones. This activity or idea aimed to make a business better over time. Daria Jandossova means that when planning we need to make use of customers, implementing strategic partnerships, using markets and building company's reputation [18]. It is interesting that here was declared the significance of creation not only inside-organization plan, but also work with external factors to build reputation of the company on market. Deep study of customer will help company to create external development plan. And develop inside of organization that goals which will also be in demand on market company work.

Its roles at any level, from executives through to employees, are looking at how they can make the business grow their increased revenue, physically expand and develop, while fostering strategic and long-term partnerships in the process [18].

It is fully understandable that all levels of staff must be included in both creation and performance of goals. Especially important we see the partnership inside of organization, external partnership with customers, market and suppliers. It is about long-term relations which will ensure further development. Here also included different goals that could include development plan.

In conclusion, we could mark the most important aspects of the term development plan. Firstly, plan is about setting goals, here for the whole organization and also for each staff member. According to authors it must include strategies for all the departments of organization and all spheres connected with it. Internal relations are very important as well as external one. Plan must include strategies for development in all of them. It must be set such goals that will be specific, realistic, measurable and with time bounds. Lastly, plan must be created with inclusion of all levels of employees for deepen study of the problem, reviewed and result must be evaluated.

In that case we could form own definition related with topic. Development plan is a plan that documents actions must be performed by each departments of the organization to achieve a realistic, specific, measurable common goal. It includes internal and external strategies, that developed on the basis of staff experience of different levels, market demand, technological progress and previous statistics analysis of needed factors. Further development plan connects all the spheres of the company that are related to the goal and must describe steps, strategies and intersections. Revise of the plan is obligatory as well as evaluation of its results.

Planning precedes the performance of all other management functions, as it is designed to formulate the goals and objectives of the organization, ways and means to achieve them. In that case a plan is a document which responsible for reporting of information, distribution of duties and goal-setting for further work of the whole organization.

## **1.2. The development plan classification, lifecycle and principles**

Development plan is important in the whole working process of the organization. Effective planning is the foundation of any successful business. Planning revolves around organizing priorities and resources and it relates to productivity. Since productivity levels directly affect the success of any organization it's vital that businesses are creating plans that work [10].

Planning is the most essential of all managerial functions, since it is associated with goals, alternative choices, determines actions, both prospective and current. Planning is reflected in all management functions, but logically precedes them, that is, the manager organizes, controls, stimulates and directs in accordance with the plans.

The main tasks of forming the development plan of the enterprise are:

- selection of effective areas of economic activity that need to be developed;
- determination of the amount of capital investments and other resources necessary for the implementation of the selected areas of economic activity;
- evaluation of the impact results [24].

Reasons for planning could be also defined. Firstly, company need to avoid or minimize waste in the utilization of scarce societal resources, through coordination and rational allocation to all sectors. Important part of planning is also to rank or prioritize developmental goals of society and allocate resources to those sectors that are regarded as the most needed.

Various plans are used in the activities of a business entity. Their classification is subject to the tasks of systematization according to typical characteristics, which makes it possible to determine the place of each of them and designate the role according to their intended purpose. Establishing similarities and differences between types of plans through their classification allows you to better understand the nature of planning [33].

By the time of action, planning is classified as short-term (current, operational), medium-term (perspective) and long-term (strategic). Additionally, development planning could be classified as Long-term planning covers a period of 5-20 years,

medium-term include from 1 to 5, short-term (current) is one planning year, monthly-termed and operational are about day-today activity

According to the sphere of application, plan is subdivided into external strategies, corporative company strategies, departmental, project and individual plans.

Plans are made for the future. Therefore, the main thing in planning is the foresight of the future, "plan proposals", that is, the calculation of what will happen if the plans come true. In order for planning to be effective, it must be based on diverse and reliable information about the state of the external environment, promptly capture and anticipate all changes taking place in it. Depending on the possibility of tracking the state of the external environment, the following are distinguished:

1) reactive planned is identification of changes occurring in the external environment, and adaptation of the structure of the organization and its activities to these changes;

2) proactive planning is future characteristics of the external environment are predicted, and, accordingly, the nature of future planning activities adjusted to the expected external conditions [34];

3) active planned impact the desired state of the external environment and ways to achieve such a state are determined.

The state of the external environment can be qualified as controlled, partially controlled or uncontrolled. In a controlled environment, all the problems considered in the planning process can be clearly structured into individual components, described in quantitative terms, the future state of these problems can be determined with a high degree of accuracy. The preferred type of planning activity for this state of the environment is proactive planning.

In conditions of a partially controlled external environment, planned problems, as a rule, cannot be fully structured, their development is unpredictable, and they are not fully described by quantitative parameters.

Finally, in an uncontrolled external environment, planning problems are not structured at all and cannot be quantified; they are described by a large number of parameters, the relationships between which are extremely complex.

In conditions of a partially controlled or uncontrolled external environment, it is advisable that planning be based on the principle of response or active planned impact. The requirements for the composition and completeness of information are different when using these types of planning [15].

According to the development stages, planning is classified as preliminary (provisional) and final. At the initial stage, draft plans are usually developed, after their discussion, adjustment and approval, the plans are accepted for implementation.

So, the need to develop a system of plans for the development of enterprises is dictated by the formation of a market environment, which requires high professionalism, a quick response to market changes, and the ability to predict the development of entrepreneurial activity. Any scientific classification carries an element of conventionality. In reality, a single phenomenon can be difficult to classify due to the blurred boundaries of its features. Yes, this is not required. From the point of view of practical application, it is not the purity of the scientific classification of the plan that is important, but its real usefulness as a means of achieving the desired results.

With proper planning, company can solve the main tasks before injecting investments, which will help to realize other tasks. Currently, there is no single approach in determining the main functions that a development plan performs. The most traditional approach is that the plan performs 3 functions: strategic (helps in developing a business strategy, which is especially important when organizing a new company or defining new business directions), investment (helps to determine the optimal sources and volume of foreign investment, find potential investors), planning function (allows you to assess the prospects for business development and develop a set of specific measures to achieve them) [17].

Thus, a development plan, performing various groups of functions, should provide the ability to analyze, evaluate, position, control and manage in conditions of uncertainty and dynamism of both the external and internal environment of the company. The implementation of the functions listed above allows to increase the adaptation of all business processes to the constant changes in the business environment, which becomes more and more complicated over time.

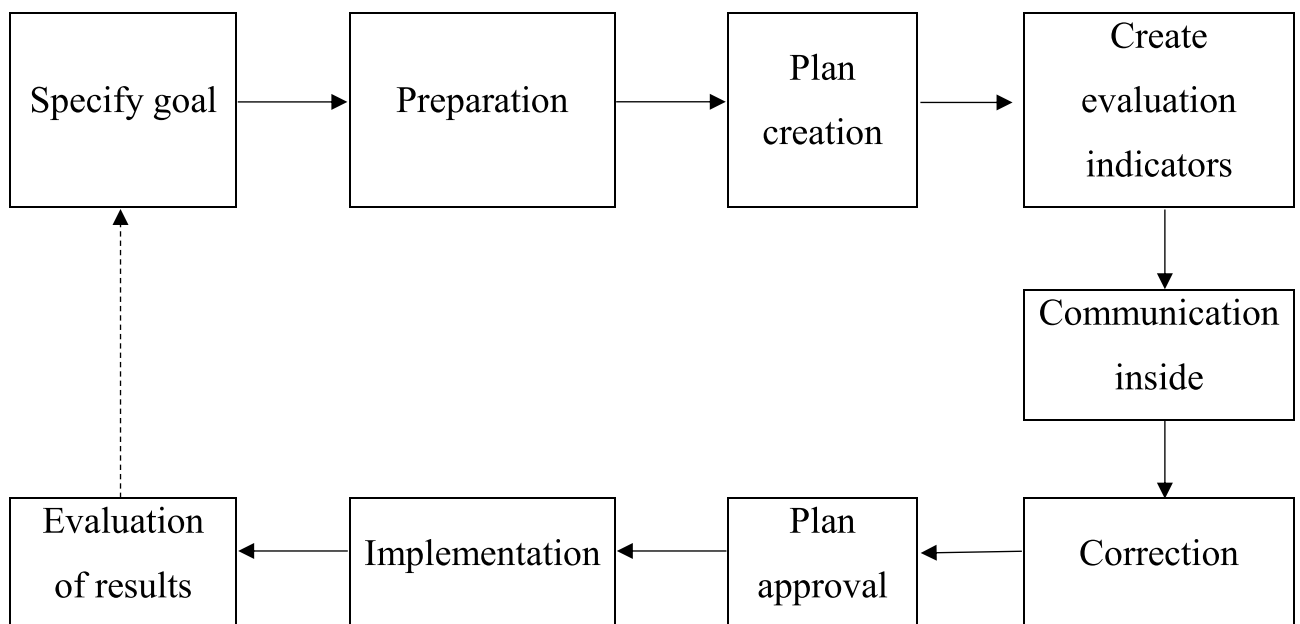
The place of the development plan in the system of enterprise and management plans is determined by the fact that it:

- evaluates the degree of viability and future sustainability of the enterprise, reduces the risk of entrepreneurial activity;
- specifies the prospects for business development, presenting them in the form of a reasonable system of quantitative and qualitative indicators;
- allows company to receive external investment.

The latter emphasizes the fact that the development plan takes into account not only the internal goals of the enterprise, but also the external goals of persons whose participation the entrepreneur has an interest in.

Thus, the development plan, on the one hand, is organically included in the system of intra-company planning in the company, its development in some part overlaps with the preparation of other plans, and on the other hand, it seriously differs from them, primarily in that it contains a complex character [25].

Consideration of the main steps of lifecycle of a development plan are described below and shown in fig. 1.1.



**Fig. 1.1. Lifecycle of the development plan**



Firstly, an organization needs to specify goal, that is the main part of planning. Best practice at this step will be creation of goals using method SMART [27]. A SMART goal should be specific so that it cannot be interpreted in different ways. It should set the direction of work. It should be measurable so that you can determine how close you are to the result. Otherwise, it will be impossible to track progress. Goal must be achievable. It should open up new opportunities, and not become an unbelievable. But at the same time, a SMART goal should be ambitious enough and not too easy to achieve. Company need to keep a balance, in that case it will be good to analyze previous experience and the market abilities. The goal should be consistent with the needs of the company and trends. A meaningful goal will bring you closer to achieving global strategic goals. A goal with a specific time-bound helps determine the progress of teams and plan tasks for a set period.

Step of preparation need to consider all aspects needed to achieve a goal. Recommendations for development are developed, and then they are studied by the employee. The employee forms the priorities for the development of the person. Company need to analyze available resources and needed one to compare and create use of resources plan.

Plan creation is about development of the document of original version by top management. Additionally, company need to create evaluation indicators, that will show the progress and success of elected goal. For long-term plan it is necessary to communicate with employees on different levels (middle managers, shift managers etc.) to determine if the plan realistic and could be performed by each department that is involved in goal achievement process. On that stage it is necessary to create step-by-step instruction for each department and employee to convey the corporation goal for all employees to be acknowledged. Also, correction in accordance with deepen study of real situation on different levels must be done. Plan approved by the top management after all corrections and clear instructions are developed. After all plan must be implemented on all needed levels and job descriptions and goals issued to employees. Finally, top management need to evaluate the work in the time of its implementation, if it is needed company need to make corrections again and evaluate final result.

Principles of development plan are connected with work of the whole organization. The principle of unity suggests that development plan in an organization should be systemic. The system means the existence of a set of interrelated elements and the presence of a single direction for their development, focused on common goals. The elements of planning in an organization are the individual units that are part of it, and the individual parts of the planning process [36].

The principle of participation is closely related to the principle of unity. This principle means that each member of the organization becomes a participant in plan activities, regardless of the position and function performed by him. That is, the planning process should involve all those directly affected by it. Participatory plan is called participatory planning.

The principle of continuity assumes that the planning process at the enterprise should be carried out constantly within the established cycle and the developed plans must continuously replace each other. At the same time, it is not uncommon for the planning process to be interrupted: firms develop a plan during a certain part of the year, approve it, and stop planning until the next period.

The principle of flexibility is related to the principle of continuity and consists in giving plans and the planning process the ability to change its direction due to unforeseen circumstances. To implement the principle of flexibility, plans must be drawn up so that they can be changed, linking them to changing internal and external conditions. Therefore, plans usually contain certain reserves [20].

The principle of accuracy means that every plan must be drawn up with a degree of accuracy that is compatible with a certain amount of uncertainty. In other words, plans should be specific and detailed to the extent that the external and internal conditions of the firm's activities allow.

Planning is one of the main functions of management, which is the process of choosing the goals of the organization and ways to achieve them. Development planning provides the basis for all management decisions, lays the course that the organization will follow to achieve the goal. Well and properly organized planning system needed for effective work and development of the organization.

### **1.3. International experience in the development plan creation**

When marking the importance of development plan in the whole management system, we consider it as a part of main management functions that is planning. It must take place at each enterprise for further work. As it was marked before, planning is the first stage of all work performed at enterprise, even when starting the business or project we need to develop plan to define goals and methods to achieve it. In the world there are a lot of approaches in planning and in creation of development plan.

Planning technology is a set of specific methods and methods for developing plans for economic development both for the enterprise as a whole and its structural divisions, and in terms of time periods in order to ensure their interconnection and continuity [26]. These methods are spreadly used in planning and make implementation and achievements of goals realistic and successful.

Widely used strategy when creating development plan is Balanced Scorecard. The Balanced Scorecard is a strategy management framework created by Drs. Robert Kaplan and David Norton. It considers company objectives, measures and initiatives [12]. The balanced scorecard is a strategic planning and management system that organizations use to focus on strategy and improve performance.

Throughout the process of creating the BSC, Norton and Kaplan realized an organization must first begin with goals that can be broken down into four distinct perspectives that are uniquely connected: financial goals, customer goals, process goals, people (or learning and growth) goals. A Balanced Scorecard strategy map is a one-page visual depiction of an organization's scorecard. It has the ability to show the connections between all four perspectives in a one-page picture.

Among the functions of balanced scorecard are transformation the company's plan into four interconnected perspectives and makes it possible to concretize strategic goals. It is also a systematic methodology for transforming the vision and strategy of an organization into action plans for individual employees. It is an integrated concept of strategically focused management of the organization

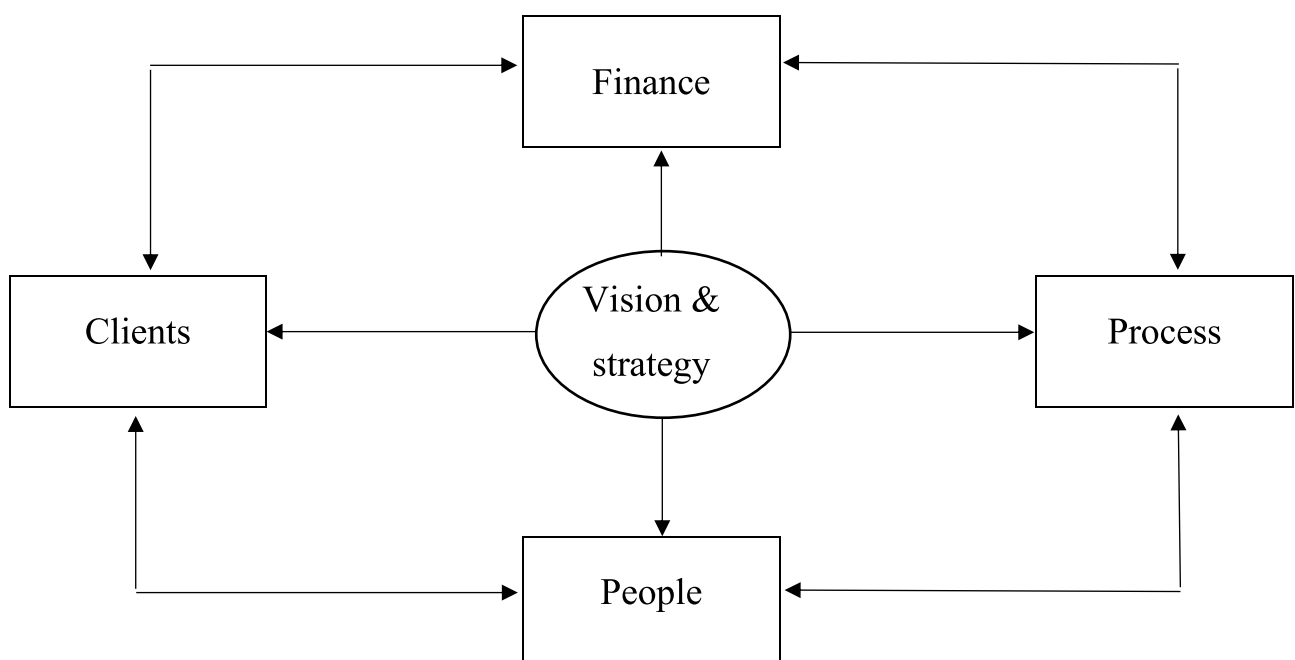
An important task of decomposition in development is bringing strategically important goals and objectives to the level of specific performers. Accordingly, the

company's management has not only an effective tool for planning and control, but also motivation. It is possible to link the payment system to the level of achievement of the planned goals by the unit or the employee responsible for it.

