

BALANCED SYSTEM OF INDICATORS AS AN INSTRUMENT OF THE STRATEGIC MANAGEMENT OF THE TRADE ENTERPRISE PROFITS

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Abstract

Strategic management tool profit is balanced scorecard, which directs the management of commercial enterprises to develop an adequate strategy. The article is enhanced methodical approach to strategic management of enterprise profit using the balanced scorecard. For commercial enterprises according to a certain period of life cycle developed key indicators of success and strategic maps of interest.

Introduction

The clear strategy of the profits management, considered assessment of the trade enterprise's financial results, adjustment of the internal business-processes, effective system of personnel motivation and developed informational base – are the main factors that help the enterprise to keep its leading positions at the market and have a positive impact at its price in the future. All of these directions of the strategic management of the profits require the identification of the set tasks and targets to organize the assessment of the effectiveness with the help of the balanced system of the indicators (Balanced Scorecard).

As a result, the implementation of the balanced system of the indicators transfers the targets and the aims of the strategic management of the profits of the trade enterprise at its operational level, and realizes the projection of its everyday activity. Realization of the collection aim, systematization and organization of the information analysis that is necessary for decision making are the main goals of that balanced system.

Creation of the balanced system of the indicators of the strategic management of the profits at the trade enterprise is based on the developed strategy and ascertained main factors of the successful commercial activity at each level of the enterprise and includes the following consecutive stages (Fig. 1).

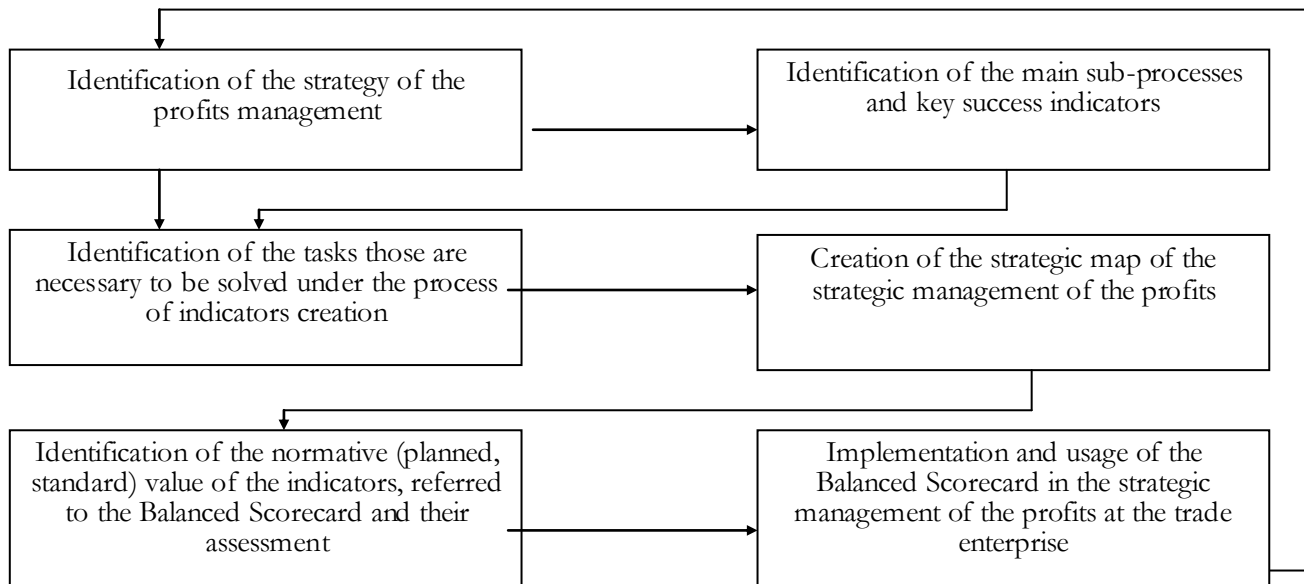


Fig. 1. Scheme of the balanced system of the indicators of the strategic management of the profits at the trade enterprise.

The balanced system of the indicators reflects the efficiency of all processes at the trade enterprise. As a result, there is a separate block of indicators of personnel and informational processes efficiency as well as the financial and commercial processes. It is caused by the fact, that there are workers

of the trade enterprise who form its intellectual capital, that is why the success of the changes expected by the strategic profits management depends on their satisfaction, psychological mood, qualifications and abilities from one side. From the other side, it is impossible to manage without necessary informational base. So on stage, lifting trade enterprise recommended to analyze liquidity and financial stability in order to identify ways to improve their achievement and to the end of the normative values. If these figures are falling, it is necessary to change tactics profit management companies or revise its strategy.

