ISSN: 2047 - 0398
SPECIAL ISSUE – V|4|N|5|, January | 2015

FINANCIAL PLANNING FOR MICRO AND SMALL BUSINESSES

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ABSTRACT

The current study aims at emphasize the importance of the process of financial planning to the MPE's, knowing that to have a possibility of a financial management effective and efficient is primordial if there's a functional financial management, in the same way it's essential to have control that allow these analyzes. Sought in literature concepts and recommendations about the process of financial planning, preparation of sales projections, the costs budget, cash budget, and the statements of results projected. To comprehend the scene was applied a research that had as a target public the micro and small businesses from Guarapuava that active in industry segments, trade and local services, the objective of this research is, comprehend what are the levels of financial management that are used by entrepreneurs and how their financial planning is done. It has been found a necessity of implement a process of financial management, and that companies do not use formal planning of their finances and demonstrate they are not prepared to overcome possible financial difficulties.

Keywords: *Financial controls; Financial management; Financial planning; Financial and budgetary planning.*

1. INTRODUCTION

The micro and small bussiness are fudamental to the development of Brazil, since they own an important participation in the corporate segment when we consider the total number of companies in the country, as well as in the generation of income and employment. According to the research published by Brazilian Micro and Small Business Support Service - SEBRAE (2013), 99% of the Brazilian companies are micro and small, rendering Brazil the 3rd country in number of entrepreneurs. Still according to the research, the MPE are responsible for generating 52% of jobs in Brazil. Thus, it is essential to assess the survival of MPE and the increased competitiveness to the strengthen the national economy.

In this senese, it is important for the management of MPE (micro and small bussiness) the environment of financial decision that is characterized by the complexity of adopting tools that effectively bring results for the business and its effects in other areas of the company. To the Micro and Small bussiness the elaboration of their financial planning and budgetary will promote the organization of their future, in other words, will determine the steps to achieve their objectives and sales targets about sales target, needed resources for development, necessary investments to promote competitiveness, market analysis in order to better know their suppliers, competitors and consumers, defining what should be done ex ante or ex post seeking to maximize their results.

The financial planning and budgetary are for the MPE a tool which may result in increased competitiveness in the growing market, aiming to maximize results of real gains for the capital invested by entrepreneurs, as well as the increase in the level of assertiveness in the financial decisions of entrepreneurs.

Therefore, the financial planning and budgetary is one of the pillars of business development, because through it follows the need for the company to grow, in an orderly manner, having in mind implementation and adequacy standards, principles and methods through rational processes, practical and competitive process in time. (Zdanowicz, 2011).

The objective of this article is to emphasize the level of information and the aplication that micro and small bussiness people have related to the need to adopt a financial planning in their bussiness, from systematic research and applied with bussiness people located in Guarapuava/PR.

2. OVERVIEW OF MICRO AND SMALL BUSINESS

In Brazil, in the past years, increase in the number of companies was observed, mainly in small businesses demonstrating that the creation of new ventures is gathering momentum year after year. According to research published by SEBRAE (Brazilian Micro and Small Business Support Service) in 2013, 1 out of every 4 Brazilian adult have a proper business, or are involved in setting up a business, that is to say, 27 million of people have undertaken in the past years, rendering Brazil the 3rd country in the world ranking in number of entrepreneurs.

These numbers are justified by the changes that the country is facing in the recent years, as the strengthening of the economy, increased income and employment, stimulating domestic consumption, social programs, besides the implementation processes that reduce bureaucracy in the access of micro and small businesses to the market. Certainly, these changes have motivated several people to be undertaken, considerably increasing the participation of small businesses in the national economy. The same research reports that the MPE represent 99% of formal enterprises registered in Brazil, participate with 25% of GDP (gross domestic product) and are responsible for generating 52% of formal jobs.

Based on these numbers, it is clear the importance of these businesses in the Brazilian market, not only by the growth in the number of companies, the increase in competitiveness, generating progress and the strengthening of the national economy, being the largest job offer, or by increasing income, the expansion of payroll and tax collection, the best distribution of income and the increase in social welfare, according to a study published by SEBRAE (2013).

Therefore, it is essential to discuss the factors for strengthening and creation of new businesses, as well as small business survival rate. The research of survival rate of MPE conducted by SEBRAE (2013, p.7) states that "the growth of the number of new businesses and improvement of survival rates are factors that tend to contribute significantly to the economic and social development of our country."

SEBRAE (2013, P.19):

> Referring to the Brazilian companies set up in 2007, and the information regarding these companies available in the Federal Revenue Secretariat (SRF) by 2010,the survival rate of businesses with up to 2 years of activity was 75.6%. This rate was higher than the rate calculated for enterprises born in 2006 (75.1%) and born in 2005 (73.6%).

In terms of sectors, the research adds that the higher survival rate was recorded by companies in the industrial sector (79.9%), followed by trade (77.7%), construction (72.5%) and finally by services sector (72.2%). (SEBRAE, 2013)

Sector	North	Northeast	Southeast	South	Midwest	Brazil
Industry	71,1%	74,1%	83,2%	81,4%	76,5%	79,9%
Trade	74,4%	75,5%	79,9%	76,6%	76,1%	77,7%
Construction	56,3%	63,5%	77,3%	74,2%	70,1%	72,5%
Services	58,9%	62,9%	75,7%	71,8%	70,5%	72,2%
TOTAL	**68,9%**	**71,3%**	**78,2%**	**75,3%**	**74,0%**	**75,6%**

Table 1 - Survival rate of entreprises 2007/2010 by region and by sector.
Source: SEBRAE (2013, p. 19).

