3) the possibility for managers to evaluate alternative capital investments and expand personnel and rationally redistribute resources in strategically justified and high-efficient projects;

4) the possibility of integrating the decisions of all management levels, which are related to strategic behavior of business units;

5) the creation of an environment that promotes active management and counters trends that may only lead to passive reaction to changes, when the enterprise will be forced to take a defensive position.

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STRATEGIC BUSINESS PERFORMANCE METRICS FOR UKRAINIAN ENTERPRISES

Postindustrial economy leads to a qualitative change in manifestation of business activities: in creating new markets (the concept of “blue ocean”), in changing forms and ways of running a business (creating a “web model,” transformation of organizational forms of a business, etc.), in partnerships (the concept of relational behavior of business units), in the need to implement the principles of social responsibility, etc. All this transforms the nature of the economy. Accordingly, to achieve the competitive advantages, firms must decide how to form a monitoring system that will quickly track and shape the information base required to make strategic management decisions, and thus meet the requirements of efficiency, reliability, and complexity.

The metrics system of this kind should have two components: a universal (which depends on the specifics of a business and is based on the principles of the BSC) and a specific (that takes the specific conditions of a business into account) [1]. It should reflect the operational and strategic performance of the business in the following areas: financial, market, organizational (including technological), innovational, social, informational.

Nowadays the most wide-spread discussion among the domestic businesses is the question of introducing the management accounting system and using the BSC methodology at enterprises. Setting up such a system can be powered today by the modern BI technologies [2].

Analysis of the application of analytical tools for measuring business performance based on the results of a study of more than 100 Ukrainian enterprises of various spheres of activity, scales and regional affiliation, conducted by us in 2009-2016 showed that 68% of sample companies have experience in implementing budgeting, 22% – management accounting systems, 17% – Balanced Scorecard.

For segmentation of management information on the interdependence between management decisions on strategic choice of business development directions and the level of reimbursement of operating and investment costs during its operation, we propose to use the step-by-step aggregate costs calculation method (by grouping expenditures that are relevant to the level of strategic choice and determining the appropriate target and actual indicators of marginal revenue). Formation of the strategic performance metric based on the criteria for cost recovery and evaluation of business per-
formance enhances the objectivity and timeliness of the strategic choice of the company’s development direction. [3]

At the first stage, we analyze the factors of formation of income (relational context) from the maintenance of a separate business line (business context) and determine the target level of annual revenues in selected market segments (the marketing context). The next stage is the grouping of current or planned expenditures by the levels of strategic choice and determination of the amount of expenditures per year (economic context). Using the step-by-step calculation method, we determine the target indicators of marginal revenue and profit for the selected strategic steps of the strategic choice (economic context), controlling the performance of the business model in real time (informational context).

Following the basic principles of building a step-by-step cost estimate, let’s present this approach on the example of the restaurant business. Based on the results of a survey of a group of managers of full-service restaurants in Kyiv, conducted by O. Kyzenko in 2012–2014. In restaurants, the share of fixed costs in the cost structure is 75 %, including annual expenses for covering capital costs in the form of depreciation – up to 30 %, general production costs – up to 9 %, administrative expenses – up to 36 %. Variable costs account for only 25 % of the total costs of the enterprise. Accordingly, the major share of fixed costs is the one of covering investment costs in the form of depreciation charges. In terms of the degree of comfort, the level of service and the volume of services provided, restaurants are divided into three classes: luxury, supreme and first class, which determines the amount of required capital expenditure for the establishment of the restaurant.

At the stage of establishment of a restaurant a number of necessary investments and future operating expenses directly depend on the strategic choice of the owner with regard to the specific characteristics set of the enterprise.

The first level of strategic choice is the choice of the restaurant class. It is necessary to analyze the organizational form and business structure, personnel and technical equipment. The value of these indicators is calculated for one year of the company’s operation based on the standard term for covering investment costs.

In terms of 1 year of the restaurant operation, you need to calculate the following indicators. In the “Restaurant location” domain: total area of the restaurant, m²; the total area of the adjacent territory, m²; land fees, UAH; the cost of registration of the allowing documentation, UAH; architectural and construction project and engineering and construction works, UAH. In the “Personnel” domain: the total number of employees (by type of work and category in accordance with the staffing table), staff costs (except cooks, barmen, waiters and other categories directly engaged in serving guests). In the “Technical Equipment” domain: the cost of additional services, UAH; material and technical equipment of premises for guests, kitchen, bar, administrative premises (by the type of equipment, including software).

The resultant indicator of the strategic choice for choosing a restaurant class is “marginal revenue 1,” which is calculated for one year of the restaurant’s work as the difference between income and expenses related to the choice of restaurant class.

The second level of strategic choice is the choice of restaurant specialization. For this strategic choice, it is necessary to analyze the costs for the following items: design and decoration work in the guest rooms; furniture and branded clothing, table textiles, tableware, guest appliances, glassware for a bar. The values of the indicators are calculated for one year of the restaurant’s work based on the standard term for covering investment costs. The resultant indicator for the selection of the specialization of the restaurant is “marginal revenue 2,” which is calculated as the difference between “marginal revenue 1” and the costs associated with the choice of specialization of the restaurant.

The third level of strategic choice is the menu exclusiveness. These costs should be grouped by the product groups in the menu, separating the marginal revenue cost between the two groups in proportion to the shares of the respective groups in the sales revenue during the average year. The last element on the third level of strategic choice is the Administration. Administrative and manage-
rial costs, marketing training costs and special events, utilities and other operating expenses should be deducted from the “marginal profit 4” indicator, forming a pre-tax profit target, which is an indicator of business performance.

The application of the step-by-step method of calculation allows the formation of a database of management accounting, creating prerequisites for identifying expenses relevant to a certain factor of restaurant success (both current and investment), which can be calculated on average per seat for a certain billing period. Such an approach makes it possible to assess the economic efficiency of the institution’s performance. In addition, this approach allows us to create an effective pricing policy. This approach changes the process of determining the metrics of the economic efficiency of companies. Analysis of these metrics allows us to develop a program for companies’ long-term development in the context of strategic decisions and competitive behavior.

References: