SUSTAINABLE TOOLS FOR BUSINESS PROCESSES IMPROVEMENT

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Abstract

The article studies the tools for improving the business processes of an enterprise. There are primary and auxiliary business processes at a manufacturing enterprise. The primary processes are those that result in the production of the main product (value), while all other processes are auxiliary. Thus, auxiliary processes include: service, management, and enterprise development processes. Attention is paid to the main areas of business process optimization, among which the following are highlighted: the minimum number of performers, the minimum involvement of managers, and the minimum number of control operations, and, in contrast to them, the maximum typing of processes, the maximum simplification of operations, and the maximum possible parallelism of business processes. The result of optimization of business processes at an enterprise is the elimination of unnecessary losses in the execution of processes that do not bring value to consumers, thereby achieving maximum satisfaction of needs, strengthening the position of the enterprise in the market, and ensuring the maximum inflow of profits to the enterprise.

Keywords: business model, business process, optimization, reengineering, benchmarking

I. Introduction

Establishing a profitable or at least break-even production process in the short term is an important issue. Given the aggravation of the economic crisis, which is now hindering the activities of manufacturing enterprises and leading to bankruptcy or forced cessation of business activities, the issue of optimizing the main and auxiliary production processes in order to exclude unproductive and unnecessary elements from the value chain, which would ensure the effectiveness of the business model, is becoming relevant.

The works of a large number of scientists are devoted to the study of issues of optimization of business processes of manufacturing enterprises [1-5, etc.]. The works pay attention to the problems of managing business processes of modern enterprises, forming strategies for overcoming crisis phenomena, consider resource management technologies based on the use of ERP systems, describe errors that occur in the process of optimizing the value chain of an enterprise. However, despite the sufficient elaboration of the issue, the problems of optimizing the main and auxiliary processes of manufacturing enterprises remain poorly studied, with the aim of eliminating unnecessary processes from the value chain and acquiring competitive advantages of the enterprise in the market.

The aim of the article is to study the directions of optimization of the main and auxiliary business processes of a manufacturing enterprise to improve the product value chain in the

business model of a modern enterprise.

Business processes are understood as a set of interrelated actions, using appropriate technologies, making it possible to transform inputs (resources) into outputs (results) that are valuable to consumers and contribute to the growth of the enterprise value. A business process that ensures the achievement of the enterprise's business goals, expressed in quantitative and qualitative indicators used as optimization criteria, is considered optimal.

In general, the following set of business processes takes place at a manufacturing enterprise: main business processes, supporting (auxiliary), management and development processes.

II. Methods

The main business processes include processes during the implementation of which a product or service is created, in other words, added value that is valuable to the consumer. These processes are of great importance to the enterprise.

Supporting or auxiliary processes do not have strategic importance for the enterprise, they are engaged in maintaining the infrastructure, and their main consumers are the main processes. These processes can, if necessary, turn into main business processes, or, if competitive alternatives appear, can be outsourced.

Management and development processes represent the processes of managing the enterprise's activities, implementing the functions of planning, organizing, accounting, monitoring and regulating the main and auxiliary business processes. From the point of view of creating added value, such processes should be classified as auxiliary, since they also ensure the effective flow of the main processes.

Development processes are separate and are also considered auxiliary, since their task is to ensure the development of the enterprise and its product in the long term.

The given classification, in the author’s opinion, is quite convenient, because it helps to understand the entire set of business processes occurring at the enterprise and optimize them by implementing effective management.

In 1985, M. Porter described a model of the enterprise value chain, which considers the entire enterprise as a set of interconnected business processes and allows for their optimization in order to reduce costs (business processes that do not represent value for the consumer) and generate profit.

III. Results

The value chain combines the primary and secondary processes of an enterprise in one circuit. The primary processes are represented by the production and distribution of the main product, and the secondary processes ensure the effective flow of the primary business processes.

Thus, within the framework of the value chain model with this approach, the following main business processes are distinguished: internal and external logistics, production, marketing and sales, as well as after-sales service.

Auxiliary business processes include: material and technical support, maintenance of enterprise infrastructure, human resource management, and development of the enterprise’s technical and technological base.

