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BUSINESS PLAN AS A TOOL OF AIRLINE MANAGEMENT IN THE CONDITION OF A PANDEMIC CRISIS

N.O. Kovalenko¹, N.V. Stoliarchuk²

¹Ph.D. in Pedagogy, Associate Professor, Associate Professor
at the Department of the Management and Economics,
Flight Academy

of the National Aviation University, Kropyvnytskyi, Ukraine,
ORCID ID: 0000-0002-1651-9750

²Senior Lecturer at the Department of the Management and Economics,
Flight Academy

of the National Aviation University, Kropyvnytskyi, Ukraine,
ORCID ID: 0000-0003-1218-388X

Summary

Introduction. *The global Covid-19 pandemic has identified new unpredictable operating conditions for most civil aviation entities. It is established that the majority of representatives of the world aviation business, including Ukraine, have shown unpreparedness and inability to overcome the crisis, avoid bankruptcy and withstand competition.* **Purpose.** *The purpose of the study is to theoretically substantiate the technology of development and use of a business plan as an element of management of Ukrainian airlines in a pandemic crisis.* **Results.** *It is specified that business planning is a unified mechanism for managing activities in conditions of uncertainty. It is proved that despite the requirements of practice, aspects of the application of business planning as a management element are borrowed, not clearly defined and not adapted to the conditions of Ukrainian airlines in a crisis. Under a market economy, no enterprise can operate profitably without a carefully prepared plan. The experience of organizing business in the field of civil aviation shows that the analysis and planning of the organization is becoming increasingly important due to rapid changes in the operating environment.* **Conclusions.** *It is proved that the business plan, as the basis of airline management, allows to analyze all elements of the airline, identify factors of negative impact, threats and opportunities, consider alternative actions, predict financial results, which will optimize operation and minimize the impact of the epidemic crisis.*

Key words: *airline, adaptive tools, business plan, competitiveness, intercontinental integration, planning.*

**БІЗНЕС-ПЛАН ЯК ІНСТРУМЕНТ УПРАВЛІННЯ АВІАКОМПАНІЄЮ
В УМОВАХ ПАНДЕМІЧНОЇ КРИЗИ**

Н.О. Коваленко¹, Н.В. Столярчук²

¹к.п.н., доцент, доцент кафедри менеджменту та економіки,
Льотна академія

Національного авіаційного університету, Кропивницький, Україна,
ORCID ID: 0000-0002-1651-9750

²старший викладач кафедри менеджменту та економіки,
Льотна академія

Національного авіаційного університету, Кропивницький, Україна,
ORCID ID: 0000-0003-1218-388X

Анотація

Вступ. Світова пандемія Covid-19 визначила нові непередбачувані умови діяльності для більшості суб'єктів цивільної авіації. Встановлено, що більшість представників світового авіаційного бізнесу, в тому числі України, проявили неготовність та неспроможність подолати кризу, уникнути банкрутства й витримати конкуренцію. **Мета.** Метою дослідження є теоретичне обґрунтування технології розробки і використання бізнес-плану як елементу управління авіакомпаніями України в умовах пандемічної кризи. **Результати.** Конкретизовано, що бізнес-планування є уніфікованим механізмом управління діяльністю в умовах невизначеності. Доведено, що, незважаючи на вимоги практики, аспекти застосування бізнес-планування як елементу управління є запозиченими, чітко не визначеними й не адаптованими до умов діяльності авіакомпаній України в умовах кризи. Досвід організації підприємництва в галузі цивільної авіації свідчить, що аналіз та планування діяльності організації набуває дедалі більшого значення у зв'язку зі швидкими змінами в середовищі функціонування. **Висновки.** Доведено, що бізнес-план як основа управління авіакомпаніями дає змогу проаналізувати всі елементи діяльності авіакомпанії, визначити фактори негативного впливу, загрози та можливості, розглянути альтернативні варіанти дій, спрогнозувати фінансові результати, що дасть змогу оптимізувати функціонування і мінімізувати ступінь впливу епідемічної кризи.

