

## **BUILDING BUSINESS PROCESSES AS A WAY TO IMPLEMENT THE SYSTEM APPROACH IN MARKETING MANAGEMENT**

### **НАЛАГОДЖЕННЯ БІЗНЕС-ПРОЦЕСІВ ЯК СПОСІБ РЕАЛІЗАЦІЇ СИСТЕМНОГО ПІДХОДУ В МАРКЕТИНГОВОМУ МЕНЕДЖМЕНТІ**

*The article is dedicated to the study of systematic approach manifestations in management, in particular, in the marketing management of the enterprise. The authors reveal the essence, peculiarities and advantages of applying a systemic approach in marketing management and management of marketing department of the enterprise. For this purpose, the marketing department in the organization is described as a system and its main components are defined. The study found that the implementation of a systematic approach in marketing management and management of marketing department can be implemented through the formalization and debugging of relevant business processes. The authors analyse the approaches to the definition of the concept of "business process", describe the structure and identify the main components of business processes in marketing management and management of marketing department of the enterprise. Leaning on the classical sequence of stages of marketing activity of the enterprise, the authors constructed a scheme for mapping the main business processes in the management of marketing and the activities of the marketing department at the enterprise. The research of business processes in the marketing management, which reflect the main stages of marketing activity and their clear understanding, allows us to identify weaknesses in the organization of the marketing activity at the enterprise, to plan, allocate and use resources more efficiently, and also provides the opportunity to implement long-term planning and effective business scaling. To do this, in the paper proposed a description of the main ways of formalizing (describing) business processes such as text, tabular and graphical. The features of application of each of the described methods of business process formalization, as well as their advantages and disadvantages are highlighted and described. The authors analysed in detail the advantages of using business processes in the management of the marketing activity, as well as identify the symptoms that indicate the need to improve the business processes of marketing management / activities of the company. Also, in this paper the authors identify and analyse the main methods of improving business processes in the marketing management of the enterprise.*

**Keywords:** system approach, marketing management, business processes

*Статтю присвячено дослідженню проявів системного підходу в управлінні, зокрема, в управлінні службою маркетингу на підприємстві. Авторами розкрито суть, особливості та переваги застосування системного підходу в управлінні маркетингом та службою маркетингу підприємстві. Для цього описано службу маркетингу в організації як систему та визначено її основні складові. В ході дослідження виявлено, що реалізація системного підходу в управлінні маркетингом та службою маркетингу підприємства може бути реалізована шляхом формалізації та відлагодження відповідних бізнес-процесів. Авторами проаналізовано підходи до визначення поняття «бізнес-процес»,*

*описано структуру та визначено основні компоненти бізнес-процесів в управлінні маркетингом та службою маркетингу підприємства. Спираючись на класичну послідовність етапів маркетингової діяльності підприємства, авторами побудовано схему відображення основних бізнес-процесів в управлінні маркетингом та діяльності служби маркетингу на підприємстві. Дослідження бізнес-процесів в службі маркетингу, які відображають основні етапи маркетингової діяльності і їх чітке розуміння дозволяє виявляти слабкі місця в організації служби маркетингу на підприємстві, раціональніше планувати, розподіляти та використовувати ресурси, а також забезпечує можливість реалізації довгострокового планування та ефективного масштабування бізнесу. Для цього у роботі запропоновано характеристику основних способів формалізації (опису) бізнес-процесів таких як текстовий, табличний та графічний. Виділено та розкрито особливості застосування кожного з охарактеризованих способів формалізації бізнес-процесів, а також їх переваги та недоліки. Авторами роботи детально проаналізовано переваги застосування бізнес-процесів в управлінні службою маркетингу, а також визначено симптоми, які свідчать про необхідність вдосконалення бізнес-процесів управління маркетингом/діяльності служби маркетингу підприємства. Також в даній роботі авторами визначено та проаналізовано основні методи вдосконалення бізнес-процесів в службі маркетингу підприємства.*

**Ключові слова:** системний підхід, маркетинговий менеджмент, бізнес-процеси

**Introduction.** Modern market conditions make enterprises constantly look for ways of business development, increase of efficiency of its activity and increase of competitiveness. That is why foreign companies have long been focusing on business processes as a method of managing the company's internal environment. In Ukraine, process-oriented management is still rather poorly developed, and difficulties with the transition to this approach arise because of the lack of awareness of the effectiveness of such innovations by the company's management.

