

Increasing the Efficiency of Using the Economic Potential of Service Enterprises

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Annotation: *In the dynamic world, any company needs tools and methods for improving business efficiency. High competition in the global market dictates the need to find ways to be competitive. For this purpose, it is necessary to use advanced achievements and technologies in business management. New management methods, including a process approach, are required. The purpose of the article is to prove the expediency of the process approach as a method for improving the company's management system and developing recommendations for optimizing key business processes.*

Keywords: *economic potential, service enterprises, business efficiency, process quality management (PQM), management, client relations*

INTRODUCTION

Currently, there is an accelerated increase in requirements for improving business management efficiency. This is due to numerous internal and external factors affecting the company. Top-level managers take into account external factors affecting the company since it operates in the unstable external economic environment. These include globalization of the world economy and production globalization, an increase in interdependence of producers, a high rate of development of scientific and technological progresses and innovation, high expenditures on thematic research and development, sanction trade restrictions.

For successful survival in the market and implementation of a development strategy, a company should be flexible and dynamically developing, since the key factor in increasing competitiveness is time. In addition, the external business environment is becoming increasingly complex and

uncertain. The modern company should be able to adapt and improve its financial and economic sustainability.

Methods

The basis of the research is scientific and practical works by leading scientists who identified patterns

of the evolution of management as a science, principles of scientific leadership and application of the process approach to company management classical and modern models of industrial innovation. Special attention is paid to the work on reengineering of business processes as a whole [5, p. and in enterprises belonging to various economic sectors in particular. The works on modeling business processes the Business Process Management (BPM) System the role of the context in BPM were analyzed. The studies used a wide range of general scientific methods, including a system approach, economic and statistical methods, comparison, classification, scientific abstraction, etc.

Research results

In the modern world, many companies are low efficient. To increase business efficiency, let us consider business process management. Most organizational tasks are cross-functional in nature. It is necessary to implement the concept of process management to improve company efficiency. There are three solutions: description and management of processes, creation of a process organizational structure and cross-functional problem solving. The easiest way is to use business processes to identify certain problems cross-functional groups will work on. One can use formalization. Based on a broad definition of business processes, company executives can explore the workflow and its cross-functional aspects causing difficulties. Then, priorities are set and cross-functional groups are formed. From a methodological point of view, there are two alternative ways for providing group assignments. First, it is possible to use the formal structure of an organization for setting a task, analyzing and collecting data on its activities, developing and testing possible alternative options in order to make the most preferable management decision. The second way is based on the system reengineering of business processes. The first method based on creation of a formal troubleshooting team is relatively safe for the company. The second method is more radical and may cause a number of problems, especially if it is used as a tool for developing the company as a whole or for comprehensive management process improvement. The second way is more streamlined. First of all, we are talking about the most important business processes in accordance with unified and rigorous principles. Different approaches can be used, but the most successful one is the process quality management

(PQM) method. The PQM describes the mission of the organization (its fundamental goal), units or divisions, a list of key success factors that are necessary and sufficient to accomplish the mission. There are eight key success factors. The next step is description of daily activities aimed at carrying out company's business operations and new activities which are required for successful accomplishment of the company's mission. As a rule, there are about 20-30 business processes in the company. At this stage, the processes are ranked by their importance, current effectiveness and status of the owners. It is necessary to understand which of the company's employees wins the most if the business process is effective, and who loses if it is ineffective. Selected employees are members of the team describing business processes. They are executives and top managers of the company. There are a lot of ways to improve management system efficiency, one of which is to use the business process reengineering. Its use requires synchronization, since the decision of the process owner to use the BPR without understanding and support from other top managers can cause chaos in the company. Conversely, if all process owners decide to use this approach at the same time, the result will be the same. Some of the methods used during business process improvement are relatively safe. Even if they turn out to be wrong, the damage will not be significant. The third way to use our knowledge of business processes in practice allows us to describe the organizational structure of the company and manage the organization itself. The method involves understanding that the organizational structures influence business efficiency. Most organizational structures are designed to impede improvement of the company. Departments of the company deal with one functional area, feel like self-sufficient structures, do not understand the company mission. It is possible to reduce the number of structures influencing business processes by creating work groups. These groups will include specialists responsible for the entire business process rather than for its specific areas. The organizational structure of the company should comply with its mission. In most cases, reorganizers define development of the organizational structure as placement of the names of company's functional units in squares of the organigram. Consequently, improvement of the organizational structure should be synchronized with existing business processes. Let us analyze modern approaches to business management. In highly competitive markets, there are two groups of counterparties: - irregular (one-time) counterparties who can easily contact another supplier of the product or service; - permanent (loyal) counterparties who constantly work together and form special requirements for the product or service. The latter group are partners who participate in product cost management. In this case, creation of a business network is one of the key success factors. If business partners cannot reconcile their interests, it will be difficult for them to have loyal customers. Top managers of the company are interested in streamlining their relationships with suppliers and consumers. The

following approaches can be used for structuring relationships in the business network: first, to choose a “key supplier” - a strategic partner that provides key products and services to the client company; secondly, to conclude long-term strategic partnership agreements between the supplier and the customer-consumer. The company's client has to monitor the market of consumed products and

services, compare the strategic partner and their competitors to make sure that the products and services you purchase are optimal in price and quality. It is also necessary to integrate interaction of the provider and the customer (including information interaction) based on modern e-business technologies in order to provide products and services of the required quality at the required time.

Conclusion

It is necessary to manage your client portfolio, try to maximize the value created by this portfolio. At the same time, management of the client portfolio excludes two components: financial management of client relations and operational management of client relations (interaction of the company with key partners). Transition from one-time or even regular deals to strong relationships with counterparties will allow participants to gain a stable financial advantage over competitors. The service-profit chain is a powerful tool for understanding how the integration of partners in a business network can be a lever for increasing business efficiency. There is a direct link between good services and a steady profit growth. Consequently, it is necessary to provide high quality products and services to customers. The service-profit chain emphasizes the importance of quality management of the sales chain, in which effective partner relationships increase the business activity index. The key to managing the service-profit chain is interfirm relations based on a quick response to changing needs of customers and attentive after-sale attitude towards. The inter-company relations are possible only if managers of the partner companies can make these decisions and are motivated to manage problems. Encouraging the initiative of partners, their proposals for improving products and services, the business network uses its own potential for business development.

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