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# RESEARCH OF FINANCIAL STRATEGY DEVELOPMENT MECHANISMS

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**Annotation.** The article attempts to study the theoretical foundations of the development of the financial strategy of the enterprise. The development of an enterprise depends not only on the mechanisms of external influence, but also on the planning of activities by the company itself. Inefficient work in the field of planning, lack of a financial strategy, and, as a result, uneven management of financial resources leads to bankruptcy of the enterprise.

This topic is relevant, because the development of a financial strategy is one of the main directions for the growth of economic activity indicators of the enterprise. Effective development of a financial strategy will ensure the improvement of the structure of the company's funds and their sources. The indicators of financial stability and profitability are also increasing.

For positive activity, the company needs to constantly explore the external environment, assess the market situation, use the development of its own programs and strategies, because of which it will be able to maintain high market positions.

Nowadays, more and more enterprises understand the importance of financial management. Moreover, the most effective means of managing the financial activities of an enterprise based on the implementation of its development goals in an ever–changing environment is the financial strategy.

**Key words:** finance, economic situation, financial strategy, financial analysis.

The relevance of the development of the financial strategy of the enterprise is determined by a number of conditions. The most important of these conditions is the intensity of changes in the factors of the external financial environment. The high dynamics of the main macroeconomic indicators related to the financial activity of the enterprise, the pace of technological progress, frequent fluctuations in financial market conditions, the volatility of state economic policy and forms of regulation of

financial activities do not allow to effectively manage the finances of enterprises based only on previously accumulated experience.

Modern managers have little information about the business environment, and sometimes they perceive it incorrectly. The environment in which the company operates has become more volatile and competitive. It is for this reason that a strategic view will allow us to find a new way of business management [2, p. 71]. The formation of a financial strategy is impossible if there is no overall strategy for the development of the enterprise, which is always set "from above" — by the head. Even if the development strategy is not clothed in any detailed document, there is always some kind of installation. The manager voices wishes on the market share, geographical distribution of the business, the level of profitability. This is what the financial strategy adapts to, in which the wishes of shareholders are reflected in certain figures and indicators. The initial information usually comes from marketing departments (first of all, the revenue forecast), and the financial service is included in the calculations and contributes to the selection of the most appropriate business development model [1, p. 80].

Currently, the development of a financial strategy is not a fantasy or a feature of individual "advanced" enterprises, but a necessity for all business participants who see their task in progressive development and maintaining a stable position in the market. It's no secret that a well-constructed financial strategy of an enterprise allows not only to provide the enterprise with financial resources and optimize risks, but also to determine a set of strategic goals for the further effective development of the enterprise. Today, success is achieved by those who manage to gain and maintain a competitive advantage over rivals. Therefore, the lack of a developed financial strategy adapted to possible changes in environmental factors can lead to the fact that financial decisions of enterprises will be multidirectional, lead to contradictions and reduce the effectiveness of financial activities in general.

Financial strategy is a concept of financial activity management, which is part of the strategic management of the organization, aimed at achieving the goals set in the conditions of dynamic changes in the external and internal environment. Comprehensively considering the financial capabilities of the enterprise, objectively considering the nature of internal and external factors, the financial strategy ensures that the financial and economic capabilities of the enterprise meet the conditions prevailing in the product market. The financial strategy covers all aspects of the company's activities, including optimization of fixed and working capital, profit distribution, non-cash payments, pricing policy. One of the main functional goals of the financial strategy is to maximize the market value of the enterprise [3, p. 130].

The financial strategy of the enterprise solves the tasks that ensure the financial stability of the enterprise in modern market conditions of management. This is a good enough tool that allows the company to develop in a clearly defined direction and achieve ever better results. Figure 1 shows the main areas of financial

activity of the enterprise, the implementation of which is aimed at the financial strategy.

The financial strategy belongs to the category of functional strategies of the enterprise. Enterprises can develop three types of financial strategies: general, operational and strategy for the implementation of individual strategic objectives (strategy for achieving private goals).

