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MASTER THESIS

Title Marketing Strategy Development of the Enterprise

(on the basis of “GC Thermoengineering” LLC)

By **Olena Solomatina**
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Academic Supervisor Doctor of Economics
(Scientific degree, academic status)

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**Master Thesis has been approved for defense at
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KYIV 2023

MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE
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Department of International Management

MASTER DEGREE PROGRAM «BUSINESS ADMINISTRATION
(GENERAL) »
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Extramural studies

Master Thesis

Title: Marketing Strategy Development of the Enterprise (on the basis of “GC Thermoengineering” LLC)

The title of the Master’s thesis has been approved by the Rector’s Order “30”12.2022 № 2192-cr
Master Thesis is based on

Preliminary plan of Master Thesis and the terms of its submission to the Academic Supervisor

Chapter 1 THEORETICAL ASPECTS OF ENTERPRISE MARKETING STRATEGIES

(Title, deadline – up to 23.01.23)

Chapter 2 BUSINESS DIAGNOSTICS AND MARKETING ACTIVITIES ANALYSIS OF GC THERMOENGINEERING LLC

(Title, deadline – up to 27.02.23)

Chapter 3 MARKETING STRATEGY DEVELOPMENT OF GC THERMOENGINEERING LLC

(Title, deadline – up to 27.03.23)

Deadline for submitting the final version of Master’s Thesis to the Academic Supervisor
(Deadline - 01.05.23)

Object of research:	is the development and ways of implementation of marketing strategy of “GC Thermoengineering” LLC.
Subject of research:	is theoretical and methodological and applied aspects of marketing strategy development of “GC Thermoengineering” LLC in the Ukrainian market.
The purpose of the Thesis:	is to identify ways to implement and develop the marketing strategy of “GC Thermoengineering” LLC and the choice of alternatives for strategic development in Ukraine.

Specific tasks seeker has to accomplish to meet the objective:

In Chapter 1 _____

- to determine the essence of a marketing strategy in enterprise management;
- to systematize types of marketing strategies and their role in enterprise management;
- to define stages of development and implementation of the marketing strategy of the enterprise.

In Chapter 2 _____

- to analyze the general characteristic of “GC Thermoengineering” LLC activity;
- to conduct marketing analysis of business environment of the company;
- to perform an assessment of the current marketing strategy of “GC Thermoengineering” LLC;

In Chapter 3 _____

- to suggest possible alternative marketing strategies for the company;
- to develop a modern marketing strategy for “GC Thermoengineering” LLC;
- to analyze economic efficiency of proposed marketing strategy for “GC Thermoengineering” LLC.

The task has been set
by the Academic Supervisor _____ (Signature) _____ (Name, Surname)
“ ” _____ 2023.

The task has been given to
seeker _____ (Signature) _____ (Name, Surname)
“ ” _____ 2023.

ABSTRACT

Master`s thesis for a master`s degree on “ Marketing Strategy Development of the Enterprise (on the basis of “GC Thermoengineering” LLC) contains 137 pages, 42 tables, 18 figures. The list of references includes 86 items and 2 Appendixes.

The object of the research is the marketing strategy development of “GC Thermoengineering” LLC in Ukraine.

The subject of the research is theoretical and methodological and applied aspects of development of marketing strategy of the company in the Ukrainian market.

The purpose of the Thesis is to identify ways to implement and develop the marketing strategies of “GC Thermoengineering” LLC and the choice of alternatives for its strategic development in Ukraine.

The tasks of the work are:

- 1) to determine the essence of a marketing strategy in enterprise management;
- 2) to systematize types of marketing strategies and their role in enterprise management;
- 3) to define stages of development and implementation of the marketing strategy of the enterprise;
- 4) to conduct business diagnostics of “GC Thermoengineering” LLC and to determine the status of marketing activities of the company;
- 5) to provide general characteristics of “GC Thermoengineering” LLC activity;
- 6) to conduct marketing analysis of business environment of the company;
- 7) to perform assessment of the current marketing strategy of the company;
- 8) to suggest possible alternative marketing strategies for the company;
- 9) to develop a modern marketing strategy for “GC Thermoengineering” LLC;
- 10) to analyze economic efficiency of proposed marketing strategy for “GC Thermoengineering” LLC.

The information base of the research is the work of leading domestic and foreign scientists and specialists in marketing, regulations of government agencies, materials of statistical and accounting reports of “GC Thermoengineering” LLC, open sources of the Internet.

According to the results of the study, the business and marketing activities of “GC Thermoengineering” LLC were analyzed, and the ways of implementation of suggested marketing strategy for “GC Thermoengineering” LLC were introduced.

The results obtained can be used by “GC Thermoengineering” LLC as the steps for the implementation of the marketing strategy aimed at increase of sales effectiveness and stability, whereas alternative marketing strategies and recommendations can be used at later stages of the company development.

Year of thesis completion – 2023

Year of thesis defense – 2023

ACADEMIC SUPERVISOR'S REVIEW
ON THE MASTER THESIS
by the student of Institute of Business Education
Kyiv National Economic University
named after Vadym Hetman
Master degree program "Business Administration"
Olena Solomatina

Title: *Marketing Strategy Development of the Enterprise (on the basis of "GC Thermoengineering" LLC)*

1. Relevance of the research topic.

The relevance of the topic of the Thesis is that without a developed and functioning marketing strategy, an enterprise engaged in the production of any goods or the provision of services will not be able to withstand competition, operate effectively and in accordance with market requirements.

2. Positive aspects of the thesis:

The level of theoretical and marketing analysis has been done at the high detailed level. The author has developed well worked out marketing strategy, some elements of which can be applied on practice.

3. The author's independent ideas and conclusions, scientific novelty

The author has deeply analyzed the business environment of the company, compared and assessed alternative strategies and checked economic efficiency of selected marketing strategy. Therefore, the thesis contains relevant scientific novelty.

4. Practicality of the conclusions and recommendations

Developed alternative scenarios of marketing strategy help the company to identify correct business model that will minimize the risk and maximize profits.

5. Negative aspects of the paper:

There are only some elements of marketing strategy could be used by the company, the economic efficiently assessment has been done superficially.

6. Total result of the Master Thesis and its approval for defense at Attestation Examination Commission:

The Master Thesis has been done on satisfied and adequate level and it is recommended for defense at Attestation Examination Commission.

Academic Supervisor:

Doctor of Economics, Professor of Marketing Chair



Savych Oleksandr

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External Review of Master Thesis

by the applicant of Kyiv National Economic University named after Vadym Hetman master degree program "Business Administration (general)"

Olena Solomatina

**Title: Marketing Strategy Development of the Enterprise
(on the basis of "GC Thermoengineering" LLC)***

*"GC Thermoengineering" LLC is known as "Strong Ukraine" LLC since February 2023

The Master Thesis is dedicated to thorough analysis of the marketing activity of GC Thermoengineering" LLC aimed at the development and the ways of implementation of the marketing strategy in the enterprise. The conducted research corresponds to the designated topic and is performed according to all methodological requirements. The business need of the enterprise and the goals have been defined and presented clearly demonstrating a deep understanding of the topic, sound expertise and knowledge of the investigated area. The applicant conducted a thorough research and provided a sound theoretical overview of marketing strategies having demonstrated a critical use of a wide range of literature. The applicant's research is considered as relevant and significant in current realis, since it is devoted to the issues of marketing strategy development of "GC Thermoengineering" LLC in the Ukrainian market and provides alternative solution for the implementation of marketing strategy abroad.

The analysis of "GC Thermoengineering" LLC activities was carried out on the basis of data provided by the financial department of the enterprise. The research results provide thorough answers to the posed research questions. The suggested marketing strategy and recommendations set forth in the thesis have practical value and are of interests to the industry, and can be recommended for the implementation in the enterprise. The Master Thesis has impeccable and coherent overall appearance and may be admitted to the defence before the Examination Commission with the excellent evaluation.

Director of
Strong Ukraine LLC



(Signature)

Andriy Zholdakov

(Name, Surname)

"25" July 2023

Contents

INTRODUCTION.....	3
CHAPTER 1. THEORETICAL ASPECTS OF ENTERPRISE MARKETING STRATEGIES.....	7
1.1. The essence of a marketing strategy in enterprise management.....	7
1.2. Types of marketing strategies and their role in enterprise management	14
1.3. Stages of development and implementation of the marketing strategy of the enterprise.....	21
CHAPTER 2. BUSINESS DIAGNOSTICS AND MARKETING ACTIVITIES ANALYSIS OF GC THERMOENGINEERING LLC.....	27
2.1. General characteristics of “GC Thermoengineering” LLC activity	27
2.2. Marketing analysis of business environment of the company.....	44
2.3. The assessment of the current marketing strategy of the company.....	62
CHAPTER 3. MARKETING STRATEGY DEVELOPMENT OF GC THERMOENGINEERING LLC.....	75
3.1. Possible alternative marketing strategies for the company	75
3.2. Formation of modern marketing strategy for the company	88
3.3. Economic efficiency of proposed marketing strategy.....	96
CONCLUSIONS.....	107
BIBLIOGRAPHY.....	113
APPENDIX 1.....	122
APPENDIX 2.....	137

INTRODUCTION

The relevance and the importance of the topic of research is determined by the increasing uncertainty of the external environment and the ongoing Russia war in Ukraine causing the disorientation of business entities in the choice of development priorities. There was an objective need to find tools to enhance their own capabilities of enterprises that are able to ensure an effective transformation of their resource potential, optimize the whole system of threats. An important direction in identifying such opportunities is the implementation of effective marketing strategy development for “GC Thermoengineering” LLC in current realis.

The formation and development of marketing strategy and the right choice of long-term priorities for the company in the Ukrainian market cannot take place separately from rapidly changing external environmental factors. At the same time, forecasting market trends and assessing their impact on the enterprise both now and in the future should be performed using the simplest tools that save time for decision-making, and the resulting development marketing strategy should be as reasonable as possible, take into account various alternatives and contribute to the achievement of the main goals of the enterprise. In view of this, the issues of forming and development of marketing strategies and their choice for the company in the Ukrainian market, taking into account current market trends, become especially relevant.

A few years ago, strategic marketing was presented, first of all, as determining the general direction of the company's activity, oriented to the future and responsive to changing external conditions. Recently, the main emphasis has been placed on the formation of an effective market-oriented organizational and management system and the distribution of the company's management resources in accordance with this. In other words, the marketing strategy is considered as a unified system for organizing the entire work of the company.

The marketing strategy, together with the tactical solution of current problems, is a holistic, unified process of market management by enterprises - manufacturers and distributors of goods or services.

Both short-term and long-term marketing decisions require the development and application of a strategy that, under given conditions, would provide the enterprise with the desired level of business activity and performance.

Its main feature is the ability to quickly “adjust” to the changing business environment and create promising business opportunities to stabilize the economic situation of the enterprise or even to improve market positions (increase in market share, sales, increase customer loyalty, etc.).

At the same time, despite the recognition of the important role of marketing strategy in achieving the success of an enterprise in the market, in practice, the development of its provisions is given insufficient attention. Quite often, this can be explained by the lack of consistency in making long-term marketing decisions, as well as insufficient qualifications of management personnel.

In full measure, these problems relate to organizations engaged in retail trade and micro-enterprises providing various services to the population.

The relevance of the topic of the Thesis is that without a developed and functioning marketing strategy, an enterprise engaged in the production of any goods or the provision of services will not be able to withstand competition, operate effectively and in accordance with market requirements. The degree of development of the theme of the thesis: the issues of marketing and marketing strategies are widely covered in the specialized literature, in particular theoretical and methodological formations of marketing strategies of the enterprise in a changing environment are reflected in scientific works of O. Walker, F. Kotler, M. Porter, A. Thompson, and others domestic and foreign scientists.

But despite the significant number of publications devoted to various aspects of the development of marketing and optimization of marketing strategies, it should be noted that among them the problems of forming marketing strategies in micro and small enterprises are not sufficiently disclosed.

Purpose of the Thesis is to identify ways to implement and develop the marketing strategies of “GC Thermoengineering” LLC and the choice of alternatives for its strategic development in Ukraine.

The purpose of the research has caused the necessity of solving the following **tasks**:

- to determine the essence of a marketing strategy in enterprise management;
- to systematize types of marketing strategies and their role in enterprise management;
- to define stages of development and implementation of the marketing strategy of the enterprise;
- to conduct business diagnostics of “GC Thermoengineering” LLC and to determine the status of marketing activities of the company;
- to provide general characteristics of “GC Thermoengineering” LLC activity;
- to conduct marketing analysis of business environment of the company;
- to perform assessment of the current marketing strategy of the company;
- to suggest possible alternative marketing strategies for the company;
- to develop a modern marketing strategy for “GC Thermoengineering” LLC;
- to analyze economic efficiency of proposed marketing strategy for “GC Thermoengineering” LLC.

The object of the study is the marketing strategy development of “GC Thermoengineering” LLC in Ukraine.

The subject of research is theoretical and methodological and applied aspects of development of marketing strategy of the company in the Ukrainian market.

The following **research methods** were used in the Thesis: the system approach, analysis, synthesis. Tabular, theoretical search and generalization methods were used as well. The comparison and peer review methods were used when analysing the general company activity, by means of which a comparative characteristic of the enterprise with the main competitors was conducted; using SWOT-analysis, the strengths and weaknesses of the enterprise were identified, as well as the main opportunities and threats of the environment; the PEST analysis showed which of the environmental factors had the greatest impact on “GC Thermoengineering” LLC.

The information base of the research is the work of leading domestic and foreign scientists and specialists in marketing, regulations of government agencies, materials of

statistical and accounting reports of “GC Thermoengineering” LLC, open sources of the Internet.

The results of research: during the implementation of the master thesis, the business and marketing activities of “GC Thermoengineering” LLC were analyzed, and the ways of implementation of suggested marketing strategy for “GC Thermoengineering” LLC were introduced.

Recommendations about the usage and application of results of research: the results of the thesis can be used by “GC Thermoengineering” LLC as the steps for the implementation of the marketing strategy aimed at increase of sales effectiveness and stability, whereas alternative marketing strategies and recommendations can be used at later stages of the company development.

CHAPTER 1.

THEORETICAL ASPECTS OF ENTERPRISE MARKETING STRATEGIES

1.1. The essence of marketing strategies in enterprise management

Nowadays with the transition of the economy to market relations, the independence of enterprises, their economic and legal responsibility is constantly increasing. At the same time, the role of competition as the main mechanism for regulating the economic process is also growing. In such conditions, the company cannot be limited only to the current planning and operational management of its activities.

There is a need for strategic thinking, which should be embodied in an action program that clarifies the goals and means of the chosen development path. Marketing in a broad sense is the organization and management of the production and marketing activities of an organization in a developed market economy, including the development of goods (services), the organization of their logistics and their bringing (sale) to specific consumers, pricing for goods sold, stimulating sales of goods, working with the market, studying competitors and distribution channels. In the conditions of a possible onset of a crisis situation in an organization, it is difficult to overestimate the role of marketing in ensuring the life of an organization in the conditions of market relations.

At the current stage of economic development, a sufficient number of organizations characterized by a high level of uncertainty and instability, both in relation to the external environment of the enterprise, and in the internal environment. In the transition to market relations, the enterprise has to develop marketing strategies for sustainability and development that would allow adapting to constantly changing conditions.

Recently the development of marketing strategies has become increasingly important for enterprises. The strategic marketing has been the general direction of the company's work, which is oriented towards future events and the reaction to changes in the external environment. Marketing strategy is one of the fundamental tools of strategic management of enterprises. Recently, scientists have paid a lot of attention to the question

of the essence of the concept of marketing strategy. Since the 1980s, marketing strategies have become the subject of scientific research.

At the moment, there are quite a lot of definitions of this concept in the scientific literature devoted to marketing and in which various points of view are considered. Having studied scientific works, there is a possibility that researchers will encounter the fact that researchers use two terminological combinations: “marketing strategy” and “marketing strategy”, but based on this, one cannot disagree that “marketing strategy is the same as marketing strategy” [17].

However, before we start analysing the essence of a marketing strategy, it is worth to define the term *strategy*. Thus, the first mention of the *strategy* dates back to the time of Alexander the Great. The term *strategy* (from the Greek *stratis* - army + *ago* - lead), or else *strategos* - the art of the general, which is taken from the military lexicon, where it means the planning and implementation of the policy of the country or military-political union of states using all available meanings.

Nowadays there is no generally accepted and agreed definition of the term *strategy*. The modern definition of strategy is difficult to represent in one sentence. Many authoritative scholars have proposed their own vision of the content of the strategy, but their definitions have different meanings.

A. Chandler first used the term *strategy* in economics to define one of the types of management of any commercial enterprise in 1962: strategy is the definition of basic long-term goals and guidelines of the enterprise, the choice of basic actions and providing the necessary resources to achieve goals. On the one hand, this interpretation of *strategy* is based on the traditional approach to its definition as a special method of resource allocation between current and future activities. The economist suggests that the strategic alternative should be based on a comparison of the capabilities and resources of corporations, taking into account the accepted level of risk [25, p. 12].

I. Ansoff defines the strategy in the context of a certain formality, understanding it as a set of rules for decision-making, which the organization can be guided in its activities. He identified four groups of rules: rules for establishing relations between the enterprise and the external environment; rules for establishing relationships and processes within

the enterprise; rules of daily affairs; means of measuring the results of current and future activities of the company. At the same time, the analysis of development rates and regression models, various simulation models are important tools of strategic management. I. Ansoff claims that an experienced business specialist will always be able to distinguish this or that original strategy in the success of the company [78, p. 120].

A. Thompson and A. Strickland have a similar attitude to the essence of the strategy. They underline the identity of the concepts of strategy and plan and emphasize its implementation in order to “strengthen the company's position in the market and ensure coordination, attract and satisfy consumers, successful competition and achieve global goals”. Other scientists define the strategy in terms of a set of methods and mechanisms of development necessary for the effective functioning of the enterprise, in conditions of limited resources and dynamic changes in external and internal environments [78, p. 128].

B. Karloff defined strategy as a generalized model of actions necessary to achieve the set goals by coordinating and allocating company resources. M. Porter, using the idea of a value chain, proposed to consider the strategy as an analysis of internal processes and interactions between the various components of the organization in order to determine how and where value is added. The strategy is to position the organization in relation to the sector environment [18].

The national scientists T.V. Kalinesku, Yu.A. Romanovska, O.D. Kyrylov suggest that it is appropriate to consider the strategy as an established set of activities (goals and ways to achieve them) to ensure a renewed difference and profitability of the enterprise.

Thus, there are three approaches to defining the strategy of the enterprise, which are conceptually different: as a process (related to the coordination of set goals and available resources of the enterprise through a certain set of decision-making rules); as a result (related to the establishment of specific strategic guidelines for the implementation of the enterprise activity); as a plan or model of the enterprise action (related to the development of the program of enterprise operation in the external environment in the context of achieving its goals).

Marketing strategy in its turn, is defined by O.Walker as an effectively distributed and coordinated market resources and activities to perform the tasks of the company in a

particular product market. The same line is noticed by one of the best specialists in the field of marketing F. Kotler in his famous work "Fundamentals of Marketing", providing the following definition: "Marketing strategy is a logical scheme of marketing activities with which the company hopes to fulfill its marketing objectives". According to F. Kotler, the marketing strategy includes three parts:

- Target markets: the marketing strategy should clearly define the market segments on which the organization will focus its efforts;
- Marketing mix: to identify specific strategies for elements such as new products, sales areas, advertising, sales promotion, prices and product sales;
- The amount of marketing costs: the marketing budget needed to implement all previously developed strategies.

Also, some authors interpret the concept of “marketing strategy” as a tool for influencing a client or consumer, closing his needs thanks to the marketing mix. The same sign was noted by H.Assel, who believes that marketing strategies are a tool for influencing an enterprise on a consumer or client [79].

A marketing strategy is a set of principles and methods of action to achieve long-term marketing goals. Depending on the ambitions, position of the company and prospects, the development of a marketing strategy takes from 5 to 20 years. Thus, marketing strategies involve creation of goods that satisfy consumers; positioning of goods for certain segments; and creation of an effective marketing complex.

Different organizations may have a variety of strategic goals: to take a certain market share; to get a certain amount of profit; to achieve a certain level of profitability for the most important groups of goods, as well as the level of profitability, and so on. The marketing strategy is aimed at finding a potential consumer or client and the theoretical sales volume, as well as gaining advantages over competitors. It should be noted that in the future it is difficult to distinguish between marketing goals and the goals of the organization itself, due to the fact that they are closely interrelated. Based on this, often the main goal of the organization is to maximize profits by increasing market share [21, p. 97].

When choosing a concept for the development of an organization, the principles that influence the formation of a marketing strategy, of which the following are of decisive importance should be taken into account:

- Suppliers who provide the organization with the necessary resources for production, among which it is necessary to find those who will be ready to provide the best quality at a lower price;
- Intermediaries who value their services at a satisfying price;
- Technological analysis of the production process and the use of the latest technologies in practice;
- Social and economic factors, in which it is necessary to take into account the needs of the market and the pricing policy of manufactured products at the enterprise.

In particular, the pricing strategy that the organization chooses will depend on this factor; hardware resources, as well as the capabilities of the enterprise itself; the main concept chosen by the organization, its goals, as well as ways to implement them [10].

At the moment, the main focus is on creating a market-oriented and effective organizational and management system, as well as on the distribution of management resources in accordance with this. In other words, the marketing strategy is considered as an interconnected single system for organizing the work of the entire enterprise.

When determining and shaping the marketing strategy of an enterprise, these four groups of main factors are first taken into account.

1) Growth trends in demand and the external environment of marketing: the system of movement of goods, regulation of law, consumer needs, market demand, trends in specific business circles, and the territory where the enterprise is located [35].

2) The position and characteristics of competitive rivalry in the market, the main competing enterprises and the strategic vectors of their activities due to monitoring. Monitoring is the constant monitoring of situations occurring in the external environment in order to prevent deviations in the main parameters in advance. In other words, monitoring is a kind of control throughout the entire process of activity, revealing the dynamics and degree of development. Understanding the state of the process, the description of its state, allows us to successfully establish the prospects for the

development of relationships between competitors at the stage when these relationships are only predicted [19]. Hence, in diagnostics, there are three classes of forecasting methods: modeling, extrapolation and expert evaluation. Forecasting by extrapolation is based on the extension of trends identified in the past to the future period. It is used to calculate the dynamics of the market for the future, as well as to assess the likelihood of changes in the competitive external environment.

Most of the events and processes that take place in a competitive environment are difficult to measure, therefore, it is possible to carry out their ordinal or quantitative assessments only thanks to the method of expert diagnostics, as a result of which we get the opportunity to predict situations occurring in a competitive environment. The term simulation modeling, in turn, combines prediction based on experiments and diagnostics, which allow optimizing the activity of enterprises in a competitive environment [21, p.125].

The results of forecasting help to assess the company's chances in a particular target segment and identify the conditions for the most rational and efficient use of existing resources in the process of interacting with the competitive environment: immediate and systematic informing about the position of competitors in the industry; establishment of competitive potential in the market; comparative analysis and assessment of the competitive abilities of firms; implementation of the forecast, as well as determining the prospects and level of competition in the market; collection of "historical" information about how the relationship between competitors developed.

3) Management resources and the capabilities of the enterprise itself (financial, technical, informational, scientific, etc.), establishing strong qualities in the competition.

4) The concept of how the enterprise will develop, its large-scale tasks and goals of activity in the most important strategic segments. Another factor that influences which marketing strategy an enterprise chooses is the company's ability to adapt its activities and decisions to the needs of individual customers.

If the organization is engaged in the production of mass products, then the level of adaptation may be low, and if the company has flexible technological tools, has the ability to reconfigure the entire production process and existing personnel to create a large range

of non-standard products, then the level of adaptation in such an enterprise is high. Based on the foregoing, we can conclude that marketing strategy is not an unambiguous concept, but a complex and multilateral one. Therefore, there is no single definition for this term today.

The essence of the company's marketing strategy is to ensure that the organization and leaders within it are able to immediately adapt to the constantly changing market environment, and also be able to create promising opportunities for entrepreneurship in order to stabilize the economic situation of the company or even improve, for example: the degree of adaptability to the changing needs of some consumers and market position.

1.2. Types of marketing strategies and their role in enterprise management

Many scientists analysed the classification of strategies, including H. Mintzberg, M. Porter, K. Obman, K. Freeman, B. Twiss, B. Santo, and others. According to the analysis of the scientists' works, there are many classifications of enterprise strategy, which differ in the set and number of classification features. It should be noted that almost all authors identify the so-called basic (or reference) strategies, but in some sources they can be classified according to the life cycle of the enterprise - growth strategy (intensive growth), stabilization strategy (weak growth) and exit strategy [78, p. 134].

Strategic management plays an important role for business entities, which allows not only to conduct constant analysis of information about the external and internal environment, but also to comprehensively plan further activities, to develop a clear strategy for market behavior.

Strategic marketing can be part of a marketing policy and is a continuous system analysis of market demand, which ensures the development and creation of products that certain groups of consumers need. These products must have properties that distinguish them from the rest of the competitors' products and, based on this, create a stable competitive position in the market. The role of strategic marketing is to identify existing or potential markets for goods, through an analysis of all existing and to be met needs.

A. Thompson additionally identifies the following classification features of strategies - due to the direction of transformation, the nature of the impact, complexity, etc., which makes the classification of enterprise strategy comprehensive and somewhat overloaded for the certain purposes of a particular work or study. That is why there is the generalized classification of strategies of the enterprise in Fig 1.1. Thus, the following classification of enterprise strategies is suggested by the author based on the conducted research.

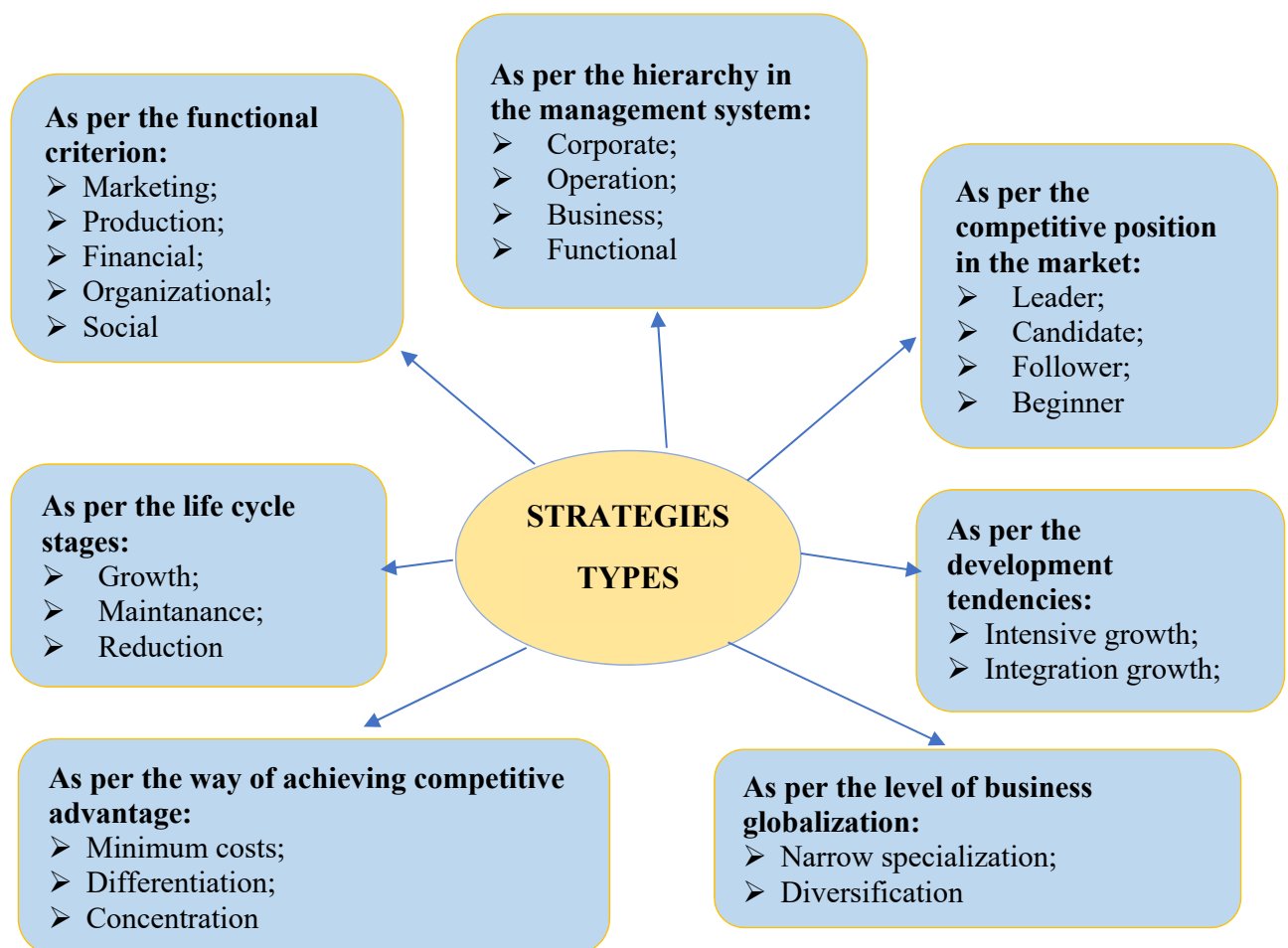


Fig. 1.1 – Classification of enterprise strategies

Source: Developed by the author based on the source [22].

It is important to understand that marketing strategy and marketing in general as such is of great importance and a serious role in strategic management.

