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**WAYS OF PROFITABILITY INCREASE  
OF BATH-AND-LAUNDRY COMPLEXES IN THE REGIONAL  
MARKET OF CONSUMER SERVICES**

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**Abstract.** The work shows the problem of profitability of bath-and-laundry complexes in the regional market of consumer services, the main reasons for expenses increase are analyzed; the most effective ways of decrease in costs of bath-and-laundry services are given. The indicator of profitability of the enterprise, which reflects the final results of economic activity, is defined in terms of the main indicators of profitability of current assets, efficiency of use of labor, efficiency of the current expenses, expenses of live work, efficiency of use of fixed capital, as well as efficiency of use of floor spaces. Special attention is paid to the analysis of profitability of the enterprise of bath-and-laundry services and to the ways of its increase.

**Keywords:** profitability; bath-and-laundry complexes; regional consumer market; regional economy.

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The most important attribute of the modern system is the consumer market and its effective development in modern conditions is one of the urgent problems of market economy development [6]. The consumer market includes the sphere of trade, performance of work, and the sphere of production of goods at all stages of their life cycle, the sphere of consumption of goods as well as rendering services to the population [5].

Today in the conditions of the market economy there appear more and more enterprises of public services. Each enterprise seeks to receive as much profit as possible at the minimum expenses. For ensuring profitability of a business it is necessary to analyze

current situation in the market as well as at the enterprise. Achievement of the main goal – maximizing profit – is possible only at the correct and thought-over planning of activity of the enterprise of public services [3].

Among public service establishments the important place is taken by baths and laundries. Bath-and-laundry enterprises partially treat the non-productive sphere, therefore, efficiency of activity is defined not economically but socially, and it is expressed in improvement of services of the population.

The characteristic of profitability of the enterprise is based on calculation of four main indicators – profitability of all capital, own capital, primary ac-

tivity and profitability of sales (services). Profitability of all capital (total assets) shows whether the company has base for ensuring high profitability of own capital [2]. This indicator reflects efficiency of use of all property of the enterprise. The profitability indicator is an irreplaceable one at production planning as well as at determining a financial position of an enterprise. It is known that profitability is an indicator of economic efficiency of production of the enterprise which reflects the final results of economic activity.

As we know, profitability is counted as the relation of balance profit to the average annual cost of fixed capital and the normalized current assets. Indicators of profitability of investments in the enterprise have important value. They are determined by the cost of the property which is available at one's order; the indicators of balance and net profit are used in calculating, and the cost of property is determined by the balance sheet [4]. It should be noted that for an assessment of overall performance of an industrial enterprise it is not sufficient to use only a profit indicator. For this purpose it is necessary to compare profit and business assets by means of which it is created.

Moreover, profitability shows how profitable the activity of the enterprise is, and respectively the higher are profitability coefficients, the more effective is the activity. Therefore the company has to aspire to higher rates, and the management has to define ways of increase of profitability. It is known that profitability is defined as the general profitability – percentage of balance or general profit to the average annual total cost of business fixed as-

sets and the normalized current assets; and common production profitability – the relation of settlement profit to the average annual cost of those business assets from which the payment for funds is raised [3].

Along with the main indicators of profitability we should consider a large number of private indicators, such as: profitability of efficiency of the current expenses (the profit relation to distribution costs), profitability of live work expenses (the profit relation to a salary), profitability of current assets (the profit relation to the average size of current assets), profitability of labor use efficiency (the profit relation to the number of the workers occupied at the enterprise), profitability of efficiency of floor spaces use, profitability of fixed capital use efficiency.

Here we should stress the fact that the profit, being at the command the enterprises, is not only a source of financing of production, social development and material encouragement, but also is used in cases of violation of the current legislation by the enterprise for the payment for various penalties and sanctions [1].

It is worth mentioning that the inability to operate expenses is the reason of insufficient validity of the prices along with overestimation of articles of prime cost. Any sane seller won't increase the price of the production or services if he isn't confident in their sale. In competitive conditions the producer definitely knows that within the price determined in the market it is possible to influence both prime cost and profit, increasing one to the detriment of another.

A necessary condition here is that the prices of the provided services and goods are quite available for a wide range of the population; holiday tariffs at the municipal enterprises of bath-and-laundry economy, as a rule, have been supported at the same level for several years; also there are privileges to pensioners that emphasize the social importance of activity of such enterprises. Increase of expenses in a laundry happens because the consumption of powder, bleaching substances and soap increases [2]. It is connected with the fact that hospitals, maternity hospitals, orphanages have no financial opportunity to send linen to the laundry in due time; therefore it arrives much polluted. This fact reveals the necessity of creating consumption control which would consider all operating costs by means of which it would be possible to regulate expenses at different levels.

Therefore profitability increase process of the work of bath-and-laundry complexes may be divided into the following directions:

- improvement of service quality by expansion of a complex of the services provided by a bath or a laundry, re-equipment with the help of taking into account modern requirements that will allow to make a transfer in higher categories of the baths which are being constructed and reconstructed;

- increase in profitability of economy of baths and laundries by extension of the nomenclature of the services provided by them for a special payment (for example, rooms in baths, urgent washing, repair and delivery of linen to the house from laundries, etc.);

- decrease in operational costs due to integration of baths or laundries in the cities and towns at the expense of the organization of production associations, trusts, bath-and-laundry complexes, elimination of excesses service personnel, mechanization of manual labor, scheduling and automation of work of the engineering equipment;

- profitability increase of baths and laundries operations, level of their technical operation by broad introduction of the scientific organization of work (SOW) according to "Recommendations on the scientific organization of work in municipal laundries".

All considered problems of management of financial results of activity of the enterprise are closely interconnected, though some of them have multi-directional character (for example, maximizing profit level at the risk level minimization; ensuring sufficient level of satisfaction of interests of owners of the enterprise and its personnel; ensuring the sufficient size of the profit directed to increments of assets and to consumption, etc.). Thus, in process of management of profit separate tasks have to be optimized among themselves [3].

For stable and profitable work of bath-and-laundry complexes it is important to resolve issues of price policy, problems of supply at the municipal level, as well as to make necessary calculations. Besides, it is necessary to look for ways of decrease in expenses – to economize in all types of the resources consumed in production and to implement resource-saving technologies. Increase of profitability of the enterprise in a situation of increase of the competition is a paramount task.

Thus, the main reserves of growth of profitability of bath-and-laundry complexes are the decrease in prime cost and business expenses; growth of sales of bath-and-laundry services, gross profit (income); acceleration of turnover of property and capital. The management of such enterprises should try to reduce the costs of services while improving their quality. For this purpose it is necessary to render bath-and-laundry services for realization in full compliance with structure and volume of demand, to raise a trade extra charge within solvent demand of buyers.

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