A lot of foreign researchers, such as Rybakov M.Yu., Repin V.V., Eliferov V.G., Roter M., Kondratiev V.V., Kuznetsov M.M., Andersen B. were engaged in the analysis of business processes as a key element of management.

Among the domestic scholars, the business process problems are not very popular, but in this sphere there are the achievements of such researchers as Arefiev A.V., Chernobay L.I., Lipych L.G., Komandrovskaya V. E. However, all these studies are carried in mainly descriptive character and focus on the definition of the concept of business process, the classification of business processes, description of the structure and some principles of their implementation on the enterprise.

As in the modern economy, the activity of the marketing service directly affects the competitiveness of the enterprise, the issue of improving the management of marketing at the enterprise is relevant, which is possible by implementing a systematic approach to debugging business processes within the marketing service.

**Setting objectives.** The purpose of writing an article is to determine in what appears a systematic approach to marketing management and what are the benefits of its application. During the research, the concept of the business process will be defined, the possibilities of implementing the system approach in marketing management through the establishment of business processes will be explored, the

business processes in the marketing service and the advantages of applying business processes in marketing management will be described.

**Methodology.** The methodological basis of the study was the theoretical provisions set forth in the works of domestic and foreign authors. Solutions to scientific problems were carried out using the following research methods: a systematic approach, a method of theoretical generalization and scientific abstraction.

**Main results.** The system approach is based on the general theory of systems L. von Bertalanffy and has found its application in many fields of activity, including management. The systemic approach assumes that each of the elements constituting the system has certain own goals. However, the essence of the system approach is to increase the efficiency of the organization as a whole by taking into account the influence of all factors affecting the organization and the interrelations between its elements.

For the first time, the need to view management as a single, continuous process began to be discussed in the middle of the 20th century. And since then the system approach to management has become more popular every year.

The system approach is also used in marketing management in an enterprise, where the system is understood as a certain integrity, consisting of elements of the marketing service, each of which contributes to the functioning of the whole (Fig. 1). Elements of the marketing service as a system include marketing goals, functions, processes, the structure of the marketing service and marketing personnel. At the entrance, this system receives money capital, information (external and internal), technology (marketing, management, etc.), transforming them into marketing results (profit, loyalty, image, etc.).

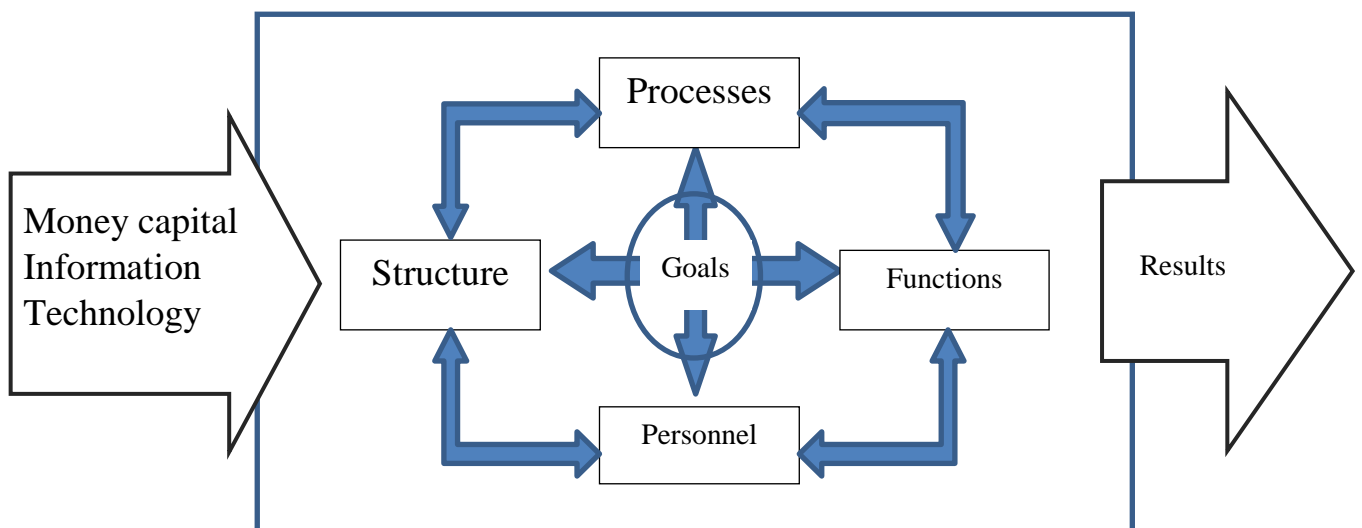


Figure 1 - Marketing service as a system.  
*Source: compiled by the authors on the basis of [8]*

So, the main task of the head of the marketing department at the enterprise is to see the marketing service as a whole, and as an interrelated set of interacting

elements. He should take into account that any control effect on any component of the marketing service necessarily leads to consequences that are reflected in all elements of the system.

