

## THEORETICAL APPROACHES TO THE USE OF METHODS FOR DETERMINING THE ENTREPRENEURSHIP STRATEGIC OF POSITION

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**Annotation.** The article examines the research methods that can be used to determine the strategic position of an enterprise in the market.

**Keywords:** strategic position, SWOT analysis, PEST analysis, BCG matrix, SGP strategies, Shell / DPM model, enterprise competitiveness, industry attractiveness.

### ***I. Introduction***

It is important for a modern enterprise to know what position it holds on the market among its competitors, which has competitive advantages. This is necessary in order to withstand competition, to resist the changing environment. It also helps formulate the right strategy to achieve the goals.

### ***II. Formulation of the problem***

The strategic position of an enterprise is determined by the place it occupies in the market or in a segment. Also strategic position is determined by the following components of the marketing complex:

- products manufactured by the enterprise, structure of production, breadth and depth, quality and variety of assortment, attractiveness of production of the enterprise for consumers;
- the prices at which products are sold, the costs of production and sale of products, the attitude of consumers to the price-quality ratio;
- availability of proven intermediaries, developed marketing network, efficiency of distribution channels and turnover;
- strong communication support of the goods of the enterprise, in particular, novelties;

- image of the enterprise and its products.

### ***III.Results***

In order to investigate the strategic position of an enterprise in the market, it is necessary to first determine the influence of factors of the marketing environment on its activities. Strategic analysis methods such as SWOT analysis and PEST analysis are used for this purpose. You can use one of the following methods, because each of them has certain advantages.

A SWOT analysis allows you to investigate simultaneously the impact of marketing internal environmental factors (strengths and weaknesses) and the macro environment (opportunities and threats). It determines the position of the enterprise on the SWOT matrix, depending on which strategy is chosen for the behavior of the enterprise in the environment ("Maxi-maxi", "Maxi-mini", "Mini-maxi", "Mini-mini").

PEST analysis should be used when the external environment strongly influences the enterprise. Research into such components as "Economic factors", "Political factors", "Socio-cultural factors", "Technological factors" and their structure allows us to find out which of them have a positive or negative impact and to quantify it.

The second stage is the study of the strategic position of the company and its strategic business units on the modified matrix BCG. This analysis is performed in the following order. First, the composition of the firm's business portfolio is determined. The portfolio is divided into strategic business units. Information is collected on all strategic business units: sales volumes, production costs and prices. Data is grouped and formatted as a table. To determine the dynamics of indicators, data are provided over two years.

The indicators forming the BCG matrix are calculated: growth rates of sales volumes and profitability of sales. After the calculations are made, a matrix is created, which shows all the business units that contain the company's business portfolio. The matrix has four quadrants, on which the horizontal line separates low growth rates from large ones. The vertical line

separates the low profitability of the product from the significant. Intersection points are defined as the averages between the highest value and the lowest value.

Depending on which quadrant the business unit is in, four types of strategies are identified: "Dog", "Heavy Baby", "Star", "Milking Cow".

If a business unit has low growth rates of sales and low profitability of sales, it falls into the Dog quadrant. This strategy has almost no prospect, because it hinders the development of the range.

"Heavy baby" includes business units that have high growth rates of sales but low profitability of products sold. For them, a promising solution will be to move to another category – to "Stars". It does take time and action, but it's a good prospect.

The quadrant with high rates of sales and high profitability are the business units of "Stars". This is a promising state, but it is not easy to achieve.

And the fourth position is a small growth rate of sales and a significant profitability of products sold. It is at the expense of high profitability that the "Milking Cow" business unit is able to help develop other business units financially because it has surplus funds.

Another method of strategic analysis is the Shell / DPM model. It also defines the strategic position of the enterprise, but this matrix has a dimension of  $3 \times 3$ .

You can use this method in the following order.

First, you need to justify a system of indicators that will determine the strategic position. This matrix is formed by indicators that reflect the competitiveness of the business and the industry attractiveness of the enterprise. The scorecard can have different sets. These are the ones that are most suitable for determining the position of the enterprise and the industry in which the enterprise operates.

It is recommended to include as a part of the Business Competitiveness Indicator the following: relative market share, distribution channels efficiency, breadth and depth of assortment, efficiency of the commodity circulation system, quality of production, availability of technological know-how, introduction of new types of products, introduction of new technological equipment, image TM, effective communication system, favorable pricing policy, effective after-sales service, etc.

The composition of the indicators "Attractiveness of the industry" may be as follows: the growth rate of the industry, the growth rate of market capacity, the state of the competitive environment, the presence / absence of barriers to entry into the industry, the prospect of appearance of substitutes, the influence of suppliers, the influence of consumers, the influence of the state, the image of the industry etc.

It should be emphasized that in order to calculate some indicators (for example, market share) it is necessary to identify the competitors of an enterprise operating in the same market. Typically, such information is contained in market reviews prepared by experts. Such information not only identifies competitors but also senses the industry, its problems in order for the results of the study to be reliable.

The list of indicators can be complemented by a number of others. There are no restrictions on the quantitative composition, because it all depends on what information the researcher can gather, how he/she will be able to interpret the data and what conclusions can be drawn. But a very large number of indicators will distract from the purpose of the study, so their number should be optimal in each case. The specificity of the industry must be taken into account, as the reliability of the conclusions depends on it. If they are of a general nature, the results of the study will be difficult to use.

After determining the composition of indicators, it is necessary to evaluate them on a 5-point scale. For this purpose, an expert group is invited, which can include management employees of the enterprise and

representatives of the industry. Determines the rank of the indicator, its weight, the overall score. Then their position on the matrix fields is determined.

The matrix has 9 quadrants. Each cell of the matrix is a strategy that corresponds to the direction of development of the company. The matrix consists of 9 strategic positions: "Business Leader", "Growth", "Cash Generator", "Increase Competitive Advantage", "Continue Business with Care", "Partially Turn Down Business", "Double Production or Minimize Business", "Continue business with care or partially curtail production", "Close business".

Strategic decisions made on the basis of the Shell / DPM model depend on what is at the center of the manager's attention – the life cycle of the type of business or the cash flow of the company.

In the first case, the following trajectory is considered to be optimal for the development of company positions: from “Doubling production or curtailing business” – to “Competitive Advantage Strategy” – to “Business Leader Strategy” – to “Growth Strategy” – to “Cash Generator Strategy” – to the “Partial Roll-Up Strategy” – to the “Roll-Up Strategy (Going Out of Business)”.

In the case of increased attention to cash flow, the trajectory of the company's position development from the lower right cells of the Shell / DPM matrix to the upper left is considered optimal. That is, the cash generated by the company at the stages of "Cash Generator" and "Partial Collapsing" is used to invest in such business areas that correspond to the positions "Doubling production" and "Increasing competitive advantage".

#### ***IV. Summary***

Many methods can be used to study a company's strategic position in the market. But the choice is always up to the researcher, as he knows full well what purpose he is facing and chooses the set of methods that he deems

appropriate. It is important to prioritize correctly so that the methods you choose reflect and help you achieve the goals you have set.

The application of the Shell / DPM matrix guides the enterprise to market behavior, which is a positive factor. But there are also negative: there is no clear indication of the choice of indicators to determine the competitiveness of the enterprise and the attractiveness of the industry, so their choice is conditional; there is also no requirement for the number of indicators to be used to assess the situation; assigning weights and rankings is subjective because everything depends on the expertise of the experts. In general, we can say that the use of at least considered methods gives an idea of the strategic position of the company in the market.