

**Microeconomics**

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**ENTERPRISE COMPETITIVENESS:  
EXPERIENCE OF THE DISTILLARY INDUSTRY****Abstract**

The experience concerning provision of the enterprise competitiveness in the distillery industry is considered.

**Key words:**

Competitive environment, mechanism, economic situation, competitiveness, economic growth, leadership, human capital, international competition.

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Distillery industry in Ukraine forms the export potential of the country. It includes 80 distilling plants with the annual capacity 65,9 million of dal of ethyl alcohol. The own need of the country is evaluated at 20 million of dal. The program «Ethanol» approved the list of 22 alcohol enterprises, where the production of high antiknock oxygen-containing additive will be organized and 36 enterprises for the production of technological ethyl alcohol. Realization of the Program will help to decrease the foreign currency expenditures, and by means of import reduction, create the backgrounds for the considerable expansion of export potential. We take interest in Maryliv distilling plant, which is situated in village Nahiranka, Chortkiv district, Ternopil region.

Maryliv distilling plant – highly developed enterprise, which in despite of tangled situation in Ukraine, continues its development towards the increasing of output and products quality. The main line of activities of the enterprise is production and realization of: ethyl alcohol rectified from food raw material; denaturated ethyl alcohol, technological ethyl alcohol and products which use denaturated ethyl alcohol (technological ethyl alcohol); ethyl alcohol rectified and denaturated for perfume products; bioethanol; crude alcohol; crude alcohol; biogas; carbon dioxide; vodka, distilled beverages; distillery stillage; food products as well as other products and service rendering.

At the beginning of 2002, the enterprise began to develop the system of quality and in October of the same year, this system was put into effect. The result of the fruitful work of collective of the plant is collecting of certificate of correspondence of the system of management quality to the international standards requirements ISO 9001-2000 in July 2003. It should be admitted that the plant is the first enterprise of the distillery industry of Ukraine, which has collected international certificate.

In June 2010, the enterprise successfully completed certification of the system of management quality, meeting the requirements of ISO 9001-2008 and obtained an international certificate in German institution of certification DQS (certificate №450951 QM08), likewise confirmed the effect of the certificate in the national system of certification УкрСЕПРО meeting the requirements ДСТУ ISO 9001-2009 (certificate №UA2.034-03023-08).

The component of the system of enterprise management is meeting in the director's office, works manager's office, and «Days of quality», which take place monthly and coordinate the work, support and increase the products' quality. All line managers and experts participate in it.

One of the basic principles of management, adopted at the enterprise, is entrusting with ample powers to the managers of all levels, especially managers of the second level. A great attention is paid to the development of horizontal

connections. Thanks to the model of interconnection among all these processes, the key problems can be defined likewise the ways of their solution.

Internal auditors help control and increase the effectiveness of the system of quality management. In their work, they use internal and external documentation of the enterprise.

Taking into consideration the objectives and the strategy of the enterprise development, politics in the field of quality, the network of the main and additional processes, which guarantee the effectiveness of production functioning, is defined. Nowadays, at the enterprise, to stabilize the processes and set of statistical data, the analytical program complex «Information system of distillery plant» is applied. Technologist conducts a set of statistical data concerning characteristics and parameters of technological processes. Information is put into the computer data base, where they are generalized by means of specialized program: the diagrams, figures, tables are constructed, where the tendencies and deviations of established regimes are depicted. In accordance with the results and analysis of the data, technologist corrects and changes the technological order, develops and changes technological and work instructions.

Consumer's satisfaction is the priority guideline of plant activity. The enterprise always meets the requirements of consumers' wishes. To define the level of satisfaction of customers and trending, the estimation of work with consumers is conducted. The highest indicators of clients' satisfaction are stable long-term cooperation, increase of the number of clients.

Results of the enterprise activity completely depend on qualitative and quantitative composition of collective, on contribution of everyone into the common cause. These requirements define the personnel policy of the plant.

Nowadays, there are 78 highly trained employees at the enterprise. Strategy of the collective keeps the eye on the big picture; considerable costs are invested in modernization and automation of production. Enterprise's attention is paid to the improvement of the products' quality.

*Table 1*

**Structure of the number of employees of the plant**

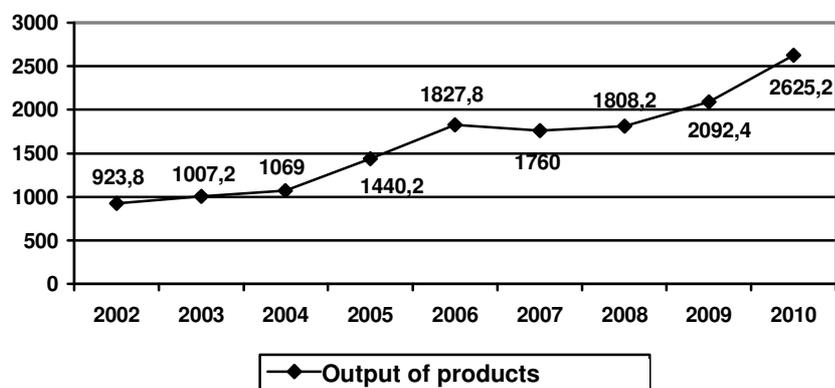
Categories of personnel	January 1, 2009			January 1, 2010		
	men	women	total	men	women	total
Engineering employee	16	28	44	19	30	49
Employee	97	33	130	97	32	129
Total	113	61	174	116	62	178

Plant's management team permanently works on internal and external outlet market development. Perspective of the plant, its profitableness depends on the volumes of the alcohol products realization. Because of a great number of distilling plants in Ukraine, the competition is too severe; therefore, the plant's management team pays a great attention to the satisfaction of consumers' demands, guaranteeing the high quality of products.

