FOUNDATIONS OF EFFECTIVE MANAGEMENT OF INVESTMENT ACTIVITY IN THE ENTERPRISE

B. Sattarov
Tashkent Financial Institute
60A, A. Timur Str., Tashkent 100060 Uzbekistan
bakhodur_sk@mail.ru

Abstract. The paper discusses approaches to the management of the investment activities of the enterprise. There have been analysed and systematized the directions of investment activity in the enterprises. Author described all the factors influencing effective investment management in the enterprise. He recommended the steps for creating an effective system of investment management in the enterprise. It was very interesting that author explained the automation of management of investment projects on the basis of experience of Uzbekistan.

Keywords: investment, investment activity, management of investment activity, intra-industrial investment projects.

Introduction
Investment is an integral part of any enterprise. At the same time, not all businessmen are ready to accept this fact. They insist that they don't have anything to do with the investment. To go along with this fact, it is important to remember what the investment is.

According to popular belief, investments should be regarded as any investment, including in construction, manufacturing, and so on. Thus denying investment activity by directors of companies is meaningless. Moreover, it should not be just accepted this fact, but also taken care of the proper management of the investments.

To properly manage investment flows, the company needs to create a special, competent unit in this matter. Businessmen often make mistake namely at this stage, with charging additional budgeting to accounting, economic or financial departments, which are already responsible for maintaining the basic production process. This leads to serious problems in the sphere of development of production, as specialists of unskilled unit perceive investment management neither more nor less, and as an additional line of business and give them time which is free from the main activity.

Management of Investment Activity
Experienced businessmen know that the growth of efficiency of core activity of enterprise directly depends on investment activity aimed at increasing production, access to new markets, development of new supply, and so on.

But even dismissing it, it is possible to state the obvious: inefficient investment always brings enterprise losses. After all, it is not enough that the additional expenses, but does not pay dividends.

The structure of the investment project. Unlike the main activity in the production, which brings together several departments, investment processes – are just individual projects. Such projects can be divided into separate elements.

First of all, these are creation of the product, self-sufficiency of the product, return on investment, capital efficiency.

Creation of the product – is a decision making on the early implementation of the investment project in the company (Zaitsev and Karpova, 2014). For this process it is required not only money, but also an idea and a plan on creating a manufacturing process.

At the stage of self-sufficiency, the company begins to make a profit from the sale of previously created product, which is sufficient for returning the cost of production, and equal to the value of its application.

Reimbursement of capital investment is immediately carried out after the self-sufficiency.

At the stage of the effectiveness of investment business gains profits from previous investments.
Promotion of investment projects. The bulk of the profits of the enterprise is directly brought by the production process. However, achievement of production efficiency can be reached only if there is the properly developed and implemented investment project. At properly developed investment project and its further management, company will be more economically to spend their money and get large profit as much as possible.

Responsible for the investment activities of the company. To obtain the maximum profit from investing in the company, the main condition is the establishment of a separate entity – the investment department. Its staff deals exclusively with the development of an investment product, monitors the activities of all the participants of the investment process - the initiator, investor, customer, implementer and the buyer.

Each of the above mentioned participants of the investment process has own objectives and tasks. The initiator – a separate department in the production – is responsible for conducting analytical studies, the definition of weak points, the formation of ideas for successful business development, and develops proposals and promotes them to be considered at the higher levels of leadership (Babaskin, 2009). Traditionally, the role of the initiator in the enterprise is performed by the department for the development of production. It is desirable that it is composed of a person who has a direct relationship to the owner of the business and has similar interests.

Another department acts as an investor in the production. Its main objectives are to review and assess proposals of the initiator. At the approval of the initiative the investor begins to develop an investment project in which the investor determines the consumer and directly on the basis of his/her wish investor creates a business plan of the investment project, provides it with money capital, supervises control of implementation, and forms reporting on the effectiveness of capital investments. Similar functions are assigned to the initiator too (department of the development of company).

The final decision on the beginning of the investment project at the enterprise is taken after a meeting of the investment committee, which is composed of business owners and executives.

The role of the customer in the structure of the company is performed by the unit tasked with the development of the investment project and its further use. The customer is directly involved in the creation of a business plan of investment project, implements “casting” of person performing it, watches the implementation of the project, evaluates the result of production, selects the consumer and presents him/her investment product, afterwards implements return of the invested capital to investor, and pays dividends for its use. Traditionally, in the production, function of the customer is performed by the development department.