Ключові слова: авіакомпанія, адаптивний інструментарій, бізнес-план, конкурентоспроможність, міжконтинентальна інтеграція, планування.

Introduction and problem statement. The Covid-19 intercontinental pandemic has led to the regulation of civil aviation in unpredictable and harsh conditions. Since February 2020, and especially in the spring, airlines have significantly reduced the number of flights, and some have even stopped flights. Due to quarantine, closures and bans or restrictions on entry, the pandemic crisis has been the deepest for aviation since World War II. In April 2020, the number of flights (compared to April 2019) in the world fell by 80%, and in Europe – by 90% [1; 2].

It is established that the majority of representatives of the world aviation business, including Ukraine, have shown unpreparedness and inability to overcome the crisis, avoid bankruptcy and withstand competition. Only a small proportion of airlines have the ability to operate, most, due to the lack of a clear mechanism for economic analysis,

strategic management of planned activities, suffer from a sharp decline in air traffic, joint operation of international airlines with foreign airlines with significant competition [3].

The decrease in traffic in early June 2020 led to the loss of airlines' share of aircraft fleet due to lack of funds to pay lease payments, losses revealed the inability of companies to operate flights, pay salaries to employees [4].

A generalizing aspect of the identified problems of domestic airlines is the inability to adapt to the requirements of the international aviation market, namely, in the absence of a clear mechanism for economic analysis, planning and strategic management in a crisis. Such shortcomings lead to the airline's lack of a clear line of business in the future, the impossibility of rational use of resources and the attraction of public investment funds in order to improve operating conditions.

Examining the experience of global airlines, it should be noted that the formation and development of a market economy in Ukraine in a pandemic requires fundamentally new approaches to the organization of strategic business management of civil aviation, special attention in this process is occupied by management using a business plan.

Analysis of recent research and publications. A significant number of scientific works, in particular such well-known domestic and foreign scientists as V. Popov [5], N. Danyk [6], O. Yaremenko [7], is devoted to theoretical and methodological aspects of business planning of enterprises. The research of V. Kasyanchyk, E. Olesyuk [3], E. Kosychenko [8] and others is devoted to the criteria of search for improvement of the activity of subjects of civil aviation.

Given Ukraine's desire to integrate into European and global economic structures and the need for domestic airlines to move to global standards of business management, planning and crisis management, research on these issues and areas are becoming particularly relevant.

However, despite the requirements of practice, aspects of business planning as a management tool are borrowed, not clearly defined and not adapted to the conditions of Ukrainian airlines in the crisis, which actualizes the essence of the problem within the management of commercial aviation.

Formulation of the goals of the article. The purpose of the study is to theoretically substantiate the technology of development and use of a business plan as a tool for managing Ukrainian airlines in a global pandemic crisis. The objectives of the study are presented in the substantiation of recommendations on the structure and content of the airline's business plan, which will be used as a planning and working document in a pandemic crisis and uncertainty. The object of study is business planning as a tool for managing aviation companies in a global pandemic crisis. The subject of research is the theoretical principles and guidelines for business planning of enterprises, including civil aviation.

Presenting main material. The dynamics of the global pandemic crisis and tough conditions of competition in the civil aviation market have led to a crisis and the verge of bankruptcy of a significant number of airlines. The study found that only some airlines are able to operate effectively in the above conditions, others do not have effective anti-crisis tools adapted to the specifics of the aviation industry, which would systematically analyze the likelihood of bankruptcy and identify measures to avoid it.

In mid-April, the International Air Transport Association (IATA) published a forecast of total airline losses of \$ 314 billion, a 55% drop in turnover compared to

2019. Airports Council International (ACI) estimates that the annual passenger traffic in the world's airports in 2020 will decrease by 38.1% (3.6 billion passengers), and in 2019 the industry will reach no earlier than the end of 2021 [4].

Given the desire of Ukraine to integrate into European and global economic structures and the need for transition of domestic airlines to global standards of commercial, planning and investment management, research on these issues and areas are becoming particularly relevant.

Referring to the above, the study is devoted to find optimal ways to use the business plan of civil aviation enterprises of Ukraine as a basic document of strategic management in a pandemic crisis to improve business management in the context of intercontinental integration.

The crisis caused by the global Covid-19 pandemic has identified new requirements for the formation and development of a market economy in Ukraine, as well as fundamentally new approaches to the management of airlines, special attention in this process is planning and strategic management. Successful operation, results of work and long-term viability of any enterprise depend on a continuous sequence of logical decisions of managers. Each of these decisions ultimately has economic consequences for the enterprise. In essence, the process of managing any enterprise is a series of economic decisions [3].

In the general case, the business plan is made for external and internal purposes. The external side of the business plan is designed to justify the confidence of investors and creditors, to convince them of the potential of the company, the competence of its employees, as well as the need to provide it with strategic and financial assistance. In other words, the lack of a well-thought-out business plan, systematically adjusted to changing conditions, is a significant shortcoming that reflects the weakness of the airline's management, accordingly, it ultimately complicates the opportunities to attract financial resources and achieve long-term stability in a competitive environment.

In short, a business plan is a critical starting point and the basis of all planning and executive activities of an aviation enterprise. This is the most important source of accumulation of strategic information and a way of direct management influence on the future position of the airline, which describes ways to achieve profitability.

In general, the financial, operational and investment policy of the aviation enterprise must meet the directions and strategic goals set out in the business plan. The business plan allows to solve business problems, provides an opportunity to make the right and alternative decision. It includes the development of goals and objectives for the airline for the future, assessment of the current state and trends of the industry, strengths and weaknesses of the business, market analysis and customer information. It assesses the resources needed to achieve the goals in a crisis and competition.

It is specified that the business plan of an aviation enterprise is a typical (unified) design solution, which provides a scientifically sound assessment of possible in this market segment of the final target economic, financial and other results (labor, production, social, environmental) of the enterprise based on real production, investment, organizational and logistical support.

The business plan is a permanent guiding document. It must be systematically updated, it must be accompanied by the necessary changes, both related to the changes

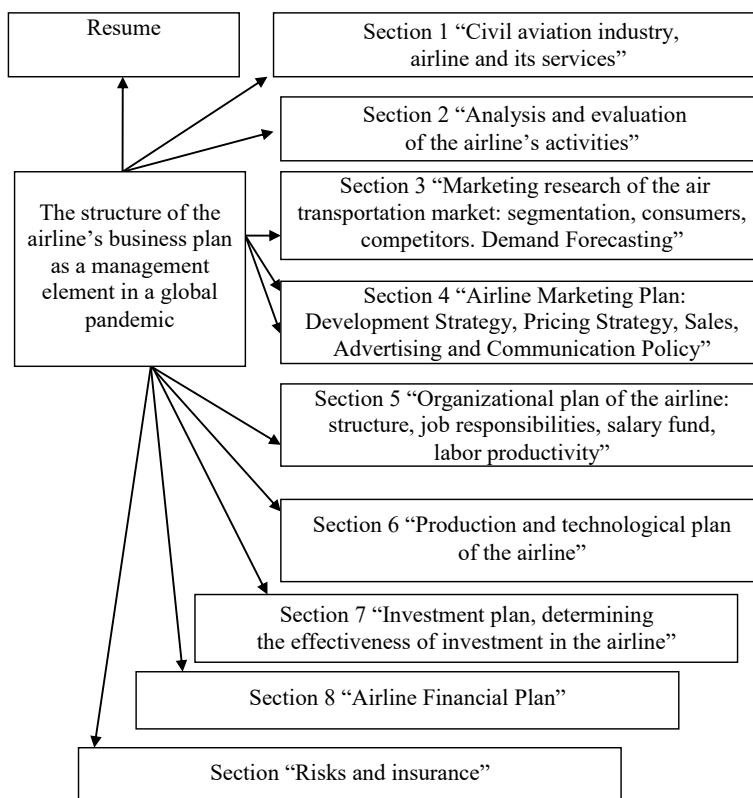
taking place within the firm and to the changes taking place in the target market, within the national and even the world economy as a whole.

