
Business Process Modeling in Consulting Companies

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Abstract: The international practice of leading companies indicates that there is no successful development and sound company performance improvement, particularly, in consulting, without a proper strategy as a complex of measures tailored to achieve the set goal. The relevance of this paper lies in that all business operations are fraught with risks and thus require the development and implementation of a strategy for the consulting company within the scope of various business units.

Businesses face intense competition. Adequate decision-making requires in-depth comprehensive assessments of the situation and reliable forecasting. The main stages of strategy formulation of a consulting company are determined; strategic alternatives are identified; measures to evaluate strategic follow-up are drawn; examples of strategy development in a consulting company are provided.

The objective of this paper is to analyse strategy development processes at consulting companies. The object is consulting companies and their business models.

Keywords: Genetic consulting, business, strategy, services.

INTRODUCTION

The modern world is subject to permanent change; every day companies are forced out of business as they fall prey to competition and market pressures, while others get on board. Both groups face numerous problems, and there are cases when companies led by top managers or smaller firms are unable to tackle the situation. That is when many leaders decide to engage consulting companies or, as they say, consultants.

Consulting companies are organisations providing consulting services to customers seeking solutions to a range of problems, such as operational and cost optimisation, investment policy, etc. Most of the time, companies prefer project-type assignments but the number of such customers has increased steadily over time, and popularisation of consulting services has gained pace [1; 2; 4].

Consultants engage various methods of business process modeling that would be further used in client companies to address problems.

Business process analysis and modeling provide a radical way to solve operational optimisation problems and gain visibility into operations in a single job or across the company. Business process modeling serves to systematise information on the company and its business processes in the graphical form convenient for processing and analysis.

Consulting and consulting company operations

Before modeling consulting company operations, consider what consulting is about and what constitutes the object of consulting companies.

Consulting spans across a wide range of problems, and each consulting company has a specialisation. Such specialisation can be narrow and confined within a specific direction of consulting services (e. g., audits) or broad and spanning the whole range of services in the respective area [3; 22].

That is why every firm and specialist engaged in the business would have developed their own meaning of what consulting is about, depending on the field of business.

In the broadest sense, consulting is a type of intellectual activity concerned with analysis, building the developmental outlook and engaging scientific, technical and business innovations specific to the subject area and customer needs.

Consulting serves to find solutions in a company's managerial, economic, financial, investment operation, strategic planning, business directions, etc. I.e., consulting refers to any type of assistance provided by external consultants in addressing a problem.

The main goals of consulting are improvements in company performance, the quality of leadership and productivity for each individual worker.

Russian consulting companies offer their services to all kinds of organisations, including Russian and foreign companies operating in the Russian Federation and state bodies and government organisations [6; 10-12].

For qualified consultants and firms providing a wide range of services, the following requirements apply. Firstly, a consulting company should have proven problem-solving technology and requisite competencies in problem setting, strategic planning and using information technology.

Secondly, a key principle is an independence of the consulting company (consultant) vs. the providers of products and solutions in the respective field; such independence is observed relative to traditions and customary business practices adopted in the organisation. Accordingly, the consultant's opinion should be objective and free.

This implies the following restriction that the consulting company should be an outside structure with regard to the client organisation.

Consulting companies should assist clients in adapting their own expertise to constantly enhance their operations.

To accumulate, analyse and employ expertise, the consulting company or consultant should work with multiple clients.

Consequently, there is the final requirement that the consulting company should contribute to clients' learning outcomes to maximise their operational efficiencies.

Consulting services provided by consulting companies include the following types:

1. Analytics (management and financial analysis of company operations, investment project, competitor analysis, etc.);
2. Forecasting (analyses and various methodologies are used to create forecasts in specific business dimensions);
3. Advice on a wide range of problems concerning both the client's business and the market in general;
4. Reviews of the client's operations;
5. Participation in the client's business (strategic planning, solving various problems mostly concerned with the management of the business, etc.).

There are two types of consulting services:

- 1) in terms of consulting object: object-based classification;
- 2) in terms of consulting method: methodological classification.

Object-based classification is more common as it is more comprehensible for clients. In this approach, consulting services are classified according to their objects: financial management, operational management, general management, etc. [5; 7-9].

Methodological classification is mostly a professional reference for consulting companies and consultants as it is based on the methods of practice. It comprises the following types: expert, process and training-based consultation.

Most of the time classifications published by national and international consulting associations blend methodological and object-based approaches but the latter prevails. Besides, such associations include other professional services among consulting services. As an example, consider a classification offered in the survey of the European economic and management consultancies published by the FEACO. This classification includes both professional services under the object-based approach (e. g., IT procurement, PR, etc.) and methods of the methodological approach (e. g., training-based consulting) [15-17].

Business process modeling in consulting companies

Today, as project-based operation gains popularity, many public and private companies put much attention in business process modeling which helps them:

- stand out among competition;
- optimise operations and maximise efficiencies;
- control the costs and duration of operational cycles;
- adopt modern technologies and keep pace with the time;
- comply with the constantly changing government standards.