Due to the fact that commercial enterprise at this stage is not at full strength, the profitability indicators of trafficking and cannot serve as criteria of growth in profitability of commercial enterprise, but by the end of the period they need to grow. Also in this period of trade enterprises is recommended to pay attention to the analysis of cost structure, namely factor calculation and the effect of operating leverage, since the greater proportion of fixed costs, the greater the level of profitability.

Late stage of recovery is recommended to pay special attention to the traffic parameters that must constantly rise and decline of at least one indicator of turnover should be carefully analyzed for taking appropriate measures. The purpose of this analysis is to achieve a turnover of indicators of sustainable increase.

Stabilization period characterized by stable values of all indicators of business. If rates of turnover and profitability of stable and steadily growing, we can conclude that the normal development of the enterprise. Where there is a tendency to decrease, it is necessary to take measures to change the strategy because the company may be on the verge of the onset of the fall period. But if the profitability of equity trading businesses above a minimum level of profitability, it is recommended to use one of the plants: achieving the profit target in conjunction with the basic strategy of stabilization or retention of profit growth, adjusted for inflation, combined with the basic strategy of growth.

The period of decline characterized by destabilization of financial performance, so you should keep track of all groups of indicators. However, not all of them may signal potential threats equally. Is the most significant indicators of liquidity and profitability. Thus, based on the analysis of profitability suggests the possibility or impossibility of the continuation of commercial enterprises in the selected direction. Indicators of liquidity may signal financial crisis or bankruptcy of commercial enterprise. Upon occurrence of the fall period to review the mission of commercial enterprises, and develop strategies and tactics to prevent the crisis. Each sub-process has its own indicators due to the period of the live circle of the trade enterprise. The picture 2 depicts the recommended system of the indicators of each sub-process for the trade enterprise at the stage of stabilization.