The main indicators of production of alcohol at «Maryliv distilling plant» for the period of 2002–2010.

Figure 1

**The main indicators of production of alcohol at «Maryliv distilling plant» for the period of 2002–2010**



Taking into consideration the Figure 1 we can see that alcohol production was increased year after year. From 2002–2004 and 2006–2008 the volumes of alcohol production slowly increased and from 2004–2006 and 2008–2010, these indicators sharply increased.

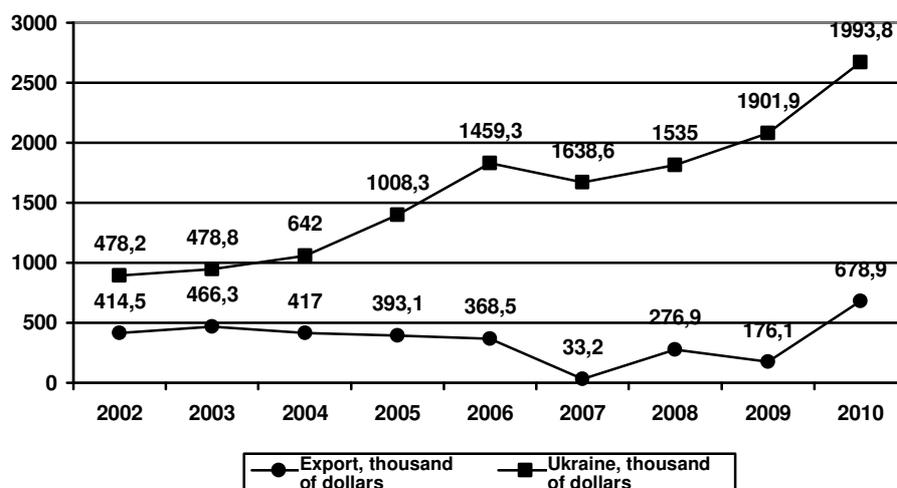
«Maryliv distilling plant» has direct access to foreign markets through the department of external economic relations. There are own foreign economic services, thanks to which the share of export increases, products with the high level of competitiveness are produced. The planning and forecasting of foreign economic activity is conducted at the enterprise, likewise analysis of the effective-

ness of the export operations, control over the plan implementation, currency control.

Sales revenue at the enterprise in 2002–2010 is depicted in Figure 2.

Figure 2

Sales revenue at the enterprise in 2002–2010



Enterprise cooperates with such suppliers as Private Enterprise «Lohinova», Communal Enterprise «Zolote zerno», Private Enterprise «Agroeksim», «Sens-Agro», OAO «Dubrovytske HPP», limited liability corporation «Agrotomenergo», local agricultural enterprises (Zalishchyky, Chortkiv districts).

Market of the enterprise fills the remarkable place in the economy of Ukraine. Products of the distilling plant meet the requirements of consumers. The circle of customers includes «Vynprom Peshchera» Bulgaria, ATVT «Baku – Sharab 1» Azerbaijan, OOO «Ushba» Azerbaijan, «Soiuz-Viktan» LTD Simferopol. Company exports products into such countries as Azerbaijan, Hungary, Moldova, and imported from Great Britain.

Systematically, the activity of enterprise can be presented by the results of SWOT-analysis (Table 2).

Table 2

**SWOT-analysis «Maryliv distilling plant»**

<p style="text-align: center;"><b>Strong points</b></p> <ul style="list-style-type: none"> <li>• Wide experience of work</li> <li>• Positive image in Ukraine</li> <li>• Intensified control over the products quality</li> <li>• Obtained certificates of correspondence of the system of quality management ISO 9001-2008</li> <li>• Application of the analytical program complex «Information system of distilling plant»</li> <li>• Pick out the winner of the tender for purchase 1,2 t. Antiseptics</li> </ul>	<p style="text-align: center;"><b>Weak points</b></p> <ul style="list-style-type: none"> <li>• There is no distinct system of price determination</li> <li>• Imperfect system of personnel management</li> <li>• Absence of promotional packs of services for the major customers</li> <li>• Insufficient organization of marketing activity</li> </ul>
<p><b>Possibilities</b></p> <ul style="list-style-type: none"> <li>• Restructure the system of development of new types of products.</li> <li>• Develop a strategy of personnel management</li> <li>• Develop internal and external markets</li> <li>• Development and introduction of progressive technology and equipment</li> </ul>	<p style="text-align: center;"><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Adverse change of foreign exchange rates</li> <li>• Adverse changes of legislation</li> <li>• Improvement of competition sideways Ukrainian and foreign competitors</li> </ul>

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