By the survey data is inferred that is a primary condition the survival of these companies, considering their role in the national economy, and the multiplier effect they produce in social and domestic economic environment. Thus, it is essential that the first years of the company to be monitored more forcefully, by businesses themselves, or by public politics that minimize these results.

SEBRAE (2011, p. 4):

> The survival of these enterprises is essential for the country's economic development. And all the studies in Brazil and the world show that the first two years of activity of

> a new company are the most difficult, which makes this the most important period in terms of monitoring of survival.

In this way, there is the relevance of micro and small enterprises in developing of regions once these companies often determine the economic dynamics of certain localities, by the income generated through their revenues, or by the taxes they collect according to their activities, or by the generation of employment and income, or by higher consumption on the basis of household expenditure, or by the possibilities of greater investment in the company or other business.

2. FINANCIAL PLANNING

The planning expression has its own meaning in the action of thinking before acting and capacity to discriminate the steps of action to compose the path and achieve the proposed objective, creating the condition to define what comes first and what comes after. It is the act of planning that forms a coordinated set of actions that prepare companies to the future; according to Camargo (2007, p.17) "Planning becomes a fundamental practice in day-to-day business, which requires that the administrator can anticipate the possible events and become better prepared to face them."

In a globalized economy with high level of competitiveness is essential to be prepared to face the challenges, and act in a strategic way and planned will leverage the business financial development. According to Weston; Brigham (2000, p. 342) “businesses are becoming more competitive, and the corporate profitability is increasingly dependent on operational efficiency.”. Based on this evidence, affirms Zdanowicz (2001, p. 17) "financial planning and budgeting system is one of the necessary conditions to achieve business success". Furthermore, the adoption of financial planning epresents an important contribution to the survival of companies, also according to Zdanowicz (2001, p. 11) "Nowadays, the competitive environment requires companies to operate with increasingly reduced margins, where, sometimes small businesses should separate very well their profits and losses". It is noticed that the author instigates his readers to understand the competitive environment whereby the current economy is going. In this environment, the entrepreneur's role is to evaluate better the results of their business, in order to verify in which financial situation is your business, and how this enterprise will behave in the future.

Thereby the financial planning will be able to avoid surprises and prepare the entrepreneurs to develop alternative plans that according Gitman (2011, p.105) "Financial planning is an important aspect of the operations of the companies because it provides a map for guidingthe coordination and the control of steps that the company will take to achieve their goals”, Camargo (2007) states that planning is the basic condition for entrepreneurs make efficient and effective management of their enterprise, especially in financial aspects, since it is related to investment issues, financing and profit distribution.

Thus, the above quote induces short, medium and long term issues, seeing the importance that entrepreneurs should have about the financial management of their business in order to produce higher added value to the company, considering new investments that may be realized.

(Gitman, 1997, p.588)

> Financial planning is an important aspect for the operation and support of a company, because it provides guidelines to direct, coordinate and control their actions in achieving their goals. Two key aspects of financial planning are cash planning and profit planning. The first involves planning the company's cash budget; in turn, the profit planning is usually done in projected financial statements, which are useful for the purpose of internal financial planning, but also commonly required by current and future creditors.

The financial planning should bring a panorama of all business activities in this sense Zdanowicz (2001, p.21) states that “to the budgetary system be complete and uniform should be planned all operational activities of the company. Each step must be planned and studied”, in a formal planning is established an action plan for the company, that claims Weston; Brigham (2000, p. 343) “planning should involve the accomplishment of the sales projections, income and assets based on alternative strategies of production and marketing, followed by the decision of how to answer the financial needs expected.”

Figure 1 shows the planning process model with the overview of financial planning and control processes proposed by Zdanowicz (2001, p.29)

