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COMPANY INNOVATIVE STRATEGIC PLANNING AND ALLOCATIVE OPTIMIZATION OF THE FINANCIAL RESOURCES

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Abstract
A rational approach to strategic management usually starts with the analysis of external and internal environment in which the company operates. Often these analyzes are proven as difficult for companies because of the current economic uncertainty that exists at national, regional or global level. Companies are faced with many new and continuing challenges that change the perception of the business in general. Planning and analysis of the environment of the company should contain a review of the use of the resources, an examination of the material, human and financial resources which build the system of value of the company in terms of efficiency and effectiveness of all aspects of operations. Each element of the system of value is capable to add or subtract a certain value. The purpose of this analysis is to identify the strengths and weaknesses that will answer what the company can, and what can not in the context of business operations and the definition of strategic options. In this paper has been made a systematization of the financial objectives of the companies with an analysis of the most important financial indicators, first, the achieving financial stability, then the financial sustainability. Financial planning as an integral part of the planning process in general, is incorporated in terms of achieving short-term goals in the action strategy of the company and in terms of achieving long-term objectives which mean sustainable company competitiveness.

Key words: *financial goals, financial resources, financial strategy, financial stability and financial sustainability*
JEL Classification: M10; C11; A32

Introduction
The finances represent the bloodstream of the company. Without them it is impossible to pursuit any business activity. In fact, they represent monetary expression of all operations, transactions, receivables, liabilities and capital and in general, and all the goals in the company are translated into certain financial expression. Planning, directing and managing the finances of the companies is the task of the financial function. For the successful organization and execution of the financial function it is important to specify the basic postulates of the financial management.Financial management in the companies is expressed as leverage of the operation and development of the company through the available volume of funds. Accordingly, we can say that the financial management includes the following:

- Planning of the necessary funds;
- Organizing the collection of the required funds;
- Decisions regarding the distribution of the funds; and
- Control of the manner of use of these funds. (Brigham & Ehrhardt, 2008)

The numerous literature of the area of financial management provides more precise definition of the main sub-processes of financial management. In this connection, the financial management has three basic functions:

1) Financial forecasting and planning;
2) The collection of the necessary funds; and

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3) Preparation and adoption of the financial decisions. (Brigham, 2012)

The effective management of finances requires the existence of particular purpose or goal, because the evaluation of the effectiveness of the decisions on financing should be implemented against certain standards. (Van Horne, 2002) It also means that in terms of financial management it is exceptionally important the differentiation between the concepts of efficiency and effectiveness. In fact, the term efficiency means success achieved and expresses the relationship between effects and resources. In other words, efficiency is to make "things on proper way," while effectiveness means to make "right things". Thereby, the effectiveness is the basis for success, while efficiency is the minimum requirement for survival once the success is achieved. Based on the consideration of the significant differences in terms efficiency and effectiveness, we can say that the objectives of financial management are twofold, i.e. achieving the efficiency and effectiveness, and all observed dynamically. (Ivaniš & Nešič, 2011).

Material method for financial goals and financial processes
Pursuant to the above mentioned, undoubtedly arises that financial management is part of the overall management of the company and that it comes down to directing, regulating and changing the financial flows towards maximum achievement of the overall goals of the company, as well as reaching the optimal business results. In other words, financial management should ensure the realization of the financial objectives of the company.Sublimated, the various definitions and approaches of the financial goals of the company can be systematized in a way that expresses the essence of overmanned oriented finances of the company. (Ross, Westerfield & Jaffe, 2008). Accordingly, in Figure 1, in a simplified manner is shown grouping of the basic financial objectives.

Figure 1. Basic financial goals of the company

Source: Ross, S. A.; Westerfield, R. A.; Jaffe, J. (2008) Corporate Finance 8th (Eighth) Edition, McGraw-Hill/Irwin, New York, pp.11-12

Rational acceptance of financial goals can lead to strengthening the financial power of the company as a broad goal. Namely, the creation and strengthening of the financial power of

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the company represents a process that can be divided into string of partial goals that can be classified as follows:

1) **Initial objectives - optimizing the structure**

- Optimization of constitutional structure;
- Optimization of the structure of liquidity; and
- Optimization of the financial structure.

2) **Action objectives - permanent financial operations**

- Rational funding;
- Optimal liquidity; and
- Reducing the risk.

