

## The conceptual basics of establishing a business planning system

Dmitry V. Gorelov

NOU VPO "Moscow Institute of Public Administration and Law", Moscow, Russia

**Abstract.** This article provides a rationale for the basics of establishing a business planning system. The author proves that the national system of drawing up business plans is substantially behind the experience of developed countries, which is something to take on board. The author brings to light the essence of the term “quality of business planning” and points up such of its components as the quality of the process of drawing up and implementing a business plan and the quality of the business project itself. The article presents the major dimensions to the analysis of the quality of business planning. It examines the key elements of a business planning system in the theoretical, methodological, and technological aspects. The assessment of specific elements makes it possible to come up with an integral characterization of the quality level of an enterprise’s business plan. The author establishes a rationale for the need to assess the quality of an enterprise’s business plan as well as the need for proper selection of methods and criteria for this assessment. Ensuring a comprehensive approach guarantees the high quality of business planning. An important factor in the effective development of a business planning system is information support for it. In advocating an enterprise’s right to streamlining its management system, the author does not find it expedient to precipitously change methodologies applied, indicators used, and tasks in hand. Such tactics can result in substantial financial losses.

[Gorelov D.V. **The conceptual basics of establishing a business planning system.** *Life Sci J* 2014;11(8s):70-72] (ISSN:1097-8135). <http://www.lifesciencesite.com>. 13

**Keywords:** enterprise, quality, business planning, system

### Introduction

In present-day conditions, there arises a need for borrowing the most innovative methods employed by developed countries in the area of planning and management. More specifically, what is apparent is the need for implementing such a type of planning as business planning. The methodological toolbox used in drawing up efficient plans for business projects substantially differs from methods used today at enterprises in the national economy [1]. Therefore, there objectively arises the issue of the need for ensuring the proper quality level of modern business plans, which cannot be resolved through traditionally applied methods.

The quality of the business planning process is indicative of the level of achieving a match between particular indicators and a specific paragon. Yet, when it comes to the term “quality” as applied to activity related to business planning, there is a need for a thorough integrated and, moreover, comparative approach for the univocal determination of its substance and primary content. This, in turn, will facilitate the formulation of specific dimensions in the development of business planning with a view to boosting its quality level.

The quality level of business planning can be attained only through honoring the interests of all parties keen on establishing efficient plans for business projects and having them successfully implemented, which presupposes the existence in the business planning quality system of certain

restrictions that facilitate its optimization. More specifically, the optimization of the business planning quality system can involve reducing the number of instated restrictions while concurrently boosting its efficiency.

The quality of the business planning process can be conceived of as a degree to which the given activity ensures the attainment of essential objectives. In this respect, one needs to separate the quality of the process itself from the quality of the economic substantiation of the plan for the project. In this regard, one can univocally assert that it is the quality of the process that has the major impact on the quality of the project itself. However, these processes should be distinguished as two independent objects.

Analysis of the latest approaches to implementing business planning indicates that one must pay regard to a number of independent aspects in ensuring the quality of this process. For these purposes, one needs to analyze the quality of business planning by taking into account the following dimensions [2]:

- theoretical;
- methodological;
- technological.

The theoretical aspect is indicative of the degree to which the quality system matches the key principles of business planning. The methodological aspect is indicative of a particular level of organizing and effecting processes and specific features of the

methodological toolbox employed in the process of implementing business planning. The technological aspect reflects the sophistication level of activities and procedures undertaken in the way of concentration and analysis of information support.

The theoretical aspect of the quality system is directly associated with the key principles of business planning, which include: the degree of being scientifically substantiated, systemicity, integratedness, efficiency, and credibility.

The methodological aspect reflecting the system's quality deals with the level of organizing the process and specific features of the methodological toolbox used in business planning and procedures for control over the execution of activities set out in the plan for the business project. The quality of the organizational structure of the business planning process is associated with the structural-logical integrity and validity of information used in the process of planning and control over the implementation of projects.

Methodological quality is determined by the degree of novelty and efficiency of the methodological toolbox employed in establishing and implementing an investment project and an optimum combination of activities related to the collection, analysis, and competent application of information.

The technological aspect of the system's quality is directly associated with the quality of employed technology and procedures for implementing it in establishing business plans for investment projects. In this regard, the system's technological aspect reflects the quality of technology for the concentration, storage, transfer, and use of essential information.

Business planning is crucial to effecting planned activity in the process of the business entity's operation. The issue of the quality of the controlled pursuit of business activity has been investigated relatively in depth, since all the dimensions of optimizing planning are directly associated with boosting the quality of this process. To ensure the quality of planning and the possibility of its impact on the enterprise's operation, various methods for and forms of effecting these processes are being streamlined [3, 4, 5, 6].

Thus, scientific studies and business practice in the area of planning development directly intersects with managerial activity, which governs the need for ensuring the high quality level of planning. In this regard, we should point up the specificity of the issue of business planning due to its objective significance and the complexity of ensuring the efficiency and quality of the process. With this in mind, there arises a need for analyzing business

planning in terms of ensuring its quality characteristics.

