LONG-RANGE PLANNING OF A PUBLIC TRANSPORT COMPANY

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Abstract

The purpose of this research article is to explain how a public transport company should operate, using long-range planning as a technique. But what is long-range planning and why is it important? Briefly, we will say that it maintains the business study in the future as well as in the present; it reinforces the principles acquired in the mission, vision and strategy; it promotes interdisciplinary planning and communication, it assigns priorities in the destination of resources; it is the bridge with the process of tactical planning that forces the executives to see the planning from the perspectives of the present in responsibilities of fulfillment of future goals; it maintains the administrative team united to translate the mission, vision and strategy into tangible results. Long-range planning leads to positioning, providing the tools to focus on the positions the company needs to achieve, such as future markets, technology, human development and financial forecasting. The company studied has three main activities: it transports passengers. It currently operates on the following routes: part from the city of Tashkent, Uzbekistan. The basic objective of the research is to develop the long-range planning of a company that transports passengers. Long-range planning of the company's future activities over the next five years will make it possible to draw up the long-range production plan, the long-range human resources plan, the long-range cash flow plan, the long-range tax plan, the long-range marketing plan and the long-range customer service plan.

Keywords: long-range planning, management, position, profitability.

INTRODUCTION

The philosophy of long-range planning of a company that transports passengers includes the application of the intuition of business experience, which will allow determining the future positions of the company, which is the reason for our research. The long-range planning of the company in question will allow us to establish the strategy that will lead us to:

1. To keep the company in its present and future.
2. Reinforce the acquired principles in the mission, vision and strategy of the firm.
3. To constantly encourage communication between executives and workers of the company.
4. Assign priorities in the destination of the company's resources.
5. Be the bridge to the tactical planning process.
6. Commit executives to see planning from today's perspectives as responsibilities for meeting future goals.
7. Maintain the administrative team to transform the mission, vision and strategy into tangible results.
8. Improving connectivity and mobility
9. Benefiting economic and community development

Advancing regional projects and programs for federal and state transportation funds

The decree which is signed by president of Uzbekistan is aimed at improving the transport service in cities and villages, primarily in rural areas and raise the passenger safety. To this end, the Program for development of transport service in cities and villages for 2017-2021 has been approved. Over 8600 passenger vehicles will be purchased over the next five years, including 5700 units of comfortable minibuses. Bus stations, stopping points will be built on standardized projects, with use of lightweight structures and materials, predominantly locally produced (metal, sandwich panels, and so on). To ensure the quality of passenger services it is planned to step-by-step introduce permanent bus and minibus GPS tracking system.

It is expected that the Decree will contribute to ensuring the security of passenger traffic and a high quality passenger service, the compliance with movement schedules and intervals, effective consumer protection in the field of road transport, financial stability of the carriers.

The present research was carried out during the period 2014 for its application in the period 2021-2030, which will be developed within the theory of strategic planning of private organizations, mainly: the long-range planning of a public transport company. All this leads us to ask the question: how can we draw up and implement a long-range plan to improve the position and profitability of the transport company for passengers in the period 2021-2030?

Once the problem has been raised, the following questions arise: why should a long-range plan be developed, what elements should the long-range plan contain, how should the elements of the long-range plan be related, how should we evaluate the results of the long-range plan, and what are the benefits of the long-range plan? All this allows us to propose the following objectives:

Overall objective

Development and implement a long-range plan to improve the position and profitability in the company of land transport of passengers during the period: 2021-2030.

Specific Objectives

Determine the basic elements that the long-range plan should contain.

- Relate the elements of the long-range plan.
- Evaluate the results of the long-range plan.
Determine the profitability and annual benefits of the plan over the long term term and better-the position of the company.

Hypothesis
The implementation of a long-range plan in a land transport company for passengers, for the period 2021-2030 allows us to improve the economic profitability and market positioning of the public transport sector.

The present investigation is of practical character, it has as purpose to implement in a company of native transport of passengers the enterprise techniques of long term planning. This fact will contribute to improve the position and profitability of the transport company, which generates employment and good service offered in its different concessions to the users of the company.

The consequences of the research will allow the company to improve its position in the transport sector; increase the income and profits of the company under study; expand the service of passengers and tours with new concessions; improve the service of passengers at different points of the routes under concession; travel security of passengers and improvement in the delivery of tours; increase employment rates, profitability of the company and tax contributions.

This research is of an explanatory nature because "it goes beyond the simple description of concepts or phenomena, or the establishment of relations between concepts". The research focuses on explaining why a phenomenon occurs and under what conditions it occurs, or simply why two or more variables are interrelated.

