WAYS OF TRANSFORMING AIDS INTO RESULTS AT SUCCESSFUL COMPANIES

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Abstract. The combination of coupled managerial approaches directed to designing a full-functional system of improving the business functioning is examined in this research. This improvement could be achieved on the basis of the business processes uninterrupted monitoring. Such system is oriented to the establishment of the integral analytical business platform for providing the coordinated objectives setting, timely revealing and neutralising the unforeseen events, decision-making at different levels of an organization.

Keywords: goal-setting, methodology, requirements to executors, system, dynamic indices, decision-making.

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1. Introduction

Under contemporary conditions against a background of the permanently strained competition, the management of the company needs such controlling tools, which allow an efficient assessment of changes taking place in business and a constant monitoring various activities of a company. Today the old technologies for managers is often inefficient and do not give the company an opportunity to see timely the changes in its activity and the surrounding conditions of business.

Each year companies start using wider the process approach to management, which is based on the company’s business processes management (Репин и Елиферов 2004). Any business process represents a totality of the interconnected types of activity, transforming inputs into outputs, interesting for the internal and external consumers. The advantages of the company’s orientation to business processes consist in the fact that:
• the final product value is formed in the very course of business processes;
• each process has a consumer, and concentration on the process promotes a better satisfaction of consumers’ demands;
• the process management allows to control better the time of the work execution and resources.

Therefore, the task of the analysis and optimization of business processes today is foremost for arranging a company’s efficient management. Today there is a wide spectrum of methods and technologies of management both in the management science and in adjacent areas. For example, nowadays various systems of business processes modelling and their optimization on the reproduction basis by a model of different versions of the company’s development strategy are very popular.

Nonetheless, to have such a decision to be well grounded, the constructed model of business process must be adequate and approximated to reality at maximum. That is why in the presence of a large number of modern software modelling tools a proper process of the computer model construction goes to the second ground relatively to the development of the conceptual model on the basis of the integrated system analysis of business processes.

Contemporary managers should have mechanisms allowing to present business processes precisely, visually, and in a proper time. Due to a clear vision one can reach an effective interaction and mutual perfection both of the internal and the external industrial processes.

It is necessary to mention that in practice during the description of business-processes companies face the considerable difficulties. Often the IT department specialists, mastering the art of the business processes software description but having no relation to the real-time management, perform the description of the enterprise’s business processes. The results of such a description misrepresent a real situation of business due to the simplification of business processes and description of the internal processes of the enterprise without taking into account clients’ interests and suppliers.

On the other hand, when the description of business processes is performed by the top-management of the company striving to optimise the organizational structure or to choose a new strategic way of development, the accuracy of the business processes is also unsatisfying. It happens because the representatives of top-management do not have enough time for the opportune every-day supervising the changes occurred in the organizational business processes. That is why only 10 % of organizations implement their strategy in practice according to R. Kaplan & D. Norton (Niven 2004).

A new management technology developed on the basis of the offered methodology of business processes management (MBP) is suggested in this paper. Implementing the ”management of business processes” term is stipulated by designing the system of a description and support of business processes by own forces on the basis of the non-traditional approaches. For the analysis of the opportunity of this technology implementation, the pattern of the business processes management by a number of the Latvian transport enterprises is being investigated.

2. Investigation of MBP problems at a Latvian transport enterprise

The analysis of the situation with MBP has been performed in 12 successful Latvian transport enterprises. The choice of exactly this branch of industry is conditioned by the dynamics of
the modern processes reflected in the quickly changing environment of the transport sphere, and, as well by the fact that the authors’ research activity is connected just with this area.

Two methods were used during the research: testing and interviewing the management.

These methods were used for estimating the existing support structure of the business processes with the aim to ground their efficiency, and as well for the investigation of the opportunities of their improvement and visualization.

The professionals of 3 basic groups participated as experts. The leaders of enterprises formed the first group, the managers of subdivisions formed the second group, and the interviewing business consultants represented the third one.