For example, a change in the goals of the marketing service necessarily affects the functions of the marketing service, which in turn affects the organization of internal processes, the structure of the service and the personnel involved in the performance of functions.

Features of the system approach in marketing management are as follows:

- clear definition of goals and establishment of their hierarchy;
- Achieve the best results at the lowest cost by using the tools of comparative analysis and choosing how to achieve the goals;
- a broad, comprehensive evaluation of all possible performance results using a quantitative interpretation of goals, the definition of methods and ways to achieve them.

The main advantages of applying the systems approach in marketing management are:

- the formulation of goals and elucidation of their hierarchy before any activity related to management, especially with decision-making, integration or taking into account personal goals and interests of staff for the purpose of marketing;
- the ability to make managerial decisions weighing their impact on the activities of each of the subsystems of the marketing service;
- the possibility in the management process to take into account the structure (type of structure, communications), the functional purpose (functions of subsystems, elements), the integrative aspect (identifying the objectives of the system, the contradictions and ways to eliminate them), the communicative aspect (identifying links with other subsystems and elements) and the historical aspect (study of the stages of the development of the system, forecasting its prospects) [1];
- a relatively low level of costs for the modernization of the marketing management system due to the possibility of decomposition of the system and the modular principle of its construction;
- high level of fitness for automation due to unambiguous interpretation categories, procedures and standardization of algorithms for solving management problems [2].

Thus, the means of the system approach contribute to a deeper awareness of the structural and functional content of management phenomena, their multifaceted interrelationships with each other and the environment, the actions of various system-forming factors, their existence and development.

The implementation of a systems approach in marketing management can be built by establishing business processes within the system, because business processes are successive functional chains that are interrelated and on which the overall state of the entire system depends.

According to the definition of Thomas Davenport and James Short, the business process is a set of logically interconnected actions performed to achieve a certain "exit" of business activity [3]. M. Rybakov defines the business process as a clear, many-repeated sequence of actions that are performed to obtain a given result [4]. M. Robson and F. Ullach define the business process as a work flow, moves from one person to another, and for large processes, probably from one department to another [5]. In any company, you can identify tens, hundreds and even thousands of processes. They can be simple enough or can have complicated branched circuits.

For all business processes, the presence of an "exit" of the business process, the "input" of the business process and the "resource" of the business process is characteristic. The "exit" of a business process is a material or information object or service that is the result of a process and is consumed by external customers. The "exit" of the business process can include: finished products, documentation, information, personnel, technology, etc.

The "input" of a business process is the resources that become "output" during the process. It includes: raw materials, materials, semi-finished products, documentation, information, personnel. A "resource" of a business process is a material or information object that is constantly used to execute the process, but is not its "input". Resources include: information, personnel, equipment, software, infrastructure, etc.

Business processes within the marketing service are related to marketing goals: the goals determine the form and content of all business processes in the marketing service. Each process has its own goal, which is the criterion of the effectiveness of the process - how optimally this process leads to its achievement. The goals of all processes within the marketing service are goals of the lower level, through the implementation of which the top-level goals are achieved - the marketing goals. In fact, the activity of the marketing service is a set of interconnected business processes that reflect all the stages of marketing activities in the enterprise. Associating business processes within the marketing service with the marketing activities indicated by Zozulyov A.V., the conditional structure of business processes can be depicted in Fig. 2.