When developing a Balanced Scorecard (for the company as a whole or for a separate structural unit), company should follow these steps:

- clearly specify strategic goals;
- link all strategic goals using cause-and-effect chains;
- define key indicators and their target values;
- determine how these indicators are related to key business processes;
- develop the necessary strategic measures or projects. Determine for each of them specific deadlines, budgets, responsible executors.

Achieving a common understanding of the company's development plan by all key participants in the process of its development and, most importantly, its implementation in life, is also one of the most important success factors for the company. In addition, without this it is difficult to organize and control the implementation of plan. The principle of balanced scorecard is shown in fig. 1.2.



**Fig. 1.2. Principle of Balanced Scorecard method**

This approach has own advantages and disadvantages. Among the advantages are: affects all major areas of the organization, not only financial indicators are used, allows phased implementation, close connection with motivation and activity planning. Disadvantages are that practical implementation is long and expensive and inflexibility with large-scale changes in the market.

Even in the fact that system was introduced decades ago it is still spready and successfully used. 2CG, a strategic execution consultancy firm, has been conducting yearly surveys about the Balanced Scorecard since 2009 in an effort to better understand why and how it's used. Of the organizations that participated in the 2019 survey they received following results. 88% of reporters mark that Balanced Scorecard is extremely and very useful. The Balanced Scorecard is used by both small and large organizations: 76% of respondents had less than 500 employees, and 6% had over 5,000 employees. 68% use the Balanced Scorecard to influence business actions. Of the 92% of organizations that have refreshed their Balanced Scorecard, the majority – 61% – did so during the previous 12 months [6].

These survey results show that companies using the Balanced Scorecard are consistently benefitting from it. Among the companies used this method are: Volkswagen, Ford motor company, Citibank, Philips electronics, UPS, Apple, etc. [13].

The Blue Ocean strategy is one of the possible options for the company's development strategy formulated by K. Chan and R. Mauborn [22]. The essence of the "blue ocean" strategy is to create a new product, the formation of a demand that did not exist before, a new market where there are practically no competitors. It is good method of creation of development plan for beginning business, creation of new product or entering new market.

According to Kim and Mauborgne, red oceans are pre-existing marketplaces that you may be operating in. The scarlet color of these oceans means that businesses operating in such an environment are bleeding from constant competition with competitors. The blue ocean is a market that belongs to company, because blue oceans are made up of industries that will only come into existence when they manage to create

new demand. The main feature of blue oceans is not necessarily a new product or service, but rather the ability to satisfy a specific, non-standard need of buyers.

However, it is important to remember that this concept is not about inventing a completely new product or developing an original idea just to beat the competition. Rather, the point is to offer something new by using and transforming what you already have.

A blue ocean strategy consists of many different strategic phases, but in general, they are as follows. Think of new, alternative ways to offer your products and services that address a specific problem or demand that no one else is paying attention to. In this way, you will be able to create new business spaces and define new target markets.

Shift the focus from fighting the competition to creating a value proposition for new customers, and think about how to make that new proposition attractive to other potential customers as well.

Don't choose one thing – low prices or pitting your business against competitors, but focus on both.

Simple concluded comparison chart from the Blue Ocean Strategy that will help to understand if company working in a blue ocean or a red ocean is at tab. 1.2.

**Table 1.2**

**Comparison of red and blue ocean strategies**

<b>Red ocean strategy</b>	<b>Blue ocean strategy</b>
Compete in existing market space	Create uncontested market space
Beat the competition	Make the competition irrelevant
Exploit existing demand	Create and capture new demand
Make the value-cost trade-off	Break the value-cost trade-off
Align the whole system of firm activities with its strategic choice of differentiation or low cost	Align the whole system of firm activities with its pursuit of differentiation or low cost

The idea behind Blue Ocean Strategy is for organizations to develop in “uncontested market space” instead of a market space that is either developed or

saturated. If organization is able to create a blue ocean, it can mean a massive value boost for your company, its buyers, and its employees [8].

Blue ocean strategy is based on over decade-long study of more than 150 strategic moves spanning more than 30 industries over 100 years. It is used by a lot of companies for creation and implementation of goals, among them are: iTunes, Bloomberg, Canon, Philips, Ralph Loren, Cirque du Soleil [9].

The McKinsey 7s model, developed by specialists from a consulting company in the United States, is based on the recognition of the critical role of the human factor in the success of organizations. That strategy used by leading American companies: Hewlett-Packard, Intel, Procter & Gamble, Johnson & Johnson, McDonald's and others. Based on their experience it formulated general rules for effective business conduct. The principles identified by them do not lose their relevance today and allow companies to comprehend the significant internal aspects of the development and modernization of the enterprise [11].

The McKinsey model was named 7S for its seven components, each of which begins with the letter S.

The strategy implies a plan for the development of the organization in accordance with the goals of the business (improving production efficiency, increasing profitability, etc.). It is aimed at determining the priorities and needs of the company, ensuring the success of its activities. The strategy determines the vector of enterprise development, tasks and a list of measures to achieve them. In order to promote competitiveness and create sustainable advantages, it must be consistent with the mission and values of the company, be specific and clear, and be based on long-term goals.

Skills refers to the practical abilities and competencies possessed by the organization's personnel, and the distinctive features inherent in the company, thanks to which it stands out from the competition.

Shared values are the central element of the concept, reflecting the standards and norms of work in the company, the principles of interaction between employees, their attitude to the activities of the organization, their work and place in it. Shared values

are the core of the company's corporate culture. According to the authors of the model, this component contains the beliefs that underlie the company's activities and are shared by all employees without exception. The system of values is supported by stories, legends, achievements that testify to the sustainable principles of the existence of the organization and business [11].

Structure is about organizational hierarchy of the company that is designed in such a way that the processes of coordination and integration between levels of management within the organization do not know failures and inaccuracies. Issues of subordination, distribution of work tasks, processing and analysis of results, degree of responsibility are solved consistently and efficiently [30].

The staff of an organization is a critical component of its success. What kind of people the company needs, what specializations and qualifications they should acquire, and how to fulfill their professional responsibilities these and other similar questions are at the heart of this component of the 7S model. The creators of the concept proceeded from the statement that the performance of the enterprise is determined by employees [11]. It is in the interests of the management to create a comfortable environment for the staff, to provide them with opportunities for advanced training, productive work and recreation. We are talking about a set of tools to motivate and reward employees, develop and maintain their loyalty to the company.

The management system includes daily procedures: decision-making, informing target audiences, communication within the organization, etc. As the study of the authors of the concept showed, leading companies prefer to simplify the rules and procedures, reducing the number of management levels to the necessary minimum. Such actions allow to achieve the flexibility of the structure and the ability to quickly respond to ongoing changes.

Leadership style is the way the company's top officials behave and plan the working day, what is their role in making business development decisions has a strong impact on the formation and perception of values, strategy. And if we consider the fact that all elements of the model are consistent with each other, then a change in style can lead to a modification of other components of the concept.



The time-honored McKinsey model provides executives in an organization with a clear, accessible, and systematic guide for analyzing the company's key internal drivers and prospects. The advantage of the concept is the ability to:

- independent understanding of the managerial environment and ways to correct it;
- considering the largest number of organizational factors;
- creating a holistic picture of enterprise management;
- focusing on the processes of interaction between people.

In the process of using the 7S model in practice, company need to take 6 main steps: describing the elements, analyzing contradictions, drawing up an ideal model, identifying key changes (plan), implementing changes, reanalyzing the model (control and monitoring).

Additionally, all three models are spready used in modern business systems. Based on the experience of world-leading firms' companies could build their own methodologies, create development plans and identify their specific areas. It is also good to study such international experience to find own ways of development. We could see that these models are used by successful companies and it is good to apply for beginning and developed businesses.

Development plan helps improve an enterprise because it encourages company to identify its strengths and build upon their weaknesses. This informs decisions concerning training and development and can increase companies profit, improve any sphere of organization, adapt to environment or even train employees. Development plan is an incredibly useful tool in planning out a successful future, however, it is needed to be taken constant reviewing, reflecting and updating of plan to keep focus firm on what company want to achieve and the steps each department need to take greater heights.

## **2. COMPREHENSIVE ANALYSIS OF LLC PC POLYPACK LTD ACTIVITY**

### **2.1. General characteristics of the enterprise, technical and economic analysis of its activity**

Limited liability company PC Polypack LTD (further – LLC PC Polypack LTD) was founded in 2000. They produce polypropylene bags and flexible containers (Big-Bag). Products are versatile, durable, resistant to various influences, environmentally friendly packaging, which is used in various industries, agriculture, trade [21].

Committed to the idea of providing consumers with high-quality packaging, the company created a full-cycle enterprise, implemented an ISO 9001 quality management system and assembled a team of professionals who understand the importance of each client's requirements. Polypropylene packaging is a universal and practical modern version of the material intended for packaging, subsequent transportation, warehousing and storage of various groups of goods (both food and household categories). It is distinguished by the following characteristics:

- strength;
- durability;
- wear resistance;
- flexibility;
- ease of weldability;
- small weight;
- environmental friendliness [1].

Today the company produces 36 million bags and 960 thousand flexible containers per year. The main range of products is polypropylene bags with a capacity of 5, 10, 25, 50 kg, soft containers with a carrying capacity of 500, 1000 kg. As a full-cycle manufacturer, they are not limited to the standard assortment and ready to produce exclusive packaging according to the individual customer's specification.

Available for 4-color printing and the ability to partially or completely change the color of the package itself [21].

The bag as a form of transport packaging became known at the end of the 19th century, when paper bags for groceries revolutionized the American market at that time. In subsequent years, the designs and material of the bag changed, polymer (polyethylene) bags appeared, first from film, then from polymer (polypropylene) fabric. And all these years the bag as a soft transport packaging continues to apply methods of storage and transportation of various food and industrial products.

One of the most modern types of bags are made of polypropylene fabric, the use of which is widespread in the Ukrainian market for construction (cement, dry mixes, etc.), Chemical (mineral fertilizers, etc.), Food (sugar, flour, salt), compound feed and other types of products. This situation provoked the emergence of production of polypropylene bags in Ukraine.

Bags made of polymeric, mainly polypropylene, fabrics have replaced paper and polyethylene. Along with big bags, they are a progressive type of modern soft transport packaging primarily for bulk products and fully comply with the trends in packaging development in the world market. First of all, their use minimizes the consumption of material and energy resources during production. In addition, bags made of polypropylene fabric surpass paper and plastic bags in performance properties. The permeability of such bags in relation to various gases, air, moisture can be adjusted by selecting the grade of polypropylene and the parameters of the fabric being produced.

In many ways, it is precisely this feature of polypropylene bags, as well as their various designs, which lead to their widespread use in the storage and transportation of various products. Open bags made of polypropylene fabric with a polyethylene liner are used for packing sugar, salt, animal feed. Bags without liners – for flour, cereals. Cement, mineral fertilizers, as well as dusty and hygroscopic products are packed in bags with a valve. Products in such bags should be stored in closed warehouses [19].

Bags are made of polypropylene fabric, the yarns for which are specially stretched and oriented, which makes them resistant to shocks, falls, squeezes and kinks.

The bag is also resistant to moisture, retains its strength in all conditions even when it is lying on damp ground, in the rain or in the air with high humidity.

Various bag sizes as well as valve designs can meet the requirements of many product manufacturers. At the same time, it is possible to ensure almost absolute tightness of such a bag through the use of special loading valves, which, after packaging the products, are welded using ultrasound on a special installation. On the other hand, it is possible to manufacture micro-perforated bags to ensure optimal "breathing" if necessary when packaging the respective products.

The Ukrainian market for bags made of polypropylene fabric (polypropylene bags) began to form in the late 90s - early 2000s. It is important that producers of bulk products in Ukraine noticed all the advantages of this new type of transport packaging and began to use it in masse. At first, they bought. Today, the total demand for bags made of polypropylene fabric for various types of bulk products, according to various experts, is 250-300 million pieces in year.

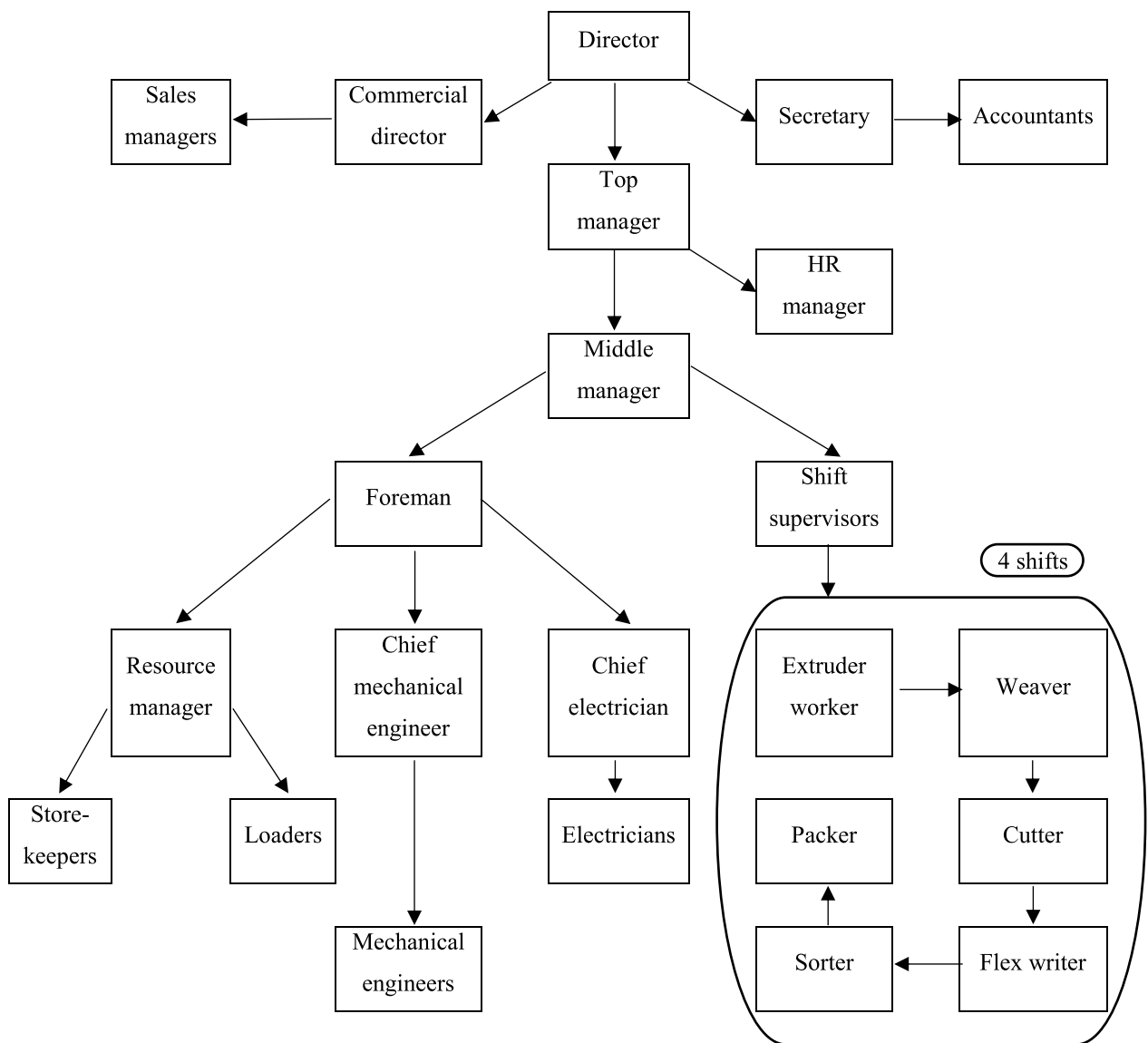
At the present time in Ukraine there are enough capacities for the production of bags made of polypropylene fabric to meet the demand of the Ukrainian market. Also LLC PC Polypack LTD manufacturer export their products. In addition, there are enterprises on the Ukrainian market that sell bags, both Ukrainian-made and importing them from other countries.

