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COMPLEX MODEL OF BUSINESS CONSULTING FOR SMALL AND MEDIUM-SIZED ENTERPRISES

theory, methodology and practice of implementation

Monograph

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CONTENTS

PREFACE

This monograph presents a comprehensive methodological framework for business consulting in the small and medium-sized enterprise (SME) sector, designed to foster systematic growth and enhance organizational effectiveness. The study draws on theoretical foundations of management science — from classic schools (Taylorism, Fayol's administrative approach) to modern concepts (Lean, Agile, digital transformation) — to demonstrate how consultants can integrate multiple paradigms in practical work with SMEs. By examining real-world cases, discussing best practices in strategic management, HR, marketing, finance, and crisis intervention, the monograph highlights the essential role of a holistic consultancy approach for achieving sustained profitability and competitive advantage. Particular attention is given to the administrative model of management, balanced against contemporary tools (CRM, ERP, AI-driven analytics), underscoring the synergetic benefits of both structured and flexible interventions. The proposed methodology — synthesizing systemic analysis, strategic planning, and continuous improvement — seeks to equip both consultants and SME owners with evidence-based techniques to address operational inefficiencies, scale operations effectively, and navigate crises. Ultimately, the work argues that robust consulting interventions, aligned with the unique constraints and opportunities of smaller enterprises, can double the likelihood of survival and expansion, underscoring the indispensable role of consulting in modern entrepreneurial ecosystems.

INTRODUCTION

Small and medium-sized enterprises (SMEs) are traditionally regarded as the "engine" of the economy, contributing significantly to employment and value creation. In European countries, SMEs (companies with up to 250 employees) account for approximately 99.8% of all enterprises, generating around 64% of employment and more than half of the added value in the economy [1]. A similar trend is observed in the United States, where small businesses (<500 employees) make up 99.9% of firms, nearly half of private-sector jobs (about 46%), and approximately 43.5% of GDP [2]. In Ukraine, SMEs also dominate, comprising 99.98% of all business entities, generating around 74% of employment and 64% of added value [3].

Thus, the sustainable development of SMEs directly influences socio-economic well-being. However, small and medium-sized enterprises face specific challenges, including limited resources, a lack of managerial experience, and rapid market and technological changes. These factors complicate the formation of competitive strategies and make it difficult to manage business operations independently [3].

Business consulting is considered an external support mechanism that can enhance the managerial competence of SMEs and help them adapt to challenges. In a dynamic global economy undergoing digital transformation, the demand for qualified consulting services for small businesses continues to grow. For instance, half of the small companies in the United Kingdom report a lack of essential digital skills (SEO, SMM, web development, etc.), which hinders their growth [4].

The role of consulting becomes particularly relevant during periods of crisis. During the COVID-19 pandemic, the resilience and adaptability of SMEs proved to be critical for job retention and economic recovery. According to surveys, by the end of 2022, a significant portion of Ukrainian SMEs had managed to stabilize their operations. However, for continued survival and development, they require comprehensive support, including consulting assistance in strengthening their managerial capacity [5]. Thus, the development and implementation of a comprehensive business consulting model for SMEs is a timely and socially significant task that addresses the pressing needs of Ukrainian, European, and American business environments.

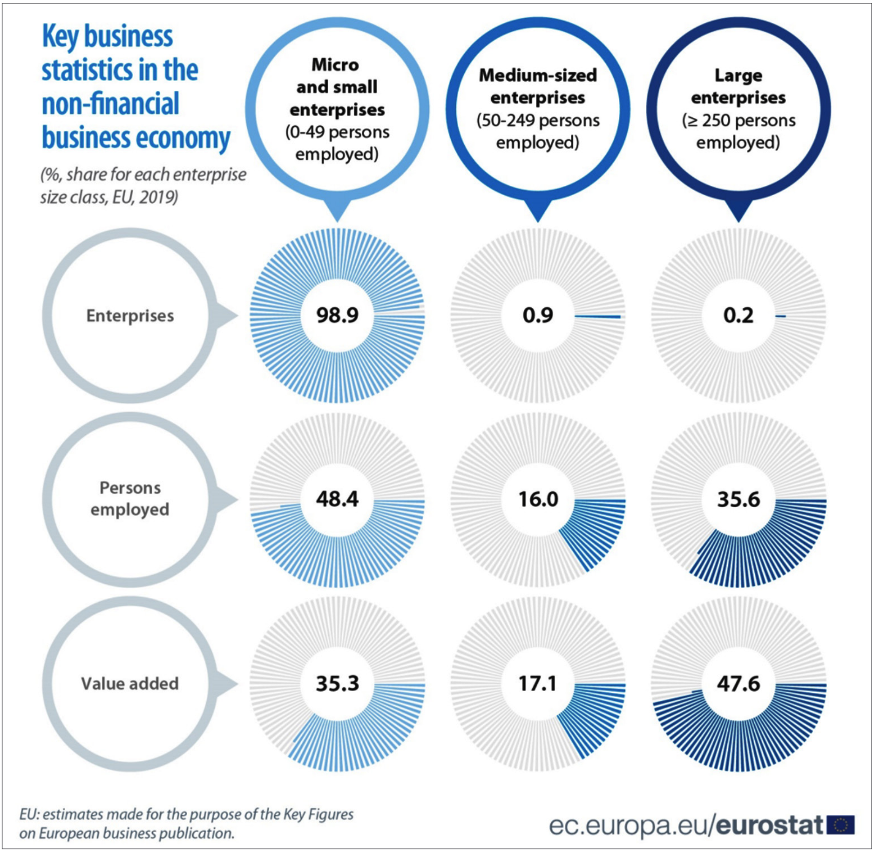

Figure 1. Share of small, medium, and large enterprises in the total number of enterprises, employment, and created added value in the EU (non-financial sector, 2019) [1]

The field of management and consulting has attracted the attention of researchers since the mid-20th century [6]. A substantial body of literature has been developed on management theory and the practice of consulting for large corporations [6]. Classic works, such as those by M. Kubr, have defined and framed management consulting as an independent professional service aimed at helping executives solve problems, improve organizational performance, and implement changes [6, 7]. Various aspects of consulting, ranging from strategic planning to knowledge management, have been explored in numerous publications.

At the same time, scholars note that academic research specifically focused on consulting for small and medium-sized enterprises remains underdeveloped despite the critical role of SMEs in the economy [6]. Until recently, most studies concentrated on consulting for large companies, while the specific nature of consultant-SME interactions remained less examined. Only in the past decade have studies emerged analyzing the impact of consulting on SME development in different countries. Randomized controlled experiments have demonstrated that providing small firms with access to qualified consultants can lead to significant improvements in business performance [8]. For instance, Bruhn et al. (2018) conducted an experiment involving 432 Mexican enterprises, revealing increased productivity and profitability among SMEs receiving consulting services [9]. A few years later, follow-up results indicated a 44% rise in employment and a 57% increase in payroll expenses compared to the non-consulted group [9].

At the same time, meta-analyses indicate that the outcomes of business training and consulting for SMEs may vary, as their effectiveness depends on context and the quality of the consulting services provided [8]. Therefore, the academic literature highlights a demand for further research and models tailored to SMEs to enhance the effectiveness of consulting for this sector [6]. This monograph aims to address this gap by building upon modern theoretical management concepts and presenting a comprehensive methodology for consulting support tailored to small and medium-sized enterprises.

The objective of this study is to develop a comprehensive business consulting model for small and medium-sized enterprises (SMEs), incorporating theoretical justification, methodological approaches, and practical recommendations for implementation. To achieve this goal, the study addresses the following tasks:

1. Analyze the evolution of consulting and the key stages in the development of the management consulting industry, with a focus on shifts in management paradigms and business needs.

2. Examine contemporary management concepts (both classical and modern) and determine their relevance to business consulting practices by identifying systemic management principles applicable to SMEs.

3. Identify the role of a systems approach in the growth and development of small and medium-sized enterprises, substantiating the need for a holistic perspective that encompasses all business aspects during consulting.

4. Assess the significance of business consulting in enhancing SME efficiency based on empirical data and experiences from support programs in Ukraine, Europe, and the United States.

5. Develop a conceptual model of comprehensive consulting that integrates theoretical and methodological components (approaches, tools, and consulting stages) tailored to the specific characteristics of SMEs.

6. Describe the methodology for implementing the developed model in practice, including recommendations on consulting stages, consultant-enterprise interactions, application of systems analysis, and evaluation of results.

7. Validate and illustrate the model's effectiveness through case studies, experimental analysis, or practical examples, assessing its advantages compared to fragmented consulting approaches.

8. Formulate conclusions regarding the scientific novelty of the proposed model and provide practical recommendations for entrepreneurs, consultants, and organizations involved in SME support.

The object of the study is the management and development processes of small and medium-sized enterprises under contemporary conditions, as well as the practical activities related to business consulting in this sector. The subject of the study is a comprehensive business consulting model for SMEs, incorporating a set of principles, methods, and consulting tools based on a systems approach, along with mechanisms for its practical implementation to enhance management efficiency and business sustainability.

The research is based on the hypothesis that the application of a comprehensive, system-oriented business consulting model will significantly improve the management efficiency and competitiveness of small and medium-sized enterprises. It is assumed that a holistic approach covering strategic, organizational, financial, and other aspects of SME operations will lead to more substantial and sustainable improvements in key performance indicators (such as revenue growth, productivity, profitability, and innovation activity) compared to isolated consultations on specific issues. Additionally, it is hypothesized that integrating theoretical management concepts with practical consulting tools (including systems analysis methods, benchmarking, and owner coaching) will enhance the adaptability of recommendations to SME-specific needs and facilitate their practical implementation. Thus, the hypothesis asserts that the developed model will provide an effective solution to the identified challenges and limitations in the field of SME consulting.

CHAPTER 1. THEORETICAL FOUNDATIONS OF BUSINESS CONSULTING AND SYSTEM MANAGEMENT

1.1. History and evolution of consulting

Business consulting emerged as an independent field at the turn of the 19th and 20th centuries alongside the development of management science. The first professional consultants appeared in the United States in response to industry demands for increased efficiency. In 1886, Arthur D. Little founded one of the first consulting firms, initially specializing in technological research [10].

Independent experts in "scientific labor organization" also became precursors to modern consultants. The renowned engineer Frederick W. Taylor began providing services for optimizing production processes in 1893. His business card described him as a *"consultant on workshop management and cost accounting"* [10]. Taylor and his followers, including Frank and Lillian Gilbreth, Henry Gantt, and others, developed methods to improve productivity — such as time studies, piece-rate pay systems, and scientific management — and implemented them in enterprises as external advisors [11]. These contributions laid the foundation for the management consulting profession, which combined engineering analysis with economic principles [10].

The demand for specialized management expertise from businesses and government institutions further fueled the expansion of consulting. In the 1930s, the Glass–Steagall Act and banking reforms in the United States increased the need for financial and organizational consulting, leading to the establishment of new firms focused on corporate strategy and structure [10]. By the mid-20th century, consulting had evolved into a full-fledged industry. In the postwar period, leading American consulting firms such as McKinsey, Booz Allen, and Arthur D. Little began expanding into Europe and other regions [10].

Management consulting transformed into a global business, offering solutions across various management domains — from corporate strategy to specialized functions. The industry experienced rapid growth during the 1980s and 1990s. New consulting areas emerged, such as value-based management (pioneered by firms like Stern Stewart and Marakon, building on the work of Alfred Rappaport [10]). Strategy consulting flourished, and major auditing firms (then known as the "Big Eight", now the "Big Four") expanded their services to include IT and management consulting [10]. During this period, consulting became a significant sector of the economy, contributing substantially to GDP in developed countries [10].

By the early 21st century, management consulting had become an essential part of the global business infrastructure and continued to demonstrate steady growth (Figure 2) [12]. Its evolution is driven by technological advancements and socio-economic trends. The digital revolution and the era of big data have generated new consulting demands, particularly in digital transformation, information systems implementation, and data analytics. According to the European Federation of Management Consultancies Associations (FEACO), the European consulting market grew by an average of 6.4% annually in recent years (before the pandemic), outpacing GDP growth (~2.2% per year) [6]. Simultaneously, client expectations have shifted toward greater transparency and measurable consulting outcomes, reflected in the development of ISO 20700:2017, a standard for management consulting services [6].

Historically, consulting services primarily targeted large corporations and industrial enterprises. However, as market economies and competition evolved, small and medium-sized enterprises increasingly became a focus of consulting. Governments and business associations in Europe and the United States recognized that SMEs require access to expertise just as much as large corporations do. Over time, support programs for SME consulting emerged. In the United States, for instance, the Small Business

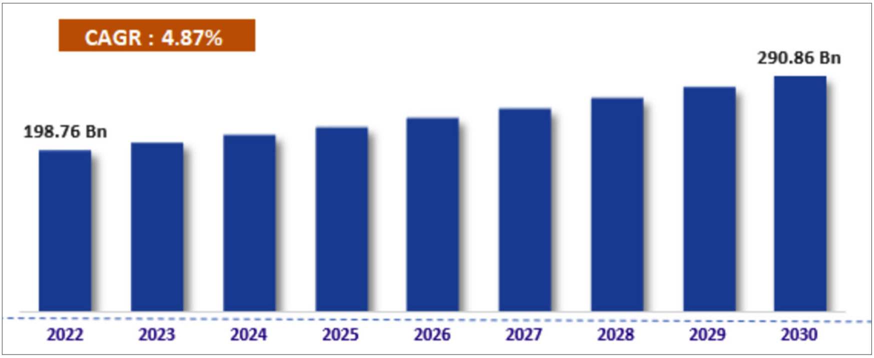

Figure 2. Consulting services industry prospective [12]

Development Centers (SBDC) network, operating under the Small Business Administration (SBA), offers free management consulting for entrepreneurs. In the EU, initiatives such as the Enterprise Europe Network facilitate knowledge exchange and expert engagement for small businesses.

