
Modern Business Planning: Prospects and Development in Ukraine

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Abstract. *This article examines business planning as a vital instrument for fostering modern entrepreneurship amidst dynamic market changes and heightened competition. It substantiates the growing importance of strategic planning in enterprise management, emphasising the need to use business planning to ensure long-term sustainability, effective functioning, and competitiveness. The essence of a business plan is revealed to be a document that defines an enterprise's goals and objectives, forms a development strategy and outlines expected results and how to achieve them. This text presents the author's vision of the structure and classification of business plans, based on the generalisation of domestic and international practical experience. In light of Ukraine's integration into the European market, the necessity of formulating business plans that adhere to international standards becomes paramount. It is imperative to acknowledge the significance of the interrelation between business planning and management decision-making processes. A comprehensive analysis is necessitated to evaluate the enterprise's internal potential and external factors, encompassing market trends, technological advancements, transformations in the legislative sphere, and the evolution of consumer needs. It is emphasised that failing to consider these aspects can result in the loss of competitive advantages, operational inefficiency, and financial instability. The article outlines the most common approaches to developing business plans and offers practical recommendations to improve the preparation methodology, increase implementation efficiency and strengthen the strategic focus of management decisions. It is important to note that effective business planning is based on the principles of validity, flexibility, consistency and compliance with modern challenges of the business environment. It is concluded that business planning constitutes an integral element of the successful development of an enterprise in the conditions of a modern economy. Such planning requires an integrated approach, including market analysis, assessment of internal resources, forecasting prospects and monitoring the achievement of set goals.*

Keywords: business plan, organisational goals, investment, innovation, financial grants, entrepreneurship, marketing, planning.

JEL Classification: M13, M21, O20

1 Introduction

The present climate of environmental uncertainty and the accelerated transformation of global and local markets necessitate that enterprises undertake meticulous and deliberate forecasts of their strategic and operational activities. This encompasses the identification, evaluation, and adaptation to potential threats and opportunities that could influence the attainment of established objectives. Consequently, strategic foresight becomes a cornerstone of effective business management, as organisations must remain agile and prepared for both predictable and unforeseen challenges.

In the contemporary business environment, it is imperative that managers at all levels possess the requisite skills and tools to make timely and well-informed decisions. In order to achieve this, it is necessary to possess a comprehensive understanding of the internal operational processes of the enterprise, as well as a meticulous examination of external factors, including market trends, technological advancements, regulatory changes, and shifts in consumer behaviour. Failure to respond appropriately to these external pressures can lead to a loss of competitiveness, operational inefficiencies, and even financial instability.

In such a context, business planning emerges as an indispensable element of strategic management. This document functions as a roadmap, delineating the organisation's strategy for responding to external demands, aligning its resources, and positioning itself within the market. The objective is to ensure its relevance and success in the long term. It is evident that comprehensive business planning enables enterprises to define their purpose with clarity and articulate specific objectives that guide their operations. This process enables the development of a cohesive system of actions aimed at enhancing overall performance, optimising resource allocation, and driving innovation.

Furthermore, business planning encompasses more than mere growth and expansion; it is also a proactive tool for risk management. By analysing potential threats and devising strategies to mitigate their impact, organisations can prevent undesirable outcomes and ensure resilience in the face of adversity. This enables enterprises to anticipate challenges before they arise, adapt to changing circumstances, and maintain a competitive edge. In this manner, business planning can be regarded as a dynamic instrument within the modern managerial framework, facilitating sustainability and long-term success for organisations across a range of industries.

In today's competitive business landscape, effective management requires the implementation

of appropriate strategies. In Ukraine's current economic climate, there is a growing interest in the theoretical and methodological aspects of business planning. This has become an important tool for independent businesses. Therefore, society needs thorough preparation of a document that considers all important aspects of a new business.

2 Functions, Elements and Types of Business Plans

In recent years, many authors have argued that business planning has become a management process that provides information and analytical support for management activities. This process involves the continuous calculation of indicators and the setting of targets for current, financial and investment activities. It is also a learning opportunity for further development.