THEORETICAL FRAMEWORK

Long-range planning includes ideas and applications of managerial intuition to determine an organization's future positions. However, expression should not be understood in a static sense, but rather in a dynamic and flexible way, capable of:

a) maintaining a permanent relationship between the present and the future;
b) allowing for the constant review and revision of the principles of the company’s mission, vision and strategy;
c) assigning priorities in the allocation of resources for tactical planning;
d) committing executives to see planning from the perspectives of the present as responsibilities for the fulfillment of future goals.

Within this framework, we have tried to develop a long-range planning model that responds, between the theoretical judgment of strategic planning and the real life of the passenger transport company.

Conceptual framework
Some concepts used in our research, such as:

Vision
It refers to a look into the future, that is, how we want the company or business to be in the future. How we want our customers and others to see us in the future. That the vision of the company we are looking to analyze allows us to find a clear enough answer to the following questions:

- What products or services are we offering in the market, are they profitable, to what extent?
- Why should we think that our services should be different from those of the competition?
- What benefits will these products or services bring to the customers, what is our benefit?
- How are we going to structure our relationships with suppliers and what do we expect from them?
- How are we going to organize the distribution of the products or services?
- How do we intend to develop our value proposition for employees?

- Why should our workforce work for us?
- What new products can be offered on the market, are they profitable enough?

Strategic values:
There are a large number of ideas that can be considered as strategic values. In order to develop a strategic plan, it is advisable to establish a set of seven strategic variables oriented to the company under study, which we will then define:

- Ethics: The transport company must attract customers to ethical values. For example, if the passenger makes a strong protest, the company worker must have the delicacy to conduct his or her response in a fine and appropriate manner. Do not forget the quota: the customer is always RIGHT.
- Quality: Considered as a value, ensure that the worker’s response is accompanied by appropriate action and that it satisfies the customer within the circle of efficiency.
- Security: Transport units are becoming increasingly attractive to criminals. The company must implement all the security tools during the vehicle's trajectory in case of possible assaults.
- Innovation: When this term is taken as a value, it must be balanced between innovation and cost. This concept must be carefully considered, as it is a value that strongly accompanies the competition.
- Image: The institutional image is a highly competitive value in the market for passenger.
- Responsibility to customers: They must be served by employees with strong personal charisma. You must bear in mind that dealing with customers is different from any other.
- Profitability: It must be understood that this is a value that is strongly needed for the life of the company. In addition, fixed cost losses can be allowed in the short term, but not in the long term, since the updated hope of profit must be positive in the long range, otherwise one must abandon the business and seek in which sector of the economy the entrepreneurs can be more efficient for management.

Mission
It is a lasting statement of purpose that distinguishes one company from another. It is the declaration of the "raison" of a company. It answers the key question "what is our business? To have a clear and precise statement of a company’s raison, it must be contained and defined precisely in the mission, and thus able to set objectives and formulate strategies that will lead to the vision. It is recommended that the mission statement answers at least the following questions:

- What's our business?
- Who do we serve?
- What are our principles?

Strategy
The meaning of the term "strategy", comes from the Greek word strategos, which means 'chief of an army'; traditionally used in the field of war operations.

In recent years, the concept of strategy has evolved in such a way that a new school of management and a new way of running organizations, which we now call "strategic management", have emerged from the basis of this concept.

The use of the term "strategy" in management is much richer than the military meanings; strategy in management is defined as the science and art of managing things with the use of human talent in the various activities of man. Whereas, in the armed forces, it’s the warlike act of men who pretend forcibly dominate other men, inside and outside a nation, to achieve undemocratic ends.
Positioning
The strategy must choose the positioning required by the company and its products or services in the consumer’s mind. We can say that positioning is finding an empty space in the client’s mind, occupying it before the competition does. This action is the result of two strategic manoeuvres: segmentation and differentiation.

In market theory, positioning is cutting out segments of the same market, for example, when you need or want different things from other segments and building a product to take over that difference. In simpler terms, it is finding the “niche” that leads to the “eternity of business”. That is why we must affirm that the position does not refer to the product or service, but to what is done with the mind of the probable clients or persons on whom one wishes to influence.

Positioning is essentially a business strategy, it answers the question: how do you differentiate yourself from others? Once management knows who it is and what makes it different from the other(s), all decisions are facilitated.

Other positions in the minds of consumers are the different types of brands developed in the market. Likewise, those that are developed almost naturally, such as line and brand extension strategies.

The conclusion about positioning is that no product ever has a single position, and the reference question may be: which of the possible positions is more valuable, at a given time, to better fix the product in mind? Here are some answers:

- That the product or service is well positioned in its respective segments
- That the product does not have any positioning, that it is not known who consumes it or why.
- That the product has a bad positioning.
- That the product has an indefinite positioning. For example: ice cream.
- That the product can be disposed of. For example: health products dispose of cigarettes, alcoholic beverages and fats.
- The success of the research will be achieved when the mission, vision and strategy of the passenger transport company are fulfilled and this requires solving the critical result areas indicated in the following Table 1.

