



IMPROVING THE PERFORMANCE OF BUSINESS PROCESS MODELING FOR SMALL-MEDIUM SIZED COMPANIES

Mirela TURKES¹, Emil SCARLAT², Radu Ioan VIJA³, Irina RAICU⁴,

¹ Faculty of Finance, Banking and Accountancy, Dimitrie Cantemir Christian University, E-mail: mirela.turkes@ucdc.ro

² The Bucharest University of Economic Studies, Faculty of Cybernetics, Statistics and Economic Informatics, E-mail: scarlat@csie.ase.ro

³ The Bucharest University of Economic Studies, Doctoral School of Economic Cybernetics and Statistics, E-mail: radu.vija@csie.ase.ro

⁴ The Bucharest University of Economic Studies, Doctoral School of Economic Informatics, E-mail: irina.raicu@ie.ase.ro

Abstract Nowadays, the growth of the technology ensures increased competitiveness between small and medium sized companies (SMEs). SMEs must adopt solutions that are built on the principle of economic efficiency and they guarantee maximum results with minimum efforts. The performance in an SME company is described by a series of management, organization, and qualification factors. Performance measurement strategies could play an important role in supporting managerial development in these companies. In this paper we present an approach for performance improvement in SMEs. We motivate our work using the case study of a Romanian SMEs. We explain how their business process is highlighted compared to traditional models. In order to analyze these processes we are creating matrix architecture of a business process.

Key words:

Performance, small-medium sized companies, market growth

JEL Codes:

M 31, M37

1. Introduction

The small and medium-sized enterprises (SMEs)¹ are businesses that have a limited number of employees. The term is used in the European Union and generally an SME company² has maximum 250 employees. [1] SMEs represent today one of Europe growth. More and more countries receive taxes refund for creating SMEs in order to reliance internal economies and so Europe economy. The performance in an SME company is described by a series of management, organization, and qualification factors. This study will describe in more details a part of the organization factors – we focus on the market position financial factors.

The shop and bicycle repair center, bicishop.ro is one of innovative small companies wishing to penetrate the Romanian business market³ by selling bikes and by repairing and assisting its customers through their bike experience usage.

In this paper we present a new innovative approach for performance improvement in small-medium sized companies and the benefits that the new method is bringing to any small-medium organization⁴. We motivate our work using the case study of a small-medium sized company called BiciShop. We explain how their business process is highlighted compared to traditional models. In order to analyze these processes we are creating a matrix architecture of a business process. We calculate and interpret key indicators as

market share, market share and market growth relative in order to measure performance of the business process.

2. BiciShop Case Study

2.1. Methodology for research

Boston Matrix is a theoretical method in analysis and portfolio strategy used to classify enterprises according to the relative percentage of the market⁵ and the relative growth rates of the market. This classification represents a true strategic analysis of products of absorption and cash generation. Depending on the relative percentage of the market and the relative growth rate, the products are ordered in a 2x2 chart.

The resulting four quadrants are classified as follows:

1. Stars (Stars) activities or products are high growth rate and high market share.
2. Milking cows (cows) are the activities or products with low growth rate and high market share. These services / products are successful on the market and require less investment to preserve market share.
3. Dilemmas (question marks) are business units with small market share and high growth rate. They need a lot of money just to keep their relative market share.
4. Millstones (dogs) are activities with low growth rate and small market share.

They are generating sufficient liquidity to ensure their survival, but they are not promising in becoming substantial sources of liquidity.

The normal cycle of life of a service / product is described as following: initial product is marketed as a dilemma. Depending on the market reaction that the product has, it may take one of two ways: either the product will be increased by high investment (much advertising, promotional prices), either it will become a millstone so that will be removed later or, withdrawn from the market.

2.2. BiciShop

The shop and bicycle repair center, bicishop.ro is one of innovative small companies wishing to penetrate the Romanian business market by selling bikes and by repairing and assisting its customers through their bike experience usage⁶. In our study, a set of eight products of bicishop.ro brand⁷ were analyzed in order to be classified and placed in the matrix of Boston Consulting Group⁸. We recall below the main characteristics of the four quadrants bicishop.ro BCG⁹ and we identify the appropriate products.