Performer of intra-industrial investment project can be specially created and division and the whole organization. The main functions of the performer are the creation of the product, including the organization of the production process, interaction with suppliers and subcontractors, as well as the presentation of the finished investment product directly to the customer. The operations department copes with all of these tasks in the company. By the way, he is entrusted with the functions of the consumer of investment product too. The operations department is responsible for the quality of the application of finished products, as well as the profitability of its implementation, thereby compensated investment and profit from the investment to the customer.

The main differences of the main and investment activities in the enterprise. The main or operating activities in any enterprise is focused on making a profit from the sale of goods / services to the consumer. Accordingly, the implementation of the main activities is carried out by the company’s profits. The greater is the profit of the enterprise, the more successful is the business. Profit margin reflects revenues from the sale of its products, which in turn is not possible without the development and promotion in foreign markets (Fabozzi and Markovitz, 2011). Development and promotion of the main activity is considered as intra-industrial investment project, implementation of which is possible only if there is the profitability of the enterprise.

That is, the operating activity is impossible without the development (investment) and, on the contrary, investment activity is not possible without the main activity, as realized by the resulting profit – the results of the main activity of the company.

Creating an effective management system of intra-industrial investment projects

Almost at all the domestic enterprises, the function on the organization and management of the internal investment project is fulfilled by a separate unit or an individual employee, directly related to the main activity of the company. This significantly reduces its resources, and as a result intra-industrial investment often has little effect.

For getting the best results of the investment there should be established an effective management system.
Steps for creating an effective system of investment management at the enterprise:

- Estimation of the parameters of the investment project. At this stage it is estimated amount of work to determine the profitability of the enterprise. In assessing the scale of investment activity there has been paid attention to time, investment and cost of labour resources;

- Allocation of responsibilities among the participants of the investment project. At this stage, the business owner or his authorized person distributes the functions and tasks of the project between the investor, the performer and the customer;

- Description of investment management. At this stage, the description of the beginning of the investment project is carried out, in which it is indicated who and why is proposed to invest business profit in this or that idea. At this stage, the description states, who will serve as a customer and investor. The second part of the description – a description of the monitoring process of investment activity and its temporary or fully completion. Here is prescribed order of the customer reports on the implementation of investment activities, as well as evidence of the need to complete the investment activity. Last part of the description – a procedure of completion of the project. Here is specified the order of events associated with the termination of the investment activity.

Following all of the above steps, the business owner will be able to identify who and on what basis decides whether the implementation of the investment activities of the company, make a list of the main areas of investment activities, assess the scale of financing and other costs for the project, determine the effectiveness of investment activities, eliminate unnecessary projects, and improve the efficiency of the main activities of the company.

Clarifying the process of implementation of the investment activity – is the beginning of success (Litterman, 2004). After all the above steps and activities, the business owner will be able to talk about the automation of investment management through the introduction of commercial software.

**Procedure of automation of management of investment projects**

Software for automation of effective management of investment activity in the enterprise conventionally divided into the software to generate investment capital and applications for investment management (Melnikov, 2010). The main part of this software is made on the basis of such a universal product, such as Excel. These are applications such as Prime Expert, Project Expert, “TEO-Invest”, “Alt-Invest”, “Comfar”, “INEC-Analytic” and so on. With their help, the structures being responsible for the implementation of investment activities in the enterprise, may form the financial statements; identify performance indicators of investment; form up scenario analysis; conduct statistics; create an imitation model; perform network planning; analyse the risks and possible success; manage multiple types of investment activity in the enterprise; conduct timing of the implementation of project; calculate the possible critical path; determine the maximum load, and so on.

**Conclusion**

In conclusion, I want to say that investment activity in any enterprise needs effective management systems. These systems will give benefit for any company when company functions in competition environment and is ruled by managers who are able to make effective and necessary decisions. At present, Uzbekistan companies need effective management of investment activities, and many of them is implementing such systems in their daily activities. However, managers of our companies have not enough knowledge on modern concepts of effective management of investment activity. And, I think the ideas and recommendations described above will be helpful and useful for our companies’ managers to develop effective management systems of investment activities.

**References**


