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BUSINESS PLANNING AND ITS ROLE IN A MODERN ENTERPRISE

БІЗНЕС-ПЛАНУВАННЯ ТА ЙОГО РОЛЬ В СУЧАСНОМУ ПІДПРИЄМСТВІ

Yurii V. Kovtunenکو, DEcon, Associate Professor
 Odessa Polytechnic State University, Odesa, Ukraine
 ORCID: 0000-0001-8528-605X
 E-mail: y.v.kovtunenکو@op.edu.ua

Natalya O. Zhelyaskova
 Odessa Polytechnic State University, Odesa, Ukraine
 ORCID: 0000-0003-2932-1644

Svetlana O. Kise
 Odessa Polytechnic State University, Odesa, Ukraine

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Business planning plays an important role in the process of enterprise and business management. This topic urgency is that, starting his/her activity, a head should clearly imagine the opportunities for the future in financial, material and labour resources, as well as be able to clearly calculate the effectiveness of their use in the process of a company performance. The development of the strategy and tactics for producing and economic activity of the company is the most important task for any entrepreneur.

The planning practice in the market economy and the current state of business development both around the world and in Ukraine, has shown the high efficiency of organizing the innovation planning in the form of business plans. A business plan is one of the types of formalized planning for successful business development and private entrepreneurship, without which innovative development is impossible.

Literally "a business plan" is translated from English as a plan of the entrepreneurial activity, entrepreneurship and provides at least two terms: business and plan.

A business plan is a plan for the enterprise development, which is necessary for new business areas development, creating new types of firms. A business plan can be developed for both new and existing enterprises.

The essence of business planning means defining goals, objectives, prospects for development, analysis of ways to implement new projects, assessing the potential profits and risks of the company. Often business planning is reflected in a special document called a business plan.

A business plan is the main beginning of any organization activity, along with property maintenance which includes a minimum of guarantees to attract funds from investors. Based on the business

Ковтуненко Ю.В., Желяскова Н.О., Кісе С.О. Бізнес-планування та його роль в сучасному підприємстві. Науково-методична стаття.

Бізнес-планування є ефективним інструментом управління, які використовуються практично повсюдно в умовах сучасної економічної ситуації, незалежно від сфери діяльності, її масштабів, а також форми власності підприємств малого і середнього бізнесу.

Бізнес-планування можна характеризувати як робочий інструмент для тільки що створених і вже існуючих організацій. Бізнес-план являє собою короткий, доступний і зрозумілий опис підприємства, ключових механізмів при вивченні майбутньої діяльності на ринку.

Бізнес-план надає можливість для виявлення актуальних проектних рішень в довгостроковій перспективі, визначення та розрахунку коштів для їх досягнення. Все це і сприяє збільшенню значимості бізнес-планування в сучасних економічних умовах.

Ключові слова: бізнес-планування, бізнес-план, принципи, функції, інструмент управління, цілі бізнес-планування

Kovtunenکو Yu.V., Zhelyaskova N.O., Kise S.O. Business Planning and Its Role in a Modern Enterprise. Scientific and methodical article.

Business planning is an effective management tool that is used almost everywhere in today's economic situation, regardless of the activity field, its scale, as well as the ownership form of small and medium enterprises.

Business planning can be characterized as a working tool for newly created and existing organizations. A business plan is a short, accessible and clear description of an enterprise, the key mechanisms in studying future activities in the market.

The business plan provides an opportunity to identify relevant project solutions in the long run, identify and calculate funds in order to achieve them. All this contributes to the importance of business planning into modern economic environment.

Keywords: business planning, a business plan, principles, functions, management tool, business planning goals

plan, an investor clearly understands that if an organization cannot make it of high quality and clear, then the selected case, the more it will not be able to implement.

When developing this important document, one should keep in mind that business planning is a process that involves making changes based on newly obtained information and applying different scenarios. One cannot make the business plan once and calm down, deciding that now all the problems will be solved by themselves.

