

CHAPTER 16

BUSINESS PLAN IN MODERN BUSINESS CONDITIONS

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INTRODUCTION

Nowadays, the instability of external environment factors requires enterprises to forecast their current activity in detail in order to justify strategic directions of development, consider threats and opportunities for further functioning and achievement the set goals. Current conditions require any organization to be able to take management decisions in time. The role of business planning as an important strategic planning tool is therefore enhanced whereby businesses can define the purpose and mission of their functioning, develop a system of measures to improve performance or prevent threats of external environment.

Issues of drawing up business plans taking into account the current economic situation are considered in the scientific works of famous scientists: N. Krylova, V.A. Chichina, K. Kiperman, I.V. Lipsisa, M.M. Alekseeva, G.D. Lvovsky, V.D. Markova, S.F. Pokropivny. M. Mulley, O.I. Palchik, Y. Smakovskaya, G. Peters, A.R. Polyakov, H. Roseen, Y.I. Skyrko, V. Khrutsky and others. Today, there are several scientific approaches to the development of business plans at the enterprise, which are grounded by foreign economists and managers: P. Tiffany, Stephen D. Peterson, H. Roseen, R. Waterman, and others.

Many aspects of drawing up and implementing business plans must be carefully adapted to Ukrainian realities and the state of transitional economy.

16.1. The essence and the main stages of a business plan

Business planning is an effective tool in the modern business environment. Development of business plans and implementation of business planning for the enterprises' activities includes constant monitoring of the market, the state of the competitive environment, drawing up plans for implementation of any changes.

In contrast to Western countries, business planning in Ukraine has several features¹.

Ukrainian legislation does not assign obligation of a business plan development. The latter is a new document for most Ukrainian enterprises². Despite the country's desire to join the European community and raise the standards of products quality, services and business principles, there is a widespread position that denies the feasibility of developing a comprehensive business plan, as business conditions change too fast. So, one should provide an alternative technology – economic justification.

Analysis of foreign firms showed that most bankruptcies are caused by miscalculations or lack of a business plan, and entrepreneurs believe that 98% of business failures are explained by unsatisfactory management, including 45% by incompetence, 20% by poor professionalism, 18% by lack of management experience, 9% – lack of work experience in production, 3% – non-compliance with obligations, 2% – fraud, 1% – natural disaster and only 2% – reasons that do not depend on the quality of management of the company³.

A business plan is a written description of your business's future, a document that tells what you plan to do and how you plan to do it.

The business plan provides detailed explanations of how the business will be managed to ensure its profitability and return on investment. Continuous changes in the business environment in which the enterprise operates involve clarification and review of the business plan, which requires the development of a mechanism for involving management staff in such work.

In general, a business plan is drawn up for external and internal purposes. As a document aimed at external users, the business plan is intended to justify the confidence of investors and creditors, to convince them of the potential capabilities of the company, the competence of its employees, and the need to provide strategic and financial assistance. In other words, the absence of a justified business plan clarified to changing conditions indicates the inefficiency of managing the enterprise and, as a result, complicates the ability to attract financial resources and achieve long-term stability in competitive environment.

¹ Chychun V.A., Palamarchuk V.D. (2010). Biznes-planuvannia yak faktor uspishnoi pidpriemnytskoi diialnosti [Business planning as a factor of successful business activity]. *Sotsium. Nauka. Kultura*, no. 21(18), pp. 58-63.

² Aleksieieva M.M. (2011). Planuvannia diialnosti firmy: navch.-metod. posibnyk [Planning of the activity of the firm: training-method. manual]. Kyiv: Finansy i statystyka, 248 p.

³ Skibitska L.I. (2014). Antykrizovyi menedzhment [tekst]: navch. posib. [Crisis management [text]: textbook tool]. Kyiv: «Tsentri uchbovoi literatury», 584 p.

Therefore, the business plan can be considered as the basis of the planned and operational enterprise's activity. It is the most important source of strategic information accumulation and a tool of direct managerial influence on the future position of the enterprise, which describes the ways to achieve profitability. In general, the financial, operational and investment policy of an enterprise must meet the directions and strategic goals set out in the business plan⁴.

