

IMPLEMENTATION ANALYSIS OF THE BUSINESS PLANNING IN ENTREPRENEURIAL SMALL AND MEDIUM-SIZED BUSINESS IN BULGARIA

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Abstract

This article analyses the implementation of business planning in entrepreneurial small and medium-sized business in Bulgaria. It presents the opinion of various authors on the need to develop business plans, including strategic business plans, their importance, purpose and elements. Based on the survey results, conclusions were made about the implementation of business planning in the business activities of small and medium-sized enterprises in Bulgaria. The profile of the surveyed enterprises is presented and the obtained results related to the planning process are analyzed - implementation of the business planning, types of used plans and strategies, realization of preliminary researches and analyzes of the environment and development of forecasts. The implementation of planning in the activities of the surveyed companies is due to entrepreneurial initiative and activity in decision-making to start and manage their own business. The conclusion is that the entrepreneurial small and medium-sized business will achieve higher efficiency only if it is guided by a written business plan that shows its goals and the means to achieve them.

Keywords: *entrepreneurial small and medium-sized business; business planning; types of business plans; strategic business plan; strategies; environmental research and forecasting*

JEL Codes: *M12, L26, O20*

1. Introduction

The planning of the company's activity is important for the development of the entrepreneurial business. Regardless of the size of the company - small, medium or large, business planning is a key factor for its development.

It is indisputable that business planning, as the main function of management, is necessary both for the creation of the new company and for the organization and implementation of the activity of the long-functioning company with strong market

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positions. At the core of this need is the purpose of the company plan to show the direction of future development.

Business planning issue occupies a significant space in scientific research of the companies and their management problems. The reason for that is providing an opportunity to highlight the priorities of the company and bringing organization and focus to its activities (Madgerova et al., 2012, p. 95) "In the planning process outlines trends in business development, difficulties and possible risks. Approaches to rapid and adequate response to changes, problems and market prospects are defined." (Madgerova et al., 2012, p. 95)

Revealing the role of planning, Yaneva states: „It is clear that planning concerns the rationalization of the company's goals by exploiting company and market opportunities, anticipating, neutralizing or minimizing market risks and threats, overcoming company weaknesses. At the same time, the process contributes to the effective management of resources, coordination between functional areas and facilitationcontrol over the implementation of all company activities.“ (Yaneva, 2020, p. 197-198)

Considering this issue, we believe that we should be guided by the opinion of Peter Drucker that it is necessary to realize three entrepreneurial tasks - to make the existing business effective, to find the potential of business and to create the future of business (Drucker, 2002, p. 24) and that the day-to-day management method does not suit even the smallest company (Drucker, 2002, p. 165). In our opinion, one of the ways to realize these tasks is the development and implementation of a business plan.

The role of planning as a "mandatory and important management function" is strengthened on the basis of "uncertainty and rapid changes in the environment, increasing competition, limited resources of organizations and their pursuit of higher efficiency." (Marinov et al., 2001, p. 212)

In this regard is the opinion of Manov, according to which, the growing complexity of modern macro- and microeconomic systems and the problems of their development makes it necessary to forecast and plan the future of these systems (Manov, 2001, pp. 53-54). The same author shares the opinion the successful transition of any system, including any economic system from one state to another, increasingly needs forecasting and planning (Manov, 2001, p. 54).

Marinov et al state that "planning is a process in which management looks to the future and finds alternative courses of action" and also that "through it the organization determines what it wants to do, when and how to do it and who specifically will do it perform." (Marinov et al, 2001, p. 212)

With all this in mind, the purpose of the article is to analyze the application of business planning in the activities of entrepreneurial small business in Bulgaria. To achieve this goal, an online survey was conducted, covering small and medium enterprises in the country. The first part of the questions in the questionnaire aims to

obtain general information about the company, and the second part of them is aimed at providing information about the state of business planning in enterprises.

Literature review

The issue of business planning is widely discussed in the scientific literature. A number of authors in their publications prove the need and importance of preparing a business plan for the development and effectiveness of the company. Attention is paid to the types of business plans, the main elements of the business plan and practical recommendations are given for its preparation. The reasons for preparing the business plans are highlighted as a written document and other similar issues are addressed.

For example, Gaskill and Auken (1994) pay attention to operational planning in terms of Market Planning, Financial Planning, Personnel Planning and Inventory Planning, considering that it "may positively impact the likelihood of firm success". The authors argue that "by improving operational planning activities in these areas, smaller firms may avoid the resulting distress that was likely experienced by the failed firms." Or, "appropriate planning can assist the small business owner in identifying the correct road and improving the probability of their business success." Therefore, according to them, "small business owners and their consultants would be well advised to devote sufficient resources to market, financial, and inventory planning" (Gaskill, Auken, 1994, pp. 32; 33).

