
39% of Armenian Private Companies Plan Business For 1-3 Years : Poll

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Latest research from the annual Grant Thornton International Business Report offers new insight about how far into the future privately held businesses (PHBs) plan.

The most common planning period is 1-3 years, favoured by 49% of PHBs globally. 39% of Armenian businesses participating in the survey also have the same planning cycle. Of PHBs following a 1-3 year planning cycle, the highest proportions were in Denmark (64%), followed by New Zealand and the United Kingdom (both 60%) and India and Greece (both 59%).

PHBs in mainland China are the longest term planners with 44% of businesses planning more than three years ahead, as opposed to Armenia's average of 22% for the same period of planning.

Short term planning is favoured by 21% of PHBs globally and is especially common in Latin America, with 73% of PHBs in Mexico, 71% in Argentina and 43% in Chile using a planning cycle of less than 12 months. Armenia, with 35% of PHBs adopting this approach, is also well above the global average of 21%. It is noteworthy that financial services is the sector where businesses make the longest plans.

Gurgen Hakobyan, Partner at Grant Thornton Amyot, explains, "Our experience with many of the privately held companies in Armenia shows that 3 years is the most common planning period. Usually businesses plan up to 3 years in our country. This is quite justifiable taking into account the economic instability. The global economic downturn is also challenging the formal planning and making it more and more flexible to be able to respond to arising difficulties.

However, having a short-term operational plan does not eliminate the need for having a long-term strategic plan. The challenges in the short-term perspective are easier to overcome if the business has clear vision of its long-term plan."

The International Business Report also reveals that product innovation is seen as the most successful initiative for boosting profitability. When 7,200 PHBs were asked to identify the initiative that helped profitability most, 20% cited innovation followed by cost cutting (18%) and pricing strategy (13%). These indicators almost coincide with the responses of Armenian businesses, with the exception of cost cutting mentioned by only 7% of PHBs.

The Grant Thornton International Business Report is an annual survey of the views of senior executives in privately held businesses all over the world.

Launched in 1992 in nine European countries the report now surveys over 7,200 PHBs in 36 economies providing territory, regional and global trend data on the economic and commercial issues affecting a sector often described as the 'engine' of the world's economy. Data for eight key industry sectors will be available for the first time in 2009. The research is conducted by Experian Business Strategies Ltd. Grant Thornton International donates US\$5 to UNICEF for every completed IBR questionnaire, a donation of over US\$39,000 in 2008.