In a market economy, a business plan performs two important functions:

- External is to acquaint different representatives of the business world with the essence and basic aspects of realization of a specific business idea;
- Internal (vital for the company's activity) is to work out the mechanism of self-organization, that is, an integrated system of managing the implementation of an entrepreneurial project.

Traditionally, a business plan is considered as a tool to attract the necessary financial resources to implement a project. External investors and lenders will not invest in the business unless they are familiar with a carefully prepared business plan that must convince potential investors that the entrepreneurial project has a well-defined strategy for success and deserves financial support.

Equally important is the internal function of the business plan, within two directions of its application can be separated⁵:

- as a tool for strategic planning and the company's operational management. Development of a business plan requires not only strategic directions and goals of the activity, but also operative actions for their achievement. That is, the business plan is the basis for current planning of all the company's aspects;
- as a mechanism of the company's analysis, control and evaluation. The business plan allows to analyze, control and evaluate the effectiveness of activities in the process of implementing an entrepreneurial project, identify deviations from the plan and timely adjust the directions of business development.

Regardless of its functional orientation, a business plan provides solving the following tactical and strategic tasks:

⁴ Arsenko A. (2004). Pidpryemnytstvo i pidpryiemtsi [Entrepreneurship and entrepreneurs]. *Uriadovyi kurier*. 20 sichnia № 1(24), p. 6.

⁵ Perevozchikova N.O., Maslovska M.V. (2013). Osoblyvosti protsesu biznes-planuvannia v suchasnykh umovakh rozvytku Ukrainy [Peculiarities of the Business Planning Process in Modern Conditions of Ukraine's Development]. *Efektivna ekonomika*. №11.

- financial-economic and organizational-managerial assessment of the company's current state;
- identifying potential business opportunities without hiding weaknesses and focusing on strengths;
- formation of investment and project goals of this activity for the planned period.

The business plan justifies:

- specific and general details of the company's operations or activities in a specific market;
- choice of strategy and tactics (methods) of competition;
- estimation of financial, material and human resources necessary to achieve the set goals.

Business plan is used:

- a) by the company's management personnel:
 - to determine the range of problems that an enterprise will face while achieving its intended purpose;
 - assessing the financial and economic state and competitiveness of an enterprise in the existing and new markets of goods and services;
 - development of the concept and strategy of the company's activity in the conditions of competitive struggle with other producers of similar goods and services;
 - formulating and providing solutions to these problems.
- b) by potential investor (creditor) and partner:
 - to evaluate the economic efficiency of business projects, the feasibility of obtaining planned profit;
 - repayment to the creditors of the funds invested in this project.

The process of drawing up a business plan is specific in each case. Therefore, it is almost impossible to provide a single scheme for its development. Generalization of entrepreneurial experience allows to distinguish three stages in the process of developing a business plan. They are an initial, preparatory, basic stage.

When designing a business plan for starting some business, all the above stages of business plan development must be completed. If a business plan is being developed to expand an existing business, then there is no need for the initial stage of its development.

The initial stage. When starting some new business, development of a business plan begins with the development of a concept, that is, the fundamental decisions that form its basis. Within the framework of work on the concept of future business, the search for an entrepreneurial idea is carried out, the field of activity is selected, the appropriate form of

business organization is substantiated, and a decision is made about the way to start a business.

Finding an attractive business idea is a difficult and responsible task for the entrepreneur. The sources of ideas may vary from special research and development, but most often they come from consumers; already working firms; parliaments and governments.

The consumer is the starting point for the idea of a new product or service. Therefore, it is necessary to search for formal and informal ways of expressing his opinion, which can lead to the consumer's initiation of a promising business idea.

A detailed analysis of the working firms' activities allows to find new opportunities for improving products, services, etc. and to substantiate the concept of their own business.

In the process of finding and choosing an entrepreneurial idea, it is necessary to evaluate the chances of success with practical implementation. Evaluation of a new idea should be complex, that is, the idea should be viewed from different positions⁶:

- the level of competition in the market of relevant goods and services;
- availability of consumers and knowledge of their needs at the present stage and in the future;
- company's production capabilities to produce the necessary market goods;
- real possibilities of raising funds (if necessary – foreign investments);
- stability and flexibility of current legislation in the field of business management;
- competencies, experience and managerial abilities of businessmen, etc.