Becherer and Helms discuss the importance of business plans for the successful implementation of start-up ventures. They state that "Business plans are often the starting point for entrepreneurs to be outline their business ideas and develop a plan to seek financing." (Becherer, Helms, 2009, p. 81)

According to the same authors, the business plan is "a formal document which describes a good opportunity and outlines a strategic approach to pursue the opportunity." Their study shows that "business plans have been used more in recent years and that older firms were less likely to use a plan at business start-up." (Becherer, Helms, 2009, pp. 91-92) They made other important conclusions like "business plans were not associated with achieving greater company size, achieving growth goals, or more customer satisfaction success. This may indicate that the primary benefit from a business plan for creating new ventures is creating a financially solid and sustainable organization, but not necessarily one that becomes exceptionally large, achieves high growth or above average customer loyalty. ", There is a positive link between writing a business plan at start - up and creating a business which ultimately provides a higher standard of living for the entrepreneur "and" the entrepreneur has to put the time and effort into the preparation of the business plan. This provides further encouragement for the entrepreneur to invest the necessary time to craft a business plan when launching a new venture" (Becherer, Helms, 2009, p. 92). Nunn and McGuire point out that the business plan is a written document important for business development. They disclose that "the business plan is written to guide the business owner in how to develop and operate the business" (p. 104) and

also that it is “the product of a strategic thinking or planning process”. (Nunn and McGuire, 2010 pp. 104; 105)

Guerrero, Taboada and Moya (2012) consider the business plan in terms of its quality, according to its economic, financial and organizational viability and its importance of business survival. Their opinion is that “business plan is a written document that systematically, and in an orderly fashion, details a firm’s strategic and operational aspects, and should therefore allow for the assessment of a business project’s economic, financial, commercial and legal administrative viability.” They define the business plan as a map that “guides a traveler”, and therefore it “must make it possible to determine in advance where we want to go to, where we are now and the necessary guidelines for achieving the stated goal.” (Guerrero, Taboada, Moya, 2012, p. 2403) The authors consider that “a business plan can be conceived as a project, the first and most important project a start-up must face, to turn a business opportunity into a reality.” (Guerrero, Taboada, Moya, 2012, p. 2404)

Haag (2013) also defines the business plan as "owner's road map for a successful enterprise — a blueprint, a statement of goals and hopes, a compass, and a guideline to planned action", stating that it is "the current and futuristic image of the business." According to the author, “many businesses do not survive because business owners fail to develop an effective plan” and the business plan plays an important role because it focuses on major areas of concern and their contribution to the success of a new business." (Haag, 2013, pp. 19; 20) Also the business plan "enables the owner to take an objective, critical, unemotional look at the business in its entirety", "to assess the competition and establish competitive alternatives and advantages", as well as “offers a true strategic advantage.” (Haag, 2013, pp. 20; 29) Haag reveals that when a business operates without a business plan, “this owner has more time and result in higher costs”, “the owner has no concrete foundation or direction to keep the business focused“ and “the owner might not even know when the business is headed in the wrong direction.” (Haag, 2013, p. 20) In the absence of this most crucial business document, entrepreneurs “often react intuitively to business conditions without properly thinking through all appropriate alternatives.” (Haag, 2013, p. 29)

Quite interesting point of view is shown in the business planning model with feedback represented by Ivanisevic, Katic, Buchmeister and Leber, which "includes planning, monitoring and harmonization of business operations" and “enables the assessment of present and future business results. " (Ivanisevic, Katic, Buchmeister, Leber, 2016, p. 173) The authors conclude that "a flexible planning system, which follows the logic of thinking, that is, understanding of the company's management, should result in generally accepted business philosophy around the world - profit maximization.". (Katic, Buchmeister, Leber, 2016, p. 181)

In the introduction to their book, Schwetje and Vaseghi (2007) emphasize that "the business plan is a versatile means and is not only restricted to start-ups or company founders" and when it comes to big companies, it should be borne in mind

that they "have more or less large staff divisions which have the task of thinking about strategic issues and their orientation in order to work out the plans for the next years", but "in mid-size or small companies, which cannot afford their own staff divisions or planning departments to compile and plan their strategy". "It is the manager's or entrepreneur's task to develop a strategy, to define future plan data and to implement them." According to the authors, "the business plan has to be a means for mid-size and small companies of thinking about their company and positioning it correctly within the market" and to withstand competition (Schwetje and Vaseghi, 2007). Schwetje and Vaseghi consider the business plan "as a document that commercializes" the "business idea as a whole towards potential investors and stakeholders." They identify three important characteristics of a successful business plan: 1) "the short- and long-term objectives are clearly depicted"; 2) "a careful description is given of how the objectives can be achieved in realistic general conditions"; 3) "a description is given of how the realization of the plan will meet the expectations of the investors" and indicate it is important to keep in mind the objectives of the business plan. (Schwetje and Vaseghi, 2007, p. 1)

Wolk and Kreitz (2008) outline the problems of business planning from the social entrepreneurship' point of view. They define business planning as an important factor for sustainable social impact, emphasizing that it "constitutes an important tool not only for organizations seeking to develop and scale solutions for addressing social problems, but also for organizations that invest in them. (Wolk, Kreitz, 2008, p. 3)

Examining the importance of business planning, based on a meta-analysis of literature sources, Honig and Samuelsson (2014) conclude that "the question of whether or not business planning is important for nascent or emergent ventures remains unanswered— however, the evidence does seem to indicate that the newer the firm, the weaker the relationship between planning and performance." (Honig and Samuelsson, 2011, p. 4)