In Ukraine, since the 2010s, projects supporting SME consulting have been implemented with backing from the European Bank for Reconstruction and Development (EBRD), the EU, and other donors. These initiatives include consulting vouchers, training programs for entrepreneurs, and other support mechanisms, which became particularly active during the postwar economic recovery [5]. As a result, consulting has broadened its audience — from a narrow circle of top executives in large corporations to a wide range of small business owners and managers.

A distinctive feature of the industry's evolution is that consulting firms have themselves become sources of management innovations and emerging business trends. In many cases, new management theories were disseminated through consulting practitioners. Business historians note that consulting has played a dual role: on one hand, it has driven the adoption of advanced management practices; on the other, it has contributed to the spread of management "fashions" that do not always yield long-term benefits [6]. Nevertheless, consulting services are now recognized as an integral component of modern management. The industry continues to evolve, shaped by factors such as the gig economy and freelance work, which have led to a rise in independent consultants and boutique firms offering more flexible and affordable solutions for SMEs. At the same time, major consulting firms are exploring new niches, including startup consulting and social entrepreneurship.

The current stage of consulting development is characterized by the increasing role of digital platforms and online consulting formats, such as virtual advisory sessions and expert marketplaces, which simplify SMEs' access to expertise. However, at the core of consulting remains personal expertise and trust-based relationships with clients — principles established by the first consultants over a century ago.

This historical overview demonstrates that business consulting has evolved from a niche practice of "industrial organizers" into a global knowledge-based industry. The field has built a solid foundation of experience, methodologies, and ethical standards that underpin modern consulting practices, including those tailored to SMEs. Understanding this evolution is crucial for comprehending the theoretical foundations of consulting and leveraging them in the development of a new comprehensive consulting model for small and medium-sized enterprises.

1.2. Management concepts and their relationship with consulting

Consulting is closely linked to the evolution of management theory, as consultants translate academic management ideas into practical recommendations for organizations. The key management concepts and their influence on the development of business consulting methods are examined below.

In the early 20th century, scientific management, led by F. Taylor, dominated. This approach emphasized operational analysis, standardization, and labor-based motivation. Consultants of that era applied Taylorist principles in factories, acting as “efficiency engineers” [11].

At the same time, the administrative school, developed by A. Fayol, introduced universal management functions — planning, organizing, coordinating, motivating, and controlling. These ideas laid the foundation for standard consulting services, such as assistance in organizational structuring and the development of planning and control systems. The human relations school, pioneered by E. Mayo and others, shifted the focus to motivation, leadership, and group dynamics. Consultants began addressing corporate communication improvements, training managers in people management skills, and fostering corporate culture development.

By the mid-20th century, organizational development consulting (OD) had emerged, based on behavioral sciences and aimed at changing organizational culture and structure through training, team-building, and improving psychological climate.

In the 1950s and 1960s, management theory introduced the systems approach, which viewed organizations as open systems composed of interrelated subsystems (such as production, finance, and marketing) interacting with the external environment. The pioneers of general systems theory (L. von Bertalanffy and others) and cybernetics (S. Beer, with his viable system model) proposed that successful management requires a holistic perspective rather than focusing solely on individual parts. These ideas were embraced by consultants, leading to the development of systems-based consulting methods in the 1970s. Consulting frameworks such as McKinsey’s 7-S model (strategy, structure, systems, style, staff, skills, shared values) emerged, facilitating comprehensive organizational diagnostics.

The contingency approach also influenced consulting, reinforcing the notion that there is no single “best” management method and that effective solutions depend on contextual factors such as company size, industry, and growth stage. As a result, consultants began tailoring their recommendations to the specific conditions of each business. For example, management practices effective in large corporations might not be suitable for small family-owned firms, necessitating adaptation.

From the 1960s and 1970s onward, strategy and competitive advantage became central topics (notably in the works of I. Ansoff, M. Porter, and others). The emergence of strategic management as a discipline gave rise to strategic consulting, including services related to strategic planning, industry analysis, and corporate positioning. Consulting firms developed proprietary analytical frameworks such as the BCG matrix (for portfolio analysis), Porter's Five Forces model (for assessing competitive environments), and SWOT analysis. These tools became standard components of consulting for both large and small enterprises.

The theory of competitive strategies, which includes cost leadership, differentiation, and focus strategies, was practically implemented through consulting projects where experts helped businesses identify their competitive advantages and formulate action plans. In the 1990s, the concept of business process reengineering (M. Hammer, J. Champy) introduced radical process redesign for breakthrough improvements. Consulting firms quickly adopted this approach, executing large-scale process transformation projects worldwide.

Total Quality Management (TQM) and Lean Manufacturing theories also made their way into consulting. In the 1980s and 1990s, consultants actively implemented ISO quality management systems, statistical process control methods (Six Sigma), and Kaizen tools across organizations of various sizes. Many SMEs, lacking in-house expertise, relied on consultants to establish quality management systems, aligning their operations with international standards. Consulting thus became a key channel for transferring modern management technologies to businesses lacking internal capabilities.

By the late 20th century, knowledge management emerged as a significant area in management theory, focusing on how organizations generate, share, and utilize knowledge. Consultants incorporated these concepts into their services by offering solutions for knowledge bases, employee training, and fostering an innovation-driven culture. For instance, a consultant might assist a small firm in developing knowledge-sharing practices among

Table 1

Major management schools and their influence on consulting practice

School/concept	Key ideas	Contribution to consulting
Scientific management (Taylorism) (~1890–1920s)	F. Taylor, time studies, piece-rate pay, operational rationalization	Early form of "engineering" consulting (process optimization, labor motivation)
Administrative school (~1910–1940s)	A. Fayol: five functions of management, principles of administration	Established standards for organizational structure, planning, and control; foundational framework for organizational consulting
Human relations school (1930s–1950s and beyond)	E. Mayo: role of groups, motivation, leadership, human behavior in teams	Highlighted the importance of soft skills, communication, training, and HR development
Systems approach (1950s–1970s)	Organization as a system of interrelated subsystems and external connections	Cross-functional analysis, comprehensive diagnostics, 7-S model, organizational cybernetics
Strategic management (1960s–1990s)	I. Ansoff, M. Porter, BCG matrix, Five Forces model, SWOT, competitive strategies	Gave rise to strategic consulting, portfolio analysis, and corporate positioning
Business process reengineering and lean (1980s–2000s)	M. Hammer, Kaizen, TQM, continuous process improvement	Projects focused on process redesign and value chain optimization
Agile and digital transformation (2000–present)	Iterative management, rapid release cycles, Big Data, automation	IT consulting, Agile implementation, CRM/ERP integration, digital strategy development

employees, implementing IT systems for document storage, or advising on motivation strategies for innovation. Simultaneously, the learning organization concept (P. Senge) gained traction in organizational development consulting.

The modern era has introduced theories of digital transformation and agile management (Agile, Scrum), initially developed in the IT sector but now widely applied across industries. Consultants frequently support clients in adopting Agile approaches for project management and guiding digital transformation efforts, ranging from CRM/ERP system implementation to developing digital business strategies. The theory of business modeling (A. Osterwalder's Business Model Canvas) has also gained popularity through consulting, as consultants train entrepreneurs in structuring and adapting business models to new markets.

Business consulting has absorbed the key achievements of management theory. Essentially, consultants serve as conduits of management knowledge, assisting organizations in applying these concepts in practice. According to M. Kubr, *"management consulting is an independent professional service that assists executives in achieving organizational goals by solving management and business problems, identifying new opportunities, facilitating learning, and implementing change"* [6, 7]. This definition reflects several theoretical dimensions:

- goal orientation (from strategic management);
- problem-solving (analytical approach from scientific management);
- capability development and learning (from the human relations school and knowledge management);
- change implementation (organizational change theory).

A consultant must possess a broad spectrum of knowledge — from strategic to behavioral theories (Figure 3) — to comprehensively assess a situation and propose an optimal solution. For instance, if a small enterprise faces declining profitability, a consultant would analyze multiple dimensions: strategy (market positioning issues using Porter's framework), finances (cost structure using managerial accounting tools), operational efficiency (potential waste based on Lean principles), sales and marketing organization (applying marketing management principles), and employee motivation (drawing from Maslow's and Herzberg's motivation theories). Such a multidimensional analysis is impossible without a strong foundation in management concepts. Consequently, the effectiveness of consulting largely depends on how well a consultant integrates theory with practice.

For the development of a comprehensive SME consulting model, the synergy of different theoretical approaches is particularly crucial. A small enterprise operates as a miniature version of a corporation, where all functions are closely intertwined. A consultant cannot focus solely on financial analysis or marketing advice; instead, a holistic, systems-based perspective is required (as discussed in the following sections).

This study, therefore, incorporates several conceptual lines: strategic planning, organizational development, change management, and systems thinking, to create a unified yet flexible methodology for working with SMEs. As K. Kubr noted, consulting covers an extensive range of activities — from strategy development and process reengineering to e-business and corporate social responsibility [6]. Clients often expect consultants to "solve

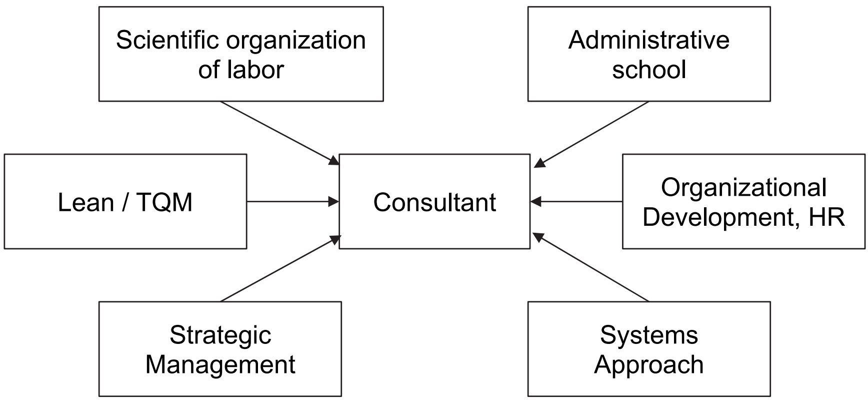

Figure 3. The consultant as an integrator of various management theories, adapting them to a company's needs

everything at once"—improving results, resolving problems, and identifying new growth opportunities [6].

In response to these expectations, management theory offers a rich set of tools. The challenge of a comprehensive approach lies in correctly combining these tools and ideas based on the unique needs of a business. The following section will explore the philosophy of the systems approach, which serves as the methodological framework for this model.

1.3. The role of the systems approach in the development of small and medium-sized enterprises

The systems approach in management considers an organization as a holistic system in which all elements are interconnected and influence one another. For small and medium-sized enterprises, which typically operate with limited scale and resources, a systems perspective is particularly relevant. Any change, such as the implementation of new technology or the reorganization of a department, affects the entire company. Applying a systems approach helps account for these interdependencies and prevents management imbalances, where improvements in one area may lead to problems in another.

The foundations of systems thinking were established in the 1920s and have evolved over the past century, finding applications across various fields, from engineering to management [13]. The key principle is to analyze functions and processes not in isolation but within the context of the overall system and its environment. In business, this means that decision-making should consider its impact on finances, personnel, customers, and operations. For example, increasing production volume is meaningless without assessing whether the market can absorb the additional output or ensuring financial stability to prevent working capital shortages. Systems thinking helps organizations identify bottlenecks and leverage synergies.

For consultants working with SMEs, the systems approach serves as a methodology for diagnosing issues and developing recommendations. The objective is to ensure that changes are integrated and balanced, fostering sustainable business growth. In practice, this is achieved through several steps.

1. First, the external environment of an SME is examined as a supersystem, including markets, competitors, regulators, and partners. Small businesses are highly dependent on external factors, so consultants analyze how economic, legislative, and technological changes impact the company, such as shifts in consumer preferences, emerging competitors, or currency fluctuations.

2. Next, the internal subsystems of the enterprise are analyzed: strategy and objectives, organizational structure, business processes, finances, information systems, human resources, and corporate culture. These elements are viewed as parts of a single organism, with interdependencies identified — for instance, how strategy influences structure, how processes affect finances, and so on.

3. The analysis then focuses on identifying imbalances or problem areas. A systems review may reveal that an issue reported by the client, such as “low sales”, actually originates in a different subsystem, such as weak marketing, inefficient sales department organization, or inadequate employee motivation. Instead of merely addressing symptoms, a consultant proposes a systemic solution that targets the root cause.

