

48. Business processes reengineering as a tool of increasing company market value

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Introduction. Development of market transformation processes in Ukraine creates preconditions for the development of an open stock market acting as a regulator of capital transfer from low production sectors to those providing high efficiency of business processes. However, the low profitability of domestic manufacturing companies do not promote the increase of their market value and, thus, makes it impossible to use stock market instruments (for instance, equity issue) to realize development objectives. Due to this fact business owners and managers become interested in management tools and techniques for increasing business market value.

Resources and methods. Internet sources – online library catalogues, publications, books, manuals, guides related to the topic.

Results. Management of the vast majority of domestic manufacturing enterprises, established in the Soviet time, is based on the structural and functional approach in which responsibility for certain functions performance is clearly structured and assigned to relevant functional departments. The main shortcomings of this approach are [3]: division

of work performance techniques into separate, usually unrelated, fragments that are performed by different structural units of the organization; the lack of a holistic description work performance techniques; lack of focus on an external customer, as well as internal parameters of intermediate results.

Business processes reengineering concept is based on organization business processes optimization. In general, a business process is defined as a structured set of actions designed to manufacture a certain product (service) for a particular customer or market [2]. Within any business process, resources are used at the input and the product is created as a result of activity. Therefore, business processes reengineering is aimed at singling out and substantial improvement of key business units which can provide competitive advantage for the organization. It can be a rational organization of the manufacturing process allowing to obtain high quality products and maintain leadership regarding costs (costs minimizing). It can be personnel management which effectively channels staff activities in the right direction, thus making it possible to achieve organizational goals [1]. Basically, this is the concept of reengineering.

Reengineering is different from other ways of business improving primarily in terms of its methods and techniques. In the first place it is meant to determine what the company should really do and only then – how it should do it. Therefore, it provides an engineering approach to development of the company and processes implemented in it, i.e. the company is regarded as an object which can be built, designed or redesigned according to engineering principles.

Conclusions. Thus, the top-priority task of business processes reengineering at manufacturing enterprises is to single out the links where the greatest added value is formed and, hence, to significantly improve their performance in order to enter outsourcing networks as a key player who reserves the largest share of profits. This will increase the market value of the company and create new opportunities for its future development.

References

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