Burke, Fraser and Greene (2010) deduce the multi-effects of business planning, considering, "that the impact of business plans depends on the purpose for and circumstances in which they are being used." (Burke, Fraser, Greene, 2010, p. 391) They make a stipulation that "the impact of business plans on venture performance may not be uniform across entrepreneurial profiles and contexts. According to the authors, "written business plans can make a positive impact on venture performance in two ways: (1) improving the venture's entrepreneurial capability; and (2) increasing the level of resources available to the venture." They see the multi-effects of business planning in the following: business plans are a basic tool "through which financiers try to become better informed in order to be able to make a commercially valid assessment of the risk / reward profile of any particular venture". (Burke, Fraser, Greene, 2010, p. 395) "A written business plan may actually support improvisational activities by enhancing entrepreneurial decision making." (Burke, Fraser, Greene, 2010, p. 406); "By articulating goals and identifying strategies for exploiting

entrepreneurial opportunities, written business plans appear to enhance entrepreneurial decision making even in situations where improvisation is important"; "writing a business plan appears to guide individuals with low human capital, even in low enterprise areas, to grow their venture". (Burke, Fraser, Greene, 2010, p. 407); "written business plans to promote employment growth" (Burke, Fraser, Greene, 2010, p. 408) and expected financial results for a specific time period" and points out that "a key step in planning is to examine and fully develop the three components of business planning: 1) The Feasibility Study; 2) The Business Plan, and 3) The Market Analysis and Strategy." (Lacroix, 2007)

Authors who also look at business planning issues from different perspectives are Campbell and Haley (2006), Lawrence and Moyes (2009), Philbin and Mallo (2016), Hormozi and all (2002), Honig and Karlsson (2004) and others.

Campbell and Haley (2006) prove with practical examples the importance of the business plans for NGOs and reveal their development and key elements (Campbell and Haley, 2006). Lawrence and Moyes state that a business plan should say "anyone who wants to start an entrepreneurial venture" as "it doesn't matter if the venture is high or low tech, high or low growth, nonprofit or social, lifestyle or an entity within a large corporation or government agency" (Lawrence and Moyes, 2009, p. 4). Philbin and Mallo consider the need for Business Planning (Philbin, Mallo, 2016, p. 25). According to Hormozi and all, "planning plays an important role in determining the degree of success realized by a new or small business", "essential elements to business success are identification of goals, followed by development of strategies to meet those goals" and "a business plan is an effective tool used by businesses to organize these goals and objectives into a coherent format" and "to improve internal operations and to inscribe and market the business to potential outside financiers." (Hormozi and all, 2002, p. 755). Honig and Karlsson define a business plan "as a written document that describes the current state and the presupposed future of an organization" and explore "a number of factors influencing why individuals expend effort writing business plans, as well as exploring outcomes to assess what, if any, the effect of the planning process has on new organizations." (Honig and Karlsson, 2004, p. 29).

Special attention in the scientific literature is paid to the purpose of the business plan, which is associated with attracting funds from potential investors or banks, as well as for the future development of the company. For example, the opinion of Guerrero, Taboada and Moya is that business plans are of particular importance for "those companies that turn to public institutions looking for help in launching a new venture", ie "in the case of financial support programs, the business plan stands as a key element in order to be eligible for cheap or free financing, under the premise that a good business plan is a guarantee for the survival of start-ups and that, therefore, public funds are put to good use." (Guerrero, Taboada, Moya, 2012, p. 2413)

Haag writes that "a business plan is key to securing financing, maintaining focus, communicating, and preparing for the unexpected" and provides information to the business owner himself. (Haag, 2013, p. 20) Schwetje and Vaseghi (2007) define the external and internal use of the business plan and state that the external use is related to the financing of the business, "to secure existing or planned business relations between company and your stakeholders and mergers and acquisitions", while "internal use of the business plan is expressed in the fact that the business plan is a valuable management tool of the company", which "can serve as a guide to the daily decision-making and as a control tool in managing the current business." "A systematically elaborated and regularly updated business plan, with a profound insight into all business matters, helps the management to efficiently plan the company development and prepare the necessary modification measures in a structured way." (Schwetje and Vaseghi, 2007, pp. 1-4)

According to Nunn and McGuire, the business plan "is written with the intention of attracting a lender or investor to finance the start-up or next phase of the business, as well as the associates within the company." (Nunn and McGuire, 2010, pp. 104; 105) Lacroix points out that a business plan is used to communicate the business idea "to people who may have an interest in the business, e.g. the investors and the board of directors", "to attract investment capital, secure loans, and to attract strategic business partners", if the entrepreneur is "seeking financing from a bank or other financial institution" and if he decides to sell his company. Along with this the business plan is used as a management tool, as well as to plan the various phases of the business.

Many authors publish sample business plans and manuals for developing a business plan for an existing or start-up business. For example, Walker offers a sample business plan for a start-up business and reveals the algorithm for developing business plans, their main elements and content (Walker, 2009). Nunn and McGuire (2010) reveal the structure of the business plan by describing the content of each element (Nunn, McGuire, 2010, p. 104). Haag reveals the steps that need to be implemented in order to write a business plan and also indicates the components of the business plan and their content (Haag, 2013, pp. 20-28).