The general situation on the Ukrainian market is characterized by a high level of competition, the foreground of which is the "price-quality" ratio. In this regard, consumers of polypropylene bags should pay special attention to cheap imported bags of dubious quality, made in India, China, Azerbaijan. Their cheapness just confirms that they do not meet the established quality standards.

At the same time, LLC PC Polypack LTD as manufacturer of polypropylene fabric bags equipped with modern equipment from world leaders, use high quality raw materials and sources, and have been certified in accordance with ISO 9001 and other standards. The situation on the market for Ukrainian producers would be even more stable if it was possible to arrange supplies of high-quality raw materials from a domestic producer of polypropylene.

LLC PC Polypack LTD has defined mission of the company that is reveals the vision of company. “Providing industrial enterprises in Ukraine with new solutions that create prospects for their development. By new solutions, we mean the creation and development of innovative products and services, that are supported with high quality and professional approach of employees, which are beneficial for food, chemicals and others types of products packaging [21].”

It is important to identify the organizational structure of LLC PC Polypack LTD it is shown in fig. 2.1.



**Fig. 2.1. Organizational structure of LLC PC Polypack LTD**

The organizational structure of LLC PC Polypack LTD is vertical. Firm has 3 investors and co-founders that are not included in full system, one of them has 40% of organization shares and also work as director at the enterprise. Other 2 people do not take part in development of production, but in main questions they have votes, when it is about global issues.

Director is first and one of the main structural unit. The director of the enterprise manages, in accordance with the current legislation, the production, economic and financial activities of the enterprise, bearing full responsibility for the consequences of decisions made, the safety and efficient use of the property of the enterprise, as well as the financial and economic results of its activities. He makes long-term and annual plans. The director of the enterprise ensures that the enterprise fulfills all obligations to the federal, regional and local budgets, state non-budgetary social funds, suppliers, customers and creditors, including bank institutions, as well as economic and labor agreements (contracts) and business plans. Under his direct supervision are secretary, commercial director and top manager. His obligations include also the transmission of information to direct subordinates their goals, plan of actions and goal of the whole organization.

Secretary also named in organization as business manager make all the reports of organization, help to organize working schedule of director. This person also manage the group of accountants and take the leading role in creation, verification, reconciliation of accounting reports. Secretary sends reports to the relevant authorities and has the right to sign official documents.

There work 4 accountants at the LLC PC Polypack LTD. Their responsibilities are maintaining primary accounting. Reception, control and processing of primary documentation (waybills, cash, personnel documents, contracts with contractors, etc.). Calculation of wages, payments under civil contracts, personal income tax. Maintaining tax and management accounting. Preparation and submission of tax reports to the funds the tax office. Minimization of tax payments is also work they do in the way of creation of financial plans for enterprise.

Commercial director responsible for development of the commercial strategy of the enterprise and a top manager of commercial part of organization. His responsibilities are the positioning of the company, the price segment, long-term and short-term goals, plans and ways of fulfilling sales plans are determined. Organization of interaction between commercial and other blocks in the company. The task of the commercial director is to ensure the actions of non-selling departments so that they help, and not interfere with sellers and sales managers. Definition of sales channels. Select the most promising channels. Define performance criteria. Protecting a business from having just one channel and constantly developing existing channels is one of the main functions that affects the stability of sales. Formation of an algorithm for the operation of each sales channel. Operational control of sales managers.

Sales managers prepare advertising and demonstration materials, look for potential customers. Negotiations, the purpose of which is the sale of goods or services, organization, holding and participation in various promotional events - presentations, exhibitions, etc. are also included in their duties. They keep records of sales and various statistical data directly related to them, prepare reports and analytical materials with the results of work - both their own and the sales department as a whole.

Top manager help director in creation of long-term plans, development of staff job responsibilities. Also, top manger control the HR manager and directly control recruitment process. Under her control there are audit and description of business processes of the enterprise, development of internal regulatory documents (instructions, regulations, procedures), implementation and control of the quality management system. She ensures certification of the company's activities in accordance with international and domestic standards. That responsibilities could be related to duties of a quality manager. Under top manager control is middle manager who is directly manage the production part of enterprise. Top manager need to explain goals of the enterprise and develop with middle manager strategical (short-term plans) and operational (day-to-day) plans.

Middle manager is responsible for the full cycle of production and its support. Manages the production and economic activities of the shop (site). Ensures the

fulfillment of production targets, the rhythmic release of high-quality products, the efficient use of fixed and working capital. Carries out work on improving the organization of production, its technology, mechanization and automation of production processes, preventing defects and improving the quality of products, saving all types of resources, introducing progressive forms of labor organization, attesting and rationalizing jobs, using reserves to increase labor productivity and reduce production costs. His control is spread on foreman and shift supervisors. He also needs to explain annual and strategical plans and develop operational plans for production.

Under the control of Foreman are resource manager, chief mechanical engineer and chief electrician. As a rule, this official ensures technological processes, trouble-free operation of equipment. The entire technical part of the work of the enterprise is in the area of his responsibility. He is obliged to ensure the functioning of the equipment, its timely diagnostics, detection of breakdowns and their elimination. He should deal with issues related to the supply of raw materials, checking their quality and compliance with the needs of production. Organization of the work of the team, control over compliance with the rules of labor discipline, suppression of violations, carrying out primary actions to fix violations committed by subordinate employees.

The management of the logistics department that made by resource manager of the enterprise includes such responsibilities as organizing accounting for the movement of material resources, compiling established reports. Interaction with suppliers. Organize the provision of the enterprise with all the material resources of the required quality required for its production activities and their rational use in order to reduce production costs and maximize profits. Under his control are storekeepers and loaders.

Duties of Storekeeper include acceptance of products and other inventory items to the warehouse. Issuance (release) of products and other inventory items from the warehouse, storage of material values, internal movement of items in the warehouse. Verification of shipping documents, accounting and maintaining warehouse documentation.

In a team of loaders there is a hierarchy too. They have top loader with greater experience and higher. Ability to manage people and workers. It performs external and



internal warehouse processing of goods - sorting, stacking, carrying, re-weighing, packaging manually or using the simplest handling devices and means of transportation (wheelbarrows, carts, conveyors and other lifting and transport mechanisms).

Under control of chief mechanical engineer there are a team of mechanical engineers. They perform ensuring the smooth operation of the entrusted equipment and mechanisms. Constant carrying out scheduled and unscheduled repairs, selection, accounting and purchase of spare parts and consumables, reconstruction and modernization of equipment, acceptance and installation of new equipment.

The same in the team of electricians there is a chief of them. They ensure the maintenance of good condition, trouble-free and reliable operation of serviced devices and electrical equipment. Performs installation of new electrical networks. Carries out scheduled preventive maintenance of the electrical part of the equipment according to the schedule.

Shift supervisors firstly help to create operational plan with middle manager and also inform workers of manufacture of their day-to-day and monthly plan. He firstly develops ma plan of action to each manufacture employee and ensure the implementation of them. Ensures the fulfillment of shift production tasks by the divisions of the enterprise, compliance with the established technology for the production of products, the performance of works, the rhythmic release of high-quality products. LLC PC Polypack LTD has 4 shifts and accordingly 4 shift supervisors, 4 assistants and 4 full teams of laborers.

The Sequence of production shown in figure 2.1 and it is extruder workers, weavers, cutters, flex writers, sorters and packers. Extruder worker made threads out of polypropylene and chalk. Weavers work with another equipment that create polypropylene canvas out of threads. Cutter divides canvas at the needed size on the special equipment and seals and sews one side of bag. Flex writer makes print with defined logo of customer. Sorter must view the finished product and define defect. Packer made packs mostly 500 bags in one pack and presses it. They all must perform day-to-day and monthly plans that were crated before and mark their work in special lists. After that shift supervisor check performed work.

This organizational structure is vertically integrated where we can see the direct hierarchy, but also has deviation on equivalent by importance department as sales, financial, supply, technical support and manufacture part of enterprise.

Enterprises that operate in accordance with a vertical organizational structure are headed by one person. The head in direct subordination has other heads of divisions (departments), as well as employees. At the same time, in most cases, the head makes all strategic decisions in the course of the enterprise's operation alone. With a chain of command well defined, decisions usually move from the top down through layer by layer, and people at the bottom have the least autonomy.

The vertical structure of the organization, on the one hand, provides a high level of control over the processes taking place at the enterprise, and on the other hand, significantly contributes to the expansion of the area of responsibility of the manager, thereby increasing the load on him.

LLC PC Polypack LTD balance sheet and income statement for years 2019 (appendix A) and 2020 (appendix B) are used to conduct technical and economic analysis of its activity [31].

Performance indicators analysis refer to a set of quantifiable measurements used to gauge a company's overall long-term performance. Used by an organization for evaluating achievements or achievements of a specific activity it is engaged in. Success is defined in terms of progressing towards strategic goals, but very often, success is simply referred as the repeated achievement of some level of operational goals [35].

We start from general performance indicators, Output and sales that results of analysis displayed in tab. 2.1.

Let us start from the analysis of Sales revenue that is total value of goods or services shipped to customers by the enterprise during the analyzed period. We take this data from the Income statement of 2020 year. In that case we can see in 2020 comparing to 2019 sales revenue of LLC PC Polypack LTD increased from 1445996 thousand UAH to 1505286 thousand UAH, it is by 59290 thousand UAH or by 4,1%. That is good results for the company such big increase, mean the increase of product sold to customer, it could depend on market expand or demand on bags.

**Table 2.1****Output and sales performance indicators**

<b>Indicator</b>	<b>2019</b>	<b>2020</b>	<b>Increase</b>	<b>Growth Rate, %</b>
Sales revenue, th UAH	1445996	1505286	59290	4,10%
Commercial product, th UAH	1 451 864	1 473 001	21137	1,46%
Gross product, th UAH	1436298	1474315	38017	2,65%
Net output, th UAH	477306	645830	168524	35,31%
Share of Net output, %	32,88%	43,84%	10,97%	33,37%
Value added, th UAH	582546	777749	195203	33,51%
Share of Value added, %	40,29%	51,67%	11,38%	28,25%

Also, the commercial product increased in 2020 comparing to 2019 from 1451864 th UAH to 1473001 th UAH, it is by 21137 or 1,46%. It is good for company that production of goods increases. In 2020 compare to 2019 gross product increased by 38017 th UAH or it is by 2,65%. It is about finished and in-progress increase of production, that shows good result.

In. 2020 compare to 2019 years Net output increased by 168524 th UAH or by 35,31%, that is high increase and good result for company. Share of Net output in commercial in 2020 increased from 32,88 to 43,84% or that is by 10,97 percent points or by 33,37%. It is the part of the gross product that remains after subtracting the means of production consumed in the production process and shows that it growth during the period, that is very positive result.

Value added in 2020 compare to 2019 increased from 582546 th UAH to 777749 th UAH, it is by 195203 th UAH or by 33,51%. The share of value added accordingly increase from 40,29% to 51,67% that is by 11,38 percent points or by 28,25%. These indicators express the difference between the value of goods and the cost of materials or supplies that are used in producing them. In that case increase of them is good for company, it could be depended on decrees of costs or increase of value of the products. All indicators in this group are stimulating and their growth shows positive results of organization work. These organizations have clearly defined roles with the highest level of leadership at the top, followed by middle management then regular employees.

Next group are Turnover indicators. That calculates how quickly a business conducts its operations. Most often, turnover is used to understand how quickly company collects cash from accounts receivable or how fast the company sells its inventory. Turnover is the total amount of money LLC PC Polypack LTD receives as a result of the sales from goods over a certain period of time and they calculated in tab. 2.2.

**Table 2.2****Turnover performance indicators**

<b>Indicator</b>	<b>2019</b>	<b>2020</b>	<b>Increase</b>	<b>Growth Rate, %</b>
Assets turnover, turns	0,78	0,76	-0,01	-1,40%
Days total assets outstanding, days	470,88	477,55	6,67	1,42%
Current assets turnover, turns	1,98	1,80	-0,18	-8,96%
Days current assets outstanding, days	184,27	202,42	18,14	9,85%
Accounts receivable turnover, turns	3,49	3,02	-0,47	-13,36%
Days accounts receivable outstanding, days	104,67	120,82	16,14	15,42%
Accounts payable turnover, turns	7,90	4,94	-2,95	-37,39%
Days accounts payable outstanding, days	46,22	73,82	27,60	59,72%
Inventories turnover, turns	4,68	4,18	-0,50	-10,59%
Days inventories outstanding, days	78,05	87,30	9,24	11,84%

In 2020 company generated 76 kopeks from each 1 UAH of total assets when this value in 2019 was 78 kopeks. Total assets turnover decrease in this year from 0,78 turns to 0,76 turns that is by 0,02 turns or by 1,4%. So total assets made 1 turn of production during 470,88 days in 2019, when in 2020 1 turn was made during 477,55 days, that is increase by approximately 1 week or by 1,4%.

Current assets in 2019 made approximately 2 turns or from each 1 UAH of current assets generated 2 UAH of sales revenue when in 2020 they made 1,8 turns or from each 1 UAH of current assets generated 1,8 UAH of Sales revenue. Current assets in 2029 made 1 turn during 184 days and in 2020 during 202 days that mean in 2020 compare to 2019 current assets generate less by 18 kopeks of sales revenue from each 1 UAH of current assets or by 9% and duration of turn increased by more than 2,5 weeks or by 9,85%.

Accounts receivable in 2019 made 3,5 turns or from each 1 UAH of accounts receivable generated 3,5 UAH of sales revenue when in 2020 accounts receivable made 3 turns or from each 1 UAH of accounts receivable generated 3 UAH of sales revenue. It means the decrease by 50 kopeks of sales revenue generated from each 1 UAH of accounts receivable or by 13,4%. In 2019 they made 1 turn during 105 days when in 2020 the same turn was done in 121 days, that is increase by 16 days per turn or by 15,42% more spend on 1 turn.

Accounts payable in 2019 made 8 turns when in 2020 it was 5 turns, it decreases by 3 turns a year or by 37,4%. Accounts payable in 2019 made 1 turn during 46,22 days when 1 turn in 2020 was by 73,82 days, it shows the increase of turn duration by 27,6 days or 59,72%. The last indicator here is inventories turnover that in 2019 was 4,68 turns when in 2020 inventories made 4,18 turns shows the decrease of turns by 0,5 per year. Inventories in 2020 made 1 turn during 78 days when in 2020 during 87,3 days that is increase by 9,3 days of duration of 1 turn or by 11,84%.

Overall this part of indicators has bad changes between 2019 to 2020 except Accounts payable. Company decrease the turns made by accounts payable that mean the decrease of UAH of accounts payable spend on each 1 UAH of costs of goods sold.

The increase of duration of turn is good, mean longer pay period of debts. Other turnover indicators are stimulating and show the bad dynamics. Each indicator of days outstanding increase that is also bad because these indicators are dissimulating and in that case turns decreased and duration of turns increased for generation of sales revenue.

Next indicators are Profit and profitability analysis that performed in tab. 2.3.

