

METHODOLOGICAL APPROACH TO COST MANAGEMENT IN PURCHASING ACTIVITIES: SAVINGS PLAN AND ITS IMPLEMENTATION

Andrii Savitskyi,

PhD in economics, associate professor,

lecturer, the Management and Economic Department,

Khmelnytskyi Polytechnic College of National University "Lviv Polytechnic"

Tetiana Pikhniak,

PhD in economics, lecturer, the Finance, Audit and Taxing Department,

Khmelnytskyi Trade and Economic College of Kyiv Trade and Economic University

Annotation. The paper is devoted to the views of cost management in the field of purchasing activity with the help of making and realization of cost savings plan. There was presented international experience and elements of its implementation in order to improve organization's operational efficiency. The research is made with the aim and necessity of usage on the industrial enterprises and large companies with a wide sales network (banks, financial institutions, trading companies, enterprises etc.).

Keywords: cost management, savings plan, procurement activity, suppliers evaluation, cost optimization, profitability.

Introduction. Increasing companies' operational efficiency and their profitability especially the one that operates in the sphere of production on the wide segment of supply is always relevant. This is due to the fairly high trading network expenses and their optimization need. The operational efficiency of the company, the development stability, profitability and competitiveness on the market depends on this issue.

In the recession time, when market growth is significantly inhibited or completely absent, the relevance of cost management, operating and investment costs that are necessary for the development and operation of an enterprise is critical. According to this statement, the use and dissemination of modern international experience in managing expenditures on procurement, development and cost saving plans implementation can significantly reduce operating and investment costs, optimize them, increase the companies' efficiency and their profitability.

Literature and latest publications review which are the basis of the problem show that in national literature the cost of management method issues are sufficiently detailed covering the cycles of planning, accounting, analysis and optimization [1; 4; 5]. In most cases, research relates to industrial enterprises, they raise conceptual or educational and methodical issues.

Managing the cost of purchasing activities in foreign companies is also quite modern experience. The presentation of these issues is reflected in the categories: "procurement" that is defined as purchasing activities; "procurement organization" that is defined as purchasing activity organization; "procurement strategy" which is defined as the purchasing strategy; "supplier relations" which is understood as relations with suppliers; "procurement tools" which is described as tools for purchasing activity.

For the first time, the policy of purchasing activities and its rules was published by the European Bank for Reconstruction and Development in 1992 and was periodically reviewed [6].

In modern literature there are publications on this subject concerning various companies and organizations: banks, universities, legal corporations [7; 8; 9; 10].

Also, previously unsolved problems are the best international experience adaptation to national realities and their detailed description for the real implementation purpose that need to be significantly studied. Mainly, this is due to the fact that today there are no national studies, which would present the best international experience in cost management, particularly in the field of management production of industrial enterprise and activity of large companies with an extensive network of supply. Such companies work in the field of trade and finance and have a high share of operating and investment costs associated with their operation. The reduction of these costs and its influence on the work efficiency increase is of significant importance.

The purpose of this work is the methodological support and justification for the cost saving plans development in conducting industrial enterprises' activity for the effective functioning and large retailer development, as well as coverage of international experience in these tasks implementation.

Research results. Development of a plan for cost savings of procurement activities defined as Procurement Action Plan that is a complex of cost management issues. In practice, this set of issues for industrial enterprise or large company includes the following:

- cost management structure or unit set up with the corresponding functional;
- company's expenses collection, systematization, classification in terms of articles, operating and investment expenses groups and subgroups with the supplier's indication;
- all goods supply contracts, works and services, equipment rent and premises systematization and analysis;
- ensuring tendering for the purchase of goods, services transparency and efficiency with the condition of separation and the functions of ordering and control purchasing;
- implementation of the annual development of a cost saving plan and its regular (quarterly) monitoring that aimed at optimizing the number of suppliers, reducing prices and tariffs for goods and services, conducting strategic measures to increase operational efficiency;
- motivation system set up of enterprise's personnel in order to increase its efficiency and save on the trading network expenses.

The development of cost saving plans, including the procurement process, should be an integral part of the measures system in order to increase the operational efficiency and profitability of each industrial enterprise and large company. This system of measures includes the concentration of operational management functions and investment costs, improving the administration quality of procurement processes and the services delivery to internal customers within the company with simultaneous labor and financial costs minimization.

