

TENDENCIES OF THE DEVELOPMENT OF CONSULTING SERVICES IN RUSSIA

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Consulting services in the field of enterprise activity management represent the most important factor Russia's reaching the level of the world standards of management and conducting enterprise activity.

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Looking through tendencies of the development of business consulting activities in the country as a whole, it is possible to make a conclusion that practically in every region, having industrial enterprises there are centers of consulting services (their own or branches of Moscow's ones). Another conclusion is: the larger the city, the greater its business potential – the more numerous consulting service centers are presented in it. There is one explanation to this – a stable demand from the regional enterprises.

The need in consulting arose with the development of the industrial revolution and appearing of the first manufacturing. Consulting was based on scientific management and dealt with the problems of productivity increase and effectiveness, rational organization of work and reducing production costs. At that time such consulting was named – the manufacturing organization, and advisers acted as efficiency experts.

One of the specific characteristics of the Russian market of consulting services on its initial stage was the dominating of services on the realizations of projects directed to institutional developing an infrastructure of market relations (formation of stock market, creation of mechanisms of small-scale business support, mass privatization). The financial support of the international financial organizations acted as the basic mechanism in the Russian market of consulting services. The mentioned organizations annually provided monetary resources for such services for Russian enterprises within the limits of technical support programs.

The specific feature of the formation of Russian consulting services market on the basis of direct foreign investments made by the world leaders in the field of managerial consulting has provided, on the one hand, introduction and development of the advanced methods of servicing and organizing of high standard consulting services and, on the other hand, those world leaders with their wide experiences in the field of professional consulting of business processes have created a high competitive environment for young Russian consulting services centres.

The work of foreign consulting companies was demanded not only by the Russian busi-

ness but the state as well. In the course of time the market has been divided between the foreigners and Russians: nowadays «the big four» (international consulting companies KPMG, Ernst & Young, Pricewaterhouse Coopers, Deloitte & Toucher) serve companies-exporters and big Russian firms which employ them for reporting audit while taxation and enterprise restructuring problems are solved by local auditors and advisers. Besides, national consulting companies serve middle-scale business which doesn't interest international companies because of its low solvency. The cost of a Russian adviser's work is 40-50 \$ per hour, the cost of a foreign expert's work is 150-210 \$ per hour. In their turn foreign investors prefer well-known advisers and auditors and practically never address Russian consulting companies.

After the financial crisis of 1998 various kinds of financial consulting (particularly audit, tax consulting) were in the most favourable position. Legal consulting acted as an accompanying one. In 1999 the companies which had survived after the crisis focused efforts basically on the extensive growth of commodity goods markets. There appeared a need for a development strategy. During this period of time the share of strategic planning consulting made 14,5% of the total amount of the market. The main services of the consulting companies became IS services (system integration, MRP and ERP systems, Internet technologies). Since 2002 the tendency to consumption of services in the field of logistics and streamlining of organizational structure was outlined. Top managers realized the necessity of searching internal resources for further development and reduction of expenses. That caused the reorganization of corporate information systems.

At the present stage of development of consulting services there is a gradual transition from mass production of complex services to step-by-step technologies and individual designing of client's business. Services in the field of stating and automation of budgeting and administrative accounting are becoming the most demanded today. Enterprise activity estimation services have developed considerably, a characteristic tendency in this segment has become a gain in orders for business estimation for the

purpose of merge, absorption and sale earlier an estimation of asserts and material actives prevailed. The raised demand for consulting services is observed from small-scale enterprises which need consulting in organization and running businesses. State and municipal organizations are provided consulting services on working out the strategy of territory development, complex brunch programs, as well as training of managers' stuff engaged in solving the federal, regional and local level problems.

The structure of services of the largest consulting companies in the field of administrative consultation is represented by the most demanded services in modern business:

- Consulting services on problems of management of operation and processes, including questions of reorganization of business and general management (TQM) – 31 %;
- Consultation concerning corporate strategy – 17 %;
- Consultation concerning information-technological strategy – 17 %;
- Consultation concerning business development – 16 %;
- Consultation concerning organizational designing (projecting) – 11 %;
- Financial consultation – 6 %;
- Services on problems of marketing and sales – 2 %.

Judging by the resulted data, the greatest share belongs to the services in the field of management of processes.

In our opinion, the demand for consulting services and their structure are determined by the following high lights:

- a level of the economy development , while the sphere of consulting application may be various: in case of a developed economy – an increase in efficiency of a firm-client activity and gaining additional benefits; in case of a crisis economy – anti-recessionary management, reorganization;
- imperfection of standard-legal and legislative base – in this case consulting can have explanatory character and helps firms-clients to organize their activity in the most effective and optimum way (for example, working out a system of efficient control of the firm finance);
- the sizes and scales of a firm-client activity that assumes, on the one hand, possibility to pay independent advisers and, on the other hand – directions of consultation process, its depth and complexity;
- the accepted management style of a firm-client that is defined by readiness of top-managers to use services of other organizations for solving problems;
- the extent of consulting services market development in a separate region that provides

trust degree towards advisers on the part of client-companies.

The following tendencies in consulting services development can be found in Russia nowadays:

- Growth of volumes of consulting activity and increasing number of those engaged in consultation.
- Appearing of new kinds and markets of consulting services.
- A variety of organizational forms in consultation.
- Increasing the number and types of the consumer (client) organizations.
- Improvement of quality of consulting services.
- Development of methodical toolkit.

In the works of Russian and foreign authors concerning theoretical and practical aspects of organization and functioning of consulting services in business there can be defined some concepts being used while studying questions on consulting activity organization. First of all, they are – consulting, consultation and administrative consultation.

In our opinion, the notion of consulting (consultation) is generalizing, reflecting general direction of this kind of activity and is differentiated depending on the sphere of application (management, marketing, etc.). We suggest to define consulting services as a certain kind of activity, realization of which is based on the process of consultation directed to a firm-client activity improvement and consequently to the development of business infrastructure as a whole.

The characteristic features of consulting services as a necessary element of business infrastructure are the following:

1. Existence of the same problems that clients have doesn't mean that it is possible to apply identical decisions. Each client demands an individual approach that gives him certain advantages in comparison with his competitors. Thus, having the developed methods of work with consumers and analyses of their activities as well as setting problems, it is necessary to search for new non-standard methods and techniques of clients' problems solving.

2. It is not less important to have an opportunity of using modern information technologies, which allows to receive and process information rapidly as well as to interact with clients in interactive mode that considerably reduces geographical and time limits of interaction client – adviser.

3. Advisers should not only possess the information on recent trends in sphere of organization of business and corresponding technologies, but also to have an opportunity to adapt

them and effectively introduce to the client-company activity.

Dynamical development of consulting services in the Russian business promoted the formation of the variety of structural parameters which make the Russian consulting services market to resemble the situation in the market of the developed countries. At the same time, there is an original Russian specificity. In general, these specific features of the development of consulting services in the Russian business can be presented as following:

1. Inability to formulate tasks and problems of prospective projects and criteria of expected successes.

2. Many consulting products actively used by businessmen in the developed countries, remain till now not required in the Russian business. First of all, it is caused by the general level of the development of the Russian economy, in particular, immaturity of key elements of the market system.

3. A high degree of mistrust to external advisers and attempts not to open the

whole information even to the detriment of the efficiency of their own problems solving.

As some experts notice, a domestic consumer will very soon realize the necessity and utility of a professional advice. His life will make him do so, as he and his competitor in the Russian market strive to the same position in the «strategic space» and each of them need competitive advantages.

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