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PECULIARITIES OF STRATEGIC PLANNING IN THE CRISIS CONDITIONS

Putting the problem. Crisis is a “litmus paper” for enterprise management. It exactly defines how effectively can we react to negative changes of external environment and “extinguish” them, how can we change and improve, giving the enterprise a chance to survive in crisis. The majority of managers consider the plan as a necessary instrument for managing enterprise in crisis times. But there are a lot of statements about the vanity of this “expensive pleasure” under conditions of unforeseen, changeable modern organization, about non-appropriateness of enterprise spirit prohibition with the help of planned tasks, about the substitution of planning function by the direct action of market forces in any industrial-economic organization.

The analysis of the experience of modern American (and also Japan and western European) enterprises shows, that the intra-firm planning is generally accepted in their practice [1,3,5]. This function, which is generally realized on the level of corporation and also departments, their groups, factories and other organizational subdivisions, sets a stamp on all kinds of activity of a modern firm and has own specific character in crisis conditions.

What peculiarities in realization of enterprise strategic planning do help to manage productively in crisis conditions? What approaches, methods and instruments are effective today? Answers on these questions are very actual and important for all managers and also for managers of the Ukrainian enterprises.

Analysis of recent investigations and publications. Analysis of native and foreign investigations in the field of the strategic management in crisis conditions shows that consideration of its specification allows increasing the productive reliability, surviving in crisis conditions and even guaranteeing stability of enterprise development.

To the problems of strategic management, especially in the crisis conditions, are devoted works of I. Ansoff, R. Acoff, O. Bieloruss, O. Vikhanskyi, I. Ignatieva, O. Miroshnyk, M. Martynenko, A. Naumova, D. Syrotkina, S. Smirnova, A. Strickland, A. Tompson, Z. Shershnyova etc.

At the same time, there is a row of questions, which expect further theoretical and practical investigation. In this regard, it is necessary to analyze strategic planning

specification in the crisis conditions, including the Ukrainian enterprises.

Putting the task.

The purpose of this article is to reveal peculiarities of strategic planning in the crisis conditions, and to elaborate recommendations on its effectiveness increasing for the Ukrainian enterprises.

Results.

You shouldn't be afraid of the word “planning”. Working out the long-term plans is already widely used in many economically developed countries. Being in the waiting mode is not only dangerously nowadays, it will lead to the serious economical expenses in any situation, to crisis or even to the death of the enterprise. Many leaders of native enterprises try to find out the way from the nowadays situation. The questionnaires conducted in the big Ukrainian trade organizations (supermarket “METRO Cash & Carry Ukraine”, hypermarket of building materials, supermarket “Absolute”, hypermarket “MegaMax”) prove it.

The real way from the crisis could be elaborated on the basis of strategic planning and management. To plan in the old manner is not allowed, but not to plan at all would be a deadly mistake. It is the strategic management that can be used in the difficult, crisis situation when the activity of enterprises is influenced by many external factors, which are dynamically changed, and difficult situation characterized by internal factors (technological condition of enterprise, waste of circulating assets, non-payments and, as a result, non-payment of the salary).

Undoubtedly, the majority of our managers did not gain the work experience and its planning in the crisis conditions. In fact, strategic planning — is a kind of art (foresight, planning, management of global and local strategies). A specialist of strategic planning and management must have a good knowledge of management, marketing, planning, be able to develop global and local strategies and manage them.

Today, it is very important to be able to develop many-variants, alternative business plans, correct the strategy and planning indexes.

It is impossible to plan without consideration of a specific product (service) life cycle and management of the assortment policy on the basis of the product (service) life cycle strategy.

Planning in “chaos” conditions, as say our colleagues from Germany, USA is possible and necessary on the basis of portfolio analyze usage, ABC-analysis and other methods.

All this is new and unknown for the Ukrainian managers. But this is the instrument, with the help of which it is possible to get out of from the crisis and work effectively in the conditions of market economy.

Exactly the planning indexes are the elements of stability in the crisis chaos. Moreover, the planning must be not only quick, but also mid-term. But the notion of mid-term is a bit changed in the crisis conditions. In the stable period a mid-term is 1-3-years plan, now it is only 1 year.