Established companies have certain advantages over startups when it comes to business planning. They base their strategies on data from their operations and lessons learned from past successes and failures.

It covers the organisation's strategic aspects, including business planning, market research and strategy, identifying and mitigating potential problems and risks, and organisational structure and financial issues, such as investment and the payback period.

It is important to acknowledge the scientific problem that the study conducted by the authors addresses: namely, the necessity to establish a theoretical and practical framework for business planning to assist entrepreneurs and others in achieving their objectives.

The business plan encompasses all aspects of the company's operations, providing a comprehensive overview of the project's technological intricacies and financial viability. The significance of preparing this document and managing its adequacy lies in the fact that it helps to increase efficiency and reduce risks when developing new areas of activity (Bahatska K., & Heidor A. 2019).

The importance of business planning at enterprises is manifested in the following issues:

1. Business plans serve as a means of managing business development by setting specific goals and an action programmer to achieve them.
2. Developing a business plan forces companies to analyses the situation and solve problems.
3. A business plan is a tool for raising capital and obtaining loans, especially for business development.
4. A business plan is a communication tool between a company and potential investors.
5. When developing a business plan, it is

necessary to take into account the assessment of the competitive environment, the definition of marketing strategies, the development of competitive advantages, financial planning and the development of various scenarios (Derhachova V.V., & Vorzhakova Yu.P., & Khlebynska O.I., 2021).

It is imperative to acknowledge that the business plan is indicative of the organisation's future development and performs a variety of functions (Fig. 1).

Business planning encompasses three fundamental components of any business project: the business concept, marketing and finance. A plethora of studies have been conducted to date, and a variety of methodologies have been developed. The present article thus expounds the author's perspective on the characteristics of future business plans, integrating and synthesising a variety of approaches with a view to determining the most appropriate and rational way to prepare a business plan.

It appears that business plans are becoming an essential component of entrepreneurial activity. In particular, they are used to:

- Attract investment and financing for high-risk or existing projects;
- determine strategies for the company's further development;

– facilitate co-operation with major suppliers and other business partners;

– adapt the company's strategies and policies to changing market conditions and competitive pressures;

– secure additional funding for various projects;

– serve as a promotional tool for the company and its products;

– attract qualified specialists;

– provide opportunities for training and self-study in business planning, market analysis, and the development of marketing strategies.

Business plans usually have several key elements (Fig. 2):

Below, each of the elements of the business plan shown in the figure is considered:

1. Executive summary—a brief overview of the proposed business and the most significant part of the plan.

2. Description of the proposed event—a detailed outline of the product, service, technological solution or company, including its main characteristics and economic and commercial advantages.

3. Market research and analysis—an assessment of the internal and external environment, competitive conditions, potential consumer behaviour, market segmentation and sales forecasting.