Many manuals describe the purpose of the business plan, as well as the steps and basic elements that it must contain to achieve its goal. For example, the publication of the Small Business Center Network (North Carolina Community College System) reveals that "a plan is more than a means to an end" and it "will be both essential and critical for every business endeavor" if the entrepreneur needs a business plan for obtaining capital for the business, seeking equity participation or applying for a loan. The guide states: "most business start-ups fail within three years. They fail for two reasons. The first is that the business has insufficient capital to operate until cash flow can pay expenses and generate an operating profit. The second is due to poor management. A business plan is the first line of defense to make sure

that your business does not succumb due to these two reasons. A good business plan is a road map, showing where your business is going, how it proposes to get there, and the resources needed for the journey. (How to Develop a Business Plan. A Guide for Business Start-Up, p. 2)

The Deloitte & Touche LLP handbook states that it is not enough business plans to reveal the competence of their creators, but "today's plans have to withstand stiff competition in attracting funding, key employees, and other desired relationships." (Writing an Effective Business Plan, 2003, p. 5) In this handbook, the emphasis is on such external uses as: business financing and meeting the requirements of banks and investors, when engaging in strategic alliances with other companies. and in mergers and acquisitions. (Writing an Effective Business Plan, 2003, pp. 8-9) The use of a business plan is defined as "an important management tool", which "enables management to plan company growth and to anticipate changes in a structured way". (Writing an Effective Business Plan, 2003, p. 9) It should be borne in mind that "a successful business plan is a document that conveys the exciting prospects and growth potential of your company", which "might be best viewed as a selling document" and as such "sells the business to potential financial and other backers." (Writing an Effective Business Plan, 2003, pp. 8)

Other similar manuals are that of the Massachusetts Small Business Development Center Network, which provides guidelines for developing a business plan, giving specific examples (Business Plan Guide, Adapted from materials by Donald J. Reilly), and the Minnesota Institute for Sustainable Agriculture handbook. According to the latest, a business plan is a prerequisite for a sustainable business that "helps producers demonstrate that they have fully researched their proposed alternative; they know how to produce their product, how to sell what they produce, and how to manage financial risk." (Building a sustainable business, 2003; 2018, p. 4) An edition of the same type from the Open Society Institute (2003) presents a business plan model for journal developers and publishers, developed by Crow and Goldstein of the SPARC Consulting Group. (Crow, Goldstein, 2003). Professional Accountants in the Business Committee of the International Federation of Accountants (New York, USA) in its newsletter presents the objectives and structure of the business plan and describes its elements and how to develop it. (Business Planning Guide: Practical Application for SMEs, 2006)

A number of authors, such as Shaw, Brown and Bromiley (1998), Karel, Adam and Radomír (2013), Mirzakhani, Parsaamal and Golzar (2014), Turner and Endres (2017), Agwata and Kariuki (2018) and others consider the problems of strategic planning.

Shaw, Brown and Bromiley reveal how to write a strategic business plan so that it can be transformed from a list of bullet points into a story telling everyone not only what goals are but also how to reach them. In this regard, they point out that "planning by narrative is a lot like traditional storytelling. Like a good storyteller, the strategy

planner needs to set the stage-define the current situation in an insightful, coherent manner. That involves analyzing the industry's economics, its key success factors, and the forces that drive change. It also involves defining basic tensions and relationships: Which capabilities and objectives do we have and which do the other players have? What do we believe the other players intend to do? How do our key success factors compare with those of our competitors?" The authors believe that "the plan must tell us how the company can overcome obstacles and win." According to them, "the act of writing a full, logical statement encourages clear thinking and brings out the subtlety and complexity of ideas." (Shaw, G. , R. Brown, P. Bromiley, 1998, pp 44; 47)

As mentioned, the problems of strategic planning are also the subject of research by Karel, Adam and Radomír. They prove that "strategic management and planning takes an important role, however is more or less neglected especially by the SMEs sector managers" especially in the period after the "global economic crisis in around 2007". According to them, strategic planning is important "for gaining competitive advance and better economic results." The results of their study show that "bigger companies pay more attention to strategic management and have more often prepared detailed strategy than smaller enterprises", companies that had a strategic business plan achieved better results than those without a written plan and therefore "it is necessary to put impact on proper strategic planning in all significant business areas." On this basis, they conclude that "thorough (detailed) strategic planning is definitely a reasonable activity of any company." (Karel, Adam, Radomír, 2013, pp. 57; 70-71)

According Mirzakhani, Parsaamal and Golzar, "due to improving and developing the number of corporates and competitive environment, the importance of formulating comprehensive planning like strategic planning, which is playing an important role in empowering organizations, is increased", and only "strategic planning is the process of decisions and activities which lead to one or more effective strategies for attaining the organizational goals." (Mirzakhani, Parsaama, Golzar, 2014, pp 150; 152)

Turner and Endres reveal the importance of marketing plans, strategic and operational business planning for small businesses and consider "business plan effectiveness in identifying and addressing initial challenges and subsequent changes". (Turner, Endres, 2017, pp. 34; 38-39)

Agwata and Kariuki share the view that "in an organization a strategic plan provides a road map for the direction to be taken and the means of getting there. According to them, "strategy is needed to focus effort and promote coordination of activities", "in the process of implementing strategic plans institutions have to write and display their Mission, vision and goals in visible areas" and "during strategy implementation, strategic plans should be modified by the strategic goals, objectives and activities to a large extent." (Agwata, Kariuki, 2018, pp. 778; 781, 782-783)

Mwamisha and Gichinga report that "strategic planning if done effectively will ensure the sustainability" of businesses. According to them, "the use of strategic plans has helped most organizations to be able to achieve organizational direction through following the set goals, objectives, vision and mission." The authors consider "various dimensions of strategic planning (the leadership style, the strategy formulation, strategy implementation and the organizational culture) that affect the sustainability of family hotel businesses." (Mwamisha, Gichinga, 2016, pp, 652; 653)