3) **Objectives of the performance - financial result**

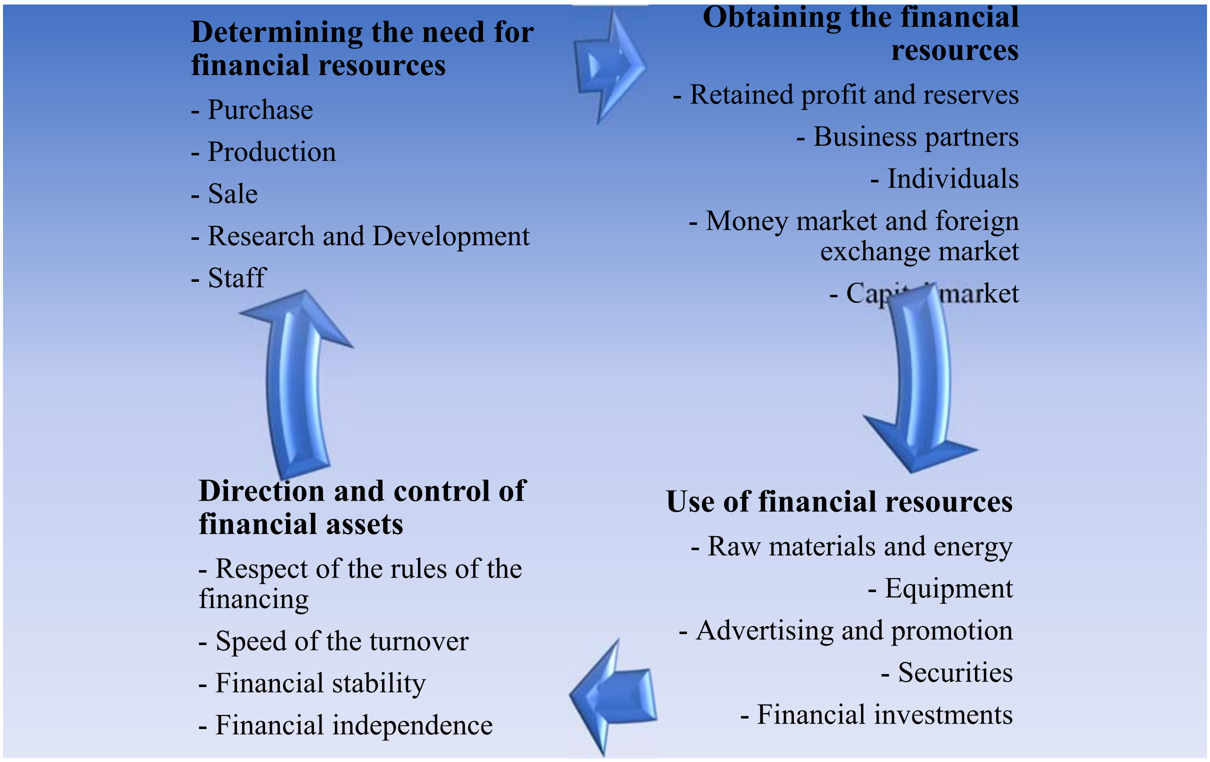
- Return on investment (ROI); and
- Success of the financing.

4) **Final objectives - financial power**

- Enduring ability to pay;
- Permanent ability to finance; and
- Preserving and enhancing the property.

To fully define the management of finances in the company it is necessary to consider not only the financial goals of the company, but also the basic financial processes on which are based financial management activities. (Fabozzi & Peterson, 2003) The basic financial processes can be seen in Figure 2.

Figure 2. Content of the basic financial processes in the company



Source: Fabozzi, F. J.; Peterson, P. P. (2003) Financial Management & Analysis (Second edition,. John Wiley & Sons, Inc., New Jersey, pp.24

The systematization of specified financial goals of the company clearly shows that in the end all financial targets are related in a fairly wide final goal, which is the financial strength of the company. Moreover, through the optimization of financial structure established are the basic

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financial assumptions and conditions. Through the realization of the action objectives is enabled the realization of the part of overall objectives relating to the permanent ability to pay and funding. Finally, through the achievement of the output objectives enabled is the realization of the ultimate goal - the preservation and increase of the company's assets (Brigham & Ehrhardt, 2008). Certainly, this process should be viewed dynamically, i.e. in terms of development, given that the criteria are changing over time and new appear to be implemented across the already defined financial objectives.

Optimal structure of the financial resources

The structure of financial investments or the forms of assets and sources of funds are a form of financial characteristics of the company. The structure changes accordingly with the investment decisions and decisions on funding. Generally, it can be differed three forms of structure, such as: constitutional structure, liquidity structure and financial structure.