The main results of testing and interviewing are represented in Table 1.

**Table 1.** Estimation of the entire representation of the enterprise business processes

<table>
<thead>
<tr>
<th>Major mechanisms influencing the business processes monitoring</th>
<th>Leaders of enterprise, %</th>
<th>Managers of subdivisions, %</th>
<th>Business consultants, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Presence of the efficient mission of the enterprise</td>
<td>71</td>
<td>54</td>
<td>37</td>
</tr>
<tr>
<td>2. Observance of the developed mission</td>
<td>6</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>3. Presence of the efficient strategy.</td>
<td>65</td>
<td>42</td>
<td>24</td>
</tr>
<tr>
<td>4. Implementation of the strategy</td>
<td>16</td>
<td>11</td>
<td>8</td>
</tr>
<tr>
<td>5. Implementing the balanced system of characteristics (BSC)</td>
<td>15</td>
<td>14</td>
<td>13</td>
</tr>
<tr>
<td>6. Implementing the process-oriented technology (ABC/M)</td>
<td>37</td>
<td>32</td>
<td>29</td>
</tr>
<tr>
<td>7. Implementing the client relationships management technologies (CRM)</td>
<td>39</td>
<td>34</td>
<td>33</td>
</tr>
<tr>
<td>8. Presence of the certificate of quality</td>
<td>29</td>
<td>27</td>
<td>29</td>
</tr>
<tr>
<td>9. Application of the business processes re-engineering tools</td>
<td>19</td>
<td>17</td>
<td>21</td>
</tr>
<tr>
<td>10. Application of the “Lean Manufacturing” tools technology</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>11. Implementing the cost estimation mechanisms</td>
<td>18</td>
<td>12</td>
<td>14</td>
</tr>
<tr>
<td>12. Own software development</td>
<td>95</td>
<td>92</td>
<td>95</td>
</tr>
<tr>
<td>13. Percentage of failures due to the business processes non-coordination</td>
<td>50</td>
<td>72</td>
<td>77</td>
</tr>
<tr>
<td>14. Need in the business processes entire support technology</td>
<td>77</td>
<td>81</td>
<td>85</td>
</tr>
</tbody>
</table>
As it is evident, the top management of enterprises estimates the arrangement and performance of the management processes slightly higher than the heads of subdivisions and business consultants. In general, one can see the tendency of the enterprises to implement the efficient managerial tools and technologies. A high percentage of the opinions is connected with the necessity of the mission development and the choice of the strategic way of the development. But the practice of their implementing shows very low results now. It is impossible to follow the determined mission, because of non-concordance of the set aims the and obtained results.

The unforeseen circumstances, existing during implementing the strategy, the imperfect methodology of decision-making, non-coordination between the descriptive and real business processes could be the main reason for it.

The management of the examined enterprises is striving to eliminate the given disadvantages by the purchase of the modern software products and information technologies. However, a high percentage of failures arising during the elimination of malfunctions in case of non-concordance of business processes characterizes the inefficiency of their use. The thing is that the implementation of new information technology often leads to new additional problems caused by the presence of the non-standard and incompatible softwares as well as by the absence of the computer platforms succession. Own software products do not help in such cases. Their development should be performed only after the execution of one interconnected description of really functioning business processes. The given conclusion is confirmed by a high percentage of positive experts’ opinions related to demand of the business processes entire support technology application.

This is the aim of the suggested business-processes management technology, because with its help it will be possible not only to perform the efficient management of the business processes, but also to use it as a conceptual base for business modelling and own software products planning.

3. Business processes management methodology

The main peculiarity of the MBP methodology consists in the uninterrupted effective supervising and perfecting the business processes. In order to do this, one should provide the visualization and transparency of business processes by means of concordance of aims and final results of all operations implemented by managers of enterprises within the organization as well as beyond it.