Capturing all processes, marketing activities allow the company to focus on customer demand and, thanks to this, provide the smoothest access to the external environment and ensure high adaptive ability. Marketing and strategic management

always interact dialectically. In one case, the development of marketing, together with other processes, stimulated the transition to strategic management, marketing is an important component of strategic management. But in another case, the transition to strategic management has become a powerful stimulus for the development of marketing strategies and a change in their role in the enterprise. It was strategic marketing that allowed marketing to come to the fore, significantly increasing its importance and role in the development of business [17].

There are many types of marketing strategies, the selection of which defines the success of marketing activity of the enterprise. Thus, the marketing strategies are divided into: global, basic, functional, competitive, and strategies of growth. Let us provide an overview of every marketing strategy. Global marketing strategies define the main direction of the company development and are divided into 5 types as described in the below table.

Table 1.1 – Global marketing strategies

Global marketing strategies		
No	Strategy	Description
1	Internationalization	Based on the expansion to new markets
2	Diversification	Based on broadening of product/services assortment
3	Segmentation	Based on expansion of group of clients or consumers by means of various markets segments coverage
4	Globalization	Based on the market peculiarities independent on specific country
5	Cooperation	Considers partnership with other companies on mutual beneficial terms

Source: Developed by the author based on the sources [18, 25].

All basic marketing strategies are aimed at establishing competitive advantages, identifying subjects in the most advantageous position, and also aimed at making decisions about how such a position is revealed in a risk-prone area. These strategies also aim to "defuse" participants and deprive them of competitive advantages. It can be concluded that, in order to bring to criminal responsibility, it is necessary to determine the main marketing strategies chosen by the enterprise. It depends on which of the advantages the company relies on.

The basic strategies were once singled out by M. Porter, who distinguishes them directly by the existing target market (whole market or any segment) and depending on

the type of realized advantage over competitors (by better product quality or by cost). M. Porter identified the following strategies in the below provided table:

Table 1.2 – Basic marketing strategies

Basic marketing strategies		
No	Strategy	Description
1	Price leadership	Based on the the company costs benefits. The thorough cost control, minimization of expenses on communication and distribution policy is applied.
2	Differentiation	Based on adding the products the specific unique characteristics with no analogues. Differentiation can be done based on the company reputation, technological characteristics and the product final look, and also on the service level and other parameters. Usually this strategy requires significant investments to the advertising.
3	Concentration	Is applied in small segments. Once the target market analyses is conducted, the company can become the leader of the market.

Source: Developed by the author based on the source [18].

The reason why Porter singled out these strategies lies in the main criterion, the so-called criterion of effective operation of the enterprise in a competitive environment: the company needs to differ from competitors and stand out with its individuality against their general background. In order to solve this problem, the company needs to choose and then implement the most correct strategy that it will implement and follow [18].

Marketing strategies reflect the diversity of marketing policies. If the company operates in the market with a product that is already known, then it needs to choose a strategy of deep penetration into the market. Such a strategy is recommended if the market is not yet occupied and growing, and it is aimed at increasing the volume of sales with the help of targeted advertising campaigns, various types of sales promotion, as well as sales (you can try to increase the volume of the market by lowering prices to a level that is beneficial to the bulk of buyers).

Product development marketing strategy - brings effect when new types of products and services are offered to a loyal customer base that already knows about the company and treats it well. Traditional sales methods are involved here, but it should be noted that it is important to use supportive marketing activities, for example: active promotion of products to the market by various methods, an enhanced advertising campaign, and the use of sales promotion methods.

The market development strategy gives results due to the allocation of unused segments in the market, in which there would be a fairly good demand for existing products and services and, accordingly, the planned amount of profit [71].

In order to choose a particular strategy, it is necessary to assess the resources available in the enterprise, as well as analyze its preparedness for risk. If the organization does not want to take risks, but has a lot of resources, it can choose a marketing strategy, which is called "market development strategy". The level of risk, depending on which strategy is chosen, is always different.

Growth strategies can be defined as one of the varieties of a company's development strategies. Survival and stabilization strategies also fall into this category, but if the company does not experience difficulties, then the choice will be made exclusively within the framework of growth strategies.

Table 1.3 – Growth marketing strategies

Growth strategies		
No	Strategy	Description
1	Intensive growth	The development of the company is achieved through the most intensive use of the resources available to the company. This strategy is used when there are underutilized resources. This can be the search for new markets, the creation of new products, etc.
2	Integrated growth	The development of the company is achieved through joint efforts. Intermediaries, suppliers, manufacturers and even competing enterprises can act as partners for promotion and development. In the latter case, the integration is called horizontal, in all others - vertical.
3	Diversified growth	If the company cannot develop in the market with existing products, a strategy based on the production of new products is used. It can be technologies, new types of goods, etc.

Source: Developed by the author based on the sources [18, 25].

A list of marketing strategies can be developed based on the “growth in market share” matrix, which allows an organization to categorize all of its products based on how much market share it has compared to major competitors and how much sales are growing. Products that occupy a similar initial strategic position in this matrix are combined into similar aggregates. For such sets, a pattern of actions is determined, which is considered basic, or, in other words, a normative strategy is determined, which is used for target planning.

In relation to competitors, the company must have a certain marketing strategy. The main types of marketing strategies in this category are:

Table 1.4 – Competitive marketing strategies

Competitive strategies		
No	Strategy	Description
1	Leadership	This strategy is available to a company that occupies a leading position in the market. A company can strengthen its leadership and improve its position through the following subcategories of the strategy.
2	Expanding the market capacity	Includes the search for new consumers, the promotion of the product. It can only be used with little competition.
3	Defensive strategy	Is used in case of serious competition to protect the positions taken by the company.
4	Attack (offensive) strategy	Used when opening a new market to increase the share occupied in it, effective against competitors imitating the leader.
5	Demarketing strategy	Used in cases where market share needs to be reduced. It may consist in raising prices, reducing the assortment, reducing advertising, diversifying into other markets.
6	The strategy of the challenger	Is based on the attack of the leader in order to take his place. The attack can be frontal or flank. A frontal attack can only be if there are significant advantages. A flank attack on a leader is to influence in those areas where he is least protected or has weak positions.
7	The strategy of following the leader	Does not imply an attack on competitors, it is to follow the strategies of the leader in order to stay in the occupied market segment.
8	Nicher strategy	In in this case, the company deals only with a separate segment or several segments of the market, without pretending to occupy it completely.

Source: Developed by the author based on the sources [18,25].

The attack (offensive) strategy involves the aggressive behavior of the enterprise in the market, its goal is to capture and actively expand the market share. Often, in any market for services or goods, there is an optimal market share that provides the organization with the profit necessary for effective operation, but if the market share, occupied by the enterprise falls below the normal level, the organization faces a choice: either to leave the market, or to expand the market niche. Usually, the optimal market share is in which there is 20% of the accumulated customer base, which purchases about 80% of the products that this company offers [74].

The introduction of an attacking strategy makes sense if the market share has fallen sharply or dropped to a minimum due to the actions of competitors; launching a new

product or service on the market; or competitors lose their advantageous positions and the company gets the opportunity to force out rivals, as well as increase its market share, while spending a small amount of money.

The defense strategy (holding) implies the retention of the company's existing market share, as well as maintaining its existing position in the market.

This strategy is used if the position of the enterprise is satisfactory; the enterprise does not have enough funds and resources to implement an attack strategy; or the company management is concerned that if it starts to apply an attacking marketing strategy, competitors may put up stronger retaliatory measures.

Thus, the defensive strategy is often popular in large enterprises, but it must be noted that this is a rather risky type of strategy, since requires continuous monitoring and analysis during its implementation in relation to competitors.

The retreat strategy is very often a forced measure, and not a desirable one, as the company deliberately reduces and reduces its market share. This marketing strategy involves phasing out promotional and sales operations. It is very important at this stage not to break off business ties and personal contacts, to maintain cooperation with regular partners, to employ the released personnel and to prevent the leakage of information about the weakening of one's position and the curtailment of business [18].

A mass marketing strategy involves gaining a cost advantage over competitors. When an enterprise implements this strategy, it is focused on customers as a whole, that is, it does not focus on how one group of consumers differs from another, but focuses on what is common between these groups. The goal of the company is to offer the market such products that will be understood and well received by the majority of customers. Based on this, we can conclude that such a strategy is typical for enterprises that widely cover the market, due to the sale of a mass product at a satisfactory or low price [72].

The main goal of a differentiated marketing strategy is to offer an enterprise different products that are different from competitors' products and have unique properties in the opinion of consumers (this means that when creating a product, an enterprise focuses on consumer properties that are important to customers and different from competitors' products). This makes it possible to meet the demand of a wide variety of consumer

groups or, in other words, to develop products for a large number of market segments. For each such segment, an individual offer is developed.

It should be noted that the presence of product features that are different from competitors in turn requires high costs and increased costs, but effective differentiation helps the organization achieve high profitability due to the fact that the market allows you to set the price higher. This type of strategy does not always mean that the company's goal is to capture a large market share, since the vast majority of consumers are unwilling to pay higher prices even for excellent products. A differentiation strategy often requires a significant investment in operational marketing and advertising campaigns in order to signal its intention to enter the market with products that are different from competitors.

The concentrated marketing strategy implies that the organization focuses on one or several market segments and offers products, counting on meeting the demand of selected consumer groups. The strategy of concentrated marketing is quite interesting for enterprises with limited resources, for small organizations, when the concentration of attention on a small segment of the market is excluded, the enterprise makes the choice to focus its efforts on a large share of several or one segment of the market. The company maintains a strong position in the market, as it knows all the nuances of the selected segments, is well informed about the needs of customers and maintains an excellent reputation in their eyes. The company gets the opportunity to achieve some savings in many areas of its activity due to narrowly focused and specialized work [71].

It should be noted that this strategy is quite risky, as it is aimed at one or more segments that may not justify the plans and goals of the enterprise, or become the object of a similar policy of competitors. Based on this, the most secure and predictable strategy in this regard is the strategy of differentiated marketing, and enterprises make decisions to launch products in several market segments at the same time. In addition, a concentrated marketing strategy can be implemented for a certain period of time, for example, to ensure the concentration of forces on the development and expansion of activities, as well as on the conquest of new markets.

After the implementation of this strategy, the company switches to a differentiation strategy or implements it simultaneously with respect to basic products along with a

concentrated marketing strategy for a new, narrowly focused market segment for certain products.

It should be noted that the above three strategies are the main strategies for the development of the enterprise. Their essence lies in the ratio of a couple of important factors - the scale of advantages over competitors and the scale of the target market (strategically oriented).

Functional marketing strategies swing individual elements of the marketing mix – price, product distribution, promotion, etc. Functional marketing strategy should answer the question of what decisions need to be made in relation to a particular element of the marketing mix. The choice of each of the strategies should be aimed at maximizing the efficiency of the company not only in the near future, but also in the long term, and different categories of strategies should interact and not contradict each other.

Summing up, we can say that the marketing strategy is an important connecting component of the strategy of the enterprise as a whole, which determines what marketing policy to pursue in the organization. The marketing strategy is implemented by determining the main vectors of the enterprise's work in the market in relation to customers and competitors, which is prescribed in the chosen marketing policy.

1.3. Stages of development and implementation of the marketing strategy of the enterprise

The strategy of the engineering company is proposed to be considered as a comprehensive tool of strategic management, a set of strategic management decisions with a focus on marketing development that are defined and embodied in a comprehensive program of action that defines priorities and strategic directions of the engineering company and aims to achieve long-term goals provided the optimal use of internal potential and adaptation to the dynamics of the external environment. Essentially, the strategy of the engineering company is a long-term planning document approved by the executives, which also provides details of measures, resources and tools to achieve it.

When developing a strategy all the factors that affect the activities of the enterprise should be taken into account, namely the goals and objectives of the organization, factors of external environment of direct and indirect influence, the potential of the enterprise, employee skills, size of the organization and others. It is important to identify the strengths and weaknesses of the company.

The development of enterprise strategy begins with the definition of the main guidelines of entrepreneurial activity, the so-called philosophy, which in combination with the motivational idea determines the main directions of enterprise development and sets its goals. An important source of information for the formation of strategic goals is information about the internal, intermediate and external environment, the analysis of which allows to assess the reality of goals, predict possible changes and choose the most effective strategy for enterprise development.

In addition, the process of developing an engineering company strategy involves the choice and justification of such an action plan in the market, which will allow to formulate clear practical and effective recommendations for the choice of certain alternatives after the diagnosis of the internal and external environment of the engineering company, and to develop detailed measures to ensure mainly intensive development of the construction company. Formulation of engineering company strategy is a process characterized by defining strategic goals of engineering company development, analysis of alternative methods and means of achieving them, creating a portfolio of alternative strategies, choosing the optimal system of strategies (strategic set), developing detailed measures for its implementation, constant monitoring and adjustment.

Therefore, before starting the process of forming the strategy of the enterprise in market conditions, it is necessary to perform some work to assess the environment with which the company interacts, to determine the mission and goals of the enterprise. Setting goals will allow to determine what the engineering company seeks to gain from its core business, what volumes efficiency and profitability indicators it wishes to obtain.

The assessment and analysis of the engineering company should include goals and strategic potential available to the company, the choice of the best of all possible alternative strategies is made, as well as methods of monitoring its implementation and

evaluating its effectiveness. The availability of potential strategic resources and opportunities of enterprises is the subject of strategic management, which aims to turn them into real success factors.

Management analysis of the strengths and weaknesses of the enterprise can be carried out with the help of SWOT analysis, which will identify problem areas in the enterprise, and opportunities that can act as strategic alternatives [5, p. 224].

The route from potential opportunities to real advantages over competitors, which guarantee the successful development of the enterprise, lies through a complex procedure of developing and evaluating the necessary strategy of enterprise management. The choice of strategy determines how the engineering company will develop, the main steps and actions to achieve the planned results.

The choice of strategy of an engineering company is influenced, in particular, by: interests and attitudes of senior management; financial resources of the engineering company. Any changes in the behavior of the engineering company, such as entering new markets, developing a new product and moving to a new sector, require large financial costs. Therefore, engineering companies that have large financial resources or easy access to them, are in a much better position when choosing a strategy of behavior than engineering companies with very limited financial resources; personnel qualification. Deepening and expanding the qualification potential of employees is one of the most important conditions, which provides an opportunity to move to new industries or to high-quality technological resuming of existing production. Without sufficiently complete information about the qualification potential, executives can not make the right choice of strategy of the engineering company; degree of dependence on the external environment. The engineering company is so dependent on suppliers and customers that it is not able to make a choice of strategy, based only on the possibility of fuller use of its potential. In some cases, external dependence can play a greater role in choosing the strategy of an engineering company than all other factors. Strong external dependence may be due to legal regulation of the behavior of the engineering company, as well as social restrictions, conditions of interaction with the natural environment, etc.

Therefore, there are several stages of development of marketing strategy of the enterprise which will be covered in the next chapters of this master's thesis:

- Stage 1. Company's diagnostics;
- Stage 2. Market analysis;
- Stage 3. External environment development forecast;
- Stage 4. Marketing strategy development.

Therefore, stage 1 will be dedicated to Company's diagnostics carried out by way of systematization of the objective data on Company's operations aimed at providing a description of the existing business model and carrying out an independent appraisal of its strengths and weaknesses. Moreover, the diagnostics will touch upon at least the following operational aspects: corporate governance; marketing and sales; organizational structure; production; financial analysis; product portfolio; client segments; sales channels; managerial information systems; key assets; personnel management; key partners; other important aspects revealed in the process of the analysis.

The diagnostics results will help us to see the real picture of the Company's development and will enable the Company's management and owners to get an independent professional assessment which will help in effective managerial decision-making and will serve as a starting point at the marketing strategy development phase.

Stage 2 will be focused on Market analysis which is essential in making up a prognosis for external environment development and marketing strategy designing. The market analysis will be carried out through the desk study including secondary source, stats data processing. Areas to be covered by the market analysis:

- Key price segments and bids presented;
- Factors determining the consumer demand;
- Customer satisfaction;
- A review of the key competitors, inclusive of analysis of their business models;
- Best international practices.

Stage 3 will be dedicated to external environment development forecast including prognosis of external environment development which is an essential phase preceding the

development of a marketing strategy. The prognosis will be made with such tools as PEST-analysis (politics, economy, society, technology) and Porter five forces analysis.

Stage 4 aimed at marketing strategy development, will be concentrated on the development of a marketing strategy and will be carried out based on the Company diagnostics results, market analysis and external environment development prognosis.

The SWOT-analysis will shape up a number of strategic initiatives which will be offered as the conclusion of this research and will be suggested to the Company management for discussion. A harmonized marketing strategy will be formalized in Chapter 3 of this master thesis and will include the following components:

- Vision and mission;
- System of objectives;
- Prognosis of external environment development;
- Company strengths and weaknesses assessment;
- Key development lines of business;
- Strategic initiatives for each line of business;
- Business Model.

To conclude the Chapter 1, it should be mentioned that analysis of methods, models of strategic analysis shows that they have both advantages and disadvantages in their application. These advantages and disadvantages should be noted, limitations and areas of application of each analytical tool of strategic analysis. When analyzing strategic decisions, both formalized and informal, expert methods of analysis should be used to determine the situation in the enterprise, and make more accurate and informed strategic decisions.

Methods of strategic analysis must simultaneously correspond to both external changes and corporate culture of the enterprise. The choice of methods of strategic analysis of enterprise development is influenced by the following factors: insufficient elaboration of the methodological basis of strategic analysis at the enterprise; lack of necessary reliable information; practical complexity and complexity of application of methods and models (complex mathematical, prognostic procedures); limited use and

utilization of information technologies in conducting strategic analytical procedures; the impossibility of assessing the effectiveness of methods and models of strategic analysis.

Thus, the importance of strategic analysis of enterprise development and methods of its implementation is reduced to information and analytical support of strategic decision-making processes. Further research and development of methods for analyzing the strategic development of the enterprise should be aimed at choosing from a system of methods that will most effectively implement the development strategy of the enterprise depending on its size, type and sector.

CHAPTER 2.

BUSINESS DIAGNOSTICS AND MARKETING ACTIVITIES ANALYSIS OF “GC THERMOENGINEERING” LLC

2.1. General characteristics of “GC Thermoengineering” LLC activity

“GC Thermoengineering” LLC is an engineering company offering complete engineering solutions and consulting in the area of heating, gas and water supply, energy-audit, and is an expert in the area of industrial equipment supply and installation.

The company provides engineering services starting from investigation, estimate of engineering services, developing of project-design documentation, consultancy and liaison on required approvals receipt in state bodies, manufacturing and supply of engineering equipment for projects, installation, onsite supervision while installation, after marked maintenance and support, process automation and commissioning of water supply, heat supply, drainage and wastewater treatment systems, fire extinguishing systems. The company manufactures pumping stations, cabinets and modular heat points. The company has implemented more than half a thousand projects in different regions of Ukraine.

In the project framework the whole spectrum of engineering services includes: energy audit, procurement of the equipment and materials, including import of leading world brands equipment, equipment assembling and installation, facility commissioning, technological and service support.

“GC Thermoengineering” LLC has been in operation since 2000 specializing in complex project implementation in the water management sphere, including: designing, installation, automation, dispatching and launching of water supply, heat supply, drainage and wastewater treatment systems, as well as sales and technical maintenance of the relevant equipment. The main developments and key milestones of the Company are provided below.

“GC Thermoengineering” LLC was founded as a startup in 2000 in Donetsk, Ukraine when a group of the best engineers from the largest design and technological

institute of gas equipment "Gazoapparat" in the territory of the former Soviet Union created their own enterprise. Being professionals with vast experience, creative potential and having the innovative ideas, the partners began joint implementation of projects in the field of heating, gas supply and water supply. At the same time, only the most advanced energy-saving technologies and high-quality equipment were used.

Correctly chosen business strategy at the start, the best personnel, as well as openness to everything new, high-tech, combined with customer focus and a great desire to become a leader in this area - all this predetermined the rapid development of the company in the regional market. A well-balanced pricing policy helped to win the trust of customers. The advantages of the company at that time were the complexity in solving all the needs of customers and the price of equipment for heating, water supply and gas supply. The geography of the engineering services covered the entire eastern and central part of Ukraine. For comprehensive service, several divisions were formed in the company: project group, equipment supply department, installation group (installation and commissioning), technical and service department. Such a functional structure made it possible to guarantee the clients of "GC Thermoengineering" LLC the most effective implementation of all ideas and projects. Being the owner of all processes, the company was responsible for all stages of the project and, most importantly, for the final result.

In 2003, the company has singled out the industrial, household and service areas into separate business areas. The first store of the Teplo Voda Trading Network was opened for household consumers where the customers could purchase not only the necessary equipment for heating, gas supply or hot water supply, but also get professional advice from specialists, order a comprehensive project in any of our areas.

In 2004, the largest industrial enterprises of Ukraine have become the company's clients and have installed modular heating points for heating production workshops, warehouses and other premises with a large internal volume. The volumes of production and sales of stand-alone boiler houses under the Thermoengineering trademark brand have increased.

The company "GC Thermoengineering" LLC made a strategic decision in 2005. It was decided to work not only with domestic developments, but also with equipment from

leading European manufacturers Viessmann, Gogas, Rendamax, Ici Caldaie, Ferolli, etc., offering the best equipment based on client's needs. This was preceded by the conclusion of exclusive agreements on the representation on the territory of Ukraine interests of the largest manufacturers of infrared heating systems and manufacturers of industrial boiler equipment. After that, the company was able to offer the customers at least 3 constructively and budget-friendly options for solving their needs: using German, Italian, or domestic equipment.

The years from 2005 to 2007 were marked in the history of the company by the introduction of advanced management systems (CRM, Project management, BSC), which ensured the European level of quality, both in products and in customer service. The company actively visited various international exhibitions to keep abreast of the latest developments in the field of heating, water supply, gas supply. Meeting with colleagues from different countries benefited especially in the area of introducing alternative energy sources.

In 2010, the company "GC Thermoengineering" LLC received a unique opportunity to take part in the implementation of one of the largest and most unique projects in the CIS for the construction of the stadium "Donbass-Arena" in Donetsk. In particular, the company's specialists organized the heating of the spectator stands of the stadium with the help of infrared gas emitters Gogas (Germany), having completed the whole range of works: from the development of a design solution and coordination, to installation, commissioning and technical and service support.

The activities of the company "GC Thermoengineering" LLC started expanding in 2011. Since that time, the company has been offering their customers solutions to all issues related to the arrangement of ventilation and air conditioning of individual premises, residential and industrial buildings, in addition to heating systems, hot water supply, and gas supply. In 2012 "GC Thermoengineering" LLC was actively implementing projects of heating systems based on roof-mounted autonomous boiler houses for the housing and communal sector: residential areas, hotels.

The direction of Energy audit, both as a separate line of activity and as part of a full package of company services, started to develop greatly in 2013. Energy audit, as a pre-

concept decision for the client, allowed competition on important project parameters such as the total cost of the solution and operating costs after the implementation of the solution. “GC Thermoengineering” LLC was focused on solutions using alternative energy sources. In the company's portfolio, there were unique projects from Southern and Western Ukraine, using alternative fuels. Also, the production capacities of the entire Group of Companies were fully loaded with orders for the manufacture of transportable container boilers, which had proven practice of excellent combination of price and reliability.

Due to the political situation in Ukraine in 2014, the company relocated to Kyiv and continued its activity in the market of industrial engineering in Ukraine. In 2015 there was an increasing interest in the creation of heating systems on solid fuel or combined. “GC Thermoengineering” LLC carried out the reconstruction and construction of coal, pellet, solid fuel and gas-coal boilers in Western Ukraine for objects of state social significance - hospitals, boarding houses, sanatoriums.

In addition, there is a rented out manufacturing site with a space of 140 m² based in Ovruch town being home to fiberglass container manufacturing.

In 2017, the management decided to broaden the engineering services portfolio by focusing on complex solutions in the industrial water management sphere and started to carry out the following types of activities:

- Designing, manufacturing and installation of water supply systems (including fire extinguishing systems);
- Designing, manufacturing and installation of heat supply systems (module heat points, boiler rooms, system dispatching);
- Designing, manufacturing and installation of control cabinets for automated water supply, drainage and fire extinguishing pumping stations;
- Designing, manufacturing and installation of drainage systems (sewage pumping stations and systems);
- Designing, manufacturing and installation of wastewater treatment systems (wastewater treatment plants, septic, grease and sand separators);

- Distribution of Grundfos pumping equipment and Caldaie Ravasio heating equipment (a dealership agreements signed, service operations certified), as well as other prominent brands - water pump manufacturers;
- Service maintenance of pumping equipment (mostly Grundfos);
- Manufacture of fiberglass containers used both for storing various liquids as well as sewage and water treatment systems.

In 2021 the Company purchased office premises in Kyiv. Office and industrial premises with a space of 80m² and 40,7m² which are home to Company's administrative and industrial structural units. Manufacturing premises with a space of 512 m² which is home to the manufacturing areas: a pumping station installation workshop, control cabinet installation area, service area, as well as a warehouse of ready products. All of the mentioned premises are used based on a rental agreement. The Company does not currently face any shortage in industrial premises (occupancy - 50%) and in case of necessity will be able to step up its production space at the expense of additional premises renting out.

The year 2022 was a crisis and stagnation period for the company when the company experienced staff turnover and lack of new projects. In February 2023, the company management decided to rename the company to **“Strong Ukraine” LLC**. The company director changed but the owner remained the same. However, in this master thesis, we will continue to mention the company under the name of **“GC Thermoengineering” LLC**.

As of 2023, despite the Russia war in Ukraine and the company's name change, “GC Thermoengineering” LLC continues to represent several European manufacturers of industrial equipment in Ukraine. The company is the official dealer in Ukraine of Grundfos, Danish manufacturer of pumping equipment, as well as a long-term partner and exclusive supplier of Caldaie Ravasio boilers in Ukraine. The combined experience of manufacturing and engineering specialists guarantees the best heating and high-quality durable solution for the facility. The quality and uninterrupted operation of boilers made in Italy, certified in accordance with European and Ukrainian regulations. The production

line of boilers includes: fire-tube hot water boilers, condensing boilers and economizers. The Company has dealership agreements with equipment suppliers:

Table 2.1 – Dealership agreements with equipment suppliers

No	Companies	Manufacturers/Suppliers
1	Grundfos (Denmark); KSW, WILO (Germany)	Pumping equipment
2	Caldaie Ravasio (Italy)	Industrial heating equipment
3	Schneider Electric (Germany)	Electro-technical equipment and technological solution supplier
4	Danfoss (Denmark)	Heating system and heating energy metering units
5	Alfa Laval (Sweden)	Heat exchanging equipment, technological solutions and equipment for separation and flow management
6	Hydro-Vacuum (Poland)	Pump and pumping system
7	Poliester LLC (Ukraine)	Polymer material (container manufacturing)

Source: Created by the author based on her own research

THERMOENGINEERING is considered as a group of companies, which includes 4 engineering companies. In this research we will analyse the activity of “GC Thermoengineering” LLC only, since the owner is not willing to share the data for the whole group of companies and the marketing strategy development is required for “GC Thermoengineering” LLC only, as this Company is defined as the main one for the group.