In the planning process, it is important to take into account the existing political and economic instability in our country, as this factor makes the bulk of investment projects unpromising, and due to this factor projects whose payback period is more than two years are rarely considered by Ukrainian banks.

The aim of the article is to determine the nature and place of the business plan in the management system of business activities in modern business conditions.

Analysis of recent researches and publications

The theoretical and practical aspects of business planning of any enterprise are based on a number of scientific works, namely such well-known domestic and foreign scientists as P. Barrow (2017), A. Bohomolov, V. Ivanova, O. Kuzmin, I. Lypsyts, Ye. Orlova, S. Pietukhova, S. Pokropyvnyi, V. Popov, V. Popova, V. Stadnyk, H. Tarasiuk, E. Utkin and others. Also, studying the scientific literature and mastering the practice of business planning in domestic organizations shows that the understanding of business planning in modern conditions remains insufficiently covered and even contradictory.

The main part

Business planning is an effective management tool that is used almost everywhere in the current economic situation, regardless of the scope of activity, its scale, as well as the form of ownership of small and medium enterprises.

Business planning can be characterized as a working tool not only for newly created but also existing organizations. The business plan is a short, accessible and clear description of the enterprise, a key mechanism in studying future activity in the market.

The business plan gives an opportunity to identify relevant project solutions in the long run, define and calculate funds to achieve them. All this contributes to the business planning importance in modern economic environment [1].

In order to see the whole picture of business, it is necessary to build a plan. It is a kind of forecast for the future to assess possible prospects. There are specific business planning tasks [2]:

- to determine in which areas an organization can develop, and what place in the target markets it will occupy;
- to formulate long – and short – term goals, and develop a strategy and tactics to achieve them;
- to select specific people responsible for each point of business planning;

- to present the main indicators of goods and services that will be offered to consumers in the market;
- to assess production and trade costs for their creation and implementation;
- to find out how to properly motivate staff to clearly comply with the requirements for the shaped plans implementation;
- to evaluate the financial condition of the organization.

Business planning in an enterprise has its important reasons [3]:

- if money is needed for development and one has to look for investors, the first thing they will look at is a detailed business plan that will help to understand whether the investment will be profitable
- planning helps to outline the goals to be pursued in the enterprise development;
- business planning development can be called a kind of helper to solve urgent problems. The plan describes the methods of recruitment, the rules of concluding agreements and other nuances of the organizational policy
- predicting different situations, so when developing the plan you need to consider not only an optimistic scenario;
- conducting analysis, research and knowledge acquisition. This reason is due to the fact that during the plan development one will have to study the aperture of consumers, competitors and other important aspects.

The plan describes the methods of staff recruitment, the rules of concluding agreements and other nuances of the organizational policy; conducting different situations, so when developing a plan one needs to consider not only an optimistic scenario; conducting analysis, research and knowledge acquisition. This reason is due to the fact that during the plan development one will have to study the aperture of consumers, competitors and other important aspects.

In modern practice business planning performs the following basic functions [4]:

The first function is related to the possibility of using the business plan to develop a business strategy. This function is necessary during the creation of the organization, as well as while new activities development.

The second function is planning. This feature helps to evaluate the opportunities development of a future enterprise, as well as control the processes within the organization.

The third function allows to raise money, namely loans and credits. In modern Ukrainian conditions, it is almost impossible to carry out any significant project without credit resources, but it is not easy to get a loan. The main reason is not so much the problem of high interest rates as the high degree of loans irreversibility. In this situation, banks take a range of measures to ensure the funds return, among which should be noted the requirements of bank

guarantees, real collateral and others, but the decisive factor in granting credit is the existence of a well-processed business plan.

The fourth function helps to attract potential investors to the company plans implementation, who will be willing to invest in the production or sale of equity or technology available to them. Only in the presence of the business plan is it possible to address the issue of providing capital, resources or technology, as it reflects the course of the company development for a certain period of time.

