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DEVELOPMENT OF INVESTMENT PROJECT BUSINESS PLAN

The article focuses on a pre-project analysis with the subsequent structuring of the developed concept of the enterprise's investment project. Here, the various requirements for the structure of business plans of investment projects, their content and parts have been provided. The general recommendations on drawing up business plans with identification of the key stages and sequence of their running are presented.

Keywords: investment project, business plan, market analysis, competitiveness.

В статье проведен предпроектный анализ с последующей структуризацией разрабатываемой концепции инвестиционного проекта предприятия, проанализированы различные требования к структуре бизнес-планов инвестиционных проектов, их содержанию и оформлению. Рассмотрены основные рекомендации по составлению бизнес-планов с выделением ключевых этапов и последовательностью их проведения.

Ключевые слова: инвестиционный проект, бизнес-план, анализ рынка, конкурентоспособность.

У статті проведений передпроектний аналіз з подальшою структуризацією концепції інвестиційного проекту підприємства. Проаналізовані різні вимоги до структури бізнес-планів інвестиційних проектів, їх змісту та оформлення. Розглянуті основні рекомендації щодо складання бізнес-планів з виділенням ключових етапів і послідовністю їх проведення.

Ключові слова: інвестиційний проект, бізнес-план, аналіз ринку, конкурентоспроможність.

Analysis of recent researches and publications. The investment projects are intended for the competitiveness and market value increasing so they are now becoming very important. The investment projects are a set of the documents which maintained a project from its design to the achieved specified indicators; as a rule, it covers pre-investment, investment, operational, and liquidation stages.

The enterprise implements the innovative projects which include a system of various innovations that ensure the continuous growth of organizational and economic systems of the companies.

The innovative projects help to achieve the goals and objectives of strategic enterprise planning. The innovative projects are usually long-termed and accompanied with significant risks [1].

A detailed feasibility study of each innovation is carried out in the relevant business plan.

The purpose of the article is to develop the structure of the business plan which maintains a worked out dynamic innovative idea that then will be implemented in the practice as an investment project.

Statement of the base material. The business plan of the investment project is a feasibility study for the introduction of innovations. It includes a comparative analysis of the effectiveness of the proposed activities, an evaluation of the investments, and the solutions of problems associated with the project implementation.

The business plan of the investment project is developed to prove [2] the following:

- the degree of viability and sustainability of the project;
- the possibilities of obtaining investment and credit resources, as well as the borrowed funds returning;
- the proposals for the creation of joint and foreign enterprises;
- the feasibility of providing government support;

The business plan is the main document for creditors and the key tool for the businessman (manager) on how the project should be developed and run. The project is a viable and receives an approval if the business plan is correctly drawn up.

The business plan allows you to get an idea of the investment project. The unified structure of the business plan does not exist. The different types of business usually require reflection in business plans of completely (or largely) unequal information in various forms. Therefore, just as there are no a universal project, and identical sources of funds, there is no single standard form of the business plan.

As a result, the business plan adapted to the conditions of our country has the following structure [3]:

1. Summary of the project.
2. Goals and brief description of business.
3. Market analysis.
4. Products (services).
5. Organization of production.
6. The investment climate and risks.
7. Measures on achieving the required quality.
8. Ensuring competitiveness.
9. Sales of products.
10. Management and staff.
11. Financing.
12. Efficiency of business and possible prospects.
13. Attachments.

Summary is abridged version of the goals and the results achieved during the implementation of the project. In the summary the subject-matter of the project is stated in the short and capacious form, the advantages of products (services) are indicated; the expected demand for products, the volume of necessary investments and credit resources, as well as the terms of repayment of borrowed funds are indicated.

The second section of the business plan covers a brief history of the enterprise (company). This section contains the information on:

- history of the company, its founders and form of ownership;
- the top managers (biographies, where special attention is paid to the work experience and professional achievements);
- the company's goals, its cooperation, including the main suppliers and consumers of products;
- products and services of the company;
- the share of sales in the market;
- the financial situation over the past three years (income and profits, credit history and total debt, key financial indicators).

The third section «Market Analysis» is one of the most important piece of business plan. It analyzes the market and gives an estimation of market demand for the company's products and services. The general characteristics of the demand and production volumes in the region or Ukraine are set. The size of the market and its development tendencies are estimated. In order to do this, market segmentation and the determination of its individual shares by geographic location, type of customer, etc. are carried out. In this section a description of the main competitors and the size of their market share are also provided.