The main stage is the direct elaboration of the business plan. The main purpose of this stage is to prove the economic feasibility of setting up this business, convincingly uncovering how exactly the potential investor's funds will deliver the expected result. At this stage, the scope and purpose of the activity, the purpose of the

Three rules for writing a business plan:

1. Keep it short.
2. Know your audience.
3. Don't be intimidated.

⁶ Velychko V. (2012). Etapy rozrobky biznes-planu pidpriemstva [Stages of business plan development]. *Ekonomika Ukrainy*, no. 5, pp. 42-48.

Number of private companies in Ukraine during the period of 2013-2017 years is given in Figure 1⁷.

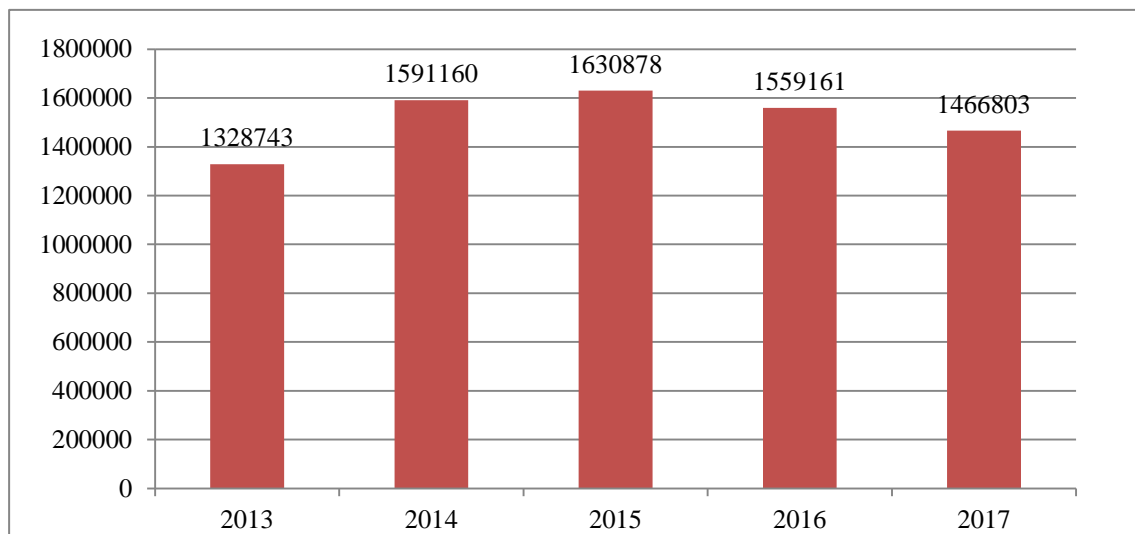


Figure 1. Number of private entrepreneurs in Ukraine during 2013-2017

According to the data presented, there is an increase in the number of private entrepreneurs during 2013-2015. In 2016 and 2017, there was a gradual decline in the number of business entities, indicating that many entrepreneurs were not prepared for the real business conditions. Many new players in the market rely on their intuition, which is often not objective. After all, many businessmen in Ukraine in 2016 and 2017 ceased their operations, due to inefficient management and organization of their activities, which led to the loss of competitiveness. That is why it is so important to develop a business plan in order to understand all aspects of business and its main purpose which is to make a profit.

16.2. Informational basis for a business plan

The process of business plan development begins with gathering information regarding the future business. Such information includes marketing, production and financial information, information on economic and sectoral factors.

The business plan information field is a set of documents or data of legal, political, economic, commercial, scientific, technical, foreign

⁷ Ofitsiyni sait Derzhavnoho komitetu statystyky Ukrainy. Operatyvna statystychna informatsiia [Official site of the State Statistics Committee of Ukraine. Online statistical information]. URL: <http://www.ukrstat.gov.ua/>

economic and social nature that provide information needs of the entrepreneur in the process of developing a business plan⁸.

In order to develop a business plan, information about general economic and sectoral factors that influence the project implementation process, the general economic situation in the country, social and political conditions of the project implementation, legislative restrictions, industry development trends, etc is necessary. The main sources of information for business plan development:

- own experience of practical activity;
- direct contacts with future consumers and suppliers;
- information about competitors;
- statistical information on the status and trends of the industry;
- ongoing analytical reviews of the economic and market situation;
- advertising materials, information and commercial materials of exhibitions, fairs and scientific and practical conferences;
- publications on entrepreneurship.