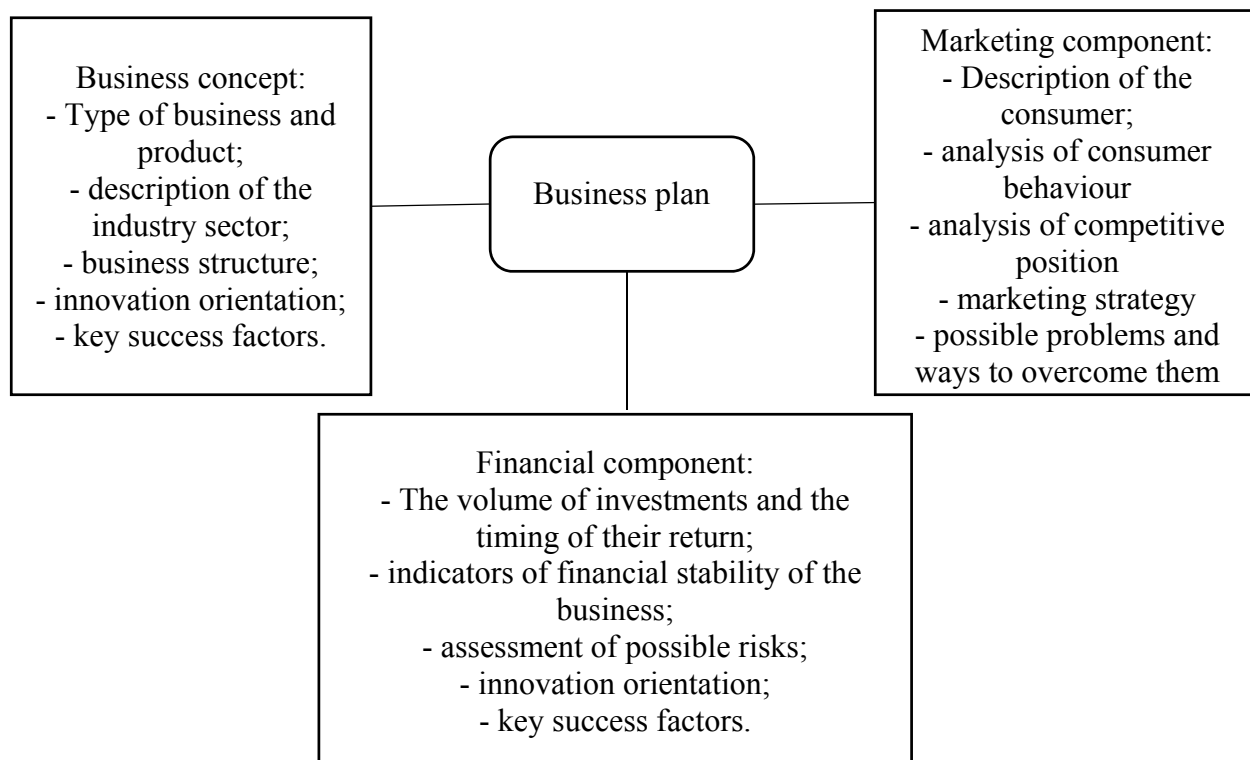


Figure 1 Functions of a business plan

Source: created by the authors on the basis of (Dlygach A., 2023)



Figure 2 Elements of a business plan

Source: created by the authors on the basis of (Danik N. V., 2019; Melnik T. U., 2022)

4. Production planning—an evaluation of equipment and working capital requirements, together with calculations of production costs and necessary investments.

5. Organisational planning—the management structure, personnel requirements and salary planning.

6. Marketing strategy—the planned marketing activities, including development strategy, product policy, pricing and sales approaches.

7. Risk mitigation strategies—identification and assessment of risks and the development of measures to reduce them.

8. Financial planning—the income statement, balance sheet, tax calculations, payback period, financial stability indicators and break-even analysis (Danik N. V., 2019).

The structure of a business plan depends on its goals and objectives. Researchers have identified various types of business plan that can be classified based on several criteria. This study classifies business plans according to two main criteria: form and content, as shown in Figure 3. The content of business plans can vary significantly between new and existing enterprises. For example, they may be developed in connection with restructuring, introducing innovative products, expanding product ranges or changing the financial year.

As can be seen in Figure 3, it is important to distinguish between mini-plans intended for internal company use and those intended for presentation to potential suppliers and partners. Mini-plans usually consist of a limited number of pages and include a business concept, a marketing plan, and basic financial considerations.

Business plans are intended for two principal purposes: firstly, to conduct research, and secondly, to present the results of that research. They include a detailed analysis of the potential for a business idea, as well as plans and strategies for implementing it. Whilst business plans are utilised as a management instrument for the purpose of internal processes, presentation plans are intended for presentation to external stakeholders. Despite the content being identical, the format and style of presentation differ. A significant component of presentation business plans is the utilisation of simplicity, clarity, and brevity, which collectively contribute to their successful acceptance.

When preparing a business plan, it is important to carefully assess the investment required to implement the project and the acceptable cost of utilising it (for example, the percentage of funds from other organisations and the timeline). The potential of the planned project should also be evaluated, including its innovative nature, financial viability and growth potential.

