

Opportunities and Limitations of Business Planning of SME

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Abstract: In the following, the potential of the SME business planning capabilities and limitations reveal the use of the available literature. SMEs are dominant economic power, both in the domestic and international level. Their development interests of all nations, because of their untapped potential activation of the whole economic recovery can be achieved. Productivity and efficiency increase of one means the conscious, systematic and consistent planning. The introduction of the optimal form of business planning practices for the SMEs.

The following is an analysis of the importance of business planning and the role of the Business Plan in SMEs. Next, a description of the characteristics of SMEs and the role follows, setting out how the characteristic features of SMEs to business planning. In the next chapter of micro and small enterprises and medium sized enterprises will be presented in two selected parts of SME current design practice. Thereafter, the business plan and the main chapters deal with exploring business development opportunities inherent in these.

Keywords: business planning, SME

1 The role of SMEs in the Hungarian economy

Small and medium-sized enterprises, and most important micro-enterprises are very pronounced in Hungary. Vecsenyi (2012) more appropriate to evaluate their corporate categories are summarized in abbreviated as MSMEs, indicating that micro-enterprises are also covered, but the literature has spread to SMEs. The SMEs size classification are shown in Table 2. The entire corporate sector, SMEs share of 99.95%, including micro enterprises registered 97.6% of the company, while 75.6% of the companies operating them. The SME sector gives 45% in the GDP, and 60% of employment in Hungary. (Szabó, 2010) The challenge is for SMEs to achieve competitiveness and retaining world-wide megtartása (Lazányi, 2014) however, the main weaknesses that make it difficult. In the SMEs the labor

is often unskilled, the lack of venture capital and the risk is very low. (Keenan et al, 2009)

2 The importance of business planning

The design "means and measures to harmonize corporate goals, to achieve them". (Francsovcics, 2005., pp. 18.) When developing the plans, emphasis should be placed not only the purpose to be achieved, but also the feasibility. "The design is the definition of tasks necessary to achieve the stated goals and the provision of conditions needed to carry out the tasks" .” (Körmendi - Tóth, 2006., pp. 29.)

“The plan worked out a program or framework that is used to describe how it intends to achieve the objectives of the organization, in short: means “future design”. It does all this in order to help in the short term operational efficiency of the organization in the long term survival and success ensure.” (Szóka, 2007., pp. 29)

“The literature generally triple time divisions be allocated for discussing the planning time horizon. Long, medium and short term plans will be allocated to the authors. The three levels at Francsovcics (2005) as follows: corporate strategy, strategic operational planning professional and objective system. Further Dobák (2008) kind of division follow, in which discrimination is strategic, business and operational annual plan, these characteristics are shown in Table 1.

	Strategic planning	Business planning	Operative planning
horizon	long-term – 3-10yrs.	medium-term – usually 1-3 yrs.	short-term – 1 yr.
based	Based on Corporate Vision	Based on the Strategic Plan	Based on Business Plan
content	Long-term goals and achieve them way Philosophy • Basic Strategy • Segmented Strategy • Tournament Strategy • Functional Strategy business policy development appropriations	action plans determining resource needs, market segmentation, detailed cost, profit and cash flow data	Specific objective definition, naming those responsible
no. simplicity	rough, estimated numbers	corner numbers	Point Plan Numbers

Table 1.
Strategic, business and operational plan features

source: Dobák (2008)

These three levels are rarely separated from each other such sharply, especially in the SME sector. Shortening the design period for business planning and operational planning blurred in many cases the business plan functions as an operational plan (Schmalen, 2002). Add in the practice that SMEs rarely produce a written strategic plan. Kadocsa's (2012) study of the SMEs surveyed, 37% had a written strategic plan. In his view, businesses have the necessary strategic thinking, just do not feel the need for this record. In many cases, the strategy plan will not be made, but it appears the company strategy, even in the business plan.

The experience of domestic and international real-life business will be evident that the majority of companies primarily focused on short-term and one-year-old looks

ahead up to 3-4 years. Period exceeding 5 years, due to the constantly changing environment, it should not prepare a business plan, but long-term borrowing, the financial institution will require the submission made to the duration of the entire business plan. (Herczeg, Juhász 2010)

Hernádi (2007, 59.p) was summarized as follows strategic, business and operational plan intertwining of SME at "strategic variances shorter timeframe and more detailed action plan, usually informal, entrepreneurial business plan "in mind existing" strategy with small companies in the business plan usually includes the main strategic goals and the need for implementing the strategy, the business plan is valid for the timeframe of the action Programme. "

The business plan of the company starting from the basic position, foreshadowed a target state, outlining the steps for implementation, building on the available resources and capabilities of the firm and its environment. This can be achieved through a more efficient and effective operation.