The value of a business plan depends on the usefulness of the information it contains. Therefore, in the process of forming the information field of a business plan, special attention is paid to the quality of the basic information. The main indicators of information quality are⁹:

- 1) objectivity, that is characterized by assessment of completeness, accuracy and consistency of information;
- 2) relevance, which implies the correspondence of information to its specific information needs;
- 3) timeliness, reflecting the ability to meet information or need within a specified time;
- 4) communicativeness that clarifies the comprehensibility of information for the relevant user;
- 5) clarity.

It should be noted that information on a business plan can not consist only of factual data, so when developing it, there is always an element of uncertainty – predictions and assumptions. Such predictions and assumptions can be to forecast production and sales; market share; possible prices; business development rates and etc.

⁸ Smakovska Yu. (2009). Kryterii ekspertnoi otsinky biznes-planu pidpriemnytsikoho proektu [Criteria for peer review of the business plan of an entrepreneurial project]. *Formuvannia rynkovoï ekonomiky v Ukraini*, no. 19, pp. 434-438.

⁹ Kozlovskiy V.O., Lesko O.I. (2008). *Biznes-planuvannia: Navchalnyi posibnyk* [Business Planning: A Tutorial]. Vydannia 2-e, dopovn. ta pererobl. UNIVERSUM-Vinnytsia, 359 p.

An entrepreneurial idea embodied in any product can only be successful when it finds a consumer, and therefore the effective implementation of a business idea is only possible if there is marketing information that contains information about:

- potential consumers of future business products, their requests and unsatisfied needs;
- technical, operational and consumer qualities of similar types of products and their prices;
- peculiarities of promotion of this product group on the consumer market, other information that characterizes the market of the future business;
- purchasing power of potential clients;
- the number of potential buyers by region and age group;
- dynamics of income of the population (clients);
- dynamics of total demand for similar products on the market;
- the number of entrepreneurs engaged in a similar type of business activity.

As a rule, most of the information in an operating enterprise comes from internal sources, using operational and accounting data, planning, and so on. Information is collected on a constant basis (within accounting and statistical reporting periods) or temporarily (if necessary). Gathering episodic information requires development of specific survey procedures, individual and group assessments.

The sources of internal information include: accounting data and reporting; statistics and reporting; operational data and reporting. Accounting data give an objective quantitative description of various business transactions, a generalized description of the entire set of means of production in composition and placement, by sources of formation and purpose. For this purpose, the methods of continuous observation, exact documentation, systematization of accounts, grouping in the balance sheet and other reporting tables are used.

In addition to accounting data, statistical data are used to evaluate the implementation of plans (monthly, quarterly, annual), which reveal certain economic patterns.

Especially a lot of information can be obtained on labor and production organization, financial and economic status. In practice, managers at different levels perform their own operational analysis, keep records of critical processes and operations, estimate estimates, plan appropriate activities. In this way, each decision-maker becomes both a user (informant) and a source of information (informant).

External planning information is information about suppliers, the competitive environment, buyers and more. The sources of such information may be: the legal framework, official accounting and statistical reporting, publications, other enterprises, the information industry and independent marketing research. Gathering production information is necessary to study the technology of production of this product, machinery and equipment, the market of raw materials, determine the need for production facilities, establish contacts with suppliers and partners, determine the need for specialists and their qualifications, etc.¹⁰

For the successful implementation of an entrepreneurial idea, the issue of providing the necessary financial resources is important. Therefore, it is necessary to collect financial information regarding the starting capital, the level of profitability of similar products, features of taxation, insurance, conditions of short and long-term lending. Financial information is required to evaluate the overall financial aspects of an entity's activities, on the basis of which potential investors will determine the profitability of the project, the feasibility and sources of its financing.

One of the most difficult tasks in developing a business plan is to analyze the prices of competitors' products, because in a market economy, this information is a trade secret of the manufacturer. When forming prices for products (works or services), you must take into account the various methods of state limitation and regulation of price levels and their dynamics.

