

CONSULTING COMPANY'S KEY PERFORMANCE INDICATORS ANALYSIS

In the modern world in terms of set of various strategies existence the most bright, successful and effective strategy choice or creation looks very important for each enterprise. The company's leaders and business owners outlay the great amount of time on defining and fixing aims and all possible ways of their achievement.

Often in the case of necessity to be the best among other players at the market, for the sake of existence and business development in certain spheres of tasks the external consultants and advisers are attracted. As a rule, great advices are required from consultants and they are estimated quite captiously. But what can advisers require as an effective fee for their business? Estimation of consulting company's efficiency is a very actual question especially if take into account rather keen competition between such companies and big number of market players.

Deep understanding of this topic is especially important for the companies with different sizes and from different segments of consulting business.

In accordance with classification of types of economic activity of KVED DK 009:2010 consulting services behave mainly to the section of M-code and are divided into services of the legal and economic (public accountant, book-keeping services, services on taxation advising) consulting, engineering and technical consulting, research and marketing consulting, management and other types of consulting. Financial consulting services are splitted separately into a section K.

Ukrainian scientists also offer different visions of consulting services. So, the general structure of different types of consulting can be summarized as follows [1].

Thus, the consulting industry covers different areas of advising in accordance with different business processes that may occur to the consumer enterprises, At the same time this variety of segments forms one type of business where the people intellectual capital is the main one. Such specificity of activity obviously requires both a peculiar structure of consulting companies' assets and applying the specific system of key performance indicators by which it would be possible to calculate the effectiveness of the selected processes in consulting companies by themselves.

Different types and lists of key performance indicators can be met in works of different researchers. For example, a group of Ukrainian scientists propose next consulting efficiency criteria [2]:

1) consultant's segment of market activity expansion and growth of services volumes. It is determined by the estimation of consulting projects

profitability, their cost, analysis of personnel structure and marketing expenses;

2) some economic indicators like profit, income per one consultant, expenses structure and specific weight of salary in total project costs;

3) quality indicators of the rendered services as reviews of clients, recommendations, presence of lawsuits in relation to the rendered services and determination of satisfaction level from the rendered services;

4) prospects of further collaboration with a present client that are calculated by the amount of the repeated orders of each client;

5) estimation of professionalism increase by taking into account an experience of similar problems solving, existence of knowledge in relation to the specific of organizations of separate clients, perfection of working methodologies;

6) economy that consists of providing the positive socio-economic effect in comparing to the consultants' fees.

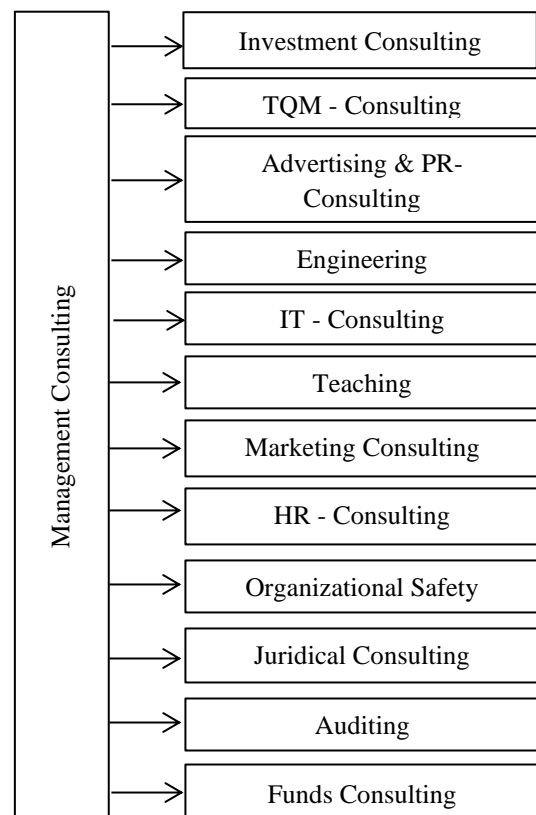


Fig. 1. Consulting Services Structure [1]

In accordance with the legislative acts of separate countries [7] general requirements to the strategic report of companies must contain obligatory distribution of key performance indicators on financial and non-financial.

On information from other sources [5] first of all key performance indicators bind aims to the certain set of the expected results and must take into account dependence of different factors one from another.

Researchers mark five interconnected components of consulting company: market, personnel, business processes, finances and social component - for that it follows to expect the separate key performance indicators.

For example:

- 1) the cost of certification and other trainings for each employee, UAH per person;
- 2) number of employees who have undergone certification and other trainings, persons;
- 3) number of training hours per consultant, hours per person;
- 4) share of employees who passed certification and other trainings in the general amount of personnel, %;
- 5) volume of additional social guarantees, UAH;
- 6) funds allocated by the company to organize environmentally friendly activity, UAH per service;
- 7) investment funds for environmental protection and society development, UAH;
- 8) charity funds and others.

In opinion of other researchers [4] next kind of key performance indicator unbundling looks useful:

1) per group of internal corporate indicators (list of services provided, total duration of activity in the region, presence of regular clients; availability of "own" projects; level and length of service of employees; "price segment"; basic financial performance indicators; internal resources such as patents and trademarks, permits or licenses; availability of certificates from employees; number of external consultants involved in projects; types of activity and specialization of advising company);

2) per group of external corporate indicators (share of the budget spent on the company's development, funds spent in investment; rating on industry scales (national or international); availability of external resource factors; availability of consulting consumers in various economic sectors; territory covered by consulting services; status in the international consulting market).

In order to understand the effectiveness and potential of the consulting company, it has been written that it is necessary to combine the above two groups of indicators. At the same time, it was offered to evaluate the effectiveness of the consulting company by the indicators of the degree of documentation of services, complexity of work, flexibility, degree of interaction with authorities and absence of conflicts, consulting results reliability; systematic reporting on the results of work among the management and society availability, cost level, etc.

Considering all the above, it is quite possible for consulting companies to develop a system of performance metrics for a particular company strategy. At the same time, these indicators should be sufficiently balanced, summarize information both financial and non-financial and allow the user to understand the essence of the business processes or systems which are described by those key performance indicators.

Therefore, when evaluating the effectiveness of a competitive enterprise development strategy, it seems advisable to formulate a system of key performance indicators that would take into account its essence: the expected irreversible and regular change in the product's characteristics (product, work, service) of a company or business unit of a large corporation, achieving a stable market position in the long-term period by consulting company, obtaining certain competitive advantages and differences from competitors [3].

In addition, it should be noted that all of the indicators examined in the works of different researchers sometimes are repeated, sometimes are different, but do not have a single clear classification or system. And the issue of taking into account the specifics of the consulting company in the process of a key performance indicators set formation has not been addressed at all and may need to be investigated separately.

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