One, conducted SMEs among nearly 300 sample questionnaire survey reveals (Kadocsa, 2012b) that most of the respondents, 18.75% did not produce a business plan, 25% only verbal planning is done, you can not consult with other participants in the business . CIB Baton Research companies of the SME sector is examined through a representative sample of 800 companies were interviewed. The entrepreneurs surveyed, 42% of preparing plans for the current year, a further 21% in 1-2 years. more than 3 years time only 19% planning. (Rado, 2014)

3 Corporate design size-dependent characteristics

The characteristics of the different sizes of companies planning is reviewed below, separated in the micro and small enterprises and medium-sized enterprises according to different design requirements.

3.1 Micro and small business planning practices

The micro and small enterprises in most cases they can not invest the time and effort to develop a strategy too. This is emphatically true of business start-up and scaling up period. Here, most of the operational-level planning is what is feasible and necessary.

Creating a complex business plan is time-consuming, which means the already busy entrepreneurs is almost an impossible time-consuming. Thus, the design itself is often exhausted informal preparation of plans, of which there is no written documentation. "Governance is essentially an oral and a written record less. Contributors working on the basis of oral statements, strategic and business plans

are made either in writing to the important decisions and associated information are mostly in the minds of entrepreneurs. ." (Kadocsa, 2015, 122.p.). The creation of the strategy is informal. The owner-entrepreneur of intuition, vision of being built. Since the planning is done at no knitted structure accordingly, the content is often inconsistent. accepted on the basis of micro and small enterprises in the informal, this design method, due to the company sizes, the level of complexity of the business processes. (Hermádi,2007) Solution to this enterprise size when the accountant has to prepare and together with applications, credit applications submission of appropriate skills business plan. (Sinkovics, 2006)

IT background supporting the design needs a modest size for this category. Stored data can provide adequate information basis for business planning. If a system is used, this so-called .: "island system" is operated, that is, a system, a corporate issue provides solutions, such as order management, inventory records, but the management of the data is not uniform. (Pollákné, 2004) Primarily customers, handling orders require IT background, which is often enough to solve the opportunities offered by Microsoft Excel, but more comprehensive solution for the "cloud Computing" that cloud-based computing services, which are becoming increasingly widespread in Hungary.

3.2 Middle Enterprises planning practice

Medium-sized enterprise is becoming a serious need arises for the first time a complex, comprehensive plans to prepare. At the company's size has been the manager is not able to perform daily management of company processes alone. Many times you experience just that in parallel with the increase in turnover, seemingly unjustified decline in profit, the defaults are delayed, reduced revenues, surging costs. The reasons for organizing, planning errors can be traced.

Change is needed, namely as follows: gathering information, conducting analysis and categorization, so a comprehensive information system and planning and controlling system design. "The controlling regarded as a sub-system of management that coordinates the planning, control and information supply. Due to the evaluation of information and facilitate coordination function, and allows management to purpose oriented in line with the company to manage environmental changes "(Francsovcics, Kadocsa, 2005, p. 217). The increase in size, from small enterprises to become medium-sized enterprise is very important in planning attitude. While small business is highly recommended as an option for planning and controlling approach to design, medium-sized companies as it is a basic condition for survival.

Making this business category has been inescapable formal plans. These plans are recorded in writing and content are consistent, well-structured. (Hermádi, 2007)

4 Motivation to make business planning

There are two basic types can be distinguished by a business plan according to the demands made on the basis of everyone. Accordingly, we can talk about internal and external all claims according to the environment or the enterprise is an actor.