4. Comprehensive solutions are then developed, with each recommendation assessed for its impact on other aspects of the business. For example, if implementing new software is advised (affecting the IT subsystem), the consultant considers the need to train employees (HR subsystem), allocate a budget (financial subsystem), and potentially adjust operational processes. The systems approach requires developing a cohesive plan for change.

5. Finally, coordination of implementation is ensured. During the execution of recommendations, the consultant or SME manager functions as a “change project manager”, ensuring that changes in different parts of the organization progress in sync and reinforce each other.

The effectiveness of the systems approach is supported by research, which indicates that maintaining process continuity and integration is essential for organizational sustainability [13]. One study highlights that applying systems thinking — particularly Beer's viable system model — helped small businesses better understand their goals and internal interdependencies, leading to increased productivity and business resilience [13]. In simple terms, systems thinking enables small businesses to "see the forest for the trees", avoiding the trap of getting lost in daily operational tasks and instead managing growth strategically.

Small and medium-sized enterprises are generally less formalized than large corporations; they may lack clearly defined departments, regulations, or a well-developed strategy. Many SMEs emerge as entrepreneurial initiatives and grow organically. While this provides flexibility, it also increases the risk of chaotic management. In this context, the systems approach proves highly beneficial, as it helps structure management processes even in small firms. A consultant applying systems principles essentially assists a small business owner in bringing order to operations — defining goals (strategic subsystem), establishing roles and responsibilities (organizational structure), outlining key processes (operational subsystem), implementing accounting and control mechanisms (financial and managerial subsystem), and streamlining communication (information subsystem). As a result, the enterprise begins to function more consciously as an integrated system rather than a collection of fragmented activities.

Another crucial aspect is innovation integration. SMEs often lack the resources for experimentation and tend to adopt innovations more slowly. However, the systems approach emphasizes continuous monitoring of the external environment and feedback mechanisms, fostering adaptability. A consultant with a systemic perspective can highlight the necessity of responding to external changes, introducing new products, and exploring alternative sales channels to ensure the company's long-term viability.

Thus, systems thinking is closely tied to the concept of SME sustainability. Sustainability refers to an enterprise's ability to maintain efficient operations and growth over the long term despite internal and external changes. Research confirms that the systems approach contributes to improved management processes, increased productivity, and higher-quality decision-making, all of which are direct factors of business sustainability [13].

In SME consulting practice, the systems approach is reflected in methodologies such as organizational cybernetics. Stafford Beer's Viable System Model (VSM), for example, can be applied even to small businesses to assess whether all essential management functions are present and effectively interacting. A recent study of South African SMEs demonstrated that VSM served as an effective audit tool, identifying gaps in strategic planning, change management, goal setting, and leadership. Addressing these deficiencies led to improved business sustainability indicators [13]. Although such advanced methods are not always applied directly, the fundamental principle of viewing an enterprise as a "living organism" underlies many consulting recommendations.

For the development of this comprehensive consulting model, the systems approach serves as a methodological foundation. The model is built on the premise that consulting for SMEs must encompass all critical aspects of business and ensure their coordinated development. Without this holistic approach, the results may be limited or short-lived. For instance, if a consultant enhances employee qualifications (human subsystem) without adjusting processes and structure, employees may struggle to apply their new skills effectively. Similarly, developing an excellent strategy without considering financial constraints would make its implementation unfeasible. The systems approach ensures balance — strategy aligns with resources, structure supports strategy, processes are optimized for objectives, and employees receive training relevant to new processes.

In conclusion, the systems approach is not a one-time methodology but a management philosophy that consultants strive to instill in their clients. Ideally, once the consulting project is complete, an SME leader should continue to think systemically — regularly evaluating the entire "business system" and ensuring the harmonious development of all its components. This way, the impact of consulting remains sustainable, and the enterprise gains the capability to independently tackle future challenges using a systemic perspective.

1.4. The importance of business consulting for small and medium-sized enterprises

Small and medium-sized enterprises play a crucial role in the economy while facing numerous challenges that hinder their development, including a lack of managerial knowledge and experience, limited access to finance and technology, intense competition, and a rapidly changing market environment. Business consulting helps mitigate these vulnerabilities by providing external expertise, fresh perspectives, and practical solutions tested in other companies. The specific significance of consulting for SMEs is examined below.

First, consulting enhances the professional management capabilities of SMEs. Business owners are often highly skilled specialists in their respective fields, such as technology, trade, or craftsmanship, but may lack systematic knowledge in management, marketing, and finance. Consultants fill these competency gaps. For example, a consultant can establish accounting and financial planning processes for a small enterprise, train the owner in pricing strategies and profitability analysis, or develop a marketing strategy that had previously been neglected due to a lack of understanding of promotional tools. This expertise enables SMEs to operate with greater awareness and efficiency, elevating them to a new level of business management.

Second, consulting accelerates growth and improves productivity in SMEs. Research and practical experience indicate that the introduction of modern management practices by consultants leads to significant improvements. A field experiment in Mexico, previously mentioned, demonstrated that after one year of working with consultants, small firms experienced increased productivity and return on assets (approximately +20% compared to the control group) [9]. A few years later, these enterprises showed significantly higher expansion rates, with an average sales growth of approximately 80% and a profit increase of around 120% relative to those that did not receive consulting services [8]. Consulting helped business owners optimize product assortments, reduce costs, and improve workforce management, leading to these results. While such impressive outcomes are not always guaranteed and depend on the quality of consulting and the entrepreneur's motivation, the overall trend is positive. Meta-analyses indicate that well-structured mentoring and training for entrepreneurs enhance business practices, resulting in revenue and profit growth [14]. Even in cases where the average effect is moderate, some businesses achieve breakthrough success through consulting, justifying the investment for others.

Third, business consultants assist SMEs in adapting to changes and implementing innovations. Small businesses often lack the capacity to monitor external trends as they are preoccupied with daily operations. Consultants, working with diverse clients, accumulate extensive industry knowledge and can introduce SMEs to new ideas, such as digitalizing sales through online platforms, implementing CRM systems for customer relationship management, adopting online marketing strategies, or expanding into export markets. Consultants frequently bring innovation to products or business models. In today's rapidly shifting landscape, marked by technological advancements, changing consumer behavior, and economic crises, the ability of SMEs to adapt swiftly is a survival factor, with consultants acting as catalysts for change.

Fourth, consulting serves as mentorship and professional training for entrepreneurs. Through collaboration with consultants, SME leaders acquire problem-solving techniques, analytical skills, and decision-making frameworks. This enhances their managerial capital — the set of skills and knowledge required for effective leadership [9]. In the long term, this competence growth enables companies to handle challenges independently. Thus, consulting has a multiplier effect: it not only resolves specific issues but also strengthens the client's capabilities. One study highlights a significant increase in entrepreneurs' confidence in their abilities and strategic direction following participation in consulting programs [9].

Fifth, consultants facilitate access to resources and business partnerships for SMEs. Leveraging their networks and experience, consultants advise on securing funding through investors and grants, recommend reliable suppliers or contractors, and introduce businesses to potential partners. For small firms that are often isolated from broader business networks, this type of facilitated networking can be invaluable. In Ukraine, for example, consultants working under donor programs such as USAID and EU4Business assist SMEs in preparing grant applications and obtaining certifications for entry into European markets, a process that would be difficult for businesses to navigate independently.

Despite its evident advantages, not all SMEs actively engage with consulting services. Several barriers exist, including financial constraints (insufficient funds to pay for services), psychological factors (distrust of external advice, reluctance to acknowledge problems), and a limited supply of consulting services tailored to SMEs. Surveys in Europe indicate that approximately half of small firms avoid hiring consultants due to perceived high costs, while a third remain skeptical about their competence [4]. In the United Kingdom, 49% of SME owners cited excessive costs as the primary reason for not using consultants, while 36% doubted the value of the advice received [4]. More than a million UK SMEs that had engaged consultants reported dissatisfaction, believing they had wasted approximately £12.6 billion in total [4]. These findings highlight the need to enhance the effectiveness and accessibility of consulting services for SMEs. This underscores the importance of developing new models that are more results-oriented, transparent, and financially viable for small businesses. The comprehensive consulting model proposed in this study aims to ensure that every unit of currency invested in consulting yields maximum returns for the enterprise.

It is also important to recognize that the impact of consulting is rarely immediate — improvements often become evident only months or even years after recommendations are implemented. For example, in an experiment conducted in Ghana, consulting services for small entrepreneurs did not lead to immediate profit growth, prompting business owners to revert to previous practices [8]. This suggests that consulting must be accompanied by sustained support for change; otherwise, innovations may fail to take root. The recommendations presented in Chapter 3 emphasize the importance of post-project support and implementation oversight to ensure that consulting advice translates into concrete business improvements.

In summary, the significance of business consulting for SMEs can be outlined through several key aspects. It enhances efficiency and business growth by helping small enterprises improve performance indicators such as profitability, productivity, and sales through the adoption of best management practices [8]. It bridges knowledge gaps by providing expertise in strategy, finance, marketing, IT, and other areas that may be lacking within the firm. It facilitates strategic development by assisting SMEs in formulating clear growth plans, entering new markets, and reorganizing for expansion. It supports risk management and crisis response, helping businesses navigate economic downturns, develop contingency measures, and adapt to external shocks such as pandemics or conflicts, thereby increasing their survival rate [5]. Consulting accelerates innovation and digital transformation by integrating new technologies and innovative approaches into small companies, enabling them to compete with larger players. It contributes to human capital development by enhancing the skills of business owners and employees through training and mentorship, resulting in long-term benefits. Additionally, consultants act as a link between SMEs and the broader business environment, providing access to industry best practices, professional networks, and strategic partnerships.

Practical examples support these conclusions. A consulting program for SMEs implemented by the EBRD across several Eastern European countries found that more than 75% of participants reported increased turnover and business expansion within a year of the project [14]. In Ukraine, consulting initiatives focused on energy efficiency improvements helped small manufacturing enterprises reduce energy costs by 15–20%, directly boosting profitability, as reported by GIZ and USAID. In the United States, research by the National Bureau of Economic Research (NBER) found that small firms receiving professional consulting significantly improved inventory management and product quality, leading to an expanded customer base.

Of course, not all consulting engagements are successful — effectiveness depends on various factors, including the consultant's qualifications, the entrepreneur's willingness to embrace change, and external market conditions. However, the overall trend indicates that well-executed business consulting serves as a growth and competitiveness tool for SMEs. In an era of globalization and rapid technological advancements, small businesses must continuously learn and adopt new ideas to remain competitive, and consultants act as facilitators of this process.

Thus, business consulting is not a luxury for SMEs but often a necessity. It plays a compensatory role, mitigating the disadvantages of small-scale operations by introducing external expertise and resources. Expanding SME access to consulting services contributes to overall economic productivity and innovation. Recognizing this, several governments subsidize SME consulting, viewing it as an investment in entrepreneurship development. These factors underscore the relevance of this study's objective: to create a comprehensive model that enhances the effectiveness, precision, and impact of consulting services for small and medium-sized enterprises.

CHAPTER 2.
ANALYSIS OF EXISTING CONSULTING TECHNIQUES AND TOOLS

The development of small and medium-sized enterprises requires a comprehensive approach that incorporates multiple functional areas, including marketing, finance, human resource management, and operational activities. A consultant working with a company inevitably utilizes various tools to help the owner and team identify bottlenecks, streamline processes, and elevate the business to a new level.

2.1. Overview of practical tools in business consulting

2.1.1. Marketing tools

In a competitive market, marketing often becomes the starting point for transformation, as it directly influences customer flow and sales volume. However, a consultant does not simply provide "advertising advice" but conducts an in-depth analysis of the business environment, competitors, and audience engagement to ensure systemic improvements.

The first stage typically involves a diagnostic analysis using methodologies such as SWOT and PEST(EL). A concise review of strengths and weaknesses, along with external opportunities and threats, provides SME leadership with a structured understanding of strategic direction. Simultaneously, external factors — including political, economic, social, technological, and legal aspects — are assessed, as even a small retail shop or local startup may face difficulties due to regulatory changes or the emergence of a major competitor.

The next step involves developing the marketing mix, traditionally structured through the "4P" framework (Product, Price, Place, Promotion) or the "7P" model for service-based businesses, which includes People, Process, and Physical Evidence. For instance, a consultant collaborates with the business owner to define the unique selling proposition (Product), establish pricing strategies (Price), determine suitable distribution channels (Place), and select effective promotional methods (Promotion). In service industries, additional analysis focuses on personnel, customer service processes, and tangible service attributes, such as store design and employee uniforms, as service interactions are inherently intangible.

Special attention is given to the sales funnel, tracking the customer journey from brand awareness to purchase and retention. If a significant number of potential buyers drop out at a particular stage, the consultant identifies the reasons — whether it is a lack of product information, insufficient trust in the brand, or complications in the payment and delivery process. A systematic examination of the sales funnel provides concrete metrics, such as conversion rates, customer acquisition costs, and repeat purchase percentages. These indicators measure the impact of any changes, from social media advertising campaigns to product assortment adjustments in a retail store.