The fourth section «Products (services)» describes the competitive advantages of products and services. For this purpose, the data of a comparative analysis on the main parameters such as price, quality of existing or expected products or services of competitors and the company as well as the consumer specifications are given. The description of the end-users and the nature of demand (uniform or seasonal) are given.

Issues related to licensing of activities or the need to acquire patents protection of product in the licensor's country or in the domestic and foreign markets, the opportunities for competitors to produce relevant products without infringing patent rights are covered.

In the section «Production Organization» the schedule of the planned output volume (as a percentage of the nominal production capacity by a period) for each product or service is justified. This section contains the information on:

- technologies of production or detailed description of services including innovations that ensure product competitiveness by reducing costs, improving quality, productivity, etc.;

- raw materials and other components of production (constituent parts, semi-finished products, etc.) including the composition and specification of raw materials with an indication of the cost of producing unit, prices (including transportation costs), conditions and periodicity of supply;

- production costs is a calculation of the main items of costs included in the cost of production and services, valuation of the trend of changes in the cost of products and services;

- requirements for working capital that is a justification of the data used to calculate the working assets including the volumes of standard stocks of raw materials and the main components of production, the number of days for covering receivable and payable balances by major objects of expenditure.

Analyzers encourage the managers to include the section «Investment Climate and Risks» into business plans. The most important components of the section are: description of legislative framework, the system of subordinate regulatory acts, the system of standardization, normative and methodological support of the internal activity of the enterprise in the form of complexes of organizational and management documentation; established rules on how to run business within professional community, even when these rules have not been established yet by the law and not fixed in any document, but they are acceptable for the participants.

The section «Achieving the Required Quality» is advisory in nature. However, product application characteristics for Ukrainian companies are still all-important issue.

The quality of products is considered as a complete set of all consumer properties of the product. The concept of «product quality» often is replaced by the term «technical level», reflecting only a few parameters of the product. As a result, a significant number of domestic products do not meet international quality standards.

The section «Ensuring Competitiveness» is not required for business plan. The provisions of this section in one form or another are usually written down in the sections «Market Analysis» and «Products». However, if the market of products (services) has been poorly analyzed and product competitiveness has been insufficiently justified these can have negative consequences. For example, if you overstate the future production requirements.

The section «Sales of Products» describes the marketing objectives and the company's strategy in the market. A marketing action plan including advertising, public relations, exhibitions, commercial promotional activities and others is provided. The budget of marketing by the base articles of expenses is also given. The price policy of the company is justified. Existing and planned channels of sales and distribution of products, including sales and distribution costs and costs associated with the sale of products (services) are analyzed.

Agreements or minutes of deliberations of goods selling at the proposed prices are given.

Effective management is the base tool served for the enterprise goal achievement. The investors consider usually management personnel (the management team) as the main aspect of successful project. In this regard, the business plan should include the section «Management and Personnel» which has the following subsections:

- structure of governance; it contains a description of the organizational structure of enterprise management, the composition of the structural divisions (shareholders' meeting, management, functional departments, and units), including their main functions;

- human resource policies. It is brief information on the top managers, their functions and responsibilities, education, practical experience. The information must also cover the change in the number of the company's personnel (creation of new jobs or possible reduction of old ones) if this will be necessary for project implementing. The financial section is the one of the most important in business plan. It contains the main results of financial analysis and evaluation of the investment project effectiveness.

«Report on Financial Results and Their Use», «Balance Sheet», and «Cash Flow Report», these are three internationally accepted documents that allow you to plan, analyze and monitor the investment project.

Financial reports are drawn up on the base of the initial information given in the previous sections of business plan.

In order to estimate the effectiveness of the investment project, calculations of the main common accepted performance indicators should be presented in this section.

With the aim of reducing the risk associated with the possibilities of making irrational decisions caused by inaccuracy and incorrectness of information on the conditions of the project, it is recommended to review and analyze several scenarios (options) for project implementation.

Conclusion. The business plan should ultimately give the right answer to such important issues of market relations as the possible cost of the project and the planned revenues. The business plan is the starting point and the ground of the planned and performing activities of the enterprise, a single source of strategic information about it. The business plan directly affects all results of the work of enterprise.

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