4.1 External demand was motivated by a business plan

In case of external demand for the firm's external financing of fund prepares the business plan. External demand may be (Vecsenyi, 2012):

- loan application
- competition
- attracting investors

Csiszárík-Kocsír (2014) from 201 patterned research reveals that 52% of small businesses, medium-sized enterprises while 23.5% do not have a funding strategy. It states that "small and medium-sized businesses do not deal with the conscious management of funding, either because this capacity, nor the vocation" (Csiszárík-Kocsír, 2014, p 53) Pollákné (2004) is a similar view of the SME sector. In her view, the most micro and small enterprises it is true that on the one hand do not recognize the importance of funding needed for forecasting, often neglecting the investments, on the other hand do not have the proper apparatus, the handling of this issue

This deficiency makes the sector vulnerable against potential funders who have a home practice, the vast majority of banks (Csiszárík-Kocsír, 2014). Difficult finding the necessary funds because of the high risk in these companies, banks often do not establish creditworthiness. It is therefore important sector of the project funds flowing, government grants, preferential loans. (Pollákné, 2004)

The possibility of exploiting favorable credit programs largely depends on whether the company is able to provide adequate quality business plan attached to the loan applications. The Hungarian SME lending activity is lower than the EU average. (Kazainé, 2014) The business planning practices among micro and small companies lacking experience in this area, so we need them bad preparation of the business plan, which will be their access to credit. As a result of the completed

business plans provided for this purpose reality, the realization of the intention and the majority of professional accuracy is questionable. (Apatini, 1999)

Despite the favorable loan and grant opportunities if the SMEs are not even asking for it. The development of SMEs is often found a lack of resources, it is also playing a role that does not fit and are not ready to receive the funds. Most of them, especially the micro-enterprises in the operation and development of predominantly equity financing implemented. It is also the largest share of external financing from catching. The tender offer, as opposed to prefer more loans. Micro-enterprises are proportionately less involved in competitions and even these comparatively less successful in winning than larger SMEs. (Némethné, 2009)

4.2 A business plan motivated by an internal demand

For internal demand to support its business plan prepared by the contractor operating the course of order. This design work supports different levels, different functions of the operation of businesses. These support functions, I present on the model (Figure 2). Hernádi (2007).

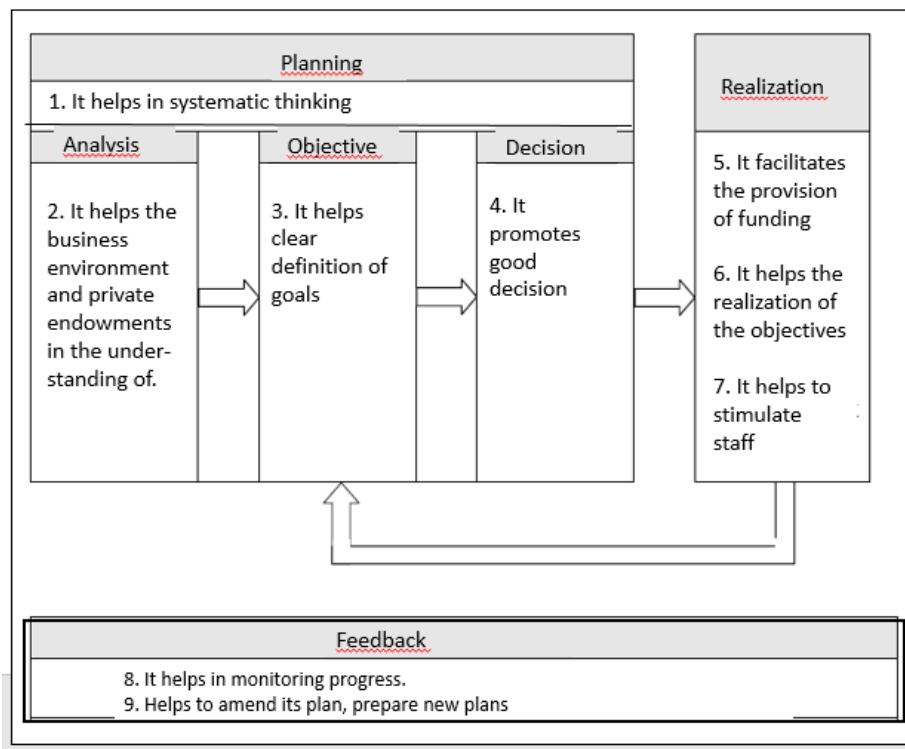


Figure 2.
 Functions of bussiness planning

source: Hernádi, 2007, 66.pp

The following are examined on the basis Hernádi's model that offers companies the opportunities for SMEs preparing a business plan

1. It helps in systematic thinking.

The conscious reflection, planning for long-term survival. Business planning process helps the entrepreneur through the operation of the company's vision, which is also important for micro and small enterprises as the "owner-operator" company management, where the owner manages and leads the company from operative to strategic level (Kadocsa, 2015). These entrepreneurs have characteristics that are held throughout the run of the company's operation, which is needed to complete the understanding of business, comprehensive thinking about the future, which can reveal new opportunities and perspectives.