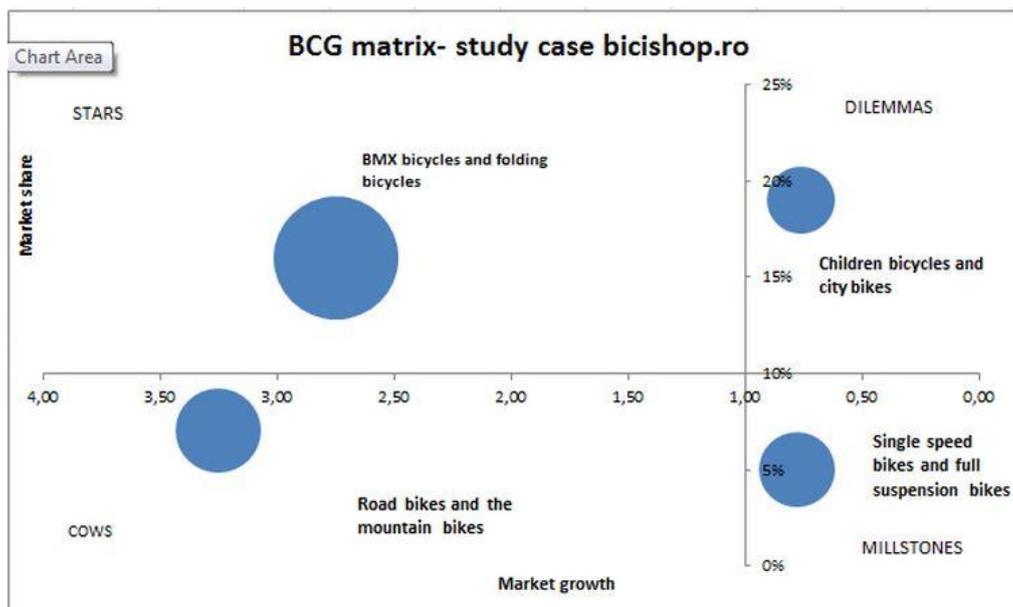
STARS : high market share	MILKING COWS : low growth, high market share
<ul style="list-style-type: none"> ● The stars are leaders in business. ● They need massive investment to maintain their high market share: it leads to a large amount of consumption of cash and cash generation. ● Efforts should be made to maintain market share otherwise the star will become a cash cow. ● Products stars of Bicishop.ro are BMX bicycles and folding bicycles 	<ul style="list-style-type: none"> ● They are the foundation of society and often are the stars of yesterday. ● They generate more money than necessary. ● Extract profits investing as little money as possible. ● They are located in a mature industry that is not growing or declining. ● Bicishop.ro cash cows products are the road bikes and the mountain bikes.
DILEMMAS : high growth , low market share	MILLSTONES : low growth , low market share
<ul style="list-style-type: none"> ● Most businesses start as a question mark. ● They will absorb large amounts of money if the market share remains unchanged ● Question marks have the potential to become stars and eventually cash cows, but it can also become a millstone. ● Investments should be high for your questions. ● Products dilemmas of Bicishop.ro are children bicycles and city bikes 	<ul style="list-style-type: none"> ● Millstones are cash traps economic products. ● millstones don't have the potential to produce more cash. ● Millstones products business is located in a declining phase. ● Millstones products of Bicishop.ro are single speed bikes and full suspension bikes

Figure 1. Eight products of bicishop.ro brand are placed in the matrix of Boston Consulting Group

Table 1. The numeric example of bicishop.ro products

Bikes products of bicishop.ro	Market growth	Market share	Market share of the largest competitor	Relative market share
BMX bicycles and folding bicycles	5%	21%	27%	0,78
Road bikes and the mountain bikes	7%	26%	8%	3,25
Children bicycles and city bikes	16%	55%	20%	2,75
Single speed bikes and full suspension bikes	19%	16%	21%	0,76

The Boston Consulting matrix of bicishop.ro starting from the numerical tables presented above is:



3. Conclusions

In conclusion, we emphasize and highlight the importance of modeling business processes in a company. We noticed how the analysis and interpretation of key indicators of economic performance through their numerical and matrix representation create action plans to improve our business and company performance.

Detailed knowledge of the product range and knowledge of market positioning of competitors, as bicishop.ro company does, offers to any business a strong decision-making power that certainly helps to improve business performance.

References:

- [1] Henderson, Bruce - BCG Classics Revisited: The Rule of Three and Four. Retrieved 4 February 2013.
- [2] Henderson, Bruce - The Rule of Three and Four. Perspectives. The Boston Consulting Group. Retrieved 4 February 2013.
- [3] Turkes, Mirela Catalina - Bazele Marketingului, Ed. ProUniversitaria, București, 2013
- www.oracle.com/ro - Siebel CRM Professional Edition Product Encyclopedia
- www.docs.oracle.com - SIEBEL CRM Marketing Automation Bate Option
- www.doc.oracle.com - Siebel Com Interfaces
- www.siebel.com - Siebel Customer Relationship
- www.bicishop.ro

¹ www.oracle.com/ro - Siebel CRM Professional Edition Product Encyclopedia

² www.docs.oracle.com - SIEBEL CRM Marketing Automation Bate Option

³ Turkes, Mirela Catalina - Bazele Marketingului, Ed. ProUniversitaria, București, 2013

⁴ www.doc.oracle.com - Siebel Com Interfaces

⁵ Henderson, Bruce - The Rule of Three and Four. Perspectives. The Boston Consulting Group. Retrieved 4 February 2013, pp.67

⁶ www.siebel.com - Siebel Customer Relationship

⁷ www.bicishop.ro

⁸ Henderson, Bruce - BCG Classics Revisited: The Rule of Three and Four. Retrieved 4 February 2013, pp. 36

⁹ Henderson, Bruce - The Rule of Three and Four. Perspectives. The Boston Consulting Group. Retrieved 4 February 2013, pp.89