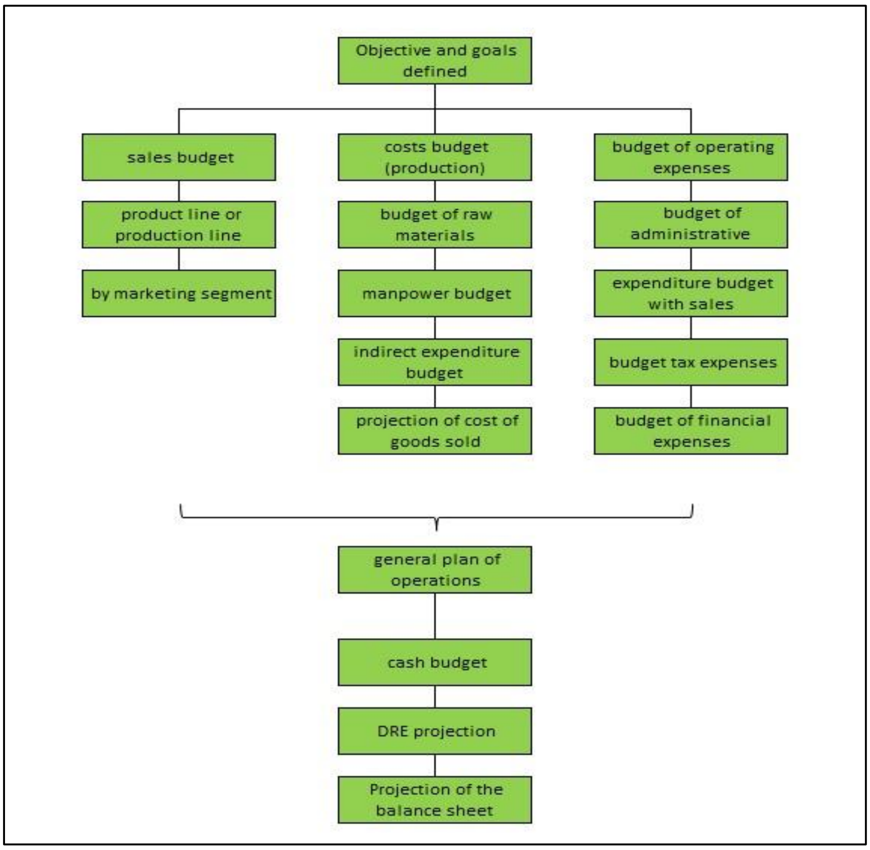

Figure 1. Stages of development of financial planning.
Source: Zdanowicz (2001, p.29)

Based on the figure, we see that the structure of financial planning and control processes begin with the formulation of objectives, Gitmam (2011, p. 107) affirms that "the first step in financial planning is to define the goals." Thus, tracing the direction expected for the company will bring clarity of purpose to the planning. According to Gitman (2011, p. 105) "the financial planning process starts with long-term financial plans, or strategic. This, in turn, directs the formulation of plans and short-term budgets, or operational. "

Sanvicente (1987, p.209) states that "the objectives constitute a statement of positions in the company that wants to be in the future, in terms of any aspect or more essential aspects", which are the basis for the structuring of long-term plans, that are composed of market research and projection of sales, and the company's participation in the market.

Therefore the production costs, materials, staff, need for capital and other areas that make up the company's cost structure may be defined from the expected sales level for the period, and also the need for capital to honor its commitments and keep its structure in place without left or lack of resource, Camargo (2007, p. 18).

For this purpose, the planning requires controls that are essential tools for budget efficiency. Planning is essential to formulating strategies and defining targets, but the controls demonstrate the effectiveness of the actions and the reality of facts, according Sanvicente (1987, p. 230) "there is little point in drawing up plans for the company as a whole and for their units without a proper monitoring of progress toward the goals and objectives"

Weston; Brigham (2000, p. 343):

> Financial control is situated in the phase of implementation of the plans, characterized as an adjustment process in feedback, to: 1) ensure that the plans are being followed, 2) modify existing plans in response to changes in the operating environment.

Braga (1992, p.230) "financial planning comprehend the advanced programming of all levels of financial management and the integration and coordination of these plans with the operational plans of all areas of the company," integrating efforts and preparing the company for the future, making it more competitive for the challenges to be faced.

2.1 Sales Projections
One of the first worries of a company when starting their financial planning and budgeting activities is the scaling of the quantity of products, services or sales, in unit terms or in monetary value, which should move. According to Gitman (2011, p. 108) "the main information basis for financial planning process is the sales forecast of the company", since this projection conditions all the others, for being generating predictive capabilities, costs and expenses that will compose all the results structure. Padoveze (2009, p.521) states that "this placement is due to the fact that, for most companies, all the operational planning process has come from the perception of demand for their products for the budgeted period. "

Zdanowicz (2001, p.33):

> The sales budget is one of the most important parts of the company, because it is directly related to the market's capacity to absorb products and/or services, the level of future demand, the potential of the sales team, and the scale of production.

Therefore, it is worth highlighting that all the activities developed in financial planning are linked to the sales budget, Sanvicente (1987, p.216) states that "for many companies, sales actually affect the entire budget process as far as represents the most powerful external influence", that is to say, from the sales projections is possible to compose the cash flow forecasts and their resource outputs.

According to Gitman (2011, p. 108) "based on sales projections, the financial manager estimates his monthly cash flow due to the intended sales and disbursements linked to production, to the stocks and sales", demonstrating their interdependence in other areas of planning. To Zdanowicz (2001, p.33), "The sales budget takes on a special significance within the financial planning system, because it is directly linked to other business functions."

Weston; Brigham (2000, p. 344) states that "sales projection constitutes in fact the expected value in the probability distribution with many possible sales levels." Therefore, being an estimation, it should show which one will be likely consumption of a certain product or service at a given space of time and can be developed through the careful analysis of the internal and external environment.

Another model to prepare the projections is approached by Weston; Brigham (2000, p. 310) who states that companies will be able to use the historical basis of the last 5 or 10 years of sales to estimate the demand, this information shows the evolution of demand for certain products and/or services, it is possible through these estimates to create a projection of sales.

"In these terms, the projection of sales will aim to design the company a vision of their potential role within the consumer market" Zdanowicz (2001, p.36) being essential to search assertiveness in the projections, since the consequences can be severe for financial and operational projected flows.

