

# THEORETICAL FUNDAMENTALS OF THE DEVELOPMENT OF THE ENTERPRISE ANTI-CRISIS PROGRAM

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*The article deals with the essence and process of the crisis management of the enterprise, methods and forms of its implementation. The directions of the enterprise operation in the framework of the anti-crisis program and mechanisms of the crisis management implementation are outlined.*

*Key words: anti-crisis management, anti-crisis program, crisis, financial position, screening standard*

**Introduction** The most important goal of the anti-crisis program is sustainability of the enterprise operations, which manifests itself not only in achieving the required indicators of solvency and profitability, but also in maintaining their level, which prevents a recurrence of the crisis.

The actual result of the implementation of the enterprise anti-crisis program is the establishment of the process of regular management. For the manager, this means the ability to predict the situation, monitor and influence the current operation at the time it is needed. The basis of regular management at the enterprise is planning, which includes constant monitoring and adjustment of plans. At the same time, the planning process itself can be both complex and multilateral (which usually occurs at large enterprises, which inherited elements of the organization from the former times), and limited to a set of several basic elements.

When developing and implementing anti-crisis programs, it is important to pay attention to improving their efficiency, that is, better use of the allocated resources.

The process of financial recovery should not be chaotic and unstructured; it should be properly organized and coordinated.

**The main research findings** Anti-crisis program should be expanded and developed for the whole enterprise. If necessary, there can be developed anti-crisis subprograms for separate units and functional services of the enterprise (such as development, clarification of measures envisaged at the enterprise level).

The anti-crisis program is developed on the basis of the diagnosis of the financial position and the threat of bankruptcy of the enterprise, the consequences of the occurrence of a bankruptcy situation, the assessment of the enterprise capabilities regarding the localization of the crisis, its place in the overall process of the crisis management.

The development of an anti-crisis program is one of the crucial issues, since a well-founded choice of anti-crisis measures ensures the financial recovery with the least losses in the shortest possible time.

Theoretical issues and methodological aspects of determining the content of the anti-crisis program, that is, an optimal list of anti-crisis measures and the sequence of their implementation, belong to the least developed. Typically, a certain set of anti-

crisis measures are proposed in accordance with the depth of the current crisis and the stage of financial stabilization (methods of operational, tactical, strategic mechanisms). Operational, long-term financial and long-term investment methods are applied in succession. If the required result is not obtained, methods of rehabilitation are grouped depending on the quantitative indicators of the threat of bankruptcy, etc. There is no definite point of view on the sequence of application of certain anti-crisis procedures, and the optimal norm of the ratio between them, moreover the methodological tools of each stage of the anti-crisis transformation are formed empirically without proper justification of the appropriateness of these measures.

In foreign studies, E. Brigham, professor of the London Business School in particular [1, p. 39], on the basis of a detailed study of the practice of transformation of companies, emphasizes the need for individual selection of anti-crisis procedures depending on the causes of the crisis; the degree of its complexity; relations with physical and legal entities, organizations and groups of organizations that are interested in the development of this enterprise and capable of influencing this development; historical heritage; industry features; structure of the enterprise expenses, etc.

Thus, the anti-crisis program of the enterprise should be considered as documenting of the decision taken regarding the ways and means of the enterprise financial recovery, and scientifically substantiated requirements (principles) of its development should be based on scientific developments and tools of decision-making theory.

It is necessary to highlight the structural and logical scheme of the process of forming the enterprise crisis program. Development of the enterprise crisis program is a managed process in which separate stages of work are singled out.

At the stage of forming the working group, it is necessary to identify several stakeholders who will be responsible for the process of developing and implementing the anti-crisis program, or contact a consulting agency for help. The consultant is presenting the view from the outside, and is rather free in the estimates: the priorities of saving business, directions of the business activities, market, suppliers, etc.

At the second stage it is necessary to develop a calendar network plan that determines the structure of the functional complexes of works, the timing and peculiarities of their implementation. Different calendar network plans are used, such as Gantt charts, schedules, network graphs (Program Evaluation and Review Technique (PERT) and critical path method).