In the crisis situation the role of year plan in enterprise management is changed. First of all, the plan becomes not only a row of financial indexes, but the instruction for action depending on the realization of different risk factors. Purposes at the same time must be “wisely vague”, that is set the development direction and designate priorities of the enterprise, remaining freedom in its sense. It allows saving one direction of actions during the planning, remaining the ability to choose the ways of enterprise development. Besides, exactly during the crisis the significance of coordination function in the plan increases, it guarantees the coordination of anti-crisis activities of all enterprise’s departments.

The plan must allow making quick decisions in response to current changes of the external environment. But excessive pressure of strict budgets may decrease the effectiveness of ordinary management decisions, limiting thus the flexibility of reactions to the market conditions changes.

The leader of the enterprise must pay maximum attention to the effective information exchange between the departments and guarantee a feedback on all levels of management, sometimes even on the contrary to the information safety. This type of information exchange is called “the star” [1].

For the managers the plan fulfils a psychoanalytical function — experiencing troubles before their appearance. The plan that works well adds confidence that any troubles may be overcome [4].

Thus, the key peculiarities of the planning approach during the crisis are decreasing of detailing, increasing of flexibility and drive.

Concerning flexibility and drive of the planning, experts highly estimate such instrument as the slipping planning [5].

By the considerable variability and flexibility of mid-term and quick plans, strategic plans of enterprise should be changed only in special cases — it is impossible to change strategic plans with the same flexibility, enterprise in the crisis times must be “dynamically stable”. It means

that if strategic plans and mission are not changed, quick plans must totally correspond to the realities of the business.

From the first sight, in crisis situation, the planning approach at the enterprise is being unified. Planning becomes more flexible, less detailed, but at the same time more critical for the enterprise. Planning instruments set, which is usually used, is also saved.

But a more attentive analysis reveals that there are different priorities in planning at different enterprises. For one people the survival of the enterprise is critically important, for others — the behavior of macroeconomic factors. For third persons practically nothing changes [6].

In this relation, it is possible to distinguish three approaches to planning in crisis conditions: the “living wage”; the scenarios of the external environment development; the purposeful indexes. Let’s consider them in details:

1. Approach “the living wage” is rather widespread nowadays. A key task in this approach is support of enterprise’s liquidity. But in the real life other indexes are also used.

2. Approach “the scenarios of the external environment development” is critically significant for enterprises, which business depends on the macroeconomic indexes and authority decisions. In contrast with a previous approach, the key indexes in planning are such indexes, as dollar course, oil price.

3. Approach “the purposeful indexes” is typical for enterprises, which business is not so influenced by crisis. As a rule, indexes for planning are the same both in crisis and stable periods. However, for the majority of enterprises it is problematically.

The differences between these three approaches could be shown well, when enterprises try to solve the basic financial management problem: guaranteeing of liquidity and profitability. For the first approach it is “guaranteeing liquidity with the minimal level of profitability”, for the third approach — “guaranteeing the set level of profitability with the permissible level of liquidity”.

The most important peculiarity of the planning in crisis conditions is a high level of future uncertainty.

There are some rules how to do a crisis plan more realistic: make an assumption from the pessimistic prognosis; use experts’ opinion; make a quick reaction to changes; probably to create at the enterprise special groups of managers, which will do monitoring of the basic industrial and macroeconomic indexes, and transmit results for quick reaction; keep the stability of a trade system [7].

But, undoubtedly, the key instrument of planning in the conditions of high uncertainty is the scenario planning.

For Ukraine there are two scenarios of development [3].

The first one says that post-crisis development will be realized by the way of increasing the volume of production in such traditional branches of the national industry as metallurgy and chemical industry; moreover, it will be realized on the technologically retarded, recourse and energy base. Such approach expects quantitative but not qualitative increase.

The second scenario of development in crisis conditions expects concentration of all the powers on the realization of specific purposes with the active usage of conducting policy — active intrusion of the government in the economy management.

As a result of this policy, based on the theory of a French economist F. Perou about the principles of indicative (recommendation) government planning in privileged points of economy, a big sector of government economy was created in France, as well as industrial branches, credit-financial establishments [11].