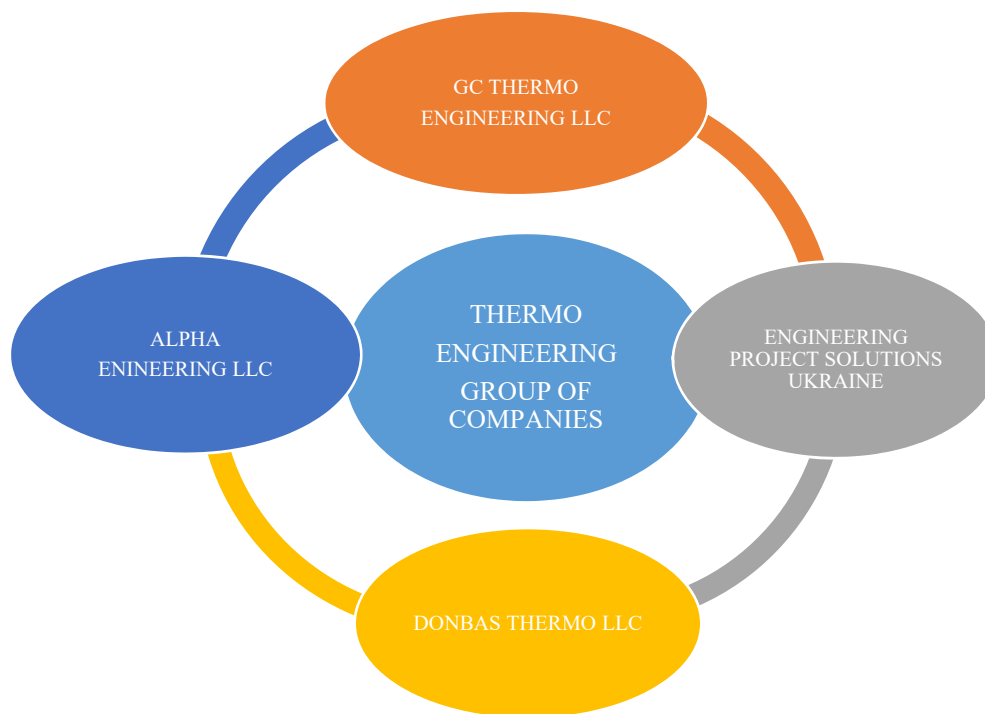


Fig 2.1 – Structure of the Thermoengineering group of companies

Source: Created by the author based on her own research

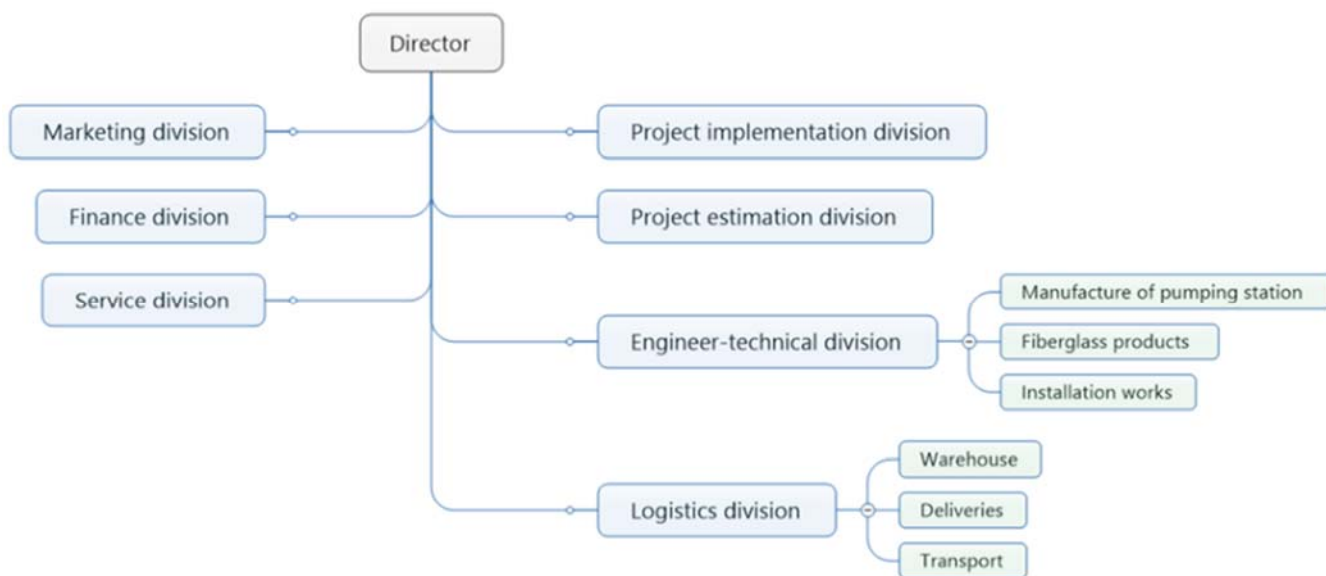
Table 2.2 – Group of companies details

No	Company hierarchy	Area of business	Equipment supply	Staff
1	“GC Thermoengineering” LLC	Water management & energy-efficient solutions; energy-audit; industrial alpinism	Import and local trade	17
2	“Alphaengineering” LLC	Water management & energy-efficient solutions	Import and local trade	8
3	“Engineering Project Solutions Ukraine” LLC	Energy-efficient solutions; own container manufacturing	Export and local trade	6
4	“Donbas Thermo” LLC	Energy-efficient solutions; individual heat points manufacturing	Export and local trade	6
	TOTAL			37

Source: Created by the author based on her own research

The current organizational structure of the “GC Thermoengineering” LLC (shown in the diagram) is of a linear-functional type. At the same time, some of the functions of some structural units are outsourced and performed by the personnel of other companies of the Group. In particular, the functions of the design and estimate department, some functions of the engineering department and some of the production personnel are attracted from other enterprises of the Group. As of July 2023, the company staff is 17 people.

Table 2.3 – Company organizational structure



Source: Created by the author based on her own research

The organizational structure includes the Logistics Department, which is responsible for the warehouse of components, the function of supplies and transport logistics. In real activity, the procurement of components for the project and shipments to the customer are managed by the managers of the project implementation department, who work as a project manager at the project implementation stage. There is a problem of transport support for the activities of managers of the project implementation department. To date, their functions include communication with potential customers and monitoring of ongoing projects at construction sites, which imposes appropriate requirements on their mobility.

The function of the Commercial Director is “blurred” between the owner and the Director of the Company. At the stage of project implementation, a de facto project group arises, in which management functions are shared by one of the sales managers and the Chief Engineer of the Company.

At the same time, the Chief Engineer manages the production process, installation at the customer's site, oversees commissioning, and the manager is responsible for preparing draft contracts and documents, establishing communications between the structural units participating in the project, as well as with partner companies and outsourcers, manages all purchases for the project. As a rule, the project team, includes personnel from other companies of the Group.

It should be noted that managers establish initial contacts with customers through “cold calls” to potential customers - mainly to the divisions of construction organizations in the city of Kyiv. In the vast majority of cases, the procurement of pumping stations (PS), services for the installation of engineering networks (including heating stations, PS, CPS, fire extinguishing systems) are carried out on a tender basis and the main criteria are the optimal price/quality ratio, the business reputation of the partner, the complexity of the service - equipment supply / installation / commissioning / warranty service. An important factor in choosing a supplier of pumping equipment and services for the installation of engineering networks is the ability of the contractor to coordinate the commissioning of the engineering facility with state companies such as Kyivenergo, Kyivgaz, Kyivvodokanal, etc.

Representatives of customer companies assess the prospects of supplementing the Company's product line in different ways. For example, design and project coordination services with relevant organizations are perceived with scepticism due to the practice of imposing “their” designers by approving organizations. Services for the provision of dispatching services (remote monitoring of work), post-warranty maintenance of equipment and engineering networks by the Company's service department are assessed as promising, but their offer should be focused directly to the operating organizations. Operating organizations, as a rule, are separate legal entities as part of construction holdings with their own tender procedures.

Sales in the Company are carried out by the managers of the project implementation department (2 people) and the Director, who is also the sales manager. Often, the primary contacts with the buyer company are provided by the owner of the Company, and managers bring the matter to the conclusion of the contract. After the conclusion of the contract, the manager switches to the role of "Project Manager". Thus, the manager is entrusted with both the functions of a seller and the functions of a project manager with a wide range of powers and responsibilities. At the same time, during the active phase of the execution of launched projects, the sales process goes into a phase of declining activity.

There are several sales channels in the company. Direct sales are conducted by the Owner, Director and 2 managers of the project implementation department. Additional sales are done by tenders, installers and other construction contractors (joint engineering projects), designers and design organizations (inclusion of an engineering solution of a certain type in the project at the initial stage), recommendations of key partners on choosing a dealer, and cross-sale of solutions by other companies of the Group.

In the organizational structure of the Company, there are no functions (not assigned to any of the structural divisions): planning and economic, IT support, personnel management; labor protection, legal support and quality control.

The staff motivation system is not formalized and is the subject of an agreement with the Owner, material incentives (bonuses) are applied for successful work on projects, but it is in the nature of “individual agreements”, which are often not fulfilled or are not

unambiguously evaluated by the parties. Thus, the company's personnel motivation system needs to be systematized, made transparent and linked to measurable results.

One of the unresolved problems in the company is the lack of qualified engineering personnel (process engineer) and specialists in coordinating project documentation with relevant organizations, commissioning finished facilities, and coordinating project documentation at the project development stage. In particular, one of the requirements for a specialist is his ability to take on the issue of approving the Project in Kyivenergo, Kyivgaz, Kyivvodokanal and other organizations involved in the coordination of technical specifications. The company also needs engineering and technical personnel for the work of the service department. The company does not carry out staff certification and the company has not implemented any training or professional development program.

In order to improve the company's performance, some steps should be done in terms of organizational structure. Thus, it is recommended to separate the functions of the seller and the project manager, which will require the modernization of the organizational structure of the Company as a whole. As well, there is a requirement to develop and introduce a transparent staff motivation system and a possible mechanism for its implementation by the way of signing contracts with key personnel.

Today the main business processes of the Company are focused on the implementation of complex projects in the field of water use, including: design, installation, automation and commissioning of heat supply, water supply, drainage, fire extinguishing and wastewater treatment systems, as well as the sale and maintenance of relevant equipment.

The key business processes operating in the Company can be divided into two groups – simple and complex. Complex ones include:

- Design, production (SKD) of pumping stations based on Grundfos, Wilo, Lowara, Pentax pumps for water supply systems (including fire extinguishing systems), sewerage - sewage pumping stations (SPS) and delivery to the Customer;
- Design, production and installation of engineering heating units (EHP) and pumping stations as part of heat supply, water supply and sanitation systems for buildings and industrial facilities under construction;

Simple business processes include:

- Distribution of Grundfos pumping equipment (on the basis of a dealer agreement, as well as other well-known brands - manufacturers of water pumps);
- Maintenance of pumping equipment, mainly Grundfos, (the service center is certified by Grundfos);
- Production and sale of fiberglass tanks, both as part of the pumping station and as an independent product.

In all, both in simple and complex business processes, the role of “manager” is performed by one of the managers of the project implementation department. The manager is entrusted with both the functions of a seller and the functions of a project manager with a wide range of powers and responsibilities. At the same time, during the active phase of execution of projects that have started, the sales process enters a phase of declining activity.

As of 2023, the company does not maintain systematized management reporting. In order to calculate the bonus in the motivational program, the Director keeps records regarding the gross profitability of those projects that leads as a manager.

Table 2.4 – Analysis of reporting of the “GC Thermoengineering” LLC

Indicator	2021	2022	Comments
Number of sales/units	91	381	***
Annual turnover (EUR)	200 208,7	996 703,3	EUR rate in: 2021 – UAH 32,28; 2022– UAH 39,72;
Number of employees	19	17	***

Source: Created by the author based on the data provided by “GC Thermoengineering” LLC

The financial statements for 2022 do not fully reflect the financial condition of the Company, as a number of financial transactions were carried out within the Group, both in revenue and in expenditure.

The example of balance sheet provided in the below table.

Table 2.5 – Balance Sheet of the “GC Thermoengineering” LLC

Assets	2019	2020	2021	2022
Property, plant and equipment and other non-current assets	4	16	3 036 ¹	3 643
Reserves	58	695	483	2 755
Accounts receivable	1 668	1 621	1 836	3 053
Funds	14	1	1	143
Balance	1 745	2 334	5 355	9 593
Current assets	1 741	2 318	2 320	5 951
Liabilities	2019	2020	2021	2022
Equity	396	443	1 165	1 980
Long-term liabilities	0	0	0	48
Short-term liabilities	1 349	1 891	4 190	7 566
Balance	1 745	2 334	5 355	9 593

Source: Provided by “GC Thermoengineering” LLC

Table 2.6 – Coefficient analysis of “GC Thermoengineering” LLC

Coefficient analysis	2019	2020	2021	2022
Coverage ratio	1,29	1,23	0,55	0,79
Term liquidity ratio	1,25	0,86	0,44	0,42
Net working capital	391,8	427,2	-1 870,6	-1 615,3
To solvency	0,23	0,19	0,22	0,21
To financing	3,41	4,27	3,60	3,82
To security	0,23	0,18	-0,81	-0,27
To the maneuverability of equity	1,01	1,04	-0,62	-1,23

Source: Provided by “GC Thermoengineering” LLC

According to the data of the coefficient analysis, the Company is experiencing a shortage of working capital, which leads to the risk of delays in the execution of orders. It also indicates that long-term investments in real estate were made partly at the expense of short-term accounts payable.

¹ The sharp increase in the value of fixed assets was caused by the purchase of office real estate on the Company's balance sheet

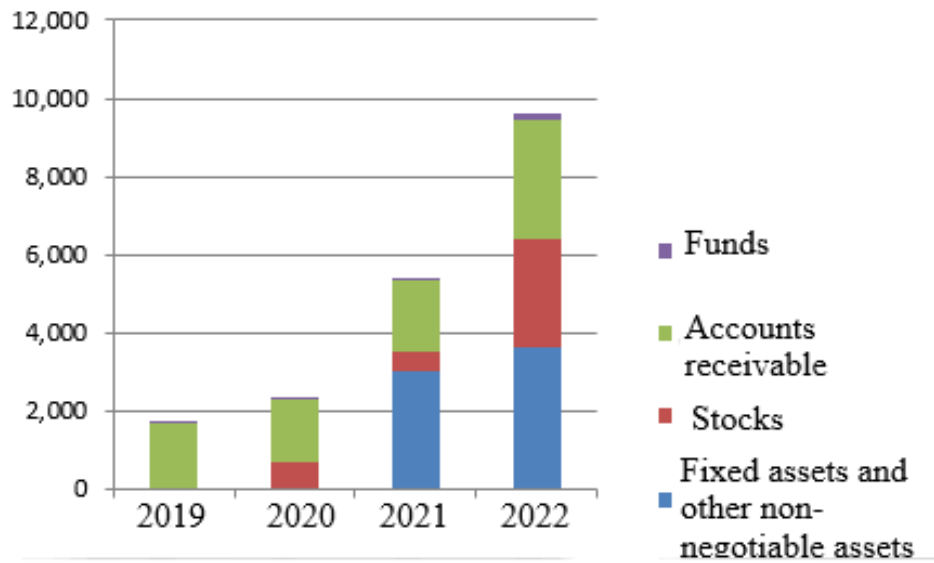


Fig 2.2 – Assets structure of “GC Thermoengineering” LLC

Source: Created by the author based on data provided by “GC Thermoengineering” LLC

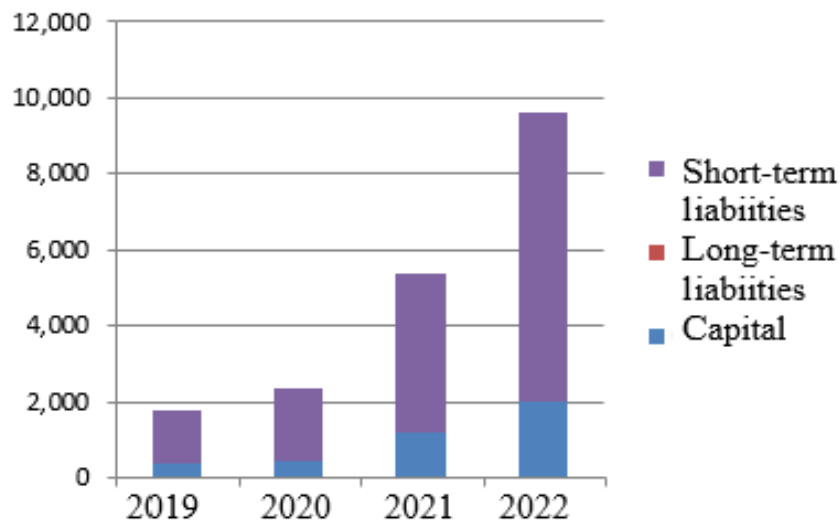


Fig 2.3 – Structure of liabilities of “GC Thermoengineering” LLC

Source: Created by the author based on data provided by “GC Thermoengineering” LLC

The growth of the balance sheet currency is associated with an increase in the volume of ongoing projects and settlements on them, which were not completed in the reporting year 2022.

Table 2.7 – Statement of financial results of “GC Thermoengineering” LLC,
(UAH thousands)

Profit statement, thousand UAH	2019	2020	2021	2022
Net Sales Revenue	2 548	1 805	15 359	13 786
Cost	1 911	1 417	13 238	11 251
<i>Gross profit margin</i>	637	388	2 121	2 535
<i>Gross profit margin</i>	33%	27%	16%	23%
Operating expenses	513	322	1 232	1 685
Operating profit before tax	124	66	880	838
<i>Operating profit margin</i>	5%	4%	6%	6%
Income tax	28	19	158	151
Net profit	97	47	722	687

Source: Provided by “GC Thermoengineering” LLC

According to the results of 2022, gross profit increased, despite the fall in total sales, due to an increase in profitability. Analytics in the context of segments / projects is not conducted, so there is no reliable data on which projects gave an increase in gross margin. Based on the results of the sample analysis, we can provide an overview of the cost and profitability of individual projects that were carried out in 2022.

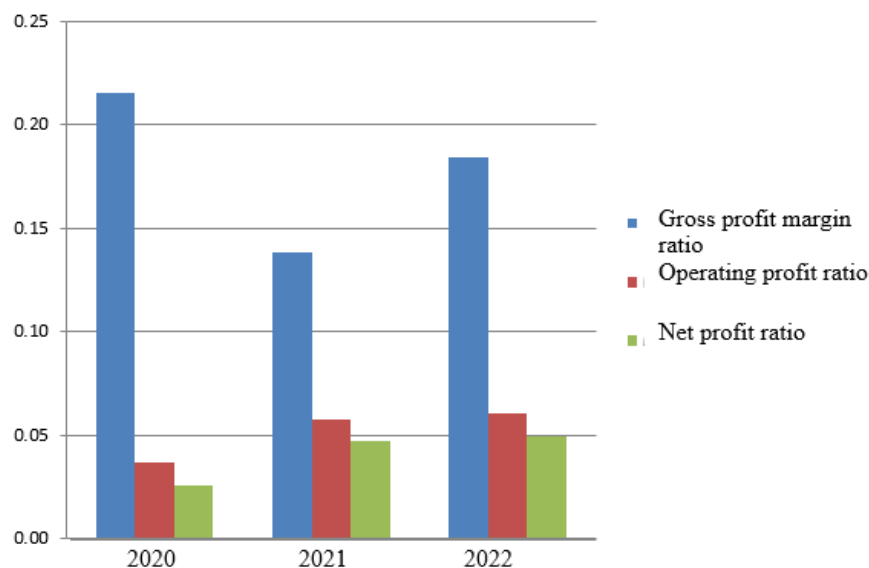


Fig 2.4 – Profitability ratios of “GC Thermoengineering” LLC

*Source: Created by the author based on data provided by
“GC Thermoengineering” LLC*

Table 2.8 – Cost and profitability of individual projects of “GC Thermoengineering” LLC

No	Client	Contract, UAH excl. VAT	Margin, UAH	Profitability, %	The essence of the project
1	ASTERA VKF TOV	134 016	40 616	30%	Thermal oil pumps
2	BMU No 33 PJSC	1 545 496	303 768	20%	Residential complex "Petrivskiyi Kvartal": CPS, 3 PS + Container
3	FARTPROM TD LLC	43 032			Container
4	WENK-1 LLC	141 731	39 265	28%	1 PS pressurization, two pumps and a cabinet for Yagotynsky Vodokanal
5	Viking Norkova Farm LLC	162 312			CPS for new construction
6	Garant-Energo PE	2 322 108			PS, cabinets PS No. 17 for water supply
7	Geron Group LLC	125 415			PS, Brusilov "Papyrus" (production, warehouses)
8	Gidro-Vacuum Ukraine LLC	86 298	31 698	37%	CPS
9	Gidromash Engineering LLC	862 197	132 696	15%	CPS Fire Extinguishing Station for Azerbaijan (Sokar Network)
10	GOAL LLC	509 071			PS, CPS, pumps for ITP LCD Likograd
11	Grundfos Ukraine LLC	743 314	270 449	36%	3 CPS without pumps
13	DIS GROUP LLC	131 982	30 422	23%	CPS, Likograd
14	DITIS TECHNO LLC	662 058	224 917	34%	4 PS, RC "Chaika"
15	ELECTROSTIL OF UKRAINE LLC	43 776	17 776	41%	Control cabinets
16	ELITSPETSBUDGRUP LLC	65 642			Pumps, installation company, are supplied to KAN
17	ENERGOPROEKT-BRS LLC	295 288			3 PS + installation, LCD "capital chestnuts"
19	Imperial Tabakkos Production Ukraine PJSC	173 184	25 978	15%	Well pump, control cabinets
20	INAP & K LLC	411 786	181 394	44%	Installation, automation, pumping station. general contractor of the residential complex "Italian Quarter"
21	Interpumps GROUP LLC	828 867			PS on their pumps
22	Interproekt-Pivden LLC	656 620	127 620	19%	CPS+2 CP without pumps to the port plant in Mykolaiv
23	Irrigation systems LLC	44 814			pumps for irrigation systems
24	Comfort dim LLC	135 000			PS for residential complexes
26	NETAFIM UKRAINA LLC	87 128	18 298	21%	Pumps and automation for irrigation systems

27	Organic Systems FG	224 212			Pumps and automation
28	Santek LLC	463 108	81 032	17%	Pumps CPS
	SIMP V LLC	630 605			Pumps for the heating station of the residential complex "Parkstone"
29					
30	SPETSBUD-PLUS LLC	853 106	125 000	15%	PS, CC "Ukrbud" RC Nikitskaya Sloboda
31	Spetsrembud LLC	45 006	14 646	33%	Control cabinets, PS
32	Installation "28 UNR"	1 091 403			Project, works + PS, IHP

Source: Provided by "GC Thermoengineering" LLC

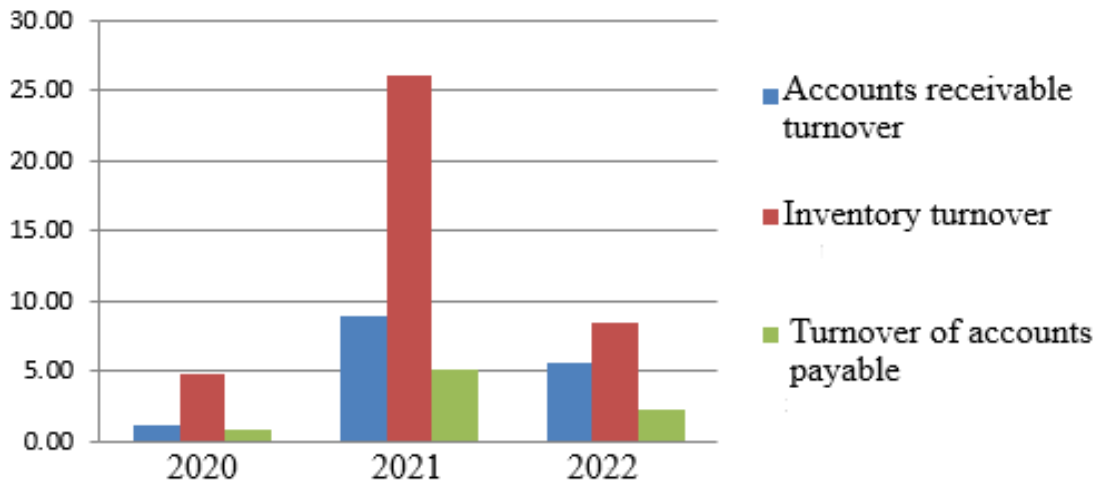


Fig 2.5 – Business activity of "GC Thermoengineering" LLC

Source: Created by the author based on data provided by "GC Thermoengineering" LLC

The results show that most of the company's projects demonstrate a fairly high margin of profitability. However, there are many weak sides as the Company's working capital is diverted to the implementation of other projects of the Group's enterprises, which slows down business activity, in particular due to delays in the execution of orders.

Also, it is worth to mention that management accounting and financial analysis based on it are not developed. The financial statements are not objective, as they also reflect transactions with related persons within the group. In the future, this may cause difficulties in confirming financial solvency when participating in international projects, tenders, in attracting financing, etc. Moreover, the company did not reinvest profits in development projects. The office purchased at the Company's expense is a passive investment, as it is in fact leased to other companies of the Group.

Therefore, having analysed finances of accounting and management reporting, there can be recommended to establish management accounting that allows to track profitability in the context of sales channels (managers), types of products, customers and customer segments and implement a budgeting process. As well, it is necessary to improve the management of working capital within the Group - to provide the company with uninterrupted access to its own working capital for high-quality implementation of projects in the shortest possible time. And, on the basis of the developed marketing strategy, determine the investment budget for the development of the company.

The main industrial site of the Company is located in Kyiv, where the following are located:

- Office and non-production premises with an area of 80.0 and 40.7 sq.m., in which the administration and non-production structural units of the Company are located;
- Production facilities with an area of 512.0 sq.m., where production sites are located: a workshop for the installation of pumping stations, a section for the installation of control cabinets, a service area, as well as a material and warehouse for finished products.

All these premises are used on the basis of a lease agreement. Currently, the company does not experience a shortage of production facilities (load - 50%) and, if necessary, can increase production space by renting additional premises. In addition, there is an industrial site with an area of 140 sq.m., located in the city of Ovruch, where the site for the production of fiberglass tanks is located. In 2021, the Company acquired ownership of an office space with an area of 241.9 sq.m., located in Kyiv.

The main equipment owned by the Company is welding equipment, a drilling machine and a thread cutter (at the site in Kyiv), as well as equipment for forming fiberglass tanks (at the site in Ovruch). If a decision is made to continue the production of fiberglass tanks, the corresponding site for their production (in the city of Ovruch) requires modernization and documentary legalization of its activities. The pumping station production site and the service division require technical re-equipment. Relying only on the use of the equipment of the lessor enterprise, the Company increases its risks of non-fulfillment of contractual obligations. The area for the assembly of control

cabinets also requires modernization and the creation of a technological line. These areas require an assessment of the amount of investment required. Two vehicles are used to service production needs, deliver finished products, materials: Ford Transit (cargo van), 2015 and FOTON (cargo van), 2014. The service department and the project implementation department need transport support for their activities.

It should be noted that the company uses production facilities with relatively low rents in the city of Kiev. Insufficient attention was directed to the development of production facilities that need modernization. Production has an unrepresentable appearance, which limits the Company's ability to promote it as a reliable supplier of engineering solutions. Warehouse accounting and intra-production logistics are at a low level. Production in Ovruch requires significant efforts to obtain permits and include it in the full production cycle.

Therefore, having done the business diagnostics of the Company, we can define the key needs as claimed by the Company:

- Increase sales effectiveness and stability;
- Provision of concrete, doable recommendations aimed at increased effectiveness of the current operations and handling of the most pressing problems;
- Company product portfolio analysis and looking out for a possible product symbiosis, as well as synergy with other services;
- Working out ideas with regards to new unique products, market niches, sales channels and business modes;
- Shaping up a Company's marketing strategy based on market research and a quality prognosis of the external environment development.

2.2. Marketing analysis of business environment of the company

The engineering industry is a very traditional market segment, but also has trends that are constantly changing and developing. In modern business, engineering is considered a complex of engineering, technical and consulting services for the development and preparation of the construction and industrial production process, in

order to ensure the normal functioning of the construction of objects, production and sale of goods and services. Engineering services are provided by both professional engineering firms and construction and manufacturing companies. To achieve success, the company needs to accurately and quickly respond to changes in the external environment, which in turn entails the application of new concepts, techniques and tools. So, based on this, the implementation of marketing is an important link for both engineering and industrial enterprises.

The problem of developing the potential opportunities of engineering companies is one of the most important tasks in their activities. Usually engineering companies prioritize construction as an industry, which occupies one of the leading positions in the industrial complex of the country and makes a huge contribution to the development of all sectors of the economy without exception. Building materials and constructions are improving, industrialization and varieties of prefabricated buildings and structures are increasing. New technological processes of construction production emerge.



Fig 2.6 – Distribution of engineering companies across Ukraine (in numbers)

Source: Created by the author based on her own research

Since 2022, the majority of engineering companies rendering energy-efficient or water management solutions relocated to, or focused on Kyiv market. The below table shows that as of July 2023 there were 2448 registered engineering companies across Ukraine providing construction engineering services, industrial engineering services, mechanical engineering services, other engineering services.

The ongoing war on Ukraine and its people has undoubtedly been a watershed moment for Europe. It has triggered massive shocks to the country's demographics, economy, infrastructure, and more. While the humanitarian response to the war is positively supportive and continuing, a coordinated and strategic stabilization and recovery plan needs to be prioritized to ensure that the country builds back stronger and more resilient in the post-war phase.

Thus, due to the Russian war in Ukraine, panic, relocation of businesses and individuals, constant electricity blackouts there was a low demand on the energy-efficient projects performed in Ukraine. In 2022 the company performed 3 projects related to energy-efficient solution by participating in 3 state tenders.

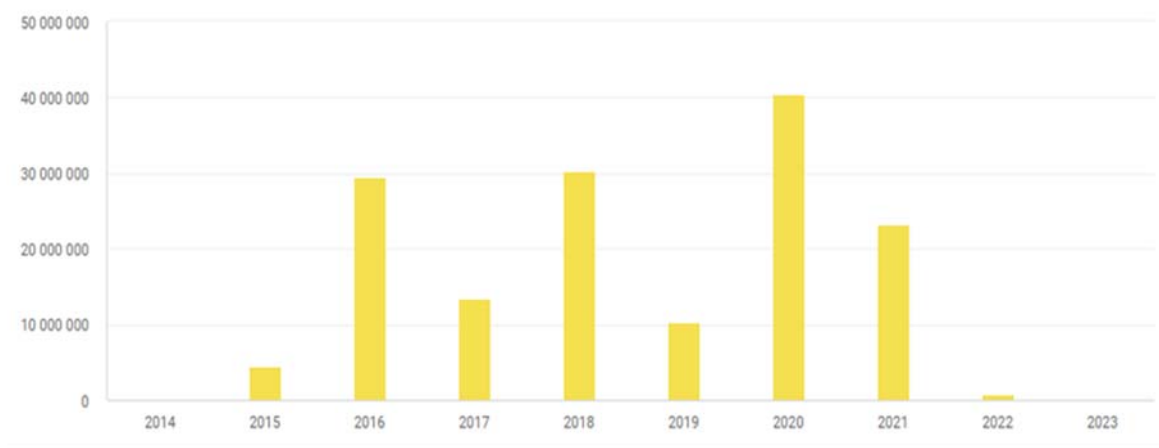


Fig 2.7 – Participation of the company in state tenders during 2014-2022

Source: Created by the author based on on her own research

As it was mentioned in previous subchapter, “GC Thermoengineering” LLC focus is built on providing complex solutions in the water supply area and energy efficient solutions.

The major customer group are production and construction companies: TMM, KAN, Ukr-Bud, Liko Holding, Coca-Cola, Obolon, Slavutich, Roshen, Areslormittal Krivoy Rog and others.