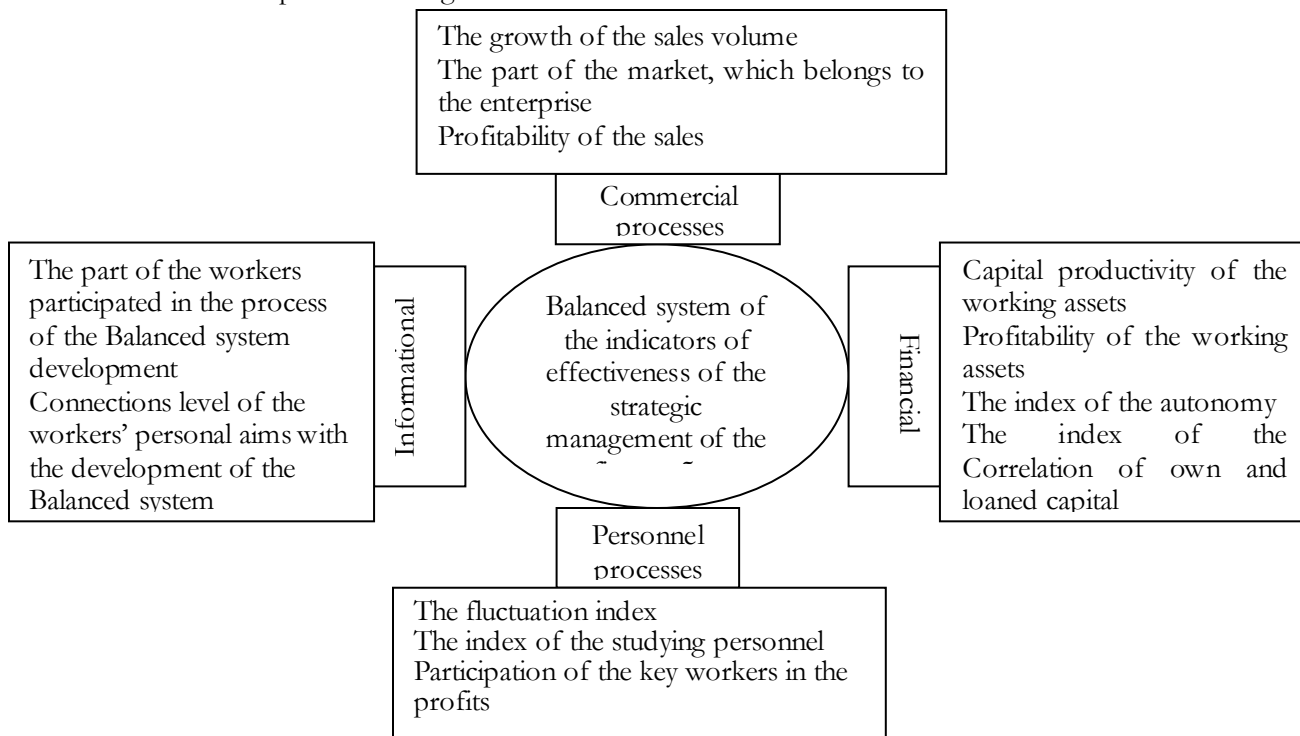


Fig. 2. Main sub-processes and indicators of the trade enterprises success in the period of stabilization

Implementation of that methodological approach aimed at the separation of those indicators which are the most important for the trade enterprise at the certain stage of development. At the same time, the negative change of that signals warns about the dangerous situation at the enterprise and about the necessity to the other stage of development transition.

Using information management system capable of coordinating communication between the factors of internal environment of the enterprise, directing it to achieve the set goals. This not only managers but also other employees of the company must obtain information necessary to process management. Information must be accessible, timely, complete, accurate.

Important role in increasing of optimality of trade enterprise's business-processes belongs to intensification of staff motivation, which depends directly on combination of personal aims and enterprise development aims. At the same time, efficiency of financial incentives depends directly on accepted of way structure, choice of funding source and also methods of motivation assets formation and distribution. System of sales worker's financial incentives consists on the main and additional sale, in this case the main role belongs to the system of additional incentives of staff, which is developed with the aim to intensify staff's labour motivation and involves such elements of incentive as bonus system for results of day-to-day economical activity; additional payments and allowances; different lump sum for efforts; interest in enterprise's incomes and capital; other social payments and benefits.

We consider, that in methodology developing of each employee's remuneration of labour, it's reasonable to use such classifications indications to determine criterion of calculation of each employee's personal contribution as:

- ✓ work execution independence, i.e. level of manageability of activity, which is executed by particular employee and influence of his/her own decisions on the process and result of activity;
- ✓ extent of the involvement of the particular employee in strategic planning, management and enterprise's activities regulation processes;
- ✓ responsibility level for the results of their own activities;
- ✓ risk level for enterprise if errors and deviations in the activity of the particular employee exists.

Thereby, in this stage, it is recommended to trade enterprise to represent management profit strategy through the set of interconnected formalized indicators, which allows to estimate key success factors not only in current but also in future terms. Expressions of strategical aims through the balanced indicators system form a composite tool of business management which joins strategical management with tactic and operational management.

This stage ends with determination of cause-effect relation between indicators and construction logic of this system. The chain of cause-effect relation, which is the main principle of balanced indicators system construction, traverses all its rectangular components in a vertical vector form. Each indicator, incorporated in the balanced indicators system, is a link in the chain of cause-effect relation. It informs all the staff about enterprise's strategy essence.

The analysis showed that the choice of trade enterprise's management profit strategy depends on its life cycle, is characterized by indicators, which display internal condition subject to influence on external factors and risk-position of the enterprise. The result of using process-system approach to the management profit strategy was the development of strategical maps of trade enterprise's management profit by the life cycle periods (figure 3). Main components of strategical map of trade enterprise's management profit are four subprocesses, which have inherent cause-effect relation.

Methodical approach, which proposes a strategic profit management through the development of Balanced Scorecard in contrast to existing, can translate goals and objectives of the strategic profit management at the level of operational activity according to different periods of the life cycle of commercial enterprises and improve its profitability.

It should be mentioned, that the central stage of the balanced system of indicators building is the process of identification of the key financial and non-financial indicators of the efficiency of the strategic profits management, which reflect quantitative and/or qualitative changes of the expected results of the trade enterprise or its separate levels in the comparison with the set strategic aim. The main differences of that key indicators of the balanced system from the others indicators are: firstly, orientation at the strategic aims of the trade enterprise, secondly, the interconnection and grouping by the similarity of the features.