The estimation of the efficiency of the obtained results is performed on the basis of cost measurement allowing to define not only the correctness of the made decisions, but to reveal the concealed levers of the organization development and to find out components of specific losses.

The assignment of aims is being performed during the detailed investigation of possible defects, which can lead to the business processes failures in future.

At that the interests of the parties, involved in a certain business, are taken into account. By that at the initial stage of business the requirements capable of providing the visualization and transparency of the future business processes are developed. Developing and monitoring
the business processes are given to a special team of managers responsible for bringing together all operations in one, taking into account the shift of priority towards the interteam relationships, but not towards the existing operational cycle. It is achieved on the basis of the values creation maps, where beforehand the elements capable of leading to the non-concordance of business conduct are taken into account. In other words, the case in point is the arrangement of a constant monitoring with the help of the entire vision of all business processes. In the given context a certain logical consequence of the distributed in time and space activities aimed at obtaining a certain service and/or products is taken into account. So, for example, for a transport enterprise, when describing the processes, it is necessary to take into account not the traditional activities, connected with the reflection of the transport systems and the involved personnel, but to be guided by all participants` mutual perception of objects and events images with their further representation in certain activities. First of all, all this accelerates the exchange of business information and reduces risks of untimely and erroneous activities leading to wrong and inefficient decisions.

The offered methodology was developed on the basis of the scientific methodology of prevision, adaptation to the mutual goals of the enterprise development and variable conditions of the external environment (Копытов и Файнглоз 2007). The given methodology includes the elements of investigating the structure, logical organization, methods and means of activities.

In a wide sense, the MBP methodology forms a system of notions about the maximal approximation of the described business processes to real ones, which, by its essence, becomes a subject of study and rationalization. In the given context any methodological knowledge must appear, on the one hand, as a totality of prescriptions and norms where a content and sequence of certain stages of the business processes construction are fixed, on the other hand, as a complex of descriptions of the factual execution of these processes. According to such an approach, the function of a concrete task consists of an internal arrangement and regulating the process of cognition of the practical creation or transformation of an investigated object.

Thus, the methodology of the science (MBP) should develop the characteristics of components of the scientific research. To such components the object of investigation, the object of analysis, the set tasks, the used means and procedures should be referred. All of them should be joined in such a way that it would be possible to understand the process of formation of the entire vision of a researcher during the concrete task solving by him/her.

Thus, the main attention should be paid to the search for the right way, which is situated between the internal facilities of the enterprise and the possibilities, which are opened in the competitive sphere of its activities.

In other words, the rational approach of creating business processes is used for determining the course of actions and the best extent of reaching goals.

Further implementation of the rational principles should be broaden on the basis of the systematic approach, which calls in question the universality of the single model.

The goals of this model depend on social characteristics of the main designer of business processes and the social model, where he/she acts.

The realization of MBP starts with the preliminarily setting a task, where the conditions of business processes creating are formed taking into account their whole perception (Копытов 2006). In order to do that, at first it is necessary to determine the clear borders of the
research area with the obligatory instruction of the factual and desirable state of affairs. The factual state of affairs is determined by the real characteristics of the research area, but the desirable situation is determined by a vision of the originator’s of a certain problem. The major component of any arrangement is the exposure of the discrepancy that appears between the factual and desirable state. These states characterise two points of view formed during the perception of the mentioned state of affairs. It should be noticed that the presence of such discrepancy determines a fact that a problem exists. As a rule, any problem might be viewed from the position of eliminating certain disadvantages that in totality represent the arisen discrepancy. The elimination of these disadvantages, as a rule, predetermines urgency of a problem and very often characterizes the novelty in task setting. In case of proving the actuality and novelty of a problem, it is necessary to offer well-grounded decisions for eliminating disadvantages on the basis of various tools of the factor analysis, originating the reasons and characteristics of a certain problem, as well as the methods of estimation and realization of the selected efficient means for forming and using the enterprise's resources. In such a way, one could reveal the composition of MBP on the stage of task setting. This composition is qualitatively determined by way of the essential signs, but quantitatively it is determined by differential signs. In order to determine signs, one can search for special, common and general features. This generalization due to the direction of the detailed elaboration could be determined in two ways: “top-down” relatively the higher categories, or “bottom-up” regarding the lower categories. Thus, the selected signs allow finding the similarity of perception when reflecting the true reality in the subjective activity of the business processes designer. Further this activity is reproduced at the quantitative level and estimated with the help of indices of the integral features of differences. As a result, the chosen indices should be used as a basis for the next decision.