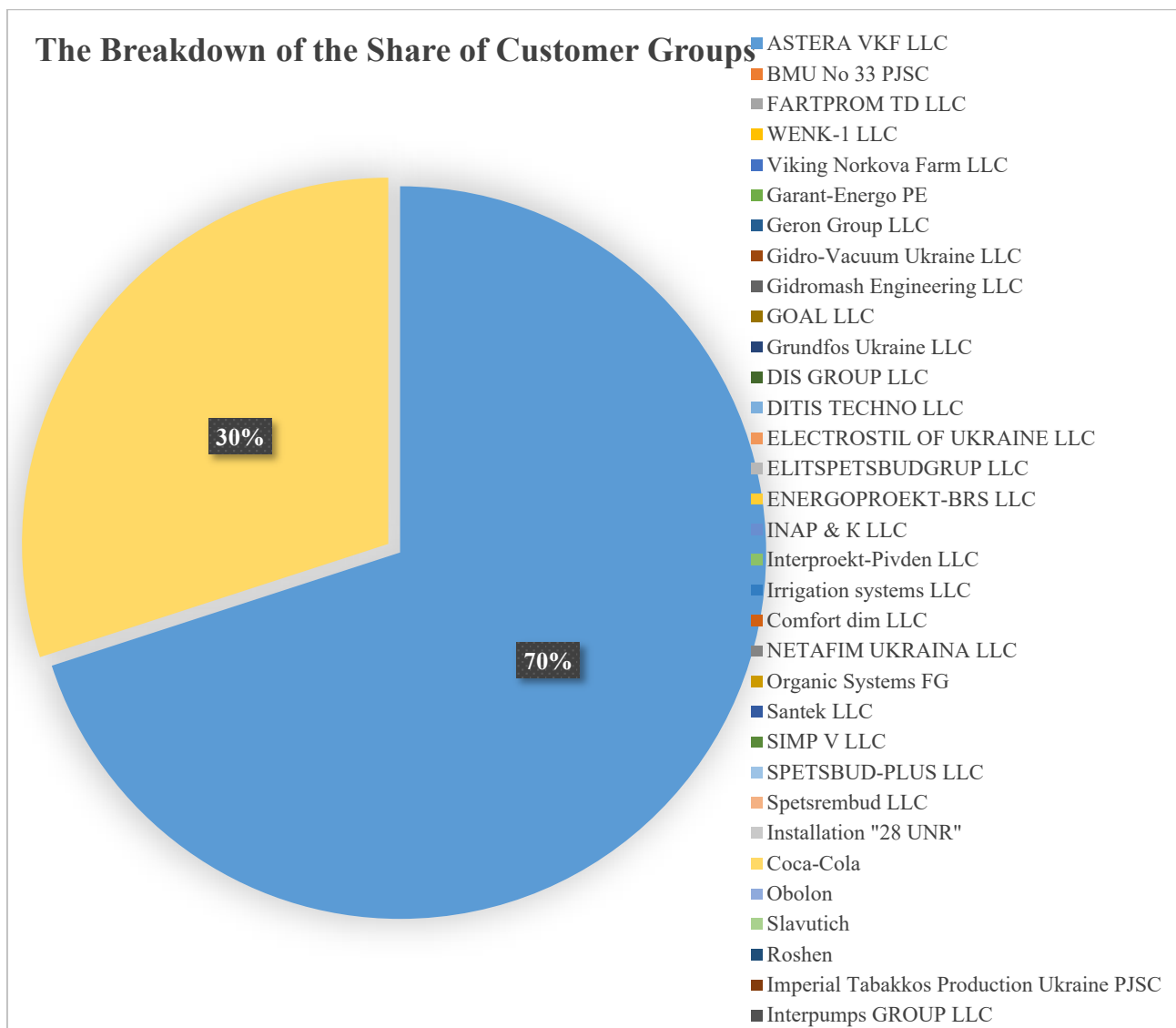


Fig 2.8 – Breakdown of the share of customers groups

Source: Created by the author based on her own research and analytics provided by the company

According to the above figure and management estimations, the market share in the water management system market at the residential construction projects in Kyiv where the Company mostly operates, is within 10%. The breakdown of the share of customer groups in the Company's turnover (as per data for 2022) is as follows: production enterprises 30 %; construction companies 70 %.

“GC Thermoengineering” LLC has many competitors in Ukraine and currently competes with the following large companies in the Ukrainian market.

Table 2.9 –Competitors of “GC Thermoengineering” LLC in Ukraine

No	Companies	Manufacturers/Suppliers
1	Hydroderm Engineering	Heat exchanging and pumping equipment for water supply and water treatment, as well as engineering solutions
2	Teplo Energo	Equipment and engineering solutions in the sphere of heat and water supply, fire extinguishing, as well as designing, installation, commissioning and service maintenance
3	Saer Ukraine	Industrial and domestic pumping equipment of civil, industrial, agricultural, fire extinguishing system, air conditioning, heating, sea transport and mining designations, an exclusive representative of SAER Elettropompe S.p.A. (Italy) in Ukraine
4	IWT	A manufacturer and equipment and engineering solution supplier in the area of heat- water supply and drainage, fire extinguishing, as well as designing, installation, commissioning and service maintenance for various industries, residential and commercial construction.
5	Interpumps	Pumping equipment supplier, a Xylem concern official representative in Ukraine and an official Fagiolatti, Pentax, Techin, Sumoto importer, designer of complex solutions in water supply, water conditioning, water treatment both in the industrial and domestic sectors inclusive of designing, warranty and after-sale service.
6	SU GROUP	A supplier of imported pumping equipment for metallurgy, oil refineries, chemical and pharmaceutical, nutrition sector plants, breweries, sugar plants, utilities, sewage stations and water treatment plants; a designer of complex solutions for water supply, water conditioning, treatment, drainage and fire extinguishing.
7	Water Energy	A manufacturer and supplier of pumping stations for water supply, fire extinguishing and sewage; provides designing, installation, commissioning and service maintenance

Source: Created by the author based on on her own research

The competitor’s companies have offices in Kyiv. Some other 15 competitors operate in the regional markets and highly specialized segments, such as, for instance, pumping equipment, septic and treatment system manufacture, manufacture of fire extinguishing systems, providing and installation of heat supply equipment for the industrial and domestic sectors.

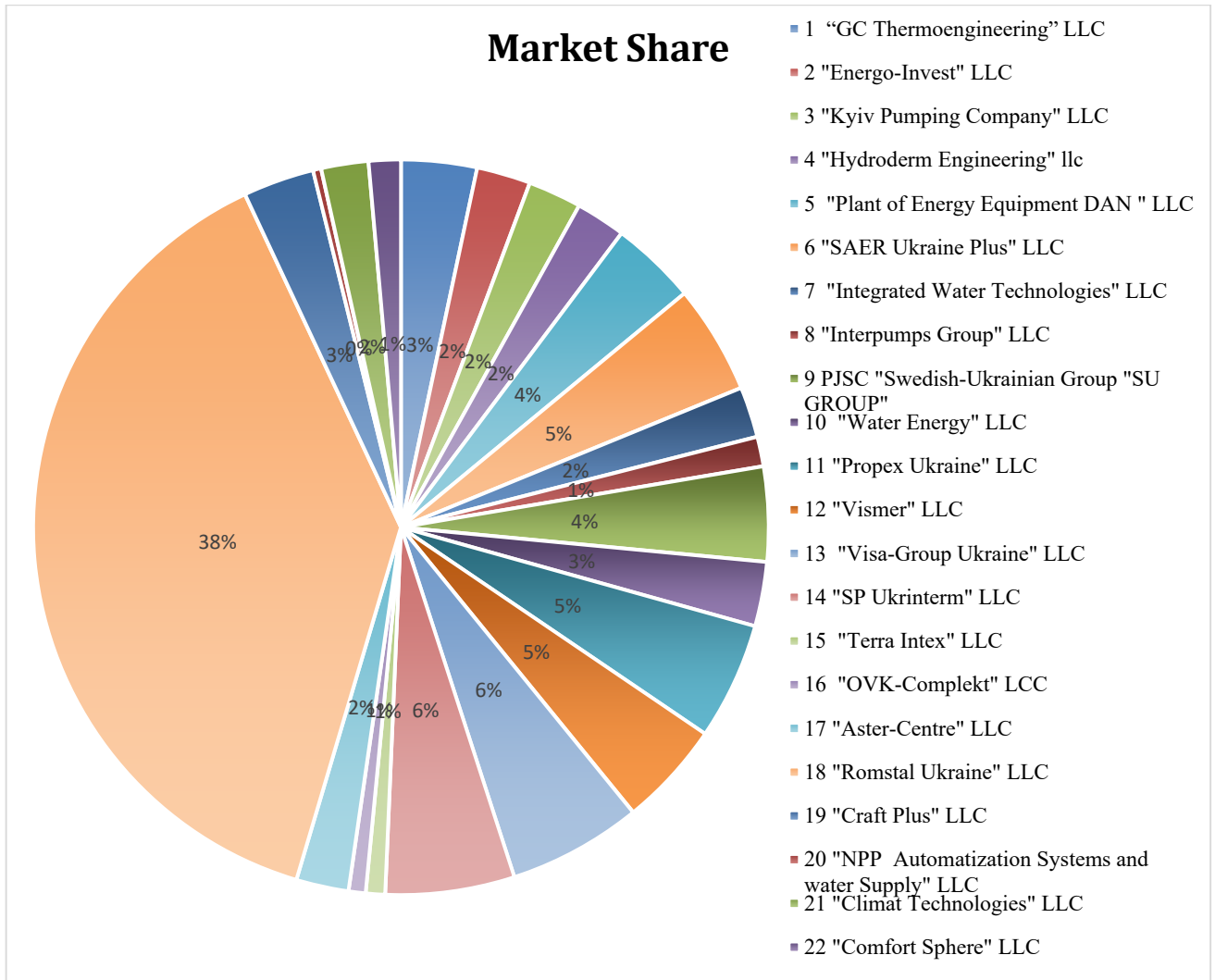


Fig 2.9 – Competitors market share

Source: Created by the author based on her own research and analytics provided by the company

The market share analysis demonstrates that 38% of the market belongs to “Romstal Ukraine” LLL who currently controls the market of pumping and others engineering equipment and services in Ukraine. Whereas the remaning share is divided by other competitors almost equally including “GC Thermoengineering” LLC with 3% of the total market share.

Due to current reality and power outage caused by Russian missile attacks of Ukraine starting from 24 February 2022, the Company prioritised complex solutions for the whole cycle of water management in residential and industrial structures, stating that energy-efficient solutions are irrelevant nowadays despite the fact that the Company has a valued expertise in the area of energy-efficiency. Therefore, the analysis of external

business environment of the company is dedicated to international and national market overview of pumping equipment, which is a priority market for the Company today.

The global market for pumping equipment for engineering systems, according to the Association of German Mechanical Engineers (VDMA), in 2015 was controlled by 10 manufacturers who owned 53% of the international market (the 8 largest manufacturers controlled 48% of the market). In 2022, according to Freedonia Group Incorporated, the 8 largest manufacturers already controlled a third of the market. The decrease in the market share controlled by the largest producers can be explained both by the difference in the calculation methodology of the rating organizations, and can be assessed as really taking place due to price pressure from Asian manufacturers. The remaining share is accounted for by small local manufacturers and no-name pumps.

Pumps are one of the most widely used types of equipment in almost all branches of industry and agriculture, and the use of pumps by households is increasing.

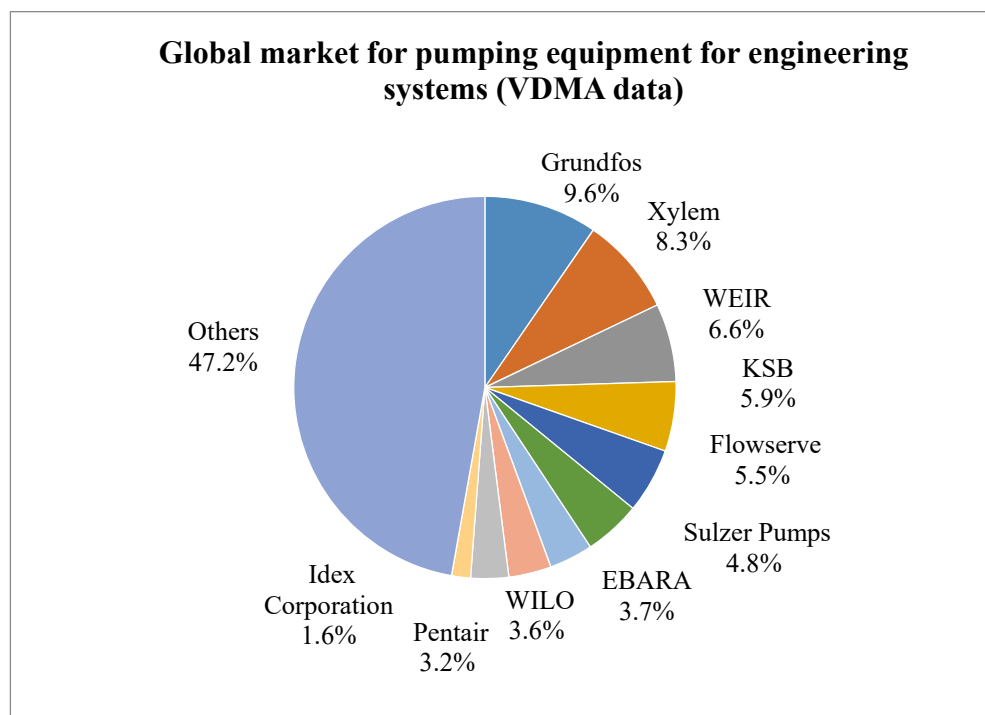


Fig 2.10 – Global pumping market overview

Source: Created by the author based on the source [80].

Therefore, the general market trends of pump market are identified as follows:

- Reduction of life cycle costs determines the main development trends in the pump market. Pump costs are distributed over the product life cycle as follows: initial

investment - 10%, maintenance - 25%, operating costs - 10%; dismantling - 3%, environmental protection costs - 5%, installation and commissioning - 7%; electricity costs - 40%.

- Increase in the proportion of more expensive pumps with a complex design, the use of systems for regulating the intensity of work depending on the load; emphasis on the production of eco-pumps (energy-saving, "smart", with high energy efficiency, reduced carbon dioxide production);
- Almost all manufacturers offer both domestic and industrial pumps of various sizes. Pumping units are offered complete with the necessary fittings and control system;
- A separate section with pumps for use in fire-fighting complexes was allocated, ready-made fire extinguishing installations appeared, which are equipped with everything necessary;
- Separation and development of the global market for water recycling systems in connection with the tightening of environmental legislation in the EU and China. It is expected that international regulations will gradually replace local and national regulations, thereby stimulating the development of wastewater treatment and reuse technologies;
- Numerous programs are being implemented around the world to replace obsolete pumps with more energy efficient innovative models;
- 70 to 80% of enterprises are assembly enterprises, which, if owned by large companies, have been turned into independent legal entities;
- The emergence and active development of companies that have taken over the functions of upgrading pumping equipment (outsourcing) and, above all, aggregation with a non-standard drive, trimming impellers, installing a different type of seals, etc.;
- Strengthening the concentration of capital, strengthening large holdings capable of independently solving the whole range of issues "science - production - sales - service".

Furthermore, let us provide an overview of the main trends in the market of pumps in Ukraine. Thus, the market for pumps is secondary and its growth depends on the growth of the country's industrial production.

In domestic consumption, the share of imported units prevails and gradually increases: 2009 - 57%, 2012 - 68%; 2017 - 82%. The market of household pumps is almost 100% occupied by non-Ukrainian products. In recent years, there has been a decline in industrial production as described in the below provided table.

Table 2.10 – Summary table of industrial production indices from 2017 to 2023

Year	Compared to the previous year, %	Increase/decrease %
2017	112,2	
2018	103,4	3,4
2019	94,4	-5,6
2020	99,0	-1,0
2021	82,8	-17,2
2022	98,4	-1,6
Jan 2023 (to Jan.2022)	81,4	-18,6

Source: Developed by the author based on source [78].

For the Ukrainian manufacturer of water pumps, there is a niche - pumps with a capacity of 50 to 1000 m³ / h. Ukrainian manufacturers such as OJSC “Sumy Plant of Pumping and Power Engineering “Nasosenergomash”” specializes in the production of pumps and compressors, as well as the supply of data flow control solutions and related services in the oil and gas industry, nuclear and thermal sectors of electricity production and water supply in the CIS); LLC “Svessky Pumping Plant” (Svessa village, Sumy region); JSC “Southern Plant of Hydraulic Machines “Yuzhgidromash” (Berdyansk, Zaporozhye region); CJSC “Kherson Electromechanical Plant” (Kherson); OJSC “Kirovograd Plant of Hydraulic Machines “Sakhgidromash” (Kirovograd); LLC “Promelectro”; JSC “IMT”; OJSC “Elektromashina” (the last three are in Kharkov); LLC "Apostolovagromash" (Apostolovo, Dnipro region).

The decline in industrial production is accompanied by a decrease in the activity of export-import operations under the heading “pumps for liquids, mechanisms for lifting liquids”:

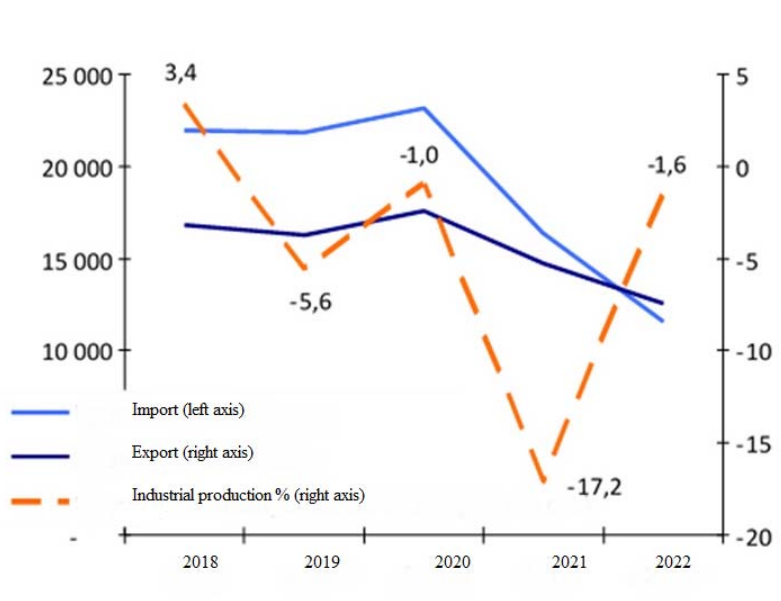


Fig 2.11 – The total volume of exports and imports under the UKTVED commodity item 8413 “Pumps for liquids, mechanisms for lifting liquids” (thousand US dollars, tons)

Source: Created by the author based on source [76].

Pumping equipment is traditionally referred to as energy-intensive equipment: the share of electricity consumption by pumps reaches 30% of the total energy consumed by all building engineering systems and industrial production lines.

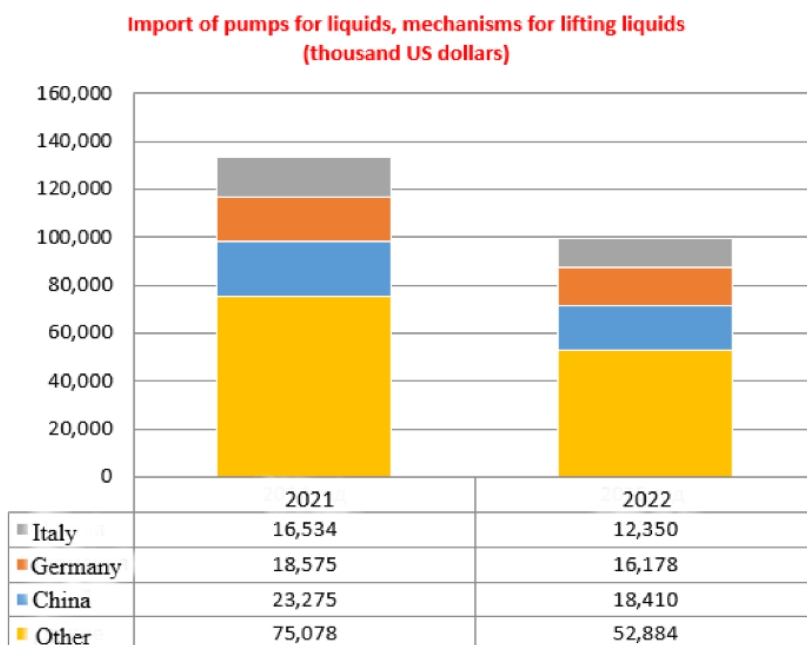


Fig 2.12 – Import of pumps

Source: Created by the author based on source [75].

Ukraine is one of the 10 most energy-intensive economies in the world and the government has declared a 50% reduction in electricity consumption by 2030. Increasing pressure on the consumer is exerted by the increasing cost of energy resources, which leads to the need to save and review needs downward, which in its turn leads to the replacement of equipment with less energy-intensive ones.

This trend stimulates not only an increase in the range of proposed standard sizes, an increase in sales of “smart” pumps, but will also stimulate demand for energy audit services. Pumps from some of the largest manufacturers are widely represented in Ukraine (the most common are Grundfos, ITT, Wilo), as well as pumps from local Chinese, Italian and Ukrainian manufacturers. Therefore, the segments of the Ukrainian pumping market, depending on the type of consumer, are as follows:

Segments of the market of pumping equipment in Ukraine

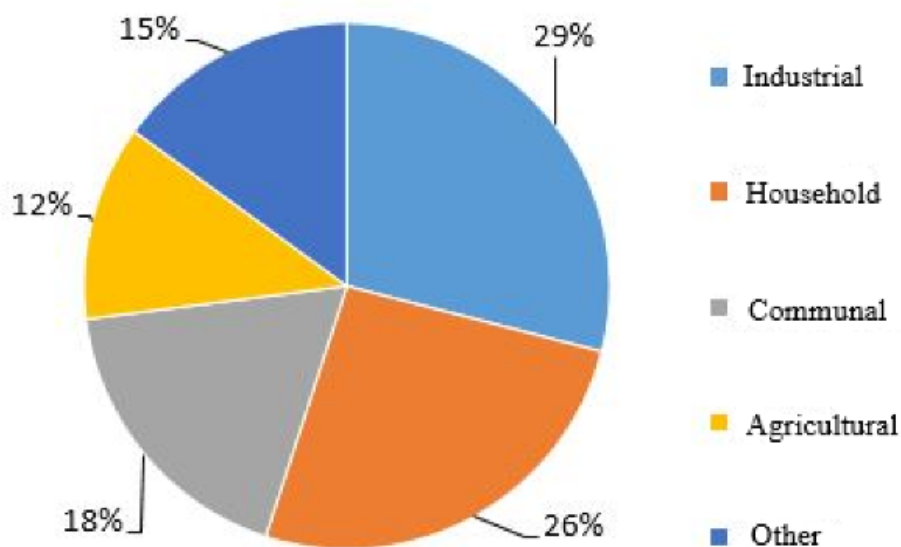


Fig 2.13 – Segments of the market of pumping equipment in Ukraine

Source: Created by the author based on source [75].

The vast majority of companies - operators of this market are the distributors of one of the world’s largest manufacturers. Comparative characteristics of some aspects of business behaviour of the largest brands and operators of the Ukrainian market are provided in the below table:

Table 2.11 – Comparison of the offer of the largest brands and operators of the Ukrainian market

Activities	Largest manufacturers	Ukrainian manufacturers
Detailed description of activities by areas, segments	+	+/-
Sale of the entire product line (both domestic and industrial pumps)	+	+/-
Promoting Energy Efficient Solutions	+	+/-
Availability of an online store	+	+/-
Automated selection of pumping equipment	+	-
Support	+	+/-
Engineering	+	+/-
EPC (Engineering, Procurement and Construction)	+	-
After sales service	+	+/-
Maintenance of non-"own" pumps	+/-	-
Pump Audit	+	-
Pump recovery	+	-

Source: Created by the author based on on her own research

The global market shows stabilization and expected annual growth, the main market trends are energy efficiency and life cycle cost reduction, the main market operators are actively developing related activities to increase sales and increase their profitability. In the Ukrainian market, due to the ongoing war and general decline in industrial production, there is a decrease in sales in the pump market. It should be noted that the operators of the pumping market in Ukraine have not yet mastered all related areas of development in comparison with the global market for the corresponding equipment.

Having analysed the global market and Ukrainian trends of pumping equipment, it is worth to provide an overview of demand factors in various segments. In this master thesis, we will briefly analyse the segments as follows: housing construction, industrial production, household segment, public utilities and agriculture.

For example, in housing construction segment, there is a situation similar to the situation in the industrial segment. First of all, the need for pumping units and related products and services will not be for new construction projects, but for the supply of solutions for regulating the intensity of pump operation (including “not one’s own”),

depending on the volume of consumption, monitoring the operation of pumping systems, maintenance, energy audit of non-own pumps.

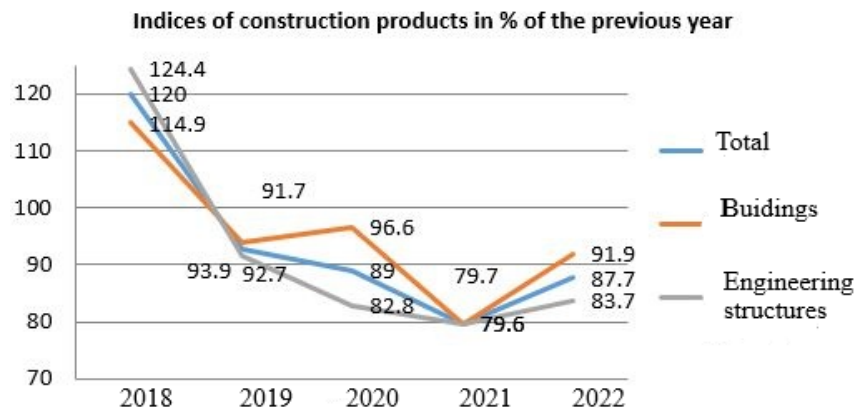


Fig 2.14 – Indices of construction products

Source: Created by the author based on source [75].

Whereas, the sensitivity of the pumping market to the volume of industrial production, which has been declining in recent years in Ukraine, and the small forecasted growth rates for the coming years, complicated by a decrease in the volume of capital investments in the industry, do not allow forecasting a revival in demand for pumping equipment in this sales segment (with the exception of dynamically growing and export-oriented, for example, the oil and fat industry).

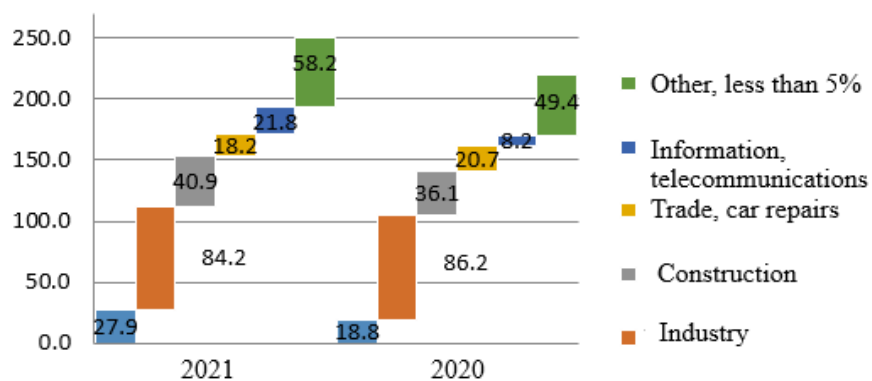


Fig 2.15 – Capital investments by type of economic activity (billion UAH)

Source: Created by the author based on source [75].

However, in household segment, the decline in real incomes of the population against the backdrop of a slowdown in production growth will also not contribute to the growth of effective demand in this market segment. The structure and level of demand

will remain similar to previous years. To meet future demand, attention should be paid to pumping systems for smart homes. In comparison to another segments, the need to replace pumping equipment in the public sector is enormous. A factor contributing to the increase in demand is also insufficient provision of the population with tap water: the level of equipping the total area of the housing stock with water supply in urban areas is 79.4%, in rural areas - 30.4%. In 2005, the Law of Ukraine N2455-IV was adopted, which approved the National Program “Drinking Water of Ukraine” for 2006-2024, which provided for the following amounts of funding: for all the time from the state budget had to allocate 3 billion UAH and from other sources UAH 6.5 billion, until 2012, UAH 670 million were allocated from the state budget, after which funding ceased (the state target program is still in effect). Funding for this program may also come from local budgets and other sources.

In relation to the agriculture segment, the production volumes in agriculture and a significant degree of export orientation of the industry create conditions for demand for pumping products in this segment.

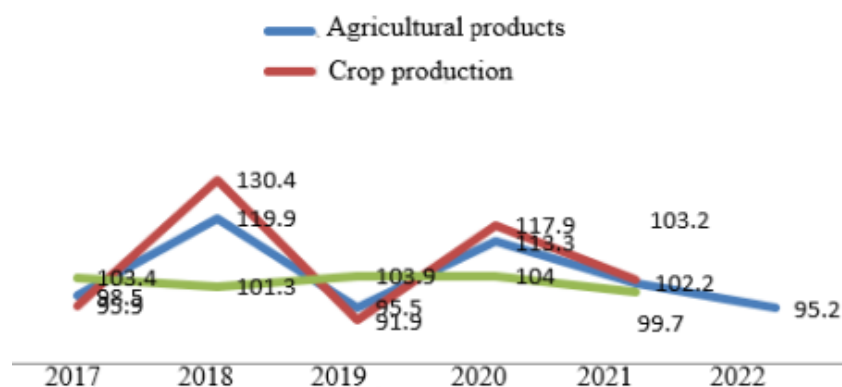


Fig 2.16 – Indices of agricultural production in % of the previous year

Source: Created by the author based on source [77].