The schedule diagram of the project reflects the main obligations, agreed with the customer, regarding the content, terms and main stages of the project implementation. In form it is a linear graph that does not reflect technological links. The execution of this schedule is controlled, as a rule, by the head of the enterprise. The volume of work, information and indicators in this graph is not significant [2, p. 15-17].

At the third stage, the enterprise needs to conduct in-depth analysis of financial and economic activity, its assets and liabilities, receivables and payables, availability of the equity capital, existing and possible orders, demand and prices for products and services. This helps to identify the causes of the crisis situation, outline ways to

overcome it, as well as identify the causes of the current state and needs that hinder further development. It is also advisable to undertake the enterprise valuation using the cost of income, which is calculated by the formula:

$$\text{where Pent} = \frac{P_r \times (1 - \text{fpt}) - L_s}{DR \div 100} \pm A_{pfa} \pm A_{pnca} \pm A_{pwc} \pm A_{std} \pm A_{ltd}, \quad (1)$$

where Pent – the price of the enterprise, thousand UAH;

Pr – profit for the period, thousand UAH;

fpt – profit tax, share of profit;

Ls – losses for the period, thousand UAH;

DR – discount rate, %;

Apfa – adjustment for procurement with fixed assets, taking into account their depreciation, thousand UAH;

Apnca – adjustment for provision of other non-current assets, thousand UAH;

Apwc – adjustment for provision of working capital, thousand UAH;

Astd – adjustment for short-term debt, thousand UAH;

Altld – adjustment for long-term debt, thousand UAH.

The analysis, supplemented by forecasting the prospect, also helps to determine the structure, volumes and sources of resources needed to eliminate the loss-making. To get more detailed data on the resource needs of the program and sources of their satisfaction, it is necessary to introduce measures that lead to the achievement of the goals [2, p. 18].

At the fourth stage, it is important to develop anti-crisis alternatives, that is, a set of possible measures of the anti-crisis program, hypotheses regarding the development of the internal and external environment, forecasting possible consequences of their implementation. The uniqueness and non-standard nature of the anti-crisis program is due to the fact that there is a rather wide range of alternatives that represent a complex object of evaluation. Decision-making takes place under conditions of information uncertainty and high riskiness, the consequences of the implementation of separate decisions, the growing dynamism of the enterprise environment, increasing interconnectedness of individual activities.

The purpose of the screening (prior) analysis is to reduce the plurality of proposed alternatives, taking into account a certain system of screening standards, which makes it possible to form a set of admissible alternatives.

The screening standard refers to a certain list of, as a rule, qualitative conditions and limitations, the discrepancy in which makes it inappropriate for further consideration and in-depth development of the expressed anti-crisis idea. In essence, the screening standard serves as a level of satisfaction. It is used to localize the set of anti-crisis decisions, which helps to focus on the most important measures that are adequate to the specific conditions of the enterprise [3, p. 109].

Compliance with the economic interests and strategic objectives of the enterprise – the application of this screening standard requires clarification: in the interests of which social groups the anti-crisis program is being developed. Focusing on the interests of the owners of an insolvent enterprise implies that a financial plan to exit insolvency should take into account the interest of owners in preserving the existing distribution of ownership and control over the enterprise, as well as their

general orientation towards the future of the enterprise (continuation or liquidation). The economic interests of the administrative apparatus of the enterprise consist in maintaining the independence of making and implementing managerial decisions, real control over the economic life of the enterprise. Taking into account the economic interests of the employees of the enterprise requires orientation on the preservation of jobs, stable payment of wages and its growth [1, p. 18].

Compliance with resource provision and possibility of practical implementation – this screening standard determines targeting at the measures that are feasible, taking into account available material, labor, informational and financial resources.

Performing screening analysis – at this stage, individual alternatives are compared with the criteria (screening standards) which they must comply with. The anti-crisis measures that do not meet at least one screening standard are excluded from further consideration [4, p. 35].

Depending on the competence of experts and involved specialists, the number of alternatives proposed, tolerance to the strain of the screening analysis may involve the use of one of two possible methods of reduction:

- a step-by-step comparison of each aspect (characteristic) of the proposed alternatives with certain criteria; the alternative that does not meet a specific criterion is immediately rejected;

- comprehensive evaluation of each alternative according to all stated screening standards, with subsequent rejection of alternatives that do not conform to the defined standards and the permissible level of strain (i.e., non-compliance with standards recognized as admissible in the absence of other proposals) [5, p. 115-116].