The second stage of the MBP methodology represents the development of the subject of the research. Such a subject is constantly being changed according to the level of changes in the designer's vision of the real situation of business processes. In spite of this, different changes of the internal business processes relatively to the external environment are used as the subject of the MBP research. The investigation of the subject is held according to the determined problems, goals and tasks directed to solving problems in the best way. Thus, any change of the business processes designer's vision caused by the happened changes of surroundings and internal environment should influence the processes of any decision-making. The subject of MBP could be represented in the way of the systematic approach of the strategic variables management (Fig. 1).

<table>
<thead>
<tr>
<th>Positioning of the enterprise by means of strategy</th>
<th>Planning the enterprise possibilities</th>
<th>Realization of strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>The subject of MBP</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Response to problems</td>
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<tr>
<td></td>
<td></td>
<td>Problem management</td>
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<td></td>
<td></td>
<td>Staff resistance control</td>
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</tbody>
</table>

**Fig. 1.** The subject of MBP as the systematic approach to the strategic variables management
The subject of MBP is examined from the position of the systematic approach, in which within the frames of the strategy, forming a positioning of the enterprise in the community external environment is performed. For that, the strategic planning of the enterprise possibilities is implemented. Further in the process of the strategy implementation in real time mode the strategic response to problems, which must be eliminated during a continuous monitoring, is performed. Besides, the systematic control of the staff resistance relatively to the implementation of the determined strategy is ensured.

The analysis of the research object is conducted on the third stage of the MBP methodology. The components of the business processes are used as the object of the research. During their analysis the structure of the business processes is determined and investigated at the level of the optimal modes of the separate elements and components functioning. At first, the characteristic elements of the certain business process are determined from the position of MBP, and then its further comprehension is performed by means of the generalized components. It is necessary to notice that in this case only the composition of elements and components is grounded, while the existing links are determined only partly. The existence of the uncertainty factor and the informalized character of the business processes structure, provoke it. Thus, it is necessary to reveal the essence of the problem. At that, the degree of the detailed elaboration of the problem is revealed to such extent that it is possible to determine the obvious consequences of further decision-making.

The final interfacing the existing elements and components happens at the 4th stage of the MBP methodology. The formal aspects of this methodology are connected with a formal structure. At that the methods of the components rearrangement in the old construction for obtaining a new one or joining new parts by new methods are used. At the qualitative level such actions represent the fixation of links between the elements, which were determined by the decomposition of signs. It allows focusing the subjective entire view on the existing business processes. The final generalization is implemented during the application of the qualitative estimation procedures allowing establishing relations among the business processes components. These relations are used for implementing reproduced properties and comprehending the components of the integral formation in the unforeseen circumstances.

Thus, the examined MBP methodology is represented as the following scheme (Fig. 2):

<table>
<thead>
<tr>
<th>Preliminary task setting</th>
</tr>
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<tbody>
<tr>
<td>Detailed elaboration of task setting</td>
</tr>
<tr>
<td><strong>Investigation of problem</strong></td>
</tr>
<tr>
<td>Synergy of results</td>
</tr>
<tr>
<td>Decision-making</td>
</tr>
<tr>
<td>Formation of conformity</td>
</tr>
</tbody>
</table>

Fig. 2. The enlarged scheme of the MBP methodology
The appearance of “Synergy of results” stage is stipulated by achieving the positive cumulative effect (2+2=5), which should significantly increase the combined results of different business processes, in comparison with the efficiency levels of each of them separately. Thus, the business process contributes in the process of the extra cost making at the level of the enterprise that finally influences the results of synergy.