At the same time, the main branch of specialization of the country's agriculture is plant growing, especially technical and fodder, with a parallel decline in other sectors, such as animal husbandry. Therefore, we should expect a relative revival in this market segment with an emphasis on pumping units used in irrigation, irrigation, and other crop

production; as well as to provide livestock within the framework of large agricultural holdings, as a potentially growing segment of the industry.

Therefore, the demand factors for pumping equipment in Ukraine coincide with the demand factors in the global market, the demand as a whole is directly dependent on the volume of industrial production in the country, the volume of capital investments.

There is an opportunity to contribute to the creation of solvent demand, for example, in the field of housing and communal services, by assisting in the development of projects for financing by international financial institutions. It should also be noted that if a company is engaged in innovative activities, it can independently apply to international organizations for funding, which can be provided in various forms: loans, grants, etc.

Considering that pumps sold in Ukraine are mainly of foreign production, the sale price is related not only with the price of the equipment itself, but also includes additional costs for delivery and receipt. Due to the fact that the costs of delivery and collection from some manufacturers (for example, ITT Lowara supplies direct from the factory to large wholesalers in Ukraine, and Grundfos uses a system of delivery through a system of intermediate warehouses), this allows to gain a market advantage. The possibility of supplying pumps without mandatory in the EU configuration with universal frequency converters of some types of pumps also affects the price in order to complete them in Ukraine with more economical counterparts without losing consumer properties.

Additional factors when making a purchase decision (especially for construction or specialized companies for industrial pumps for residential and municipal construction, shopping and office centers, medium and large capacity boiler houses, borehole systems, factories and other enterprises) are the presence of a wide range of types, standard sizes in warehouse programs of various manufacturers; material and method of manufacture (for example, the absence of welds), the ability to use standard pumps in slightly aggressive environments, etc. Thus, the manufacturers reduce the life cycle costs of pumping equipment in two ways by reduction of energy consumption and reducing the cost of repair and operation.

In addition to provided overview, it is necessary to focus on competition overview. In the global pumping equipment market, the consumer receives 85% of pumps from companies specializing in industrial services, namely system integration and engineering, and product distributors and, accordingly, 15% directly from equipment manufacturing companies, while most companies are engaged in both industrial and domestic models.

In Ukraine, such universality is not observed: the vast majority of companies specialize in the domestic and lower part of the industrial segment (those types of pumps that are used in cottage construction, equipment for summer cottages and household plots) or industrial equipment.

The pumping market operators can be conditionally divided into the following categories depending on the predominant type of activity and their combinations:

1) Multi-commodity operators (for example, Romstal Ukraine LLC, Climate Technologies LLC, Visa-Group Ukraine LLC, OVK Komplekt LLC), which are large wholesale distributors and offer the most complete list of goods related to the Water (to use the terminology of the largest manufacturers of pumping equipment), not only pumping equipment and fittings, but also products from related markets: fixtures, underfloor heating, meters, pipes, sanitary faience, etc., as well as ventilation equipment, electric motors, etc. These operators work in the full format of online stores, having a virtual storefront, their own operating and logistics systems, warehouse systems, etc., satisfying the needs for pumping equipment primarily in the domestic and lower industrial segments. In this group, the maximum amount of net income falls on the multinational brand Romstal, which is also a major importer (import volumes have been declining in recent years from \$11.6 million in 2011 to \$6.6 million in 2021).

However, for this operator, the pumping market is not the target market, but rather the products of this group are complementary to the general assortment. A similar scheme of work, but in smaller volumes, is implemented by Visa Group-Ukraine LLC;

2) Companies specializing in industrial services, namely system integration and engineering, including those who produce pumping equipment under their own brands, mainly for large (industrial) consumers: SP Ukrinterm LLC; Energy of Water LLC; Plant of Energy Equipment Dan LLC, Kyivska Pumping Company LLC, NVP Hydroterm

Engineering LLC, Comfort Sphere Company LLC, Saer Ukraine Plus LLC, Vismer LLC, Terra Intex LLC.

3) Importers, distributors and integrators of pumping equipment for industrial and household groups (PJSC “Swedish-Ukrainian Group “SU Group”; Propeks Ukraine LLC; Energo-Invest LLC, Integrated Water Technologies LLC, Interpumps Group LLC, Craft-Plus LLC). This group differs from the previous group in that it independently imports either pumping equipment or fittings, automation equipment or other auxiliary elements for its work. It should be noted, that the average level of net income of this group of pump market operators is higher.

4) Companies specializing in the repair, modernization and automation of pumping equipment. NPP Automation and Water Supply Systems LLC specializes exclusively in these types of activities. It should also be noted, that among the selected companies, it is this one that has the highest level of profitability of sales. The general trend in the market is also the orientation of pumping market operators to the development of an additional line of business for the provision of repair, modernization, automation of pumping equipment and its energy audit, which increases the profitability of sales.

The Ukrainian market as a whole is characterized by the trends of the global market of pumping equipment in terms of the active emergence and development of companies specializing in industrial services, namely system integration and engineering of pumping equipment. At the same time, insufficient attention is paid to the development and promotion of the direction for the provision of repair, modernization, automation of pumping equipment and its energy audit.

It is necessary to take into account, that most leaders in the pumping equipment market have noted some stabilization in sales volumes and a decrease in sales profitability in recent years. The growth of sales profitability as a strategic goal for the near future was noted by all major manufacturers.

Thus, tactical ways to achieve this goal can be grouped as follows:

1) Technological, innovative leadership (all major manufacturers conduct their own research and development, actively cooperating with research universities and centres);

- 2) Commercial leadership (actively building their own networks with an emphasis on promising regions);
- 3) Two trends are active: expansion of manufactured standard sizes and standardization of produced pumps (so that the consumer, in order to save energy, can choose the most appropriate standard size, type of pumping equipment);
- 4) Search for niches in the pumping equipment market and related ones:
 - Fittings - for the next years KSB Group-F has chosen the production of fittings and pumping equipment for aggressive environments, extreme temperatures and pressures as one of the strategic directions of development;
 - Equipment and software for monitoring the condition of the pump and remote control of its operation - all major manufacturers create their own systems for monitoring their products, including in order to build their own after-sales service on the basis of such systems, up to the complete “liberation” of the buyer from control functions for the operation of this type of equipment, inspection, maintenance, adjustment and other works for a subscription fee;
 - Equipment and software for the analysis of pumped liquids - some of the largest manufacturers (for example, ITT Corporation) single out “water” as a strategic direction of their development. It is related to the systems for the intake, transportation, processing, delivery of water to industrial and non-industrial consumers (and in the process of this, the analysis of its composition, quality and properties at all stages), and systems for the treatment (“treatment”) of wastewater, recycling of industrial waste water (all stages are also accompanied by water control systems).
 - Complete EPC work cycle - design, procurement and construction - Torishima Pump Mfg. Co., Ltd., Ebara Corporation. It should be noted that pumping equipment in production, as a rule, is a link in the technological chain and its introduction into the general technological chain should be carried out at the design stage;

- Integration of pumps into the “smart home” system. For example, the Wilo Group specializing in pumping systems for buildings, has chosen the production of smart pumps for the smart home system as one of its strategic areas of work.
- Building a post-sales business (including full control over the operation of pumping equipment at the buyer’s; introduction of after-sales programs, including reengineering for obsolete products, products not of “own” production), the introduction of control, including on the basis of remote access systems (mobile, satellite, Internet communications) were announced as a strategic development area by the following companies: Flowserve Corporation, Sulzer Ltd, Torishima Pump Mfg. Co., Ltd., Ebara Corporation ;
- After-sales service as a separate type of business (including pumps not of “own” “production, auditing of pumps).

Finally, we can summarize that due to the relative stabilization of the global market for pumping equipment and the trend towards a decrease in sales profitability, most large manufacturers focus not on improving the pumps themselves, but on the active development of additional services and areas (building an after-sales service as a separate business, performing a full cycle of EPC works), integration of pumps into the “smart home” system, etc.).

2.3. The assessment of the current marketing strategy of the company

“GC Thermoengineering” LLC today is a reliable partner in the supply of high-quality pumping equipment of world brands and individual components of own production. The company creates additional value for their clients by offering additional services such as turnkey installation of objects, as well as consultations and finding the best solution at the very beginning of cooperation. The company’s future is to become the leading Ukrainian company with the highest level of expertise in the field of transmission and transformation of water and other liquids. The company is aimed at taking part in the implementation of large infrastructure projects as a design solution generator and utility commissioning contractor.

The current marketing strategy of “GC Thermoengineering” LLC includes the vision, motto and mission.

The **Vision** of “GC Thermoengineering” LLC is to be the preferred partner in the engineering industry in area of supply of high-quality energy-efficient and pumping equipment of world brands and individual components of its own production for customers, subcontractors, and employees.

The **Motto** of “GC Thermoengineering” LLC is “Energy-efficient solutions”.

The **Mission** of “GC Thermoengineering” LLC is to create high-quality energy-efficient engineering solutions and solutions for the movement and transformation of water.

The company’s logo and brandbook are outdated and require update due to the company name change. The company’s motto does not reflect the company’s vision and has to be revised to include some reference to water management component.

As of today the Company has no single approach to the interpretation of the essence of strategic analysis, its tasks, objects and stages, nor is the subject and tools for its implementation clearly defined. The most common methods of strategic analysis of the enterprise external business environment are SWOT analysis (abbreviation composed of the first letters of English words: **S**trength, **W**eakness, **O**pportunities and **T**hreats) and PEST analysis. Methods of strategic analysis of the intermediate environment of the enterprise are used to analyse the commercial proposal, which is based on the analysis of quantitative and qualitative factors of production.

The purpose of sectoral analysis (intermediate environment analysis) is to determine the attractiveness of the sector and its individual product markets. This analysis allows to understand the structure and dynamics of the sector, its inherent opportunities and existing threats, to identify key success factors and to develop a strategy for the enterprise in the market on this basis. The main methods of strategic analysis of the intermediate environment of the enterprise include: the model of Porter's five competitive forces; expert methods.

The application of methods of strategic analysis of the internal environment of the enterprise is aimed at identifying the factors that shape long-term profitability through indirect control of the owners, managers and staff of the enterprise.

There are the following methods of strategic analysis of the internal environment: SWOT analysis of the internal environment; matrix of the General Electric (McKinsey). Analysis of the strategic development of “GC Thermoengineering” LLC is carried out in this section.

1. Porter’s Five Forces of Competitive Position Analysis of “GC Thermoengineering” LLC is presented in the below table.

Table 2.12 – The result of Porter’s five forces of competitive position analysis of “GC Thermoengineering” LLC

Forces	Value	Description	Work directions
Threat from substitute goods	High	There are many companies in the market that provide similar services.	Maintain and improve the quality of services.
Threats of intra-industry competition	High	The engineering market is highly competitive and promising.	Conduct continuous monitoring of competitors' offers. Reduce the impact of price competition. The customers can choose between a lot of substitute services, businesses are price takers, i.e. buyers determine the prices, thereby lessening the power of businesses.
The threat of losing current customers	High	The average risk of new players entering. It is a long-run perspective business that needs investments to the software, receipt of legal approvals and licenses and constant staff education. New engineering companies appear rarely.	Conduct continuous monitoring of the emergence of new companies. Improve the quality of engineering services.
The threat of losing current customers	High	Customer portfolio has high risks. The customers have a lot of power, it should be easy for them to switch from one company to another. Dissatisfaction with the current level of work in certain areas.	Improving the quality of the services.
The threat of supplier instability	High	Supplier stability	Negotiation of price reductions

Source: Created by the author based on her own research.

2. SWOT Analysis of “GC Thermoengineering” LLC is presented in the Table 2.13.

SWOT is an acronym used to describe the particular **Strengths** (characteristics of the business that give it an advantage over others), **Weaknesses** (characteristics of the business that place the business at a disadvantage relative to others), **Opportunities** (elements in the environment that the business could exploit to its advantage) and **Threats** (elements in the environment that could cause trouble for the business) that are strategic factors for a specific company.

Table 2.13 – SWOT Analysis of “GC Thermoengineering” LLC

SWOT Analysis	<p><u>Opportunities (external, positive):</u></p> <ul style="list-style-type: none"> • The ability to serve additional consumer groups; • Expansion of the range of possible services; • Greater of resources 	<p><u>Threats (external, negative)</u></p> <ul style="list-style-type: none"> • Vulnerable to active attack by major competitors; Unfavorable shift in exchange rates; • Strengthening vendor requirements; • Legislation could impact; Sensitivity to the instability of the external business environment
<p><u>Strengths (external, positive):</u></p> <ul style="list-style-type: none"> • Competence & Expertise • Good consumer understanding; • Using economies of scale; • Own unique technology; • End-user sales control and direction 	<p><u>Strength-Opportunity strategies</u></p> <ul style="list-style-type: none"> • Clearly formulated strategy and good consumer understanding will help to serve additional consumer groups and to expand the range of possible services 	<p><u>Strength- Threat strategies</u></p> <ul style="list-style-type: none"> • Clear competence & good consumer understanding; • Clearly formulated strategy; • Own unique technology; • Proven reliable management will help to deal with many threats (such as attacks by the competitors, unfavorable shift in exchange rates, etc.)
<p><u>Weaknesses (external, negative)</u></p> <ul style="list-style-type: none"> • The inaccessibility of finance needed to change strategies; • Weak market participant; • Obsolete equipment; • No promotion policy 	<p><u>Weakness-Opportunity strategies</u></p> <ul style="list-style-type: none"> • Expansion of the range of possible services, greater of resources and Effective promotion of the services through advertising 	<p><u>Weakness-Threats strategies</u></p> <ul style="list-style-type: none"> • Improving the quality of service





Source: Created by the author based on her own research

3. Developing the McKinsey-General Electric matrixes.

McKinsey-General Electric matrixes is a strategy tool that offers a systematic approach for the multi business corporation to prioritize its investments among its business units. The below provided analysis will help “GC Thermoengineering” LLC to decide what products need to be added to a product portfolio as well as what other

opportunities should continue to receive investments. McKinsey-General Electric matrix of “GC Thermoengineering” LLC is presented in the below table.

Table 2.14 – McKinsey-General Electric matrixes of the company

Matrix	High	Low
High	Earnings: low, unstable, growing Cash flow: negative Strategy: analyse whether the business can be grown into a star or will degenerate into a dog <ul style="list-style-type: none"> • Own container manufacturing; • Individual heating point manufacturing; • Own pumps manufacturing including Grundfus pumps; • Caldaie Ravasio Boilers supply; 	Earnings: low, stable, growing Cash flow: neutral Strategy: invest for growth <ul style="list-style-type: none"> • Energy audit • Construction of gas pipes; • Equipment assembling & service support; • Technological & service support 
Low	Earnings: low, unstable, growing Cash flow: negative Strategy: analyse whether the business can be grown into a star or will degenerate into a dog <ul style="list-style-type: none"> • Industrial alpinism 	Earnings: high, stable Cash flow: high, stable Strategy: milk <ul style="list-style-type: none"> • Project documents development; • Consultancy and liaison on required approvals receipt in state bodies 

Source: Created by the author based on her own research

4. PESTLE Analysis of External Environment of “GC Thermoengineering” LLC is presented in the Tables 2.15 – 2.16.

As of now, the external environment is characterized by political factors resulting in staff turnover due to Russia war in Ukraine, as well as high cost of equipment, speed of delivery, and logistics constraints related to products supply. Using the PESTLE analysis, “GC Thermoengineering” LLC can assess the factors, their possible future impact on the company, also assign responsibility for controlling change of factors and already in advance develops programs for responding to changes.

Table 2.15 – PESTLE analysis

P	E	S	T	L	E
<u>Political</u>	<u>Economical</u>	<u>Social</u>	<u>Technological</u>	<u>Legal</u>	<u>Environmental</u>
<ul style="list-style-type: none"> • War in Ukraine; • Constant threat and continuation of hostilities; • Instability at all levels of economy; • Absence of security 	<ul style="list-style-type: none"> • Consequences of war in Ukraine; • Electricity blackouts; • Inflation; • Poverty of population 	<ul style="list-style-type: none"> • Loss of customers; • Switch of focus of customer's interests to necessity services; • Staff turnover due to men liability for military service 	<ul style="list-style-type: none"> • Problems with manufacturing; • Logistics constrains 	<ul style="list-style-type: none"> • Requirement to obtain or renew specific permit, licenses, approvals, etc. 	<ul style="list-style-type: none"> • Partnership with Grundfos who is top 10 manufacturer of industrial pumping equipment following sustainable approach

Source: Created by the author based on her own research

Table 2.16 – PESTLE analysis results

Factor Description	Influence of a factor on a company	Expert review. Probability of change				Average rating	Relative influence of a factor, taking into account the probability of its changes and the impact of all factors
P (Political)							
Wars, terrorism and conflicts	5	3	5	5	4	4,25	0,08
Corruption	2	4	3	5	5	4,25	0,08
Government policies	1	4	4	3	5	4	0,07
Bureaucracy	1	2	5	3	4	3,5	0,06
Tax policy	3	3	2	4	3	3	0,06
E (Economical)							
Exchange and interest rates	3	4	5	5	5	4,75	0,09
Disposable income	2	4	5	4	4	4,25	0,08
Economic growth	1	5	4	4	3	4	0,07
Inflation rates	1	4	5	3	4	4	0,07
Unemployment rate	2	5	5	4	5	4,75	0,07
S (Social)							
Immigration and emigration rates	5	5	4	5	5	4,75	0,09
Education level	2	4	5	5	5	4,75	0,09
Average disposable income	1	4	3	5	4	4	0,07

Per capita income	2	3	4	2	3	3	0,06
Population growth rate	3	3	2	1	3	2,25	0,04
T (Technological)							
New production technology	2	5	5	5	5	5	0,09
Manufacturing technology	2	2	4	3	2	2,75	0,05
New innovations	3	2	3	3	2	2,5	0,05
Intellectual Property, Patents, etc.	1	2	3	1	2	2	0,04
L (Legal)							
Business Laws	2	3	2	4	3	3	0,06
International Trade Agreements and Treaties	1	1	2	4	2	2,25	0,04
Environment Laws and guides	2	2	1	2	1	1,5	0,03
Health and safety guideli	3	1	1	3	2	1,75	0,03
E (Environmental)							
Environmental Issues	2	2	3	1	2	2	0,04
Dealing with hazardous material	2	1	2	3	2	2	0,04
Insurance Policies	1	1	2	1	3	1,75	0,03
Safe Waste Disposal	2	1	3	1	2	1,75	0,03
TOTAL	575					87,75	

Source: Created by the author based on her own research

5. The below provided table shows the results related to the resources and capabilities of strategic effectiveness analysis of “GC Thermoengineering” LLC.

Table 2.17 – Resources and capabilities of strategic effectiveness analysis of “GC Thermoengineering” LLC

Effectiveness	Factors	Importance	Relative strength
RESOURCES			
	R1. Finance	8	6
	R2. Technology	6	8
	R3. Plant and equipment	7	4
	R4. Location	6	6
	R5. Brands	4	4
CAPABILITIES			
	C1. Service development	6	7
	C2. Purchasing	9	7
	C3. Engineering	5	5
	C4. Financial management	7	7
	C5. Government relations	6	6
	C6. Strategic management	5	5

Source: Created by the author based on her own research

Dividing this display into four quadrants allows us to identify those resources and capabilities that we may regard as Key strengths and those that we may identify as key weaknesses of “GC Thermoengineering” LLC.

Table 2.18 – Resources and capabilities of strategic effectiveness analysis of “GC Thermoengineering” LLC

<i>Superfluous Strengths</i>					<i>Key Strengths</i>				
10									
9									
8					R1	C2			
7						C4			
6	R3				R4, C5	C1	R2		
5						C3, C6			
4	R5								
3									
2									
1	2	3	4	5	6	7	8	9	10
<i>Zone of Irrelevance</i>					<i>Key Weaknesses</i>				

Source: Created by the author based on her own research

However, the internal environment of the company is quite stable and is provided below.

Table 2.19 – Internal environment analysis

Tangible	Intangible	Human
Financial (cash, securities, borrowing capacity)	Technology, patents	Skills/ know-how
Physical (inventory, equipment, own warehouse building)	Reputation, goodwill and relationships	Capacity for communication and collaboration
	Culture	Motivation

Source: Created by the author based on her own research

The analysis of the current positioning of the enterprise is partly presented in the Chapter 2.2, of this master thesis. It can be concluded that “GC Thermoengineering” LLC positions itself as a small enterprise engaged in providing of engineering services and supply of industrial equipment of high quality at affordable prices.

An analysis of the target audience showed that the clients of the “GC Thermoengineering” LLC are mainly legal entities and less often physical ones for their

personal intentions. The key segments are residential construction, utilities, agriculture and industry.

Customers can be divided into regular, new and episodic. But still, it is possible to distinguish a certain target segment - these are enterprises engaged in construction, or purely water-management activities.

An analysis of the prices of “GC Thermoengineering” LLC shown that the price level is average, which is due to the fact that the quality of raw materials is high, but the company keeps prices at such a level as to be competitive.

It should be noted that the competition in this market segment is quite high. Furthermore, the company does not use any methods of promotion in the market at the moment.

An analysis of the availability of methods shown that the weaknesses of the enterprise are weak marketing activities, a limited range of promotion channels, and absence of advertising. The main features of “GC Thermoengineering” LLC are as follows: introduction of the company's advertising, provision of additional and related services; improvement of marketing activities and, as a result, an increase in sales of the services provided.

Based on the assessment of the current positioning of the enterprise, market analysis, it can be concluded that the marketing strategy for “GC Thermoengineering” LLC should be focused on: attracting new customers and retaining existing strong contracts due to a wide range, at affordable prices and with product quality and technologies that are in no way inferior and even better compared to competitors, and; elaboration of the company's brand, as well as the use of effective channels for marketing promotion of the enterprise.

Hereby, as of now, the company's competitive advantages defined as follows:

- Diverse solutions for different customer groups and tasks;
- Successful experience in project implementation;
- Top management readiness to change, passion for learning and constant search for new ideas;

- Availability of partner relations with the leading equipment manufacturers, as well as availability of a certified service;
- Own container manufacturing ensuring import substitution and possibilities for offering a competitive price;
- Capabilities for the quick drawing in additional human resources for large project implementations.

However, the disadvantages described as follows:

- High reliance on a situation in the residential construction industry and general investment climate;
- Not productive and systematic enough work of the project implementation division;
- Low diversification rate in fitting up various global manufacturers;
- The manufacturing site is in need of development and improvement.

In view of abovementioned details investigated about the company, currently the Company's basic strategy or conception is built on providing complex solutions in the water supply area. As of 2023, "GC Thermoengineering" LLC can offer complex solutions for the whole cycle of water management in residential and industrial structures. Searching for potential market niches for company' further development is possible through the following:

- Broadening of the array of water management technical solutions at customer projects, primarily, through providing fire extinguishing projects;
- Broadening of the array of solutions along all technological phases of water supply: from water intake to wastewater treatment;
- Geographical expansion;
- Development in the utility sphere;
- Participation in energy-saving projects;
- Expanding into other water supply reliant industries, for instance, irrigation systems etc.;
- Develop a service line for pumping station, heat point equipment etc.;

- Development of a dispatching service;
- Symbiosis of offering technical solutions coupled with financial services (leasing) and other ideas.

In current realities, external financing needs will be determined following determining company's strategic lines of development. Presumably, the financing needs may touch upon investments in the manufacturing site modernization as well as partnerships in crediting company's customers at water management project implementation.

It was mentioned before, that in February 2023, the management decided to rename the company to "Strong Ukraine" LLC. The company director changed but the owner remained the same. The company management has decided to focus on industrial water management complete solutions and related services including distribution and production of pumping equipment, and to postpone all activities related to energy-efficient solutions due to the electricity blackouts caused by Russian missile attacks in Ukraine.

In terms of marketing and advertising activities, it is worth to mention that the Company formally has a marketing department, but its role in the activities is not significant due to the lack of an internal request from the staff responsible for sales.

The company website www.termoeng.com.ua has been deactivated in February 2023, since the company has been renamed to "**Strong Ukraine**" LLC. According to the marketing department, the website is planned to be launched under the name www.strongukraine.com.ua after the approval of the Company's marketing strategy and goals, specifying the company's former projects and current developments.

Since February 2023 the company stopped all marketing and promotion activities due to the company name change. Before the company rename, "GC Thermoengineering" LLC used high-quality printing products - booklets and catalogs (in Ukrainian, English and Russian), made in a single corporate identity to promote its products and services. The booklets and catalogues usually were shared in a follow-up email with potential customers when the chief engineer, director or the owner established the first contact. The booklet was available in printing version or shared by email, it was not available at the

company website. SEO optimization and Google ads were the sources of Internet promotion. SEO optimization was set in 2018 by marketing consultant and was monitored monthly. The monthly budget for Google ads was UAH 1000.00 which included only paid words. Remarketing, banner ads, partner websites ads or other instruments of Internet promotion were not used by the Company.

Therefore, at the moment the main marketing functions that are not performed in the Company are defined as follows:

- Market research, determination of basic parameters (volume, structure, dynamics);
- Regular review of competitors' activity, maintaining their profiles;
- Providing feedback, customer satisfaction research and demand forecasting;
- Filling the database of potential customers – “sales funnel”;
- Promotion, information and advertising support – partially.

It has been noted that the company's still has many advantages, which are:

- Good business reputation in the market (positive customer reviews).
- Successful experience of implemented projects, in the list of customers of the Company there are many well-known construction corporations and industrial enterprises.
- Diversification of the product portfolio: from the distribution of pumps of the world's leading brands to the production of own pumping stations, automation and installation of engineering facilities, commissioning and maintenance.

However, the company's disadvantages are listed as follows:

- Poor market awareness of the Company and its products, especially after the company's name change, including promising products.
- Insufficiently effective system of work of the project implementation department, managers spend most of their time in the office, and not “in the field”.
- The marketing function is in its infancy as there is no sales plan detailed at the level of customers/segments. The market research is not conducted, as well there is no understanding of potential capacity. Work on the formation of a database of potential customers / projects is not systematically carried out.

Thus, at the current stage of the company development, it is recommended to implement the following steps: to distribute the responsibility of sales managers in key industry segments, if necessary, expand the staff of sellers; to determine the functionality of the marketing department, the regularity and composition of the preparation of basic information on the market, key tasks for the coming year; and to form a sales plan as the basis of the revenue side of the budget.

CHAPTER 3.

MARKETING STRATEGY DEVELOPMENT OF “GC THERMOENGINEERING” LLC

3.1. Possible alternative marketing strategies for the company

Currently, the development of a marketing strategy provides for the fulfilment of several conditions: the definition of marketing goals that are subordinate to the strategic goals of the enterprise, the promotion of marketing strategies that ensure the achievement of marketing goals; evaluation of alternative options and selection of the most optimal one, determination of measures aimed at increasing the competitiveness of products, creation of new products, optimization of the product range, determination of prices for products and products based on demand assessment, planning of distribution and sales channels: low advertising, sales promotion and personal sales.

As of 2023, “GC Thermoengineering” LLC is a company that promotes integrated engineering solutions in the field of water and heat supply, sanitation, fire extinguishing, irrigation for industrial enterprises, housing complexes, utilities, and agricultural enterprises. To carry out installation work at facilities under construction (mainly individual heating points ‘IHP’), the Company received a License from the State Architectural and Construction Inspectorate of Ukraine to conduct activities related to the creation of architectural objects (construction work).

We have already provided an overview of international and national pumping market in Chapter 2, and it has been confirmed that there is a demand in the development of this area of business. As of now, in the area of water management systems, the Company has been established the closest cooperation with the suppliers of pumping equipment Grundfos and KSB. Thus, the Company has established constantly extended contractual relations with the following companies:

- Subsidiary in Ukraine of the Danish manufacturer of pumping equipment Grundfos;
- A subsidiary of the German manufacturer of pumping equipment KSB in Ukraine;

- Representative office of Schneider Electric, a German manufacturer of electrical equipment and a supplier of energy-efficient technological solutions;
- Manufacturer of heating systems and heat metering units - Danish company Danfoss;
- “Polyester” LLC – a supplier of polymeric materials (for the production of fiberglass containers);
- “Amari Ukraine” LLC – a supplier of assortment of metal products, including stainless steel and aluminum;
- Supplier of metal products – “MetalHolding” LLC;
- Supplier of electrical products – “Elektroelement” LLC;
- Propex is a dealer of leading European manufacturers: insulation, automation and shut-off and control valves, pumping equipment.

Therefore, the proposed marketing strategy should be focused at the long-term strengthening of the market position and achieving measurable economic results. In my opinion, the following alternative marketing strategies could be suggested for the “GC Thermoengineering” LLC.

Table 3.1 – Possible alternative marketing strategies

No	Possible alternative marketing strategies	Area
1	Concentration strategy for water management Systems	Water management
2	Concentration strategy for energy-efficient solutions	Energy-efficiency
3	Globalization strategy with expansion to Latvia	Energy-efficiency

Source: Created by the author based on her own research

1. Concentration strategy for water management systems

The proposed marketing strategy should be based on the improvement of cooperation with the key partners. It was mentioned that Grundfos is a Danish company, the world’s largest manufacturer (50% of the world market) of pumping equipment. The head office is located in Bjerringbro in Denmark. The Grundfos Group is represented by more than 80 companies in more than 55 countries. The volume of production is 16 million pumping units per year. The main product groups are circulating pumps, submersible pumps and centrifugal pumps. In addition to pumps, Grundfos manufactures

standard and submersible electric motors, as well as state-of-the-art electronics for monitoring and controlling pumps.