### Table 1. Strategic management result areas of the company

| SPECIFIC GOALS | POLICIES OR ACTIONS |
|----------------|----------------------|
| 1. Revenue and sales | Service Line Performance |
| 2. Net income > costs + taxes | Positive margin of results |
| 3. Expansion of markets | Strategic marketing |
| 4. Acquisitions and renovation | Acquisition of new buses |
| 5. Customer Satisfaction | Quality and safety of service |
| 6. Customer services | Development of a code of ethics |
| 7. Operational results | Evaluation of financial statements |

| OVERALL GOAL | POLICIES |
|--------------|----------|
| Achieving a long internal rate of return term (i) higher than the market rate. | - Selective investments in buses |
| | - Investing in development and technology |
| | - Investments in the purchase of new premises |
| | - Improving the quality of services |
| | - Application of new management techniques |
| | - Application of transport marketing |

Based on the ideas of the long-range planning models and the policies or actions that will allow the development and implementation of a long-range plan for the passenger transport company during the period 2021 - 2030, the question will be: how is it that the implementation of this long-range plan will allow the improvement of the position and profitability of the passenger transport? The position and profitability of the company will be the dependent variable, while the independent variable will be the implementation of the long-range plan.

These long-range plans must contain, fundamentally:

**a) Critical strategic areas**

These are the main categories to which attention should be focused for the foreseeable future. The focus of the critical strategic areas is broad in scope and designed to determine where you want to be as an organization, rather than the specific results you want to achieve, so when we focus on financial projection as critical strategic areas, it has to do with growth rates, net value and profit mix. Focusing on product development as a critical strategic area would consider new products or long term services with good future potential. The main purpose of determining critical strategic areas is to assist in the identification of critical strategic issues that need to be addressed over an extended period of time to fulfill the mission and strategy.

**Analysis of critical aspects**

It addresses external opportunities and threats, internal strengths and limitations that will have an effect on the fulfillment of the mission and strategy, which will require more than a year to resolve; thus, a critical strategic aspect will be the projected obsolescence of high-volume, high-margin products or services. Critical strategic issues tend to be more opportunity-oriented.

**b) Long-range objectives**

They represent the strategic positions you want to achieve at a given time in the future. This approach to long-range planning includes financial projections as part of the long-range objectives and not as a separate element. All long-range objectives have financial implications, and all financial projections are dependent on other long-range objectives.

Long-range objectives can be set without the need to know how to achieve them; it is valid to establish a position on the horizon to achieve a good contribution to the mission and the strategy, and then provide the means by which to do so.

**c) Strategic action plans**

They identify the steps or benchmarks that are required to move towards the long-range goals. The strategic action plans will be multi-year and multi-functional; some parts will take place over two or more years and will require efforts from more than one area in function, such as marketing, research and development, production, human resources, etc.

Strategic action plans are the bridges between tactical and long-range plans for the achievement of overall goals. Consequently, with the development of this research work, results will be achieved in the long term necessary for the company to provide quality, efficiency and safety in the land transport service of passengers, as well as in the transfer of orders, tours and values, through personalized attention to ensure customer satisfaction and be the leader in the sector, which will result in a better position of the company in the
area of passenger transport, increased profitability and employment generation.

MATERIAL AND METHODS

Research methods and techniques: The method used to test the hypothesis was explanatory research, and the diagramming to explain the research process of the long-range plan will respond to the following research model.

The research techniques used were documentary and field techniques. The documentary technique consisted in the collection of information to enunciate the theories that support the study to be developed; the field technique consists of interviews and opinion polls that will allow us to confront theory with practice.

RESULTS

Results of the long term planning of the Tashshahartrans LTD. Tashkent Uzbekistan. Turns and Orders:

- Net income, costs plus tax
- Market expansion: new concessions
- Bus acquisitions and renewals
- Operational results
- Long-range internal rate of return
- Increase customer satisfaction with our services and our partners

DISCUSSION

Market competition in passenger, parcel and money transfer companies has always been very tough. Therefore, we can say that the company has operated in a very competitive market; something like perfect markets, a name well known in microeconomic theory. In them, each company seeks to excel in order to capture the greatest number of customers. In addition, you would like to trade in a monopolistic market, where profits are absolute. Sometimes, transport companies have had to hustle as if they were climbing the slopes of a hill: too steep and too hard. But the experience of our executives has been not only good, but very good and efficient. Passenger transport companies have always been on the road to perfect competition.

CONCLUSIONS

1. The passenger transport company under our study and analysis has always operated in a competitive market, which in theory is usually called perfect competition.
2. It can be seen that the technique of long-range planning is a good instrument for analysing the future behaviour of passenger transport companies of the type analysed here.
3. The success of passenger transport companies is, to a large extent, a consequence of the management skills of their executives.

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