The general strategy is considered the most extensive and more complete financial strategy of the enterprise. It occurs based on their operational strategies. In the process of this strategy, the stages of the enterprise's work for the forecast (1 year) period are being developed. It relies on interaction with all means of enterprise structures, realizes income in the company, solves issues in the field of search and formation of financial resources [14].

Operational financial strategy divides the main strategy into different time intervals. It also performs a certain part of the functions and tasks of the overall strategy. The development of this strategy takes place within a short period of time, as a result of which such characteristics as settlements with the company's clients, securities activities, etc. are affected.

The main task is to maintain control over the spending of funds and the search for possible internal reserves, which is an important task in the current conditions of economic development. [15].

Grigorieva T.I. identifies operational financial strategy as the main tool for managing total revenue and creating financial resources (ensuring settlements with customers for products sold, receiving funds on company loans, income from securities transactions) and general economic costs (payments to suppliers, employee salaries, payments on loans and for social needs), which allows you to determine in the planning area all the turnover on the arrival and departure of the company's funds. The operational financial strategy is implemented within the framework of the general strategy, disassembling it into its component parts [11].

The strategy of performing individual strategic tasks does not represent any time-limited system, it primarily ensures the operation of private (strategic) tasks. Thanks to her, all the necessary financial transactions are carried out in the company, the result of which contains the solution of the tasks of the main strategy. Thus, the strategy for solving particular tasks should run parallel with the general or operational financial strategy and under no circumstances can it accompany the achievement of their development [12].

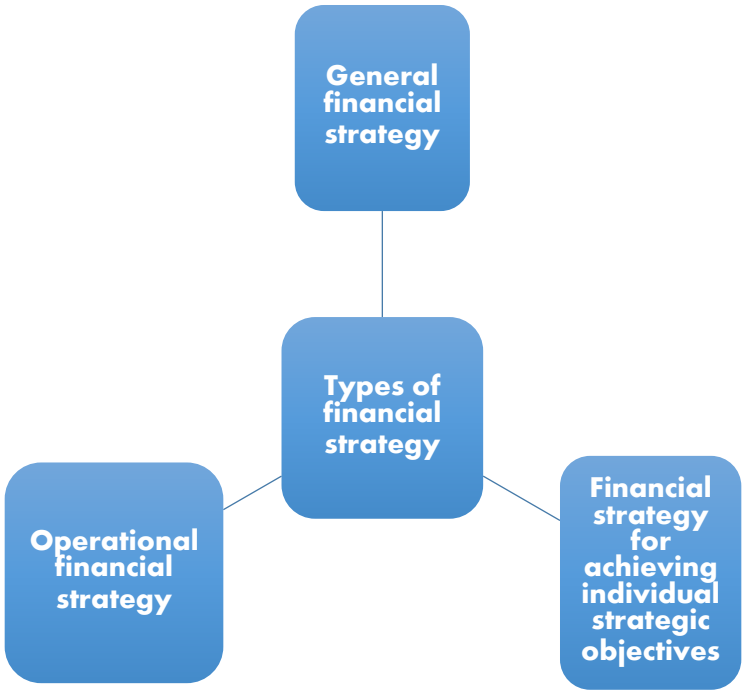



Fig. 1 – Types of financial strategy

For a more complete disclosure of the financial strategy in the economy, the concepts of "elements" and "objects" are used.

The elements operate throughout the entire period of development of the financial strategy of enterprises. These include the implementation of such regularities as work in the field of increasing the productivity of fixed and working capital, the need to control the system of rationalizing the company's own funds and improving the activities of managers for the development of the external condition. The main focus should be on optimizing the structure of paying taxes, increasing the profitability of the entire economic activity of the company, improving its performance when working with securities. The implementation of these elements of economic activity occurs through the structure of the objects of the financial strategy, which are:

– total revenues and receipts of finance;

– expenses and disbursements of the company's funds;

– work with tax, budgetary and extra-budgetary structures;

– interaction in the credit system.