In literature the strategic planning issue is mentioned also in relation with overcoming various crisis situations. Taking in consideration that small and medium-sized enterprises (SMEs) tend to suffer the 'ripple effect' of many different crises, Vargo and Seville raise the problem of crisis strategic planning. In their view, "strategic planning is concerned with the mid-term future of the organization, enhancing its success by dealing with weaknesses and threats as well as the strengths and opportunities that present themselves to the organization." They argue that "the opportunities inherent in change, especially dramatic change, are often left to such management concepts as strategic planning." In this regard, the authors point out that crisis strategic planning provides a way of thinking about a rapidly changing world and seeking out the positive opportunities. (Vargo, Seville, 2011, pp. 2-3)

Baker, Addams and Davis found that "fast-growth firms develop written business plans as a product of strategic planning," which "are used more for internal management purposes than for start-up funding," such as "the completion of strategic planning is positively associated with a firm's profitability." (Baker, Addams, Davis, 1993, p. 82)

Some authors share the opinion that most entrepreneurs are not guided by a written business plan. The same opinion share Gibb (1999), Mazzarol (2001), Bewayo (2015) and others. As Gibb reports the "typical" small, particularly "micro", business is characterized by "intuitive decision making and "what if" strategic management as opposed to formal planning" and "centralized log frame planning and over-emphasis on reductionist targets will destroy entrepreneurship." (Gibb, 1999, pp. 32; 34) In turn, Mazzarol reveals that the results of his study "suggest that possession of formal business plans is difficult to relate to small business characteristics with the exception of size" and that it is unlikely a written business plan "to be essential to success at least in the very small firm". According to the author, "the existence of a written business plan should not be viewed as an indicator of success." (Mazzarol, 2001, p. 43). Bewayo points out that "start-up entrepreneurs rarely prepare business plans." (Bewayo, 2015, p. 3)

Despite these opinions, the literature review proves the indisputable importance of the business plan for the entrepreneurial business. The literature sources confirm its great role in increasing the efficiency of the business and in determining the perspective for its future development, for its management, for attracting foreign capital and for joining various inter-company associations. In conclusion the literature

review and the research results of the cited authors reveal more benefits than disadvantages of the application of business planning as a management function.

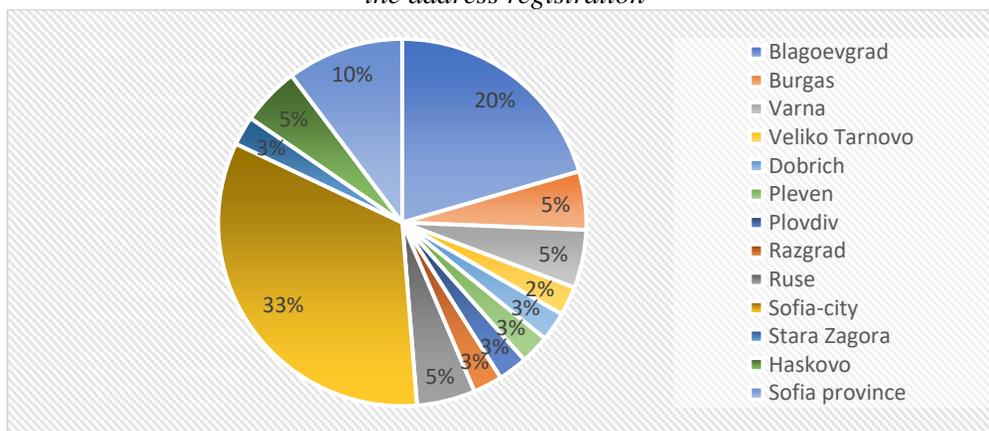
Implementation analysis of business planning in entrepreneurial small and medium business in Bulgaria

Based on the conducted by the authors survey, evidence was presented for the implementation of business planning by entrepreneurs and owners of small and medium enterprises in Bulgaria. The survey was done in April 2021 by the method of respondents. Owners and representatives of 40 companies from the country were part of it.

Small and medium enterprises activity in early 2021 is due to the prolonged crisis resulting from the pandemic of COVID 19. The change in the environment in the past 2020 for enterprises is characterized by uncertainty and is not subject to trend modeling, which requires frequent and economic conditions research of small business in Bulgaria.

The distribution of the companies registered in the survey by address registration shows they are from the six statistical regions in the country and from 13 out of 28 administrative provinces, as the largest number are from the South-Western planning region and specifically from Blagoevgrad province (20.5%), Sofia-city province (33.3%) and Sofia province (10.3%), or a total of 64.1% for the three districts (Figure 1).

Figure 1. Distribution of companies by administrative provinces according to the address registration



Source: authors' own research, 2021

The results of the survey shows a significant proportion of respondents (85%) have registered limited liability companies or sole proprietorships with limited liability. In our opinion, the possible reason for the predominant choice of this legal-

organizational form of business activity, is related to the limited obligation of the owners of the capital to the amount of the capital contributions. Only 13% of the enterprises are registered as sole traders (sole proprietors) and 2.5% as joint stock companies (JSC).

The distribution of enterprises according to their size is also important for the research. Table 1 shows that micro-enterprises predominate (with up to 9 employees), with the share of small (up to 49 employees) and medium-sized enterprises (up to 249 employees) being very small. It should be noted that 62.9% of micro-enterprises are registered in the South-West region.