Weston; Brigham (2000: 310.):

> If the sales projection are proved wrong, the consequences can be serious, first of all, if the market expands more, the company will be unable to meet demand. The customers will end up buying the product from competitors and the company lost market share which would be difficult to regain. On the other hand, if the projections are overly optimistic, the company may end up with too much structure in factories, equipment and inventories. It could mean rates of low income, high costs of depreciation and inventory, and possibly, deductions for stock spoiled.

The sales projections may be provided in various forms by frame, maps, graphs, tables computerized, etc. According to Zdanowicz (2001, p.35) "the sales budget constitutes the future planning of the company's sales for a certain period, relating in their projections the products and / or services indicating quantity, unit price and total revenue."

Discussing the method of preparing and presenting the sales projections, Padoveze (2009) states that there are some key points to be calculated and shown in the sales projections because will give a position to elaborate the production budget, marketing and investment.

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Padoveze (2009, p. 521):

> Fundamentally, the sales budget comprises the following parts:
> 1) Sales Forecasts quantity of each product;
> 2) The forecast prices for the products and their markets;
> 3) Identification of sales tax;
> 4) The projection of the final balance of accounts receivable.

Obviously that an accurate sales forecast is not easy to do, this is because the company is exposed to economic, political and external factors that are directly linked to consumption of their products and/or services. According to Padoveze (2009, p.521) "these difficulties are considered natural, by the nature unpredictable situations cyclical, economic and existing seasonalities". However, reading the environment, levels of knowledge and monitoring business, give conditions to the entrepreneur so that he/she can establish probabilities of upcoming sales.

2. 2 Budgeting Costs and Balance Point

Budgeting is a plan that sets out which will be the disbursements to perform a certain action, explains in a detailed manner where will the resources come from and where will be used, in this way the budget of operating costs in a trading company and / or service provider is used of the projection of sales to show which will be the financial flows of the company, as stated by Weston; Brigham (2000, p. 344) "The planning process begins with projections of revenues from sales and costs."

Segundo Zdanowicz (2001, p.72):

> The budget for operating costs includes the expenses of administration relevant to the management, office supplies, etc. the necessary business expenses to make the sale of products and/or services; financial costs deriving from loans and funding taken by the company; and the expenses for the defined fiscal charges in taxes, rates and contributions to continued improvement.

The company that developed its sales projection will be able to advance in their financial planning and budgeting, since it can estimate the costs to achieve its goal, for this purpose, it is necessary to know what is the total cost of activity over time. Padoveze (2009, p.373) states that "we call cost structure the relative proportion between fixed and variable costs within the company. Each company has a cost structure "

Camargo (2007, p.97):

> Fixed costs are all the items or expenses that do not vary in total, with the volume of activity or operation, these costs occur in the period, regardless of the volume of production or business activity level [...] variable cost is one that changes in direct relation to changes in volume activities; Therefore the variable cost increases or decreases depending on the increase or decrease in volume operation, but the unit cost is constant.

The company when design their costs, aims to know, how it will act to change, modify or reduce their impact on the profitability of their activity. States Sanvicente (1987, p.193) that "one of the most useful techniques and easily applicable quality performance of a company, as well as the planning of activities, is the study of the balance point", also according to Camargo (2007, p.96) "balance point is the relationship between costs and the volume of production and corporate profits, allowing to understand how the profit may be affected by changes in sales revenue, costs or expenses in total," also known as relationship between cost-volume-profit is described by Weston; Brigham (2000, p. 345) as an "analytical technique for the study of the relationship between fixed and variable costs, sales volume and profit".

States Weston; Brigham (. 2000, p 345) "The analysis of the balance point is the method used to measure the point that sales will only cover the costs – this is the point that the company will balance itself, also serving to demonstrate the profits and losses of the company. "The balance point can be calculated in two ways, being the unit sales quantities, or the total value of sales, as the figures below.

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$$\text{Balance point} = \frac{\text{Total fixed cost}}{\text{Selling price - variable costs}}$$

Figure 3 - Balance point by sales volume.
Source: Weston; Brigham (2000, p. 347)

$$\text{Balance point} = \frac{\text{fixed cost}}{1 - \frac{\text{variable costs}}{\text{Sales}}}$$

Figure 4 – Balance point based on the value of sales.
Source: Weston; Brigham (2000, p. 348)

2.3 Cash Budget

Based on their sales projections and analysis of their cost structures the entrepreneur may draw up the estimates for its cash needs as part of their overall budget, according to Camargo (2007, p. 66) "Cash planning is the backbone of the company. Without it will not know when there will be enough cash to sustain operations, or when it had needed financing". This same aspect Gitman (2011, p. 108) states that "cash budget or cash projection, is a demonstration of cash inflows and outflows expected in the company. Used to estimate the short-term cash needs". In this way the cash budget will be fundamental to the company to balance the projected financial budget and its obligations, thus it will enable the entrepreneur to view their financial flows and prepare them to meet the company's needs, for this reason that "cash budget highlights every month, the receipts and payments made, these are detailed by nature and deficits or surpluses arising. '"Braga (1992, p.124).