The possibility of making timely efficient decisions aimed to achieve the desired state of the business processes in future is ensured at the “decision making” stage. The efficiency of the made decision depends on the professionalism of the specialist responsible for decision-making and his/her level of preparedness for decision-making. During the decision-making it is necessary to observe the following rule. If the results of the managerial decisions analysis force us thinking about the possible development of the situation, as well as the correctness of the set goals setting is doubtful, then it is necessary to revalue and change the enterprise strategy. Changing the strategy consists of 2 phases. In the first phase the new possibilities and dangers are taken into account, the resource base of the enterprise is redistributed, the system of values of the top management is defined more exactly and the social responsibility of the enterprise is re-valued. The second phase of changing includes the modification of the organizational processes configuration, and the management style change.

The “Formation of Conformity” stage represents the coordination of the determined strategy and MBP from the point of view of the arrangement of the efficient functioning of the enterprise. The capability of management to follow the elaborated strategy is investigated at this stage. The start for the successful implementation of strategy is formed just here. Therefore, the application of the MBP methodology represents the complicated process connected with the organizational factors, as well as with the special managerial thinking forming. Such thinking should be developed not only by the employees designing and improving the business-processes, but also by the entire staff.

4. Broadening the area of the system character of the business processes management methodology owing to the non-system factors investigation

The examined MBP methodology refers to the system methodologies class. This feature advantageously distinguishes it from other methodologies. However, at present the system methodology, in spite of its entire value and the professional necessity, is coming in for criticism increasingly from the position of its practical application (Cokins 2004).

The main reason for such criticism is the artificial bringing of this system to some balanced category, with the help of which one could get rid of the revealed contradictions capable of leading to simple decisions. Thus, it is possible to approach the estimation of system functioning in the conditions of uncertainty and constant unsteadiness provoked by the internal manifestations.

As a rule, such manifestations occur on the basis of redundancy or lack of information that, in its turn, leads to the insufficient knowledge and, as a result, negatively influences the efficiency of the made decisions. The problem solution one can search beyond the frames of the traditional system methodology. It should be taken into account that the essence of the
problem lies not in the limited nature of the scientific understanding, but in the complexity of the practical implementation. Thus, the systematic approach assumes the presence of the entire interconnection of a great number of components. These components are limited by the subjective perception of the true reality as well as by the imperfection and incompleteness of the applied tools. Besides, the existing links among the system elements are changing very often that finally results in its disordered integrity. In this case a special influence on the integrity destruction is caused not by the composition of elements (and components), forming the system or their structural constructions (links and relations), but the conceptual character of reasons and features of elements from the position of their impact directly on the system and its surroundings. The composition and structure are created on the basis of standard procedures and that is why the majority of them have the stable systematic nature (excluding the very complex systems). The composition of the system is determined by the visions of its designers with their individual characteristics, personal values, emotions, spirits, etc (Neave and Deming 1990). All this leads to the mutually exclusive contradictions among separate individuals and communities. Just these contradictions create the non-systematic component of controllability, which is the source of conflicts and disagreement of the “aims-and-results” compliance. Thus, the compositional aspects are the typical signs of the system disorganization. These signs should be studied before the system designing that will allow the qualitative foreseeing and perceiving the methods and ways that are impossible to systemize. In that way it is possible to determine not only the non-systematic problems in intercepting the weak signs of their manifestations, but also to determine in advance the ways of restoration of the aims achievement coordination. In other words, the system character area is widening during the investigation of the non-system problems. Their further detailed elaboration should be directed to the estimation of the organizational defects owing to the reproduction of their properties at the qualitative level. The qualitative estimation of defects at the pre-planning stage will allow revealing the nature of dangers of the unknown origin and estimating the scale of their overcoming. As a result, the precision and formalization of requirements to the designing the future system are increased. It should be noticed that with such approach the process of the step-type detailed elaboration does not impede the system controllability because the external requirements are developed according to the activities of the certain executors.