The final stage of marketing consulting focuses on transitioning to digital channels and online analytics. By implementing tools such as Google Analytics or Facebook Pixel, small businesses can track which advertisements attract paying customers and where resources are being wasted. Overall, the consultant builds an integrated system that combines clear offline positioning and promotional activities with online tracking and the development of a loyal community through social media engagement.

2.1.2 Financial tools

Despite the significance of marketing, a business cannot grow without transparent financial management, and unstructured cash flows can hinder operations. The second major area of consulting tools focuses on budgeting, cash flow analysis, variance analysis, and the adjustment of various financial KPIs.

In most SMEs, accounting is maintained primarily for reporting purposes (tax and statistical reporting), and business owners often lack real-time management data. To address this, consultants recommend transitioning to more detailed management accounting, where revenues and expenses are categorized by business segments (retail locations, wholesale contracts, online sales). Key cost elements such as marketing, salaries, and rent are separated into distinct budget items, which are then monitored through monthly or weekly reports. This data is often visualized in charts, such as expense distribution or sales dynamics, allowing business owners to quickly identify anomalies and respond proactively.

Variance analysis plays a crucial role by comparing actual financial performance with the budget. If marketing expenses for a given month significantly exceed projections, a consultant works with management to determine whether the increase was justified (for example, whether it resulted in higher sales) or if funds were spent inefficiently. Discrepancies in procurement costs may indicate that the company is struggling to move inventory, leading to frozen capital. Through these analyses, consulting fosters financial discipline, which is impossible without objective data and systematic reviews.

Beyond providing an overall financial picture, specific KPIs are often required, such as inventory turnover, accounts receivable collection speed, sales profitability, and liquidity ratios. The success of marketing campaigns is typically assessed through ROI (Return on Investment) for specific promotions, while the financial stability of the business is measured through cash flow. For SME owners, it is crucial to recognize that profitability on paper does not always translate into sufficient cash availability for covering expenses such as salaries and supplier payments. Cash flow issues are one of the leading causes of small business closures, accounting for 82% of failures. Consultants help establish financial alert systems, where a drop in operational cash flow below a critical level triggers a reassessment of expenses or an acceleration of revenue collection.

2.1.3. HR tools

For many SMEs, human resource management lacks formalized processes. Small firms often rely on informal hiring and motivation practices, leveraging close-knit team relationships. On one hand, this flexibility can foster innovation — a study on European SMEs found that informal HR practices that meet employees' needs for competence and autonomy positively impact a company's innovative capacity. On the other hand, a lack of structure in HR complicates business growth, leading to chaotic recruitment and high employee turnover. Consultants aim to strike a balance by introducing essential HR management tools while preserving the entrepreneurial culture of SMEs.

Consulting recommendations often include developing a structured hiring process, defining job requirements, identifying candidate sourcing channels, and outlining interview and assessment stages. SMEs increasingly adopt competency-based models and structured interviews for candidate evaluation. Employee onboarding is another critical aspect, ensuring a systematic introduction to the job role. Research indicates that structured onboarding programs improve employee retention by 60% [15]. In small businesses, where each employee plays a crucial role, reducing turnover through high-quality onboarding is particularly important. For example, implementing mentorship programs during the first month of employment significantly enhances newcomer loyalty.

Although SMEs often have limited resources for training, investing in employee development pays off through increased productivity and motivation. A consultant can help establish a cost-effective training system, including in-house training sessions, task rotation for skill acquisition, and online courses. In rapidly evolving markets characterized by digitalization and technological advancements, continuous learning becomes a competitive advantage. Additionally, development programs, such as training employees with leadership potential in management skills, enhance team engagement and reduce the risk of losing valuable talent.

KPI systems serve as a tool for aligning company objectives with employee performance. Consultants assist in implementing key performance indicators and regular evaluations, whether in the form of sales targets for sales managers, customer satisfaction metrics for service staff, or productivity benchmarks for operational employees. In small businesses, KPIs must be transparent and perceived as fair to ensure effectiveness.

Performance evaluations often form the basis for incentive schemes, including bonuses, rewards, and non-monetary benefits such as recognition or additional days off. A well-structured motivation system can significantly boost productivity. Studies confirm that financial incentives (such as bonuses and performance-based pay) positively correlate with employee morale and motivation in SMEs. However, non-financial factors, including career growth opportunities, flexible work schedules, and a positive workplace atmosphere, are equally important. Consultants analyze the company's current reward system and suggest improvements based on best practices and employee expectations.

2.1.4. Operational tools

Operational efficiency is a key factor in SME competitiveness, and consulting in this area focuses on optimizing business processes and implementing technology. One of the initial steps involves business process mapping, which includes visualizing and standardizing workflows. This approach utilizes standardized notations, such as BPMN (Business Process Model and Notation), which graphically represent the sequence of actions, responsible parties, documents, and decision points within a process. A process map helps identify bottlenecks, such as redundant steps, unnecessary delays, and excessive approvals.

Based on this analysis, business process reengineering is conducted to simplify and accelerate key operations, including production, order processing, and customer service. BPMN modeling has gained popularity among SMEs due to its clarity and standardized language. Even a small business can outline processes such as order fulfillment, from receiving a customer request to delivery, which helps allocate responsibilities and establish control checkpoints.

Figure 4 illustrates how BPMN is used to formalize processes. In this example, roles such as "Customer", "Operator", and "Pizzeria" are assigned separate lanes, while process steps (order placement, baking, delivery, and payment) and decision points are marked with standard symbols. For SMEs, such modeling provides a comprehensive view of service delivery cycles, highlights inefficiencies — such as excessive wait times at the baking or delivery stages — and improves service quality.

In addition to process standardization, automating routine operations is a fundamental goal of operational consulting. A common recommendation is the adoption of a CRM system (Customer Relationship Management) to manage customer interactions. CRM software centralizes customer information, sales history,

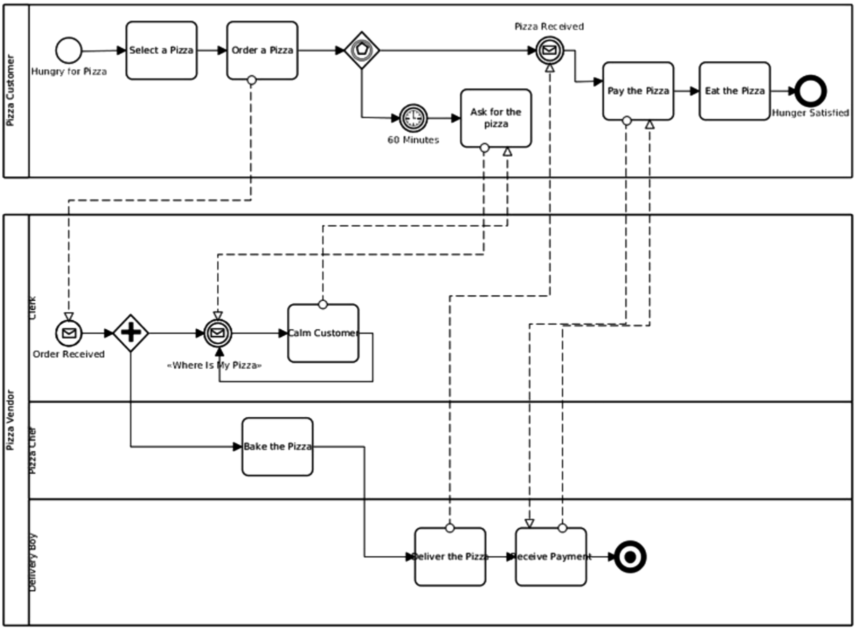

Figure 4. Example of a fragment of a BPMN-diagram of a business process (pizza ordering process) with distribution of roles by "swim lanes" [16]

and communication records, enhancing the efficiency of sales and service management.

For resource management and planning, SMEs can implement ERP (Enterprise Resource Planning) systems — comprehensive software solutions for managing finances, inventory, and production. While full-scale ERP systems are traditionally associated with large corporations, today there are lightweight cloud-based solutions designed for SMEs. Industry statistics indicate that only about 27% of small enterprises currently use ERP systems, but adoption rates increase as businesses expand [17].

The lower adoption rate is often due to budget constraints and concerns about implementation complexity. Consultants assist in selecting scalable solutions, starting with cloud-based accounting and basic inventory management before gradually expanding functionality. The benefits of automation are evident — practical case studies of ERP implementation show a 10–30% reduction in operational costs and a 30–50% improvement in data accuracy [17].

Another critical aspect is the transition to electronic document management. Paper-based processes, such as invoices, certificates, and requests, slow down operations and increase the likelihood of errors. A consultant can assist SMEs in adopting electronic documents and digital signatures while integrating data exchange with banks and business partners. This transition not only speeds up transactions but also ensures document security and easy retrieval. In the long term, digitalizing operations provides a strategic advantage by enabling management to monitor real-time data through dashboards and make decisions based on current information rather than intuition.

To assess the effectiveness of operational changes, key performance metrics related to time, quality, and cost are applied. For example, after optimizing the delivery process, it is essential to measure the average delivery time and the percentage of on-time deliveries (SLA compliance), as these operational efficiency KPIs indicate whether service quality has improved. Similarly, quality can be evaluated based on the percentage of returns or complaints, while costs can be analyzed through process cost efficiency.

Table 2

Examples of KPIs for monitoring SME performance

Area	Key Performance Indicators (KPIs)
Finance	Sales profitability (%), Current liquidity ratio, Working capital turnover (days), Actual budget deviation from planned (%)
Marketing and sales	Customer acquisition cost (CAC), Customer lifetime value (LTV), Lead-to-sale conversion rate (%), Market share (%)
Human Resources (HR)	Employee turnover rate (% per year), Employee satisfaction score (survey rating), Time to fill a vacancy (days), Percentage of employees meeting KPI targets (%)
Operations	Order fulfillment cycle (time, days), Defect/rejection rate (%), On-time delivery rate (% of orders without delay), Employee productivity (output per employee)

A consultant helps SMEs establish this monitoring system and implement a culture of continuous improvement based on principles such as Kaizen and Lean. Small businesses that regularly measure and refine their processes become more competitive and can scale operations without disorder.

To summarize the key benchmarks, Table 2 presents examples of KPIs frequently used in consulting practice to assess and monitor the effectiveness of SME operations.

Financial KPIs reflect business profitability and stability, marketing indicators measure market engagement and customer relationships, HR metrics assess team performance, and operational KPIs indicate process efficiency and service quality. By tracking these indicators, consultants and business leadership evaluate the company's current state and monitor the impact of newly implemented tools.

2.2. Business systematization: key approaches

One of the primary objectives of consulting is to transition SMEs from manual management to a structured operational model. Business systematization involves establishing a stable organizational structure, clear regulations, and implementing technologies that ensure process reproducibility. While many small businesses initially succeed due to the enthusiasm of their founders and operational flexibility, sustainable growth requires institutionalization. Without this, scaling often leads to inefficiencies and operational disruptions.

The first step toward systematization is defining a clear organizational structure. Even in a small company, it is essential to delineate responsibilities — who oversees sales, production or service delivery, and financial management. Consultants assist SME owners in formalizing this structure using an organizational chart that outlines reporting hierarchies and key departmental functions. Typically, core functions include:

- Operational (order fulfillment).
- Commercial (sales and marketing).
- Administrative and financial management.

In some cases, cross-functional teams are formed to manage specific projects or process improvements. A well-defined structure eliminates duplication of efforts and bottlenecks that arise when all decisions are centralized with the business owner.

The next crucial component is the development of regulations and job descriptions. Business process regulations define key workflows in a step-by-step format, specifying what needs to be done, by whom, and within what timeframe. Job descriptions document responsibilities, rights, and performance metrics for each role. For SMEs, this is particularly beneficial when hiring new employees or delegating tasks, replacing verbal agreements with a documented knowledge base.

Consultants typically begin by documenting a few critical processes, such as customer order processing, raw material procurement, and payroll calculation, using simple checklists or guidelines. Over time, a standardized set of procedures is developed, increasing operational predictability. However, it is crucial to maintain a balanced approach to standardization. Excessive bureaucracy can stifle the agility that small businesses rely on. Therefore, consulting efforts focus on identifying key areas where standardization yields the highest impact, such as quality control, safety, and regulatory compliance, while preserving flexibility in non-critical aspects to foster innovation and adaptability.

Formalizing the structure and processes also prepares a company for scaling. For instance, when opening a new branch or expanding the workforce, having standardized organizational templates and guidelines simplifies training and the launch of new divisions. Moreover, an organized structure improves internal communication, as employees clearly understand whom to approach for specific issues and where their responsibilities lie.

Table 3

Examples of key processes, level of regulation, and comments

Process	Level of detail	Comments
Customer order processing (from request to delivery)	High (checklist, step-by-step instructions)	Order errors are costly and have a strong impact on customer experience
Procurement of raw materials and supplies	Medium (general guidelines and key point control)	It is important to meet deadlines and quality requirements, but flexibility in supplier selection is beneficial
Payroll calculation	High (deadlines, responsible persons)	Errors must be eliminated as they affect employee motivation
Marketing campaigns (promotions, discounts)	Medium (general regulations, but creative freedom)	Budget approval criteria are important, but room for creativity is needed
New product/service launch	Low (initial principles, but flexibility)	Excessive formalization stifles innovation, but testing stages are defined

This reduces the company's dependence on particular individuals, ensuring operational stability through a system rather than relying on key personnel.