**Table 2.3**

**Profit and profitability performance indicators**

<b>Indicator</b>	<b>2019</b>	<b>2020</b>	<b>Increase</b>	<b>Growth Rate, %</b>
1	2	3	4	5
Gross profit, th UAH	295653	463926	168273	56,92%
Profit on sales, th UAH	56146	179039	122893	218,88%
Total costs, th UAH	1389850	1326247	-63603	-4,58%

**Ending of tab. 2.3**

1	2	3	4	5
Operational profit, th UAH	58159	181204	123045	211,57%
Earnings before taxes, th UAH	114635	88718	-25917	-22,61%
Net profit, th UAH	93945	72530	-21415	-22,80%
Earnings before interest and taxes, th UAH	152923	102831	-50092	-32,76%
Earnings before interest, taxes, depreciation, th UAH	260527	218069	-42458	-16,30%
Return on sales, %	3,88%	11,89%	8,0%	206,32%
Product profitability, %	4,04%	13,50%	9,5%	234,17%
Enterprise profitability, %	3,17%	9,33%	6,2%	194,02%
Return on assets, %	5,04%	3,68%	-1,4%	-26,87%
Return on equity, %	9,9%	7,1%	-2,8%	-28,38%
Return on investments, %	6,8%	5,8%	-0,9%	-13,95%

In 2020 compare to 2019 Gross profit increased by 168273 th UAH or by 56,92%. Profit on sales in 2020 compare to 2019 increased from 56146 th UAH to 179039 th UAH it is by 122893 th UAH or by 218,88%. Operational profit in 2020 compare to 2019 increased from 58159 th UAH to 181204 th UAH that is by 123045 th UAH or by 211,57%. Net profit in 2020 compare to 2019 decrease from 93945 to 72530 th UAH that is by 21415 th UAH or by 22,8%. Earnings before tax in 2020 compare to 2019 decrease from 114635 th UAH to 88718 th UAH that is by 25917 th UAH or by 22,6%. Earnings before interest and tax during these years decreased from 152923 th UAH to 102831 th UAH that is by 42458 th UAH or by 32,76%. Earnings before interests, tax, depreciation and amortization in 2020 compare to 2019 decreased from 260527 th UAH to 218069 th UAH that is by 42458 th UAH or 16,3%. To sub conclude the profit indicators. We see both increases and decreases of factors, but the Net profit is the most important indicator. In that case these indicators are bad for company, because net profit decrease.

In 2020 comparing to 2019 return on sales increase from 3,88% to 11,89% that means increase by 8 percentage points or by 206%. Also it could be interpreted as that in 2019 by each 1 UAH of revenue company earn 3,88 kopeks of profit when in 2020 in 1 UAH of revenue company earn 11,89 kopeks. Product profitability increased from

4,04% to 13,5% that is by 9,5 percent point or by 234,17%. If company in 2019 spend 1 UAH of costs they will receive 4,04 kopeks of profit, when in 2020 profit from each 1 UAH of costs will be 13,5kopeks. Enterprise profitability in 2020 compare to 2019 increase from 3,17% to 9,33% that is by 6,2 percent point or by 194%. In 2019 every 1 UAH invested in assets brings 3,17 kopeks of profit, when in 2020 1 UAH invested in assets brings 9,33 kopeks of profit. Return on assets decreased from 5,04% to 3,68% that is by 1,4 p.p. decrease by 26,87%. In 2019 every 1 UAH of total assets will generate 5,04 kopeks of profit, when in 2020 it will generate 3,68 profit kopeks. Return on equity in 2020 compare to 2019 decrease from 9,9% tom7,1% that is by 2,8 percent point or by 28,38%. Every 1 UAH is equity in 2019 will generate 10 kopeks when in 2020 will bring 7 kopeks. Return on investments decreased from 6,8% to 5,8% that is by 0,9 p.p. or by 13,95%. In 2019 every 1 UAH of long term sources of capital bring 6,8 kopeks of profit when in 2020 – 5,8 kopeks.

To conclude, we could see that different indicators which are increased and decreased, but in this big group of indicators of profit and profitability group. Net profit will be the most reasonable indicator to judge on. It decrease is bad for company.

Next we will analyze individual performance indicators that will show how productive, incentive, use of resources and timely consumptive performed resources of organization. There Material resources efficiency indicators calculated in tab. 2.4.

**Table 2.4**

**Material resources efficiency indicators**

Indicator	2019	2020	Increase	Growth Rate, %
Material costs, th UAH	866954	711933	-155020,77	-17,88%
Material costs productivity, UAH/UAH	1,67	2,07	0,39	23,55%
Material costs intensity, UAH/UAH	0,60	0,48	-0,11	-19,06%
Relative economy, th UAH	167642		–	–
Relative growth of material costs	0,81		–	–
Productivity material costs, %	6%	25%	19%	288,32%

In 2020 compare to 2019 LLC PC Polypack LTD material costs decreased from 866954 th UAH to 711933 th UAH that is by 155020 th UAH or by 17,88%. This decrease is a shortage of costs mean a positive result for company. In 2019 company produce 1,67 UAH of commercial product for each 1 UAH of material costs, when in 2020 company produced 2,07 UAH of commercial product from each 1 UAH of material cost. That increase by 39 kopeks of CP per each UAH of material costs or by 23,55% show positive result.

In 2019 company spend 60 kopeks of material costs for each 1 UAH of commercial product, when in 2020 in the same operation spend 48 kopeks of material costs. That decrease by 11 kopeks or by 19,06% shows good results in this part. LLC PC Polypack LTD spend 167642 th UAH less in 2020 than in case that company use the productivity of 2019. Material costs are growing slower than commercial product by 19%. It is good for company finances.

In 2019 per every 1 UAH of material costs company earn 6 kopeks of profit, in 2020 per every 1 UAH of material costs company earn 25 kopeks of profit, that increase by 19 kopeks of profit per UAH of material costs or by 288,32%. That is high result in a year for company.

All the indicators in this group show the positive changes in 2020 that is good for LLC PC Polypack LTD. We move on to the part of Labor resources efficiency indicators, calculation results of them showed in tab. 2.5.

**Table 2.5**

**Labor resources efficiency indicators**

<b>Indicator</b>	<b>2019</b>	<b>2020</b>	<b>Increase</b>	<b>Growth Rate, %</b>
1	2	3	4	5
Number of employees, people	1310	1351	41	3,13%
Labor productivity, th UAH/person	1108,29	1090,30	-17,99	-1,62%
Labor productivity by net output, th UAH/person	364,36	478,04	113,68	31,20%
Labor intensity, p/Million UAH	0,90	0,92	0,01	1,65%
Relative economy of employees, people	-21,93		-	-
Relative growth of employees	1,02		-	-



**Ending of tab. 2.5**

1	2	3	4	5
Employees profitability, th UAH / person	42,86	132,52	89,66	209,20%
Variable labor costs, th UAH	105 544	127 874	22331	21,16%
Fixed labor costs, th UAH	104 412	127 989	23577	22,58%
Employees productivity, th UAH / person	42,86	132,52	89,66	209,20%
Labor cost productivity, UAH/UAH	6,92	5,76	-1,16	-16,75%
Labor cost intensity, UAH/UAH	0,14	0,17	0,03	20,12%
Relative economy of labor costs, th UAH	-42850,74		–	–
Relative growth rate of labor costs	1,20		–	–
Labor costs profitability, %	27%	70%	43%	161,67%

In 2020 compare to 2019 average number of employees increased from 1310 people to 1351 people that is by 41 persons or by 3,13%. Every employee in 2019 create to the company 1108,29 th UAH of commercial product. In 2020 every employee creates for company 1090,3 th UAH of commercial product that is decrease by 17,99 th UAH per employee or by 1,62%. Every employee in 2019 create to company 364 th UAH of Net output, when in 2020 it is 478 th UAH of Net output, that increase by 114 th UAH per each employee or by 31,2% is good result. In 2029 to create 1 mln UAH of commercial product company need 0,9 employees when in 2020 they need 0,92 employees for such operation. That is increase by 0,2 person per 1 mln UAH of commercial product. Company used 21,93 persons more in 2020 than in case they use productivity of 2019. Average number of employees grow faster than commercial product by 2%. In 2020 compare to 2019 per each employee company earn increase from 42,86 th UAH/person to 132,52 th UAH/person of profit, that is high increase by 86,66 th UAH of profit per employee or by 209,2%. In that part we see negative result for company, because it is more important relation of employees to commercial product than to profit, and these indicators are negative mean bad results.

Variable labor costs in 2020 compare to 2019 increase from 105547 th UAH to 127871 th UAH that is by 22330 th UAH or by 21,16%. Fixed labor costs increased from 2019 to 2020 by 23577 th UAH or it is by 22,58%, that is bad for company that costs grow up. Labor costs by commercial product in 2020 compare to 2019 increased

by 45907 th UAH or it is by 21,87%. Company in 2019 produced 6,92 UAH of commercial product per each 1 UAH of labor costs, in 2020 the same indicator is 5,76 UAH of commercial product per 1 UAH of labor cost. That decreased by 1,16 UAH of commercial product per 1 UAH of labor cost or by 16,75%. In 2019 company spend 14 kopeks of labor cost for each 1 UAH of commercial product, when the same indicator in 2020 was 17 kopeks of costs per 1 UAH of commercial product. That indicator increased by 3 kopeks of labor cost for each 1 UAH of commercial product or by 20,12%. Company spend 42850 th UAH more than in case that we use of productivity of 2019. Labor costs grow 20% faster than commercial product. In 2019 per every 1 UAH of labor costs company earned 27 kopeks of profit when in 2020 per each 1 UAH of labor costs they earn 70 kopeks of profit, it means that the increase by 43 kopeks of profit per each 1 UAH of LC or by 162%.

Company has rather negative results, because more important relation of labor costs to commercial product than to profit (even if it is positive) and these indicators are negative. Employees rather social indicator, but monetary value of employees more important, but in that case both parameters are negative consider labor resources efficiency as negative.

The last part of indicators of LLC PC Polypack LTD we consider are property, plant and equipment (PPE) efficiency indicators that are shown in tab. 2.6.

**Table 2.6**

**Property, plant and equipment efficiency indicators**

<b>Indicator</b>	<b>2019</b>	<b>2020</b>	<b>Increase</b>	<b>Growth Rate, %</b>
Average property, plant and equipment, th UAH	1103003	1107603	4600	0,42%
Property, plant and equipment productivity, UAH/UAH	1,32	1,33	0,01	1,03%
Property, plant and equipment intensity, UAH/UAH	0,76	0,75	-0,01	-1,02%
Relative release of Property, plant and equipment, th UAH	11458		—	—
Relative growth rate of Property, plant and equipment	0,99		—	—
Property, plant and equipment profitability, %	5%	16%	11%	217,56%

In 2020 compare to 2019 PPE average increased by 4600 th UAH or by 0,42%. Company produces 1,32 UAH of commercial product per each 1 UAH of PPE in 2019, that is in 2020 they produce 1,33 UAH of commercial product by each 1 UAH of PPE, that increase by 1 kopek of commercial product per each 1 UAH of PPE or by 1,03%.

In 2019 company used 76 kopeks of PPE to produce 1 UAH of commercial product, in 2020 it was 75 kopeks of PPE, that is decrease by 1 kopek of PPE used per each 1 UAH of commercial product or by 1,02%. LLC PC Polypack LTD used 11458 th UAH less of PPE in 2020 than in case that they use productivity of 2019. PPE grow slower than commercial product. Per every 1 UAH of PPE company earn 5 kopeks of profit in 2019, in 2020 per each 1 UAH of PPE they earn 16 kopeks of profit, it means increase by 11 kopeks of profit per each 1 UAH of PPE or by 218%. Company has positive results, because all the indicators in this group grow.

For LLC PC Polypack LTD we can see that Output and sales indicators show increase, that is positive impact on the company. The turnover indicators show negative results by all indicators in this group, the decrease of number of turns and increase of their duration have bad influence on company results. Profit indicators show good results except net profit that is extremely important for company, in that case that mean in the whole bad results. Profitability indicators mostly show the decrease in quality that is bad for company, but only return on sales increased and its partly good result. Material resources efficiency indicators and PPE efficiency show rather good result and it is positive impact on company. Labor resources efficiency is rather negative.

Totally company has both good and bad dynamics. In that case we could see the problems in different areas and can create development plan to increase efficiency of company. Bad results are appeared with not effective use of labor force, that is always connected with the professionalism of the team, right working links between all the levels in the firm and between all departments, also it is about clear goal setting to each employee. In addition, the problem in decrease of turns per year and the increase of their duration connected with pandemic restrictions, some of LLC PC Polypack LTD customer reduce their produced products at that time, but during the year the situation

could be stabilized in the case of company partners will increase production or in other way to find new markets where company can sell their products.

## 2.2. Analysis of internal and external environment of the enterprise

An internal analysis examines an organization's internal environment to assess its resources, assets, characteristics, competencies, capabilities, and competitive advantages. In short, it allows to identify organization's strengths and weaknesses, which can help management during the decision-making, strategy formulation, and execution processes. An internal analysis will highlight an organization's internal strengths and weaknesses in relation to its competencies, resources, and competitive advantages. Above we will mention the strength and weaknesses of the company. LLC PC Polypack LTD internal analysis described in the tab. 2.7.

**Table 2.7**

### Internal Factor Evaluation Matrix for LLC PC Polypack LTD

Internal factors	Symbol	Weight	Rating	Weighted score
1	2	3	4	5
Strengths				
Technology innovations	S1	0,05	4	0,2
Quality standards control	S2	0,06	4	0,24
Constant experienced management	S3	0,03	3	0,09
Customer base	S4	0,05	4	0,2
Participation in grants	S5	0,03	3	0,09
Constant suppliers	S6	0,04	3	0,12
Good image on market	S7	0,06	4	0,24
Work with India	S8	0,04	3	0,12
Great load capacity	S9	0,05	4	0,2
Quality of machines	S10	0,07	4	0,28
Wide range of products	S11	0,08	4	0,32
Weaknesses				
Fluidity of manual workers	W1	0,02	2	0,04
Higher price than competitors	W2	0,06	1	0,06
Old management system	W3	0,05	1	0,05
Underloading	W4	0,07	2	0,14
No testing of new materials	W5	0,06	1	0,06

**Ending of tab. 2.7**

1	2	3	4	5
Bad promotion to new customers	W6	0,05	2	0,1
No ability to increase wages	W7	0,04	2	0,08
Lack of transport for employees	W8	0,03	2	0,06
A lot of mutual work involved	W9	0,06	1	0,06
Total	–	1	–	2,75

LLC PC Polypack LTD main strengths are wide range of products that is very important in industry, it could provide customers to choose appropriate packaging for their specific product. Quality of control is crucial for market to supply chemical industry with qualitative pack, but also it is important for food industry to provide their product be in safe and saved through longer time. High quality of machines of LLC PC Polypack LTD played big role to provide good quality of products. It is good to have positive image on market in all spheres, but in poly packaging it is one of the main benefits, because most of clients of company are constant and when new potential customers appeared image play great role. For the LLC PC Polypack LTD these factors are also major strengths. It is good for company to support them on high level and to be flexible to changes.

One of the weakness of company is under loading, it is high weighted factor in industry, more company loaded more profit it gets. But it is minor weakness, because under loading not so high. Main weaknesses company need to work with are higher prices than competitors, it causes decrease in sales. Also, no testing of new materials related to this problem, because it is rise of prices on raw material, when prices on completed products are relatively the same. One more factor that could be developed by company is a lot of manual work involved, in poly packaging industry if company automate the process of production more the more profit they can get.

External analysis of LLC PC Polypack LTD will help us examining the industry environment of a company, including factors such as competitive structure, macroeconomic, global, political, social, demographic, and technological analysis [1]. The primary purpose of external analysis is to determine the opportunities and threats

in an industry or any segment that will drive profitability, growth, and volatility. It shown in tab. 2.8.

**Table 2.8****External Factor Evaluation Matrix for LLC PC Polypack LTD**

External factors	Symbol	Weight	Rating	Weighted score
Opportunities				
Creation of new sugar plants	O1	0,01	4	0,04
Increase in income of population	O2	0,05	2	0,1
Increase of manual work specialists	O3	0,04	2	0,08
Packaging demand in Ukraine	O4	0,07	3	0,21
New market in Europe	O5	0,06	2	0,12
New bio fertilizers plants in Ukraine	O6	0,02	3	0,06
Equipment with decrease of manual work	O7	0,07	3	0,21
Innovative technologies	O8	0,05	3	0,15
Tenders	O9	0,03	4	0,12
Threats				
Rise of prices on polypropylene	T1	0,08	2	0,16
COVID 19 pandemic	T2	0,07	3	0,21
Rise of prices on chalk	T3	0,05	2	0,1
Closing of plants	T4	0,06	1	0,06
Import of cheaper products	T5	0,08	3	0,24
Problems of work with suppliers	T6	0,05	1	0,05
Decrease use of poly materials	T7	0,05	2	0,1
Insert plant closing	T8	0,03	3	0,09
Import materials standards	T9	0,03	1	0,03
New type of eco packaging	T10	0,05	2	0,1
No government support of local plants	T11	0,05	1	0,05
Total	–	1	–	2,28

The external environment plays a critical role in shaping the future of entire industries and those of individual businesses. To keep the business ahead of the competition, managers must continually adjust their strategies to reflect the environment in which their businesses operate.