Such activities taking into account the specificity of the quality factor sensitiveness and having the quantitative grounding of the consequences allow to formalize the future business processes owing to the successive ensuring a transparency of the performing functions but not vice versa (when at the beginning the business processes, for which the executors’ functions are formalized, are described and then the general demands are made). It its turn, this improves the quality of the business processes monitoring, decreases the number of the fuzzy rules, reduces the redundancy, improves the coordination of aims and the activity results.

In this connection the investigation of the non-system preconditions is included, which, in conditions of the insufficient knowledge, growth of uncertainty and mutual dependency, are directed to the non-standard methods, allowing linking the future business processes with certain executors. Moreover, the immersion into the non-system environment at the initial stage of the task setting broadens the systematic character area, where the certain priorities
on the path to the system improving during the process of its designing are determined. With such approach before certain activities implementing, it is necessary to improve the methodological ways of the objective reality cognition and search for the efficient managerial decisions. Revealing and estimating the possible future defects stipulate their efficiency. Moreover, these possible manifestations were preliminary investigated because a set of the warning measures was developed for them. First of all, the tools, on the base of which one can solve problems in the unfavourable situations, are at the disposal of managers. In future, it improves the quality of the offered product promoting owing to the managerial thinking perfecting. In other words, the systems tools are supplemented with the off-system mechanisms allowing revealing the nature of the hidden events, which finally determine the area of the unstable state and development of the complex system. Just here the development of the system approach methodology takes place that ensures a stable organizational development in conditions of uncertainty and continuous changing the surrounding environment. Thus, the result-oriented designing, where the problem situations and dangers are included, increases the general controllability of the organization. In cases when the non-standard situation arises in practice that can disturb the equilibrium of the organization, then the earlier grounded impacts for neutralization of the potential dangers are performed. In that way, the planned recovery of the organization takes place (Пригожин 2007).

It is necessary to notice that the made decisions are investigated, information related to them is processed and accumulated. All this is a base for making new performing demands, aims and results coordinating, the business processes correcting that, in its turn, leads to perfecting the practice of the MBP system methodology application.

5. Interpretation of the MBP goal-setting elements by means of the interdependent balanced indices set

The efficiency of the results of the made decisions of the MBP methodology is determined on the base of the balanced interdependent indices set. One should choose such indices, which reflect their clear relationship with the specificity of the developed business processes and meet the goals set in advance (Копитов 2005). The estimation of indices is held according to the set periodicity of registration and observations. Between the selected indices the analysis of the existing interrelations is held from the position of their influence on the initial, intermediate and final results of the enterprise activities, which, in their turn, should be coordinated with determined goals. The indices calculation algorithms are designed taking into account all possible participants’ demands made to business. Finally, these requirements are brought to a set of restrictions for the certain business-processes (Фаинглоц 2006).

Fig. 3 represents the scheme of the successive measurement of indices in the frame of MBP.

The given scheme of the indices balanced complex formation to some degree meets the process of building a tree of aims. The major distinction is the technology of designing. The descending designing technology “top-down” is implemented during the process of opening multi-level system of aims.
<table>
<thead>
<tr>
<th>1. Business processes</th>
<th>Personnel</th>
<th>Ownership capital</th>
<th>Debenture</th>
<th>Information</th>
<th>Technologies and projects</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Fixed capital</td>
<td>Materials</td>
<td>Salary</td>
<td>Overhead expenses</td>
<td>Incomplete manufacturing</td>
<td>Production</td>
<td>Extra-budgetary funds</td>
</tr>
<tr>
<td>3. Income</td>
<td>Expense</td>
<td>Financial resources</td>
<td>Stock</td>
<td>Credit debts</td>
<td>Shock-absorption</td>
<td>Debit debts</td>
</tr>
<tr>
<td>4. Profit</td>
<td>Taxes</td>
<td>Percentage</td>
<td>Net profit</td>
<td>Dividends</td>
<td>Motivation</td>
<td>Ill-distributed profit</td>
</tr>
<tr>
<td>5. Profitability</td>
<td>Liquidness</td>
<td>Solvency</td>
<td>Financial streams</td>
<td>Discount rate</td>
<td>Growth</td>
<td>Stability</td>
</tr>
</tbody>
</table>