With previous order to prepare the company to treat its remains and cash shortages the budget according to Zdanowicz (2001, p.92) takes to the entrepreneurs conditions to maximize their income and / or reduce costs. Once there is a financial remainder, the possible surpluses might have a more effective destination that generates the highest return, da mesma formlikewise, they foresaw the lack of resources, the entrepreneur can search for the least expensive sources of cash funding, this way will not operate with its cash uncovered, avoiding the risk of not honoring its commitments.

Afirma Camargo (2007, p.67):

> Financial difficulties arise from dysrhythmia between inflows and outflows, that can only be detected by detailed study of a collection of statements of cash flows. The pace of the cash inflows from operations must be consistent with the disbursements they have caused and the coverage of debt service. The pace of investment must be in line with the availability of funds raised from the shareholders, long-term creditors or accumulated by their own operations.

According to Sousa (2007, p.40) the cash budget "gathers information that allow a balance between inputs and outputs" but is required for both the development and planning of this information for later analysis.

Zdanowicz (2001, p.94) suggests some criteria for the preparation of the cash budget, as follows:

a) Defining the sales value and its conditions, that is to say, forms of projected receipts; Fixing the value of purchases and their conditions, that is to say, forms of estimated payments;
b) Estimating the value of operating expenses to be disbursed in the period;
c) Relate other inputs and outflows of budgeted cash.

In order to demonstrate the practical application of the development of concepts of cash budget, Braga (1992, p. 125) proposes a model for its preparation.

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	from __/__/__ to __/__/__			from __/__/__ to __/__/__			from __/__/__ to __/__/__			Week from __/__ to __/__	Week from __/__ to __/__
	Monday	...	Friday	Monday	...	Friday	Monday	...	Friday		
RECEIPTS											
Cash sale											
Collection of duplicates											
Capital payment											
Dividend											
Affiliated and Controlled											
Asset Sales											
Several											
PAYMENTS											
Providers											
Salaries and Fees											
Sccial Charges Taxes and Fees											
Accourts and Sundry Liabilities											
Statutcry participation											
Dividends											
Subsidiaries and Affiliates											
Subsidiaries and Affiliates											
Others											
OPENING BALANCE OF CASH AND BANKS											
Rescue of financial investments											
Amortization of Loans											
Financial Expenses Payment											
PARTIAL BALANCE											
Contracting of loans											
Discount of duplicates											
Financial Investments											
FINAL BALANCE OF CASH AND BANK											

Figure 5 - Projection of the movements and balances of cash and banks.
Source: Braga (1992, p. 125)

Previous knowledge of events is essential for the financial management of the enterprise, for this purpose will be necessary to adjust the necessary level of cash at the level of projected outputs, for the company to continue operating normally, and practice what has been planned, Zdanowicz (2001, p.93).

2.4 Statement of Designed Income

Under the perspective of financial planning and knowing the operational processes and the company's profit standards, and using the demonstratives of projected results, the entrepreneur in addition to assessing the company's future performance lay the expansions and necessary restructuring. According to Zdanowicz (2001, p.104) "the income statement of the projected exercise will be the financial statement par excellence,that will allow the foreknowledge about the economic capacity of the company to generate profits for the budget period." Also according Hoji (2012, p. 20). "The income statement for the exercise is one of the key performance analysis tools, as well as a fundamental accounting piece that demonstrates at the end how much the company generated profit or loss for the period.".

Still discussing the concept Weston; Brigham (2000, p. 312) states that, "the DRE (Exercise Income Statement) is a statement that summarizes the company's revenues and expenses during a given accounting period, usually a quarter or a year". Following the same precept Sanvicente (1987, p. 166) states that "through the accumulation of income and expenses of a period we also know the result (profit or loss) of the period".

Therefore, the DRE designed emerges as a fundamental tool in the analysis of income, for the development of strategy and financial planning, according to SEBRAE (2008, p. 10) "the purpose of this report is to determine the monthly net income of the company".".

In this sense Zdanowicz (2001) shows the main objectives of the statements of projected income for the year.

Zdanowicz (2001, p.105):

> The main objectives of the fiscal year income statement are:
> a) To evaluate the general level of efficiency of operations, analyzing the significant relations between the two revenues, costs and operating expenses;

b) To compare the current and future economic situation of the company;;
c) Form themselves into an instrument of economic planning and control;
d) To inform current and new shareholders about the likely return on the capital invested in the company;
e) Projecting the resulting from operational accounts or not in the core business of the company.

Therefore, the analyzes based on the statement of designed income follow certain models in order of standardization, it allows one to gather various information about the financial health of the enterprise, and the results expected on the basis of financial planning.

Says Camargo (2007, p. 33):

> In order to standardize the DRE releases, this should comply with the following ordination [...] of gross sales revenue are deduction of the rebates and surplus sales tax, resulting in net sales revenue, this result should be off the cost of goods sold to determine the gross profit; following, all expenses are accounted for in order to achieve operating profit; non-operating revenues are then discounted to get to income before provisions; finally, they are deducted provisions for social contribution and income tax, with the purpose of obtaining profit or net loss for the year.

Still on the method of preparing the DRE designed, Hoji (2001, p. 263) shows the model to development in accordance with current legislation.