2. It helps the business environment and private endowments in the understanding of.

The most common manifestation of environmental analysis of SWOT analysis outlines a systematic analysis, the entrepreneur business opportunity and profits is available to the difficulties encountered. To complete the analysis of the information entrepreneurs need, such as business planning promotes and encourages the contractor to collect and organize information. (Hernádi, 2007)

The changes in the market situation for the past period since accession to the EU, SMEs touch, Kadocsa's (2012, 36.p) research summed up as follows:

- "The market entry costs have not decreased
- a little expanded market opportunities
- no more and better supplier
- mostly were stronger competitors faced a growing market
- The role of the co-operation of enterprises increased somewhat "

3. It helps clear definition of goals

During the preparation of the business plan objectives forced the contractor wild cards given time horizon. Based on an international survey of SMEs, 80% not reach its objectives. In order to realize objectives laid down in the concrete short-term goals should be detailed and measurable. (Kohl, 2012).

In addition to other corporate objectives to maximize profits also come to the fore, such as persistence, market expansion, business growth, ensure the livelihood of families (Herczeg, Juhász 2010).

4. It promotes good decision

According to Tayeb (2000) the most important elements in the decision-making objectives and decision-makers from the environment to the pressure. The organization's target system to the development ambitions of the participants and objectives, available resources and capacity to contribute to corporate strategy. Factors influencing the decision from the environment to the domestic / international market conditions, such as tax, legal / financial environment, the type of industry, possible profit expectations. These sums up the business plan, helping the driver make the right decision.

5. It facilitates the provision of funding

The implementation can provide the financial resources necessary to support the creation of the business plan this before, external motivation than I wrote in detail.

6. It helps the realization of the objectives

The business plan contains an action program, which sets out to achieve the targets should be carried out what activities the contractor. A well-prepared business plan should include the tasks that can be executed realized the plan set goals. (Hernádi, 2007)

7. It helps to stimulate staff

The business plan is not only for investors, managers and owners made it clear view of the staff is that the company where it is going, what are the main objectives. (Herczeg, Juhasz, 2010) The business plan encourages employees to work effectively. (Hernádi, 2007)

8. It helps in monitoring progress.

The facts and data within the prescribed plan by comparing numbers to track the progress. Continuous monitoring using the differences can interfere with the operation of the company immediately. (Hernádi, 2007) With this function, the business plan has one kind of task, controlling, analyzing which of the planned and actual data comparing the resulting differences, and the possibility of responding to. (Francsovcics, 2008)

9. Helps to amend its plan, prepare new plans

In the CIB Baton Research (Radó, 2014), the SME entrepreneurs, 67% responded that they plan adjusted if appropriate, co-ordinate. This is most often take place because of changes in customer needs, the behavior of competitors and needed to respond to changing external control.

Conclusions

The economic significance of SMEs is undeniable. The corporate sector, SMEs share of 99.95%, the majority of them are micro enterprises, 45% of the GDP and 60% of the workforce in Hungary. Increasing efficiency throughout the domestic economy continue to strengthen. This may include the operation thoughtful, future-oriented and conscious planning.

For SMEs in the short, medium and long-term planning most often blurred. The business plan, which is basically a medium-term planning over time spans, often includes a long-term strategy of the company and short-term operational action program, so it can be said that the business plan is the most comprehensive planning tool for SMEs.

A distinction is made in the micro and small enterprises and medium-sized companies in business planning practices.

- The micro and small enterprises is more prevalent in the informal, often verbal design, leading to what makes a person. The size of the corporate business planning and everyday tasks limits the immersion in this most company size.
- If the business is growing at about the mid-market size is reached, it will be necessary for a comprehensive business planning, which includes the preparation of a complete, written, formal business plan, creating opportunities to the corporate long-term, successful operation.

Based on the results of the various national studies that about 30-40% of SMEs produce a business plan, this rate is very low.

The SME features mostly limited to planning, but perhaps that's why they win a lot of consistent business planning. With the help of their operational transparency, more effective and efficient business operations could realize, increasing their productivity and thus employment. The higher profits and rising employment at macro level is also showing beneficial effects on the Hungarian economy.

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