The initial stage of the cost savings project implementation should be the company's modern centralized structure (subdivision) construction, which will ensure the effective implementation of the goods procurement functions, works and services, cost management, their accounting, business administration and development of the company. The significant input of such points is defined in the research work of Landina T.V. [2], which considers practical recommendations for the making such kind of structure with a specific functional.

The cost management concentration functions require the definition of such subdivision tasks, the main of which should be:

- cost optimization through the effective procurement activities, initiation and suppliers management relations, prices and terms of business contracts negotiation;
- tenders making, initiation of inquiries and commercial offers from suppliers;
- development of treaties (contracts) for economic activities, in which a company is a buyer and a consumer of goods, work and services, also it includes administration of the processes of concordance and registration of contracts;
- management of the company expenses, control of budgets of administrative and economic expenses and investments;
- identifying and setting up control over the operational risks that arise in the work of the company's subdivision.

Consideration of these issues from the view of internal audit is presented in another research of Landina T.V. which highlights the following [3]:

- initiation of internal and external procurement automation, administration activity;
- organization and keeping accounting of business operations and assets;
- keeping records and protocol work;
- effective management of the company property (own, rented buildings, motor transport, etc.);
- organization and support of processes of opening new trading subdivisions of the company and effective maintenance of the existing ones;
- providing the optimal level of servicing external and internal clients in the conditions of budget constraints and regulatory controls;
- active participation in the management of the company, including business continuity, real estate management, security, insurance, as well as project management and strategic development.

Taking into account the foregoing, in order to make further research in this paper it is necessary to elaborate on the issues of developing and implementing a cost savings plan and the sequence of work to increase the operational efficiency and profitability of industrial enterprise or large company on specific examples.

In order to systematically cover the development and implementation of the cost savings plan, it is necessary to highlight, first of all, the main stages of the work, their content and the sequence of actions.

The cost savings plan consists of several tables and the main ones are listed below. All information regarding the plan is presented in the tables and subject to analysis is real, but the years and the company name are not provided for reasons of commercial secrecy.

That's why, initially, all company expenses (current and one-off or operating and investment) are analyzed and distributed by separate articles (see table 1).

Table 1

Analysis of the company's expenses*

Indicators	Actual, i=0 year, USD	Planned, i+1year, USD	Planned, i+2 year, USD	Savings USD	% to the budget
1	2	3	4	5	6
Expenses + Investment	229 593 314	280 363 955	430 980 476	<u>-5 494 411</u>	100,00
Including					
Salary	81 007 832	125 086 715	196 430 000		
Other expenses	52 027 120	80 166 985	120 344 905		
Amortization	23 557 498	19 423 400	36 965 096		
Investment	73 000 863	55 686 856	77 240 475		
Expenses + Investment (without salary and amortization)	125 027 983	135 853 841	197 585 380	<u>-5 494 411</u>	45,85
Non-purchase expenses		2 644 326	3 390 680		0,79
Taxes		1 973 148	2 244 104		
Charity and sponsorship		190 723	300 000		
Notarized and state registration fees and commissions		480 455	846 576		
Non-reducible expenses (by the purchasing activities)		18 071 588	23 022 488		5,34
Events and meetings		2 871 066	3 500 000		
Security		5 326 354	8 000 002		
Consultations		9 099 800	9 972 175		
Labor protection		58 517	206 123		
Assignment		2 248 416	2 823 902		
Representative expenses		345 456	607 920		
Databases and their services		877 840	1 283 779		
Other non-reducible expenses		115 206	128 588		
Expenses + Investment (without salary, amortization, non-purchasing and non-reducible expenses)		115 137 927	171 172 212	<u>-5 494 411</u>	39,72
In work (saving > 0)		73 368 594	76 828 795	<u>-5 494 411</u>	17,83

*compiled, calculated and presented for example by authors

According to the structure of table 1, it shows the following:

- sequential allocation of expenses (column 1) allows to emphasize those which can be optimized in the process of procurement activity;
- expenses groups for two previous years (i = 0 year, i + 1 year) and the plan for the next one (i + 2 year);
- share of expenses and investments in the company budget;
- for the year zero is taken the year of work beginning that concerns saving from purchasing activity expenses;
- as a result of the plan development, the planned cost savings are presented;
- columns 1, 2, 3, and 6 are filled in at the beginning of work on the plan, and columns 4 and 5 are the resultant ones.