Thus, the promising areas of cooperation between Grundfos Ukraine and “GC Thermoengineering” LLC include:

1) Cooperation in the segment of pressure boosting pumping stations. Grundfos Ukraine offers cooperation with “GC Thermoengineering” LLC to retrofit the original Grundfos hydraulic module with a control cabinet manufactured by “GC Thermoengineering” LLC with the subsequent sale of the finished product under the Grundfos trademark. According to Grundfos representatives, the price of the final product may be lower by 25% compared to the original Grundfos pumping stations (with original automation). In addition, the Ukrainian office of Grundfos does not see any big problems in the certification of production for the production of pumping stations under the Grundfos trademark at the production facilities of “GC Thermoengineering” LLC.

2) Production of fire-fighting pump station. Subject to certification in Ukraine of a fire-fighting pump station based on a Grundfos CR pump, performed by “GC Thermoengineering” LLC, it is possible to manufacture such pump station under the Grundfos trademark. Moreover, the Kyiv office of Grundfos is ready to participate in the promotion of such fire-fighting pump station.

3) Production of pump stations for irrigation systems in the agricultural sector. “GC Thermoengineering” LLC and Grundfos Ukraine has reached an agreement to develop a joint position to come up with a competitive product based on CR Grundfos pumps. The main competitors are SAER and Lowara pumping stations for irrigation, which have a warehouse program and a good model line.

Another partnership development strategy relates to the cooperation of “GC Thermoengineering” LLC and KSB (Klein, Schanzlin & Becker) which is a German manufacturer of centrifugal pumping equipment of all types for water supply and sewerage systems, as well as for industry: food, oil refining, chemical, mining, metallurgical and energy. KSB AG is one of the world leaders in its segment. In 2021, the group's turnover amounted to more than 2 billion euros. The number of employees worldwide is over 16,000 people. The main production is located in Germany (a total of

30 production sites in 19 countries of the world). The concern has an extensive network of service centres (1,500 specialists) that carry out installation and commissioning, maintenance and repair of equipment on all continents.

Therefore, the promising areas of cooperation between KSB Ukraine and “GC Thermoengineering” LLC are:

1) “GC Thermoengineering” LLC can manufacture pumping stations based on KSB hydraulic modules and manufacturing automation for them. The original KSB automation is expensive. Thus, it is possible to offer the market a competitively priced and high-quality product. KSB Ukraine offers “GC Thermoengineering” LLC favourable prices in exchange for a commitment to increase sales in Ukraine. Thus, in the utilities and construction segment, KSB can compete on price with Wilo and Grundfos. KSB, being a manufacturer of pumping equipment for aggressive and "heavy" media (corrosive liquids, high temperatures and pressure), offers the dealer the opportunity to occupy the niche of the most demanding industrial buyers.

2) Moreover, there has been defined perspective areas of development for the company in case following the water management strategy:

Dispatching is based on the introduction of remotely controlled controllers for monitoring the technical condition of heat and water supply equipment of residential complexes and industrial facilities based on specialized software. This will allow the company to remotely monitor the performance and technical condition of the equipment and, if necessary, carry out timely repair or maintenance of equipment. For the Company's customers, such a product will minimize the number of its own engineering and technical personnel and reduce the time of emergency downtime of equipment. For the Company, the introduction of dispatching will ensure a constant cash flow from the subscription fee. Subsequently, this approach to service can be transformed into the sale of services for the supply of cubic meters of water on the Client's territory by the Company's equipment.

Modernization of water utilities mostly in small towns - regional centres, where there are almost the same type of problems associated with the unsatisfactory condition of water supply, sanitation and wastewater treatment equipment. In the context of underfunding by local budgets of modernization programs of local “Vodokanals”, it is

relevant to create a proposal in this market segment of a comprehensive service for conducting a technical audit of engineering systems and selecting a source of financing for the modernization project on the basis of existing donor programs and lending (investment) programs by international financial organizations. Sources of financing include lending to international financial institutions (IFIs) and the provision of grants, loans and investments by some Governments and non-governmental organizations and foundations. Such cooperation with financial partners will require the provision of a comprehensive product “technical audit + design + provision of consulting services for the preparation of a business plan + production / supply of equipment + installation / commissioning + dispatching of the facility”.

Table 3.2 – Description of concentration strategy for water management systems.

Strategy overview	Concentration Strategy for Water Management Systems
Clients	Private construction companies, private customers, regional councils, state companies
Competitors	Alternative companies in Kyiv, Central and Western parts of Ukraine
Marketing strategy focus	Project services to a larger range of customers across Ukraine at the best-price value in the market
Strategy methods	Work with private companies
Main tasks	<ul style="list-style-type: none"> • Focus on partnership with Grundfos and KSB; • Certification of the company’s production to manufacture PS; • Cooperation with Grundfos including: • Hydrolic module retrofit by control cabinet manufactured by Thermoengineering LLC; • Production of fire-fighting pump station under Grundfos TM; • Joint production of PS for irrigation systems; • Cooperation with KSB Ukraine including: • Production of automation for KSB hydrolic modules; • Production of remote monitors (dispatching) for water supply equipment • Modernization of water utilities (reconstruction & service works)
Mistakes	<ul style="list-style-type: none"> • Focus on company brand awareness • Focus on services peculiarities rather that the customer’s task
Benefits	<ul style="list-style-type: none"> • Small segment, moderate competition • The concentration strategy is inherent, as a rule, in small enterprises.
TOTAL	<ul style="list-style-type: none"> • 30 projects (sales) – average project price is EUR 7,000 TOTAL Value – EUR 210,000 • Potentially 5 tenders per year – average project price is EUR 30,000 • TOTAL Value – EUR 150,000
	TOTAL Value – EUR 360,000

Source: Created by the author based on her own research

As we can see, this strategy requires investments for modernization of the production and certification of production according to the standards of Ukraine and requirements of ISO. Also the company needs rebranding and marketing of the company as the company has been renamed in 2023. Thus, the below calculation for the marketing strategy implementation can be offered.

Table 3.3 – Implementation efficiency of concentration marketing strategy for water management systems

Efficiency	WM Concentration Strategy, EUR
Profit	210,000
Revenue	360,000
Costs of services sold	172,000
Net income	188,000
Expenses	150,000
Rebranding/certification/ production modernization	17,000
ROI	23
ROMI	11.05

Source: Created by the author based on her own research

The above table shows that this strategy requires significant investments in the amount of EUR 17,000. The total investments amount consists of the below expenses:

Table 3.4 – Breakdown of rebranding /investments expenses of concentration marketing strategy for water management systems

Breakdown of rebranding / investments	EF Concentration Strategy, EUR
Logo, brandbook, printing materials, etc)	5,000
Modernization of production	5,000
Certification of production	7,000
TOTAL	17,000

Source: Created by the author based on her own research

Despite the company's unwillingness to invest significant funds in the development of the company, this strategy is considered as the most beneficial at the current stage of the company development and reality in Ukraine. Taking into account the high cost of automation components in the price structure of a finished pumping

station of European production, Grundfos and KSB are considering to organize the assembly production of pumping stations based on the Company's production facilities.

Projects for the production of multi-purpose pumping stations (pump station for housing and communal services, industry and agriculture) based on the Grundfos hydraulic module and "GC Thermoengineering" LLC automation, which are not inferior in their characteristics to pumping stations of completely imported production, but much cheaper in price, are also being considered. The potential for such cooperation imposes increased requirements on the level of equipment, organization of production and compliance with EU standards imposed by the partners of "GC Thermoengineering" LLC. At the same time, the achievement of these goals will increase the Company's export potential and work out the mechanism of multi-brand cooperation. Such cooperation places increased demands on the level of its own production capacities and compliance with technological discipline, but at the same time it will increase the potential of "GC Thermoengineering" LLC's own brand.

Grundfos and KSB are ready to invest funds to the modernization of production of "GC Thermoengineering" LLC. The costs of products certification can be covered by means of donor programmes available in Ukraine (the details are provided in Appendix 2).

2. Concentration strategy for energy-efficient solutions

"GC Thermoengineering" LLC being a long-term partner and distributor of Italian manufacturer of Caldaie Ravasio hot water boiler, could always rely only on energy-efficient projects which include design, engineering and manufacture of modular heat points. Due to the Russian war in Ukraine the company management postponed activities related to energy-efficient solutions due to decreased demand on this type of services and equipment.

However, "GC Thermoengineering" LLC has kept a strong partnership with the Italian manufacturer and other European manufacturers of hot water boiler equipment and parts. Therefore, the following areas are considered to be promising for "GC Thermoengineering" LLC in case of stabilization of energy situation in Ukraine in second half of 2023:

- Focus on reconstruction and energy audit of buildings across Ukraine;

- Project documents development for energy efficient construction irrespective of equipment supply;
- Exclusive project documents development (low-cost) including equipment supply for projects.

The abovementioned strategy for energy-efficient solutions should be focused on geographical expansion to Central and Western parts of Ukraine aimed at Private construction companies, private customers, regional councils.

Table 3.5 – Description of concentration marketing strategy for energy-efficient solutions

Strategy overview	Concentration Strategy for energy-efficient solutions with Geographical expansion to Central and Western parts of Ukraine
Clients	Private construction companies, private customers, regional councils State big companies in Kyiv
Competitors	Alternative companies in Kyiv, Central and Western parts of Ukraine
Marketing strategy focus	Project services to a larger range of customers across Ukraine at the best-price value in the market
Strategy methods	Work with private companies
Main tasks	<ul style="list-style-type: none"> • Focus on reconstruction and energy audit of buildings across Ukraine • Project documents development for energy efficient construction irrespective of equipment supply • Installation and startup works
Mistakes	<ul style="list-style-type: none"> • Focus on company brand awareness • Focus on services peculiarities rather that the customer's task
Benefits	<ul style="list-style-type: none"> • Small segment, low competition • The nature and scale of activities do not attract the attention of large companies due to the high "trouble", the complexity of management. • The type of strategy is inherent, as a rule, in small enterprises.
TOTAL	<ul style="list-style-type: none"> • 25 projects for small clients – average project price is EUR 4,000 TOTAL Value – EUR 100,000 • Potentially 3 tenders per year – average project price is EUR 22,000 TOTAL Value – EUR 66,000
	TOTAL Value – EUR 166,000

Source: Created by the author based on her own research

Table 3.6 – Implementation efficiency of concentration marketing strategy for energy-efficient solutions

Efficiency	EF Concentration Strategy, EUR
Profit	16,000
Revenue	166,000
Costs of services sold	43,000

Net income	123,000
Expenses	150,000
Rebranding /investments	11,000
ROI	-63
ROMI	11.2

Source: Created by the author based on her own research

The above table shows that this strategy requires less investments than the proposed strategy for water management systems. The total investments amount consists of the below expenses:

Table 3.7 – Breakdown of rebranding /investments expenses of concentration strategy for energy-efficient solutions

Breakdown of rebranding / investments	EF Concentration Strategy, EUR
Logo, brandbook, service vans branding, printing materilas, etc)	7,000
Google Ads & remarketing	2,000
Business trips to establish contacts with new clients	2,000
TOTAL	11,000

Source: Created by the author based on her own research

It is difficult to plan any measurements in relation to the implementation of energy-efficient solutions strategy. However, in my opinion, the energy-efficient solutions concentration strategy is attractive despite the negative ROI indicator. “GC Thermoengineering” LLC will require investments in rebranding and marketing as this is the priority number 1 for the company due to the name change. Therefore, rebranding, marketing, as well as human resources will be the main expenses. Despite the war in Ukraine and instability, the marketing strategy should be implemented for this area of business as the market of energy-efficient solutions shows low-competitiveness today, and there is still the demand of engineering services, repair works, installation and commissioning of various objects in Ukraine. The market analyses has shown that reconstruction and energy audit are the most promising areas as of now, therefore the main efforts should be concentrated on them. Thus at the current stage of the company development this strategy should be combined with the concentration strategy for water management systems.

3. Globalization strategy with expansion to Latvia

Another example of alternative marketing strategy for “GC Thermoengineering” LLC could be a globalization strategy focused on expansion to the European foreign market. This type of strategy will be dedicated to gradual expansion of the energy-efficient solutions concentrated on the following areas:

- Energy audit of buildings;
- Design, supply and installation of heat supply systems (exports from Ukraine of module heat points, boiler rooms, system dispatching);
- Supply of energy-efficient equipment for projects in Baltic countries.

Latvia has been chosen as the country for engineering services expansion, as the engineering services market overview analysis has shown a very low competition in the country. There are only 10 engineering companies present in the market who work with large state companies. Design engineers working with private customers are mostly registered as private entrepreneurs who do not have any marketing, or even a website. Thus, representative office of the engineering company in Riga, Latvia may open opportunities for the expansion to the Baltic countries.

Another reason for the expansion to Latvia is that the company owner and two Ukrainian design engineers who work remotely (part-time) for “GC Thermoengineering” LLC are already living in Latvia since the Russian invasion to Ukraine. Both engineers have obtained required approvals to perform energy-audit of buildings in Europe and are ready to implement the marketing expansion strategy for the company in Latvia.

The below table shows the required steps for the implementation of the strategy.

Table 3.8 – Steps required for the implementation of the strategy

Steps	Expansion to the foreign market (Latvia)
1	Company registration and EU licenses obtaining
2	Office opening, recruiting of 2 design engineers
3	Responsible: company owner
4	Initial investments: EUR 10,000

Source: Created by the author based on her own research

The strategy description is provided in the following table:

Table 3.9 – Description of globalization strategy with expansion to Latvia

Strategy overview	Globalization Strategy with expansion to Latvia
Clients	Private customers, small companies in Latvia
Competitors	Alternative companies in Riga and Latgale region
Marketing strategy focus	Engineering services to a private customers or small companies across Latvia at the best-price value in the market
Strategy methods	Work with private customers
Main tasks	<ul style="list-style-type: none"> • Focus on energy audit of buildings across Latvia • Project documents development for energy efficient construction irrespective of equipment supply • Installation and startup works
Mistakes	<ul style="list-style-type: none"> • Focus on company brand awareness • Focus on services peculiarities rather than the customer's task
Benefits	<ul style="list-style-type: none"> • Small segment, very low competition in Latvia • The nature and scale of activities do not attract the attention of large companies • Gradual expansion to the Baltic countries when the European portfolio includes not less than 10 projects • Adding water management segment services and equipment supply at later stages.
TOTAL	<ul style="list-style-type: none"> • 15 projects – average project price is EUR 2,000 TOTAL Value – EUR 30,000 • 10 equipment supplies – average project price is EUR 2,000 TOTAL Value – EUR 20,000 <p>Potentially no tenders during the first year</p> <p>TOTAL Value – EUR 50,000</p>

Source: Created by the author based on her own research

Table 3.10 – Efficiency of globalization strategy with expansion to Latvia

Efficiency	Globalization Strategy with expansion to Latvia, EUR
Profit	3,200
Revenue	50,000
Costs of services sold	18,000
Net income	32,000
Expenses including annual salaries, office rent, investments and admin costs	46,800
Office opening /investments	10,000
ROI	-82.22
ROMI	3.2

Source: Created by the author based on her own research

In my opinion, the expansion strategy is efficient as the company has a reliable qualified staff in the country who started exploring the market and establishing relations. Both design engineers speak English and Russian languages, and can recruit Latvian-speaking engineers in a perspective.

The project efficiency shows that return on investments is negative during the first year, however the project can be successful should the company gain the experience in the country and be able to compete with other engineering companies in the country. As the project requires investments with no positive return on investments during the first year, it is measured as a risky. Thus, the main focus should be given to the development of the company in Ukraine, and the expansion strategy to Latvia can be selected as a supporting strategy for the “GC Thermoengineering” LLC or implemented later when the company generates enough profit in Ukraine.

Thus, we can provide a comparison table for three possible alternative strategies suggested for the company.

Table 3.11 – Comparison table of alternative strategies overview and project results

Strategy	Concentration Strategy for Water Management Systems	Concentration Strategy for energy-efficient solutions with Geographical expansion to Central and Western parts of Ukraine	Globalization Strategy with expansion to Latvia
Clients	Private construction companies, private customers, regional councils, state companies	Private construction companies, private customers, regional councils State big companies in Kyiv	Private customers, small companies in Latvia
Competitors	Alternative companies in Kyiv, Central and Western parts of Ukraine		Alternative companies in Riga and Latgale region
Marketing strategy focus	Project services to a larger range of customers across Ukraine at the best-price value in the market		Engineering services to a private customers or small companies across Latvia at the best-price value in the market
Strategy methods	Work with private companies		
Main tasks	<ul style="list-style-type: none"> • Certification of the company’s production to manufacture PS; • Cooperation with Grundfos including: • Hydraulic module retrofit by control cabinet 	<ul style="list-style-type: none"> • Focus on reconstruction and energy audit of buildings across Ukraine; • Project documents development for energy efficient construction irrespective of equipment supply; 	<ul style="list-style-type: none"> • Focus on energy audit of buildings across Latvia; • Project documents development for energy efficient construction irrespective of equipment supply;

	<ul style="list-style-type: none"> manufactured by Thermoengineering LLC; • Production of fire-fighting pump station under Grundfos TM; • Joint production of PS for irrigation systems; • Cooperation with KSB Ukraine including: • Production of automation for KSB hydrolic modules; • Production of remote monitors (dispatching) for water supply equipment; • Modernization of water utilities • (reconstruction & service works) 	<ul style="list-style-type: none"> • Installation and startup works 	<ul style="list-style-type: none"> • Installation and startup works
Benefits	<ul style="list-style-type: none"> • Small segment, moderate competition; • This type of strategy is inherent, as a rule, in small enterprises 	<ul style="list-style-type: none"> • Small segment, low competition; • The nature and scale of activities do not attract the attention of large companies due to the high "trouble", the complexity of management; • The type of strategy is inherent, as a rule, in small enterprises 	<ul style="list-style-type: none"> • Small segment, very low competition in Latvia; • The nature and scale of activities do not attract the attention of large companies; • Gradual expansion to the Baltic countries when the European portfolio includes not less than 10 projects; • Adding water management segment services and equipment supply at later stages
Project results	<ul style="list-style-type: none"> • 30 projects (sales) – average project price is EUR 7,000; TOTAL Value – EUR 210,000; • Potentially 5 tenders per year – average project price is EUR 30,000; TOTAL Value – EUR 150,000 	<ul style="list-style-type: none"> • 25 projects for small clients – average project price is EUR 4,000; TOTAL Value – EUR 100,000 • Potentially 3 tenders per year – average project price is EUR 22,00; TOTAL Value – EUR 66,000 	<ul style="list-style-type: none"> • 15 projects – average project price is EUR 2,000; TOTAL Value – EUR 30,000; • 10 equipment supplies – average project price is EUR 2,000; TOTAL Value – EUR 20,000 • Potentially no tenders during the first year
TOTAL Value	EUR 360,000	EUR 166,000	EUR 50,000

Source: Created by the author based on her own research

3.2. Formation of modern marketing strategy for the company

The company analysis has shown, that as of now “GC Thermoengineering” LLC does not implement any marketing strategy. However, the competitive advantage of “GC Thermoengineering” LLC is based on a deep understanding of the clients’ business and on offering effective engineering and profitable organizational solutions.

It is necessary to mention that since 2022 the company survived difficult times and decided to postpone all activities related to energy-efficient solutions due to missile attacks of Ukraine despite the expertise in that area. Following Russia’s full-scale invasion of Ukraine, the country’s energy sector has experienced severe attacks. The damage caused has resulted in over 50% of the energy infrastructure being destroyed, with the equipment at nearly all thermal power plants being damaged. The Ukrainian government has recently announced a “build back better” approach to energy sector recovery, with an emphasis on renewable energy sources and energy-efficient technologies. However, this will require significant investment from donors and an active participation of investment funds. In addition to this, an increase in gas and electricity prices is also to be involved. Given the current situation, there will be specific prospects for investors coming to Ukraine’s energy sector, and there will be companies in which the investments will go. But all this has to be considered on the government level and specific steps to be taken to improve the business climate in the country.

As the company thrives to become the leading integrator of engineering solutions in Ukraine and taking into account the government’s announcement to work towards the energy sector recovery, it is recommended for the “GC Thermoengineering” LLC to resume activities related to energy-efficiency, and to keep on working on two main directions: water management systems and energy efficient solutions.

Having analysed three possible alternative marketing strategies for the “GC Thermoengineering” LLC, it has been decided that at the current stage of the company development the best solution for the company would be the combination of concentrated marketing strategy for water management systems and energy-efficient solutions. The unique experience gained in Ukraine will allow “GC Thermoengineering” LLC to enter

foreign markets with the participation of international partners and to implement later the globalization strategy with expansion to Latvia described in Subchapter 3.1. Also an increase in the scale of activities will make it possible to separate production and service areas into separate businesses.

Thus, for the studied company, a concentrated strategy was chosen as the general marketing strategy, which in its turn is focused on both directions: 1) Water management systems development and; 2) Energy-efficient solutions development.

The strategy of concentration marketing implies that the organization focuses on one market segment or on several and offers goods, counting on meeting the demand of selected groups of consumers. This strategy is quite interesting for enterprises that have limited resources, for small organizations, when the concentration of attention on a small segment of the market is excluded, the enterprise chooses to focus its efforts on a large share of several or one market segment. The company maintains a strong position in the market, as it is well aware of all the nuances of the selected segments, as well as well informed about the needs of customers and maintains an excellent reputation in their eyes. The company gets the opportunity to achieve some savings in many areas of its activities due to narrowly focused and specialized work.

The formation of modern marketing strategy for the company will include the proposed revised vision, motto, mission, aim and values.

The **Vision** of “GC Thermoengineering” LLC is become the leading integrator of engineering solutions and the preferred partner in the engineering industry in area of supply of high-quality energy-efficient and pumping equipment of world brands and individual components of its own production for customers, subcontractors, and employees.

The **Motto** of “GC Thermoengineering” LLC is “Filling with life”

The **Mission** of “GC Thermoengineering” LLC is to create high-quality energy-efficient engineering solutions and solutions for the movement and transformation of water, bringing people joy and fullness of life. The company works in industry, in urban infrastructure, in agriculture - wherever energy and water are used in large volumes and where their efforts are most effective.

The **Aim** of “GC Thermoengineering” LLC to become the leading Ukrainian company with the highest level of expertise in the field of energy efficiency, transmission and transformation of water and other fluids. “GC Thermoengineering” LLC will take part in the implementation of large infrastructure projects as a design solution generator and utility commissioning contractor. The key segments are residential construction, utilities, agriculture and industry. The competitive advantage of “GC Thermoengineering” LLC is based on a deep understanding of their clients’ business and on offering effective engineering and profitable organizational solutions.

The unique experience gained in Ukraine will allow the company to enter foreign markets with the participation of international partners. An increase in the scale of activities will make it possible to separate production and service areas into separate businesses. “GC Thermoengineering” LLC will become a pioneer in the Ukrainian market of mass dispatching of engineering systems and their service.

“GC Thermoengineering” LLC has the following **Values**:

- **Professionalism:** “GC Thermoengineering” LLC is professional engineer, manufacturer, supplier and dealer. The Company applies appropriate engineering techniques and technologies and observe generally accepted quality standards. Its people are results-oriented and go-ahead; “GC Thermoengineering” LLC successfully combines its extensive industry experience with the opportunities provided by innovation. The company creates additional value for its clients by offering additional services such as turnkey installation of objects, as well as consultations and finding the best solution at the very beginning of cooperation.
- **Reliability:** “GC Thermoengineering” LLC is a reliable partner – the Company keeps its promises and does not take risks at the expense of its customers. Together, “GC Thermoengineering” LLC can overcome any engineering challenge and achieve the best possible results.
- **Openness:** “GC Thermoengineering” LLC acts openly and transparently. “GC Thermoengineering” LLC observes best practice in the construction industry and uphold and promote it in society as a whole.

- **Employees:** “GC Thermoengineering” LLC supports employee development through needs-based training and career opportunities consistent with their experience. “GC Thermoengineering” LLC values its people and provide them with a modern work environment that encourages creativity and a motivation system that fosters initiative.

Current logo and brandbook of “GC Thermoengineering” LLC are outdated and needs to be updated due to the company name change.

In my opinion, the implementation of concentration marketing strategy should be focused on strategic partnership with one of the largest pump manufacturers - the Danish company Grundfos, as well as the world’s leading manufacturer of pumps for various industries - the KSB company. The active position of these partners in the Ukrainian market opens up new opportunities for “GC Thermoengineering” LLC both in joint marketing and deeper cooperation in the field of joint production and financing.

The popularity of the Internet opens up huge opportunities for using its tools to promote business: the company’s website, contextual advertising, SEO technology, publics and subscriptions on social networks, newsletters, blogs and more.

In this strategy, it is necessary to launch contextual advertising of the website by keywords on search site Google. Also, launch targeted advertising on partner sites for those who have at least once been interested in engineering services. It is also necessary to hire a person who will manage the website. The marketing specialist must update the information every week, respond to requests, feedback and provide an improved interface on the site. It is necessary to work out the brand awareness of the organization. It is responsible for the ability of the target audience to recognize or recall the company’s trademark at the time of making a choice or immediately before buying a product. Product knowledge is measured in % and means the proportion of the audience that is familiar with the company's product and can identify the brand within the product category.

Brand awareness affects product competitiveness and long-term growth opportunities in order to identify and recognize a trademark when in contact with it by individual characteristics and attributes. Ease of remembering is the ability of the consumer to remember the company’s trademark at the time of a certain need. “GC Thermoengineering” LLC should offer a simple working sequence of actions to form and

increase brand awareness in the market. Also the ready-made logo on the front side of all issued booklets, in advertising on Internet sites drawing a direct parallel between the quality and brand of the enterprise.

The company should also potentially consider opportunities to develop into new market segments such as:

- Improvement of water quality both at the stage of water treatment and at the stage of water treatment;
- Specialized solutions for industries, in particular for agriculture.

As a result of the conducted research, the following key areas of development are recommended for “GC Thermoengineering” LLC in a frame of implementation of concentration marketing strategy in both directions - water management and energy-efficiency:

1) Active marketing and sales:

- Select sales managers responsible for the development of specific segments: 1) housing construction 2) utilities sector 3) industry 5) agriculture 4) service;
- Ensure 100% monitoring of all tenders in key segments and participation in them;
- For each target segment, create an annual marketing activity plan to cover representatives of all target groups;
- Include group companies as a sales channel in the annual budget and work out the cross-sale process;
- Implement a system of repeated and over-sales;
- Revise the concept of the website - change the concept of selling a “product” to the concept of delivering a partner solution for the needs of a particular segment; create a portal for communication between professionals, thus ensuring the position and image of an expert company;
- Develop a loyalty program for key customers;
- Update the motivation program for sales managers with reference to a specific KPI, differentiate motivation for traditional and new markets;

- Implement a program to regularly inform potential and current customers about new company opportunities, technology trends and innovations.
- 2) Development in the utility segment:
- Develop alternatives to state-guaranteed financing to attract private investment in grid reconstruction projects for small towns;
 - Commercialize the following products:
 - a) An alternative solution for water utilities to improve water quality at the stage of water treatment (by electrolysis);
 - b) Individual heating point for houses with elevator type of heating;
 - c) Alternative consumption and pressure monitoring;
 - d) Individual house water treatment system.
- 3) Participation in projects financed by IFIs:
- Explore all opportunities for participation in programs financed by IFIs, as well as programs related to the restoration of Ukraine's infrastructure;
 - Define tender requirements for suppliers within these projects and establish a monitoring system for these projects;
 - Carry out an information campaign about the company's opportunities for reference persons;
 - Include in the company's value proposition informing clients about the possibility of attracting funds from IFIs and donors for the implementation of development projects and assistance in submitting applications;
 - Allocate a manager responsible for the development of this area.
- 4) Strategic Partnership with Grundfos:
- Development of the production program: assembly of pumping stations, CPS, fire extinguishing systems, control cabinets;
 - Participation of Grundfos as a financial partner in municipal projects;
 - Program for the exchange of experience and staff training;
 - Development of a service based on Grundfos proprietary energy audit solution;
 - Memorandum on cooperation and coordination of actions in key segments;

- Standard equipment under TM of the company based on Grundfos pumps.

5) Strategic Partnership with KSB:

- Formation of proposals for individual sectors of the industry, including the use of pumps for the transport of other liquids;
- Consolidation of the exclusive status in these sectors;
- Certification of the market for installed pumps, providing a platform for service offerings.

6) New partnership:

- Explore opportunities and potential for strategic cooperation with other manufacturers (Turkey, China, Eastern Europe) seeking to enter the Ukrainian market.
- Production development
- Certify production according to ISO standards;
- Implement best manufacturing practices (KAIZEN, Lean Manufacturing);
- Approve the budget for investments in modernization, improvement of working conditions and provision of labor protection;
- Issue permits for the production of containers.

7) Main product development:

- Unify the model range and specifications;
- Certify the main types of products;
- Provide manufactured products with modules that allow remote monitoring.

8) Increasing competence and expertise:

- Study the EU standards in the field of water use and conduct their comparative analysis with the norms in force in Ukraine;
- Strengthen the team with engineers;
- Conduct advanced training in the field of energy efficiency and hydraulics;
- Conduct an experience exchange program with similar companies in the EU and in the world, including using a dealer network of key partners.

- Implement a training and knowledge transfer program both within the company and within the group (encyclopedia of the best solutions, WiKi, internal seminars);
- Start the practice of holding seminars and meetings for market experts;
- Engage a high-class technical consultant for intensive training of the team (possibly within the framework of the EBRD grant program).

