

APPROACH TO IMPROVING BUSINESS PLANNING METHODOLOGY USING FURNITURE COMPANY EXAMPLE

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In the current economic conditions in our country, on the basis of market relations, enterprises are endowed with legal and economic independence. Efficient management of the enterprise's production activities depends more on the level of information and cadre support of its individual divisions and services. To date, some decisions taken by the management of enterprises aimed at the development and organization of production are not justified by appropriate calculations and are usually intuitive. In most cases, enterprise planning has a secondary role, inevitably giving way to current affairs. Also, the current form and content of the presentation of planned information, as well as the speed of its presentation, often make it impossible to use it for management purposes. One solution to this problem in conditions of uncertainty and market is improvement of business planning system in the enterprise. First of all, it is the planning of economic activity in its whole set that gives a clear understanding and possibility to analyze various options for achieving the set goals, with subsequent selection of the optimal solution according to the specified optimal criteria (profitability, cash receipt, balance sheet structure, etc.).

Keywords: methodology, business processes, business planning, performance, business plan

In many enterprises, the business planning process is not well developed, making it difficult to choose the preferred business plan option. As a rule, such enterprises do not assess the effectiveness of business plans, nor do they determine their expected feasibility. As a result, decisions are taken that do not contribute to the development of the economic potential of the organization, to the improvement of its efficiency and management. The results are manifested in various forms: creation of a competitive sample of products, revenue from increasing volume of production, number of new products [1, 2]. They can be expressed in natural and value forms. Planning describes the performance of an enterprise by comparing the results and the costs involved. Results in economics refer to the outcome of the use or use of resources.

Research objective

To successfully plan and develop a business plan for business planning, you must have certain mandatory key aspects that are related to each other and make up the business planning infrastructure of the furniture company.

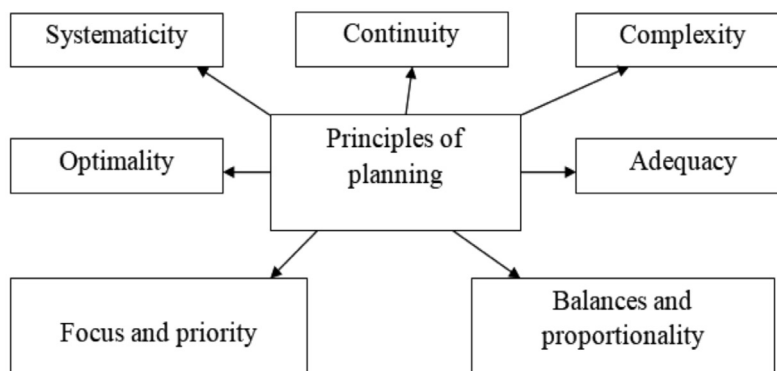
Materials and research methods

Modern economic conditions require maximum expansion of the sphere and improvement of planning methods. The higher the quality of forecasts and plans, the more important their contribution to public development will be.

Among the most important methodological principles of planning are the principles of systemicity, continuity, complexity, adequacy, focus and priority, optimality, balance and proportionality – these methods are presented in Figure.

The principle of systemicity is based on the basis of research, formed on the basis of quantitative and qualitative indicators-regularities in different economic systems, the process of building the necessary logical sequence throughout the research chain [3, 4]. Through this chain, the development of a process and justification for any management solution should be based on the overall system objective set and subordinate to their activities all available subsystems necessary to achieve the objective set. The key component of this principle is the process of creating a system that includes the necessary indicators, methods, models that correspond to the content of each object and allow to build a holistic picture of its development [8].

Modern economic development is characterized by the continuity of certain processes, the need to improve the production process as a whole, using scientific and technical research, i.e. it is necessary to observe the principle of continuity in business process planning, which takes into account the continuity of forecasts, plans [9]. This principle involves developing forecasts and plans for different time periods and linking all components. For example, the development of medium-term plans should be carried out taking into account promising priorities reflected in plans and forecasts for the long-term perspective, and indicators for the medium-term outlook should be used in short-term plans. Long-term plans should be adjusted within the current period. This is primarily due to changes in consumer preferences, changes in technical direction and emerging market conditions [6, 7].



Outline of business process planning in the furniture company

Research results and discussion

One of the most important stages of the planning process is the development of a business plan necessary both for internal planning and to justify the receipt of funds from an external source, i.e. the receipt of money for a particular project in the form of bank loans, budgetary allocations, the share of other enterprises in the implementation of the project, including the development of new production lines [5].

Business plan for furniture enterprises is considered as a tool of additional attraction of sources of financing, including production investments. It should therefore contain convincing justifications supported by calculations.

The business plan should contain a real assessment of the financial and economic situation in the enterprise, which requires constant clarification as it is implemented. In addition, the investment plan should be developed in accordance with the model documents (forms). It should fully reflect the specifics of the activities of the furniture company under study.

All sections of the business plan to be developed should be linked, and the calculations presented in different sections should have no discrepancies.

The first section of the business plan of the furniture company under investigation provides a basic summary of it, describes the general directions and period of implementation of the plan, conditions and amounts presented as financial assistance and investments [10].

The second section provides a general description of the furniture company under investigation. It outlines the main directions of the enterprise activity, assessment of its importance for the region.

During the development of the third section of the business plan to attract production investments, an analysis of the financial condi-

tion of the furniture enterprise under study for two to three years is carried out. The analysis of the financial condition is carried out taking into account the recommendations developed in the special literature. On the basis of the analysis carried out, the main ways of restoring the solvency of the organization by mobilizing internal settlements and, if they are insufficient, by attracting debt funds are identified.