1) Optimization of constitutional structure. The constitutional structure of assets is basically an aggregate or collection of individual structures and forms of investments in business assets. Consistent with this fact the optimization of constitutional structure is achieved primarily through investment decisions that would suit the established objectives.
2) Optimization of the structure of liquidity. The structure of the liquidity refers to the structure of the separate forms of investment in business assets in the form of money and working capital with varying degrees of liquidity in terms of their ability in the shortest time and without loss to be able to convert to cash shape. Thereby must be considered the criteria of dynamism which means: first, to take into account all cycles of separate types of assets, i.e. their transformation, and second, to calculate the structure of the dynamics of the liquidity of assets when making the investment decisions.
3) Optimization of the financial structure. The financial structure refers of sources of assets and their layout by maturity. Each period must match the adequately provided funds. The most stabile source of funds is equity. Others funds vary depending on the source of financing. Accordingly, the financial structure changes through the provision of funds from other sources and changes in equity. The latest definitions for optimal financial structure include also the terms of profitability. Therefore, the optimal financial structure is achieved when the cost of financing the lowest, where the sources of financing are favorable and when there is high security in terms of the risk.

Permanent and stabile financial performance

The second set of objectives in the focus puts: the rational financing, optimal liquidity and reducing the risk.

1) Rational funding. The essence of rational funding comes down to the implementation of providing the financial resources, so as to find the best combination of sources of financing. In this connection, under the optimal combination of funding sources means such a combination of internal and external sources of funding that provides optimal results, especially in terms of liquidity, cost-effectiveness and profitability of the funding and the work of the company. In terms of liquidity the optimal financing of the company is achieved when every day the company is able to pay all its matured payment obligations without restrictions in terms of the level of money and the deadlines. In terms of savings, the optimal financing is achieved if the company achieves the lowest cost of the collection of funds. In terms of cost-effectiveness the optimal finance company achieves if all collected funds are invested with maximum rate of profitability as a basic condition for the optimal development of the company.

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2) The optimal liquidity. Essence of the liquidity as financial goal is solvency i.e. the relation between the liquidity assets and matured liabilities which coefficient should always be above 1.
3) Reducing the risk. The financial goals of the company in terms of risk fall into the so called area of protection of the company. Namely, reducing the risk is intended for safety in operation. The funds for reducing risk are the asset reserves. These funds should provide the intervention for unsuccessful action and to cover the risks of occurred losses.

Results and discussion - achieving the positive financial result

The output objectives represent a consequence of the active operations of the company. These objectives make up the third group of financial objectives and are often associated with the term "result". The result can be expressed in many ways, but most commonly expressed is as profit or gain. From the financial aspect the very interesting part of the profit is the one that retains in the company. This profit (retained earnings) stands out in special funds and is called accumulation. It increases the net assets of the company so that it can be treated as the final goal of the company. In terms of financial goals, is yet another important category of the result indicated by the term - cash flow. This term is treated as profit after tax increased by the amount of depreciation, which basically is used for investment to maintain and increase property. When setting of the output objectives particularly important comes the issue for the desired level of the financial result. In connection with this concept, certainly, basic is the maximization of the profit.

Results and discussion financial strength of the company

All so far partial financial goals of the company eventually link into a wider and final goal, which is the financial strength of the company. The financial strength of the company can be considered quantitatively and qualitatively. In quantitative terms under financial strength means the volume of assets, while in qualitative terms financial strength of the company includes: enduring ability to pay, permanent ability to finance, preservation of the capital and increase of the capital.

1) Permanent ability to pay. This objective implies that the company at all times should be able to pay all matured obligations. This necessarily presumes the funds to be always equal or greater than the matured liabilities.
2) Enduring power of financing. It means the company can finance long-term investments from own or borrowed sources and to finance short-term investments, without compromising the liquidity, profitability and autonomy of the company.
3) Preservation of the capital and increase of the capital. It means the company to work without financial loss and implies achieving accumulation which in turn enables the ability to finance from its own sources. (Brigham & Ehrhardt, 2008)

The financial planning in the process of action strategic planning

Successful planning plays two key roles in the company. First is used as a systematic approach to the managing business activities. Second, successful plans are used in the allocation of resources to the points of their most efficient use. Planning is a crucial activity for the sustainability of the company.

Financial planning means anticipating, direction, alignment and in advance calculated deployment of elements of the financial function in the company. Therefore, financial planning as a term differs from accounting concepts planning, budgeting and business plan of the company. Namely, financial planning is specifically planning process that relates primarily to planning of the financial flows and financial structure. It also means that financial planning is not planning of any value, but only planning of the defined financial goals of the company, and it becomes part of the whole i.e. part of integrated business planning in the company.

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Therefore, it is not too excessive to say that the financial plan of the company is a kind of financial compass without which bearers of the financial function and financial management would not be able effectively and efficiently perform their tasks. (Brigham, 2012).

Respecting the various definitions of the financial planning, three very important conclusions are becoming:

- Financial plan is de facto a plan of the total activity of the company in a certain period that is translated into money terms;
- Through the financial plan can be anticipated certain funds and resources; and
- The need arises for projecting cash flows.

