

Panchuk M.; scientific supervisor Dovbush V.

Kyiv National University of Technologies and Design

**IMPROVING PROJECT PORTFOLIO MANAGEMENT IN THE IMPLEMENTATION
OF THE INNOVATIVE DEVELOPMENT STRATEGY ON THE EXAMPLE
OF MP CHEMICAL GROUP UK LLC**

Abstract. The article explores the innovative development of MP CHEMICAL GROUP UK LLC. It is shown that significant improvement can be achieved by implementing the concept of portfolio thinking in the practice of strategic management. On the other hand, the result of poor management of the innovative development portfolio of this enterprise is a strong reluctance to choose projects: there are no agreed criteria for decision-making, as well as projects that are simply ready to be added to the active list for execution.

Keywords: development projects; innovative potential; innovative policy; organizational structure of management.

Панчук М.О., студент; науковий керівник Довбуш В.І., к.е.н., доц.

Київський національний університет технологій та дизайну

**УДОСКОНАЛЕННЯ УПРАВЛІННЯ ПОРТФЕЛЕМ ПРОЕКТІВ
ПРИ ВПРОВАДЖЕННІ СТРАТЕГІЇ ІННОВАЦІЙНОГО РОЗВИТКУ
НА ПРИКЛАДІ ПП «МП КЕМІКАЛ ГРУП ЮК»**

Анотація. У статті досліджено інноваційний розвиток ПП «МП КЕМІКАЛ ГРУП ЮК». Представлено, що значне поліпшення може бути досягнуто шляхом введення в практику стратегічного управління поняття портфельного мислення. З іншого боку, результатом поганого управління портфелем інноваційного розвитку даного підприємства є сильним небажання вибирати проекти: немає узгоджених критеріїв для прийняття рішень, а також проектів, готових просто бути доданим в активний список до виконання.

Ключові слова: проекти розвитку; інноваційний потенціал; інноваційна політика; організаційна структура управління.

Панчук М.А., студент; научный руководитель Довбуш В.И., к.э.н., доц.

Киевский национальный университет технологий и дизайна

**СОВЕРШЕНСТВОВАНИЕ УПРАВЛЕНИЯ ПОРТФЕЛЕМ ПРОЕКТОВ
ПРИ ВНЕДРЕНИИ СТРАТЕГИИ ИННОВАЦИОННОГО РАЗВИТИЯ
НА ПРИМЕРЕ ООО «МП КЕМИКАЛ ГРУПП ЮК»**

Аннотация. В статье исследовано инновационное развитие ООО «МП КЕМИКАЛ ГРУПП ЮК». Представлено, что значительное улучшение может быть достигнуто путем введения в практику стратегического управления понятия портфельного мышления. С другой стороны, результатом плохого управления портфелем инновационного развития данного предприятия является сильным нежелание выбирать проекты: нет согласованных критериев для принятия решений, а также проектов, готовых просто быть добавленным в активный список к исполнению.

Ключевые слова: проекты развития; инновационный потенциал; инновационная политика; организационная структура управления.

Formulation of the problem. The modern market environment of Ukraine is undergoing constant changes. At the same time, competition is becoming global and, accordingly, business requires adequate dynamic development. The main directions of development are based on the latest innovative technologies. Therefore, the adaptability of enterprise strategies to innovations remains the only key factor for survival and development in a global competitive environment.

Current economic development trends and unstable market conditions in Ukraine necessitate the choice of areas of innovative management and the formation of an economically sound innovation policy by the enterprise.

Analysis of recent research and publications. The fundamental theoretical, methodological and practical aspects of managing the innovation policy of enterprises are reflected in the works of many national and foreign scientists, in particular, L.L. Antonyuk [1], A.S. Galchinsky [2], V.M. Geyets [2], A.K. Kinakh [2], M. Porter [6].

Separation of previously unresolved parts of a common problem. However, despite the presence of a significant number of scientific manuscripts on the formation of the innovative policy of the enterprise, little research has remained on the development of models and management methods for strategic innovative development of enterprises. All of the above determines the relevance of the research topic and determines its purpose.

The purpose of the article. The main goal of this article is to improve the management of project portfolio resources to reduce costs when implementing an enterprise innovative development strategy.