Distinction in kind estimation, which was received by the instrumentality of balanced indicators system, from the traditional estimations of management profit efficiency is that the all indicators, which is a part of balanced system, are, firstly, are orientated on the strategical aims of the trade enterprise,

secondly, are interconnected and integrated according to certain indications, thirdly, they characterize the level of compliance of trade enterprise with some reference (regulatory) effects, which is defined by process-system function of the object, place and role of trade enterprise in general in the economic management system.

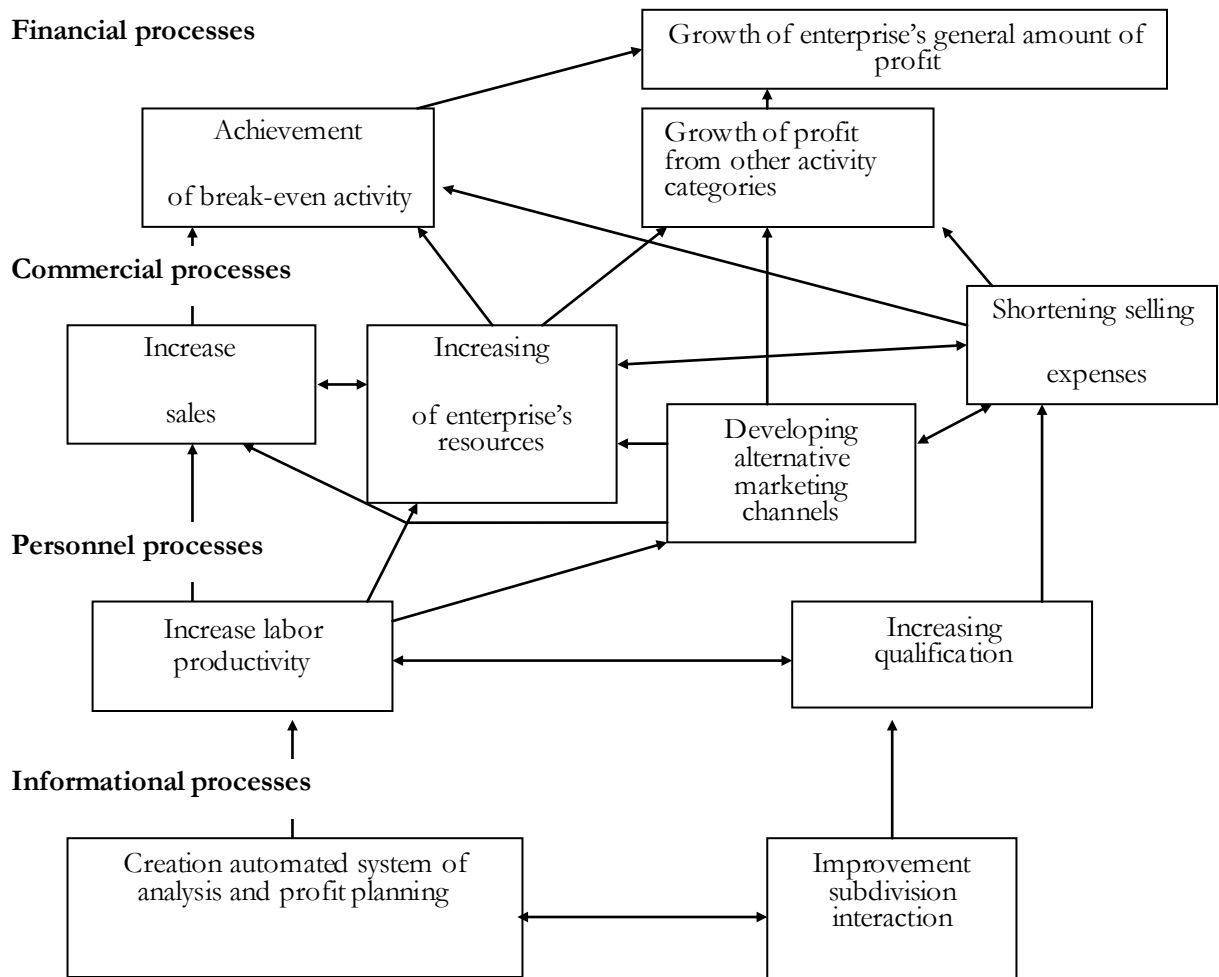


Fig.3. Stratigical map of trade enterprise' management profit, which are in the rising period.

Conclusions

Thereby, balanced indicators system of the efficiency of trade enterprise's management profit strategy is a peculiar monitoring means and an effective tool as day-to-day operation as long-term enterprise's management strategy.

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