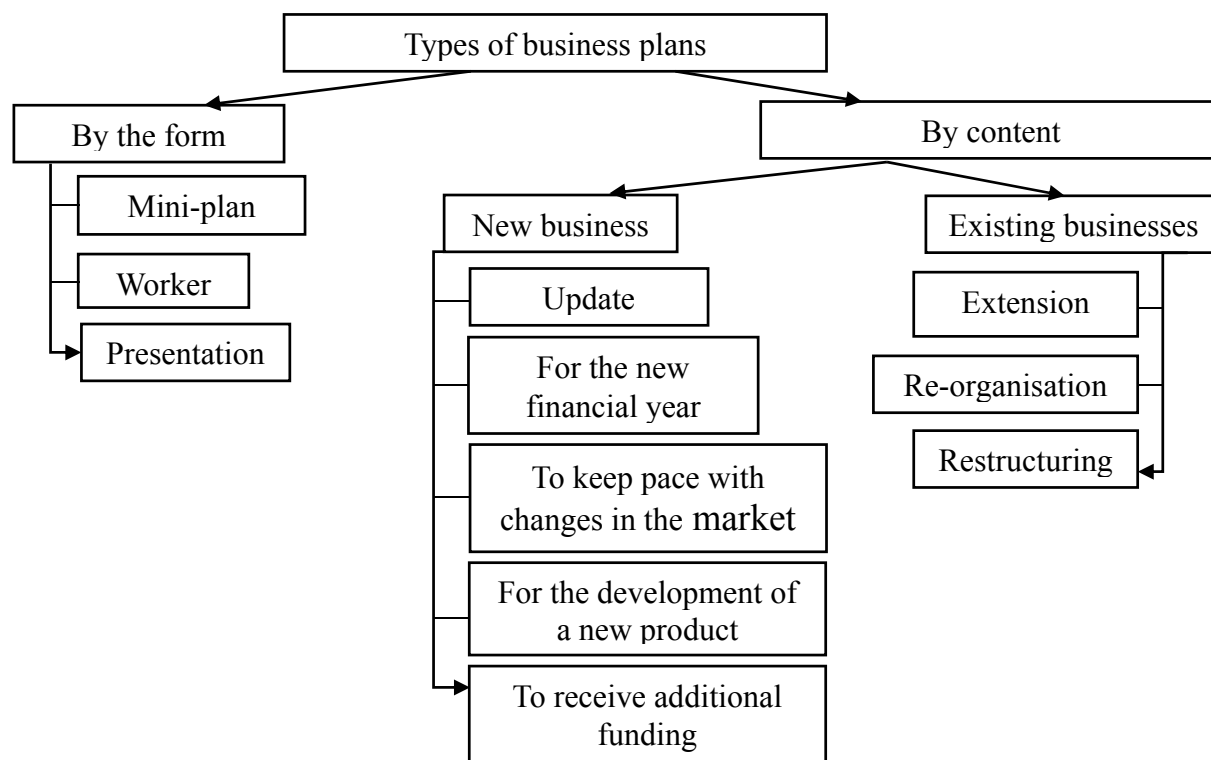


Figure 3 Types of business plans

Source: created by the authors on the basis of (Bahatska K., Heidor A. 2019; Dlygach A., 2023)

3 Business Planning Strategies in the Modern Economic Environment

Ukraine's business environment functions in an extraordinary context: the country has been embroiled in a total war for three consecutive years, and having withstood the most challenging year of 2022, domestic companies are now developing and implementing new projects. Furthermore, new businesses are being established at an active rate.

One of the mechanisms through which entrepreneurs can transform their ideas into reality and expand their business is by leveraging financial grants and credit programmes. These instruments have the capacity to assist businesses in acquiring the necessary funds and resources to bring their projects to fruition. In order to present an investor with a compelling vision of the future business, it is essential to develop a business plan for the future enterprise.

The funds raised can be used, in particular, for the modernisation and expansion of production facilities and bringing them in line with international standards. Consequently, investments can be directed not only towards increasing production levels but also towards enhancing the quality of work.

Potential investors are initially attracted by the company's "packaging". A successful presentation

is only half the battle. Therefore, a well-developed business plan is key to future success.

The initial impression can be adversely impacted by such minutiae as the failure to ascertain the company or the team involved in the project. The presence of an experienced management team, with a demonstrable history of success within the industry, is frequently identified as a pivotal factor.