Besides noted, financial planning has other important purposes and tasks in the company among which stand out the maintenance of permanent financial stability and long-term economic independence and solvency of the company. Accordingly, the following arises:

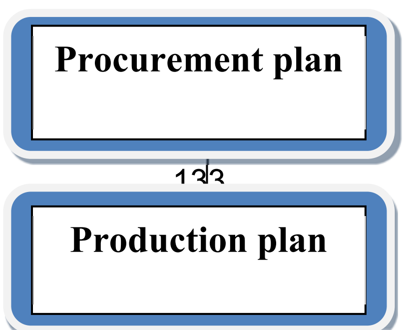
- That financial planning is a conscious activity aimed at creating order in the domain of the financial function of the company;
- That financial planning is a financial forecast in terms of determining the expected financial inflows and outflows, which should result from the total business activities of the company for a certain period;
- That financial planning expresses the optimal future decisions related to the way the acquisition and use of funds. (Ivanič & Nešič, 2011)

The methodology of preparation of the financial plan is in direct correlation with the financial policy of the company. When compiling the financial plan it is necessary to provide relevant information contained in the plans of procurement, production, sales, investments, staff and resources and so on. This mutual dependence of the functional areas of the company or their plans is graphically shown in Figure 3.

The financing plan cannot be autonomous (isolated) but should emerge from the plans of the entire business system. That means that in the optimization of the location of the financial resources in strategic planning active participation should have: purchasing, production, finance office and all accompanying departments of the company thus planned elements of the financial plan could actually be connected with each other.

Financial planning allows through common expression to observe and analyze all events in the company in any time. With the mediation of the plan of the total revenues, expenses, profits and its distribution is learned whether the overall operation of the company will be effective and to what extent.

Figure 3. Interdependence of the plans of functional areas of the company



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Source: Ivaniš, M.; Nečiš, S. (2011) Poslovne finansije (Prvo izdanje), Univerzitet Singidinum – Beograd, Beograd, pp.42-48

Results for financial sustainbilty

In financially sustained companies the emphasis is placed on the long term profitability before any short-term gains. Financial sustainability is achieved when the company is able to offer and sell on the market products and services at prices that cover costs and generate a sustainable profit. In order to achieve financial sustainability it is necessary to develop long-term goals that demonstrate financial stability of the company in the future. Therefore, the profits achieved shall be considered and also the level of debt and cash flow requirements. All this requires good financial planning that will show the company's position that tends to be accomplished in a specific time frame. (Wheelen & Hunger, 2012)

When making decisions that will undoubtedly affect financial situation of the company, the focus must be placed on achieving long-term goals. Exactly, that means to avoid making decisions that will bring short-term financial gains, but with a possibility to negatively affect on the long-term goals.

Maintenance of adequate cash flow is the second crucial part of the financial sustainability. It means having a sufficiently large amount of the cash income to cover liabilities made in the company. The size of the cash flows is particularly significant for financial sustainability. Through the funds are settled all liabilities incurred in the company: the liabilities of current operations, duties and responsibilities of the investments of the financial activities of the company.

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Besides the report of cash flow, the financial sustainability can be verified through other financial reports, such as the balance sheet and income statement. The balance sheet provides insight into the financial position of the company and allows determination of assets and sources. This financial report helps in monitoring financial stability and sustainability of the company in the medium and long term. Assets and liabilities in the balance sheet in dynamic analysis gives insight into the changes made in permanent assets and working capital as well as sources of funds and are a good indicator for monitoring the liquidity and profitability of operations. Changes in the own and the borrowed capital give an accurate picture what is the financial stability of the company and whether such financial situation is sustainable in the long term or a strategic changes are necessary. Income statement through a review of revenues and expenditures of the company's operations complements the picture of the financial health of the company. The amount of the realized financial result - profit can be perceived if the company ends the fiscal year in a positive way or not that affects other aspects of the operations, which are investment decisions, increasing business activities and general sustainable competitiveness in the market.

Conclusion

The companies in today's business environment are faced with numerous challenges arising from rapid change of all factors of operation. Positioning and maintaining the company's competitiveness is not an easy task. Besides the allocation of tangible, intangible and human resources in the company of great importance are the financial resources.

Their importance is reflected not only in the collection of the initial financial resources and their preservation during the operation, but in continuous process of financial cushioning between increasing commitments and always insufficient funding for the development of the companies. Efficient allocation of financial resources undoubtedly contributes to achieving a positive financial result and is imperative to maintain a stable financial position of the company.

The financial management is a crucial factor of the overall business success. The objectives of the company should be incorporated and translated into money terms. The provision and management of the needed financial resources for the smooth execution of business activities is the task of the financial function.

Financial planning within the action strategic planning must be focused on achieving long-term objectives. When making decisions that will undoubtedly affect the company's financial situation should be avoided making decisions that will bring short-term financial gains with a possibility to negatively affect the long-term goals.

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