Important for the preparation of a business plan is also information about the economic and industry factors that influence the process of implementation of the entrepreneurial project. This is an analysis of the general economic situation, social and political conditions, legal and regulatory framework, favorable opportunities and threats to business and more.

16.3. Structure of a business plan

A business plan is a universal planning tool that allows to solve a large number of different tasks. Therefore, business plans can vary greatly in form, content, structure, and scope. A business plan can be developed for the whole enterprise or for individual business lines

¹⁰ Danik N.V. (2015). Biznes-planuvannia yak instrument zdiisnennia finansovoho menedzhmentu v suchasnykh umovakh rozvytku Ukrainy [Business planning as a tool for implementing financial management in the current conditions of development of Ukraine]. *Naukovyi visnyk Mykolaivskoho natsionalnoho universytetu imeni V.O. Sukhomlyns'koho. Seriya: Mizhnarodni ekonomichni vidnosyny ta svitove hospodarstvo*. Vyp. 2, pp. 81-84.

(strategic units, products (services), technical solutions). In the former case, the business plan may relate to a new, existing or reorganized enterprise.

The business plan is designed to meet the needs of potential investors and business partners. It contains a number of mandatory sections, and the figures given in them must be reliable, reasonable, based on documents and calculations. The size of the business plan depends on the specifics of the project and does not exceed 50 pages. The structure of a business plan depends on the specific goals, objectives and object of the business.

Nowadays there are no obligatory methods for preparing a business plan, but its general structure according to UNIDO investment standards, should include the main components presented in Table 1¹¹.

Summary is an independent final document, because it contains the main points of the entire business plan. This is actually the only part to be read by most potential investors, so the summary should contain the most important information for the investor: the volume of the investment, the purpose, the expected repayment period, guarantees, other investors, assets of the company¹².

Description of the company and the industry. The purpose of the chapter is to show and prove the viability of this business or idea by describing the form of practical action, taking into account the real situation in the chosen field of business. This chapter should clearly and briefly explain two main points:

- the company as a means of profit gaining;
- in what sphere the company is better than its competitors.

This chapter should contain the following information:

- the company's sphere, description of the product (services), the main customers;
- description of the current situation in the selected business area (the current state in this area, assessment of development prospects);
- organizational and legal form of the company, organizational structure, founders, staff and partners, date of foundation;
- financial and economic indicators of the enterprise;

¹¹ Riznyk V.V., Riznyk N.A. (2017). Bazovi protsedury, metodolohiia biznes-planuvannia ta yoho rol u stratehichnomu upravlinni diialnosti pidpriemstva [Basic procedures, business planning methodology and its role in the strategic management of the enterprise]. *Ekonomichnyi visnyk universytetu*, no. №35/1, pp. 67-72.

¹² Dzhella A.N. (2010). Stratehichne planuvannia diialnosti pidpriemstva [Strategic planning of enterprise activity]. *Aktualni problemy ekonomiky: naukovyi ekonomichnyi zhurnal*. Kyiv: Natsionalna akademiia upravlinnia, pp. 23-26.

Table 1

Structure of business plan (according to UNIDO standards)

UNIDO international standards	
Chapter	Contents
1) Resume	The chapter should contain general information about the business plan: brief information about the project, the volume of investments needed, own funds, terms of implementation and financial indicators of the project.
2) Company and industry	General information about the company, key performance indicators, human resources, management structure, products and services produced, partnerships, industry characteristics and the role of the company in the industry.
3) Products (services)	For each type of goods and services manufactured, the following information should be provided: name of the product, photographs, purpose and application, key characteristics, competitiveness, copyright, availability or need for licensing, degree of readiness for production and sale, availability of quality certificate, safety and environmental friendliness, conditions of delivery and packaging, guarantees and service, requirements for conditions of use, methods of disposal.
3) Marketing plan	Results of marketing research, description of the market and prospects for its development, description of competitors, principles of pricing for manufactured products, distribution and promotion system.
4) Manufacturing plan	Calculation of fixed and variable costs depending on production volumes, calculation of production cost, information about the company's production facilities.
5) Organizational plan	Description of the company's organizational structure and stages of project implementation, management and composition of technical staff, ways of motivating employees.
6) Financial plan	Basic financial calculations, costing and cost estimates for the project, description of financial sources, table of costs and revenues, cash flows. The chapter should include: preparatory period expenses, main period expenses, calculation of receipts, expenses related to loan servicing, tax payments, other receipts and payments, profit and loss statement, cash flows, forecast balance.
7) Risks and guarantees	Analysis of the company's sensitivity to external factors. Description of potential risks and project payback guarantees.
Appendix	All details that are not in the main chapters can be described in the appendices. This will unload the main part from extra tables and graphs.