To perform their tasks, these companies engage consultants.

The most common methodologies of business modeling and optimisation in consulting companies include structured analysis and design technique (SADT) and widely-adopted international standards (Integrated DEFINition) and algorithmic languages. Let us consider them next [13; 14; 25].

The SADT methodology was invented by Douglas Ross. It makes the basis of the IDEF0 (Icam DEFINition) methodology, which is part of the US Air Force ICAM initiative (Integrated Computer-Aided Manufacturing). It refers to a family of rules, methods and procedures used for functional modeling in a specified domain. SADT models represent the object's functional structure, i. e., links between actions.

IDEF integrates the principles of systems analysis and is used to map system functions. The model has gained popularity not only in the US but in many European countries as well. It focuses on logical interactions between jobs, not their temporal sequences.

Common types of methodologies of business process modeling and analysis include the following:

- descriptions of information flows reflect the sequence of jobs performed and information flows in a business process;
- descriptions of workflows detailing all work processes based on algorithmic methods used for flow charts;
- modeling existing business processes to create a functional description of company operations.

A meaningful advantage of detailed analysis is that the client gains all relevant and exhaustive input to inform sound decision-making concerning operational improvements and charting the future outlook.

Business process modeling enables a company:

- to detect current and predict future problems threatening to negatively affect other business processes;
- to compare current operations with requirements set for business processes;
- to find proven ways for successful optimisation of company operations and attainment of goals;
- to mitigate potential risk effects across the stages of operation;
- to determine process value in a specific domain or in total for all business processes.

The main goals of business process modeling are as follows:

- to build an information base to chart software requirements for automating the company's business processes;
- to identify key problems and discover new ways to solve them;
- to analyse the company's structure and the dynamics of business processes running in it.

Business process modeling is seen to be one of the most efficient methods to effectively optimise investment, production and financial operations for any company. Modern business process modeling and analysis make a remarkable tool to identify and mitigate potential threats that inevitably arise when starting a new company or reorganising an old one. The effective methodology of business process modeling enables precise evaluations of any single business process or all business processes used by the company. Professional business modeling has the potential to enhance business culture and business process management in the company.

An example of business modeling for a consulting company

As a case study of business modeling for a consulting company, consider a company specialising in development, real estate, appraisal and marketing services.

The main objective of business process modeling for the analysed company is to optimise business and enhance document flow by mapping out business models.

The object of the study is the management system of the service enterprise.

The subject is the process of business modeling and working out recommendations on building a new information system.

The set objective implies that business process modeling should enhance business performance. Note that the number and quality of signed agreements (O) depends on such endogenous variables as advertising budget investment (I) and staff efficiency. The factors (exogenous variables) include order lead time (T), legal framework and customer terms (C). The target function is maximising the number and quality of signed agreements.

$$\varphi = I * Z * T * C \rightarrow Z; \text{ при этом } Z * T \rightarrow O$$

При этом when

Below are the main stages of project development:

- Stage 1. Surveying the company's business.
- Stage 2. Modeling the situation "as is" and "to be".
- Stage 3. Analysis of requirements and putting up terms of reference.
- Stage 4. Design concept.
- Stage 5. Logical modeling.
- Stage 6. Physical development of a database.
- Stage 7. Implementation.

Next, consider the two models ("as is" and "to be").

The first model is used to depict the existing business model of the company. This model shows the unorderly processes of data gathering and information inflows, which suggests the need to automate these processes. Subsequently, automation will accelerate documenting, which, in turn, will simplify the process of reporting and document flow. This model can be used by any consulting companies.

As to the "to be" model, its main objective is to demonstrate the way each process transforms the input into the output and to discover the relations between these processes [18; 19].

Let us consider next the requirements for an information system developed based on the "to be" model:

1. The information system should be operated in a common and widely used database system.
2. The information system should be accessible for non-professional software users.
3. The potential of gradual data accumulation should be taken into account.
4. The database should operate on a variety of queries and provide reports and automated documenting.

Development of business strategies for a consulting company

Consulting services make a specific type of commodity characterised by unique demand. One observation concerns the pace of growth and development of consultants specialising in management and the trend of increasing competition in this line of business.

It still takes the same knowledge as in the case of individual consultants to ensure success in business for leaders of consulting companies. It inevitably takes understanding one's own competitive advantage in consulting services, and they have to come up with their own strategy.

Here, strategy is understood as an action plan for the company (consultant) to win progress, promising market positions and a steady competitive advantage. Company policies change with time, which is also true for a consulting company. Such change is driven by new management plans and responses to unpredictable circumstances.

Strategy development efforts take into account response to changes in the external environment. Windows of strategic opportunity open up regularly, resulting in further adjustments of the thoroughly planned strategy. Obvious possibilities are associated with new technology, competitive behaviours, changing customer needs, unpredictable changes or declines of costs, new laws and so on [16; 20; 21].