The fifth function includes involving the employees in the business plan development, which helps to improve their awareness of future actions and the work process, coordinate efforts, create motivation to achieve a common goal.

Thus, in the business planning process, an enterprise performing the abovementioned functions, can assess, analyze, conduct positioning, control and management in conditions of uncertainty and dynamism of both external and internal environment of the enterprise. Implementing those functions, goals and objectives of the business plan allows to increase the level of adapting all the business processes of the enterprise to the constant changes of the environment.

A business plan aim is to develop a fairly broad goals and objectives of the entrepreneurial activity for the period up to five years, it also includes the goal i.e. to identify the strengths and weaknesses of the future project; receiving support from partners and investors; reducing the risks of the organization activity.

The most important component of a business plan is its development goals. In the researched literature

references many purposes variations of the business plan are resulted, the basic of them are [5, 10-11]:

- Attracting investors' attention to the enterprise;
- Means of conveying and disseminating information among those who directly implement the project;
- Preparing of the social base for the project implementation (public opinion, proving the project feasibility);
- Control and management that allow to evaluate the results of the enterprise activity for a certain period of time.

The value of business planning is determined by the fact that it:

- It gives an opportunity to determine the viability and prospects of a project development in a competitive environment;
- It contains information on how the project (enterprise) should develop;
- It is an important tool for obtaining financial support from external investors.

It is fair to say that with the development of the market environment, traditional planning has partially lost its relevance, and, so to speak, has formed the business planning basis. If we compare the organization management through traditional planning and through business planning, it can be stated that in this case qualitatively different approaches to determining the enterprise strategy will be implemented. Let's conduct a comparative analysis of traditional planning and business planning (Table 1).

Table 1. The Comparison of Traditional Planning and Business Planning

Traditional Planning	Business Planning
1	2
The main purpose	
Growing the production volumes, improving the internal organization of production processes, achieving the set planned tasks and indicators, establishing those responsible for these processes, total control.	Business planning is focused on the external environment. The business planning purpose is to ensure the enterprise successful operation and development in a constantly changing environment, to adapt activities and staff to change.
Emphasis	
The main emphasis is on the most optimal using the internal resources.	The main thing is to win the competition in the market.
Extrapolation is used, i.e. the study of existing steady trends and their continuation into the future, taking into account adjustments that are determined by technical progress and changes in organizing the production.	The principle of strategic plans flexibility is applied, the possibility to make changes if necessary is considered. Rolling planning is also used, i.e. a more detailed calculation of the plan for the first year, and subsequent plans are forecast.
Organizational tools	
Applying new processes and technology, in-depth study of organizational structures and mechanisms, considering people in the organization as a workforce.	Behind is marketing, setting up information systems about the external environment, about internal opportunities and the state of affairs at the enterprise, stimulating innovation and organizational change. In addition a person is considered as the main source of increasing labour productivity, generating ideas on development, producing the production sale which are important for success in a competition.

Continuation of Table 1

1	2
Results evaluation	
The efficiency is evaluated by current financial indicators, the profitability level, as well as the output per unit of resources expended (labour, energy, material consumption)	The enterprise efficiency is evaluated in terms of the enterprise position in competition, including the following indicators: market share, profitability resilience, advantages over competitors, adaptability to market changes.

Source: compiled by authors on materials [6].

Business planning principles. Principles are the underlying concepts that determine the direction and nature of the plans development in the organization, as well as a system for verifying their implementation.

When the principles of organizational management, and hence planning, are properly followed, the prerequisites for more effective organizational performance are created and negative management results are reduced.

The French scholar Henri Fayol made a huge contribution to the science of management.

He identified and formulated the basic principles of management. They include [7]:

- labour division;
- powers and responsibilities;
- discipline;
- single leadership;
- staff remuneration;
- centralization;
- fairness;
- initiative;
- corporate spirit, etc.