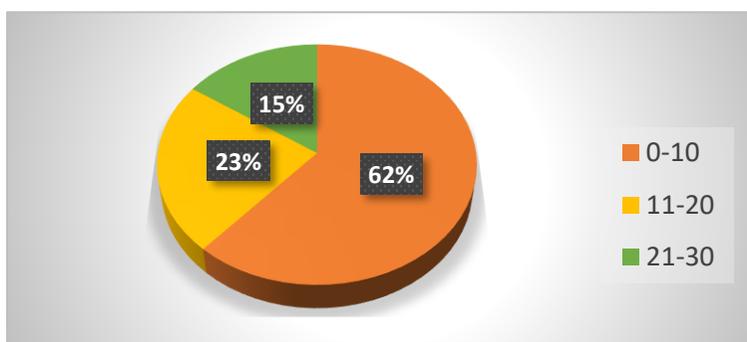
Table 1. Distribution of enterprises according to the number of employees

Number of employees	Relative share of enterprises
To 9	89,74
10-49	7,69
50-249	2,56
Total	100,00

Source: authors' own research, 2021

A significant share is occupied by enterprises having been established relatively recently or more specifically in the last ten years (62% of the surveyed companies), which can be seen in Figure 2.

Figure 2. Period of operation of the company in years

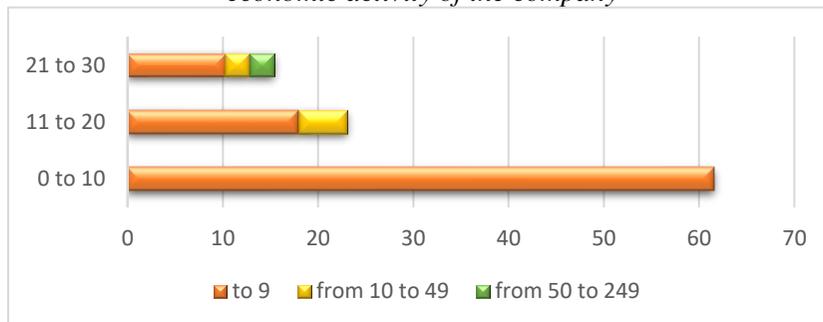


Source: authors' own research, 2021

The analysis of the relationship between the number of employees (the size of the company) and the period of active economic activity shows 62% of micro-enterprises were established in the last 10 years, 18% operate between 11 and 20 years and 10% - between 21 and 30 years. With regards to small enterprises, it is found that 5% of them are active between 11 and 20 years of age and 3% between 21 and 30

years of age. Medium-sized companies report a period of economic activity between 21 and 30 years (Figure 3).

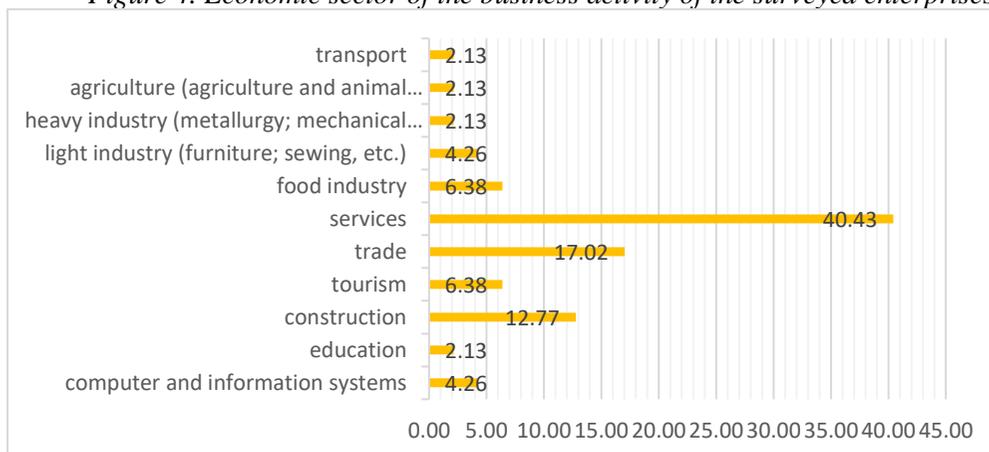
Figure 3. Relationship between the number of employees and the period of active economic activity of the company



Source: authors' own research, 2021

Quite interesting point of view for the research is the type of economic sector in which the business respondents of the survey operate. Figure 4 shows that among the studied companies the services sector is the most represented. The survey results show that nearly 13% are employed in industry (including heavy - metallurgy and mechanical engineering, light - furniture, clothing and others, food and other industrial sectors). The relative share of respondents who have registered their activity in the field of trade is about 17%, and three quarters of them are in the Southwestern region of the country. In third place are construction companies, the predominant number of which are micro-enterprises. It should also be noted that the economic activity of companies registered as sole traders is most often related to services, food industry, construction and light industry (furniture, tailoring, etc.). This, in our opinion, is due to the fact that these companies are mainly micro-enterprises.