The immediate analysis of the most significant aspects of the quality of business planning facilitates:

1. Resolving the issue of assessing the quality level of establishing business projects.

2. Determining the interrelationship between the major conditions for effecting the process and the level of its quality.

3. Implementing a systemic approach facilitating the optimization of managerial decisions through the consideration of key business planning indicators.

Assessment is a key component of the quality control system and is crucial to developing ways to ensure its proper level. In this regard, it is expedient to analyze the principles associated with the quality level of business planning and the methodology for assessing and constructing the criteria for the quality of the process under examination. The determination of the quality level is an important condition for the effective operation of the management system.

We believe it is important to provide a rationale for quality assessment methods as well as assessment criteria associated with the practice of running the business using a systemic approach to analyzing the process under examination. The systemic approach, in turn, will ensure the establishment of particular requirements and rules for effecting business planning, the fulfillment whereof will ensure boosting its quality level. In this regard, the object of analysis is organizational-economic provision for the establishment and implementation of industrial enterprises' business plans [7].

The quality of business planning is directly associated with the general quality of the business entity's management system, whose component part it is. In this regard, it is expedient to speak of the integral quality of business plans, which is directly associated with the constructing of the management system by the enterprise as a whole. Particular dimensions of the development of the process provide for the determination of the quality level of a business project, which, in turn, is directly associated with the fullness of observing the principles underlying the system. In this regard, it is important to consider the issue of developing the methodological toolbox and organizational provision for the process.

Thus, there is a need for the constant process of developing business planning inclusive of changes of a quantitative and qualitative character, which take place both in the enterprise's external and internal environment. This becomes especially topical amid

present-day market-oriented transformations, which requires that organizational-economic provision for drawing up business plans be brought in line with them. Modern business practice indicates that the mechanisms of the teleological approach to planning that have not paid off are transformed onto market ways of effecting planned activity [8]. Nonetheless, management systems implemented at national enterprises are not always ready for such precipitous transformations. Besides, one also needs to take into account the experience amassed during the Soviet period. However, it can by no means always be applied in establishing and implementing business projects of an investment nature. It is for this reason that so much importance is attached to the issue of refining the quality level of managerial activity at national enterprises inclusive of the need for streamlining the process of attracting investment resources.

“...A system as a single entity has its preconditions, and its development in ensuring integrity is specifically about subjugating to itself all of society’s elements and creating from it organs it still needs. This way, in the course of historical development the system turns into a unity” [9, p. 229]. Thus, there is a need for constructing a particular management system that would meet to the fullest the need for drawing up efficient business plans.

We believe that in this case it is important to define the priorities in the establishment of the system. In this regard, we have to point up such an aspect as information support, which is crucial to the efficient development of the business planning system through maximally encompassing the whole aggregate of the system’s elements.

A crucial precondition for quality reformation of managerial activity at national enterprises in relation to the investment process is its functional orientation. It presupposes streamlining the activity of specific structural units responsible for attracting investment resources.

We believe that providing a rationale for the conceptual basics of establishing a business planning system requires consistent implementation of specific activities based on transforming its pieces inclusive of functions implemented and the nature of its interrelationship with other sub-systems [6]. We

should keep in mind that a precipitous change of methodologies applied, indicators used, and tasks in hand can have profoundly negative consequences in the production-business activity of the enterprise.

#### **Corresponding Author:**

Dr. Gorelov, NOU VPO "Moscow Institute of Public Administration and Law", Moscow, Russia.

#### **References**

1. Sheremet, A.D., 2008. A Theory of Economic Analysis. M.: INFRA-M.
2. Gorelov, D.V., 2013. A Methodological Toolbox for Assessing the Quality of Business Planning at an Industrial Enterprise. *Ekonomika i Predprinimatelstvo*, 5.
3. Danilina, H. and Z. Mingaleva, 2013. Improving the Innovation Potential Efficiency of Industrial Enterprises. *Middle-East Journal of Scientific Research*, 13: 191-194.
4. Becchetti, L., S. Di Giacomo, and D. Pinnacchio, 2008. Corporate Social Responsibility and Corporate Performance: Evidence from a Panel of US-listed Companies. *Applied Economics*, 40(5): 541-567.
5. Bendheim, C.L., S.A. Waddock, and S.B. Graves, 1998. Determining Best Practices in Corporate-Stakeholder Relations using Data Envelopment Analysis: An Industry-Level Study. *Business and Society*, 37(3): 306-338.
6. Bird, R., L. Casavecchia and F. Reggiani, 2006. Corporate Social Responsibility and Corporate Performance: Where to Begin? Working Paper. University of Technology, Sydney, and Bocconi University, Milan, pp: 1-86.
7. Gorelov, D.V., 2013. Information Support for Boosting the Level of Business Projects. *Ekonomika i Predprinimatelstvo*, 6.
8. Gorelov, D.V. and I.V. Ryzhov, 2013. A General Characterization of the Algorithm and Principles of Assessing the Quality of Business Planning at an Industrial Enterprise. *Ekonomika i Predprinimatelstvo*, 5.
9. Marx, K. and F. Engels, 1968. *Collected Works*. (2nd edition). Vol. 46, Part 1. M.: Politizdat, pp: 229.

5/15/2014