An essential part of systematization is the automation of business functions using modern digital tools. Implementing information systems shifts many processes from manual operations to data-driven management. For SMEs, key areas of automation include accounting (accounting software, ERP modules), sales and marketing (CRM systems, online marketplaces), and internal communications (corporate messengers, task management systems).

With the advancement of cloud technologies and SaaS (software-as-a-service) models, automation has become more affordable for small businesses. Many companies begin by automating financial management, transitioning from spreadsheets to specialized small-business applications that integrate accounting, inventory, and sales within a single system. This eliminates manual data entry errors and accelerates financial reporting.

The next step is integrating these systems for real-time analytics. Consultants recommend setting up dashboards with key metrics — such as daily sales, inventory levels, and cash flow movements — so that business leaders can instantly assess the company's status and respond promptly.

However, digital transformation in SMEs also presents challenges. Standard corporate IT solutions are often too complex and excessive for small enterprises. Consultants act as intermediaries between IT and business needs, selecting scalable solutions tailored to the company's size. Instead of implementing a full-scale ERP system, a more cost-effective approach may involve using a combination of integrated cloud services — such as an online sales platform linked via API to cloud-based accounting and CRM software. This modular approach reduces costs and risks while maintaining flexibility. Additionally, staff training on new systems and the establishment of technical support are crucial to successful implementation.

The expected outcomes of digitalization include increased efficiency and reduced costs. International studies highlight that insufficient digitalization is a vulnerability for SMEs compared to large corporations. Many small businesses do not fully leverage data and automation, limiting their speed and adaptability in the market. Successful consulting programs, therefore, emphasize digital skills, training employees to use CRM systems, analyze business metrics, and automate routine tasks (such as setting up customer email templates or automating supplier payments). In some cases, robotic process automation (RPA) is recommended for repetitive tasks, such as transferring data from customer orders to an accounting system.

Cybersecurity and data protection also require special attention. The transition to digital processes necessitates safeguarding commercial information, implementing database backups, and managing access control. As part of digitalization projects, consultants often incorporate these security measures to ensure that a structured business is not only efficient but also resilient to IT risks such as system failures or data breaches.

Ultimately, automation and digital solutions provide the foundation for further SME growth. Companies gain access to enterprise-level tools in a simplified format and develop a data-driven work culture. This allows management to spend less time on routine operations and more on strategic development, relying on accurate and timely information.

However, systematization is impossible without measurement and continuous performance monitoring. What is not measured cannot be improved — this principle underlies TQM, Lean, and Six Sigma approaches, which are also adapted for small businesses. Consultants assist in defining clear performance indicators for key business processes, focusing on time, quality, and cost.

Time-based metrics focus on cycle durations and adherence to deadlines. For example, the time taken to fulfill an order from placement to delivery is a critical parameter in retail and logistics. In service businesses, this could be the average response time to customer inquiries or the duration of project execution. Establishing a baseline (e.g., an average order fulfillment cycle of five days, with one day for processing, two days for production, and two days for delivery) allows consultants to set optimization goals

Table 4

Examples of KPIs for monitoring the efficiency of key processes

Measured area	Typical KPIs
Time	– Average cycle time
	– On-time delivery %
	– Average response time to customer (for service firms)
Quality	– Percentage of defects/returns
	– Satisfaction level (NPS, CSI)
	– Audit score (compliance with regulations)
Cost	– Cost per unit/order
	– Scrap or rework costs
	– ROI of new equipment or software implementation

aimed at reducing these intervals without compromising quality. Speed-related metrics include the percentage of orders completed ahead of schedule and the proportion of requests resolved within the same day.

Process quality is assessed through error rates, defects, and customer satisfaction. For instance, the percentage of product returns under warranty directly reflects production or quality control issues. In service-based businesses, customer satisfaction (measured through NPS scores and reviews) serves as an indicator of service quality. Internal quality metrics include audit scores, which measure employees' adherence to operational standards. Consultants may conduct internal process audits to develop an integrated quality performance indicator. Every improvement must be tracked — whether error rates decrease after employee training or customer satisfaction scores improve following service optimization.

Process costs form the third element of the efficiency triad. This category includes direct expenses (such as labor hours and material costs) as well as quality-related costs, such as rework expenses due to defects. If a company implements new equipment or software, the ROI (return on investment) must be measured — determining whether the cost per order has decreased or employee productivity has increased. Sometimes, bottlenecks emerge in the form of costly manual operations, in which case automation goals are directly formulated to reduce unit costs.

Consultants often visualize process performance indicators using diagrams and graphs, such as mapping the current state of a process versus its target state. This visualization helps SME teams track progress. Additionally, regular monitoring methods are introduced, including daily or weekly operational meetings to review key figures and monthly strategic sessions to assess goal achievement and plan further improvements. Ultimately, a continuous improvement system is established through the PDCA (Plan-Do-Check-Act) cycle, ensuring that business processes are consistently evaluated and optimized.

Thus, systematizing a business through structured organization, digitalization, and performance measurement creates a solid foundation for SME growth. The company becomes less reliant on spontaneous decision-making and individual effort, shifting instead toward well-calibrated processes and data-driven management.

2.3. Strategic management and its role in consulting

For sustainable growth, small and medium-sized businesses need more than just operational efficiency — they require a clear direction. Strategic management provides this direction, aligning daily decision-making with the company's mission and long-term vision. Consultants play a crucial role in helping SME owners define strategic objectives, establish planning systems, and incorporate corporate culture considerations when implementing changes.

The foundation of any strategy lies in understanding the business's mission, future vision, and core values. While these concepts have long been standard in large corporations, they are equally vital for SMEs. A well-defined mission answers the question: *"Why does this company exist, and what value does it bring to customers and society?"* For instance, a bakery's mission might be "to bring people joy with fresh and healthy bread every day" (Table 5). A vision statement, on the other hand, describes an ambitious future outlook — where the owners see the business in 5–10 years, such as becoming a market leader in the region, implementing innovative technologies, or expanding internationally. Core values establish the guiding principles by which the company operates, such as prioritizing quality, customer-centricity, integrity, or teamwork.

Consultants often conduct strategic planning sessions with SME owners and key employees to identify and formalize these

Table 5

Examples of mission, vision, and values in SMEs from various industries

Element	Example for small business
Mission	**Bakery:** "Delighting people with fresh and healthy bread every day, while preserving the traditions of artisan baking".
	Beauty Salon: "Helping clients enhance their beauty and confidence through quality services and personalized attention".
Vision (3–5 year horizon)	**Bakery:** "To become a recognizable regional chain of eco-bakeries offering a wide range of healthy products".
	Beauty Salon: "To open three branches in the city, implementing modern techniques and a digital booking service".
Values	• Quality above all
	• Customer focus
	• Honesty and transparency
	• Innovation and continuous development
	• Care for the environment/community (CSR)

fundamental elements. The outcome is a concise yet comprehensive document — a mission and vision statement. This document serves a dual purpose: internally, it acts as a decision-making compass (for example, evaluating whether a new product aligns with the mission and vision), while externally, it communicates the essence of the business to partners and customers. International practices show that even micro-enterprises with clearly defined missions build stronger marketing and communication strategies, creating a recognizable brand identity.

It is essential that a company's mission and values do not remain merely a written declaration. Consultants assist in integrating these values into daily operations through hiring policies (recruiting individuals who share the company's values), motivation systems (rewarding behaviors aligned with values), and internal communication (sharing success stories that exemplify the values in action). For instance, if customer orientation is a core value, practices such as case reviews of exceptional service or gathering customer feedback to publicly recognize outstanding employees may be introduced. This approach strengthens corporate culture and reinforces the company's strategic direction, ensuring stability even in changing market conditions.

Strategic management is implemented through a structured goal-setting system across different time horizons. Consultants help SMEs adopt long-term planning practices, such as developing a five-year strategic plan (Figure 5), which outlines major growth objectives (e.g., revenue, market share, product range, and geographic expansion). While this document provides a high-level roadmap, it establishes clear targets for the company's future direction. Based on this plan, a more detailed three-year plan is created, followed by a highly specific annual plan. The annual plan consists of objectives and key performance indicators (KPIs) for the upcoming year, often broken down quarterly.

In recent years, the OKR (Objectives and Key Results) methodology has gained popularity as a goal-setting framework that connects strategic priorities with the efforts of teams and individual employees. OKRs help align company-wide objectives with department-level goals. For instance, if a strategic objective is "Increase market share to 15%", the sales department's OKRs may include: Objective: "Acquire more customers in segment X", with Key Results such as "Attract 50 new clients" and "Increase repeat sales by 30%". The advantage of OKRs is their emphasis on measurable results and transparency in goal alignment across the organization. Consultants train SME teams in setting OKRs and selecting ambitious but realistic goals. They also establish a rhythm for tracking progress, with quarterly goal-setting/review meetings and weekly sync-ups to ensure that objectives guide daily activities. While originally developed for high-growth tech

(5-year plan)
↑
| Defines strategic objectives
| (market share, geography, scale)
|
(3-year plan)
↑
| Detailed milestones, budget for medium-term
| projects, priority areas
|
(Annual Plan)
↑
| Specific KPIs, financial projections,
| breakdown into quarterly tasks
|
(Quarterly targets)
↑
| Monthly/weekly monitoring cycle
| and adjustment of actions
|

Figure 5. Multi-level planning structure

companies, this approach can be adapted for SMEs, fostering a results-oriented culture.

Many SMEs initially resist formal strategic planning, as management is often reactive, moving from one crisis to another. Therefore, a consultant's role is to demonstrate the value of planning through quick wins. For example, introducing an annual sales budget with quarterly targets may be met with skepticism at first. However, after a cycle of goal-setting and performance reviews, business owners begin to see the benefits of structured planning — whether goals are met or not, the process provides valuable insights for improvement. Over time, planning becomes an integral part of business management, with periodic adjustments based on performance analysis.

Beyond financial and market goals, consulting also emphasizes product and resource development planning. If a company envisions launching a new product line or entering a new market segment, it must proactively plan research, investments, and talent acquisition. A strategic plan includes milestones for such initiatives. This approach shifts SMEs from short-term operational thinking to proactive long-term development, enhancing their competitive advantage.

When implementing strategic initiatives, corporate culture becomes a decisive factor — it encompasses the beliefs, norms, and behaviors shared within the organization. Culture can either drive transformation or become a significant barrier. Studies indicate that up to 70% of transformational projects fail, often due to employee resistance or a lack of team engagement [18]. In small businesses with close-knit teams, culture has an immediate impact — any new process or policy will be accepted (or rejected) based on how well it resonates with the company's existing values and practices.

Consultants address cultural factors when designing and implementing strategic changes, often beginning with an assessment of the existing company culture (Table 6). For example, some SMEs emphasize a family-oriented and supportive culture, while others focus on entrepreneurial risk-taking and rapid decision-making, and some prioritize a technocratic, product-driven approach. No culture is inherently "bad", but any planned changes must be communicated in a way that aligns with the organization's existing values. If a company prides itself on flexibility and minimal bureaucracy, introducing formal processes and reporting structures should be framed as a way to free up time for creativity rather than as rigid compliance measures. If customer focus is a core value, any internal changes should be linked to improvements in the customer experience.

Table 6

Examples of SME culture types and recommendations for implementing change

Culture type	Characteristics and consulting recommendations
Relationship-focused (Family-Oriented)	Warm personal relationships, informality.
	Changes should be introduced gradually, emphasizing care for each employee.
	Workgroups and team-building activities increase engagement.
Risk-taking (Entrepreneurial)	Willingness to take risks, fast decision-making, but low documentation.
	Important to justify formalization as an accelerator rather than "bureaucracy".
Product/tech-focused (Technocratic)	Focus on product and innovation. Employees are eager to learn new things,
	but there may be a weak emphasis on "soft" aspects (HR, service).
	Consultants should link technological solutions to customer value.
Start-up style ("Chaotic freedom")	No clear organizational structure, reliance on individual heroism.
	Consultants should demonstrate the benefits of structure (regulations, KPIs)
	without stifling creativity.

Employee engagement is a key approach to overcoming cultural barriers. Consultants advise management to involve employees in decision-making processes, such as forming working groups of frontline staff to propose improvement ideas, giving them a sense of ownership. When employees see that changes are being made "with them, not against them", resistance decreases. During strategy implementation, it is crucial to communicate the "why" to each team member — why the company has chosen a particular direction and how it benefits employees personally, whether through stability, career growth, or new opportunities.