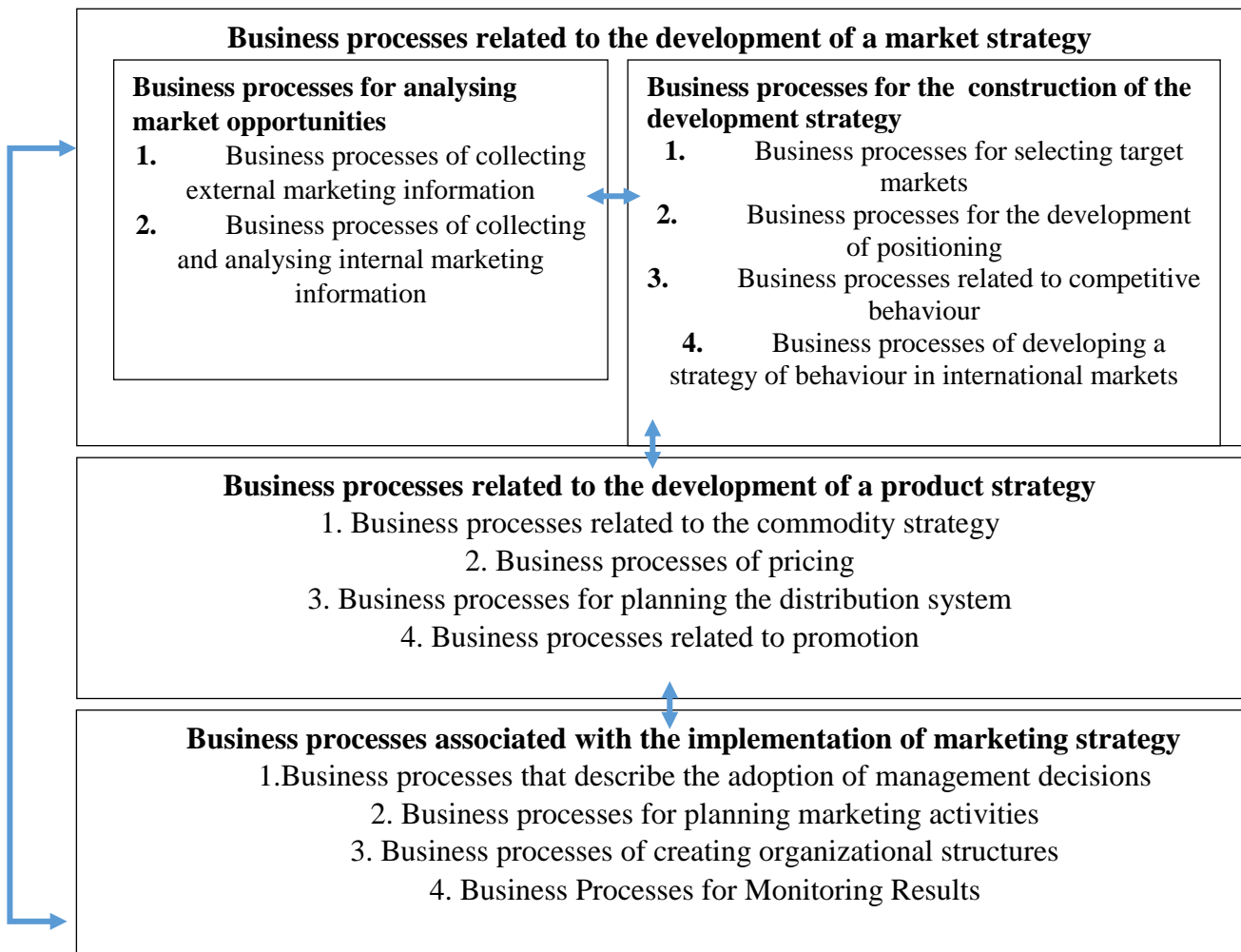


Figure 2 - The main groups of business processes in the marketing department  
*Source: developed by the authors*

Describe business processes in the marketing department should start with the most frequently repeated, complex (involving many executors and resources) and branched out. For example, most companies (other than major international companies) rarely encounter the processes of developing a strategy of behavior in international markets as part of marketing activities, so the description of this business process will not be a priority for them.

Since business processes are standard workflows and they are repeated many times, it follows that business processes can be logically written down, and then improved and made more efficient.

All the ways of describing business processes can be divided according to the format of the presentation into text, table and graphic. The choice of one or another method depends on the branching in the middle of the business process, the number of employees involved in the process, the number of input and output resources etc. Advantages and disadvantages of each of the ways are summarized in Table. 1.

Table 1 - Advantages and disadvantages of business process description formats

Description format	Advantages	Disadvantages
Text	Simplicity, there is no need for training	Low level of formalization, poor structuring
Table	Good structuring	Weak possible to display process branches
Graphic	Visibility, best perception	Need for staff training to use the graphic format

The text format for describing does not require detailed explanations. This is a description of the business process using text. The main advantage of such descriptions is the flexibility in expressing any nuances of the process by means of language. In fact, text descriptions of business processes don't have certain standards, and an enterprise can use any form of structuring of textual information convenient for it. From this follows and the main drawback - the weak formalization of descriptions.

