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Planning and performance evaluation of the manufacturing organizations

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Abstract

This paper deals with the planning and performance evaluation of the manufacturing and transport organizations. Nowadays, the financial analysis is the most important tool of financial management and its purpose is to carry out an assessment of financial management. The result of the solution is an effective and comprehensive early warning system that measures and takes into account the performance of the enterprise and satisfies the conditions for the rapid application in small and medium-sized enterprises. At the same time, it creates conditions for fast and thorough assessment of business performance generated with respect to the value creation of the organization. Finally, the validity of the proposed system is implemented.

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Keywords: Business performance; financial and economic analysis; planning, transport

1. Introduction

The topic of the present article is extremely wide-ranging and therefore required a deep and broad research in corporate finance theory, financial-economic analyses, analyses of value creation, business processes, macro and micro business environment analyses, the economy, business management, marketing, mathematical statistical methods and several other disciplines. A transport manager analyzing the causes and consequences of the current state of corporate finance has various options to obtain the necessary information. An important source of information is financial statements of the company (an annual accounting output).

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2. Problem definition

Financial analysis is one of the most important tools of financial management, and its purpose is to carry out the assessment of financial management. It is a systematic analysis of the data obtained. Such data are contained mainly in the financial statements. Financial analyses assess the corporate past, present and as well as future financial conditions.

Any financial decisions should be supported by a financial analysis; its results serve as a basis for the management of property and financial structures of the company. Its main purpose, however, is to provide information about the financial health of the company. This instrument can detect weaknesses and problems that are to be resolved and also highlights the strengths on which the company can rely. In addition to data and the indicators contained in the internal data (data on financial and managerial accounting, internal records, calculations) the analysis can rely also on data related to external analyses.

The internal analysis focuses on comparing reality with the plan and prior periods as well as with companies operating in the same industry and competitors. The internal analysis is often a part of a well-set controlling system. There are many more tools and special procedures that could be used, such a sensitivity analysis, possible development scenarios, benchmarking. These, however, are not so popular to use. The article pays attention to these above-mentioned methods.

The main instrument of the classical financial analysis is the construction and subsequent interpretation of ratio or difference indicators, which are grouped into comprehensive, logical segments of the financial analysis. Indicators and numeric values speak of the "level" of the analyzed company. In order to make this “level” comparable, it has to go through several objectivization processes.

Level of indicators, market position of the company and its development in time are factors to be viewed simultaneously. A higher form of analysis – i.e. relational analysis examines whether there is a relationship between certain parts of a whole unit. We try to quantify and record them. Relational analysis should provide an answer to the question whether the existence of a single phenomenon is dependent on the existence of another phenomenon. This type of analysis monitors the dependency of one phenomenon on another phenomenon (qualitative analysis) as well as the degree of dependence between phenomena (quantitative analysis). Knowing these dependencies we can change one phenomenon, which in turn will change the other one that is depended upon it, and use thus identified relationships in the decision-making process. These relationships can be mathematically formulated using certain functions and models. In such a case, we can speak about a functional analysis where the change of independent variables influences and thus changes dependent variables. Most general and simplest explanation of a functional relationship can be represented by the mathematical function (1):

$$y = f(x) \qquad (1)$$

Using the method of relational analysis we can determine the relationships between phenomena. At the same time, we can determine whether there is a relationship of dependence (statistical, correlation, functional) or phenomena are independent. There have been attempts to quantify the relationship power. The analysis of statistical dependence (almost always purely quantitative) makes use of regression and correlation analyses. Special tools of financial analysis include modern methods for assessing company performance, such as EVA, MVA, CVA indicators and many more. If we want to intervene in the management of the company, we must perceive it as a complex unit and not as an isolated entity. There are several factors that influence the company. The analysis of the results, as the most comprehensive analysis, monitors all factors that affect the company in the current market environment. The aim of the analysis is to find out “weaknesses” that degrade and weaken the results. These weaknesses must be found and removed. But this is possible only though a complete understanding of their causes and subsequent consideration of business opportunities. Financial analysis in practice comes up against several problems:

- Different comparability
- Age
- Seasonal factors
- The effect of “window dressing”