

Business consulting model for SME in South Eastern European Countries

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Abstract - Business consulting, aimed at achieving business success, presents equation which is composed of the following variables: innovation, education, risk management and focus of control; need for education, risk-taking and proactiveness.

The paper is based on a theoretical model of how to develop a business consulting model as a point of knowledge in a transition environment of South East European Countries. Fundamental focus of the model is aimed at creating a knowledge point of fluctuating market environment. The model presents interaction among entrepreneurs' individual characteristics, cultural burden, and transition of digital economy environment, entrepreneurial ethics and influence of a political involving.

Key words: business consulting, business process, SME, transition economy, ISO, model,

I. INTRODUCTION

A transition economy or transitional economy, by definition, presents an economy which is changing from a centrally planned economy to a free market. Transition economies undergo economic liberalization, where market forces set prices rather than a central planning organization and trade barriers are removed, privatization of government-owned enterprises and resources, and the creation of a financial sector to facilitate the movement of private capital.

The transition process is usually characterized by the changing and creating of institutions, particularly private enterprises; changes in the role of the state, thereby, the creation of fundamentally different governmental institutions and the promotion of private-owned enterprises, markets and independent financial institutions.[1]

According to the IMF, the main ingredients of the transition process are:

- Liberalization – the process of allowing most prices to be determined in free markets and lowering trade barriers that had shut off contact with the price structure of the world's market economies.
- Macroeconomic stabilization – bringing inflation under control and lowering it over time, after the initial burst of high inflation that follows from liberalization and the release of

pent-up demand. This process requires discipline over the government budget and the growth of money and credit (that is, discipline in fiscal and monetary policy) and progress toward sustainable balance of payments.

- Restructuring and privatization – the creation of a viable financial sector and reforming the enterprises in these economies to render them capable of producing goods that could be sold in free markets and of transferring their ownership into private hands.
- Legal and institutional reforms – redefining the role of the state in these economies, establishing the rule of law, and introduce appropriate competition policies.[2]

Ideally, this process leads to macroeconomic stabilization after immediate high inflation is brought under control. In practice, these changes have often led to increased inequality of incomes and wealth, dramatic and ongoing inflation, pervasive corruption in both the public and private sectors, and a fall in GDP.

II. BUSINESS CONSULTING MODEL

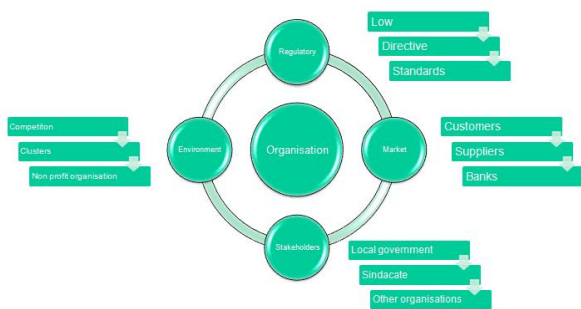
Business Consulting [3], [4] is the process of helping Business Organizations for improving the overall performance of the company by identifying and analyzing any Specific Business Problems that the company is facing and to develop Plans and strategies to overcome the specific Business problem and to implement the strategies planned in these companies. *Business Consulting Services* covers a wide spectrum of areas including implementation of Best Practices, Benchmarking, Using Analytical and statistical Techniques for problem solution, Management of Change, New Technology Implementation, Development of Plans and Strategies etc. Business Consulting Organizations suggests a more effective and efficient methods for performing specific Tasks in the Business by bringing a framework or a Methodology for identifying and analyzing the specific Business Problems.