For polypropylene bags industry main opportunity appeared is increase of packaging demand in Ukraine that is good for company, it caused by appearing of new plant interested in product. In that case to use this opportunity it is important for company to make marketing activity, offer product to new potential clients. Also, high influential factor is creation of new equipment with decrease of manual work, this new technology could decrease costs significantly. Polypack need to meet this opportunity especially because it connected with constant main goal of company to decrease costs. Purchase of such equipment is in plan of company for 2022 year. New market in Europe is also opportunity that could bring high profit. Polypack quality control as ISO is quoted abroad and company need to communicate with new potential customers.

External environment factor that influence a lot on industry is rise of prices on polypropylene that is main raw material for production. It takes big part of costs in that case company need to test new cheaper materials and provide new formulas without essential decrease of quality, it will help to overcome this problem. Also threat influence industry a lot is import of cheaper products from India and China. They have a lot lower quality control and cheap material use, in that case company become less competitive. It is important for LLC PC Polypack LTD that quality is most essential factor that cause most of orders, in that case testing of new materials and use of equipment with decrease of manual work will help to decrease costs without quality loses. One more thing that influenced all industries is COVID-19, that cause the shortage of working places, decrease of economy stability, but LLC PC Polypack LTD is connected with food industry that continue working, in that case company avoid closing and have not high loosed profit.

Totally Internal factors weighted scores are higher than average required (2,5 points) and mean the firm is able to use their strengths to overcome weaknesses. And 2,26 in external matrix mean company is not able effectively take advantage of existing opportunities along with minimizing the external threats, but it near it.

Creation of SWOT analysis was performed with the use of internal factors evaluation matrix and external factors evaluation matrix matrixes and included evaluation and calculations (Appendix C, D).

The results of the comparison and analysis of influences of factors are shown in tab. 2.9.

**Table 2.9**

**SWOT matrix results**

<b>Matrix intersection</b>	<b>Value</b>	<b>Distribution</b>
Strengths - Opportunities	726,86	Highest
Weaknesses - Opportunities	44,56	Lowest
Strengths - Threats	385,16	Middle
Weaknesses - Threats	213,13	Middle

In SWOT we have analyzed the intensity of Strengths and Weaknesses, how they influential for company and how they differ on market level. Also we defined effect of each Opportunity and Threat on company and the probability of occurrence. Most likely to occur the opportunity of creation of equipment with decrease of use of manual work that is also very influential factor, in that case the plan of company to buy such machines is good opportunity for them. Also such factors as we mentioned before are rise of prices on polypropylene occur now and influence a lot because it is main component of the product.

According to the TOWS analysis completed in tab. 2.10 were created four strategies for LLC PC Polypack LTD.

Based on these results defined that Strength-Opportunities strategy need to be used. It means company's Strengths factors give company opportunity to use the Opportunities. With use of these factors they could create parts of strategy to develop company. Participate in tenders at European market, where quality standards are crucial and provide the ability to order wide range of product. To expand customer base of firm with involving of new customers as sugar and bio fertilizers plants by presenting our image on market and the ability to produce in big capacities. Participate in grants and tenders in Ukraine to expand customer base, involving experienced people in management to use our strengths as quality standards, great capacity, quality



of production and standards. Search and order new equipment with the decreased manual work with India partners to support technology innovations they used.

**Table 2.10**

**TOWS matrix results**

Factors		Opportunities									Threats										
		O1	O2	O3	O4	O5	O6	O7	O8	O9	T1	T2	T3	T4	T5	T6	T7	T8	T9	T10	T11
Strength	S1	<p>Participate in tenders and use of international partnership at European market to expand market company work with, where Quality standards of company are crucial and provide the ability to order wide range of product.</p> <p>To expand customer base of firm with involving of new customers as sugar and bio fertilizers plants by presenting image on Ukrainian market and the ability to produce in big capacities and wide types of products.</p> <p>Participate in grants and tenders in Ukraine to increase number of orders, involving experienced people in management to use their strengths as quality standards, great capacity, quality of production and standards.</p> <p>Search and order new equipment with the decreased manual work with India partners to support technology innovations company used.</p>									<p>Contact with Indian suppliers and constant Ukrainian suppliers to find regular and acceptable prices of polypropylene and chalk.</p> <p>Attracting the new customers with ability to load company, high quality standards and quality of production they occupy position on market of qualitative product (over imported) also reinforced with good image.</p> <p>Use new technologies and experienced employees to made packaging more sustainable.</p> <p>Company supports brand image with quality standards and control that allows to export products without problems on customs also as constant suppliers, that why company receive materials with less problems.</p>										
	S2																				
	S3																				
	S4																				
	S5																				
	S6																				
	S7																				
	S8																				
	S9																				
	S10																				
	S11																				
Weaknesses	W1	<p>Order new authorized equipment to decrease mutual work involved in process and decrease cost, that will also lead to increasing of salary and provision of constant work places.</p> <p>Test new materials with new equipment and promote new products for existed customers and for new sugar and fertilizers plants in Ukraine and Europe with decreased cost and competitive prices.</p>									<p>Start testing new materials to decrease costs of production (research of market on polypropylene and chalk) to made prices competitive on market with constantly good quality.</p> <p>Decrease mutual work involved with use of new equipment that will decrease also the number of workers, that decrease the probability of appearance of COVID at firm and also rise prices for constant workers.</p> <p>Create promotion to attract new customers that will provide loading of enterprise, and decrease the probability of closing of plant, we will pace product at market as qualitative with regular price that will provide image for us over cheaper products with bad quality.</p>										
	W2																				
	W3																				
	W4																				
	W5																				
	W6																				
	W7																				
	W8																				
	W9																				

Strength-Opportunities strategy need to be developed at the LLC PC Polypack LTD. Results of SWOT calculations shows that this strategy will develop the production according to how their strengths could use the opportunities. In TOWS we have developed useful strategies.

Based on the financial results and calculated indicators LLC PC Polypack LTD has three main issues they faced with in 2020. That are connected with decrease of

turnover, decrease of profit and profitability ratios, decrease of labor resources efficiency.

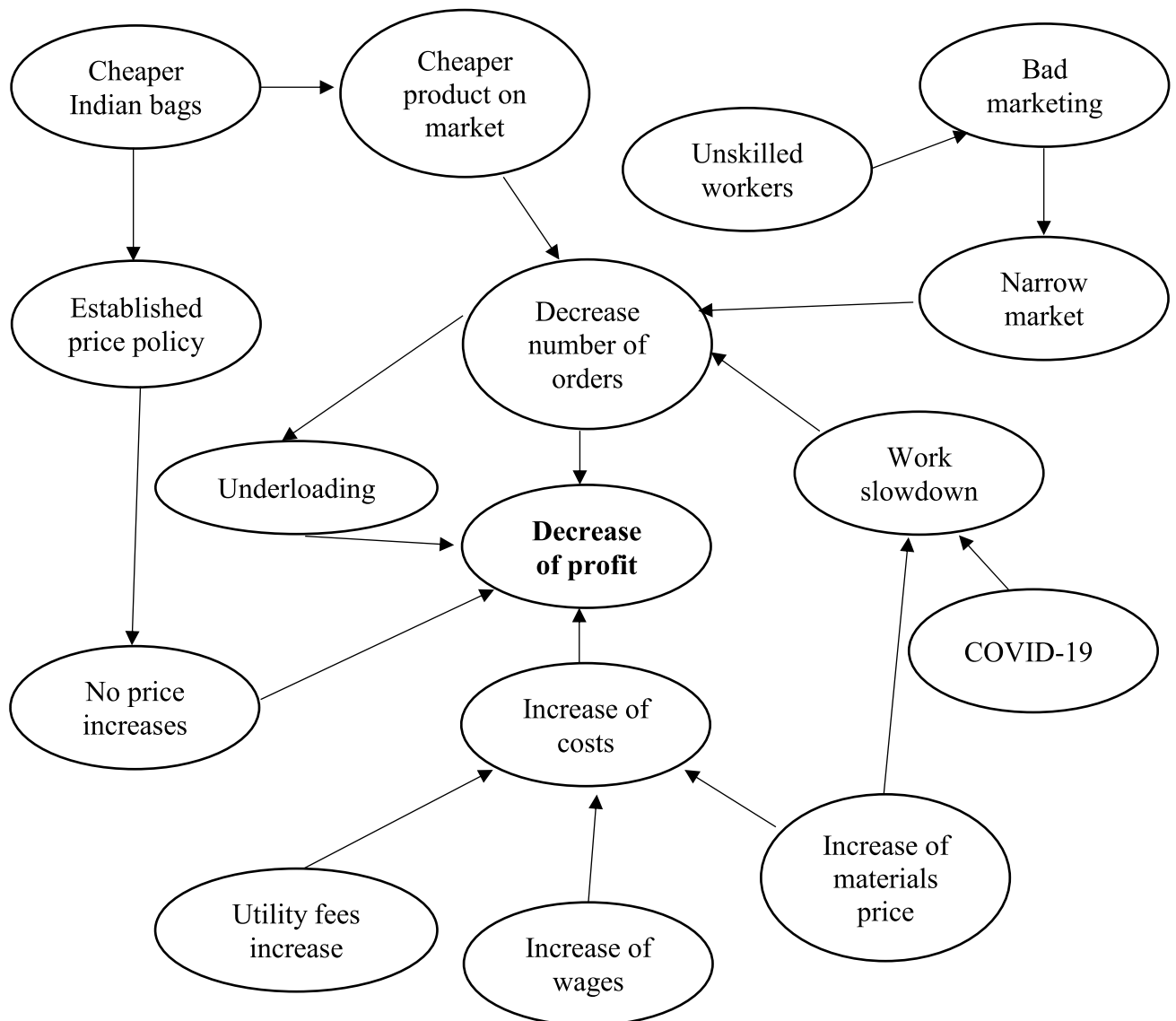
Turnover in 2020 decreased in a lot of companies, because of the pandemic situation in the world. A lot of partners of LLC PC Polypack LTD slowed down their work. The turnover ratio measures how effectively a company uses its assets to generate revenue or sales. In that case company provide a measure to delay payments for products to provide business stability. It still not significant changes for company in the case of global pandemic and it is still relatively stable. Because of the fact that LLC PC Polypack LTD work with food industry and chemical aids, they continue to work.

Profit and profitability indicators decreased in 2020 compare with previous one. Firstly, the problem is the same, because of a lot of customer-firms start to close because of COVID-19, the number of orders start to decrease also. Secondly, general situation on the Ukrainian market is characterized by a high level of competition, main problem consumers of polypropylene bags starts to buy cheap imported bags of lower quality, made in India and China. Their cheap prices show that they do not meet the quality standards, but they are still main competitors for domestic producers. LLC PC Polypack LTD main competitors in Ukraine by the share of market acquired including main sources of potential profit that are chemical ads and sugar are Mateus and Polybags.

The third negative dynamic is labor resources efficiency, especially of employees, less of labor costs. LLC PC Polypack LTD has defined strategies that are related to their mission that are constantly developed every year with different circumstances. It is a core of the company, they are developed at the beginning of company work, but to be flexible need to be adopted to changes. Company has high fluidity of worker in that case need to create trainings for newcomers, it is also about control of quality of permanent employees, they create testing of knowledge and provide personal development study in industry. Also, it is related to changes of equipment and formula of product. Every half a year they provide trainings about work

safety, principles of work with different formulas that are changed for last year according to changes of raw materials.

Essential for organization among other factors is Net profit. At LLC PC Polypack LTD in 2020 there was a decrease of Net profit by over 20%. In that case on the fig. 2.2 pictured problem map that problem.



**Fig. 2.2. Problem map of LLC PC Polypack LTD profit decrease**

Decrease of net profit in company was caused by four main causes: increase of total costs of the production, underloading, decreased number of orders and no price increases. These problems are based on the specific of the organization.

LLC PC Polypack LTD produce low margin products. Bags have low prices per unit and over 70% of that price are costs. Their increases play a significant role in profitability of the company.

Increase of the total costs are caused by the public services increased in price such as electricity, water, heating that are critically important for production. It was increased in the whole Ukraine, but for the low margin production it plays very influential role. It's a big part of their costs, especially electricity.

Increase of wages for personnel is constant practice on the enterprise. Their point is employees need to be payed higher depend on work experience, position in the company and the amount of work performed.

Increase of the material costs is the most influential factor. In this year there was increase on the all of the components of polypropylene bags, both on the polypropylene and the chalk. This increase was over 40% of previous costs. In the case of low marginal production, it was significant growth of total costs of production.

Second influential factor that cause the decrease of profit is the decrease of number of orders. Customer-firms were slow down a work firstly because of pandemic COVID-19. It was a lot of restrictions for work at the beginning of the year, but till the end they decreased.

The slowdown of the work of a lot of customers was also caused by the increase of material prices. It is influential factor at every organization. Decrease of number of orders was also caused by new cheaper product market appearance. Cheaper Indian and Chinees bags were imported in Ukraine. As a lot of firms already had problems with increase of material costs those who can choose worse quality bought these products.

Also the new market of cheap bags with low quality from India and China make companies that produce bags to establish the price policy that will not highly different from the prices of Indian producers bags. In that case according to the increase of costs of. Materials it become unreal to increase prices. If it could be still possible it was not so high enough to cover those costs and have relatively stable net profit for the company.

Underloading cause the decrease of profit and it is because the number of orders decrease in company. This problem could be sold with the attraction of new customers, new market exploration abroad or the implementation of outsourcing work for other productions.

Decreased number of orders was also caused by the narrow market company based on. This situation is caused because of the bad marketing, the work of the commercial department is not good enough and employees are unskilled and not adopted to the changing environment. Company plans to provide them new trainings for them to know new tendencies in marketing and to create an opportunity to expand their business for foreign markets.

Totally, the decrease of profit for LLC PC Polypack LTD was caused by external factors such as COVID-19, that influence on the work of the all partners organization. But the highest impact on the profit decrease made increase of costs.

Totally, company has the influential strengths among the competitors, but still has weaknesses, that could be improved in the working process. The most influential factors that decrease profit of LLC PC Polypack LTD are external. Some of them could be solved as increase of costs in the way of involving in working process atomized machinery that will decrease manual works and the creation of the team that will test new materials that are cheaper to provide new formula of consistency with less quality losses.

### **3. JUSTIFICATION OF THE DEVELOPMENT PLAN OF LLC PC POLYPACK LTD**

#### **3.1. Recommendations on justification of the development plan of the enterprise**

Based on SWOT calculations and analysis we defined that for the LLC PC Polypack LTD it is better to use Strengths-Opportunities strategies. That is included firstly participation in grants and tenders in Ukraine sponsored by government to increase number of orders, involving experienced people in management to use their strengths as quality standards, great capacity of production, quality of products and standards (further – Tenders plan). Secondly, to expand customer base of firm with involving of new customers attraction plan for such types of potential clients as sugar and bio fertilizers plants by presenting high image on Ukrainian market and the ability to produce in big capacities with different type of products (further – customer base plan). Thirdly, company's participation in tenders and use of international partnership at European market to expand the market where LLC PC Polypack LTD work, where Quality standards of the company are crucial and provide the ability to order wide range of product (further – Europe plan). Lastly, search and order new equipment with the decreased manual work from India partners to support technology innovations company used (further – Equipment plan).