At the same time, cultural adjustments may be necessary if existing norms contradict strategic goals. This is one of the most challenging tasks, requiring time and consistency. For example, as a company grows, it may need to shift from a startup-style "chaotic freedom" to a more structured and disciplined operational model. Consultants recommend initiating cultural change from the top — owners and senior managers must embody the desired behaviors themselves. This could mean adhering to newly established regulations, actively using a newly implemented CRM system, or openly acknowledging mistakes, depending on the cultural shift required. Reinforcing new values involves training and communication, including leadership development programs, success stories, and new organizational rituals such as meetings or recognition programs that reflect the desired culture. However, cultural transformation is not a one-month process; consulting typically supports these changes by tracking "quick wins" and addressing emerging tensions.

Ultimately, strategic management in SMEs combines clear long-term planning with flexible execution, anchored in a strong corporate culture. A consultant, acting as a facilitator, helps the company maintain a "big-picture" perspective while simultaneously building bridges between its current state and its ambitious future. When the mission is well-defined, plans are structured, and the team aligns with the company's values and goals, implementing changes — whether adopting new technologies, entering new markets, or undergoing organizational restructuring — becomes significantly more successful.

2.4. Key aspects of crisis consulting

Small and medium-sized enterprises (SMEs) are particularly vulnerable to crises, both internal — such as financial shortfalls, conflicts, or the loss of key clients — and external, including economic downturns, pandemics, and regulatory changes. Crisis consulting is aimed at identifying early warning signs of an impending crisis, mitigating its impact, and guiding the business through difficult times with minimal losses.

The first step in crisis management is crisis diagnosis. Consultants, together with company leadership, analyze warning signs, including:

- A sustained decline in sales by X% over several months.
- Chronic cash flow shortages.
- Rising overdue payables.
- High turnover of key employees.

It is essential to distinguish between temporary difficulties and a systemic crisis. This requires a rapid audit of financial health (liquidity ratios, debt structure), market positioning (loss of market share), operational efficiency (accumulation of unsold inventory), and external factors. In many cases, a crisis manifests primarily as cash flow gaps and growing debt, preventing the business from making timely payments. A classic scenario involves a company that appears profitable on paper but experiences negative cash flow, leaving it unable to cover payroll and rent. Since 82% of small businesses fail due to cash flow issues, liquidity is a primary crisis indicator.

Once problem areas are identified, a crisis response plan is developed. One of the first actions involves cost reduction. Expense analysis helps determine which costs can be immediately eliminated or reduced without critically harming operations. These may include excess rental space, ineffective advertising, or outsourced services that could be temporarily handled in-house. Payroll expenses are often a sensitive issue, requiring careful workforce optimization. Consultants guide businesses in making balanced decisions, such as identifying non-essential or redundant roles, shifting employees to part-time work, or implementing temporary salary reductions instead of layoffs. The objective is to lower fixed costs to a level the business can sustain during reduced revenue periods while preserving the core team for future recovery.

Simultaneously, efforts focus on increasing revenue and accelerating turnover. If sales decline due to reduced demand, businesses may implement promotional campaigns to stimulate cash flow, such as discounts, clearance sales of stagnant inventory, or intensified marketing in the most profitable segments. In times of crisis, it may be necessary to reassess the product lineup, focusing on fast-moving, high-margin goods or services while temporarily suspending long-term projects. A consultant provides an external perspective and brings insights from similar SME cases, such as transitioning from offline to online sales, switching to more cost-effective suppliers, or forming purchasing alliances with other businesses to secure bulk discounts.

If a crisis is driven by excessive debt, renegotiating with creditors becomes a key strategy. SMEs typically have limited refinancing options, making it necessary to seek debt restructuring — extending repayment deadlines, negotiating interest payment deferrals, or reducing penalties. Banks and suppliers may be more willing to cooperate if they see a clear recovery plan. A consultant assists in preparing a compelling crisis management plan for creditors, supported by financial projections, including a revised cash flow forecast that accounts for cost reductions and adjusted sales expectations. In some cases, additional funding sources may be secured, such as loans from business owners or government crisis support programs for SMEs, including subsidized loans and grants.

During the COVID-19 pandemic, many governments provided direct financial assistance to small businesses, and consultants played a critical role in helping companies access these funds, which, in many cases, became a lifeline for survival.

It is essential to emphasize that crisis response measures must be implemented swiftly, as time works against a business in a crisis. As a result, consulting in such situations often takes on a strict advisory role, requiring immediate cost-cutting and sometimes unpopular decisions. However, acting decisively increases the chances of stabilization. Once the acute phase has passed, the business can refocus on growth. If the moment is missed, the crisis may become irreversible.

Crises are not solely financial; they can also be reputational. A scandal involving a product, a negative media or social media campaign, or a publicized conflict with a client can erode trust and severely impact business operations. For SMEs, which often rely on a loyal customer base and word-of-mouth recommendations, reputational risks are particularly dangerous. Crisis consulting, therefore, includes planning and implementing reputation management strategies.

One of the first steps is monitoring the information landscape to detect threats early. A consultant sets up tools for tracking company mentions online and gathers customer feedback. If negative content emerges — such as a critical review, article, or social media post — response time is crucial. The principles of crisis PR involve transparency, speed, and empathy. Consultants assist in drafting public statements or responses that acknowledge the issue (if valid), apologize for any inconvenience, and outline corrective actions. For instance, if a small restaurant faces viral backlash due to a hygiene violation, an immediate and transparent response is necessary. This could involve temporarily closing for an inspection, retraining staff, inviting independent auditors, and publicly communicating these corrective steps. Silence or defensive denial only exacerbates reputational damage.

Handling “black PR”—where negative information is exaggerated or deliberately spread by competitors — requires tact. Providing factual counterarguments through credible sources is essential. A consultant may engage industry experts or loyal customers willing to publicly support the company. In some cases, proactive disclosure is the best approach. For example, if a company identifies a potential defect in a batch of products, initiating a voluntary recall before complaints surface can actually enhance customer trust. Contrary to expectations, such transparency often strengthens credibility, as customers appreciate honesty.

Beyond immediate crisis response, reputation consulting involves long-term brand-building efforts. A strong reputation acts as a form of "insurance", helping businesses weather occasional negative incidents. Consultants often recommend that even small firms invest in community engagement and corporate social responsibility (CSR). This could include participating in local charitable initiatives, environmental campaigns, or maintaining open communication with the local community. In the age of social media, positive stories about small businesses acting ethically or supporting good causes can spread widely and build public goodwill.

If a reputational crisis escalates, internal communication is just as important as external messaging. Employees must understand the company's stance to convey a unified message to clients and partners. Internal briefings, Q&A sessions with management, and clear guidelines on "what to say" help prevent panic and misinformation within the team. In such cases, a consultant often assumes the role of both an external spokesperson and an internal communications manager, allowing company leadership to focus on core operations.

Unfortunately, not all crises can be resolved through turnaround strategies, and in some cases, extreme measures become necessary. Business liquidation or reorganization represents the final stage of crisis consulting when all other options have been exhausted. Consultants guide businesses through selecting the least damaging course of action and executing the process properly from a legal and financial standpoint.

Liquidation, the winding down of a business, can be either voluntary or compulsory (through bankruptcy). In voluntary liquidation, consulting services involve developing a settlement plan with creditors, ensuring employee layoffs comply with legal requirements, liquidating assets (such as equipment and remaining inventory) to maximize debt repayment, and properly closing the legal entity to prevent any unresolved liabilities for the owners. In cases of bankruptcy (where applicable to SMEs under local regulations), a consultant works alongside the bankruptcy trustee, representing the owners' interests and seeking ways to preserve as much as possible — whether through a settlement agreement with creditors or by arranging the acquisition of the business by new investors. The primary objective is to minimize financial losses for the owners and avoid legal complications, such as personal liability if applicable.

Reorganization, on the other hand, aims to preserve viable parts of the business while restructuring ownership or corporate structure. One possible approach is a merger or acquisition (M&A). A consultant can assist in identifying an investor or a larger company willing to absorb the distressed SME's assets. For the owner, this presents an opportunity to salvage the business, even at the cost of losing independence, while for the investor, it offers access to valuable assets or market share at a reduced price. A well-structured transaction — whether through a partial equity sale, full acquisition, or business integration — is often a preferable alternative to bankruptcy. Reorganization may also involve splitting the company, for instance, by separating an unprofitable division into a standalone entity and closing it while allowing the profitable core business to continue operating with a clean slate. Such decisions require careful legal analysis but can help eliminate financial burdens and enable a streamlined revival.

Another scenario involves financial recovery under external management. Some jurisdictions allow SMEs undergoing financial distress to enter a temporary administration period, imposing a moratorium on payments while attempting to restore solvency under judicial supervision. A consultant assumes the role of crisis manager, designing a debt restructuring plan and presenting it to creditors. If the plan is approved, the company has a designated period to recover, after which control can be returned to the owners. This path is complex but provides an opportunity to avoid outright closure.

Regardless of the approach — liquidation or reorganization — the process is often emotionally challenging for entrepreneurs, as it concerns a venture built over years of effort. Therefore, crisis consulting also involves psychological support. Beyond providing purely business-related advice, a consultant often serves as a trusted advisor, helping business owners navigate this difficult phase and preserve their professional reputation for future endeavors. After all, a failed business does not signify the end of a career; by analyzing mistakes and lessons learned, many entrepreneurs go on to launch new ventures. The goal of consulting is to ensure that the exit from crisis, even in its most drastic form, is managed with minimal disruption to individuals and with valuable insights for the future.

CHAPTER 3. METHODOLOGY OF COMPLEX BUSINESS CONSULTING

3.1. Prerequisites for developing the methodology

The practice of business consulting in the small and medium-sized enterprise (SME) sector clearly demonstrates that superficial improvements in a single area — whether marketing, finance, or human resources (see section 2.1)—rarely lead to long-term results. Many businesses continue to operate in a crisis-management mode, where each new complication, such as declining sales, staff shortages, or rising costs, is addressed with a quick fix. However, this piecemeal approach often results in another issue emerging shortly thereafter. SME owners, working with limited resources, tend to allocate them to the most immediate problem. Yet, without integrated changes, this reactive approach weakens the entire system: bottlenecks appear, workloads on individual employees increase, and the business becomes vulnerable to market fluctuations.

This issue has been repeatedly encountered in practice. For example, in a project focused on retail (referred to as “Client 1”), the entrepreneur sought consulting assistance multiple times for isolated issues: first, for marketing (how to launch a holiday promotion), then for warehouse management (how to improve inventory tracking), and later for hiring staff for a new store. Each intervention provided local efficiency gains: attracting more customers during the promotional period, streamlining inventory management, and hiring additional sales personnel. However, when the business expanded to four new stores, the lack of a systematic approach led to chaos. It became increasingly difficult to centrally control finances and inventory, employees lacked clear instructions, and marketing efforts were sporadic, limited to promotional periods. As a result, the business faced service quality issues and a sharp rise in costs due to the absence of a unified strategy, coordinated budgeting, and a well-structured HR policy.

Examples like this highlight the risk of relying on isolated solutions. Without comprehensive implementation, SMEs become trapped in short-term problem-solving cycles, failing to build a solid foundation for future growth. For this reason, the present study focuses on a holistic business consulting methodology that covers four key areas: marketing, human resource management, finance, and operational (administrative) activities, including automation and document management.

One of the conceptual inspirations for this approach is the administrative management model, originally outlined in the works of R. L. Hubbard, which emphasizes a clear hierarchy of decision-making, structured role distribution, and detailed performance tracking. When combined with modern tools such as CRM systems, digital marketing, and data analytics, this model produces a strong synergistic effect.

To begin with, it is essential to address the question: *Why is consulting in isolated areas less effective?*

The most apparent reason is the absence of a clearly defined long-term strategy within SMEs. When a consultant focuses solely on a marketing task, such as creating a social media advertising campaign, without considering HR factors (who will handle the influx of new customers) or financial stability (whether there is a budget for large-scale promotion and whether a loan for inventory expansion is financially viable), the impact is often short-lived.

Another reason lies in the fact that any significant improvement in one area can cause strain in another. In the case of "Client 1", for instance, a sudden increase in sales necessitated urgent inventory restocking and additional hiring, ultimately leading to a cash flow crisis due to a lack of time and resources for systematic planning.

Resistance to change is another critical factor. When business owners or employees do not see how solving a specific problem aligns with the overall development strategy, they are more likely to resist or delay implementation. A comprehensive approach — one that moves from diagnostics to execution and control — provides a clear roadmap where each action is logically connected to broader objectives.

Additionally, internal conflicts between departments (or even between a manager and an accountant) often stem from a misaligned organizational structure. If a consultant focuses only on the "financial block" without addressing HR and organizational structure, implementing managerial accounting may lead to resistance from employees who are unprepared for new reporting requirements and do not understand their roles. As a result, the system fails to function properly, leading the business owner to conclude that "consulting did not work". In reality, the issue lies in the fact that reforming one area while neglecting others creates imbalances.

This understanding led to the primary prerequisite for developing an integrated methodology: only a comprehensive approach — one that encompasses all core functional aspects of a business (strategy, finance, personnel, marketing, and operations)—can ensure scalable and sustainable growth, supported by measurable key performance indicators (KPIs).