The main characteristics of the enterprise business processes are:

– focus on the end consumer and “influence groups”, thanks to which the process of realizing the produced value will take place;

– “process entry parameters” are the requirements that the consumer puts forward for the final product, namely the value for which the consumer is willing to pay;

– unsatisfied consumer demand at a certain point in time is the catalyst for the business process, and the satisfaction received from the product or service is its final stage;

– a business process consists of a set of interconnected processes and tasks, where the final result of one task is the beginning for the next, that is, a certain chain is created;

– each process executor unit acts as the executor of a certain range of work, however, sometimes they can be the executors of several types of processes;

– business processes are repetitive in time and space.

Optimization of business processes is extremely important for enterprises that provide services to consumers and have an extensive network of branches. These are, first of all, distributors, service enterprises, retail chains, etc. [4].

In general, optimization makes it possible to describe and link all business processes that are present at the enterprise for the purpose of regulating them, that is, defining the areas of responsibility of each employee or department to eliminate conflicts within the company, which will ensure their effectiveness. Only those processes that are often repeated should be optimized.

Optimization is relevant in the case of:

– the need to increase the company's transparency;

– change of the enterprise manager;

- sales of the enterprise;

- associations of enterprises.

The description of business processes becomes effective under the following conditions:

– if the company in which optimization is planned is small, since it is constantly changing its strategy, and therefore optimization may no longer be relevant and costly;

– if, on the contrary, the enterprise is quite large and has more than 5 thousand employees, in this case, optimization will be quite costly in terms of finances and time, since it requires the use of special technologies for describing business processes;

– in the absence of managers at the enterprise who would be responsible for organizing and adjusting business processes.

The main areas of business process optimization include:

1. Optimization of resource provision of the business process along the entire value chain of the enterprise, which is achieved through vertical and horizontal compaction of processes. Vertical compaction is possible due to the provision of independence to employees in decision-making (delegation of authority from the manager's area of activity) and leads to a reduction in the time for the process execution. Horizontal compaction is based on the use of labor of semi-skilled and broadly specialized workers who will specialize in the execution of a number of similar processes. This direction, on the one hand, allows avoiding a number of errors in the execution of business processes due to the minimization of performers, and on the other hand, helps to minimize information gaps, which, as a rule, slow down the flow of processes.

2. Minimal involvement of managers in the implementation of the business process – as practice shows, the involvement of a manager slows down the implementation of the business process, employees begin to lose independence, and affects the time and quality of the results obtained.

3. Elimination of unnecessary stages of conducting control operations of the business process. It is worth eliminating, if possible, intermediate control, which is carried out by the functional divisions of the enterprise during the implementation of the business process, but strengthening control over its results, which significantly optimizes the time of its implementation.

4. Application of such an important principle of production organization as parallelism. Currently, reducing the cycle of business process execution is a competitive advantage in the market, therefore, there is a need to execute most processes in parallel, which of course will complicate the business process itself, but will provide savings in time for its execution.

5. Implementation of typification of most processes. A high degree of typification of partial processes makes it possible to automate them and allows, having several algorithms for implementing the process, to determine typified scenarios for its flow.

6. Maximum simplification of processes to increase the ease of their execution, which will minimize the number of errors during the process and speed up the time of their execution.

7. Using benchmarking procedures to study best practices in organizing business processes. The essence of this method is to study the best experience in implementing business processes in order to transfer the main procedures, technologies, standards, and methods for implementing these processes to the activities of your own enterprise. The best representative of the industry is selected for the study and it is determined how this business process ensures profit generation, how costs are saved, the quality and competitiveness of products are ensured, etc.

As practice shows, when implementing benchmarking, the organization's managers may encounter various problems that create obstacles to effective benchmarking activities. Some problems are associated with improperly conducted research, and some - with insufficient motivation to adapt best practices. In addition to these, other problems may arise, for example, lack of resources, limited time, lack of necessary information about competitors, imperfect planning, insufficient skill level of employees, etc. However, despite the problems that may arise when conducting benchmarking, the successful results of its application by many leading organizations are evidence of its value and effectiveness.

Benchmarking is a specific technology that involves the implementation of five consecutive stages:

1. Planning. At this stage, the scope and objectives of benchmarking are determined to improve the organization’s activities.