Thus, the business plan is a unified managerial tool that allows not only to plan the airline's activities for all aspects of activities and alternatives, but also by updating information and adjustments, adapts the company to change, wherewith minimizes the impact of negative factors.

The results of business plan support contribute to the achievement of commercial and functional results. Examples of external results of support include the image and culture of the airline, relations with the external environment. The results of support within the enterprise should be: staff motivation, friendly working atmosphere, proper use of working time and optimal flow of information.

Therefore, when developing an airline business plan, as a control element in unforeseen or crisis pandemic conditions, the following structure should be used, which is presented in Figure 1.

The business plan of the airline as an element of management strategy is drawn up for a 2–3 year period with a quarterly breakdown of the first year. Some indicators are submitted monthly. In general, depending on the purpose and scope of the airlines (other operators), business plans can be developed for a period of one year (quarterly and monthly) to five years (or for the duration of the project).



*Fig. 1. Unified structure of the business plan as a tool for airline management
Source: compiled by the author*

Depending on the purpose of compiling sections of the airline's business plan can be developed with varying degrees of specification.

But despite a number of the above methods of drawing up a business plan, they are based on the main and mandatory sections that should be reflected in any business plan of an international airline:

- 1) financial plan (profitability and profitability, loans, taxes, insurance);
- 2) marketing plan (competitors, consumers, prices, features of market promotion);
- 3) production plan (air transportation technology, aircraft fleet, production areas, staff).

Considering the above theoretical and methodological basis of business planning, we can say that the business plan of foreign economic activity of the airline includes:

- defining the goals and objectives of the company in the short and long term;
- substantiation of the effectiveness of business plan development;
- assessment of the current state of the economy of a state;
- analysis and characterization of the market to penetrate and strengthen the market position of the firm;
- analysis of the external business environment: geographical, demographic, organizational and legal, political, economic, socio-cultural and other market conditions of penetration in foreign territories;
- analysis of competitors, their strengths and weaknesses;
- analysis of the competitive position of the company (SWOT – analysis: Strengths / Weaknesses – Opportunities / Threats);
- analysis and characterization of customers, their needs and demand.

When determining the optimal price for an air service, it should be borne in mind that on the one hand the price should cover all the costs of the airline related to the provision of services, on the other – the price must be competitive.

It is determined that the airline's business plan as an element of strategic management should be made so that it is a model of the company in an epidemic crisis, which would use all the developments of traditional planning of a particular market: business, competition, marketing services, commercial and financial risk, financing strategies, achieving break-even and the required level of profitability, quality customer service.

Conclusions and prospects for further research in this area. It is established that the majority of representatives of the world aviation business, including Ukraine, have shown unpreparedness and inability to overcome the consequences of the pandemic crisis, avoid bankruptcy and withstand competition. It is specified that the development of the market management system in Ukraine in a pandemic requires fundamentally new approaches to the organization of strategic management of business activities of civil aviation, special attention in this process is strategic management using a business plan.

It is determined that despite numerous studies on the economics of planning, air transport management and foreign economic activity, the issues of strategic management of civil aviation enterprises with the help of business planning elements are insufficiently considered both at the theoretical and methodological levels. The developed and presented structure of the business plan is a unified managerial tool that allows not only to plan the activities of the airline for all aspects and alternatives, but also by updating information and adjustments, adapts the company to change, minimizing the impact of negative factors.

It is proved that the business plan, as a basis of strategic management, allows to analyze all elements of the airline, identify factors of negative impact, threats and opportunities, consider alternatives, forecast financial results and determine the amount of investment, which in turn will optimize the operation and minimize the impact of the epidemic crisis.

Prospects for further research in this area are the definition and justification of the principles and methods of strategic management of civil aviation enterprises of Ukraine in accordance with the aspects and requirements presented in the business plan.

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