HANDLING BUSINESS UNITS IN INTEGRATED COMPANIES OF MUNICIPAL ECONOMY

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The article reflects the existing problems in the integrated companies concerning the relationship between the parent company and the business units. It proposes an optimal model of flexible budgeting, using the BCG matrix for the management of business units within the business groups (holdings) and for urban development, which allows not only to simulate the final product, but also to assess the financial position when you change certain types of resources.

In integrated companies and in integrated approach, the relationship between the parent company and the business units should be built on the principles of federalism.

For the companies of municipal economy federalism means the following. The main feature of federalism in the company's urban development is that the decision-making process takes into account the position of different groups within the company.

The main goal of a management company is the achievement of synergy between the business units, "imaging an integrated production system through the composition of the material, energy and informational resources to achieve competitive advantage."

Having defined the role of the management company within the holding company, we must decide what functions should be centralized in the operating company, and which should be transferred to the business units.

The primary functions of the management company of municipal economy in approving budgets are defining the strategic business units and determining the size and direction of investment both at the level of individual business units, and the total holding in general. The peculiarity of the financial management system of a holding is "in the planning of financial flow, circulating between the centers of financial management".

To improve the intergovernmental relations in the integrated structure of the urban economy we have to determine the position of the business units.

The basis for the characteristics of business units and for the further modeling of the system is the matrix of Boston Consulting Group (BCG).

The classification of business units to the corresponding quadrant of the BCG matrix is according to the following criteria:

1. "Star" - promising business units, a business success (the positive dynamics of growth - revenue, profit; however, the profit is low, because of high costs; market leadership).

2. "Cash cow" - a business unit with a low demand for products, a business success (stable rates of revenue, profits, market leadership, a source of cash resources for the overflows).

3. "Question marks" - promising business units, but doubtful business success (a possible increase in revenues and profits, a small market share, financial resources are necessary).

4. "Losers" - stagnant industry with no prospect of development (negative dynamics of the indicators - lower revenues, lower profits, even profitable, ROI below the industry average and a small market share).

In the integrated business structures the important task is to control the redistribution of resources between the areas of business based on strategic objectives and actions in these areas.

Therefore the task of developing a planning model of income and expenditure and control over the redistribution of the resources becomes an issue of high priority.

Initially, there must be a mathematical model to optimize the process of budget approval by the Management Company of an enterprise,

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comprising business groups on the basis of optimizing the overall objective function:

$$\Pi_{I,m} = B_{I,m} - \left(3_{I,m} \cdot k + M_{I,m} \cdot k \right) -$$
$$\left(A_{I,m} \cdot k + \Pi P_{I,m} \cdot k + K_{I,m} \cdot k + Y_{I,m} \cdot k \right) \pm S,'$$

where I is the number of business units ($i = 1, ..., m$); Π is the sales profit, mln. rub.; B is the revenue, mln. rub.; M is material costs, mln. rub.; 3 is taxed wages, mln. rub. M and 3 are semi-variable costs, mln. rub., A is depreciation, mln. rub.; ΠP is other costs, mln. rub.; K is business expenses, mln. rub.; Y is management costs, mln. rub., $A, \Pi P, K$ and Y together constitute conditionally fixed costs, k is the coefficient of cost variation; S is cross-flows of cash resources, mln. rub.

Thus, for effective management of business units within integrated urban development companies the proposed model based on flexible budgeting must be used, as it is possible not only to simulate the final product, but also to assess the financial position when you change certain types of resources.

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