In addition, it should be noted that costs savings plans should be developed in a stable currency, because it minimizes the impact of inflation and allows to make more objective assessment and monitoring of the company performance. On this basis all data in the plan are given in US dollars in order to avoid risks from currency losses.

The analysis of Table 1 shows that 39.72% of expenses and investments of the company can be optimized, while for the first planning year savings measures have been developed for 17.83% of all expenses. The total planned cost savings amounted to \$ 5.5 million, representing 7.2% of the costs that are available and 3.2% of the costs that can be optimized.

The preparation of a plan for saving expenditures for procurement activities requires some preparatory work, namely the preliminary analysis and classification of all operating and investment costs. In accordance to this aim, it is advisable to develop cost classifiers which allocate expenses into groups and subgroups, depending on their content and sectorial features of the company (industrial, financial, trading, etc.). This cost classification is presented in the form of a cost reference book, broken down into groups and subgroups. An example of this approach can underline the work of BNP Paribas Group which provides such kind of classification [7].

As a minimum, a list and description of each subset of expenses are drawn up. This is done with the aim to make the annual savings plans on the basis of a single methodological units that can be comparable over the years.

The further development of the cost management system also involves an assessment of the risks associated with the management of those or other cost groups and sub-groups. For the most part these risks are determined by possible losses of funds from inefficient purchasing activities.

In addition, the cost and cost groups and purchasing sub-groups determine the purchasing policy and its organization, in particular the distribution of the functionality of contract preparation and signing.

In some cases, certain costs are determined by the recommended suppliers.

Below in table 2 (column 1), it presented the results of the classification of operating and investment expenses by its groups and subgroups. It also shows cost savings by planned and actual year (columns 2-6). In addition, in this table (see also its continuation) there presented information about the number of suppliers that had given at the beginning of the work (column 7), the costs of planned and actual years (columns 8, 9) and the share of expenses in work to total costs in %.

Table 2

Detailed estimation of expenses / savings / number of suppliers*

Expenses group / expenses subgroup	Savings I=0 year, KUSD actual	Savings i+1year, KUSD company plan	Savings i+1 year, KUSD management plan	Savings I+1 year, KUSD actual	Savings I+2 year, KUSD planned	Number of suppliers i-1 year	Actual costs, i+1 year, KUSD	Planned costs i+2 year, K USD	Costs in work (savings> 0) planned i+2 year, K	Costs in work share (savings > 0) to the total costs i+2 year, %
1	2	3	4	5	6	7	8	9	10	11=10/9
Summarily	<u>-1238</u>	<u>-5777</u>	<u>-2906</u>	<u>-12511</u>	<u>-5494</u>	8374	280364	430980	7629	17,83%
Assignment		<u>-42</u>	<u>-34</u>		<u>-60</u>	177	3493	4911	1397	28,45%
Real estate		<u>-411</u>	<u>-520</u>	<u>-57</u>	<u>-408</u>	2643	48955	55852	12147	21,75%
Service costs						597	2243	2 000		
Rental cost						963	14872	23348		
Equipment					<u>-80</u>	192	2915		5 605	
Furniture		<u>-65</u>	<u>-131</u>			174	1812	1767		
Construction		<u>-19</u>	<u>-21</u>			132	918			
Equipment and mechnery					<u>-50</u>	367	5973	1900	1 000	52,63%
Real estate buying				<u>-57</u>		45	6270	11 448		