Analytical hierarchy process (AHP) was developed to choose better development plan that will include one of the strategies for implementation among the above mentioned for LLC PC Polypack LTD development plan. All four strategies will be evaluated by three main criteria. First is simplicity of implementation of plan, how much it will cost for the company and which resources need to be involved in the process of implementation. Second is profitability, that is critically important for all of the organizations, especially now after crisis of sales it is important to choose that plan that will bring higher profit, that will overcome increased costs. Third criteria is quality of produced goods, it is very important for company to support quality standards that is influence on their image on market, as well as it is included in the mission of the

organization. The comparison of the criteria and their importance is calculated in tab. 3.1.

**Table 3.1**

**Comparison of the criteria for evaluation of strategies**

Criteria	Simplicity	Profitability	Quality	Mean (geo)	Importance	Total transpond	Lambda
Simplicity	1	1/7	1/4	0,329	0,073	12,0000	0,873
Profitability	7	1	5	3,271	0,722	1,3429	0,970
Quality	4	1/5	1	0,928	0,205	6,25	1,281
Total	12,00	1,34	6,25	4,529	1	–	3,124

Consistency ratio of that analysis is equal to 0,107 that why it could be considered as consistent strongly (this rate must be less or equal to 0,1). Based on the calculations the most important indicator for evaluation is profitability, that's importance is 72%. It will be the most influential factor when considering strategies. Next based on importance is quality, for image of organization it is better to have qualitative products, but as for the situation on market, customers try to find cheaper products with even decreased quality. It is still better to find direction with minimum decrease of quality. The last indicator by importance is simplicity of implementation of plan. It is better for company to make simple steps and involve less resources, but it is more important which financial benefit are gained using the development plan. The simplicity will also rate the duration of the time for performance.

Based on the first indicator of evaluation that is simplicity of implementation of the strategies (further – simplicity), that is defined as the factor with the least impact that is 7,3%. It will be good to involve less costs and resources to reach the goal, but if the profits will be higher than cost it will be reasonable to choose that plan.

That evaluation factor will be defined to each plan in the way the simpler the direction is in implementation the more points it will get over others, as a stimulating factor that is relatively rated. The comparison of alternatives by simplicity criteria is developed in tab. 3.2.

**Table 3.2****Comparison of alternatives by simplicity criteria**

Alternatives	Tenders	Customer base	Europe	Equipment	Mean (geo)	Preference	Total transpond	Lambda
Tenders	1	5	4	6	3,31	0,60	1,62	0,968
Customer base	1/5	1	1/4	3	0,62	0,11	10,33	1,163
Europe	1/4	4	1	2	1,19	0,22	5,75	1,237
Equipment	1/6	1/3	1/2	1	0,41	0,07	12	0,886
Total	1,62	10,33	5,75	12	5,53	1	–	4,253

Consistency ratio of that analysis is equal to 0,094 that why it could be considered as consistent strongly (this rate must be less or equal to 0,1). The simplest plan among others is tenders in Ukraine. Participation do not need a lot of efforts, company only need to develop a plan, create presentation and constantly check tenders and suggest their applications for participation. They do not need to change the structure of production and goods. Need to be involved commercial department and sales managers for tracking. Second direction that is harder to implement is to expand business to the European market. It could be implemented, but the company need to be ready for the high loading, more difficult logistics, maybe another price policy and higher control of quality. The third rated is customer base expand in Ukraine. It is a harder plan, because the market of customers is narrow and in real situation LLC PC Polypack LTD and their competitors divide the market years ago, not a lot of firms appeared, even otherwise closed during last years. To expand the market in Ukraine company will need to decrease their prices to be in cheaper price segment, but it will be needed to decrease costs significantly to decrease prices to be competitive.

The hardest and with higher involving of abilities will be the plan of buying new equipment with decreased manual work. Firstly, it will lead to the full reorganization of production, training of people to work with new equipment. Secondly, it also will include higher investments. Company need to engage the foreign professionals to install, equip and train. It will include all the departments to recreate the direction for new production, to make trial batches for all types of bags and compare the abilities



they had before. The system of payments of wages need to be redone and big part of workers could be fired.

The next evaluation factor is profitability of the plan. It is the most important factor among others. The thing is about not only increase of production, but also changes in costs are needed, because of the low margin of the product. The comparison of alternatives by profitability criteria is developed in tab. 3.3.

**Table 3.3**

**Comparison of alternatives by profitability criteria**

Alternatives	Tenders	Customer base	Europe	Equipment	Mean (geo)	Preference	Total transpond	Lambda
Tenders	1	2	1/7	1/6	0,47	0,08	14,5	1,141
Customer base	1/2	1	1/8	1/4	0,35	0,06	15	0,894
Europe	7	8	1	2	3,25	0,55	1,77	0,969
Equipment	6	4	1/2	1	1,86	0,31	3,42	1,071
Total	14,5	15	1,77	3,42	5,94	1	–	4,075

Consistency ratio of that analysis is equal to 0,03 that why it could be considered as consistent strongly (this rate must be less or equal to 0,1). The least profitable plan is expanding of customer base, because as it was mentioned before, the market in Ukraine is narrow and even become smaller for last years. Even if the company will decrease prices to expand the business for lower pricing customers, it will lead to the decrease of profit or to the higher efforts to decrease costs. It was analyzed in a problem map that is caused mostly because of the increase prices on raw materials, if there will be lower cost materials they will lead to the decrease of quality. Next one in the low rating in profitability is tenders in Ukraine. They could create an ability to participate in governmental orders that are good payed in this sphere, but the market is still narrow. Also quality of products is not high benefit over low prices in this direction. The second by the profitability will be the plan of investments in new equipment with lower manual work. This direction will leady to the strong decline of costs, staying on the same market will bring more profit. The most profitable plan will be the access to the European market. It is wider and the quality of the bags is beneficial usually even over

pricing. It is important to mention that it will be better to expand the business especially in bio fertilizing sphere, because the quality of the packaging there must be controlled as it already done at LLC PC Polypack LTD (certificated). It will cost higher because of the logistics, but if the plan will include the testing of the new cheaper materials with no quality decrease it will cover this difference.

The evaluation factor is quality of goods that will be based in the plan. It is important factor that influence on the image of the company. The comparison of alternatives by quality criteria is developed in tab. 3.4.

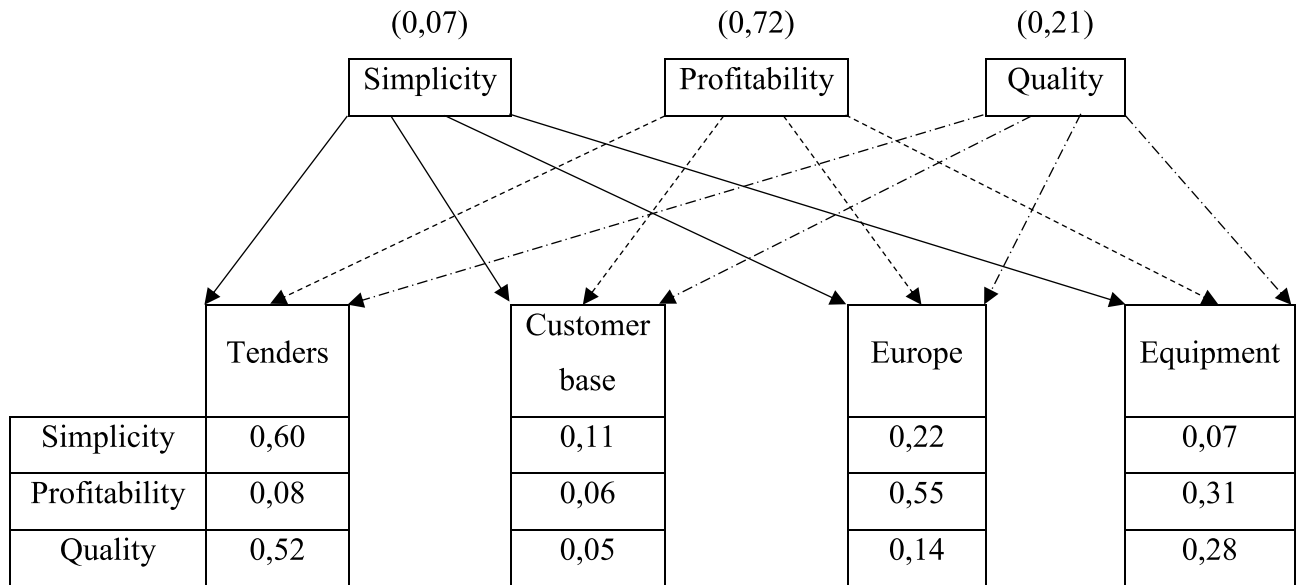
**Table 3.4**

**Comparison of alternatives by quality criteria**

Alternatives	Tenders	Customer base	Europe	Equipment	Mean (geo)	Preference	Total transpond	Lambda
Tenders	1	7	5	2	2,89	0,52	1,84	0,964
Customer base	1/7	1	1/4	1/6	0,28	0,05	18	0,904
Europe	1/5	4	1	1/2	0,80	0,14	8,25	1,186
Equipment	1/2	6	2	1	1,57	0,28	3,67	1,038
Total	1,843	18	8,25	3,67	5,53	1	–	4,092

Consistency ratio of that analysis is equal to 0,033 that why it could be considered as consistent strongly (this rate must be less or equal to 0,1). The lowest quality will be in the customer base plan. Because of the need to expand the market to that with lower prices it will be needed to use lower quality materials to not become unprofitable. The next direction with low quality will be the expanding to the European market. It could be because of the higher demand on that market. There will be the increase of amount of produced products, lower control and higher but not influential amount of probable defects, but it will not be so crucial. The plan that will not lead to decrease of quality, but even for its increase is innovative equipment that is decrease number of defective products than in case it was with higher involving of manual work and automatize the process. The highest quality will be in tenders in Ukraine plan. It is important for company to support the image on governmental level and it will be provided higher control.

To conclude and compare the results we need to compare all the strategies evaluated with factors that is dispelled in fig. 3.1.



**Fig. 3.1. Hierarchy of strategies evaluated with criteria**

After analysis of four directions that are participation in tenders in Ukraine, increase of customer base in Ukraine, access the European market, investing in the new equipment with decreased manual work we need to define best alternative. For the final result calculation of integral preferences is needed that is showed in the tab. 3.5.

**Table 3.5**

**Integral preferences**

Alternatives	Simplicity	Profitability	Quality	Integral preferences
Tenders	0,60	0,08	0,52	0,208
Customer base	0,11	0,06	0,05	0,062
Europe	0,22	0,55	0,14	0,441
Equipment	0,07	0,31	0,28	0,290
Importance	0,07	0,72	0,20	–

Based on the final results we define that the best plan to implement at LLC PC Polypack LTD that is evaluated with factors of simplicity of implementation,

profitability and quality of products, is to expand business on European market. Firstly, based on the most important criteria that is profitability company could gain high profits because of the ability of wide market and high demand on bags, especially for bio fertilizers. Company is specified on such type of products and had high quality standards needed at European markets that is good advantage for this plan. They could use their main advantages to get success among competitors. It is not so simple to implement, because it will involve the work of the commercial department and creation of international communication department. But the possible profit based on this direction is higher than costs need to be involved.

The least preferable plan is to work on expand of customer base on Ukrainian market, because of the low appearance of new possible clients and only possibility to work with decrease of quality.

Finally, the most preferable plan is to participate in tenders and use international partnership at European market to expand working market company, where quality standards that company already had are crucial. LLC PC Polypack LTD could provide the ability to order wide range of products that is benefit for them to work in different spheres.

### **3.2. Justification of plan for the implementation of given recommendations at the enterprise**

Previously defined that the best plan for implementation at LLC PC Polypack LTD is to work on European market, because company products have quality standards acridities on international level. Also the company has an ability to produce absolutely different types of products, also they provide for their customers the ability to customize sizes, colors, density and prints of bags that are needed. It is also good because they could provide their product for different need and work with partners from different spheres, it will expand the market. As was mentioned before the company has big capacities of production, but they are underloaded when they working only with Ukrainian market.

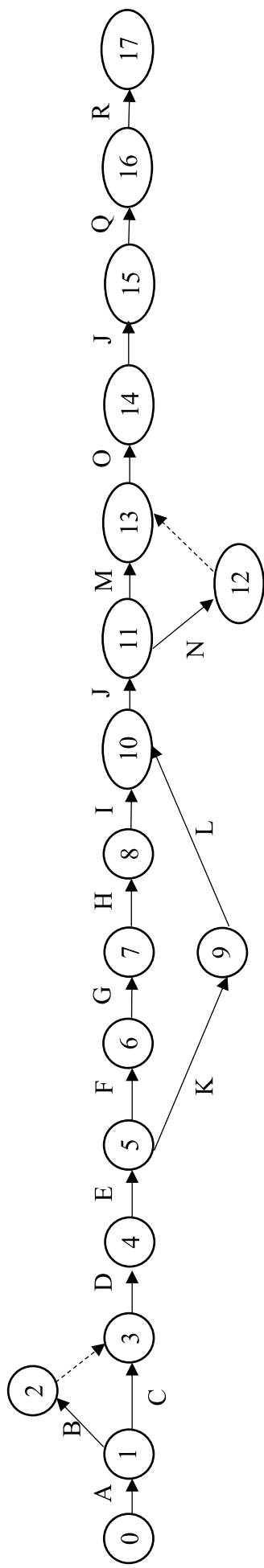
To implement this direction, we need to create step by step development plan. Firstly, to define the steps needed for goal obtainment that list of works is shown in tab. 3.6.

**Table 3.6**

**List of works to implement the plan**

<b>Work index</b>	<b>Work title</b>
A	Planning
B	Analysis of new markets
C	Analysis of competitors
D	Choose the market to access
E	Goal setting
F	Analysis of needed resources
G	Contracts with suppliers and partners
H	Financial model creation
I	Development of marketing strategy
J	Price regulations
K	Create international communication department
L	Development of communication strategy
M	SWOT analysis of product
N	Analysis of market requirements
O	Modernization of product
P	Test run
Q	Revision of the plan
R	Launch

These steps are necessary to achieve a goal of the full development plan, that is work on European market. Based on the work needed to be performed we create PERT chart that will show their subsequences in fig. 3.2. It consists of the step map of general plan, that will show how the full enterprise need to work to obtain the goal. The key elements need to be implemented in order for the team to successfully achieve the project goals. By creating a plan in a work management system it will help to centrally plan, control the progress and work.



**Fig. 3.2. PERT chart of implementation of development plan of work on European market**

In this chart there are necessary steps in the sequences to perform. First is planning of work in general and of each department. Next in parallel performed the analysis of new markets by countries and the analysis of competitors on these markets. After that we could make a choice which one is better to access. It accompanied with the goal setting when company define with which sphere they want to work, which amount of sales they want to achieve and who need to be involved. After that step we perform two ways of work at the same time. First is about the analysis of needed resources for the goal was set, people, material, finance. After that we choose the supplier that had good prices that are relevant on the market and make contracts with them as well as with partners companies that are international delivery. After that we need to create financial model, that will include cost and prices regulations. Also the marketing strategy development that will be accurate on the market we choose. In other way company need to create an international communication department with professional who know language of country they will work with and are able to attract clients and consultee them. Next step is development of communication strategy. After all strategies are developed we could create price regulation policy that will suit to the company as well as it will be competitive on the market. It also the calculation of all costs. After that in parallel company need to do the SWOT analysis of their available products and the analysis of market requirements. Previous steps are needed to analyze which critical points differs on market and in company product and to modernize of the product to that requirements. After that company need to take first test order to check if the system we create work well and evaluate this work for further revision of the plan. And lastly it is final launch of the full cycle production.

The next we need to define the duration of each step and number of people need to be involved. Firstly, to define the expected duration of each work we need to define its optimistic duration, pessimistic and the most likely duration of each one. How to calculate expected duration of works is described below. Expected work duration calculation formula:

$$E = \left( \frac{O + P + 4 * ML}{6} \right) \quad (3.1)$$

where E – expected duration of work;

O – optimistic duration needed to perform work;

P – pessimistic duration needed to perform work;

ML – time that is most likely needed to perform work.

Using this formula, we could define how much time company will use on each work to fulfill when implementing development plan that is shown in tab. 3.7.