Many of these management principles underlie the planning principles.

Fayol identified some basic principles of planning, which he called "the general features of a good action programme". The include: the unity principle, the continuity principle, the flexibility principle and the accuracy principle.

Later, the American scientist Russell Lincoln Ackoff identified another important principle of planning, i.e. the participation principle.

Let's consider in more detail these principles and their essence.

The unity principle (or system) determines that planning in the enterprise should be systemic. The concept of system implies the presence of a set of elements, a close relationship between them and the presence of a single way of system elements development, focused on the overall objectives of the business.

Due to the unity of all departments performance, common goals and a single information base, a single direction of planned activities becomes possible. An important component in the organization is that all the plans are not a set of documents, but an interdependent system of plans.

The continuity principle defines the planning process as a continuous process within a set cycle, when the developed plans replace each other. Also, the planning process should be carried out continuously within the life cycles of projects and products.

The flexibility principle is that due to unforeseen circumstances, plans and planning processes are given the opportunity to change their direction. In addition, in accordance with this principle, reserves should be provided in the plans, which should level the work results in the event of deteriorating activity conditions.

The accuracy principle requires validity, detail and specificity of plans to the extent that external and internal conditions permit.

The plan validity means the digital expression of its available resources, as well as performers' labour costs.

The participation principle involves the plans creation, which should contain all the specialists of the object of entrepreneurial activity, and if necessary – external specialists and partners. In the process of such joint work new ideas are introduced, the own vision of the problems decision is offered that considerably increases and clarifies the plans maintenance, thus providing their necessity and reality [8].

Analyzing the domestic literature on business planning, it can be noted that in addition to the considered classical principles of planning, the so-called general classical principles have gained wide popularity:

- interactivity, which provides for the creative nature of planning and the repetition of already developed sections of the plan;
- multivariance, which provides for the calculation of several options for business development and choosing the best of the alternatives to achieve this goal;
- adequacy of real problems reflection and self-analysis in the planning process.

It should be noted that the using business planning in the entrepreneurial activity generally gives an objective idea of the possibilities and potential for the production development, the possibility of introducing innovations in the market, the prices of selling products, on the planned profitability and on the main financial and economic results of the enterprise, and identifies risk areas and the ways to reduce them.

Business planning application in the enterprise creates such important advantages:

- It helps the organization management to plan for the future, to determine the potential, to identify future opportunities.
- Provides a basis for effective managerial decisions.
- It helps to solve management, production, financial problems optimally.

- It coordinates all the business participants' activities.
- It finds and calculates different uses of resources, identifies the most efficient ones for using.
- It creates an opportunity to carry out operational control over processes.
- It assists in the identification and analysis of potential risks, develops measures to reduce them.
- It prepares the company for possible changes.
- It contributes to raising the educational level of managers, etc.

For successful application in the organization activity of the planning system, it is necessary to competently and timely apply a variety of planning methods.

Planning methods are a set of methods and techniques that help to implement planning.

There is a great variety of planning methods. The most popular planning methods include:

- Balance method.
- Empirical and statistical method.
- Normative method.
- Economic and mathematical methods.

Each of these methods includes many varieties that can take into account the peculiarities of the planning process.

Having analyzed the strategy of several major domestic organizations, one can identify several sections that make up the overall structure that underlies any business planning [9]:

- the existence of a corporate goal, which involves a clear formulation of decisions relating to products or services provided, as well as the search for new markets for the goods sales;
- research of the competition level, which means the analysis of own competitive advantages, and also competitors' advantages, measures development in order to increase an organization competitiveness;
- the need for innovative activity, which involves not only various ideas development, but also their implementation. This section prescribes various innovative technologies that are planned to be implemented in the organization in the future;

- resources to ensure the organization. This item aims to determine the amount of working capital and fixed capital, receivables and payables, as well as a separate investments allocation, their size, sources and directions of their use;
- market research, which implies not only the market boundaries identification, but also the study of the market segment effectiveness, as well as the competition degree in it.

Conclusions

A business plan acts as the most important document that allows to attract investments needed to develop and improve your business. It is a well-designed business plan that serves to convince investors of the organization attractiveness, the reliability and financial return of an investment project.

A well-designed plan helps to think through a strategy and understand how realistic it is to implement existing ideas. With its help one can avoid mistakes that often lead to failure.

Statistical data show that more than 50% of domestic organizations do not use planning tools effectively.

Effective systems, as a rule, include those in which the deviation between the planned and actual results comprise more than 30%. This fact indicates the problem significance, due to the fact that the strategic plan is a fundamental basis for all the organizations management.

It is traditionally believed that business planning is the area of senior management responsibility, however, the world experience shows that it is important to implement the principle of openness and involvement in the strategic planning process of heads of departments, divisions, specialists, suppliers, consumers and partners – this approach enhances the business planning process efficiency.

It is necessary to take into account the fact that currently in conditions of increasing the environment dynamic, to choose a fixed single long-term strategy for the market is almost impossible, one can develop and propose only appropriate for the moment, i.e. a temporary development strategy.

Abstract

This topic relevance is that, starting his/her work, a leader should clearly imagine the needs for the future in financial, material and labour resources, as well as be able to clearly calculate the effectiveness of their use in the firm performance. The development of strategy and tactics of production and economic activity of the company is the most important task for any businessman.

The aim of the article is to determine the nature and place of the business plan in the management system of business activities in modern business conditions.

Business planning is an effective management tool that is used almost everywhere in the current economic situation, regardless of the field of activity, its scale, as well as the ownership form of small and medium enterprises.

Business planning in an enterprise has its important reasons:

- if money is needed for development and one has to look for investors, the first thing they will look at is a detailed business plan that will help to understand whether the investment will be profitable;
- planning helps to outline the goals to be pursued in the enterprise development;

- business planning development can be called a kind of helper to solve urgent problems. The plan describes the methods of recruitment, the rules of concluding agreements and other nuances of the organizational policy;
- predicting different situations, so when developing a plan you need to consider not only an optimistic scenario;
- conducting analysis, research and knowledge acquisition. This reason is due to the fact that during the plan development one will have to study the aperture of consumers, competitors and other important aspects.

In modern practice, business planning performs the following main functions:

The first function is strategic. It is related to the possibility of its application for business strategy development. This function is vital during an enterprise establishment of the, as well as in new activities development.

The second function is operational. It allows to assess the possibilities of developing a new line of business, to take control of the processes within the firm.

The third function is investment. It allows to attract external funds, loans, credits. In modern conditions, without credit resources, it is literally impossible to implement any significant project. But getting a loan is quite difficult. The main reason is not so much the problem of high interest rates as the high degree of loans irreversibility. In this situation, banks take a range of measures to ensure the funds return, among which should be noted the requirements of bank guarantees, real collateral and others. But the decisive factor in granting credit is the existence of a well-processed business plan.

The fourth function is partnership, which allows to involve potential investors to the company plans implementation, who will be willing to invest in the production or sale of equity or technology available to them. Resolving the issue of providing capital, resources or technology is likely only in the presence of a business plan that reflects the course of the company development for a certain period of time.

The fifth function is organizational and managerial, which includes involving all the employees in the process of drawing up the business plan to improve all the employees' awareness about future actions, coordinate their efforts, distribute responsibilities, create motivation to achieve the goal.

The business plan acts as the most important document that allows to attract investments needed to develop and improve your business. It is a well-designed business plan that serves to convince investors of the organization attractiveness, the reliability and financial return of an investment project

A well-designed plan helps to think through a strategy and understand how realistic it is to implement existing ideas. With its help one can avoid mistakes that often lead to failure.

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