Statement of the main research material. Managing process development strategies based on a portfolio of innovative projects is a complex task. The implementation of strategies poses more difficulties than its formulation. Therefore, we need methodological developments that helped bridge the gap between the development and implementation of the strategy.

When choosing and justifying the methods necessary to solve the problem of improving the management of innovative development, it is necessary to take into account two key components of efficiency: strategic and operational. Strategic effectiveness depends on how management is organized, that is, on the composition and number of links, their subordination, and distribution of functions.

Therefore, to implement the functions of strategic management and control over the implementation of measures aimed at implementing a portfolio of innovative projects, there is a need to improve the organizational structure of the enterprise. The task of improvement is solved in the context of the strategic process of enterprise development on the principle of "structure follows the strategy". This principle was proposed by us in the simultaneous double use of innovation to develop technology in the enterprise and improve the management of this enterprise. Innovative improvement of the management structure should increase its ability to adapt to rapid changes.

Despite all the variety of types and types of projects, their content management structure is basically uniform, since it presents a typical combination of the same types of management work. This circumstance provides an approach to the design of control structures based on well-known functions. At the same time, the activities of the project management team are aimed at uniting in a single stream of managerial work all relatively separate, although inextricably linked, managerial functions and achieve the planned project result.

However, the portfolio management model differs from the usual activities of organizations through constant changes in the distribution of rights and responsibilities and contributes to the labor intensity of participants in the management process.

But since the project in its development has different phases, stages and stages of the life cycle, it is quite obvious that the volume of managerial work is constantly changing. From here come a constant change in the number of elements in the organizational structure of the project management, their relationship, hierarchy and headcount. Therefore, it is very important at the pre-project stage to determine the dynamism of the organizational structure, which will allow timely preparation of the "input" and "output" of the necessary project personnel.

A particularly important property of dynamic organizational structures is their ability to produce automatic reactions to maintain internal balance. Such a temporal aspect of the structure is a derivative of stability and durability.

These concepts in relation to the management structure mean, first of all, ensuring the possibility of its continuous implementation in the context of the dynamic development of the project. Hence the need for continuous improvement of the management structure as a factor in its stability and durability. Stability is a derivative of such concepts as stability and reliability, the less deviations occur in the system through various influences, the more stable it is. The lower the probability of failures in the control system, the more reliable it is.

Designing organizational and dynamic structures is based on the following principles:

- unity of disposition, excluding double subordination and conflicting directions;
- providing the necessary information, providing recommendations when making decisions that will be adopted flexibly and promptly in case of any complications.

The following factors influence the choice of the option of innovative development of the organizational structure:

1) technical (the scope of the project, the complexity of technological processes and equipment, the level of mechanization and automation, the nature of information flows);

2) organizational and economic (characterization of the relationship between the various degrees and links of the structure, between the object and subject of management, the level of organizational and economic, the culture of personnel;

3) socio-psychological (social structure and relations in the project team, psychological climate characteristic)

4) external relations and conditions (characteristics of cooperation and competition, supply chain, climatic and environmental conditions).

The greatest impact on the management structure has an increase in the volume of work associated with the project portfolio, which determines the development of management functions that determine the reorganization of the project portfolio management structure.

We propose the improvement of the organizational structure of MP CHEMICAL GROUP UK LLC by highlighting the process innovation management strategy of the enterprise in the management structure of the process management center. In the development process management center (CUPRO) of the enterprise, it is necessary to distinguish the following main processes:

- organizational processes for the formation of a strategy for innovative development;
- functional processes of portfolio management;
- budget management processes for innovative projects and portfolio;
- processes of targeted stimulation of innovative development of the enterprise;
- processes of information support for strategic management of innovative projects and the enterprise development portfolio.

The key to the implementation of the strategy of innovative development of an enterprise is the maturity (willingness) of its management to achieve effectiveness and efficiency.

It is known that the organization of management is crucial in achieving the effectiveness and efficiency of activities; therefore, the processes of organizing a control center play a leading role. The team of specialists of the project of the control center should have the authority, that is, the ability to make the necessary changes in the general economic strategy for the development of the enterprise in accordance with the needs and problematic tasks of managing.

Improving organizational management at the enterprise is carried out by introducing a process approach in accordance with quality standards.

The processes of managing the innovative development of the enterprise are carried out in accordance with strategic plans and tasks of the project portfolio.