**Table 3.7**

**Duration of works of implementing the plan**

Work index (i-j)	Duration, days				Staff necessary, p.
	Optimistic	Most likely	Pessimistic	Expected	
0-1	13	17	27	18	5
1-2	15	21	33	22	3
1-3	17	25	39	26	4
3-4	3	5	8	5	3
4-5	7	10	18	11	3
5-6	14	18	28	19	7
5-9	25	31	45	32	6
6-7	10	14	21	15	8
7-8	14	22	35	23	5
8-10	20	25	35	26	6
9-10	25	29	36	30	9
10-11	3	5	9	5	3
11-12	18	21	31	22	5
11-13	5	8	12	8	4
13-14	31	60	90	60	16
14-15	45	65	95	67	50
15-16	7	14	21	14	7
16-17	3	7	14	8	50

For main managing steps, there will be involved director, top manager and commercial director such as planning and strategies development, price regulation. It is necessary also in some cases to involve in such managerial steps managers of departments that are involved in specific area. In financial planning must be involved also accountants, in resource planning and supplier's choice need to be involved



resource manager, when recruiting people for international communication department is HR manager. In the case of modernization of product company need to involve shift supervisors and middle manager who make tests of products. In the case of test run and launching it must be involved one full circle of production workers.

After that we calculated time characteristics of event (Appendix E) it is needed to define time characteristics of work. The work besides the duration had early time and late time of both starting and finishing event. Early time is the earliest time the activity can begin (for starting event) or finish (for finishing event). Late time is the latest time the activity can begin (for starting event) or finish (for finishing event) without the delaying of the whole project. When the Float is the amount of time by which the activity can be delayed without the delaying the project finish time. Floats are divided by full, early, late and free. Full float:

$$Ff = Tlj - tij - Tei \quad (3.2)$$

where Ff – full float;

Tlj – late time of finishing event;

tij – work duration;

Tei – early time of starting event;

Early float:

$$Fe = Tej - tij - Tei \quad (3.3)$$

where Fe – early float;

Tej – early time of finishing event.

Late float:

$$Fl = Tlj - tij - Tli \quad (3.4)$$

where Fl – late float;

Tli – late time of starting event.

Free float:

$$Ffree = Tej - tij - Tli \quad (3.5)$$

Ffree – free float.

Time characteristics of works that are need to be done are important to define for company to know the duration of each work and if they could delay it without delaying the whole project. The calculations of time characteristics are shown in tab.3.8.

**Table 3.8**

**Time characteristics of works of implementing plan**

Work index	Starting event (i)		Work duration	Finishing event (j)		Floats			
	Early time	Late time		Early time	Late time	Full	Early	Late	Free
0-1	0	0	18	18	18	0	0	0	0
1-2	18	18	22	40	44	4	0	4	0
1-3	18	18	26	44	44	0	0	0	0
3-4	44	44	5	49	49	0	0	0	0
4-5	49	49	11	60	60	0	0	0	0
5-6	60	60	19	79	79	0	0	0	0
5-9	60	60	32	92	113	21	0	21	0
6-7	79	79	15	94	94	0	0	0	0
7-8	94	94	23	117	117	0	0	0	0
8-10	117	117	26	143	143	0	0	0	0
9-10	92	113	30	143	143	21	21	0	0
10-11	143	143	5	148	148	0	0	0	0
11-12	148	148	22	170	170	0	0	0	0
11-13	148	148	8	170	170	14	14	14	14
13-14	170	170	60	230	230	0	0	0	0
14-15	230	230	67	297	297	0	0	0	0
15-16	297	297	14	311	311	0	0	0	0
16-17	311	311	8	319	319	0	0	0	0

On the basis of this data we could define that critical path that is the duration of the longest path of implementation of this development plan is A-C-D-E-F-G-H-I-J-N-O-P-Q-R steps and the duration of project is 319 days. There are also some steps could perform with delay for particular number of days without delaying of the full work. Among them are analysis of new market that could be delayed for 4 days, Creation of international communication department and development of communication strategy that could be delayed by 21 days, SWOT analysis of products could be delayed by 14 days.

Finally, these steps are necessary to implement the development plan of acquiring European market. Because of the company LLC PC Polypack LTD acquire big part of Ukrainian bag production market share, other part is divided between few competitors. As was defined the another market of cheaper and lower quality bags is placed with Indian bags and for company the quality is essential, all the production that is resources, equipment, qualified staff, and their cost are higher, they could not be competitive on the lower prices market. It is the limit of growth, when Europe has a wider abilities for them. On the new market the number of potential clients is higher, in the case of LLC PC Polypack LTD it is especially about chemical aids, because it is a big market that need quality of packaging that they already had.

It will be also helpful in the case that company will has greater loadings and will need more materials, in that case they could make contracts with suppliers for lower prices. It will decrease costs, that will lead to the increase of profit, ability to be competitive with their pricing at Ukrainian market too.

In the case of the planned work with different countries it is recommended to review the plan in accordance with law and specific of their market. It also important to choose appropriate marketing strategy that will refer to the values of clients in different parts of Europe as well as communication strategy.

For further development it is good to analyze the behavior of clients, their specific needs and requirements. When define the market company will work for it is good to find local consultant for better communication strategy creation or partner who had such experience before.

## CONCLUSIONS

In this work on the topic Justification of the development plan of the enterprise was considered the principles of creation and implementation of development plan on enterprise, all features and key elements designing plan, models and their structure of creating and worlds experience. Explored the most important features of development plan.

After considering the essence of development plan we construct the definition. Development plan is a plan that documents actions must be performed by each departments of the organization to achieve a realistic, specific, measurable common goal. It includes internal and external strategies, that developed on the basis of staff experience of different levels, market demand, technological progress. Further development plan connects all the spheres of the company that are related to the goal and must describe steps, strategies and intersections. Revise of the plan is obligatory as well as evaluation of its results.

Planning is one of the main functions of management, which is the process of choosing the goals of the organization and plan define ways to achieve them. Development plan provides the basis for all management decisions, lays the course that the organization will follow to develop organization in different spheres. There are used a huge amount of principles and strategies when creating and implementing development plan. Among successfully used in the world are The Balanced Scorecard, Blue ocean strategy and The McKinsey 7s model. That are used by the world brands and production companies as Volkswagen, Ford motor, Philips electronics, UPS, Apple, etc.

In the thesis was analyzed the LLC PC Polypack LTD that produces polypropylene bags and containers. It has modern equipment from market leaders, use high quality raw materials and sources, and have been certified in accordance with ISO 9001 and other standards that are crucial important on both Ukrainian and European market.

The technical, economic and financial analysis shows that company has relatively stable position on market, but external factors influence it. Company has both

good and bad dynamics in analysis. In that case based on the problems in different areas can be created development plan to increase efficiency of company. Bad results are appeared with not effective use of labor force and the problem in decrease of turns per year and the increase of their duration. But the most important problem that profitability of company decreased. After analysis of causes we defined it caused by decrease number of orders and increase of costs on materials.

After analysis of external and internal environment of the company and creation on SWOT and TOWS analysis defined that Strength-Opportunities strategy need to be used. It means company's Strengths factors give company ability to use the Opportunities. There were developed 4 main directions which company could use. With use of these factors will be create development plan to improve company profits.

It was defined based on criteria such as profitability, simplicity of implementation and quality of products, that the best plan to implement is the development of access to European market. Participation in tenders and use international partnership at European market to expand working market company, where quality standards that company already had are crucial. LLC PC Polypack LTD could provide the ability to order wide range of products that is benefit for them to work in different spheres.

Lastly, it was created the development plan and the way how to implement it, which resources it will include. The full plan will last for 319 days. That included seventeen steps among them are basically planning, analysis of new markets and competitors, goal setting, analysis of needed resources and their efficient use, contracts with suppliers, creation of financial, marketing and communication strategies, creation of new department of international communication, price regulations, analysis of the product and market requirements, modernization of product. After all test run, revision of the plan and evaluation of results and final launch. This development plan will increase number of orders for the company, increase of profits, and even decrease costs if the suppliers will provide lower prices for higher number of orders.

In the result of the study, a scientific article is prepared on the topic: "Approaches in creation of the development plan".

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## **APPENDICES**

**APPENDIX A**

**Financial statement of LLC PC “Polypack LTD” for 2018-2019**

Table A.1

## Assets of the Balance sheet of LLC PC "Polypack LTD" for 2018 - 2019

Стаття	Код рядка	2018	2019
I. Необоротні активи			
Нематеріальні активи:	1000	154	225
первісна вартість	1001	2493	2807
накопичена амортизація	1002	2339	2582
Незавершені капітальні інвестиції	1005	32489	22038
Основні засоби:	1010	1114142	1091864
первісна вартість	1011	1516547	1595750
знос	1012	402405	503886
інші фінансові інвестиції	1035	126	126
Відстрочені податкові активи	1045	4643	4480
Інші необоротні активи	1090	560	
Усього за розділом I	1095	1152114	1118733
II. Оборотні активи			
Запаси	1100	244741	247251
Виробничі запаси	1101	50853	61125
Незавершене виробництво	1102	20476	8093
Готова продукція	1103	173284	177952
Товари	1104	128	81
Дебіторська заборгованість за продукцію, товари, роботи, послуги	1125	389250	440114
Дебіторська заборгованість за розрахунками:			
за виданими авансами	1130	36072	35706
з бюджетом	1135	17935	10949
Інша поточна дебіторська заборгованість	1155	6709	8810
Гроші та їх еквіваленти	1165	8083	14429
Готівка	1166	7	3
Рахунки в банках	1167	8076	14426
Усього за розділом II	1195	702790	757259
III. Необоротні активи, утримувані для продажу, та групи вибуття	1200	-	-
Баланс	1300	1854904	1875992

Table A.2

### Liabilities of the Balance sheet of LLC PC "Polypack LTD" for 2018 - 2019

Стаття	Код рядка	2018	2019
I. Власний капітал			
Зареєстрований (пайовий) капітал	1400	20000	20000
Нерозподілений прибуток (непокритий збиток)	1420	886579	965524
Неоплачений капітал	1425	–	–
Вилучений капітал	1430	–	–
Усього за розділом I	1495	906579	985524
II. Довгострокові зобов'язання і забезпечення			
Пенсійні зобов'язання	1505	3696	3795
Довгострокові кредити банків	1510	226216	112873
Інші довгострокові зобов'язання	1515	266331	227836
Довгострокові забезпечення	1520	13783	25476
Довгострокові забезпечення витрат персоналу	1521	13783	25476
Усього за розділом II	1595	510026	369980
III. Поточні зобов'язання і забезпечення			
Поточна кредиторська заборгованість:	1610	198186	167290
за довгостроковими зобов'язаннями	1130	36072	35706
за товари, роботи, послуги	1615	109999	181332
за розрахунками з бюджетом	1620	4432	11737
за у тому числі з податку на прибуток	1621	500	
за розрахунками зі страхування	1625	2888	3613
за розрахунками з оплати праці	1630	11705	13387
за одержаними авансами	1635	3261	586
за розрахунками з учасниками	1640	75809	83485
Інші поточні зобов'язання	1690	32019	59058
Усього за розділом III	1695	438299	520488
IV. Зобов'язання, пов'язані з необоротними активами, утримуваними для продажу, та групами вибуття	1700	–	–
V. Чиста вартість активів недержавного пенсійного фонду	1800	–	–
Баланс	1900	1854904	1875992

**APPENDIX B****Financial statement of LLC PC “Polypack LTD” for 2019-2020**

**Table B.1****Assets of the Balance sheet of LLC PC “Polypack LTD” for 2019 - 2020**

Стаття	Код рядка	2019	2020
<b>I. Необоротні активи</b>			
Нематеріальні активи:	1000	225	206
первісна вартість	1001	2807	3074
накопичена амортизація	1002	2582	2868
Незавершені капітальні інвестиції	1005	22038	22045
Основні засоби:	1010	1091864	1123342
первісна вартість	1011	1595750	1725572
знос	1012	503886	602230
інші фінансові інвестиції	1035	126	111
Відстрочені податкові активи	1045	4480	4899
Усього за розділом I	1095	1118733	1150603
<b>II. Оборотні активи</b>			
Запаси	1100	247251	250863
Виробничі запаси	1101	61125	85971
Незавершене виробництво	1102	8093	9002
Готова продукція	1103	177952	155617
Товари	1104	81	273
Дебіторська заборгованість за продукцію, товари, роботи, послуги	1125	440114	556389
Дебіторська заборгованість за розрахунками:			
за виданими авансами	1130	35706	69158
з бюджетом	1135	10949	5672
Інша поточна дебіторська заборгованість	1155	8810	10481
Поточні фінансові інвестиції	1160		
Гроші та їх еквіваленти	1165	14429	19754
Готівка	1166	3	7
Рахунки в банках	1167	14426	19747
Усього за розділом II	1195	757259	912317
III. Необоротні активи, утримувані для продажу, та групи вибуття	1200	–	–
Баланс	1300	1875992	2062920

Table B.2

### Liabilities of the Balance sheet of LLC PC "Polypack LTD" for 2019 - 2020

Стаття	Код рядка	2018	2019
I. Власний капітал			
Зареєстрований (пайовий) капітал	1400	20000	20000
Нерозподілений прибуток (непокритий збиток)	1420	965524	1034243
Неоплачений капітал	1425	–	–
Вилучений капітал	1430	–	–
Усього за розділом I	1495	985524	1054243
II. Довгострокові зобов'язання і забезпечення			
Пенсійні зобов'язання	1505	3795	3780
Довгострокові кредити банків	1510	112873	56203
Інші довгострокові зобов'язання	1515	227836	
Довгострокові забезпечення	1520	25476	17307
Довгострокові забезпечення витрат персоналу	1521	25476	17307
Усього за розділом II	1595	369980	77290
III. Поточні зобов'язання і забезпечення			
Поточна кредиторська заборгованість:			
за довгостроковими зобов'язаннями	1610	167290	259350
за товари, роботи, послуги	1615	181332	239899
за розрахунками з бюджетом	1620	11737	13172
за у тому числі з податку на прибуток	1621		
за розрахунками зі страхування	1625	3613	5064
за розрахунками з оплати праці	1630	13387	18461
за одержаними авансами	1635	586	23423
за розрахунками з учасниками	1640	83485	77062
Інші поточні зобов'язання	1690	59058	294956
Усього за розділом III	1695	520488	931387
IV. Зобов'язання, пов'язані з необоротними активами, утримуваними для продажу, та групами вибуття	1700	–	–
V. Чиста вартість активів недержавного пенсійного фонду	1800	–	–
Баланс	1900	1875992	2062920

Table B.3

## Financial statement of LLC PC "Polypack LTD" for 2019 - 2020

Стаття	Код рядка	2018	2019
<b>I. ФІНАНСОВІ РЕЗУЛЬТАТИ</b>			
Чистий дохід від реалізації продукції (товарів, робіт, послуг), net sales revenue	2000	1505286	1445996
Собівартість реалізованої продукції (товарів, робіт, послуг), COGS	2050	-1041360	-1150343
Валовий: прибуток	2090	463926	295653
Валовий: збиток	2095	–	–
Інші операційні доходи	2120	29782	36348
Адміністративні витрати	2130	-106560	-96504
Витрати на збут	2150	-178327	-143003
Інші операційні витрати	2180	-27617	-34335
Фінансовий результат від операційної діяльності: прибуток	2190	181204	58159
Інші фінансові доходи	2220	0	0
Інші доходи	2240	554	98672
Фінансові витрати	2250	-14113	-38288
Втрати від участі в капіталі	2255	–	–
Інші витрати	2270	-78927	-3908
Фінансовий результат до оподаткування: прибуток	2290	88718	114635
Фінансовий результат до оподаткування: збиток	2295	–	–
Витрати (дохід) з податку на прибуток	2300	-16188	-20690
Чистий фінансовий результат: прибуток	2350	72530	93945
Чистий фінансовий результат: збиток	2355	–	–
<b>II. СУКУПНИЙ ДОХІД</b>			
Сукупний дохід (сума рядків 2350, 2355 та 2460)	2465	72530	93945
<b>III. ЕЛЕМЕНТИ ОПЕРАЦІЙНИХ ВИТРАТ</b>			
Матеріальні затрати	2500	712568	857659
Витрати на оплату праці	2505	255977	208824
Відрахування на соціальні заходи	2510	56273	46019
Амортизація	2515	115238	107604
Інші операційні витрати	2520	191633	185157
Разом	2550	1331689	1405263