- location of the enterprise (address, characteristics of the house or premises, property or lease, need for reconstruction, etc.);
- specificity of work (seasonality, hours of work (hours and days of the week), and other features related to the business area or resources used).

If an enterprise is only being created, this chapter should additionally provide justification for the company's success in the field of business selected. In particular, references to contracts or prior arrangements with suppliers or consumers are desirable. If the project is implemented in the framework of individual entrepreneurial activity, the description of the business should be given. The chapter should convince the investor of the reliability and prospect of the project company.

Description of products (services). This chapter should identify and describe the types of products or services to be offered on the market. Some aspects of the technology required to produce products or services should be clarified here. It is important to write this part in clear language. The chapter provides description of the product characteristics, while paying attention to the advantages that products bring to potential buyers.

It is important to pay attention to the uniqueness of products or services: new technology, quality of goods, low cost or some special characteristic that meets the customers' needs. It is also necessary to emphasize the possibility of improving this product (service). Existing patents or copyrights for inventions are described, or other reasons that might prevent competitors from invading the market. Such reasons may be exclusive distribution rights and trademarks¹³.

Marketing. Marketing plan is necessary to turn potential customers into the real ones. This plan should show why customers will buy these products or use these services. It is necessary to evaluate and explain to potential partners or investors the main elements of their marketing plan: pricing, distribution scheme, advertising, sales promotion methods, organization of after-sales support, image formation. The main aspects of this chapter include:

- description of consumer's requirements for products (service) and the possibility to satisfy them;

¹³ Lytvynenko S.L. (2011). Kompleks biznes-planuvannia vantazhnykh aviakompanii [Business Airlines Business Planning Complex]. *Aktualni problemy ekonomiky: naukovyi ekonomichnyi zhurnal*, Vyp. 2 (116), pp. 89-95.

- description of the competition. Identify competitors and analyze their strengths, weaknesses, and the company's capabilities;
- description of the market for the sale of products (services);
- description of the delivery of goods from the place of production to the place of sale or consumption;
- strategy of attracting consumers, based on certain opportunities. Price and volume of sales of products. It is the selling price of the product (service) that determines the amount of profit and profitability of the project. Price-quality-profitability parameters must be linked.

Production plan. This chapter should describe all manufacturing or other workflows that occur in the enterprise. Here all issues related to the premises, their location, equipment, staff should be considered. The planned involvement of subcontractors should also be examined, and it is necessary to explain how the system of production (services) is organized and how control over production processes is exercised¹⁴.

It is necessary to pay attention to the location of production areas and equipment. Finally, issues related to terms of delivery, number of the major suppliers, and how quickly output can be increased or decreased should be presented in this chapter.

Organizational plan. This chapter explains how the management group is organized and describes the main role of each member. It shows the project management team and leading experts, legal support, available or possible support and benefits, organizational structure and timetable for project implementation. This chapter should provide information about partners, their capabilities and experience. It is necessary to highlight the mechanism of support and motivation of top executives, to show how you can motivate them to achieve the goals set in the business plan. It is necessary to specify how their work will be paid (salary, bonuses, share participation in profit, etc.).

Financial plan. The purpose of the chapter is to show the main financial data. It provides standards for financial and economic calculations, provides direct (variable) and fixed costs for production, costing products, cost estimates for the project, the need and sources of financing, the table of costs and income, the flow of real money (cash flow) forecast balance.

¹⁴ Teoretyko-metodolohichni osnovy biznes-planuvannia u vitchyznianskykh vantazhnykh aviakompaniiakh: Monohrafiia [Theoretical and methodological bases of business planning in domestic freight airlines: Monograph] / za zah. red. O.V. Martiakovoi. Donetsk: DVNZ «DonNTU», 2010. 118 p.