	Year ended 31/12 / x8	Year ended 31/12/x9
(+) GROSS REVENUE SALES		
Sale of goods		
Sale of servicer		
(=) SUM		
(-) DEDUCTIONS FROM GROSS REVENUE		
Returns and rebates		
Sales taxes		
Taxes imposed on service		
(=) NET REVENUE		
(-) COST OF GOODS AND SERVICES		
Cost of goods sold		
Cost of services		
(=)GROSS PROFIT		
(-) OPERATING EXPENSES		
Selling expenses		
Administrative expenses		
Net financial expenses		
Other operating income and expenses		
(=) OPERATING INCOME		

Picture 11.2 Demonstratives of projected results
Source: Hoji(2001, pag. 263)

Another important aspect in the development of statement of designed income is discussed by Braga (1992, p. 52) and is about the time that the forecasts or the triggering event must be considered in fact. Recipes can only be counted as realized when the sale occurred, or the transfer of the asset to another. Thee costs should be considered in the period they occur, always considering the independent accrual basis of financial transactions that occurred in that month. Addressing this issue, Sanvicente (1987, p. 166) states that "when it comes to financial accounting statements, it is in compliance with the accrual basis. In other words, income and expenses do not necessarily mean, cash inflows and outflows. "

Camargo (2007, p. 32):

> In determining the results for the year will be computed in accordance with the principle of competence, the expenses incurred in the period, regardless of whether they paid or not , and revenues when the occurrence of the sale, represented by the delivery of the goods or the effectuation of service delivery with invoice register.

Thus, "the main feature of income statements projected for the fiscal year, will confront the estimated and realized value" as stated Zdanowicz (2001, p.105), with the main objective to verify the efficiency and effectiveness of the overall plan. Braga (1992, p.52) Another important feature is to establish the relationship between the cost of the products sold and operating costs with revenues performed to understand the source of profit. This mannermake the decision that represents the best result.

3. DEVELOPED METHODOLOGY

Through Survey methodology, "which can be described as getting data or information on the characteristics, actions or opinions of certain group of people" (Pinsonneault & Kraemer, 1993, cited in Freitas et al., 1999). Involves the collection of data through interviews applied to a selected sample of the population, using a previously validated questionnairethat can be applied by self-administered type or by personal interview.

The survey method, according to (Babbie, 1999, cited Maia et. Al.), Can be descriptive, quantitative and sometimes explanatory, but it can also serve as an exploratory study.In this study all these purposes were used, since the aim was to identify the profile of MPE's quantitatively, explaining financial planning that practice. The exploratory nature was evidenced by seeking to identify the variables for further studies to better examine the subject.

3.1 Sampling Technique

The total number of micro and small businesses in the municipality of Guarapuava was extracted from the directory published in 2011,totaling 7,526 microenterprises and 9.119 small businesses. Also in order to make up the total of formal enterprises the number of individual microentrepreneurs (MEI's) was included in the sample calculation, and represents the total of 2,127 MEI's, according to informations available on the [1]Entrepreneur Portal. In this way the MPE's universe in Guarapuava is 18,772.

The calculation of the sample was drawn up using the mathematical formula for calculating the sample size for finite population shown in Figure 06, Luchesa & Neto (2011), and *Split* by 50/50, that indicates a variation in characteristics between the responses that make up the diversity of participants (SEBRAE, 2005).

By simple random sampling criteriawere selected 103 MPE's from Guarapuava to participate. such sampling size generated to the study the level of confidence of 95%, with a margin of sampling error of 10%.

$$n = \frac{N.\hat{p}.\hat{q}.z^2_{\alpha/2}}{\hat{p}.\hat{q}.z^2_{\alpha/2} + (N-1).e^2}$$

Figure 6 – Formula for calculating the sample size per finite population.
Source: Luchesa; Neto (2011, p. 24)

3.2 Data Collection

In order to obtain information that would contribute directly to the objective of this study, the data collection was conducted using a structured questionnaire composed of 14 questions. *Applied using the personal interview technique, the questionnaire was also offered in online version.*

The survey was held between February 10, 2014 to March 31, 2014, where was interviewed a total of 103 owners and managers of selected MPE'sin respect of their practices of management and financial planning.

1 www.portaldoempreendedor.gov.br; accessed in 02/10/2014.

ISSN: 2047 - 0398
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3.3 Technical Data Analysis

According to Freitas et al. (1998, p. 109) "The data obtained in carrying out the survey should be analyzed using statistical tools to obtain the required information."

The data collected through the application of the instrument considered were analyzed quantitatively, using the method of content analysis.The analysis was done by counting the answers and the percentage listing of citations in descending order, that is to say, the most cited to the less cited.

4. PROFILE OF SEARCHED ENTERPRISES

The survey was conducted with micro and small enterprises in Guarapuava.103 questionnaires randomly selected to compose the sample were answered. The group of companies surveyed represents 37 (35.92%)[2] Individual Micro-entrepreneurs; 43 (41,75%) [3]Micro and 23 (22.33%) Small Businesses

Company Size	Annual Revenue	% Of Sample
Individual microentrepreneur	Until R$ 60.000,00	36%
Microenterprise	From R$ 60.000,00 to R$ 360.000,00	42%
Microenterprise	From R$ 360.000,00 to R$ 3.600.000,00	24%

Table 2 - Profile of MPE's that compose the sample.
Source: author's preparation

Of the total 103 surveyed companies 57% are companies of the trade, then the service sector represents 34% of the companies and 9% are composed of companies in the industry sector, pointing the concentration of commercial activities, given the sector that aggregates the largest number of enterprises.