The business consulting model for small and medium sized enterprises in transition countries should include next steps:

a) *Activity frame definition.*

Activity frame [3], [4] for companies in modern environment is very complex. Demands and expectations are very rigid and some of them are:

- Regulatory requirements
 - laws
 - directives
 - standards
- Market requirements
 - customers
 - suppliers
 - financial institution (banks)
- Stakeholders requirements
 - Local government
 - Syndicate
 - Other organizations
- Interested parties requirements
 - Competition
 - Clusters
 - Non profit organizations

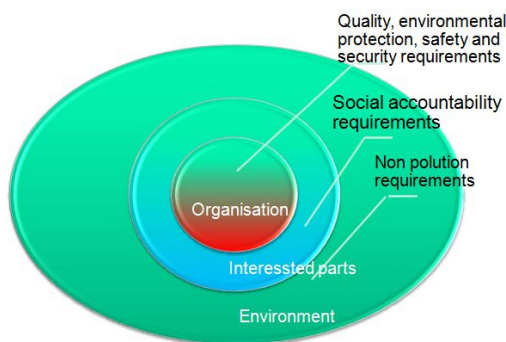


Picture 1. Activity frame in such environment

b) *Organization position's definition*

Organization position[3], [4] is defined by activity frame but it is also determined by its interactions with internal, direct and wider environment.

Internal environment includes internal activities in the company considering quality requirements, health and safety requirements, environmental requirements and information security requirements.



Picture 2. Organization position

c) *Organizational process analysis*

Total quality management system is based on customer's satisfaction and out doing its expectations. Customer's demands are inputs for business processes of the company. The result of the processes can accomplish the basic demands of the system, or not.

Business processes are structured to find the way to satisfy customer's needs. Structuring of business processes considers process logic as the best model to accomplish customer's satisfaction.

Organizational structure defines basic business processes, but it does not define its cohesion and bottlenecks, eventually.

Organizational structure is demonstrated by flowchart that shows organization units and incorporated functions of the company.

3.1. Process markings

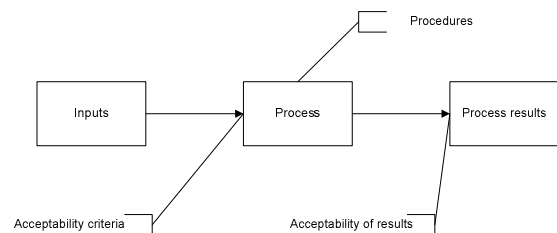
Definition of business process that includes organizational position and purpose of the process. It also represents its connection with other business processes in and out of the organization.

3.2. Process involving

Process participants are executants of operational activities that should accomplish certain result. Process inputs consider materials and information as a fundamental condition for running processes.

3.3. Acceptability criteria

Acceptability criteria determine level of acceptance for material and information input flows, within the process.



Picture 3. Acceptability criteria

3.4. Process goals

Defining business objectives that process attains in organization business domain, and its importance in relation to the other processes.

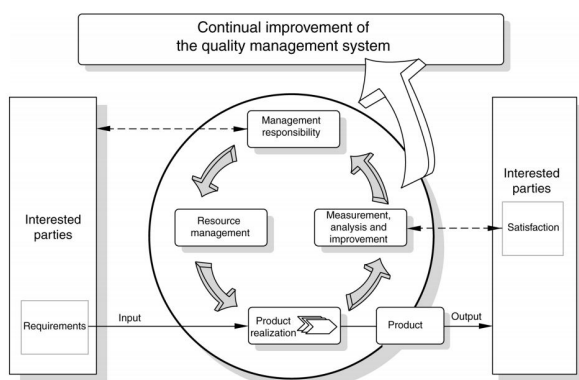
3.5. Rules definitions

Rules for business processes are set of methods, working procedures, customs and profession rules

that determine running of business processes and enable reaching goals of the process. The procedures in running core-business processes are well known and defined, but in tacit form. During standardization process tacit form should be settled to the explicit form. One of the possible ways is a graphical representation of process by using flowcharts.

d) Cohesion of the system

The organization with structured processes and defined interactions between them should have strong cohesive factor for incorporation of organizational uniqueness, considering essential goals of entire organization and its employees. System integrity and its strength must be imperative of the organization.



Picture 4. Organizational cohesion

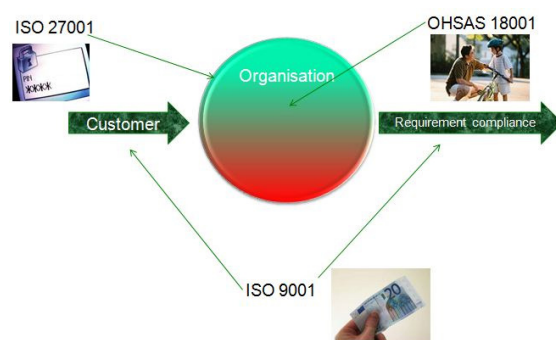
e) Standardization

Standardization is a process of using earlier defined rules during the process activities. Standardization of business organizations is an inevitable process for Croatian integration process to EU. Standardization of business processes can be presented in inner interactions within organization and with environment.