Figure 4. Economic sector of the business activity of the surveyed enterprises



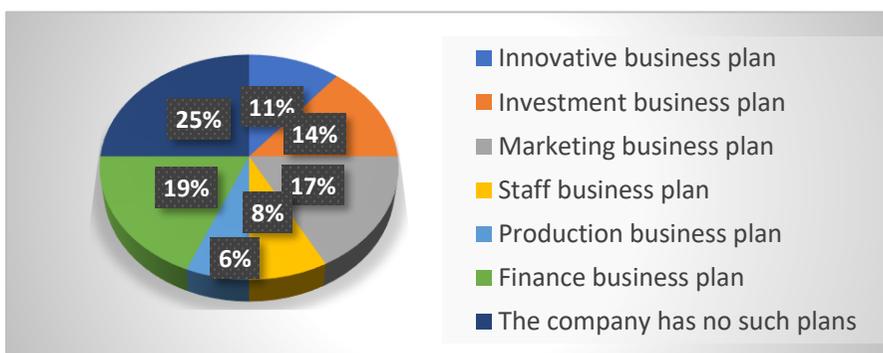
Source: authors' own research, 2021

The profile of the surveyed companies is supplemented by such characteristics as the presence of foreign participation in the company, markets, market share and knowledge of competitors. The analyzes show only 3% of the respondents have over 51% foreign participation in the company, almost 86% operate on local and national markets and only 14.3% enter the international markets, over 61% have a low market share (up to 5 %). On a positive note, 92.31% know their competitors.

Against the background of these characteristics, the implementation of the first management function, namely planning, is important for the company's activity. It is obvious that the surveyed companies would not have achieved success without business plans. In connection with this, the questions related to them are related to business planning. The analysis of the results shows over 56% of them have a plan for business development, and 41% are guided by a strategic business plan. However, more than half of the respondents answered that they have a plan for the development of the company they run, but it is not strategic. From this result we can conclude that most of the small and medium-sized companies in Bulgaria do not have a long-term development strategy, which predetermines wrong management decisions, negative consequences for long-term product quality and difficult to achieve a successful company policy. .

Basically, companies prepare and follow their financial plans - almost 31%. Over 28% create a marketing plan, and the preparation of an innovation plan follows in order of importance (over 23%). Innovations also come to the attention of companies - nearly 18% have an innovation plan. Entrepreneurs. are also guided to a greater or lesser extent by other types of functional plans - investment, personnel and production. But the share of those who do not have development plans is not small (Figure 5).

Figure 5. Types of functional plans developed in the surveyed enterprises



Source: authors' own research, 2021

In our opinion, the attention is focused mainly on financial and marketing plans due to the following: 1) the main importance of business financing, the search for financial resources from various external sources and the need for proper allocation

of financial resources to ensure various activities in the company; 2) the need to provide markets for the produced products, expand the markets, increase sales and market share in order to increase the profit for the enterprise; 3) a number of enterprises do not carry out production activity, due to which they do not have production plans, as well as innovation and investment plans are not always developed; 4) the predominant share of the surveyed enterprises is that of the micro-firms, which employ mainly the owners and a small number of staff, due to which the necessary attention is not paid to the staff plans.

One of the survey takeaways is the identification of which types of plans according to their duration are used in companies. To the greatest extent, they prepare short-term plans that must be implemented within one calendar year (over 33%). Next in importance are the development plans of companies with medium and long duration with shares of 18%. Some companies implement plans with a shorter validity period - six-month, quarterly, one-month and calendar schedules (a total of nearly 31%). However, the enterprises that do not draw up development plans at all, but are guided by the daily tasks and management decisions made on the basis of the previous experience of the managers, are nearly 31% (Figure 6).

In Southwestern Bulgaria, on the other hand, there is an even larger relative share of companies that do not prepare and are not guided by a development plan, namely - over one third of the respondents. We believe that this result corresponds to the predominant share of micro-enterprises, which are more often guided by their intuition and do not always develop plans, even for business management and outlining the development perspective.

Figure 6. Duration of company development plans



Source: authors' own research, 2021

The surveyed SMEs that think strategically apply different types of strategies. The largest is the relative share of those who implement a strategy to increase market share (almost 77%), followed by companies that pay attention and care for the customer (almost 67%), strive for high quality products (close 54%), but not least

those who take care of their employees (34%). Given these data, it can be concluded that the survival of small business in the uncertain, caused by the pandemic of COVID 19, and dynamically developing business environment is significantly determined by the stimulation and satisfaction of individual customer needs, which results in the natural striving to increase the quality of the products of the companies. Many entrepreneurs apply a strategy of product development (30.76%) and also of specialization (20.51%) (Table 2).

Table 2. Strategies of the surveyed SMEs

Type of company development strategy	Relative share of companies implementing strategies, %
High quality of the product	53,84
Customer care	66,7
Employee care	35,9
Maintaining market share	38,5
Cooperation with other companies	12,8
Minimum costs	15,4
Entering new markets	17,94
Low prices	17,94
Product differentiation	10,26
Product development	30,76
Specialization	20,51
Increasing market share	76,92
Unique products	10,26
The company has no development strategy	10,26

Source: authors' own research, 2021

The main process of planning the company's activity is preceded by conducting research, forecasts and analysis of the business environment. Statistics from the survey show that 69.23% of entrepreneurs base their business plans on preliminary surveys of the environment, but at the same time nearly 31% of them hire such surveys. This result can be considered as a possible threat to the success of these enterprises. Table 3 shows that the greatest attention is paid to the study of product prices (almost 59%) and competitors (nearly 54%). The research frequency of the other elements of the environment and especially on macroeconomic factors and international markets is lower. In our opinion, the weak interest in studying the international markets is mainly due to the fact that the surveyed companies operate mainly in local and national markets.