Fig. 3. Forming a balanced complex of MBP dynamic indices
The purport of creating and existence of the enterprise is investigated at the initial stage. This purport should open the desired ideal concept about the business processes state. At that, the conditions of the balanced approach by a long-term growth and short-term results are determined, at which the set parameters must exceed the analogous indices of competitors. Then the mission of the enterprise reflecting the social destination of a working enterprise is formulated. The mission is the strategic instrument identifying the target market and the enterprise business. The given tool should help the enterprise staff to perceive and interpret the business-processes in a similar way. Thus, the preconditions for the mutual cognition of values are created. Such cognition takes place on the basis of the standardized rules of behaviour determined by the sum of skills, personnel and a style of management. The standardized rules characterize the target directions successively revealing the strategic and structural aspects of the business processes arrangement. First of all the most general milestones are outlined in the planning period that are supposed to be achieved in full volume or in its general part. Thus, according to the set milestones obtained on the basis of the designed system of norms, the control of the desired final results of the enterprise’s goals achievement is performed.

The considered order of goal setting is oriented to forming a hierarchical structure of indices that quantitatively reflects each level in the general system of aims. Moreover, the design of such structure is held taking into account the requirements of the performed goal setting. In other words, demands made by the system of aims are the external specifications relatively the designed complex of indices.

Fig. 4 reflects the influence of goal setting mechanisms on the choice of quantitative indices.

To illustrate the suggested scheme it is possible to consider the “Vision” term. The requirement to this element consists in promoting the welfare of owners and at the same time maintaining the value of the enterprise on the competitive market. The estimation of the owners’ welfare is characterized by the increase of the enterprise cost. Measuring enterprise cost is implemented on the basis of the discounted cash flows, which are formed according to the algorithms determined in advance.

Currently value-based management of the enterprise is a new direction of Latvian business administration (Копытов 2004). It is worthy of note and particularly remarkable that the occurrence of this direction is caused by the interests of the enterprise owners. The value of the company is the only criterion allowing the owners to estimate its financial health. This criterion gives the comprehensive representation of the efficient business management. As it will be illustrated below, the volume of sales, profit, production cost, liquidity and financial stability are just intermediate characteristics of various economic aspects of enterprise activities. Only the value of the enterprise can be considered as the aggregated parameter. And, in spite of the fact, that the discussions on the given statement have been proceeding up to now, noteworthy that the majority of the practice-proved and successful business projects have been worked out due to consideration of value-based approaches. Abroad, the administrative conception of increase in enterprise value is considered to be the innovative one. The world practice shows that, as a rule, the most competitive enterprises and companies are those, where subsequent increase of enterprise value is considered to be a major criterion for estimating the quality of managerial decisions. In spite of this fact, the contemporary value-
based management tools of practical interest, being ‘know-how’ of the particular enterprises and consulting firms, remain not available for the major part of the owners, experts, managers and appraisers. Furthermore, the mastery of value-based management technique demands special training, as it is connected with the development of specific value-based thinking.