Continuation of table 2

1	2	3	4	5	6	7	8	9	10	11=10/9
Insurance						8	557	1337		
Professional service	<u>-44</u>	<u>-104</u>	<u>-220</u>	<u>-106</u>	<u>-149</u>	1384	19132	27311	7 304	26,74%
Audit			<u>-11</u>			3	917	780		
Road transport		<u>-34</u>	<u>-36</u>	<u>-48</u>	<u>-79</u>	573	4104	6347	3386	53,35%
Consultants				<u>-27</u>		37	10146	15659		
Legal service						44	1166			
Recruiting commissions		<u>-2</u>	<u>-9</u>		<u>-20</u>	182	672	607		
Security service	<u>-44</u>			<u>-22</u>		1	2			
Tax and consultative commissions						9	27	1 000	1 000	100,00%
Fixed-term workers						216	622			
Studying		<u>-69</u>	<u>-163</u>	<u>-9</u>	<u>-50</u>	216	1 071	2 918	2 918	100,00%
General service		<u>-84</u>	<u>-42</u>	<u>-347</u>	<u>-171</u>	1305	6174	8 005	5042	62,99%
Office equipment		<u>-78</u>	<u>-35</u>	<u>-341</u>	<u>-144</u>	1183	4830	7296	4334	59,40%
Outsourcing for equipment						55	297			
Post expenses		<u>-5</u>	<u>-8</u>	<u>-6</u>	<u>-27</u>	32	952	708	708	100,00%
Commercial/ Banking service		<u>-1248</u>	<u>-549</u>	<u>-1487</u>	<u>-195</u>	175	17677	17824	7931	44,50%
Commercial/ Banking equipment										
Collection service						13	1027	1536		
Means of payment		<u>-15</u>	<u>-17</u>	<u>-31</u>		9	2554	663		
Outsourcing of commercial/ banking service										
Security management					<u>-0</u>	111	3074	5820	3	0,05%
Management of values		<u>-1234</u>	<u>-532</u>	<u>-1456</u>	<u>-195</u>	48	11 022	9805	7928	80,86%
Information	<u>-38</u>	<u>-53</u>	<u>-95</u>	<u>-64</u>	<u>-8</u>	1898	7282	5237	327	6,24%
Brokers						5	602	129		
Market information	<u>-38</u>	<u>-53</u>	<u>-95</u>	<u>-64</u>		16	1433	2063		
Subscriptions					<u>-8</u>	88	218	409	327	79,83%
Technologies	<u>-1155</u>	<u>-3788</u>	<u>-1402</u>	<u>-10419</u>	<u>-4236</u>	271	26787	49609	29650	59,77%
Computers	<u>-903</u>	<u>-1 460</u>	<u>-645</u>	<u>-920</u>	<u>-1 894</u>	22	3 176	16 577	16095	97,09%
Computer rental										
Computer service				<u>-4</u>		54	1178	1142		
Software		<u>-88</u>	<u>-151</u>	<u>-7858</u>	<u>-933</u>	34	11727	15710	3 717	23,66%
Telecommunication equipment	<u>-244</u>	<u>-289</u>	<u>-35</u>	<u>-1399</u>	<u>-45</u>	67	2209	1 581	759	48,01%
Telecommunication service						26	31	3 291		
Telecommunication usage	<u>-8</u>	<u>-1951</u>	<u>-571</u>	<u>-238</u>	<u>-1365</u>	102	8 463	11309	9079	80,29%

Continuation of table 2

1	2	3	4	5	6	7	8	9	10	11=10/9
Marketing and communication		<u>-46</u>	<u>-44</u>	<u>-29</u>	<u>-267</u>	1073	11531	18864	13032	69,08%
Consulting services for communication						6	132			
Advertising materials		<u>-15</u>	<u>-10</u>	<u>-5</u>	<u>-57</u>	137	876	2253	921	40,86%
Publications				<u>-25</u>	<u>-10</u>	89	1107	2975	1500	50,42%
Ad slot purchase		<u>-30</u>	<u>-33</u>		<u>-200</u>	617	5969	8466	10611	125,33%
Research						11	492	800		
Sponsorship						88	222	218		

*compiled, calculated and presented for example by authors

The analysis of table 2 concerning the number of suppliers (column 7) indicates that their total number is 8374, among which there are 2643 real-estate suppliers, or 31,6%; information services include 1898 suppliers or 22,7%; professional services include 1384 suppliers or 16,5%; general services include 1305 or 15.6%; marketing and communication services include 1073 or 12.8%. These groups all together make up 99% of all suppliers and have great potential concerning the optimization of their number.

Optimization of the number of suppliers significantly reduces expenses of dealing with them, improves the management of purchasing activities and increases the operational efficiency of the company, which will further increase its profitability.

That's why, the reduction of expenses involves, first of all, the reduction of the number of suppliers, consolidation of the volume of purchasing, improvement of the efficiency of dealing with key suppliers. In particular, the plan provides for the reduction by twice as much in the number of minority suppliers with purchasing volumes of less than 2 thousand euros during one year. Also there were defined tasks for consolidation of purchases from major suppliers by 40%. Among the largest suppliers were determined those with the volume of purchasing over 100 thousand euros. Moreover, there set the task concerning the development of individual cooperation with 20 top suppliers, which accounts for 42% of all purchases.