Another factor was researched the lifetime of these companies, consisting of companies with up to 1 year of activity that represent (23.30%) of the companies surveyed, within two years represent (22.33%), with up to 3 years (21.36%) and with the time of greater action that three years the total is (33.01%). The highest percentage is with companies with over 3 years of market. The time profile of the existence of these companies can be seen in Chart 2.

Lifetime	Sample amount	% Of Sample
Up to 1 year	24 Companies	23%
Up to 2 years	23 Companies	22%
Up to 3 years	22 Companies	22%
More than 3 years	34 Companies	33%

Table 3 – Enterprise lifetime that make up the sample.
Source: author's preparation

2
Supplementary law 128/2008:
§ 1. For the purposes of this Supplementary Law, it is considered the MEI individual entrepreneur referred to in art. 966 of Law no. 10.406, of 10 January 2002 (Brazilian Civil Code), which has earned gross income in the previous calendar year, up to R $ 60,000.00 (sixty thousand reais), opting for National Simple and that is not unable to opt for the system described in this article.

Supplementary law 139/2011:
Art. 3 For the effects of this Supplementary Law, are considered micro or small businesses to business associations, the simple society, the individual limited liability company and the entrepreneur referred to in art. 966 of Law 10,406, of January 10, 2002 (Brazilian Civil Code), duly registered with the Register of Companies or the Register of Legal Entities, as applicable, provided that:

I - in the case of micro-enterprise, receives in each calendar year, gross income equal to or less than R $ 360,000.00 (three hundred sixty thousand reais);

II - in the case of small business receives in each calendar year, higher gross revenue of R $ 360,000.00 (three hundred sixty thousand reais) and equal to or less than R $ 3,600,000.00 (three million and six hundred thousand reais).

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4.1 Financial Management Practices

We first evaluated how financial management is done in the companies surveyed,where (71.84%) claimed to have a person responsible for the financial department, and in 98% of cases is done by the entrepreneur. (28.16%) declared they do not have this defined function within their enterprise.

The study researched about the use of financial controls in the company's management, in order to raise what are the practices and the use of cash management tools, accounts payable, accounts receivable, cash flow, inventory control and DRE (statement of income), this study does not question the methods or tools used, but the effectiveness of control within the possibilities and the entrepreneur's knowledge.

Financial Controls	Sample amount	% Of Sample
Do not have any control	11 affirmatives	10,68%
For the year income statement	27 affirmatives	26,21%
Inventory control	32 affirmatives	31,07%
Cash flow	30 affirmatives	29,13%
Accounts receivable	77 affirmatives	74,76%
Accounts payable	85 affirmatives	82,52%
Accounts receivable	76 affirmatives	73,79%

Chart 5 - Forecasts used by surveyed MPE's.
Source: author's preparation

Seventy-six companies or (73.79%) use cash control as a control tool of inputs and outputs,(82.52%) answered that they control of accounts payable and (74.76%) say they do the control of their accounts receivable. These are the primary controls of fundamental importance for financial management.

Regarding the control of cash flow, (29.13%) reported using it, it is worth highlighting that most of the entrepreneurs who already use the cash controls, accounts payable and accounts receivable, already have the necessary information to do it, mainly because they do not know the tool and its benefits for the financial management of the enterprise this is why some of them do not do it. (31.07%) do control their stockpiles and (26.21%) claim to use the exercise income statement in the financial management of their enterprise. (10.68%) do not do any financial controls surveyed.

The survey also addressed the issue of knowledge by entrepreneurs on their fixed costs, where (71.84%) of entrepreneurs said that they ascertain and track their fixed costs, (28.16%) do not. Were also asked about their practice in determining net income, (60.19%) state that they ascertain their profits each month, while (39.81%) say they do not.

4.2 Financial Planning Practice

The study addressed the question about the use of financial planning in company management. We asked the interviewees about their planning, and (47.57%) say they do not make planning their business, (29.13%) make planning for the following month (8.74%) make for the next three months (4.85%) claim to make for the next six months, and (9.71%) state preparing their financial planning for a year or more.

Financial Planing	Quantity of sample	% of Sample
Yes, for the next month	30 affirmatives	29%
Yes, for 3 months	9 affirmatives	9%
Yes, for 6 months	5 affirmatives	5%
Yes, for 1 year or more	10 affirmatives	10%
I do not do	49 affirmatives	47%

Table 6 – Companies that perform financial planning.
Source: author's preparation

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It was searched the adoption of financial planning practice before the investments in the company (43.68%) said yes and (56.31%) said they do not adopt the practice of financial planning.

About the forecasts adopted by the surveyed companies (59.22%) answered that they do forecasting of monthly sales (40.78%) do fixed costs forecasts, (30.10%) do monthly profit forecasts, (25.24%) do planning their need for capital to honor the commitments for the next month, while (30.10%) do not make any predictions.