5.1 Inner interaction

Inner interaction within organization processes is a result of activities that were started by customer's demands and needs. First relations customer-organization-customer is defined through the ISO 9001 [5]-quality demands.

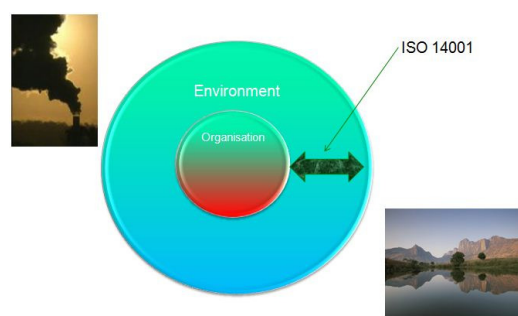
Internal relations between processes and its participants are regulated by OHSAS 18001 [7], by defining health and safety requirements. The third is ISO 27001 [8] that defines rules for information safety and preventive measures.



Picture 5. Inner interaction

5.2 Interaction with environment

Interaction with environment is defined by parts of the process and its side effects that can cause exploitations of natural resources, generation of waste and pollutions of soil, water and air.

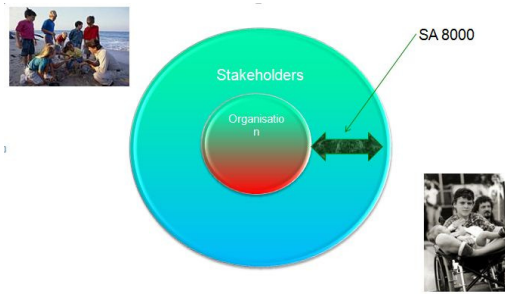


Picture 6. Interaction with environment

Process of standardization of organization with environmental requirements is defined by ISO 14001 [6] standard. This standard defines rules in processes that comply with demands of preventing pollution of environment.

5.3 Interaction with interested parties (stakeholders)

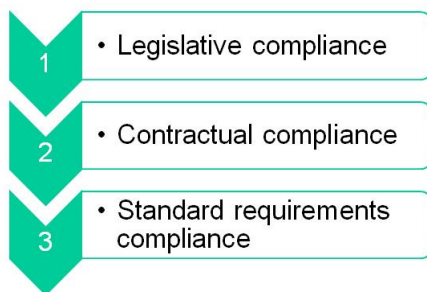
Social responsibility, regulated by SA8000 [9], standard, presents postulate for creating stable environment and organizations. Organization that fulfill its obligations towards customers, market and state of law, is only at the half way. Many obligations consider subtitle relations between organization and interested parties. These relations carry out on the edge of so called official relations. Social responsible organizations present the base for further economic growth.



Picture 7. Interaction with interested parties

f) *Way out indications*

As the last step in defining the business consulting model for small and medium sized enterprises in transition countries we indicate the obligations that make modern organization environment as it is shown on picture 8.



Picture 8. Obligations of modern organization environment

By defining (and following) presented six steps business consulting model for small and medium sized enterprises in transition countries present the point of knowledge in learning on „how to survive“ within the fluctuating environment of transitional market.

III. CONCLUSION

Business consulting as the part in progress of transitional environment can contribute a lot to painless transition in the society of developed Business rules, customs and ethics.

Business consulting methods must be adapted to actual conditions and burden of a cultural heritage of organization environment, considering positive measures that can improve entire process. Standardization as the global process represents one way road for further development of Business systems. It presents management tools to:

- ✓ follow up with actual laws
- ✓ following, understanding and realization of market conditions
- ✓ ecological consciousness
- ✓ fair relations between interested parties
- ✓ market positioning as a reliable partner
- ✓ status of reliable employer
- ✓ generating of motivational market climate

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