The managers of Latvian transport agencies start to take an interest in the usage of the value approach in a daily enterprise administration. And this is an additional argument in favour of an estimation of business efficiency on the basis of the cost of its capital. However, the complexity of practical application of value-based concept for administration is caused by management unwillingness to use it as a foundation for making decisions of strategic, tactical and operative character. In many respects it can be explained with insufficiently deep theoretical research in the theme of business value increase and absence of accessible procedures, techniques and technologies. As a rule, a high scientific level of original works,
and absence of necessary translations, both prevent the managers of wide acquaintance with the latest solutions in the considered area. By the way, the translation is often complicated due to the unsteady terminology.

In cases, when the value is still used for administration, the particular decisions are made basing on the experience and practical achievements of certain managers and experts. As a result, their individual activities do not influence the decrease of aggregated risk level which is formed at the certain market due to functioning of the enterprise complex.

The certain doubts concerning the advantages of value-based criterion against other management criteria (income, profit, profitability, etc.) are connected with the absence of the definite evidence which makes possible to draw conclusion of the preference of value-based approach. All this also limits the opportunities of the value-based criterion application, complicates the procedure of its practical use and reduces the number of problems effectively solved with its assistance. Basically the value-based concept is widely used by certain economic areas: an estimation of the real estate, insurance, rent, leasing, etc. These fields possess a good theoretical and methodological base for definition of the value of certain assets. For today, the potential of the value-based concept usage for managerial purposes is far from being completely revealed and demands a detailed research. First of all, it refers to the techniques aimed at the increase in value of various business components. The question of evaluation of a particular factor influence on the value is still open, as well as the connection of the latter to the risks of certain business activity indicators. Gradual implementation of the value-based management conception, through the research of its influence on the particular composing and forming factors, would provide present-day business with the advanced and effective tools for estimation of its current and future situation.

Hopefully, this will contribute to the development of administrative processes on modern lines, to elimination of the revealed disadvantages, to creation of objective pre-conditions of efficiency growth and increase in stability of the Latvian enterprise activities.

6. Conclusion

The suggested MBP represents the conception based on the combination of some popular managerial approaches: the process-oriented management, the balanced system of indices, the management of interaction with clients and suppliers, etc. The major role of this concept consists in the complex dynamic examination of the modern combined approaches directed to the full-service working system designing. It is necessary to mention that before using the fashionable approaches of business administrating it is necessary to develop the strategy and to form a set of measures for the feasible aims achievement. The application of the given technology will allow a company to reproduce the images of the business processes more precisely and to come closer to the true reality that, finally, will allow to integrate the most necessary systems in a single whole.

First of all, a company should create a common interrelated description of the real business-processes in force, and only then to select certain software products and technologies. Moreover, such selection should be done after developing the general strategy and the formation of the concept of the balanced indices. It will provide an opportunity to obtain and
accumulate the necessary and valid business information. Besides, the transparency and visualization of data, fundamentally influencing the management process, are ensured. As a result, all the participants interested in the certain enterprise are provided with an opportunity to see their mutual coordinated movement in one direction.

Since the preliminary stage has shown the interest of the Latvian transport enterprises to apply more efficient management systems, the next stage will be the introduction of the suggested technology in certain enterprises. It is assumed that the application of the MBP technology in practice will allow to develop the company’s state assessment and diagnostics integrated system providing a considerable increase of a company’s controllability level and quick response to changes of the state of the external and internal environment of a company.

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Santrauka

Šiame straipsnyje nagrinėjami vadybos metodų deriniai, siekiant sukurti daugiafunkcę sistemą, gerinančią verslo funkcionavimą. Sukurtoji sistema užtikrintų vadinamosios integruotos analitinės verslo platformos funkcionavimą, kuri vykdytų nenutrūkstamą verslo monitoringą. Sistema padėtų nustatyti tikslus, išaiškinti ir neutralizuoti neprognozuojamus įvykius, priimti sprendimus įvairiais organizacijos lygmenimis.

Reikšminiai žodžiai: tikslų nustatymas, metodologija, reikalavimai vykdytojams, sistema, dinaminiai rodikliai, sprendimų priėmimas.