3.2. Structure and logic of the methodology

The developed consulting model is based on four key steps:

1. Diagnosis.
2. Strategic planning.
3. Implementation.
4. Monitoring and adjustment.

Each stage is closely interconnected with the previous one and forms the foundation for the next. In practice, these stages may progress in cycles — for instance, as intermediate goals are reached, strategy refinement or additional diagnostics may be required. However, maintaining a general sequence is crucial to avoid common pitfalls associated with fragmented improvements. For example, launching an extensive advertising campaign without first assessing the financial model and management structure could lead to financial losses.

3.2.1. Step 1: Diagnosis

At this initial stage, the consultant gathers the most comprehensive picture of the company's current state. The applied methodology combines structured interviews with the business owner and key employees (heads of sales, marketing, chief accountants, etc.) along with an analysis of financial and operational data.

Many SMEs manage records manually or in Excel, making data collection a meticulous process requiring verification. Key performance indicators (KPIs) are identified, including revenue dynamics, profit margins, conversion rates of incoming inquiries, average transaction value, employee turnover, advertising expenses, and inventory levels.

For example, in the case of "Client 1", the initial monthly revenue was approximately 115,000 UAH, though figures varied slightly depending on the source of information. However, sales and inventory records were inconsistent, leading to inefficiencies. The first stages of diagnostics revealed a significant imbalance between procurement volumes and actual sales, a lack of debtor control, and an informal marketing strategy based primarily on direct communication with repeat customers.

Simultaneously, the consultant maps out key business processes, from procurement to final sales and customer service. The BPMN (Business Process Model and Notation) methodology or adapted flowcharts are typically used to visually represent responsibilities and workflows. This helps identify bottlenecks or "blind spots", such as instances where a customer request gets lost between two operational stages.

Following the diagnostic phase, a summary report is compiled, reflecting:

- The current financial state, including seasonality and cost structure.
- The current marketing effectiveness, including tools used, conversion rates, and audience knowledge.
- The workforce structure, covering employee numbers, compensation models, and turnover rates.

Table 7

Example of diagnostic benchmarking for “Client 1”

Indicator	Current value	Target benchmark
Monthly revenue	115,000 UAH	400,000–500,000 UAH
Number of stores	1	3–4
Level of automation	Minimal	Medium/High
Employee turnover	Not applicable (no hired staff)	<10% with staff growth
Advertising expenses	~2% of revenue	5–7% (considering ROI)

- The level of business systematization, such as documentation processes, automation, regulations, and organizational structure.

At this stage, the consultant often prepares a comparison table outlining “current performance indicators” versus “potential targets” (Table 7), allowing the business owner to assess the scope for growth.

In more complex projects, additional PESTEL analysis is conducted to assess external factors, along with an in-depth corporate culture evaluation through employee surveys and structured interviews. However, the core objective of the diagnostic phase remains the same: to establish an objective picture of the business and identify priority areas for improvement.

3.2.2. Step 2: Strategic planning

Based on the diagnostic results, the consultant works with the business owner (or top management) to establish strategic guidelines. Even for small businesses, it is beneficial to clearly define the mission (the company’s purpose and the value it provides to customers) and the overall vision for the future. For example, in the case of “Client 1”, the mission was formulated as follows: *“To provide high-quality and affordable products for a healthy lifestyle to residents of the region, using convenient sales channels and excellent service”*. The vision: *“By 2024, expand the network to* *four stores in the region, ensure consistent service standards, and broaden the product range"*.

For some entrepreneurs, "mission and vision" may seem like mere formalities, but in practice, they serve as a moral compass for decision-making — determining what trade-offs to make, where to expand, which partners to choose, and how to position the business in the market.

The next step involves setting measurable, time-bound goals. On the financial level: *"Increase monthly revenue to 400,000 UAH within 12 months, raise profit margins from 10% to 15%"*. In marketing: *"Expand the customer base to 200,000 contacts, ensure that at least 30% of customers make repeat purchases within three months"*. In HR: *"Hire four sales associates, develop a KPI system, and reduce turnover to below 10% within a year"*.

The most effective tools for goal setting include OKRs (Objectives and Key Results) or the traditional KPI (Key Performance Indicators) framework. It is essential that each goal follows the SMART criteria — specific, measurable, achievable, relevant, and time-bound.

Here, the consultant assists the business owner in determining which figures are realistic. For instance, if the goal is to "quadruple revenue within a year", this requires planning a marketing budget, allocating resources for opening new locations, establishing an organizational structure, setting up reporting systems, and training employees. Goals thus become the structural framework for the subsequent action plan.

A common barrier to scaling is inadequate financial or human resource planning. If the strategy includes opening three new stores, preparations must be made in advance — securing rental agreements, ensuring adequate inventory levels, and negotiating supplier terms. If the marketing strategy relies on an aggressive online campaign, the consultant assesses whether the company has the necessary budget and technical infrastructure (CRM, website, content strategy).

A risk map is also developed at this stage, outlining potential threats such as supplier payment delays, recruitment challenges, or reputational risks from competitors. For each threat, contingency plans are devised. In times of economic instability (such as during crises), such an anti-crisis scenario can protect the business from unexpected setbacks.

For example, in one project, a client wanted to launch a large-scale SMS campaign and offline advertising. However, the marketing budget was less than 2% of revenue, and due to a lack of proper accounting, the owner was unsure whether the company could sustain a prolonged advertising campaign. Together, a phased budget was developed, initially launching targeted online ads followed by offline promotions during peak demand periods. This flexible approach preserved resources while ensuring revenue growth without critical liquidity risks.

The strategic plan is detailed in the form of a "roadmap" or matrix, defining responsibilities and deadlines. For example, the marketing specialist is responsible for creating a content plan and attracting customers, the operations manager oversees store openings and inventory control, the accountant ensures timely financial reporting, and the business owner handles strategic decisions and monitors key metrics.

At this stage, the consultant may also recommend forming dedicated project teams, particularly for large-scale implementations such as a new CRM system or a complete organizational restructuring. This ensures that strategy is transparently linked to the structure of regular meetings, reporting formats, and success metrics for each area.

3.3.3. Step 3: Implementation (comprehensive business process improvement)

Once a thorough diagnostic has been conducted and a strategic development plan has been formulated, the most extensive and resource-intensive phase begins — the implementation of comprehensive changes. Unlike isolated improvements focused on a single area (such as marketing or recruitment), this stage addresses all key aspects of the company's operations. Practical experience shows that only such a large-scale approach enables small and medium-sized enterprises (SMEs) to achieve significant breakthroughs — such as quadrupling revenue, drastically increasing customer loyalty, and creating a foundation for sustainable growth.

1. Logic of comprehensive implementation: from plans to operational actions

During strategic planning, a company establishes broad objectives (revenue growth, product line expansion, opening new retail locations or branches, cost reduction, etc.) and assigns responsibilities to key employees. However, SME owners often struggle to translate these goals into concrete operational steps. Therefore, within the consulting methodology, implementation involves:

1. Developing detailed action plans with assigned responsibilities, timelines, and required resources aligned with the overall strategy.
2. Establishing cross-functional business processes encompassing marketing, HR, finance, and operations.
3. Creating a coordination system (regular meetings, reporting, integrated KPIs) to ensure that each function is aligned with and aware of the needs and outcomes of related functions.

This approach can be compared to an orchestra, where strategy serves as the score, and different business departments (or consulting areas) act as individual instruments. If each plays independently, the result is chaos, but when properly coordinated, it creates a "symphony" of growth.

2. Marketing block: from one-time promotions to systematic customer engagement

At the implementation stage, marketing goes beyond simply boosting sales. In a comprehensive approach, marketing serves as the link between the company's products (or services), financial capabilities, and market expectations. In practice, this process unfolds as follows:

During the strategy phase, the business owner establishes a general vision — identifying the target customer segment, allocating a promotional budget, and selecting channels (online, offline, collaborations with established brands). Now, during implementation, the marketing team (or consultant overseeing marketing) develops a more detailed plan:

- A content strategy for social media and email/SMS campaigns, including a publication calendar, key messages, and promotional events for holidays.
- Geographical targeting — determining where to launch outdoor advertising and where to focus targeted ads (Facebook, Instagram, local messaging apps).
- Analytics and hypothesis testing — before significantly expanding the product range or opening new stores, assessing potential conversion rates, customer response to a new brand, etc.

For example, in one project, when “Client 1” planned to open four retail locations simultaneously, there was a risk of spreading marketing resources too thin. A decision was made to first test advertisements in a limited market area (two neighboring cities) and measure performance metrics (average purchase value, conversion rate, customer acquisition). After a month of testing, it became clear that offline advertising was more effective in towns with populations under 50,000 (due to lower competition), whereas targeted social media ads performed better in larger cities. These insights were later used to shape the broader media plan.

Systematic marketing development also involves a loyalty program (bonus cards, reward points, personalized promotions). This is especially critical for SMEs, where repeat purchases (retention) often serve as the primary source of profit. A consultant:

1. Analyzes the customer lifecycle — how frequently customers return, average purchase value, and product preferences.

2. Designs a “loyalty ladder”—small rewards or discounts after a second purchase, VIP programs for repeat customers, special promotions for referrals.

3. Establishes feedback collection channels (surveys, short SMS polls, or point-of-sale questionnaires).

On average, according to consulting practice, customer acquisition costs (CAC) can be 5–7 times higher than the cost of retaining an existing customer. Therefore, particular attention is given to managing negative publicity and handling customer complaints, as these factors can undermine loyalty. A crisis response protocol is developed at the implementation stage — defining procedures for addressing quality complaints, assigning responsibility for managing negative social media comments, and establishing return/exchange policies. Research by Bain & Company (2021) suggests that over 75% of customers who receive a prompt and satisfactory resolution to an issue are willing to make repeat purchases from the same company, even if their initial experience was negative.

Once the foundational marketing system is established, the consultant assists in scaling it to the online space. For retail businesses, this may involve launching a full-fledged e-commerce store or integrating with major marketplaces (such as Rozetka, Prom, etc.) connected to a CRM system. It is crucial to plan logistics and inventory management in advance to avoid advertising products that are out of stock.

Thus, at the implementation stage, marketing evolves from a set of isolated campaigns into a cohesive ecosystem interconnected with other business functions (HR, finance, and operations).

3. Human resource management: structuring a workforce for growth

Research, including the Thirst HR Statistics (2025), indicates that the human factor often becomes a critical challenge during business expansion. An entrepreneur may develop a strong strategy and hire a top-tier marketing specialist, but without a structured HR policy, systematic hiring processes, training programs, and motivation mechanisms, growth can quickly spiral into chaos.

SMEs in the scaling phase frequently need to recruit multiple employees within a short timeframe. For “Client 1”, this meant assembling teams for four new stores, in addition to office staff. In practice, implementing HR initiatives involves:

1. Developing clear job profiles, defining required competencies, experience, and personal qualities. These descriptions should align with strategic business objectives (e.g., emphasizing “sales + customer service” skills).

2. Selecting effective recruitment channels: specialized job platforms, social media, offline job fairs, and referral programs offering bonuses for successful candidate recommendations.

3. Conducting structured interviews and evaluating candidates based on criteria such as communication skills, brand loyalty, and the ability to handle objections.

Introducing a structured onboarding process significantly reduces employee turnover. Practical experience shows that when new hires receive mentorship, detailed guidelines (sales scripts, customer service checklists), and support during the first 7–10 days, their likelihood of long-term retention increases by 1.5–2 times compared to an unstructured "sink or swim" approach.

Performance evaluations shift from subjective assessments to objective Key Performance Indicators (KPIs). For example:

- Sales associates: revenue generated, average purchase value, number of positive customer reviews, percentage of sales targets met.
- HR specialists: time taken to fill vacancies, turnover rate during probation, percentage of employees completing training modules.
- Department managers: achievement of sales targets, adherence to project deadlines, implementation of strategic initiatives.

During the implementation phase, the consultant structures performance review sessions, such as brief 15-minute monthly check-ins and in-depth quarterly KPI evaluations. Compensation models are also refined, often integrating a hybrid reward system — where part of the bonus is tied to team performance (e.g., reduction in product defects, improvement in customer satisfaction) and part to individual achievements.

A practical example: If a sales associate exceeds the sales target by 10%, they receive a 5% salary bonus. However, if customer complaints regarding service quality rise above the acceptable threshold, the bonus is reduced. This system encourages employees to balance both "quantity" (sales performance) and "quality" (customer experience).

At this stage, it is equally important to establish or reinforce a corporate culture that supports continuous improvement. Consultants often introduce corporate training programs — sales techniques for frontline employees, leadership skills for managers, and change management workshops for department heads. If an administrative management model (such as one inspired by R.L. Hubbard or similar frameworks) is planned, targeted training is essential to ensure employees understand why new procedures are being introduced and how they impact daily operations.

An effective tool in this process is an internal communication system, which may include: Brief five-minute team huddles at the start of each shift to outline key tasks for the day; Internal chats or corporate portals for sharing company news and employee achievements; Recognition programs, such as "Employee of the Month" awards. Studies by Gallup consistently highlight that a strong sense of workplace engagement increases productivity by 14–20% and reduces turnover by 25–30%. Implementing these structured HR practices ensures that business growth is not hindered by operational disorganization or high employee attrition rates.