The activity of enterprises, or one specific enterprise, but in different periods of time is characterized by a difference in financial strategies. The development of a financial strategy is not a schematic process. There is no single way in which enterprises will be able to solve their strategic issues, this process is formed from many factors of the external and internal environment. It is not feasible to determine in the planning process the totality of factors of external and internal impact on the results of the economic work of the enterprise.

The process of forming a financial strategy, like any other type of activity, is influenced by the human factor. It includes the experience of employees, their professionalism and creative thinking. Usually, economists attach little importance to this factor, but it is worth noting that the manager's thinking plays an important role in managing the development of the strategy, his ability to discern the strategy, this factor will be the most influential [8].

Naturally, professional skills will not be able to be put on the same level with the indicators of external and internal impact. The degree of influence of these two categories in the development of a financial strategy will have a more significant value. But it is worth remembering about this factor, because it is the employees of the organization who carry out the full process of developing and implementing all the schemes of the strategy movement: it begins with studying the main factors of influence on the company and searching for the necessary data for work, and ends with the delivery of all goals and solutions to achieve it.

As already mentioned, there is no one scheme for solving strategic issues. The manager makes a decision based on the study of several alternatives, based on his professional experience. The subjectivity of such decisions is manifested as much during the development of the strategy and its final result as the objective conditions covering the company [7].

Such factors of the external environment as the state financial and economic policy and its management in the field of economics, the current financial and investment system, certain rules of the activity market, the market economy in general, the types and degree of risks. An important criterion is to emphasize inflation. All these factors and conditions do not depend on the direct actions of the company, they are only taken into account by the company and have an impact on it.

Internal factors influence the message of the company's actions. These include the mission of the company and its goals of activity, the provision of its own resources, the development of economic independence and investment policy, competitive advantages, the level of risks in the course of the enterprise, the training process and the degree of experience of employees, the experience of implementing previously used strategies, etc. The overall strategy of the company makes a significant contribution to the process of developing a financial strategy [9].

An important factor on which the effectiveness of the financial strategy depends is the time period of the strategy. According to Revenkov A. N., the duration of the strategy is determined by many factors. These include the dynamics of macroeconomic processes, the nature of the development of the financial market of the country and the world market in general, the direction of the field of activity and the system of production activities of the enterprise, risk factors [5].

Since the financial strategy is fully comparable with this indicator, it will go beyond the planned time intervals.

Since the financial strategy has a subordinate nature in relation to it, it cannot go beyond this period. When assessing the impact of factors, you need to have reliable information. Special structures of the organization are required to study it, including: economic, financial, marketing, personnel services [6].

As a result, the financial strategy is a means of forming and developing the financial indicators of the company. It can achieve this by improving the system of rationalization and mobilization of its finances and their competent use.

The financial strategy of the company provides:

1) formation of financial resources and their management;

2) identification of the main directions and focus on their implementation of efforts, maneuverability in the use of reserves by financial management;

3) compliance of financial actions with the economic condition and material capabilities of the enterprise;

4) objective accounting of the financial and economic situation and the real financial situation of the enterprise in the year, quarter, month;

5) accounting for the financial capabilities of the enterprise and its competitors;

6) identification of the main threat from competitors, mobilization of forces to eliminate it and the choice of directions of financial actions [1, p. 15].

The development of a financial strategy is a prerequisite for the successful development of the enterprise in the long term. This is a time-consuming procedure. However, the importance of this process for the enterprise far exceeds the costs of its implementation. The author defines the relationship of financial strategy development with strategic management and strategic financial planning.

The process of making managerial decisions regarding the future activities of the company in the financial sector should be attributed to strategic financial management. By setting goals and objectives, selecting and justifying options for achieving them, the process of developing the financial strategy of the enterprise is implemented.