In addition, other tasks of the action plan include:

- optimization of internal processes and an increase in efficiency with regard to terms, quality of maintaining the needs of internal clients of the company. This implies the continuation of the consolidation of purchasing activities, the initiation of the development and implementation of internal SLA (service level agreement) – agreements on the service levels to meet the needs of internal customers of the company;
- creation of standards for simplification of purchasing processes and coordination of their viewing;
- transition to outsourcing concerning non-profiled business activities of the company.

Next table 3 shows the format and content of the cost-saving action plan, indicating the start and end dates of individual tasks, their descriptions, budgets of expenditures at work and planned economy. As an action description, the abbreviation RFP (request for proposal) is presented as a request for proposal that

defines the goals and objectives of work, the necessary requirements and conditions, terms of completion, relationships and connections with the supplier, the size of the budget and the assessment of various options for the task.

Table 3

Activity plan for i+2 year by expenses groups*

Expenses group	Start dates	End dates	Action description	Expenses budget in work (savings >0) KUSD	Savings (evaluation) KUSD	Expenses budget in work (savings >0), KUSD without added tax
1	2	3	4	5	6	7
Summarily				76 829	<u>-5 494</u>	66 196
Technologies	01.01	29.02	RFP mobile communication	29 650	<u>-4 236</u>	24 708
	01.02	31.03	RFP terrestrial telephony			
	01.03	31.05	RFP satellite channels			
	01.04	30.06	RFP servers			
	01.09	30.11	RFP network channels			
Banking service	01.01	29.02	RFP ATMs	7 931	<u>-195</u>	6 609
	01.10	31.12	RFP ATM service outsourcing			
Real estate	01.01	31.03	RFP rebranding and outdoor advertising	12 147	<u>-408</u>	10 122
Marketing and communication	01.02	30.04	RFP print service	13 032	<u>-267</u>	13 032
	01.04	30.06	RFP calendars and diaries			
	01.08	31.10	RFP BTL advertising			
	01.10	30.11	RFP souvenirs and gifts			
information	01.04	30.06	RFP subscription	327	<u>-8</u>	272
Assignment	01.02	30.04	RFP taxi service	1 397	<u>-60</u>	1 164
	01.01	31.03	RFP BTA (service level optimization)			
	01.09	30.11	RFP hotels (service level optimization)			
Professional service	01.02	30.04	RFP recruitment	7 304	<u>-149</u>	6 087
	01.04	15.07	RFP fuel and lubricants			
	01.08	31.10	Vehicles (optimization)			
	01.02	31.03	RFP paper and stationary			
	01.04	30.06	RFP courier service			
	01.04	30.06	Office equipment service			
	01.07	30.09	RFP drinking water supply			
	01.07	30.09	Office materials costs (centralization)			
01.10	31.12	RFP material costs for printers				

*compiled, calculated and presented for example by authors

Next, Table 4 shows the format on the content of the detailed plan for cost savings, which relate to investment (I) and operational (O).

Table 4

Detailed savings plan, fragments*

Expenses group	Expenses subgroup	Supplier	Product / Service	Budget, KUSD	Comparison base, KUSD	Optimized costs, KUSD	Estimated savings, KUSD	Savings %	Costs type
1	2	3	4	5	6	7	8=6-7	9=8/6	10
Banking service	Management of values	Renome-Smart / Lanit	Purchase of ATMs	6723	6723	6591	132	2	I
Banking service	Management of values	Renome-Smart / Lanit	Service of own ATMs	908,9	538,8	481,2	57,5	11	O
General services	Office equipment and supply		Materials for printers	1 000	1 000	970	30	3,00	O
General services	Office equipment and supply		Stationery	752,7	752,7	732,7	20	2,66	O
General services	Office equipment and supply		Cleaning tools	513,1	513,1	503,1	10	1,95	O
General services	Post expenses		Post costs	708,1	708,1	681,1	27	3,81	O
Information	Subscription		Subscription, literature	326,6	326,6	318,3	8,3	2,54	O
Marketing and communication	Advertising material		Business advertising	320,6	320,6	293,6	27	8,42	O
Marketing and communication	Publications		Business advertising (BTL)	1 500	1 500	1 490	10	0,67	
Marketing and communication	Purchase of places for advertising		Advertising (ATL)	10 611	10611	10411	200	1,88	O
Professional service	Transport companies		Car purchase	1 281,2	1 281,2	1 217,1	64,1	5,00	I
Professional service	Transport companies		Fuel and lubricants	2 104,8	2 104,8	2 089,8	15	0,71	O
Real estate	Equipment		Rebranding and outdoor advertising	5 605,1	5 605,1	5 525,1	80	1,43	I
Real estate	Real estate		Construction jobs and materials costs	4 520	4 520	4 266,9	253,1	5,60	I
Real estate	Real estate		Other equipment service	1 021,8	1 021,8	996,8	25	2,45	O
Technology	Servers	SIBis	Additional servers	2 850	4 160	2 850	1 310	31,49	I
Technology	Software	SAP Ukraine	SAP license support	114,2	320,6	114,2	206,4	64,39	O
Technology	Telecommunications	Ukrtelecom		1 205,9	1 874,2	1 205,9	668,3	35,66	O
Technology	Telecommunications	Data group	Network channels (ground)	1 991,6	2 418,2	1 991,6	426,6	17,64	O
Technology	Telecommunications	Kyivstar	Mobile communication	1 350,4	1 350,4	1 306	44,5	3,29	O
Assignment	Assignment		Transport outsourcing	1396,9	1396,9	1336,9	60	4,30	O