To describe the process in tables, you can use the format shown in Table 2.

Table 2 - An example of a table format of describing the business process

№	Function	Executor	Resource	
			Incoming	Outcoming
1	Function №1	Executor A	....	.....
..	.....	.....	.....	.....
N	Function №N	Executor D	.....	.....

For the graphic representation, special notation systems have been developed for visualizing business processes, for example, IDEF0, BASIC FLOWCHART, CROSS-FUNCTIONAL FLOWCHART, BPMN and others. The modelling of the BPMN business process is schematically illustrated in Fig. 3.

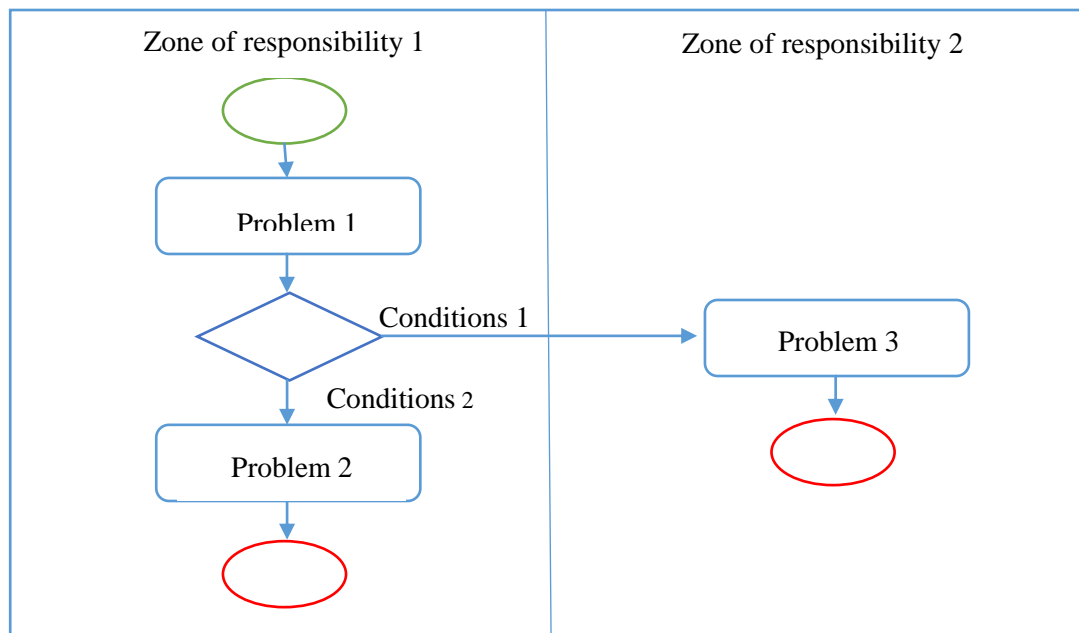


Figure 3 - Modelling a hypothetical business process by the BPMN

This description of the business process allows the employees and management of the marketing department to expand their work processes into separate steps, assess the effectiveness of each of them and put everything back into a single effective chain of actions. Such a revision of the usual routine actions for employees makes it possible to get out of the so-called zone of unconscious competence.

Being in the zone of unconscious competence, staff rarely reconsiders the process of handle their routine duties. Thus, all ineffective business process links have low prospects of being discovered and improved. Identification of shortcomings in each element of business processes allows to increase the overall effectiveness of the marketing service as a system.

Describing business processes, each employee has the opportunity to see his participation in the process and go beyond his part of the process, seeing himself as an element of business. Understanding the company's marketing processes and their place in this processes brings back to employees a sense of meaning and value of the work they do, which allows them to realize how the results of their activities turn out to be in the overall business results, correlate goals in their area of work with the company's global marketing goals. Establishment of such interconnection of local and global goals can be carried out by describing business processes, provides a systemic effect when all elements of the business work for a common result, rather than each in isolation.

The description of business processes helps to relate each employee to the zone of his responsibility. This eliminates the possibility of duplicating functions, is reflected in increasing the efficiency of the use of labour resources.