At the same time, when choosing anti-crisis measures, there is a problem finding the most appropriate solutions taking into account heterogeneous consequences of separate anti-crisis measures that cannot be reduced to a single indicator. Consequently, it is a multicriteria choice of alternatives.

At the fifth stage, it is necessary to discuss and agree on an anti-crisis program with the owners of the enterprise, since separate measures to restore solvency may affect their interests, not correspond to the strategic vision of the prospects of the enterprise development. The internal structure of the anti-crisis program does not require formalization (clear and unambiguous definition of individual sections), as it will be determined by the stage of the crisis and the nature of the activities included.

At the sixth stage it is necessary to prepare an expert opinion with a full description of each proposed anti-crisis measure for the decision-maker. The developed methodological techniques should be clear; the less they are formalized, the more likely they will actually be practiced. Approaches to justify a decision should not be labor-intensive, that is, they should not require much intellectual effort. They should provide a more reasoned result than decision-making techniques based solely on logic and intuition.

An in-depth study and expert evaluation of each anti-crisis measure of an acceptable set of alternatives is carried out and a final list of rational anti-crisis measures is suggested, which are recommended for inclusion into the program:

- strategic goals of the enterprise owners for the implementation of financial rehabilitation (focus on prolongation of activity or liquidation of the business entity);

- personal interests and ambitions in terms of saving control over the operation of the enterprise;
- target quantitative parameters of the anti-crisis process to be achieved;
- time limits of the anti-crisis process;
- resource capabilities (the possibility of attracting additional material, labor and financial resources, budget funds for the implementation of the anti-crisis program).

At the seventh stage, the procedure for choosing rational alternatives and preparation of a draft anti-crisis program is made.

At the eighth stage, it is important to harmonize the anti-crisis program with stakeholders - creditors, owners, public administration and control bodies, etc. (in accordance with the regulatory requirements and the status of the enterprise.) From the point of view of the enterprise owners, the criterion of the advantage in choosing rational alternatives from the set of permissible alternatives are losses, which arise as a result of implementation of certain anti-crisis measures.

Under the losses of the owners from the implementation of certain anti-crisis decisions, it is proposed to understand the total assessment of the following types of costs:

- direct economic losses in the form of additional expenditures of financial resources, which must be carried out during the preparation and implementation of the anti-crisis measure;
- indirect economic losses, the so-called costs of the lost benefits (opportunities) arising from the implementation of an anti-crisis measure (for example, loss of revenue opportunities due to asset sales, branch closures, dismissal of employees, etc.);
- socio-psychological losses related to the implementation and consequences of the implementation of an anti-crisis measure (for example, total or partial loss of image and business reputation, the need for certain personal commitments, non-compliance with personal and social moral and ethical standards of the entrepreneur, loss of control and sense of a sole shareholder, etc.).

As can be seen from the list above, the owner's losses are multi-dimensional and cannot be quantified (reduced to a quantitative indicator of their assessment). This determines the expediency of using expert methods to assess their level and the subsequent ranking of the set of acceptable alternatives by this criterion [3, p. 111].

The final stage is the adoption of the anti-crisis program and bringing of its provisions into functional units and their performers.

**Conclusions** Anti-crisis measures not included in the anti-crisis program (a set of rational alternatives), but recognized as feasible for practical implementation, remain in the reserve of the crisis management controller and can be considered as a backup program. They are used when reviewing or supplementing the anti-crisis program, due to the ineffectiveness or impossibility of implementing pre-selected measures, and changes in the external and internal environment of the enterprise.

When developing and implementing anti-crisis programs, it is important to pay attention to improving their efficiency, that is, better use of allocated resources. The criterion of efficiency is the ratio of growth of the enterprise net income, obtained by

investing the program, to the volume of investment. The payback period of investments can also serve as an indicator of efficiency.

The crisis extends its influence on the financial, economic and strategic levels. Under these conditions, the main problems of the enterprise management should include identification of the zone and type of the crisis; the available potential for overcoming it; development of the anti-crisis program of the enterprise operation.

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