Risks and guarantees. Entrepreneurial risks and possible force majeure are presented, guarantees are given to partners and investors.

Project effectiveness. The chapter indicates the performance of the project, analyzes the sensitivity of the project, calculates the life cycle of the project, break-even sales.

Appendices are an important part of the business plan, facilitates the unloading of the main text from the details and gives the potential partners and investors various additional materials:

- confirm information about the company (copies of the registration certificate, charter and constituent agreement of the enterprise, available licenses and certificates, honorary diplomas and certificates, copies of press materials about the company's activity, feedback from customers and partners in joint activities, etc.);

- characteristics of the products (photos, drawings, patent, reviews, test results and product certification, other information);

- convince the demand for products (marketing research materials, comparative data on competitors, contracts, protocols of intentions and applications for the supply of products);

- show production possibilities (a photograph of the enterprise, its leading sites, equipment, copies of production certification documents, etc.);

- disclose the organizational and legal readiness of the project (schemes of organizational structure, mechanism of project implementation, extracts from regulatory documents);

- substantiate financial and economic calculations (calculations, tables, etc.);

- confirm the focus, significance (scale) and effectiveness of the project (decisions, programs, plans, acts, letters, references);

- confirm the feasibility of risk prevention measures, neutralization of force majeure and feasibility of loan repayment guarantees (letters of guarantee, contracts, composition and value of pledge, extract from legislative and regulatory documents, other materials).

It is necessary to avoid common mistakes frequently made while developing a business plan for obtaining a loan¹⁵:

- reassessment of sales opportunities, inefficient marketing strategy and sales forecasts;

¹⁵ Puhachevska K.I., Pliut T.S. (2011). Znachennia biznes-planuvannia yak chynnyka hospodarskoi diialnosti v rynkovii ekonomitsi [The importance of business planning as a factor of economic activity in a market economy]. *Naukovyi visnyk NLTU Ukrainy*, no. 21.1, pp. 256-260.

– overestimation of the final selling price of the product, which leads to formally high financial and economic performance of the credit project.

There are two possible explanations of the reason for such overestimation. On the one hand, it is possible that it is the result of self-deception when the client either used incorrect information about the market he had not previously worked in, or used as a benchmark the price of a single batch of goods that he managed to sell.

There is also an option when the entrepreneur consciously changes the pricing parameters in order to misuse the loan.

Reduction of costs is associated with the implementation of the submitted project, from raw material prices to transportation and wage costs.

Therefore, professional investment justification significantly reduces the risk of loss of own funds and increases the opportunities for attracting funds from investors in a business project.

CONCLUSION

The investor clearly understands that if the company cannot make a high-quality, well-founded business plan, then invested investments can be used unprofessionally.

Therefore, the conducted research gives grounds to argue that a business plan is the basis of any company's work, along with property security and it is a part of minimum guarantees for attracting investment. However, the absence of a grounded business plan, carefully adjusted according to changing conditions of external and internal environment, which is especially relevant in conditions of the current financial crisis, is a significant drawback, reflecting the weakness of the company's management, complicates the ability to attract financial resources and achieve long-term stability in the competitive environment.

The investor clearly understands that if the company cannot make a high-quality, well justified business plan, the invested investments can be used unprofessionally.

SUMMARY

The article deals with the problem of forecasting the activity of an enterprise due to instability of environmental factors. It is quite difficult for Ukrainian companies to work in such conditions and therefore the role of business planning as an important strategic

planning tool by which enterprises can determine the purpose and mission of their operation, develop a system of measures to improve performance or prevent threats to the environment is increasing.

Most foreign investors invest in Ukrainian enterprises only through a detailed analysis of their activities, but when an enterprise is trying to attract external financing, a business plan is an ideal indicator of strategic and operational planning.

Studies have shown that despite the rapid growth in the number of operating private enterprises from 2013 to 2015, in 2016 and 2017 there is a decrease in the number of enterprises. This situation proves the need for detailed development of the business plan as one of the key elements of the strategy of the enterprise. The considered way of creating a business plan, according to the UNIDO standard, is optimal and most common. The information contained therein will be clear to banks, investors and other financial institutions where the business plan owner may want to take the investment capital on his idea.

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