## **APPENDIX C**

### **SWOT analysis of LLC PC Polypack LTD (evaluation)**

Table C.1

## SWOT analysis

	Intensity (A)	Opportunities									Threats										
		O1	O2	O3	O4	O5	O6	O7	O8	O9	T1	T2	T3	T4	T5	T6	T7	T8	T9	T10	T11
P.Probability of occurrence	-	1	1	1	1	0	0,8	1	1	1	1	0,9	1	1	1	0,7	0	0,5	0	0	1
K. Coefficient of influence	-	1	0	1	1	1	0,7	1	1	1	1	0,5	1	1	1	0,5	0	0,4	0	0	1
Strengths																					
S1	+4	4	3	2	5	5	4	5	5	4	1	2	1	4	2	1	3	3	3	2	3
S2	+5	4	3	1	4	5	4	3	2	4	3	1	1	3	3	1	2	3	4	2	2
S3	+4	4	3	3	5	5	4	4	5	4	1	1	1	3	3	1	1	4	2	2	3
S4	+5	3	3	1	5	4	4	1	2	4	2	1	2	3	4	2	4	3	1	3	4
S5	+3	2	1	1	3	3	2	1	2	4	2	1	2	4	2	0	1	4	1	2	3
S6	+3	3	1	1	3	4	3	1	1	2	3	1	3	2	2	1	2	3	4	2	1
S7	+5	4	2	3	5	4	5	1	1	5	2	0	2	4	4	1	3	3	5	3	1
S8	+5	3	1	1	3	4	2	4	4	3	2	1	1	3	3	1	2	3	3	2	1
S9	+4	5	3	3	5	4	5	4	3	5	2	1	1	2	2	1	1	3	1	2	2
S10	+4	4	2	3	4	5	4	2	2	4	3	1	2	4	4	0	2	3	4	2	2
S11	+4	5	3	2	5	5	5	2	1	4	1	1	1	3	4	1	4	3	3	3	1
Weaknesses																					
W1	-2	0	-1	3	-1	0	-1	2	2	-2	0	-1	0	-1	-1	0	0	-1	-1	0	0
W2	-4	1	1	-2	1	1	1	3	2	-2	-3	-1	-1	-3	-4	0	-2	-2	0	-1	-1
W3	-3	-1	0	-2	-1	-2	-1	-2	-3	-2	0	-1	0	-3	-1	0	-2	-1	0	-2	0
W4	-4	3	3	3	3	2	3	2	0	2	-1	-3	-1	-3	-4	0	-4	-1	0	-2	-2
W5	-5	-1	-1	-2	-3	-2	-1	-3	-2	-3	-4	0	-2	-4	-4	0	-1	-1	0	-2	0
W6	-3	-3	-2	-1	-3	-4	-2	0	0	-2	0	-1	0	-2	-3	0	-1	-2	0	-1	-1
W7	-4	-2	-2	-3	-2	-2	-1	3	2	-1	-3	-3	-3	-2	-4	-1	-2	-2	0	-2	-4
W8	-3	0	-1	-1	0	0	0	1	0	-1	-1	-2	0	0	0	0	0	0	0	0	-2
W9	-3	0	1	3	-2	-3	-2	4	2	-3	-3	-4	-2	-2	-4	-1	-1	-1	0	-1	0

**APPENDIX D****SWOT analysis of LLC PC Polypack LTD (calculations)**

## SWOT calculations

	Opportunities										Threats											
	IO1	O2	O3	O4	O5	O6	O7	O8	O9	O10	T1	T2	T3	T4	T5	T6	T7	T8	T9	T10	T11	
Strengths	S1	7,3	3,2	3,8	13,0	7,2	8,3	18,0	11,2	9,6	3,2	3,6	1,2	4,8	5,8	1,3	1,6	2,4	0,7	1,1	5,5	
	S2	9,1	4,1	2,4	13,0	9,0	10,4	13,5	5,6	12,0	12,2	2,3	1,5	4,5	10,8	1,6	1,4	3,0	1,2	1,4	4,6	
	S3	7,3	3,2	5,8	13,0	7,2	8,3	14,4	11,2	9,6	3,2	1,8	1,2	3,6	8,6	1,3	0,5	3,2	0,5	1,1	5,5	
	S4	6,8	4,1	2,4	16,3	7,2	10,4	4,5	5,6	12,0	8,1	2,3	3,0	4,5	14,4	3,2	2,7	3,0	0,3	2,0	9,1	
	S5	2,7	0,8	1,4	5,9	3,2	3,1	2,7	3,4	7,2	4,9	1,4	1,8	3,6	4,3	0,0	0,4	2,4	0,2	0,8	4,1	
	S6	4,1	0,8	1,4	5,9	4,3	4,7	2,7	1,7	3,6	7,3	1,4	2,7	1,8	4,3	0,9	0,8	1,8	0,7	0,8	1,4	
	S7	9,1	2,7	7,2	16,3	7,2	13,0	4,5	2,8	15,0	8,1	0,0	3,0	6,0	14,4	1,6	2,0	3,0	1,5	2,0	2,3	
	S8	6,8	1,4	2,4	9,8	7,2	5,2	18,0	11,2	9,0	8,1	2,3	1,5	4,5	10,8	1,6	1,4	3,0	0,9	1,4	2,3	
	S9	9,1	3,2	5,8	13,0	5,8	10,4	14,4	6,7	12,0	6,5	1,8	1,2	2,4	5,8	1,3	0,5	2,4	0,2	1,1	3,6	
	S10	7,3	2,2	5,8	10,4	7,2	8,3	7,2	4,5	9,6	9,7	1,8	2,4	4,8	11,5	0,0	1,1	2,4	1,0	1,1	3,6	
	S11	9,1	3,2	3,8	13,0	7,2	10,4	7,2	2,2	9,6	3,2	1,8	1,2	3,6	11,5	1,3	2,2	2,4	0,7	1,6	1,8	
Weaknesses	W1	0,0	0,5	-2,9	1,3	0,0	1,0	-3,6	-2,2	2,4	0,0	0,9	0,0	0,6	1,4	0,0	0,0	0,4	0,1	0,0	0,0	
	W2	-1,8	-1,1	3,8	-2,6	-1,4	-2,1	-10,8	-4,5	4,8	9,7	1,8	1,2	3,6	11,5	0,0	1,1	1,6	0,0	0,5	1,8	
	W3	1,4	0,0	2,9	2,0	2,2	1,6	5,4	5,0	3,6	0,0	1,4	0,0	2,7	2,2	0,0	0,8	0,6	0,0	0,8	0,0	
	W4	-5,5	-3,2	-5,8	-7,8	-2,9	-6,2	-7,2	0,0	-4,8	3,2	5,4	1,2	3,6	11,5	0,0	2,2	0,8	0,0	1,1	3,6	
	W5	2,3	1,4	4,8	9,8	3,6	2,6	13,5	5,6	9,0	16,2	0,0	3,0	6,0	14,4	0,0	0,7	1,0	0,0	1,4	0,0	
	W6	4,1	1,6	1,4	5,9	4,3	3,1	0,0	0,0	3,6	0,0	1,4	0,0	1,8	6,5	0,0	0,4	1,2	0,0	0,4	1,4	
	W7	3,6	2,2	5,8	5,2	2,9	2,1	-10,8	-4,5	2,4	9,7	5,4	3,6	2,4	11,5	1,3	1,1	1,6	0,0	1,1	7,3	
	W8	0,0	0,8	1,4	0,0	0,0	0,0	-2,7	0,0	1,8	2,4	2,7	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	2,7
	W9	0,0	-0,8	-4,3	3,9	3,2	3,1	-10,8	-3,4	5,4	7,3	5,4	1,8	1,8	8,6	0,9	0,4	0,6	0,0	0,4	0,0	

## **APPENDIX E**

### **Time characteristic of events in PERT chart**



**APPENDIX F**  
**Scientific article**

## Approaches in creation of the development plan

УДК 338.26:330.34

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**Abstract.** The article considers actual issues of the role and place of development plan in the enterprise management process. Approaches that determine the way of development plan creation of the enterprise are identified. As a result of the research, a model of development plan creation is proposed.

**Keywords:** plan, development, development plan, plan formation.

**Анотація.** У статті розглядаються актуальні питання ролі та місця плану розвитку в процесі управління підприємством. Визначено підходи, що визначають шлях розробки плану розвитку підприємства. За результатами дослідження запропоновано модель розробки плану розвитку.

**Ключові слова:** план, розвиток, план розвитку, формування плану.

Development plan is a document that contains a justification of actions in various aspects of the operation of the enterprise, aimed at implementing a development project. The development plan helps to analyze, monitor and evaluate the success of the enterprise during the project. That is important to create and update such plan on each stage of company development.

The goal of this article is the review, analysis and forming of the possible strategies for company's development plan creation and implementation. The assessment of already created approaches and development of individual plan disclose the ability for company to use it in appropriate sphere.

A development plan in its various forms is designed for different purposes and, accordingly, for different spheres of organizations including different professionals of its departments. The success of an enterprise depends on how successfully the development plan meets the interests of those for whom it is intended.

Drawing up a development plan is a process of the company's self-assessment. When conducting a self-assessment company need to find reasonable answers to the following questions about the state and activities of the firm:



- the type of business engaged in the enterprise, the value and uniqueness of the enterprise;
- the place occupied by the enterprise in the industry, the market share of the enterprise and the ways of its expansion;
- characteristics of the market and consumers of the enterprise, analysis of external and internal environment
- strengths and weaknesses of the enterprise, the likelihood of significant changes (products, services, technologies, competition);
- a plan of specific actions of the firm to achieve certain goals.

When forming a development plan, there are certain standard stages, which include a list of tasks that must be worked out regardless of the field in which the company operates, which determine its main features and commercial goals, which it sets itself. These steps can be formulated as follows: defining the goal of development plan, analysis of information needed to create and perform business plan, choice of the structure and approaches.

When creating development plan it is important to note who must be involved for its better drafting, who has the necessary information for further success. Based on that criteria

Development planning is carried out by three methods: top-down, bottom-up and combined (top-down - bottom-up). These three methods involve consistent coordination of the general plan of the enterprise and the plans of its divisions of different hierarchical levels of management. According to the top-down method, the development of plans of lower-level units is based on the plans of higher-level units. Here the basis for the plans of departments is the overall plan of the enterprise. The bottom-up method consistently integrates the plans of lower-level units into the plans of higher-level units and finally into the overall plan of the enterprise. The combined method, also called counter-planning, involves the transfer from top to bottom of the planning benchmarks based on the strategic objectives of the enterprise for the planning period, based on which the plans are developed in reverse order. At the final stage the general plan of the enterprise is made.

Each of these methods has its advantages and disadvantages and, accordingly, the scope. The "top-down" method allows company to clearly coordinate and balance the development of plans of units in the vertical and

horizontal aspects with a focus on the overall goal and strategy of the enterprise. But in this case, the real conditions of the units may not be fully taken into account, the employees of the units are not sufficiently involved in the development of plans, their motivation in the implementation of efficiency reserves and the transfer of objective information is reduced. This method best meets the conditions of the technological production structure of the enterprise with units of internal cooperation, especially in small enterprises [3].

The bottom-up method is devoid of the disadvantages of centralized planning. All departments take an active part in the development of plans, the plans take into account the capabilities of units, they are more accurate, higher motives for their implementation. However, this procedure for developing plans complicates their vertical and horizontal coordination, combining the partial aspirations of units with the overall purpose of the enterprise. The optimal scope of this method are companies with specialized units that produce products for the market [2].

The combined method combines the positive aspects of centralized and decentralized planning and avoid the disadvantages of these methods. Combined planning can have several options depending on the level of authority of the units. But the initial stage is always a framework plan of the enterprise with the definition of indicative tasks for the planning period. The planning process is considered complete when a detailed plan of the enterprise, which meets the established requirements, is formed on the basis of integrating plans of subdivisions (bottom-up). Otherwise, the planning cycle is repeated. Combined planning has the advantages of centralized and decentralized methods, but is quite complex organizationally. The company's plan drawn up in this way does not always fully meet the goal set by senior management. The scope can be quite wide depending on the level of organization of planned work.

There are two ways of planning processes related to development. Firstly, is proactive that is plan for future and reactive that is work with development based on appeared problem. Although proactive and reactive plans are equally important for business survival, there is a clear distinction between proactive and reactive plans.

Proactive development plans are designed to anticipate challenges, threats and opportunities. A proactive approach focuses on planning for the

future. In addition, it helps to identify and prevent potential hazards before they occur. In this way, he can predict the future and achieve better results. Moreover, proactive plans will often look at the organization from a more analytical point of view. Therefore, they consider many factors of accidents, customer complaints, claims, high turnover and extra costs.

Often, a proactive business is more effective in solving problems and development of organization.

Advantages of proactive plans are avoiding threats and problems or makes it easier to deal with problems, increasing productivity, efficiency and quality of the final product, cost effectiveness. When disadvantages of proactive plans are that it is impossible to predict every single threat and planning a project in advance takes more time.

A reactive development plan is about solving problems after they have arisen to develop organization after crisis, without planning ahead. In some cases, unexpected problems may arise, both inside and outside of organization. In such cases, companies need to respond quickly. And this is when companies usually use reactive plans.

Among the advantages of this method we could define saving of the time for planning and the ability of staff to react on emerging situations. But this type has more disadvantages as projects may not meet target dates and may exceed the budget because there is no proper planning, there is no proper allocation of resources, creating panic and anxiety in the event of a problem that could threaten the stability of the business [5].

Creation of development plan for the future will bring favorable results for the organization in all aspects. If a company is driven solely by a reactive approach, it will run a huge risk. However, there are problems that business cannot avoid, especially problems that arise from the external environment. Under these circumstances, the organization must act quickly, and advance planning does not work. Therefore, business cannot just move forward using proactive plans, both plan methods are beneficial for staying in business. The key difference between proactive and reactive plans is that a proactive plan always responds to expected challenges, while a reactive plan involves resolving unexpected situations. In other words, the difference between a proactive strategy and a reactive strategy is mainly in preparation and accountability.

When creating development plan it is important to note the perspectives of the company, ways and spheres of possible development. One of the useful strategies for plan could be strategy of Blue ocean. The authors of the Blue Ocean Strategy are Kim Chan and Renee Moborn [4].

Its essence is not to compete with other players in existing markets (they are called red oceans), but to create or find a new market where there are no rules and competitors yet. To create a blue ocean, company need to go beyond the existing demand, to study those who do not become customers of the company. Businesses usually do the opposite: they study their target audience, segment it, and try to get as much information from customers as possible. And remain in the red ocean. To find a new market, Kim and Mauborgne propose a "six path model". The company can use one of these ways or several at once.

Explore alternative industries. Understand why buyers prefer other ways to satisfy a need over your offer. By understanding why consumers choose products from an alternative industry, you can create added value in your own.

Explore alternative segments in your industry. If before that you had to study the competing industries, now it is worth looking at those who offer alternative solutions in your industry. They are called alternative strategic groups.

Look at the chain of buyers. Businesses are used to focusing on one target group of customers. However, products and services are not always used by those who buy them. When you get to the end of the chain, you can find a blue ocean of new customers [1].

Add value with additional products and services. What can you add to your offer to add value. This can also create a new market.

Add emotions to functions or vice versa. Typically, companies design their products based on either functional or emotional appeal. To achieve the best result, you need to add one to the other.

Try to look into the future. If company look closely at trends and understand how they will change industries, there can see the blue ocean.

It is important to note that company don't have to leave their industry to create a blue ocean. On the contrary, in most world examples, companies have found new markets in their areas where they have already excelled.

In addition, it is important to say that the development plan for each company will differ from each other, based on the sphere they work, market situation, type of products etc.

It is important for company to choose that approach that will suit them better after analysis of their firm. Blue ocean strategy is one of the common approaches that could be used for development of the company, that is to find new market, if firm wants to expand the market, create new product or has problems on their market. Also, the proactive plans are better to use when planning the whole work of the company. It will decrease the unexpected situation that can badly influence the company position, but reactive planning is still needed, because not all situations could be predicted. For creation of thoughtful development plan with taking into account all important aspects it is better to use mix top-down - bottom-up system for company to save control over organization and inclusion of all departments and their specific in planning.

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