

Grynko T.V.

*Doctor of Economic Sciences, Professor,
Head of Department of Economics and Management
Oles Honchar Dnipropetrovsk National University*

JUSTIFICATION OF THE ENTERPRISE COST REDUCTION STRATEGY

A task and directions of forming this strategy are specified. A state of development enterprises is explored and the strategic analysis of costs taking into account the industry features is made. Reserves of the cost cutting and key competences are investigated.

Modern economic relations are characterized by increased competition, which necessitates the formation of competitive strategies for survival and development of domestic enterprises. Defining strategic activities and developing a competitive strategy, the enterprise does not always have the opportunity to influence or effectively manage all processes that occur in the environment of its operation. However, analysis of external and internal environment allows identifying current trends and serves as an information basis for making adequate strategic decisions. An important step in the formation of a strategy to reduce costs is identifying and setting goals aimed at reducing costs. The tasks of the strategy are to choose the technology with minimal cost, minimize cost per unit of output and rationalize resources.

Relevance of the research leads to the need for more detailed study of the crisis state of many domestic food

industries, leads to changes in management system and needs improvement of theory and practice of strategies development. An effective strategy development enables enterprises to survive in difficult market conditions and is essential for those industries which are strategically important and guarantee food security.

The enterprises adopted a number of decisions aimed at reducing production costs and increase competitiveness. But urgent tasks are to develop strategies to reduce costs based on a synthesis of international experience of strategic cost management, critical assessment of national experience of costs reducing and international experience adapting to conditions of Ukrainian economy.

Thus, scientifically proven strategy to reduce enterprise costs must take into account the situation on the market, to determine the impact of external and internal factors, to evaluate the position on the market and its competitive advantages. In the process of cost reduction strategy it is essential to define goals and objectives of the strategy, make the most efficient allocation of resources, concretize decisions, identify responsible for their implementation.