2. Data collection. This stage involves collecting the data needed for comparison, as well as determining the methodology for conducting the analysis.

3. Analysis. At this stage, the level of efficiency of two organizations is assessed: your own organization and the one selected for comparison.

4. Implementation. At this stage, a strategy and tactics for combating the organization’s weaknesses that were identified during the comparison are formed.

5. Monitoring and evaluation. This stage involves calculating the relevant performance indicators in order to determine the impact of the implemented benchmarking activities on the main processes of the organization.

One of the important advantages of using benchmarking is that it has a positive impact on the innovative development of the organization, in particular [1]:

– promotes the generation of innovative ideas and their implementation;

– ensures increased efficiency and productivity of business processes;

– improves the quality of products and services provided by the organization;

– increases the motivation of employees to achieve new goals and organizational development. “As a result, the lack of effective change management can lead to the collapse of the organization” [3];

– contributes to the growth of the organization’s competitive advantages in the market.

8. Business process reengineering. This approach is used to redesign existing processes that are likely to be poorly performing or are outdated and not generating profit. Reengineering requires the involvement of a team that will create a new business process without paying attention to the existing one.

9. Continuous improvement of business processes based on systematic analysis with the development of procedures for their improvement.

Partial methods of business process optimization include the following:

– optimization of the product portfolio, which is based on conducting marketing research and identifying products that provide the greatest inflow of profit to the enterprise;

– optimization of cash flows that do not contribute to obtaining profit in the planned amount and require changing the schedule of investments in low-income projects in order to eliminate gaps in cash flows between the receipt and expenditure of monetary resources;

– optimization of work with debtors, which includes revision of the terms of commercial credit in terms of payment terms and amounts;

– optimization of accounts payable, which can be carried out by methods of transferring part of the rights to ownership of assets in repayment of debt to creditors or transferring shares or a

stake in the capital of an enterprise in exchange for receiving better conditions for attracting credit resources [5].

IV. Discussion

Let's look at a number of the main mistakes that business process managers and executives make during their optimization in an unfavorable economic situation:

– refusal or "freezing" of some projects that are aimed at the development of the enterprise, because the situation on the market will change, and development will have to be accelerated, which will lead to additional costs and possible losses of consumers, market share, etc.;

– lack of foresight and the closure of some areas of activity that are currently unprofitable, without waiting for the return on investment;

– savings on wages of key employees, reduction of bonuses and other additional payments;

– reduction of the number of employees through dismissal or transfer and a shorter working day [2].

The expected results of optimizing the enterprise's business processes include:

- reduction of the time for the execution of the entire business process, which is ensured by the reduction of the time for the execution of each partial process, due to the implementation of the principle of parallel execution and typification, because, as the practice of leading companies shows, the implementation of these measures helps to reduce the time for the execution of business processes by 20 - 200 times;

– reduction of downtime between operations of the main business process;

– reducing the duration of the business process leads to increased labor productivity of workers, acceleration of the turnover of the enterprise's capital and improvement of the enterprise's business activity, growth of the enterprise's market share and increase in profits;

– optimization of business processes ensures a reduction in their cost;

– maximum satisfaction of existing consumer needs is achieved;

– interaction between the functional divisions of the enterprise is improved by eliminating duplication of their responsibilities and reducing the time required for decision-making, etc.

Thus, modern trends in economic development put forward new requirements for the functioning of business models of manufacturing enterprises, which, in an attempt to maintain competitive positions in the market, must implement a number of measures to optimize their own business processes throughout the entire value chain for the end consumer.

It has been established that a business model consists of a number of business processes (partial elements), which in turn are divided into primary, auxiliary, management business processes and enterprise development processes. It has been proven that optimization of business processes is a necessary condition for enterprise survival in the market. The main directions of optimization of business processes of a business model of a manufacturing enterprise are presented, among which the most important are those that make it possible to reduce the costs of time and resources when performing each element of a business process, which ultimately leads to increased labor productivity, acceleration of the enterprise's capital turnover, reduction of production and commercial cycles, ensuring the generation of profit in the planned volume, maximum satisfaction of existing and potential consumer needs and an increase in the presence of the enterprise in a certain market niche.

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