Presentations are based on the business plan of the project. Investors need to be confident that the entrepreneur has a solid grasp of their market. They also need a clear vision of the company's development strategy and how it will generate revenue. Factors that can increase a project's credibility include best practice, positive customer feedback, and recommendations from partners, particularly those with an international presence. Additionally, companies should have a clear risk management plan and insurance against unforeseen events. However, not all insurance companies are able to cover the risks that exist in Ukraine.

A business plan is an important tool for implementing entrepreneurial ideas. Its main purpose is to summarise all aspects of the project in one document, providing a clear and understandable presentation of the idea, its market potential, development strategy and financial forecasts to potential investors. As every investment must

be justified to an investor, the business plan is an important step in the decision-making process. It enables the assessment of risks, profitability and the project's overall economic impact (Danik N.V., 2019).

Conversely, a business plan functions as a framework for the entrepreneur or the team engaged in the project. When meticulously formulated, a business plan transcends the mere pursuit of financial resources, serving as a pragmatic blueprint for action across various phases of a company's evolution. This meticulous approach enables the anticipation of future expenditures and revenues, fostering adaptability in response to the dynamic shifts in market dynamics.

The true value of a business plan extends beyond theory. Although it is common to develop a business plan that considers key factors such as financial forecasts, marketing strategy, operations and human resources, the reality can sometimes be much more complex. Unpredictable difficulties may arise, such as changes in the political situation, economic instability, or new competitors, which can significantly affect project progress. Therefore, it is important for entrepreneurs to be able to adapt and adjust their business plans if necessary.

Clients are interested in more than just the price of a business plan; they are also interested in its results. To this end, it is important to address some of the misconceptions and preconceptions surrounding Ukrainian entrepreneurs who order this service.

It is also worth noting that price is one of the key elements that often determines the characteristics of a Ukrainian business plan. High-quality, reliable business plans are prepared for specific projects by highly qualified specialists who take their individual characteristics into account. As with similar consulting services, these plans are not cheap. Therefore, clients often choose to purchase only certain parts of the document, typically the most complex and important sections. This helps to avoid the mistakes and misunderstandings mentioned above regarding the individual structural units of a business plan.

A high-quality business plan can solve many difficulties, the main ones being the following (Getman O., & Dorosh B., & Kyivstar, 2023):

- 1) Demonstrating the economic feasibility of new development areas;

- 2) calculation of expected financial results, primarily sales, profit and return on equity;

- 3) determining the sources of funding for the chosen strategy, i.e., how financial resources will be concentrated;

- 4) recruitment of employees who will be able to implement the plan.

Despite the absence of explicit legislation mandating the development of a business plan in Ukraine, the country has adopted a series of laws and regulations that delineate the business environment for enterprises. In order to function within this framework, businesses are required to create a business plan to secure project financing. It is asserted that the enhancement of awareness among entrepreneurs and managers, in conjunction with the leveraging of international experience in business plan development, will enable Ukrainian businesses to attain new levels of success.

4 Conclusions

Consequently, the efficacy of business planning has been identified as a pivotal factor in the success of Ukrainian enterprises in the prevailing economic environment. The positive effects of this phenomenon are twofold: firstly, it enhances the survival rate of companies, and secondly, it stimulates their sustainable development by helping them to adapt to market challenges and effectively utilise available resources.

A well-developed business plan is not only a tool for securing financing, but also a strategic guide for the company. It enables the company to structure its operations, set realistic goals and assess potential risks. It reduces the likelihood of mistakes, such as conducting an inadequate market analysis or relying on unreliable sources of information, which could result in financial losses and damage investor trust. Furthermore, the business plan is an effective means of improving operational efficiency and competitiveness while reducing costs, which is particularly important in the context of global competition.

Business planning serves as both a management tool and a foundation for the enterprise's operations, promoting process optimisation and enhancing management effectiveness. Regular analysis and adjustment of the business plan enables a prompt response to changes in market conditions, thereby minimising risks and ensuring stable growth. Therefore, comprehensive business planning is an essential part of successfully operating a modern enterprise that aims to become a significant player in both the national and international markets.

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