Continuation of table 4

1	2	3	4	5	6	7	8=6-7	9=8/6	10
Expenses under control	(savings > 0)			76828,8	79808,9	74314,5	5494,4	6,88	
Expenses under control				131910,4	134922,4	129428	5494,4	4,07	
Total				171172,2			5494,4	3,21	
Technologies	Telephone connection	Ukrtelecom	Phone connection	382	795,9	382,0	413,9	52,0	
Technologies	Software	SAP Ukraine	SAP license support (9 months)	0,00	285,5	0,00	285,5	100	
Total	Under control (savings > 0)			77210,8	80890,2	74696,5	6193,7	7,66	
Total	Under control			132292,4	136003,8	129810	6193,7	4,55	
Total				171172,2			6193,7	3,62	

*compiled, calculated and presented for example by authors

Further specification of the plan is to identify each supplier who provides the product and service or several people in charge of purchasing, professional buyers and their cost-saving targets. On the basis of this plan there must be made monitoring of the plan implementation, determined the status of implementation, as well as the amount and percentage of the achieved savings together with savings that took place during the reporting period.

Also it should be noted that the effectiveness of purchasing activities is determined by the complex implementation of many elements, the main of which are: the organization and structure of the relevant unit; correct allocation of functional responsibilities; implementation and compliance with procedures that ensure the transparency of purchasing activities and the ability to exercise control on each stage of work, as well as the correct selection and motivation of the staff.

As a result, these processes will not only contribute to the logical planning of the company's activities, but also will provide an opportunity to increase its financial results, the meaning of which can be underlined by the basic structure of profitability that includes prudently calculated mechanism of balancing both the interdependent and multi-vectored expenditure elements.

Conclusions. The main conclusions concerning the methodology of preparation and monitoring of the cost-saving plan of purchasing activities are:

- the possibility and expediency of using this experience for industrial enterprises or large companies with wide network of supply in various fields of economy and business;

- the effectiveness and efficiency of implementation, which is confirmed in practice, namely: in the first year of implementation of approach that was presented in this paper will allow to save 2 million 906 thousand dollars or 2% of expenses, actual savings amounted to 12 million 511 thousand dollars or 9% of expenses. The over-fulfillment of the plan – was 4.3 times;

- the presence of large reserves of cost savings in the national market of Ukraine, which is explained by the fact that: almost half - 5.8 million dollars of actual economy of a total of 12.5 million dollars was achieved through functioning in the Ukrainian market; as a result of the connection to global international contracts, 54% or 6.7 million dollars have been saved; the largest volumes of economy in the Ukrainian market were achieved in the sphere of technology - 5.4 million dollars, general services - 127 thousand dollars, professional services - 106 thousand dollars;

- the implementation and development of expenditure management in purchasing activities largely depends upon the qualifications, responsibility and ethics of the personnel involved in this, as well as ways of managing the company's administration;

- in order to increase staff efficiency, encourage additional savings, desire to receive rewards for personal achievements, strengthen compliance with work standards and business ethics, as well as prevent corruption and bribery, it is necessary to start the system of employee remuneration using bonuses, which, in addition to the requirements outlined in the paper, requires more detailed description and correct calculation of investment and operating cost savings;

- the approach to expenditure management based on the estimation of savings, the size of their individual elements and the usefulness of working with suppliers in the future will allow to stabilize company profits and ensure the proper level of its profitability.

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