Strategic preferences are primarily determined by a set of consulting services potentially interesting for customers. This is the shortcut to understanding the essence of a consulting company. Its specific profile is identified and marketing services to customers becomes a fundamental line of business. The customer might be looking for details on:

- functional lines of business of the respective experts (finance, marketing, company ambassador, production, sales, supply specifics, etc.);
- business-related issues (founding a joint venture, mergers, changes in management, etc);
- unique ways to solve problems (evaluation of workloads, accounting responsibilities, inventory control, market research schemes, etc.);
- unique paths to consistent consulting input with alignment to client needs;
- additional services (development of top management, employee awareness in the attainment of technical competence, development of study guides, research, etc.).

Consulting experts comply with certain requirements. They are not allowed to publicise the object in a vulgar or commercial manner. No commission-based price cuts or compensations are allowed if offered on services (other than consulting services) or goods transferred to the client.

Participation in profit sharing with companies specialising on supplies of goods or services to the consultants' clients is controversial and controlling such arrangements is equally out of the question.

It is not advisable to keep customers unaware of any potential interest if it can affect the professionalism and quality of consultants' services. Fees shall be accrued on services whatever the grounds excluding the accepted professional rate system.

Confidentiality is a strict requirement with regard to information concerning client business. No disclosure is supposed concerning the decision to pay or accept payment as required for official client representation. The only outstanding case is when it conforms with normal business practices in the country.

In Europe, consultants exclude the possibility of combining consulting services with any kind of intermediary services, as the principle of unbiased and objective expert stance would be ignored. The temptation is strong to influence the client's actions and decision-making to extract additional income [23; 24].

Norms to that effect are listed in the FEACO's code of conduct. They were developed and adopted by the US Association of Consulting Management Engineers (ACME) and reinforced in the Code of Ethics and Professional Practice.

The latter expresses, in general terms, the norm of professional practice that is strictly maintained by consulting companies and individual consultants in interactions with clients.

Two management consulting associations operate in Russia, namely, the Association of Consultants for Economics and Management in Russia (ACEM), a participant of the FEACO, and the Association for Management and Organisation Development (AMOD). As a participant of the FEACO, the ACEM supports the European code of conduct. The AMOD has developed and adopted its own "Professional Code of a Management Consultant" set to define the relations of consultants with clients, associates and the society. These organisations seek to influence consultants' behaviour but their influence is weak.

This sector of services is viewed as a business. Rules are directly linked to business managers' understanding of the role and place of consulting in management. To determine consultants' competence levels, it is better to gain an understanding of the competence of client company managers. For now, consulting is characterised by weak efficiency in the local market.

One of the reasons for that is advertising that promises it all immediately. For many consulting businesses, specifically engaged in the financial domain, their universal profile is obvious.

Irrespective of the specific cause, there are common aspects of organising things. It takes developing a strategy with due precision. That is how executives figure out the transition from the current situation to the future.

Specific points are not only determined by common measures, although they do play a role. Sometimes the only way to figure it out is to determine the analyst's genuine stance, tools and capabilities. It makes no problem if there is a commitment to see things as they are not as they would rather be.

There is no clear insight into the future without a realistic approach. It will not do to only focus on the forward-looking trends of the past economic growth. The focus should be on strategic planning and sorting out strategies concerned with certain objectives.

Strategy development builds based on two parameters of consulting. First, the consulting company defines its professional goal and objectives. That is done by answering the questions, such as: What kind of a professional business would we like to be? What can we expect professionally that would make the foundation of consulting principles, what is our role in solving clients' problems? How will such assistance be provided when the goal is to enhance efficiency or build up adaptation potential?

Another common strategic parameter is business activity. The following questions are important: What are the expectations of our consulting company as a business? Will our strategy guarantee only resources for survival or will the business grow modestly or fast? What is open to the company in terms of immediate achievements?

These two parameters are closely related. This reflects their certain commonality. Company future may be seen from a financial perspective but it is better to integrate social significance and responsibility of a professional business; as a result, experts rarely achieve the set and selected business objectives.

However, given this need to bestow significance onto the market and financial objectives, taking into account the need to advance successfully as a business, it is practical to focus on commensurate and realistic professional goals. They will be hard to achieve. The reason is the insufficient elaboration of financial objectives and goal-setting of the consulting company.

CONCLUSION

Each company, irrespective of the industry and size, faces various risks and problems that require a professional and strategic approach. Consulting companies are an integral part of the market in Russia and globally. They act as the invisible helping hand protecting companies engaged in the production of goods and services from irreversible mistakes and lend them support and reinforcement by providing expertise and knowledge.

The essence of business process modeling was also discussed in this paper. It can be compared to a design plan helping the company to stage an experiment when it needs to change something in its business. Modeling provides considerable cost savings in terms of cash and resources and helps to avoid mistakes identified along the way.

As an example of business modeling in a consulting company, the problem of weak document flow was put in the spotlight. Models were proposed to enhance company databases and their operation. The proposed model would result in automated document preparation and thus would enhance business efficiency.

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