Results Forecasts	% of Sample
The need for capital to pay their expenses	25,24%
Monthly profit	30,10%
Monthly sales	59,22%
Monthly Fixed Costs	40,78%
Do not do any results projection	30,10%

Table 6 – Financial forecasts used by surveyed MPE's
Source: author's preparation

The survey questioned entrepreneurs with reference to the importance of adopting the practice of making the financial planning of your business. The objective was to get their opinions on the subject.Here are some answers that reflect the views of the research group: "It is important to know if the company is doing well"; "It is important for the growth of the company"; "To know how much you can spend and what should save"; "Financial and Budget planning is essential for business growth"; "Only I grew up, after I made the planning of my company"; "Planning organizes our actions and prepares us to achieve our goal."

The main quotes in the responses of entrepreneurs show that most of them claim that financial planning is important for the development of the company, some mention the control to describe its importance, others state that is directly linked to the increase in the company's profit. Chart 6 tries to synthesize the responses of entrepreneurs regarding the financial planning business.

Key quotes from the financial planning	% of Sample
Important	14,65%
Control	11,65%
Increased Profit	11,65%

Chart 7 – Key quotes from the financial planning of MPE
Source: author's preparation

4.3 Considerations of Research

First the research demonstrated that the MPE's mostly have a person responsible for the financial sector, but the head is the individual entrepreneur, suggesting concentration of efforts on part of the business, seen entrepreneur various activities in the company.. However, a significant percentage of companies states that do not have this function set (28.16%), that could mean ignorance of the importance of this area for business and/or lack of financial controls.

Regarding the adoption of financial controls, it is important to highlight the concern of entrepreneurs with control of accounts payable and receivable, and cash control.It is observed that these controls are the most used by entrepreneurs, which suggests the concern of the business community in controlling the flow of inputs and outputs of daily business.However, When observing the control of cash flow, only (29.13%) of the companies adopt this procedure, although they have information for the preparation of the flow, which is shown in the number of companies that provide control inputs/outputs and cash.

When considering the stock control, there is potential problems in managing the companybecause the number of companies in the sample and the percentage of those companies that do track of your stocks is relatively low. In total, around 31% adopt this control, suggesting that companies have problems of administration of their purchases,

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costs of products, training of the sales price, as well as difficulties in adopting policies that can effectively maximize your results.

There are few companies that adopt or know the meaning of the income statement. In the survey, a total of 27 companies or 26% reported using the income statement. Intriguing research is the number of entrepreneurs that calculate their profits, because 62 entrepreneurs or 60% of the sample responded that calculate their profits each month. When observing these numbers, it is inferred that there is discrepancy in the responsesbecause 26% said they use the income statement as a practice of profit calculation. The hypothesis regarding these answers, it is noticed that the entrepreneurs may be considering as profit the result of their cash movement.

The vision of the business community regarding the adoption of financial planning in its company reveals that almost half of them (47%) do not make any planning of its business. In the short term (43%) stated that adopt planning. However, these (68%) make it for the next month, while 32% prepare for the next six months. It is observed that the practice in the adoption of financial planning is residual, that is, planning does not have the practice of adopting policies that can promote the sustainability of the business.

Finally, the research seeks to evaluate, from the business point of view, the importance of adopting the financial planning in the company. Of the 103 questionnaires, 64 answered this question, which represents 62% of respondents. Overall, entrepreneurs evaluate how the practice of financial planning in the company is important, not only as control of their income and their expenses, but also as a tool to increase their income, improve the financial environment of the business and provide more security for the future of the company.

A significant number of companies surveyed presents the basis for the development of controls and financial analysis, however they show lack of technical terms, or unaware of the benefits of doing the proper management of their financial resources. In this way, here are some recommendations that are critical to their development and survival:

1-Fiancial management

a) Use the financial controls as a tool to help the decision-making;
b) Use indicators to measure their performance;
c) Formalize these controls so they can be used for planning grants.
d) Search training on financial management.

2-Financial planning

a) Seeking knowledge and training in financial planning area;
b) Start the preparation of financial planning, using forecasting techniques;
c) Monitor your results and compare to the expected results in planning.

5. CONCLUSION

The survey sought to evaluate the level of knowledge and application of micro and small entrepreneurs from Guarapuava regarding financial planning of their business. It is observed that planning is a fundamental practice in everyday life of the entrepreneur, however, the results point to possible difficulties that local businesses possess the adoption of this practice, given the knowledge regarding the development of certain controls,as cash flow and the income statementthat are important to implement financial planning. (do not use) given the fact that most do not ... 7%

The economic and financial capacity of companies is another important point verified in the research, few companies adopt the controls and projections regarding the cash estimates and the expected results of business. These instruments allow the business community to know in advance about their financial and economic capacity. Thus, it is suggested that effective actions can develop entrepreneurship regard to their knowledge and the development of their outcome, in order to provide the development of strategies and financial planning of the company.

Otherwise, it turns out, for the most part, the entrepreneur has valuable information regarding the daily movements of their business, represented by the controls of accounts payable and receivable and cash control. These controls are essential for the entrepreneurs to meet their revenue structure, costs and expenses, and provide information for the preparation of their cash flow. It is necessary to enhance this research in the region not only in order to learn more details about the practice of planning and financial management for micro and small businesses, as well as take action together with regional actors in order to promote the sustainable development of businesses.

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