At the same time, the financial strategy is formed in the process of strategic financial planning, which, unlike conventional long-term financial planning based on the concept of extrapolation of current development trends, takes into account not only these trends, but also a system of opportunities and dangers and involves building a vector of analysis and management decision-making from the future to the present.

Unlike strategic financial planning, which is the definition of promising financial tasks and the development of a program of effective actions aimed at fulfilling these tasks, the process of developing a financial strategy uses special tools and methods to obtain data on trends in the development of the environment and adequate actions of the enterprise.

The author's model of developing a financial strategy of an enterprise includes the following interrelated stages:

0. Analysis of the current general and functional strategies;
1. Setting goals and objectives of the financial strategy;
2. Analysis and evaluation of the external and internal financial environment, the financial potential of the enterprise;
3. Selection of criteria for optimizing financial activities;
4. Evaluation of strategic alternatives;
5. Choosing the most promising financial strategy;
6. Event planning and strategy implementation;
7. Support and adjustment of the financial strategy;
8. Control measures.

The implementation of the stages of developing a financial strategy, as well as its refinement and adjustment, obtaining information about the present and making forecasts about the future are carried out using special methods of financial strategy, i.e. ways to achieve its goals and objectives aimed at the formation and distribution of financial resources, ensuring financial security and improving the quality of financial activities. The primary methods of financial strategy are: the method of strategic financial planning, the method of financial forecasting, the method of financial modeling and the method of scenarios.

In addition to the methods of financial strategy, in the economic literature, there is such a concept as financial strategy tools, with the help of which effective development and implementation of a financial strategy is achieved. The instruments of the financial strategy should include: financial policy, financial restructuring, globalization, diversification, information support.

The development of a financial strategy must meet a number of the following requirements:

1. Development sequence.
2. Permanent development.
3. Compliance with the general strategy.
4. Compliance with the external and internal environment.

All requirements are important, but the latter, according to the author, is fundamental: a financial strategy should be based on a system of financial indicators of the company's activity, the implementation of which in the strategic period will allow achieving the goals set, achieving an advantage over competitors, increasing the market value of the enterprise. The author offers the following set of tools and methods that are of key importance for the development of a financial strategy:

a. to assess and select the directions of effective use of capital - return on assets and return on equity, modeled using the Dupont formula;
b. to determine the possibility of enterprise development in conditions of mutually agreed marketing, production and financial requirements – the SGR (Sustainable growth rate – The level of achievable growth) model;

c. to assess the financial security of the company's activities, the so–called Altman's "Z-account" is used as a tool for predicting the possibility of its bankruptcy;
d. to select a rational ratio of sources of financing for the company's activities – the EBIT-EPS method (Earnings before interest and taxes/ Earnings per share: Earnings before interest and taxes / income per share);
e. as the main indicator of the assessment of attracted resources – the weighted average cost of capital (WACC – Weighted Average Cost of Capital), which allows to estimate the costs of attracting all types of capital;
f. for a comprehensive view of the success of the processes of attracting and using capital within a given framework of profitability and risk, the EVA (Economic Value Added) method is used.

The proposed tools and methods allow not only to answer the question about the value of a particular final indicator, but also to study the impact of its financial parameters. This is important for the development of a financial strategy, which, according to the author, should have a hierarchical structure: the formation of the main goal of the financial strategy; the development of a system of tasks that ensure its achievement; the calculation of financial indicators underlying the tasks; assessment of the impact of interim standards on the main financial indicators; development of proposals for optimizing the values of intermediate standards and financial indicators

Thus, the financial strategy provides for the definition of long-term goals of financial activity and the choice of the most effective ways to achieve them. The goals of the financial strategy should be subordinated to the overall strategy of economic development and aimed at maximizing the profit and market value of the enterprise, a reasonable balance between the present and the future is needed: without protecting its current business, the enterprise has no future. In turn, without allocating adequate resources for future development, the company may lose its potential.

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