Organizational processes provide functional processes for managing an innovative development project. Based on the goal, the functional processes of managing an innovative development project should provide the following functions:

- the formation of a set of conceptual alternative development strategies based on the portfolio, depending on the strategic objectives and expected results;

- selection of projects for implementation, that is, for the formation of the structure of the portfolio of innovative projects, for their implementation and evaluation of the finished project;
- forecasting and planning and monitoring the implementation of project activities necessary for the implementation of the portfolio of projects;
- optimization of decision-making on options for managing the project of innovative development, taking into account the capabilities of the business entity and external conditions, the choice of market position and position relative to competitors;
- forecasting the effectiveness and efficiency of the selected options;
- planning activities for each of the selected development options, taking into account technological innovations, production and marketing, financial and other plans;
- targeted adjustment of organizational and economic relations for the implementation of priority areas of innovation portfolio management;
- planning of optimal resource provision of individual projects for the timely implementation of the innovation portfolio;
- implementation of strategic measures, in accordance with the principles of innovative development of the enterprise based on a portfolio of projects;
- analysis and assessment of opportunities and dangers that stimulate or impede the implementation of selected options for the implementation of portfolio projects;
- monitoring the implementation of projects included in the innovation portfolio;
- implementation of the results of an innovative project in the enterprise.

Timeliness, effectiveness and efficiency of managing innovative portfolio projects provide processes for managing the portfolio of projects. Critical success factors for implementing an innovative development strategy may be a conflict of interest among enterprise personnel due to resistance to innovative development.

This resistance is natural, since the implementation of portfolio projects jumps figuratively increases the amount of work, as well as the need for advanced training, but this work is not desirable. In addition, there is the difficulty of performing work on a measurable indicator of results for a specific date, hidden political factors. Political factors are manifested in the fact that instead of concentrating efforts aimed at the implementation of the project, individual leaders create precedents to demonstrate their importance and win undeserved merits in the positive results of the development of the enterprise.

Studies have shown that in most developed countries, wages are responsible for 1 / 3-1 / 2 of the growth of real GDP over the past 40 years. That is, innovation has a significant impact on output growth. However, perhaps overall productivity is the main reason for the existence of a significant gap between rich and poor countries.

At the stage of establishing key priorities for planning work and resources and adhering to the expenditure plan, partial criteria are used for economic, scientific, technical, social and environmental effects.

The criteria are determined on the basis of the principles of resource optimization: timely changes in key benchmarks for the amount of resources needed for projects; improving quality and reducing their cost.

To manage the costs of project resources (financial, human, material, technical) in order to effectively use them within the portfolio, it is necessary to develop a model that takes into account the size of the portfolio and, accordingly, significant resources. The tabular model of project portfolio management for implementing the innovation strategy is presented in Figure 1.

The main idea of building a model is to determine the optimal combination from the point of view of achieving the goal of developing the combination and sequence of implementation of innovative projects with the resources allocated and limitations. This is due to the fact that staff and finances are always limiting factors. Since strategic development objectives have a high priority of

priority of execution, it is necessary that control is established to ensure that limited resources will be spent in accordance with priority.

Implementation of an enterprise development strategy based on a portfolio of projects				
Models	Offensive, defensive			
Methods				Situational, partial, optimization
Decision	Strategic	Strategic design		Tactical
Processes	Definition of strategic directions	Defining criteria for projects	Selection of projects by criteria	Development of tactical measures
	Strategic analysis	Developing options	Determining project priorities	Time optimization
	Status assessment			
Stages	Strategy development	Initiation of the project	Formation of a portfolio	Project implementation

Source: developed by the author.

Figure 1. Tabular model of portfolio management of projects of LLC MP CHEMICAL GROUP UK for the implementation of the innovation strategy

Conclusions. A study of the innovative development of MP CHEMICAL GROUP UK LLC shows that significant improvement can be achieved by introducing the concept of portfolio thinking into the practice of strategic management. On the other hand, the result of poor portfolio management is not a strong reluctance to choose projects: There are no agreed criteria for decision making, as well as projects that are ready to simply be added to the active list for execution. The result is a lack of attention – too many projects are not considered. This leads to an increase in the time it takes for the products to enter the market, the quality of execution decreases, which generally leads to a decrease in the success rates of project implementation.

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