The allocation of business processes in the marketing service also allows, in the event of any problems or a decrease in efficiency, to identify the weak links in each process. This is possible provided that the outgoing results are correctly defined at each step of the process. Each step of the process should leave a trace in the form of clearly defined results. If the person responsible for a certain step of the process can not characterize its results, arises the question about the necessity of this link in the process in general.

The described business process characterizes the sequence of execution of the process steps. By dividing the processes in the marketing service into stages and analysing them, we can compose them back in the optimally defined and most effective sequence. As a result, the formalized business process reduces the likelihood of missing any of the stages and the inconsistency of performing the steps, and thus positively affects the effectiveness of each stage and business process in general.

A clear description of each stage of the business process also allows you to set the duration of the cycle of the business process, because the described functions within each step allow you to determine the workload for employees and evaluate it in a time dimension. Of course, depending on the specifics of the company's activities, estimating the duration of the business cycle can be quite difficult. However, if this is not done, at the highest level of management difficult for implementation becomes the possibility of long-term planning. At the lowest level, we cannot avoid delaying the delivery of work in stages, underloading or reloading personnel, which in the end reduces the effectiveness of the marketing system.

In the process of marketing management, it is important to determine in a timely manner which business processes need improvement. Business process management issues are acute when, at a certain stage in the development of the marketing service, failures in the interaction of departments, managers, employees become regular and begin to negatively affect the effectiveness of the system. On the way "goal is the result", obstacles begin to occur, the signs of which can be:

- Conflicts between participants in the business process;
- Loss of information;
- Duplicating functions;
- Exit the business process beyond certain time limits;
- Occurrence of unnecessary unforeseen expenses;

Improvement of business processes leads in general to lower costs, cycle time and error rates. In general, there are four main methods for improving business processes:

1. FAST methodology. The rapid decision analysis technique is a "breakthrough" approach that focuses the group's attention to a certain process during a two-day meeting to determine the ways in which the group can improve this process within the next 90 days. Before the end of the meeting, management approves or rejects the proposed improvements.

2. Benchmarking of the process - a systematic analysis of the development of higher quality goods, services, projects, equipment, processes and procedures (standing principles) to improve the current activity of the organization, by examining how different organizations (benchmarking partners) perform the same or similar operations. Typically, the benchmarking process reduces costs, cycle time and error rates by 20-50%.

3. Approach to the redesign of the business process. During the redesign of processes, an imitation model of the current state is constructed. After that, rationalizing measures are applied: elimination of bureaucracy, elimination of duplication, simplification of methods, shortening of the cycle duration, protection against errors (analysis of the current problem), simplification of communication systems in the process, standardization of results, automation, mechanization, application of information technologies in the process.

4. Reengineering of the business process. This approach is similar to the one that the organization uses in the initial design of a business process, because this method involves actually setting up the process from scratch. This approach provides a fresh look at the process goals and completely ignores the existing process and its structure. This approach is used in cases where the business process is so outdated that it is not even worth trying to save it or partially improve it. However, if management decides to use this approach for more than 20% of the main business processes, this should alert the management, since this may be a signal that the main problem is related to more global management problems. [5]

Effective marketing management is ensured by the successful functioning of business processes in the marketing service. They play an important role in the formation of an agreed department structure, management; lay the foundations of competitiveness, company image; contribute to higher labour productivity and profitability of the enterprise.

**Conclusions.** The application of the system approach allows to consider all elements of the marketing service in interrelation with each other. To effectively manage the marketing service, you need to take into account that any control effect on any component of the marketing service necessarily leads to consequences, affects all elements of the system. One way to implement a systems approach in marketing management can be to establish business processes within the system. Business processes in the marketing service reflect the main stages of marketing activities and their clear understanding allows us to identify weaknesses in the organization of marketing services in the enterprise, more rational use of resources, provides the opportunity to implement long-term planning and effective business scaling.

In this article the manifestation and advantages of applying the system approach in the marketing service were investigated. The marketing service as a system is considered; investigated how the implementation of a systems approach in marketing management can be built through the establishment of business

processes; The concept of the business process has been defined and it has been determined which business processes take place in the marketing service, describes how well-run business processes affect the effectiveness of the marketing service, how to identify business processes that need to be changed and what methods exist for improving the business -processes. The novelty of the research is the description of the marketing service at the enterprise as a system, the analysis of the opportunities and advantages of applying business processes in the marketing management, the description of business processes within the marketing service and the impact of their debugging on the achievement of marketing goals by the enterprise.

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