Table 3. Study of the environment in connection with the development of business plans

Types of research before developing the company's plans	Relative share of research companies, %
Business environment	20,51
Providers	20,51
Competitors	53,84
Macroeconomic factors	5,12
International markets	7,69
Availability of similar products on the market	23,07
Market needs and demand for relevant products	25,64
Market supply of the respective products by the competitors	25,64
Market development trends (regional, national and international)	33,33
Product prices	58,97
He doesn't do research	30,77

Source: authors' own research, 2021

Forecasting, as an activity preceding the planning process, is used in just over 64% of the surveyed enterprises. There is not a small part of the entrepreneurs who do not develop forecasts to be guided by when compiling the business plan (almost 36%). Table 4 shows that entrepreneurs most often develop forecasts for the income and expenses of companies (over 41%), as well as cash flow (nearly 31%). This can be explained in view of the management and organization of the financial and accounting activities of the enterprises. Many entrepreneurs develop market forecasts - development of international markets, sales, market needs and demand, future changes in product prices and market trends. The development of the business environment is subject to forecasting for almost 18% of entrepreneurs. However, changes in macroeconomic factors, market supply and the behavior of competitors are less often forecast. The analyzed results indicate insufficient understanding of the need to predict the future development of business processes at the macro and micro level, as well as the business environment and their possible impact on business development.

Table 4. Development of forecasts in connection with business planning

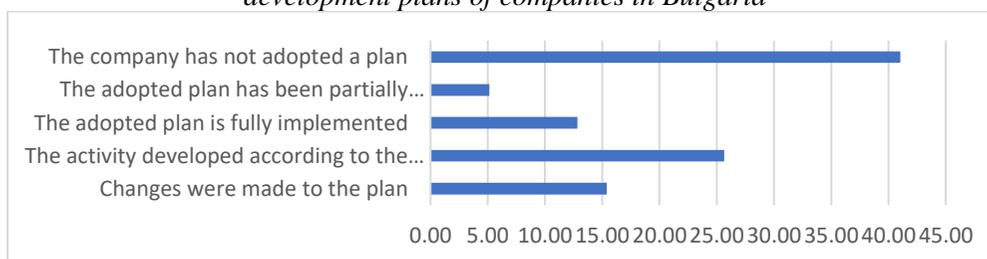
Types of forecasts	Relative share of companies developing forecasts, %
Future market needs and demand for relevant products	23,07
Future change in product prices	23,07
Future marketing of the relevant products by competitors	10,25
Future behavior of competitors	10,25
Changes in macroeconomic factors	12,82
Changes in international markets	25,64

Cash flow	30,77
Revenues and expenses	41,03
Sales	25,64
Development of the business environment	17,95
Market development trends	23,07
Does not develop forecasts	35,90

Source: authors' own research, 2021

One of the important issues studied is to clarify the impact of the crisis caused by the Covid-19 pandemic on the implementation of the companies' plans for 2020. Figure 7 reveals that over 25% of companies that have a business plan for 2020 have acted according to the situation, and 15.4% of them have been forced to make changes to it. It should be noted that there are companies that to some extent mark the implementation of the business plan - a little over 5% have implemented it partially, and almost 13% - fully.

Figure 7. Impact of the crisis from Covid-19 on the implementation of development plans of companies in Bulgaria



Source: authors' own research, 2021

The preparation and implementation of business plans is an important part of the functions of the entrepreneur and the management teams of the companies. The positive results regarding the application of planning in the activities of the surveyed companies, in our opinion, are due to their entrepreneurial initiative and activity in making entrepreneurial decisions to start and manage their own business. According to the data obtained, they are mostly young people, with those aged between 20 and 40 occupying 43.6% of all respondents, while the share of those over this age up to 50 is 33.3%, and entrepreneurs over 50 - 23.07%. The study shows that micro-enterprises are run mainly by relatively young managers between the ages of 25-45. The data on the position of the respondents in the enterprises must also be taken into account. Over 56% of them are not only owners, but also managers such as CEO, manager, sales director, marketing director, CFO, etc. On this basis, it can be assumed that a significant part are well prepared and competent to perform their management functions effectively, including the activity planning.

CONCLUSION

The analysis of the literature review shows that business planning is derived by the authors as an important function of management, the implementation of which is essential for providing external sources of funding, in finding strategic partners of companies, in mergers and acquisitions and others, as well as for internal use in the business management process. Particular attention is paid to the business plan as a key document for the successful implementation of start-up ventures. Despite some opinions questioning the benefits of developing business plans, the results of specific research of companies and examples from practice presented in the literature review prove the indisputable necessity and importance of business planning.

Our survey and analysis of the results also confirm this conclusion. It is evident that business planning is included in the management tools of a significant part of the studied small and medium enterprises. But at the same time, the presence of SMEs that are not guided by written business plans shows that this management function is neglected by some entrepreneurs who rely more on their intuition and react according to the situation.

The development of mainly financial and marketing plans is an indicator of the company's priorities, aimed primarily at providing financing for the business and markets.

The analyzes show that the surveyed SMEs rarely pay attention to the long-term vision of their activity and are guided mainly by short-term plans. Also, many of these companies do not have strategic thinking about the business and the most commonly applied management strategies are mainly focused on increasing market shares, customer care and high quality.

Preliminary studies, forecasts and analyzes of the business environment are an important prerequisite for the development of effective business plans and this is understood by a significant number of entrepreneurs. At the same time, however, the need to pay more attention to analyzing and anticipating changes in the business environment, macroeconomic and market factors must be emphasized.

In conclusion, it should be noted that ignoring the key role of business planning deprives the company of vision for its future development. It follows that entrepreneurial small and medium-sized businesses, regardless of the size of enterprises, will achieve higher efficiency only if they are guided by a written business plan that shows its goals and means to achieve them.

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