The result of the fourth section is a plan of measures to restore solvency and support the efficiency of economic activities included in the bankruptcy prevention strategy for the organization.

In the fifth section, the justification for sales quantities consists of the following main steps:

1. Forecast sales volumes by period;
2. Forecasting sales volumes by major transport services;
3. Forecast sales volumes by major consumers.

The final section is developed on the basis of sales volume forecasts. In addition to the necessary calculations, the production plan of the investigated furniture enterprise should contain a characteristic of the basic technological processes, the material and technical base of production and the main types of used resources, a characteristic of the leading suppliers. This section describes the basic labor requirements. The cost reduction activities developed in the section should be taken into account in the preparation of the consolidated cost estimates.

As an example for financial and economic assessment, we will take a specific event – the acquisition of the latest advanced and more progressive equipment and equipment for the production of furniture products. The purpose of business planning is to increase sales revenues by opening a new line for the production of budget furniture economy-class up to 50 t.

The calculations are given on the example of one set of equipment for the production of kitchen products. Capital investments are required to open the new line, as investments are required for the purchase, setup and preparation of the premises, purchase of components, delivery and other (Table 1).

These investments include the cost of equipment for the production of economy-class kitchen sets, installation of technical systems (fire and security alarms; Ventilation and air conditioning system; heating system; Electrical wiring (including lighting). The area of the available production room is 1152 m² and will be used as follows: 350 m² – for processing of raw materials and materials, 200 m² – for cutting and blank of semi-finished products, 150 m² – area for drilling holes, the rest auxiliary rooms. Calculations for business planning purposes for the implementation of the direction for the production of economy-class kitchen sets in the price segment up to thousand

rubles are presented in Table 2. Based on the above, the investment costs for the development of the new direction will be 16915 thousand rubles.

Next, we calculate the cost of the direction for the production of economy-grade kitchen sets for the planned volume of production. The planned volume tends to grow due to the increase in the production volume, and for this purpose it is necessary to open a new production direction of the direction for the production of kitchen sets of economy class in the price segment up to 50 thousand rubles. Here advertising is organized, qualified workers are hired and other. The forecast values are calculated on the basis of the inflation rate for 2015 equal to 4.3 %, that is, the coefficient in the forecast will be equal to 0.43. On average, one production direction out of five produces products for the total revenue of 17640.32 thousand rubles for 2019.

This forecast is made forward for three years (2019 – 2021) and is presented in Table 2.

Table 1

Calculations related to optimization of business processes in the furniture company

The name of the planned expenses	Sum, thousand rubles.
1	3
Set of equipment for production of kitchen sets economy-class	12730,00
Costs for preparation of available production areas (replacement of floor tie, reinforcement of beam structures)	1235,00
Other start-up costs (delivery, installation, setup)	583,00
Commercial equipment (including exhibition samples)	732,00
Office equipment	148,00
Warehouse equipment	704,00
Costs of advertising signs and installation of street tenders	411,00
Installation of technical systems (fire alarm; Ventilation and air conditioning system; heating system; Electrical wiring (including lighting)	372,00
Total	16915,00

Table 2

Forecast Values Implementation of Measures to Improve Business Planning
Methodology Using the Example of Furniture Enterprise

Description of indicators Amount	Sum, thousand rubles.		
	2019 year	2020 year	2021 year
1. Sales volume excluding VAT, total	17640,32	18390,5	23751,7
2. Cost of goods sold	5328,4	6557,9	7947,28
3. Business expenses, only, Including	7119,22	9409,2	11918,55
Wages	4934,12	6674,5	8523,17
Contributions for insurance premiums	1490,1	2015,7	2573,9
Other costs	132,00	144,2	239,6
Expenses on cleaning of rooms	410,00	410,00	410,00
Utility charges	153,00	164,8	171,88
4. Cost of preparing an economy-class kitchen kit (line maintenance) direction	3927,00	951,43	1498,37
5. Production equipment costs	12730,00	-	-
5. Sales profit	1265,7	1471,97	2387,5

Business planning at the enterprise involves a comprehensive and multifaceted study of the production potential of the enterprise, the quality and competitiveness of the produced products, the provision of material, managerial, labour and financial resources to the production process, as a result of which the efficiency of their use is determined. Planning is based on a systematic approach that takes into account the diversity of factors affecting the enterprise, the qualitative selection of reliable information and is a critical management function.

Each enterprise is interested in uninterrupted and cost-effective production, timely delivery to the consumer, as well as high-quality and reasonable management decisions. Operating under conditions of independence in the furniture market, each enterprise needs to plan key aspects in the conduct of business, to expand the sphere of production management and sale of products. Market research and the development of new production lines taking into account the price segment and the interests and opportunities of consumers of the products produced is of decisive importance. Constantly growing scientific and technological progress on the one hand and the development of competition on the other, provides prerequisites for management innovations aimed at creating conditions for carrying out effective economic activity of the enterprise. The organization of effective economic activity by the enterprise requires the development of a clear strategy.

Conclusions

Thus, it can be concluded that on the basis of forecast values and data on planning of direction costs for production of kitchen sets of economy class in the price segment up to 50 t.,

as well as data on production of products at the studied furniture enterprise, the newly created production direction can be considered profitable, that is, profitable. Therefore, this project is effective with a payback period of 3.7 years. The projected profit from sales in 2021 will be 2387.5 thousand.

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