9) Promising business:

As part of a separate business plan, the company should consider a project to combine the service, dispatching and “delivery of water to the consumer’s meter” into a new market offer. The strategic objective of this direction is to ensure the transition from project-based relatively irregular income with a high degree of individualization of the solution to stable income with good predictability and a unified offer for a number of sectors.

10) New products and services:

- Preliminary inspection and technical consulting, determination of needs;
- Expert evaluation of developed projects;
- Dispatching;
- A comprehensive offer for the agricultural sector, including fire extinguishing stations for elevators;
- Scheduled inspection and service of pumping and heating equipment;
- To study the prospect of the project “supply of m.cub. water to the consumer’s meter”;
- Trade-in service for pumping equipment;
- A comprehensive offer, including the supply of valves.

The condition for the successful implementation of the adopted strategy is the fulfilment of the following tasks:

- Detailing of strategic initiatives to the level of internal projects with a clear calendar schedule for implementation and appointment of responsible staff;
- Determining the budget for each of the subprojects and including it in the overall budget of the company.

- Implementation of internal improvement projects in two priority areas: motivation system, management accounting and budgeting.

3.3. Economic efficiency of proposed marketing strategy

In order to realize the company's main goals towards increase of sales effectiveness and stability, the combined concentration marketing strategy which includes both water-management and energy-efficiency directions with a focus on Internet marketing should be implemented. The joint system of goals for this strategy is provided in the below table:

Table 3.12 – Goals overview for the combined concentration marketing strategy for water management and energy-efficiency with a focus on Internet marketing.






Goals	Short-term, 1 year	Middle-term, 3 years	Long-term, 5 years
Finances	Revenue = EUR 526,000	= EUR 810,000	= EUR 1,150,000
Market	<ul style="list-style-type: none"> • Clients: commercial companies in Kyiv and Western Ukraine, water utilities (in the database, first contacts)+ 10 commercial companies+ 30 service companies 	<ul style="list-style-type: none"> • 10 projects with a budget 0,1 – 0,5 mln EURO • Clients: 50 commercial companies, + 30 service companies; • 1-2 projects in foreign markets • Chemical, food industry • Renewable energy • Markets of Asia, post-CIS countries • Leader in the service and dispatching market in Ukraine 	<ul style="list-style-type: none"> • Access to EU markets • Clients: big cities; • Participation in major tenders and government orders • The largest manufacturer of pumping stations in Ukraine
Products	<ul style="list-style-type: none"> • Installation project management for service companies • Quality service • Energy audit • Unification of the model range, TU for production • Equipment certification • Search for a partner to solve narrow problems 	<ul style="list-style-type: none"> • Construction project management; • Subcontracting in the state. and other infrastructure projects • Exclusive positions in industry and agriculture (5 industries, any liquids) • Reconstruction and construction of heating networks and treatment facilities • Investment management • Service and dispatching services 	<ul style="list-style-type: none"> • General contract for construction within Ukraine; • Full turnkey engineering cycle; • The role of the co-investor
Organization & processes	<ul style="list-style-type: none"> • Creation of the structure of production and systematization of processes, providing it with resources; 	<ul style="list-style-type: none"> • Joint stock company model • Staff - 50 people, incl. 20 engineers • Investment manager in the team • Separate production company 	<ul style="list-style-type: none"> • Joint stock company model • 100 - 150 people in a team • Robotic production in a new territory • Representations in the EU

	<ul style="list-style-type: none"> • Sales department + 4 people; income responsibility. Manager's responsibility for the budget; • English language 	<ul style="list-style-type: none"> • Separate service and dispatch company 	<ul style="list-style-type: none"> • TOP-20 best employers in Ukraine
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Source: Created by the author based on her own research

Table 3.13 – Offer for target markets

Product		Installation companies	Construction companies	Public Utilities	OSBB and cottage villages	Industry	Agriculture	All operators
Water	Supply m3 per counter							
Complete solutions	Solution	Finances						
		Feasibility study						
		Project management						
		Design						
		Energy audit						
	Services	Warranty service						
		Trade-in						
		Dispatching + IT solution						
		Service						
		Installation						
	Product	Stations						
		Capacities						
		Pumps						

-  There is supply and demand
-  There is demand/weak supply
-  There is supply / weak demand
-  Potential demand, no supply
-  Demand needs to be explored

Source: Created by the author based on her own research

Thus, the company should potentially concentrate on a new business model suggested by the author.

Table 3.14 – “GC Thermoengineering” LLC suggested business model

Partners GRUNDFOS Wilo Caldaie Ravasio Equipment Suppliers	Resources Staff Accessories Special production equipment and tools	Value proposition Quality equipment Additional installation and service services	Customer Relations Individual motivation Loyalty programs Platform for expert	Client segments Construction companies and developers Installation companies
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Group of companies New suppliers of pumps and fittings Financial advisors IT companies	Third-party company services Information Activities Production (assembly of PS, containers, automation) Design Installation Energy audit Project management Financial and economic consulting and training	Complete solution before commissioning Economical and reliable operation	communication and training Sales channels Tender Direct sales Passive Selling Recommendations Group Companies Agents of influence Designers	Industrial enterprises Utilities OSBB and private ZhEKs Agriculture Operating organizations
Cost Structure Payroll fund The cost of components Outsourcing services, incl. installation services Research and marketing of new markets Software Development and License Fees		Income stream Payment under contracts for supply, installation Regular payment under service contracts Dispatch subscription fee Fee for the supply of cubic meters on the counter		

Source: Created by the author based on her own research

As it has been proposed, the concentration marketing strategy of “GC Thermoengineering” LLC will be focused on two areas of the company activity: water management systems and energy-efficiency. The detailed tasks and total project value is provided in the below table.

Table 3.15 – Description of combined tasks and project value of proposed concentration marketing strategy for “GC Thermoengineering” LLC

Segment	Water Management Systems	Energy-efficiency solutions with Geographical expansion to Central and Western parts of Ukraine
Geographic area	Kyiv, Central and Western parts of Ukraine	Kyiv and expansion to Central and Western parts of Ukraine
Clients	Private construction companies, private customers, regional councils, state companies	Private construction companies, private customers, regional councils State big companies in Kyiv
Competitors	Alternative companies in Kyiv, Central and Western parts of Ukraine	Alternative companies in Kyiv, Central and Western parts of Ukraine

Main focus	Engineering services portfolio expansion as a result of partnership with Grundfos and KSB to a larger range of customers across Ukraine at the best-price value in the market	Reconstruction and energy audit of buildings to a larger range of customers across Ukraine at the best-price value in the market
Methods	Work with private companies	
Main tasks	<ul style="list-style-type: none"> • Certification of the company’s production to manufacture PS; • Hydraulic module retrofit by control cabinet manufactured by Thermoengineering LLC; • Production of fire-fighting pump station under Grundfos TM; • Joint production of PS for irrigation systems; • Production of automation for KSB hydraulic modules; • Production of remote monitors (dispatching) for water supply equipment • Modernization of water utilities (reconstruction & service works) 	<ul style="list-style-type: none"> • Project documents development for energy efficient construction irrespective of equipment supply; • Installation and startup works; • IHP manufactured by Thermoengineering LLC
TOTAL	<ul style="list-style-type: none"> • 30 projects (sales) – average project price is EUR 7,000 TOTAL Value – EUR 210,000 • Potentially 5 tenders per year – average project price is EUR 30,000 TOTAL Value – EUR 150,000 	<ul style="list-style-type: none"> • 25 projects for small clients– average project price is EUR 4,000 TOTAL Value – EUR 100,000 • Potentially 3 state tenders per year – average project price is EUR 22,000 TOTAL Value – EUR 66,000
	TOTAL Value – EUR 360,000	TOTAL Value – 166,000

Source: Created by the author based on her own research

The proposed table results shown that this strategy requires investments for modernization of the production and certification of production related to water management systems according to the standards of Ukraine and requirements of ISO. Also the company needs rebranding and implementation of marketing activities for the company. Thus, the below calculation for the marketing strategy implementation for the both segments is provided in the below table.

Table 3.16 – Efficiency of combined concentration marketing strategy for “GC Thermoengineering” LLC

Strategy Efficiency	WM Segment, EUR	EF Segment, EUR
Profit	210,000	16,000
Revenue	360,000	166,000
Costs of services sold	172,000	43,000
Net income	188,000	123,000
Expenses	150,000	150,000
Investments	17,000	11,000
ROI, %	23	-63
ROMI, %	11.05	11.2

Source: Created by the author based on her own research

As the next steps of the marketing strategy analysis, it's necessary to combine and calculate economic efficiency for both segments and combine the results into one table. Economic efficiency is important because it allows businesses to reduce their costs and increase output. Efficiency measures how successfully the inputs have been transformed into outputs. Effectiveness measures how successfully the system achieves its desired outputs. The efficiency calculation for the combined concentration marketing strategy is provided in the below table.

Table 3.17 – Efficiency of combined concentration marketing strategy for “GC Thermoengineering” LLC

Strategy Efficiency	Combined Concentration Strategy, EUR
Profit	286,000
Revenue	526,000
Costs of services sold	215,000
Net income	311,000
Expenses	240,000
Investments	23,000
ROI, %	33
ROMI, %	13.52

Source: Created by the author based on her own research

The above table shows the positive ROI and ROMI which confirms that the combined strategy requires less investments than the proposed strategy for water management systems or energy-efficiency if implemented separately. The total investments amount consists of the below expenses:

Table 3.18 – Breakdown of rebranding /investments expenses of combined concentration strategy

Breakdown of rebranding / investments	Combined Concentration Strategy, EUR
Logo, brandbook, service vans branding, printing materilas, etc)	7,000
Google Ads & remarketing	2,000
Business trips to establish contacts with new clients	2,000
Modernization of production	5,000
Certification of production	7,000
TOTAL	23,000

Source: Created by the author based on her own research

Moreover, there are several technical assistance programs offered by various international financial institutions that contribute to the creation of effective demand (the details are provided in Appendix 2). Some types of expenses such as rebranding and preparation for the certification can be 85% covered by means of Grant Program implemented by European Bank for Reconstruction and Development available to small and medium enterprises in Ukraine. The Grant Program allows eligible companies to perform works both as the client and consultant which means that “GC Thermoengineering” LLC potentially can take parts as a client with a request for rebranding and/ preparation for the certification, and afterwards can register as a consutant/expert in the area of engineering services and can implement more sophisticated projects for small and medium enterprises in Ukraine in a frame of the program.

Having measured the efficiency of the proposed strategy, it is necessary to calculate the economic efficiency as it contributes to the balance of losses and benefits for production and consumers. When achieving production efficiency, the company may incur losses in the creation of one product in favor of another, while simultaneously benefiting from increased demand for other services. Enterprises in an efficient economy can easily adapt to market demands and compensate for any losses.

Thus, the calculation of **Economic Efficiency (EF)** is based on the correlation of the results of the company’s activities to costs. According to the business plan, in a year the project will make a net income of EUR 311,000. But for its launch, investments in the

amount of EUR 23,000 are required. It is required to evaluate the economic efficiency of the project. To calculate the indicator, the following formula should be used:

$$\mathbf{IN / I * 100, \text{ where}}$$

IN is the company's net income according to the plan;

I is the amount of investment.

Let us start calculating the indicator:

$$\mathbf{EF = EUR 311,000 / EUR 23,000 * 100 = 1352\%}.$$

Thus, investments in the development of proposed marketing strategy will bring a profit of 1352% of the investment which is considered a very profitable investment.

NPV - Net Present Value is another indicator used to understand whether it is worth investing in a project. Sometimes it is used to calculate financial characteristics for a certain period of time. Let us calculate the NPV by the proposed formula:

$$\mathbf{NPV = \sum_1^n \frac{Pk}{(1+i)^n} - IC}$$

Fig. 3.1 NPV Formula

Source: Created by the author based on her own research

Given that EUR 23,000 has been proposed to invest in the marketing strategy development, 1 year was chosen as the NPV calculation period. The discount rate is 15%. Usually it is translated into a coefficient, which is, divided by 100. If the amount of cash receipts is EUR 526000, it will turn out:

$$\mathbf{NPV = EUR 526,000 / (1 + 0,15) - EUR 23,000 = EUR 411,391}$$

This amount will be the NPV for the year. Since it is positive, the project is considered profitable for the selected period.

In order to calculate the NPV for 5-years perspective, it's necessary to increase the time span and use the same formula:

$$\mathbf{EUR 526,000 / 1,15 + EUR 526,000 / 1,32 + EUR 526,000 / 1,52 + EUR 526,000 / 1,75 + EUR 526,000 / 2,01 - EUR 23,000 = EUR 1,741,191}$$

The calculation results demonstrate that NPV in 5-years perspective is positive.

IRR - Internal Rate of Return is one of the key parameters used in the analysis of the financial attractiveness of an investment project.

Table 3.19 – Calculation of IRR for the combined concentrated marketing strategy.

Investments	-23000
Cash flow 1 year	286000
Cash flow 2 year	390000
Cash flow 3 year	430000
Cash flow 4 year	480000
Cash flow 5 year	660000
	1277%

Source: Created by the author based on her own research

As we can see, the results of 3 main parameters used in estimation of investment projects demonstrated that the proposed combined concentrated marketing strategy has positive results.

EF = 1352%

NPV – 1 year = EUR 411,391

NPV – 5 years = EUR 1,741,191

IRR = 1277%

ROI = 33 %

ROMI =33.2%

According to the above estimation, the project requires minimum investments and is expected to have good results in 1 year and 5-years perspective. As it was demonstrated, the investments relate to marketing and promotion, as well as certification and modernization of equipment. The company could not proceed its normal functioning without the proposed investments, as it will stay unknown for the customers without any visibility in Internet, or even new branding and logo developed.

When analyzing the proposed marketing strategy, it is necessary to provide the assessment of the strengths and weaknesses of the company at the current stage of the development. The strengths of the company are provided below (a detailed map of strategic initiatives suggested by the author is provided in Appendix 1).

- **Time and experience in the market.** Company has been operating on the market for a long time and has an impressive portfolio of completed projects. Among the clients are large construction companies, design and installation organizations.

- **Complete Solutions.** Company has a fairly wide range of project implementation offerings and can offer a comprehensive solution that includes project development, production, supply, on-site installation and service support.

- **Partnership with Grundfos.** Strategic partnership with the largest manufacturer of pumping equipment allows the company to form a market offer based on a strong global brand. Grundfos also ensures that potential customers are informed about the capabilities of their dealers. Thanks to close partnerships, the company can implement a flexible pricing policy. In addition, cooperation with the Grundfos team allows you to access up-to-date knowledge, methodologies and best business practices.

- **Own production.** The presence of its own production of stations, control cabinets and tanks allows the company to successfully compete on price with imported analogues, to be more flexible in design solutions and the timing of their implementation.

- **Partnership with “Alphaengineering” LLC.** “GC Thermoengineering” LLC includes a group of companies, which makes it possible to involve the group's intellectual resources in solving complex problems, primarily for designers and IT specialists. Group companies can also act as an additional sales channel.

- **Team.** Managers and technical specialists of the company are carriers of valuable practical experience and maintain relationships with regular customers. Team members have different professional backgrounds and specializations, which allows everyone to generate fresh ideas and non-standard solutions together.

However, the weak sides of “GC Thermoengineering” LLC are identified as follows:

- **Marketing and communications with clients.** Company does not sufficiently inform the market about the company, its capabilities, including promising products. The marketing function is not systematically performed: no market research is conducted,

including an analysis of competitor activity, and there is no effective feedback from customers.

- **Sales.** The Company's budget does not contain a detailed sales plan at the level of customers and responsible managers. Work on the formation of a database of potential clients and projects is not carried out systematically. Project managers spend most of their time in the office, not spending enough time talking to prospects on their premises. The effective work of sales managers is hampered by the lack of a transparent system of motivation and the combination of the functions of a seller and a project manager at the stage of its implementation.

- **Production.** The production process needs serious efforts to standardize and optimize it in the following areas: workspace organization, inventory control, workplace standardization, quality standards, occupational health and safety.

- **Service.** The service formally exists, but in practice it is very poorly developed. In 2021, the company's branded service center was not certified by Grundfos. The company considers the development of the service direction as one of the key areas of activity, resistant to price fluctuations, exchange rates and investment budgets.

- **Competence.** Key areas in which the competence of the company's personnel is required: hydraulics - for sales managers; requirements for suppliers in projects financed by IFIs.

- **Financial management.** The company has poor management accounting and analysis. Wealth management is carried out within the group, which often leads to ignoring the specific needs of the company. The budget and business plan for the current year has not been formed.

- **Team work and HR management.** The company is experiencing a number of problems associated with teamwork for a number of reasons: Combining positions in different companies of the group, an unsystematized system of motivation for various positions, difficult internal communications; lack of a training and development program.

As the study analysis has shown, in today's dynamic socio-economic conditions, that are characterized by a significant level of uncertainty, the successful operation of the engineering company is based on intensive development and strengthening of competitive

positions in the market, which can be done only on the basis of strategic decisions, strategic process management, integrated strategic management system and reasonable use of strategic management tools. Thus, consideration of the economic essence of strategic management should begin with a study of the concept of strategy as the embodiment of strategic decision-making and strategic process.

Summarizing all the above, we can conclude that for the successful operation of engineering companies in the modern economic conditions of Ukraine it is necessary to form a system of effective strategic management, select competent managers who would ensure a continuous and orderly process of enterprise development. Because the development of the engineering company is the main factor of its sustainable operation, which can be achieved with an effective combination of labor, material and financial resources. The choice of direction of development is justified by the actual state of the external and internal environment of the enterprise, the limited available resources, as well as the goals of the company's senior management.

CONCLUSIONS

In this master's thesis the author analysed the general and marketing activities of "GC Thermoengineering" LLC, and considered the several options for marketing strategy implementation for the company, as well provided suggestions and the ways for the selected marketing strategy implementation for the company.

During the study the specific goals have been set and the tasks solved. As a result of the research it has been determined the essence of a marketing strategy in enterprise management as well as revealed that the concept of marketing strategy is interpreted differently by the scientists. Many scholars proposed their own vision and definition of the content of the marketing strategy. The formation and development of marketing strategy and the right choice of long-term priorities for the company in the Ukrainian market cannot take place separately from rapidly changing external environmental factors. At the same time, forecasting market trends and assessing their impact on the enterprise both now and in the future should be performed using the simplest tools that save time for decision-making, and the resulting development marketing strategy should be as reasonable as possible, take into account various alternatives and contribute to the achievement of the main goals of the enterprise.

In view of this, the issues of forming and development of marketing strategies and their choice for the company in the Ukrainian market, taking into account current market trends, become especially relevant. The marketing strategy, together with the tactical solution of current problems, is a holistic, unified process of market management by enterprises - manufacturers and distributors of goods or services.

The conducted research shown that there are many types of marketing strategies, the selection of which defines the success of marketing activity of the enterprise. Thus, the marketing strategies are divided into global, basic, functional, competitive, and strategies of growth. It was proved, that a developed and functioning marketing strategy enhances the enterprises chances to withstand competition, operate effectively and in accordance with market requirements. The essence of the company's marketing strategy is to ensure that the organization and leaders within it are able to immediately adapt to the constantly changing market environment, and also be able to create promising opportunities for

entrepreneurship in order to stabilize the economic situation of the company or even improve, for example: the degree of adaptability to the changing needs of some consumers and market position.

The strategy of the engineering company was proposed to be considered as a comprehensive tool of strategic management, a set of strategic management decisions with a focus on marketing development that are defined and embodied in a comprehensive program of action that defines priorities and strategic directions of the engineering company and aims to achieve long-term goals provided the optimal use of internal potential and adaptation to the dynamics of the external environment. Essentially, the strategy of the engineering company is a long-term planning document approved by the executives, which also provides details of measures, resources and tools to achieve it.

It was confirmed that before starting the process of forming the strategy of the enterprise in market conditions, it is necessary to perform some work to assess the environment with which the company interacts, to determine the mission and goals of the enterprise.

When analyzing the general activity of the company, the author suggested the goals to determine what the engineering company seeks to gain from its core business, what volumes efficiency and profitability indicators it wishes to obtain. Thus, the assessment and analysis of the engineering company included goals and strategic potential available to the company, the choice of the best of all possible alternative strategies, as well as methods of monitoring its implementation and evaluating its effectiveness.

As a result of the study, the business diagnostics of “GC Thermoengineering” LLC was conducted and the status of marketing activities of the company was determined. The analysis shown that currently the company does not implement any marketing activities and even has no logo or website.

The author suggested four stages of marketing strategy development for the company which included the company’s diagnostics, market analysis, external environment development forecast, and marketing strategy development. Management analysis of the strengths and weaknesses of the enterprise was carried out with the help of SWOT analysis, which identified problem areas in the enterprise, and opportunities

that can act as strategic alternatives. Also the matrix of the PESTLE analysis, Porter's Five Forces of Competitive Position Analysis and General Electric (McKinsey) Matrix of “GC Thermoengineering” LLC were suggested in this master thesis.

“GC Thermoengineering” LLC offers engineering solutions and consulting in the area of heating, gas and water supply, energy-audit, and is an expert in the area of industrial equipment supply and installation. The company provides engineering services starting from investigation, estimate of engineering services, developing of project-design documentation, consultancy and liaison on required approvals receipt in state bodies, manufacturing and supply of engineering equipment for projects, onsite supervision while installation, after marked maintenance and support.

The company’s clients are state companies (70%) and private companies (30%). The company performs mainly as a contractor for projects involving sub-contractors for projects. The permanent staff is around 17 people, however the staff of the entire group is 37 people.

The engineering company “GC Thermoengineering” LLC founded in 2000 has become one of the well-known engineering companies in Ukraine and is a reliable partner of Grundfos (Denmark), KSW, WILO (Germany), Caldaie Ravasio (Italy), Schneider Electric (Germany), Danfoss (Denmark), Alfa Laval (Sweden), Hydro-Vacuum (Poland) and Poliester LLC (Ukraine).

“GC Thermoengineering” LLC has following advantages in Ukraine: national engineering and design quality; strong experience in large scale projects; management in accordance with local norms and standards; cooperation with local project designers; innovations in energy-efficient and water management solutions, as well as optimal ratio between price and quality.

For many years, the cornerstone of the action strategy of “GC Thermoengineering” LLC has been focusing on general contracting and project management, which balances its work portfolio between engineering works, manufacturing and equipment supply for projects.

Despite the fact that “GC Thermoengineering” LLC has a proven expertise in offering energy-efficient and water management solutions, due to current reality and

power outage caused by Russian missile attacks of Ukraine starting from 24 February 2022, the Company prioritized complex solutions for the whole cycle of water management in residential and industrial structures, stating that energy-efficient solutions are irrelevant nowadays. Therefore, the analysis of external environment of the company was dedicated to global market overview of pumping equipment, which was considered as a main target market for the Company today.

It has been noted, that the Ukrainian pumping market as a whole was characterized by the trends of the global market of pumping equipment in terms of the active emergence and development of companies specializing in industrial services, namely system integration and engineering of pumping equipment. At the same time, insufficient attention is paid to the development and promotion of the direction for the provision of repair, modernization, automation of pumping equipment and its energy audit.

Analyzing the external environment of the company, it was found that the activities of the organization are influenced by many factors. The engineering market is constantly changing and this is due to the fact that consumer demand is changing, and how quickly the company responds to change - it depends on its success in the market.

When analyzing the internal environment, it was found that “GC Thermoengineering” LLC degree of achievement of goals is not complete, however, the company rationally sets and plans its goals. An assessment of the company's potential was also conducted. From this assessment we can say that the company’s organizational requires changes. The SWOT analysis identified the company's strengths and weaknesses, as well as threats and opportunities.

Thus, based on the assessment of the current positioning of the enterprise, market analysis, it can be concluded that the main recommendations for developing a marketing strategy for “GC Thermoengineering” LLC are to attract new consumers and retain existing strong contracts due to a wide range, at affordable prices and with product quality and technologies that are in no way inferior and even better compared to competitors. Elaboration of the company’s brand, as well as the use of effective channels for marketing promotion of the enterprise.

Considering the marketing strategy of the company, it should be noted that all the factors that are part of the formula for successful operation of the enterprise must be agreed and aimed at achieving common goals, creating a single environment for cooperation.

A globalization strategy focused on expansion to the European foreign market, namely to Latvia, was offered as an example of alternative marketing strategy for “GC Thermoengineering” LLC. The author suggested to implement the strategy aimed at energy audit of buildings; designing, supply and installation of heat supply systems (exports from Ukraine of module heat points, boiler rooms, system dispatching) and; supply of energy-efficient equipment for projects in Baltic countries. The foreign market expansion was proposed to start from company registration and European licensing obtaining. The proposed strategy analyses revealed that the project requires significant investments with no positive return on investments during the first year and it was measured as a risky. However, the expansion strategy to Latvia was assessed as beneficial which could be suggested for implementation at later stages of “GC Thermoengineering” LLC development.

Therefore, when analyzing the marketing strategy of development of “GC Thermoengineering” LLC, it was noted that this company should implement a combined marketing strategy as the general marketing strategy with a focus on Internet marketing concentrated at two main segments of the company: 1) water management systems, and; 2) energy-efficient solutions. The proposed strategy implies the focus on two market segments, counting on meeting the demand of selected groups of consumers.

In my opinion, the implementation of proposed marketing strategy should be focused on strategic partnership with one of the largest pump manufacturers - the Danish company Grundfos, as well as the world’s leading manufacturer of pumps for various industries - the KSB company. The active position of these partners in the Ukrainian market opens up new opportunities for “GC Thermoengineering” LLC both in joint marketing and deeper cooperation in the field of joint production and financing.

The research analysis shown that the proposed marketing development strategy requires investments for modernization and certification of production according to the

standards of Ukraine and requirements of ISO. Also the company needs rebranding and marketing of the company as the company has been renamed in 2023.

According to the proposed strategy analysis, the project requires minimum investments and is expected to have good results in 1 year and 5-years perspective. As the author has demonstrated, the investments relate to marketing and promotion, as well as certification and modernization of equipment. The company could not proceed its normal functioning without the proposed investments, as it will stay unknown for the customers without any visibility in Internet, or even new branding and logo developed.

Therefore, despite the war in Ukraine and instability, the author suggested to implement the combined marketing strategy focusing on water management systems and energy-efficient solutions as there is the need in engineering services, repair works, installation and commissioning of various objects in Ukraine. Also the author provided recommendations for external financing for some types of expenses such as rebranding and preparation for the certification which can be 85% covered by means of Grant Program implemented by European Bank for Reconstruction and Development available to small and medium enterprises in Ukraine. The modernization of pruction has been offered to be covered by Grundfus.

So, given all the above, we can conclude that the development of the marketing strategy of “GC Thermoengineering” LLC should be the main goal of company in today’s realis. As “GC Thermoengineering” LLC does not implement any marketing strategy, the company should follow the recommendations and clear short-term and long-tern goals suggested by the author, which can be considered as instructions manual for the marketing strategy implementation. Thus, in order to strengthen the company’s position in the market, the company can make optimize some processes and thus reduce costs; maintain and improve the quality of services; conduct continuous monitoring of competitors’ offers; reduce the impact of price competition; conduct continuous monitoring of the emergence of new companies; and improve the quality of engineering services and manufactured products.