Each enterprise has its own ways of scenarios elaboration. The guru of scenario planning Peter Schwartz distinguishes such steps of scenario planning:

1. Defining the key strategic ways and questions.
2. Ascertainment of the key factors of the near external environment.
3. Ascertainment of the key factors of the internal environment.
4. Thinking about the importance and level of uncertainty. Scenarios will be distinguished according to the factors and tendencies, which were defined higher.
5. Defining the logic of each scenario.

The results of the above steps can be called “logical pivots”, that are alternative logics of each scenario development.

6. “Cleaning” of the scenarios.
Every factor and tendency is being analyzed.
7. Conclusions.
8. Defining the typical indexes.

With the development of actual events it is advisable as quick as possible to recognize, what special scenario made is the closest to the reality. Exactly that must be shown by so called “typical or leading indexes”.

In the work [9] 5 basic stages of scenario planning at the enterprise are distinguished:

1. Defining the key factors of external environment, which have influence on the enterprise. It is very important to have an individual approach for the factors defining. The amount of factors which really influence can be small.

2. Qualitative formulation of scenarios. Very attentively formulate qualitatively different ways of development in scenario planning.

3. Digitization of scenarios — prognosis of factors and markets development.

4. Defining the risk and possibilities for the enterprise in each scenario.

5. Elaboration of critical events and defining the control points of scenarios development.

On this stage two types of indexes are defined: events of external environment arising of which will be an indicator for scenario change; indexes by which scenarios development is kept regularly.

In general, these are identical approaches, which are different only in the differentiating the stages. Thus, enterprises must choose the most comfortable one.

Planning in the crisis conditions — is a work for all top-managers of the enterprise, its results must be open to every collaborator.

Accepted planning system and prognosis methods must be successive and not changed “ad hoc”, i.e. not by chance.

If the pessimistic variant doesn't allow saving the positive surplus of money and comply the duties, defining the purposeful indexes is needed, connected with the motivation (sale the warehouses, activation of actions by the demands of the debit debt).

In the crisis conditions the approach of “zero” budgeting is used, when budgets are formed not depending on the previous period, but depending on the methods of strategic and quick planning, planned on the calculation period.

It is necessary consciously to distinguish surplus amount of measures, led to the compensation of the “problem ruptures” (money deficit, income deficit). But it is important not to fall into things which will destroy all the efforts — you could have no effects at all.

Conclusions.

In the crisis conditions enterprises including the Ukrainian ones mustn't refuse the practice of strategic planning and management. It is recommended to take into consideration the following points:

1. The term and role of plan in the enterprise life are changed. Detailing of plans is decreased; their flexibility and quickness are increased.

2. Plan must allow making quick decisions in response to the current external environment changes.

3. It is necessary to guarantee effective information exchange between the departments and guarantee a feedback on all levels of management.

4. 3 approaches to planning in the crisis conditions can be distinguished: “the living wage”; the scenario of external environment; the purposeful indexes.

5. Plans must be elaborated according to the pessimistic prognosis, use experts' opinion, react to changes quickly, guarantee the support of the trade system stability.

6. Analyze and elaborate the scenarios of events development.

7. Consciously guarantee the surplus amount of measures, led to the compensation of the "problem ruptures".

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Snitko Y. A., Lobachov V. K. Features of the strategic planning in the crisis conditions

The features of the strategic planning are considered in the conditions of crisis at the enterprises of Ukraine. The recommendations on realization of strategic planning and management under crisis conditions are offered for the leaders of the Ukrainian enterprises.

Key words: strategic planning, strategic management, crisis, indicative planning, policy of dirigism.

Снітко Є. О., Лобачов В. К. Особливості стратегічного планування в умовах кризи

Розглянуто особливості стратегічного планування в умовах кризи, зокрема на підприємствах України. Запропоновані рекомендації для керівників українських підприємств, щодо здійснення стратегічного планування та управління в цілому в умовах кризи.

Ключові слова: стратегічне планування, стратегічне управління, криза, індикативне планування, сценарне планування, політика дирижизму.

Snitko E. A., Lobachov V. K. Особенности стратегического планирования в условиях кризиса

Рассмотрены особенности стратегического планирования в условиях кризиса, в частности на предприятиях Украины. Предложены рекомендации для руководителей украинских предприятий, по осуществлению стратегического планирования и управления в условиях кризиса.

Ключевые слова: стратегическое планирование, стратегическое управление, кризис, индикативное планирование, политика дирижизма.

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