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APPENDIX 1.**MAP OF STRATEGIC INITIATIVES****SO – strategy**

SO-Strategy	OPPORTUNITIES				
STRENGTH	<u>Political</u> O.1 Open tender procedures O.2 Modernization of infrastructure according to EU standards O.3 Investments in public-private partnership projects O.4 Growing influence of local councils O.5 Lobbying at the stage of state formation. budget O.6 Tariffs will stimulate demand for energy efficiency O.7 Restoration of the infrastructure of the East	<u>Economic</u> O.1 Growth of water consumption in agriculture O.2 Redistribution of demand towards the lower price segment O.3 Restoration of barter settlement schemes O.4 Growing demand for energy efficiency and cost optimization O.5 Import substitution O.6 Growth in demand for IHP	<u>Social</u> O.1 Mass energy efficiency O.2 Demand for alternative water treatment O.3 Demand for quality water in the luxury housing segment O.4 Investments in network reconstruction O.5 Stricter effluent standards O.6 Demand for service from condominiums O.7 Cooperation with local communities	<u>Technological</u> O.1 Demand for remote dispatching and management O.2 Growing demand for intelligent solutions and access to information	<u>Competitive</u> O.1 Weakening competitors and defocusing their attention O.2 Development of cooperation with Grundfos (study of Euro-models, joint production, joint investments) O.3 Multi-brand offer O.4 Offer of industry solutions in partnership with KSB and others. O.5 Introducing new brands to the market (Turkey, etc.)
<u>S1 Experience in the market Portfolio, Clients, Brand</u>	<u>S1:O1</u> Introduction of a permanent function for	<u>S1:O1</u> Technical consulting (energy audit)	<u>S1:O17</u> Entering the water quality improvement market	<u>S1:O21</u> Forming a market offer from "Dispatcherization"	

	<p>participation in tenders (appointment of the person in charge)</p> <p>S1:O8 Formation of the market offer for the agricultural market,</p> <p>S1:O2 to raise own competence (harmonization of standards) and provide consulate to partners (clients)</p> <p>S1:O7 Raise competence in the direction of the sources and conditions of financing the reconstruction of the eastern regions (affected by hostilities)</p>	<p>S1:O9 Increase in supply towards budget commodity items</p>			
<p><u>S2 Complete Solutions</u></p>	<p><u>S2:O4</u> Introduction of the function of cooperation with regional self-government bodies</p>	<p><u>S2:O9</u> Offering products (PS, CPS, fire-fighting PS) with an optimal price/quality ratio.</p>		<p><u>S2:O22</u> Proposal of water treatment and water treatment solutions</p> <p>Development of a water treatment product using the electrolysis method</p>	<p><u>S2:O25</u> Forming in partnership with KSB offers for the special market. pumping equipment for special (heavy and</p>

					aggressive) substances <u>S2:O27</u> Bringing new brands to the market (exclusive representation agreements with suppliers) <u>S2:O27</u> Integrated solution for valves and pumps
<u>S3 Partnership with Grundfos</u>	<u>S3:O1</u> Partnership with Grundfos regarding participation in tenders and in other areas (signing of the Memorandum)			<u>S3:O21</u> Partnership with Grundfos regarding the offer of a joint product - Hydromodule "Grundfos", automation "TM of the company	<u>S3:O24</u> Certification of Grundfos production for the production of branded PS
<u>S4 Customer orientation</u> <u>Response speed.</u> <u>Empathy</u>	<u>S4:O4</u> offer of equipment for the modernization of emergency services of the farm + feasibility study <u>S4:O8</u> Division of the segment of the sales department from agriculture	<u>S4:O11</u> Product development and offer: "Preliminary review and determination of the need for an energy audit"	<u>S4:O19</u> Create an offer for condominiums <u>S4:O20</u> Cooperation with local communities <u>S4:O19</u> Trade-in <u>S4:O17</u> Offer of complex projects: "Design, installation, maintenance"	<u>S4:O22</u> Product development and offer: "Planned inspection of equipment"	<u>S4:O25</u> Offering clients a wide range of brands of pumping equipment

	<u>S4:O5</u> assistance to the Client in the search for sources of financing				
<u>S5 Own production Automation, capacities, PS, CPS, IHP</u>	<u>S5:O1</u> Production certification (for example, according to ISO). Extend the warranty period. Obligations	<u>S5:O9</u> Solution proposal "PS fire extinguishing for elevators" <u>S5:O12</u> <u>S5:O13</u>	<u>S5:O14</u> Offer of energy-efficient solutions (products)		<u>S5:O25, S5:O27</u> Market offer of an inexpensive product of own production Cooperation with "third party" project organizations
<u>S6 'Alphaengineering LLC'</u> access to resources of other enterprises of the group			<u>S6:O8</u> Use of Alphaengineering sales channels	<u>S6:O22</u> Strengthening of the engineering staff	
<u>S7 Team</u>	<u>S7:O6</u> Improving the team's competencies in energy efficiency nutrition				

ST – strategy²

ST – strategy	THREADS				
STRENGTH	<u>Political</u>	<u>Economic</u>	<u>Social</u>	<u>Technological</u>	<u>Competitive</u>
	T.1. New competitors behind the shoulders of investors	T.4. Losses from exchange rate differences	T.7. Loss of qualified personnel	T.9. The growing role of smart home operators	T.12. The influence of fin. donors to consumer decisions

² Use strength to overcome threads

	<p>T.2. Strengthening competition for SFO funds</p> <p>T.3. Freezing of investment in the event of a political crisis</p>	<p>T.5. Fall in construction (freeze, slowdown)</p> <p>T.6. Reduction of investment budgets</p>	<p>T.8. Despondency and passivity in society</p>	<p>T.10. Emergence of high-tech companies</p> <p>T.11. The spread of "black PR" in social media. networks</p>	<p>T.13. Influence of consultants</p> <p>T.14. Strengthening the competence of consumers</p> <p>T.15. Strict selection criteria</p> <p>T.16. Rejection of expensive brands</p> <p>T.17. Competition from Turkish and Chinese brands</p> <p>T.18. Dependence on one brand</p> <p>T.19. New players: IT, service companies, symbiosis, division of competitors</p>
<p><u>S1 Experience in the market</u> <u>Portfolio, Clients, Brand</u></p>	<p><u>S1:T2</u> Development of a mechanism for cooperation with the SFO and Funds financing projects in Ukraine. Joint offer: "Engineering + financing"</p> <p><u>S1:T2</u> Study tender requirements from the SFO to companies</p>	<p><u>S1:T2</u> Plan the development of the Service (Service offer to Clients)</p> <p><u>S1:T2</u> Strengthen the role of Dispatching and Service (purely hryvnia products)</p>	<p><u>S1:T7</u> Implement a system of training and knowledge transfer</p>	<p><u>S1:T10</u> Offer of products "Dispatching" and "Sale of pumping of the cube on the territory of the Client"</p> <p><u>S1:T11</u> Implementation of the reputation management system</p>	<p><u>S1:T12-19</u> Comprehensive service offer (Design + production of equipment + IT solutions + service + consulting on attracting financing)</p> <p><u>S1:T14</u> Support of the image of an expert in the market (seminars, site content)</p>

	<p><u>S1:T2</u> To study the experience of companies similar to WKB in the world</p> <p><u>S1:T2</u> Recruit a hydraulic engineer with knowledge of the English language</p>				<p><u>S1:T14</u> Consulting in finished projects</p> <p><u>S2:T19</u> Monitoring of competitors' activity, implementation of complexity in work</p>
<u>S2 Complete Solutions</u>		<p><u>S2:T5</u> Proposal (regarding energy saving) for operators: "Energy audit + equipment replacement (possible with the participation of a financial partner)"</p> <p><u>S2:T5</u> Develop a procedure for closing (acceptance-handover) of the Project at any time (in case of freezing of the Project)</p> <p><u>S2:T5</u> Use of domestic components</p>			
<u>S3 Partnership with Grundfos</u>	<p><u>S3:T1</u> Partnership with Grundfos regarding the use of Grundfos financial resources for the</p>	<p><u>S3:T5</u> Offer of inexpensive and high-quality products based on Grundfos pumps (or</p>	<p><u>S3:T7</u> Strengthening communication with Grundfos regarding</p>	<p><u>S3:T10</u> Joint products with Grundfos (e.g. fire fighting equipment)</p>	

	implementation of joint engineering projects	hydraulic modules) under the TM of the company coordination of actions in market segments with the Ukrainian branch of Grundfos	ng staff training and EVENT		
<u>S4 Customer orientation</u> <u>Response speed,</u> <u>Empathy</u>		<u>S4:T5</u> Offering inexpensive engineering solutions and a flexible payment system		<u>S4:T12-19</u> Implementation of the practice of informing Clients about new products of the company	<u>S4:T12-19</u> Implementation of "feedback" with regular customers
<u>S5 Own production</u> <u>Automation,</u> <u>capacities,</u> PS, CPS, IHP		<u>S4:T5</u> Development and implementation of customer loyalty programs <u>S5:T3,5</u> Cost reduction due to product portfolio management	<u>S5:T7</u> Improvement of working conditions in production and observance of safety techniques in production (special clothing, tools, etc.)	<u>S5:T10</u> Implementation of remote control (monitoring) capabilities in the manufactured equipment for further dispatching <u>S5:T10</u> ISO certification	<u>S5:T15</u> Standardization of production <u>S5:T10</u> ISO certification <u>S5:T17</u> Implementation of multi-branding within the acceptable level of quality
<u>S6</u> <u>'Alphaengineering LLC'</u> access to resources of other enterprises of the group	<u>S6:T1</u> Systematize cooperation with Alphaengineering in order to speed up		<u>S6:T7</u> Implementation of the practice of conducting	<u>S6:T10</u> Marketing policy coordination for Group companies. Informing Clients about	

	customer service		<p>internal seminars to raise the awareness of the personnel of each company about the capabilities of the entire Group</p> <p><u>S6:T10</u> Joint learning and transfer of knowledge within the Group</p>	<p>the entire range of the Group's capabilities</p> <p><u>S6:T10</u> Search for cheaper and more rational solutions for use in Projects</p> <p><u>S6:T10</u> Creating a knowledge base and non-standard technologies. solutions</p>	
<u>S7 Team</u>			<p><u>S7T7</u> Development and delivery of the motivation and career development system to the staff</p> <p><u>S7:T7</u> Motivation from saved money</p>		

			<p><u>S7:T7</u> Implementation of interchangeability in the Team</p> <p><u>S7:T7</u> Reinforcement of the Team by the HR manager</p> <p><u>S7:T7</u> Reinforcement of the Team with qualified specialists in project management</p>		
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W-O strategy³

WO – strategy	OPPORTUNITIES				
WEAKNESS	<p><u>Political</u></p> <p>0.1 Open tender procedures</p> <p>0.2 Modernization of infrastructure according to EU</p>	<p><u>Economic</u></p> <p>0.8 Growth of water consumption in agriculture</p> <p>0.9 Redistribution of demand towards the lower</p>	<p><u>Social</u></p> <p>0.14 Mass energy saving</p> <p>0.15 Demand for alternative water treatment</p> <p>0.16 Demand for quality water in</p>	<p><u>Technological</u></p> <p>0.21 Demand in remote dispatching and management</p>	<p><u>Competitive</u></p> <p>0.23 Weakening competitors and defocusing their attention</p> <p>0.24 Development of cooperation with</p>

³ Use opportunities to compensate weakness

	<p>standard s</p> <p>0.3 Investments in public-private partnership projects</p> <p>0.4 Growing influence of local councils</p> <p>0.5 Lobbying at the stage of state formation. budget</p> <p>0.6 Tariffs will stimulate demand for energy efficiency</p> <p>0.7 Restoration of the infrastructure of Ukraine</p>	<p>price segment</p> <p>0.10 Restoration of barter settlement schemes</p> <p>0.11 Growing demand for energy efficiency and cost optimization</p> <p>0.12 Import substitution</p> <p>0.13 Growing demand for IHP</p>	<p>the luxury housing segment</p> <p>0.17 Investments in network reconstruction</p> <p>0.18 Stricter effluent standards</p> <p>0.19 Demand for service from condominiums</p> <p>0.20 Cooperation with local communities</p>	<p>0.22 Growing demand for intelligent solutions and access to information</p>	<p>Grundfos (study of Euro-models, joint production, joint investments)</p> <p>0.25 Multi-brand offer</p> <p>0.26 Offer of industry solutions in partnership with KSB and others.</p> <p>0.27 Introducing new brands to the market (Turkey, etc.)</p>
W1. Marketing and communications with clients	<p><u>W1-2:O4</u> Participation in the national program "Drinking water of Ukraine"</p>		<p><u>W1:O19</u> Development of own IHP solution for buildings (combos) with elevator-type heating</p>		
W2. Sales	<p><u>W1:O1</u> Development of the provisions on procurement in the Company</p>		<p><u>W2-4:O14-20</u> Offer for Vodokanals: "Energy audit + equipment replacement + consulting on attracting a</p>		<p><u>W2-3:O24</u> Bringing a joint product to the market with Grundfos - for example,</p>

	<p><u>W2:O5</u> Assistance to clients in finding sources of financing</p> <p><u>W1,2:O6,11,14</u> Strengthen media activity on energy efficiency implementation issues</p>		<p>financial partner"</p> <p>W1:O4,19 Development of the product "Alternative monitoring of HCl consumption and pressure in the water supply system"</p> <p><u>W3,4:O15,19</u> Product development</p>		<p>fire fighting equipment</p> <p>W2:O24 Joint production with Grundfos</p>
W3. Production	<p><u>W3-2:O6</u> The increase in tariffs for the population stimulates local communities and Vodokanals to search for inexpensive but energy-efficient equipment and its maintenance</p>	<p><u>W3-4:O11</u> Offering clients a comprehensive solution "Energy-efficient equipment + remote monitoring" in order to optimize the client's costs</p>	<p>"Water treatment for a separate house"</p>		
W4. Services					
W5. Competences				<p><u>W5-4:O21-22</u> Regular attendance at specialized exhibitions and conferences (monitoring of technological innovations)</p> <p><u>W5:O21</u> Increasing</p>	

				the competence of Clients on new trends in the industry (for example - Dispatching)	
W6. Finance (laundrying of working capital, management accounting, budgeting)		<u>W6:O</u> Implementati on of the mechanism of price dependence on settlement terms in pricing			
W7. Team work (HR, internal communica tions, corporate culture, motivation system)	<p><u>W7:O</u> Changes in the market situation from economic, social and technological aspects, new requests from Clients encourage the Team to constantly improve their qualifications, training and proactive approach to work, which should be reflected in the personnel management policy and motivation system</p> <p><u>W7:O2</u> Study of Grundfos experience in HR</p>				

WT - strategy⁴

<u>WT- strategy</u>	THREADS				
WEAKNESS	<p><u>Political</u></p> <p>T.1. New competitors behind the shoulders of investors</p> <p>T.2. Strengthening competition for SFO funds</p>	<p><u>Economic</u></p> <p>T.4. Losses from exchange rate differences</p> <p>T.5. T.5. Fall in construction (freeze, slowdown)</p>	<p><u>Social</u></p> <p>T.7. Loss of qualified personnel</p> <p>T.8. T.8. Despondency and passivity in society</p>	<p><u>Techno logical</u></p> <p>T.9. The growing role of smart home operators</p> <p>T.10. T.10. Emergence of high-tech companies</p>	<p><u>Competitive</u></p> <p>T.12. The influence of fin. donors to consumer decisions</p> <p>T.13. Influence of</p>

⁴ Get rid of weaknesses that can be strengthened by threats

	T.3. Freezing of investment in the event of a political crisis	T.6. T.6. Reduction of investment budgets		T.11. T.11. The spread of "black PR" in social networks	consultants T.14. Strengthening the competence of consumers T.15. Strict selection criteria T.16. Rejection of expensive brands T.17. Competition from Turkish and Chinese brands T.18. Dependence on one brand T.19. New players: IT, service companies, symbiosis, division of competitors
W1. Marketing and communications with clients	<u>W1:T2</u> Implementation of monitoring of all funding programs for energy saving and water		<u>W1:T8</u> Spreading the image of the company as a national manufacturer with	<u>W1:T11</u> Implementation of the reputation management system	<u>W1-3:T14</u> Strengthening of the marketing function, separation of sales functions

	ecology programs		global quality standards		and Project implementation in the Company
W2. Sales	W2:T2 Create an offer "Engineering solution + source of financing" W1,2:T1,2 Implementation of the system of repeat sales and over-sales + implementation of the Customer Relations System				
W3. Production				<u>W3-4:T10-11</u> Bringing order to the production and service center implementation of the quality system	
W4. Services				<u>W3-4:T10-11</u> Formation of the investment budget for modernization of production (Service center) and appointment of the person responsible for modernization	<u>W4:T14</u> Strengthening the Service with technologies (including energy audit) and qualified personnel
W5. Competences	<u>W5-6:T2</u> Involvement of a foreign			<u>W5:T10</u> Monitoring of annual	

	<p>engineer-guru in the Company's field of activity for "training" the Team with grant funds (for example, EBRD)</p>			<p>announcements of exhibitions, conferences and seminars with the aim of delegating Company representatives and increasing competence in the latest technologies</p> <p>W4,5:T10 Automation of business processes, monitoring and implementation of the latest technological solutions</p>	
<p>W6. Team work (HR, internal communications, corporate culture, motivation system)</p>		<p>W6:T7-19 Provide in the motivation system the encouragement of employees for proposals for the implementation of ideas in the field of attracting customers, the latest technologies, promoting the company's TM, attracting new customers, etc.</p> <p>W7:T19 Implementation of team spirit, corporate culture, HR strategy</p> <p>W6:T13 To form working capital, to ensure the target use of advances paid by Clients for Projects</p>			
<p>W7. Finance (laundering of working capital, management accounting, budgeting)</p>	<p>W7:T Implementation of the budgeting system</p>				

APPENDIX 2.**TECHNICAL ASSISTANCE PROGRAMS OFFERED BY
INTERNATIONAL FINANCIAL INSTITUTIONS**

Program and area	Amount, mln. Euro	No projects	Target Beneficiaries	Specific conditions
European Bank for Reconstruction and Development (EBRD)				
Donor Grant Program for SMEs in Ukraine	40	145	Small and medium enterprises in Ukraine with a staff 10-250	85% finance of the project cost
Support program for internally relocated SMEs in Ukraine				
European Investment Bank (EIB)				
Modernization of municipal infrastructure:	400	25-40	central, regional, local government agencies, utilities and municipalities providing public services	50% finance of the project cost
Urban development	40			
water supply, sewerage	160			
energy	160			
TC	40			
World Bank				
Ukraine - District Heating Efficiency	382	10	rehabilitation of boiler houses, replacement of network pipelines, installation of individual heating substations and equipment with heat meters, in order to increase the efficiency of district heating	break-even for the 3rd year of the project
E5P				
E5P	n/a	n/a	Projects to improve energy efficiency in the field of water supply, wastewater treatment collection and cleaning, solid waste disposal, district heating and public transport	co-financing with the EBRD, EIB, IFC, NEFCO, SIB (Nordic Investment Bank), World Bank
NEFCO				
Demo-Ukraine	16	20	Provided to state-owned heat supply enterprises	Grant for 50% of total external funding, but not more than 0.3 million euros per project. €0.5 million loan per project 6% per annum.
Demo-Ukraine	n/a	n/a	The EBRD was tasked with the role of the E5P fund manager. EBRD, EIB, NIB, NEFCO, IBRD, IFC and act as E5P implementing agencies.	



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Замінені символи

8

**МІНІСТЕРСТВО ОСВІТИ І НАУКИ УКРАЇНИ
КИЇВСЬКИЙ НАЦІОНАЛЬНИЙ ЕКОНОМІЧНИЙ УНІВЕРСИТЕТ
ІМЕНІ ВАДИМА ГЕТЬМАНА**

ФАКУЛЬТЕТ МІЖНАРОДНОЇ ЕКОНОМІКИ І МЕНЕДЖМЕНТУ

**НАВЧАЛЬНО-НАУКОВИЙ ІНСТИТУТ БІЗНЕС-ОСВІТИ
ІМЕНІ АНАТОЛІЯ ПОРУЧНИКА**

КАФЕДРА ІННОВАЦІЙНИХ БІЗНЕС-ТЕХНОЛОГІЙ

**ЗАГАЛЬНОУНІВЕРСИТЕТСЬКА СТУДЕНТСЬКА
НАУКОВО-ПРАКТИЧНА КОНФЕРЕНЦІЯ**

**«ПРІОРИТЕТИ СТАЛОГО РОЗВИТКУ
В УМОВАХ ІННОВАЦІЙНОЇ ЕКОНОМІКИ»**

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ЗМІСТ

РОЗДІЛ 1. СОЦІАЛЬНА ВІДПОВІДАЛЬНІСТЬ: ПІДХОДИ ТА ВИКЛИКИ СТАЛОГО РОЗВИТКУ	7
Чібісова Т.Ю. CORPORATE RESPONSIBILITY IN THE MARKETING ACTIVITY OF A PHARMACEUTICAL COMPANY	7
Семенюк О.В. СОЦІАЛЬНА ВІДПОВІДАЛЬНІСТЬ: ПІДХОДИ ТА ВИКЛИКИ СТАЛОГО РОЗВИТКУ	12
Ляшенко О.А. ЦИФРОВІ ІНСТРУМЕНТИ В ЗАБЕЗПЕЧЕННІ СОЦІАЛЬНО-ВІДПОВІДАЛЬНОЇ ДІЯЛЬНОСТІ МЕДИЧНОГО ЗАКЛАДУ	15
Yeфіmenko O.O. DIRECTIONS OF DIGITALIZATION OF MEDICAL ORGANIZATIONS IN THE CONTEXT OF INDUSTRY 4.0	17
Кишко О.А. ПРІОРИТЕТИ СТАЛОГО РОЗВИТКУ В УМОВАХ ІННОВАЦІЙНОЇ ЕКОНОМІКИ (НА ПРИКЛАДІ ТОВ "КОРОБКА»)	20
Захарченко М.М. ПРІОРИТЕТИ СТАЛОГО РОЗВИТКУ УКРАЇНИ	23
Тищенко М.С. КЛЮЧОВІ АСПЕКТИ СОЦІАЛЬНОЇ ВІДПОВІДАЛЬНІСТІ ПІДПРИЄМСТВ-ВИРОБНИКІВ ЧАВУННОГО ЛИТВА	25
Мандрик Н.Я. СОЦІАЛЬНІ АСПЕКТИ ЗАБЕЗПЕЧЕННЯ ДІЯЛЬНОСТІ ВІТЧИЗНЯНОГО ВИРОБНИКА БЕЗПЛОТНИКІВ	29
Єпанчінцева О.А. СОЦІАЛЬНА ВІДПОВІДАЛЬНІСТЬ ІНСТИТУТУ СЕРЦЯ В КОНТЕКСТІ СТАЛОГО РОЗВИТКУ	32
Проценко І.В. СОЦІАЛЬНА ВІДПОВІДАЛЬНІСТЬ: ПІДХОДИ ТА ВИКЛИКИ СТАЛОГО РОЗВИТКУ (НА ПРИКЛАДІ ПрАТ «МХП»)	34
Сахаров А.М. СОЦІАЛЬНА ВІДПОВІДАЛЬНІСТЬ МЕДИЧНОГО ЦЕНТРУ «АСІСТАНС СЕРВІС» В УМОВАХ ВИКЛИКІВ ВОЄННОГО СТАНУ	37
Гічунц А.А. СОЦІАЛЬНА КОРПОРАТИВНА ВІДПОВІДАЛЬНІСТЬ: ПІДХОДИ ТА ВИКЛИКИ СТАЛОГО РОЗВИТКУ (на прикладі компанії ТОВ «МЕТІНВЕСТ ІНЖИНІРИНГ»)	39
Поляков В.Ю.	42

СОЦІАЛЬНА ВІДПОВІДАЛЬНІСТЬ: ПІДХОДИ ТА ВИКЛИКИ СТАЛОГО РОЗВИТКУ (на прикладі ТОВ «Ландпресе»)	
Фесенко О.В.	46
ІННОВАЦІЙНИЙ РОЗВИТОК ДЕРЖАВНОГО ПІДПРИЄМСТВА В УМОВАХ ЧЕТВЕРТОЇ ПРОМИСЛОВОЇ РЕВОЛЮЦІЇ	
Сімонов П.А.	48
СВІТОВІ ПРІОРИТЕТИ СТАЛОГО РОЗВИТКУ	
Пругло В.В.	52
СОЦІАЛЬНА ВІДПОВІДАЛЬНІСТЬ: ПІДХОДИ ТА ВИКЛИКИ СТАЛОГО РОЗВИТКУ	
Solomatina O.	55
CORPORATE SOCIAL RESPONSIBILITY IN THE CONTEXT OF SUSTAINABLE DEVELOPMENT	
Іщук В.О.	58
ПОЗИЦІЯ КОРПОРАТИВНОЇ СОЦІАЛЬНОЇ ВІДПОВІДАЛЬНОСТІ ПРИ ФОРМУВАННІ МАРКЕТИНГОВОЇ СТРАТЕГІЇ КЛІНІЧНОГО ІНСТИТУТУ СИСТЕМИ НАЦІОНАЛЬНОЇ АКАДЕМІЇ МЕДИЧНИХ НАУК УКРАЇНИ	
Макарова О.В.	61
ПРІОРИТЕТИ СТАЛОГО РОЗВИТКУ В УМОВАХ ІННОВАЦІЙНОЇ ЕКОНОМІКИ	
Костилюв О.	64
CORPORATE SOCIAL RESPONSIBILITY PRACTICES IN UKRAINIAN CONSTRUCTION MARKET AND ITS CORRELATION WITH SUSTAINABLE DEVELOPMENT GOALS	
Левченко В.І.	67
ПРИНЦИПИ СОЦІАЛЬНОЇ ВІДПОВІДАЛЬНОСТІ В ПОЛІТИЦІ УПРАВЛІННЯ ПЕРСОНАЛОМ МЕДИЧНОГО ЗАКЛАДУ	
Осіян О.	70
ЩОДО УПРАВЛІННЯ ЕФЕКТИВНІСТЮ МЕДИЧНОГО ЗАКЛАДУ	
Леута Н.О.	75
ПРІОРИТЕТНІ ЦІЛІ СТАЛОГО РОЗВИТКУ ПАТ «ФАРМАК»	
Омельченко О.В.	78
СОЦІАЛЬНА ВІДПОВІДАЛЬНІСТЬ БІЗНЕСУ: ПІДХОДИ ТА ВИКЛИКИ СТАЛОГО РОЗВИТКУ	
Klymenko L.	82
DETERMINANTS OF CORPORATE SOCIAL RESPONSIBILITY OF BUSINESS	
Явдошук А.Є.	85
СОЦІАЛЬНІ, ЕТИЧНІ ТА ЕКОЛОГІЧНІ АСПЕКТИ РЕАЛІЗАЦІЇ ПРОЄКТУ/ІВ	
Бондарєв Г.Г.	88
МАРКЕТИНГ У СОЦІАЛЬНИХ МЕРЕЖАХ В ПРИВАТНОМУ	

життя наших співробітників і їхніх сімей, жителів міст і сіл, де працюють компанії Групи, і жителів України.

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CORPORATE SOCIAL RESPONSIBILITY IN THE CONTEXT OF SUSTAINABLE DEVELOPMENT

Social responsibility is a social phenomenon, which is the voluntary and conscious implementation, observance by subjects of social relations, prescriptions, social norms, and in the event of their violation, the application of measures of influence provided for by these norms to the violator. The components of social responsibility includes both the subject and the object.

The essence of corporate social responsibility in terms of sustainable development in the context of employer-employee relations consists, first of all, in observing the labour and socio-economic rights of employees and taking into account their interests, establishing additional social benefits and guarantees. The methods of implementation and implementation of social responsibility differ depending on the economic status and size of the enterprise, the motives of the owner, methods of influence and expectations from the consumer [3].

Corporate social responsibility between the parties of social and labour relations is manifested: on the part of the employer - in compliance with the rights of citizens, the Code of Labour Laws and other normative legal documents on conducting business; on the part of the employee - in a responsible, conscientious attitude to work, performance of assigned tasks and functions [2].

World experience has formed the following criteria that allow to define an enterprise as socially responsible:

- Conscientious payment of taxes, compliance with the requirements of international, state, and regional legislation;
- Production and sale of quality products;
- Implementation of corporate programs for improving the professionalism of employees, the protection and health promotion of employees and moral stimulation of personnel, and implementation of charity and sponsorship projects;
- Participation in the formation of positive public opinion about business.

Business will seriously benefit from the implementation of the principles of social responsibility. As the result the reputation of the organization grows; the level of trust in the company's activities, the quality of its goods and services increases; the professionalism of personnel potential increases; employee loyalty to the company increases; a safe activity environment is formed; corporate policy is developing. The form of manifestation of social responsibility in the internal environment is corporate social policy, the main directions of its implementation are as follows:

- Decent remuneration for work, which ensures an increase in the standard of living of employees based on the increase in labour productivity, the use of motivational forms of payment, employee participation in profits;

- Ensuring healthy and safe working conditions;

- Observance of workers' rights in the field of social and labour relations, social partnership, guarantee of freedom of activity of trade unions;

- Ensuring employment by maintaining existing and creating new jobs;

- Development of human and social capital: raising the educational level and professional training of personnel;

- Implementation of "industrial democracy" - involvement of ordinary shareholders and employees in the management of enterprises, sale of shares to enterprise employees, inclusion of their representatives in the board and audit commission of the joint-stock company;

- Provision of an additional "social package" to employees, primarily in the field of health care, recreation, leisure; assistance in improving the living conditions of employees; participation in medical, social and pension insurance programs;

- Creation of a favourable moral and psychological climate, education of employees in the spirit of humanism, high morality and social justice [1].

Labour relations in the context of corporate social responsibility are a priority for most Ukrainian enterprises. At the same time, the development of this direction in Ukraine is associated with a number of problems. The labour paradigm of corporate social responsibility covers a number of areas: wages, staff training; non-state pension and health insurance, etc.

Thus, corporate social responsibility in Ukraine is at a stage of development, as it continues to focus on a closer circle of stakeholders - the state, owners and staff. The corporate social responsibility of Ukrainian companies is aimed primarily at labour relations and measures to protect the health and safety of consumers. Measures to protect natural resources and interact with the community are less common: only a third of companies make social investments in community development, half do not take measures to protect the environment. The most active in this area are, first of all, the

representative offices of foreign business entities that transfer and implement modern world practices, as well as large and medium-sized domestic enterprises that improve their activities on the basis of the concepts of total quality management.

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ПОЗИЦІЯ КОРПОРАТИВНОЇ СОЦІАЛЬНОЇ ВІДПОВІДАЛЬНОСТІ ПРИ ФОРМУВАННІ МАРКЕТИНГОВОЇ СТРАТЕГІЇ КЛІНІЧНОГО ІНСТИТУТУ СИСТЕМИ НАЦІОНАЛЬНОЇ АКАДЕМІЇ МЕДИЧНИХ НАУК УКРАЇНИ

На сучасному етапі зростаючого значення набуває удосконалення економічних методів управління медичними закладами, заснованих на застосуванні системи маркетингу. Важливим елементом втілення змін в закладі відповідно до маркетингової стратегії (МС) є підтримка трудового колективу.

Метою роботи є втілення концепції корпоративної соціальної відповідальності (КСВ) в МС Державної установи «Інститут геронтології ім. Д. Ф. Чеботарьова Національної академії медичних наук України» на прикладі соціальної складової взаємодії закладу з трудовим колективом [1].

Загальна кількість працівників інституту становить 503 особи з коефіцієнтом плинності кадрів – 11%. Інститут має потужну консультативну та наукову базу в галузі лікування вік-залежної патології, реабілітації пацієнтів з ортопедичними та цереброваскулярними захворюваннями. Однак фінансовий ресурс є вкрай обмеженим та недостатнім. Практично повністю заклад фінансується НАМН