4. Financial management: accounting, budgeting, and risk control

Implementing changes requires strict financial discipline; otherwise, large-scale hiring and marketing campaigns can turn into uncontrolled spending. Within a consulting framework that follows a comprehensive approach, a robust system of management accounting and budgeting is established.

Many SMEs limit their financial tracking to tax reporting and do not monitor key performance indicators in real time. During the implementation phase, the consultant:

1. Identifies key revenue and expense categories for each store, service segment, and marketing campaign.

2. Sets up financial reports (P&L, Cash Flow, Balance Sheet) at least once a month, and in some cases weekly if the business operates in a highly volatile market.

3. Automates data collection through cloud-based services (e.g., integration with 1C, QuickBooks, or local ERP systems). In

the case of "Client 1", an electronic document management system was implemented, along with automated reporting synchronized with the fiscal cash register system to eliminate the need for manual data entry.

For example, if the strategic plan allocates a marketing budget of 5–7% of revenue while rental costs should not exceed 15%, any deviation from these limits triggers an adjustment process — either seeking lower-cost locations or reallocating expenses. Similarly, financial KPIs are monitored — if revenue reaches 440,000 UAH per month as planned, but total expenses rise to 150,000 UAH, the final profit margin may fall below expectations. In such cases, the consultant revisits the cost analysis to determine the cause of the expense increase (staff expansion, inefficient marketing investments) and collaborates with the business owner to optimize spending.

Table 8

Sample budget plan vs. actual report (hypothetical figures)

Indicator	Plan (Month)	Actual (Month)	Deviation	Comment
Revenue (UAH)	400,000	440,000	+10%	Promotional campaigns performed better than expected
Marketing (UAH)	24,000	32,000	+33%	Additional marketing channels were introduced
Payroll Fund (UAH)	50,000	52,000	+4%	Hired an additional trainee
Rent (UAH)	40,000	40,000	0%	—
Other Expenses (UAH)	30,000	38,000	+26%	Purchase of software and office equipment
Total Expenses (UAH)	144,000	162,000	+12.5%	—
Pre-tax Profit	**256,000**	**278,000**	**+8.6%**	**Profit margin increased from 63% to 63.2%**

This table shows that while revenue growth from promotions exceeded expectations, expenses also increased. Despite the overall profit increase, the "other expenses" category grew unexpectedly. This serves as a signal for management and the consultant to investigate which parts of these costs were critical (e.g., software and equipment) and which could have been postponed or acquired at a better price.

When expanding significantly, SMEs may rely on credit lines or external investors. During the implementation phase, the consultant assists in optimizing relationships with suppliers (negotiating payment deferrals), landlords, and banks to prevent cash flow gaps. For example, if inventory levels rise from 100,000 UAH to 400,000 UAH (as in the case of "Client 1"), it becomes crucial to structure supplier payment schedules efficiently to avoid locking up working capital.

For businesses planning international expansion or larger-scale investments, consulting services include financial modeling (Cash Flow projections, sales forecasts) and preparing presentations for potential investors. However, even in local retail operations, calculating the return on investment (ROI) for each expenditure — whether store renovations, bulk inventory purchases, or high-budget seasonal advertising — remains essential.

5. Operational activities: automation and process reengineering

As previously noted, many SMEs operate manually for years or rely on the most basic tools, such as Excel or paper-based accounting. When implementing comprehensive changes, it becomes clear that achieving the planned growth rates without digitalization and process simplification (reengineering) is challenging.

A common approach involves a consultant assisting in selecting and implementing a CRM (Customer Relationship Management) system to track customers, monitor repeat sales, and store contact information for marketing campaigns. Simultaneously, efforts are made to standardize inventory management and automate the issuance of invoices, receipts, and electronic reports. This is especially critical for businesses with multiple store locations, where real-time visibility of stock levels at each site is necessary to quickly redistribute products when needed.

Practical example: “Client 1” signed a contract with an external accounting specialist while simultaneously implementing an inventory management system integrated with a fiscal cash register system. This allowed real-time tracking of stock levels and turnover at each location, identifying the best-selling items and making more informed purchasing decisions. Before implementing this system, the business owner could only assess inventory retrospectively, often resulting in stock shortages or excessive unsold inventory.

The concept of reengineering focuses on analyzing key processes — such as in-store customer service, online order processing, supply receipt, and document flow — to eliminate redundant steps, unnecessary approvals, and duplicated efforts. The outcomes are documented in regulations, checklists, and guidelines, but the most crucial aspect is ensuring that employees and management understand why these changes are being implemented and how to measure their effectiveness.

Key metrics for assessing operational efficiency include:

- Service time: The time required from customer inquiry to final payment. If this process takes 15–20 minutes, it becomes unacceptable for a retail store where the target customer expects a quick transaction.
- Error/return rate: Issues such as defective products, lost receipts, or incorrect payments. Lean and Kaizen methodologies are applied, enabling teams to regularly analyze and improve performance.
- Quality control system: Includes surveillance (where applicable), mystery shoppers, and customer surveys.

For “Client 1”, the implementation of these measures led to a reduction in service cycle times, allowing new store locations to handle up to 20 customers per hour with an average transaction of 800–900 UAH. This revenue growth was driven by a combination of initiatives, including: Training sales staff using structured scripts; Installing cameras to monitor queues; Optimizing product display and checkout layouts; Implementing electronic document management.

3.3.4. Stage 4. Monitoring and adjustment (closing the development cycle)

The final (and simultaneously ongoing) stage of the methodology involves monitoring results and adjusting the course as external conditions and internal factors evolve. In practice, this process takes the form of regular audits, KPI collection, strategic sessions, and continuous improvement following the PDCA cycle (Plan, Do, Check, Act).

According to the strategic plan developed in Stage 2, each function — marketing, finance, HR, and operations — has its own target metrics, such as revenue, average transaction size, employee turnover, and defect rates. During implementation, these metrics are actively monitored, and the control stage consists of:

1. Collecting and analyzing data on a weekly (operational) and monthly/quarterly (detailed) basis.
2. Comparing actual results with planned indicators and identifying causes of deviations.
3. Preparing corrective actions, such as increasing or reducing marketing expenses, revising the loyalty program, providing additional employee training, or changing suppliers.

Such reports are often visualized in dashboards (e.g., Power BI, Google Data Studio), which automatically pull data from CRM, ERP, and accounting systems. This allows company leaders and consultants to monitor a real-time "control panel" displaying red zones (negative deviations) and green zones (growth areas).

A key advantage of an integrated approach is that meetings involve cross-functional collaboration. The head of sales, HR, finance, and operations (or equivalent roles in an SME) come together to review key metrics collectively. This prevents situations where marketing reports increased traffic, while warehouse management struggles with supply delays, and finance flags unexpected losses. By aligning all perspectives, teams can work together to address underperforming areas.

Example: When "Client 1" analyzed the performance of four newly opened stores, it became clear that one location was failing to meet its targets — traffic was low, rent was high, and the location was suboptimal. During a cross-functional meeting, the team decided to close the unprofitable store, reallocate staff to more promising locations, and redistribute inventory accordingly. Without systematic reporting and regular meetings, this decision might have been delayed, forcing the business to continue sustaining an unprofitable division.

Markets are constantly shifting, and SMEs feel these fluctuations acutely. A new strong competitor, supplier price surges, or an economic downturn can all necessitate revisions to initial plans. During the monitoring phase, the consultant:

- Collaborates with the business owner to analyze new influencing factors using tools such as PESTEL or SWOT, assessing whether to accelerate or slow expansion, modify the product range, or adjust procurement plans.
- Revises the marketing strategy, HR policies (e.g., delaying hiring, adjusting incentive structures), or financial model (e.g., seeking crisis financing if necessary).
- Develops crisis response plans when required, such as cost-cutting strategies, retaining key personnel, negotiating with landlords, strengthening online sales, or mitigating reputational damage in case of negative media coverage.

Experience shows that companies that proactively adjust their plans to align with market conditions are significantly more resilient in navigating potential crises and maintaining growth momentum.

CHAPTER 4. OPERATIONAL TOOLS: PROCESS MAPPING, CRM/ERP, ELECTRONIC DOCUMENT MANAGEMENT

4.1. Unique features of the methodology

One of the distinguishing elements of this methodology is the deliberate use of concepts rooted in the administrative model of R. Hubbard. The key idea is that business owners are encouraged not only to formally distribute responsibilities or implement job descriptions but also to establish a structured "hierarchy" of functions, where:

1. Each employee's tasks are directly linked to the company's key objectives rather than being loosely defined responsibilities.
2. Leadership roles focus on "management by statistics", meaning decision-making is based on real-time performance indicators such as sales, inventory turnover, and process execution speed.
3. The specifics of personnel roles are structured through a "modular" approach: some employees focus on strategic tasks (developing new projects, marketing), while others handle operational execution (sales, accounting, logistics), with clear regulations in place to prevent redundancy and gaps in responsibility.

This results in a mechanism for continuous monitoring of key performance indicators (KPIs) across all levels, enabling rapid responses to performance fluctuations. For example, if sales staff at a particular store experience a decline in sales over a week, the manager can identify this in real time, communicate with employees, determine the causes (low demand, poor product placement, inventory shortages), and take timely action. This format minimizes the likelihood of "missed" problems and enhances the company's self-regulation capabilities.

The second key feature is the multi-layered structure of consulting. This methodology goes beyond conventional recommendations for top management (such as defining a mission or setting goals) and extends into operational execution (such as sales scripts, ensuring error-free documentation, and structuring employee training oversight). The methodology is built upon a cohesive logic:

- Strategic level: Establishing long-term goals, such as achieving a 4–6x revenue increase, expanding into new regions, or broadening the product range.
- Tactical level: Defining methods to achieve these goals within a 6–12 month timeframe, including increasing the marketing budget, attracting investments, launching a loyalty program, and reengineering HR processes.
- Operational level: Developing concrete checklists, instructions, and regulations for daily operations, such as inventory tracking, supplier negotiation guidelines, and CRM reporting procedures.

In practice, this means that when a company launches a new customer promotion, it is automatically reflected in the marketing plan, incorporated into sales staff KPIs, and accounted for in the financial model (e.g., increased advertising costs or potential discounts). This integration of **strategy ⇔ tactics ⇔ operations** ensures that improvements are not merely conceptual but are backed by actionable mechanisms with clear deadlines.

To illustrate this balance visually, it can be represented as a “decision pyramid”, where each level supports the one above and is reinforced by the one below (Figure 6).

The third unique characteristic of the methodology is its ability to scale consulting tools according to the company’s size and resource constraints. The methodology is equally applicable to an entrepreneur managing a single store and looking to expand to a second or third location, as well as to an established retail network owner aiming to manage dozens of stores across multiple cities.

Figure 6. Schematic representation of the multi-layered structure of the methodology

- At the micro-business level (1–2 locations, up to 10 employees), the focus is on rapid organizational structure through simplified regulations, basic CRM solutions, and clear financial tracking.
- At the network level (3–10 or more locations), the emphasis shifts to advanced automation, including ERP modules, multi-tier organizational structures, sophisticated marketing analytics, a dedicated HR department, and a structured training and motivation model.

As the business grows, the methodology "grows" with it — introducing additional functional modules such as detailed product assortment analysis, regional marketing campaigns, and centralized financial control. The consultant continuously refines the original roadmap, adapting it to current performance metrics and market feedback.

4.2. Roles and functions of a consultant during implementation

The primary task of a consultant is to establish and maintain an environment where changes occur systematically rather than as a series of isolated initiatives. In practical terms, this involves:

1. Developing roadmaps that outline specific steps, responsible parties, expected funding, and the KPIs to be monitored.

2. Setting up a reporting system, where the consultant helps define key metrics (related to sales, personnel, costs), determine the frequency of data collection (weekly, monthly), and ensure that reports are generated accurately.

3. Conducting regular progress audits, organizing review meetings, analyzing performance indicators, and asking critical questions such as: *"Why are we falling behind?", "What caused budget overruns?", "How can the efficiency of this process be improved?"*.

Essentially, the consultant assumes the role of a facilitator of change, going beyond merely providing recommendations. The goal is to keep the business focused and ensure that all functional areas — marketing, finance, HR, and operations — develop in alignment with a unified strategy.

Employees in small and medium-sized enterprises (SMEs) often lack formal training in modern management tools such as sales scripts, KPIs, budgeting, CRM, and online marketing. The consultant bridges these gaps by acting as a mentor:

- Conducting thematic sessions (short training workshops and masterclasses) to explain how to set objectives, calculate the ROI of a marketing campaign, or train employees to use a new accounting system.
- Providing individual consultations for department heads, offering guidance on coordinating marketing and accounting, structuring financial reports, and managing workplace conflicts.
- Introducing best practices by sharing case studies from consulting experience and examples from similar businesses, helping owners see that their challenges are not unique and have been addressed successfully elsewhere.

In the long run, the consultant's goal is to cultivate a culture of continuous self-improvement within the company so that, once the consulting project is complete, the business continues to develop and optimize independently, without external pressure.

At the same time, a comprehensive methodology inevitably requires coordination among different departments. If marketing doubles the volume of incoming leads, HR must recruit and train additional staff, and the finance director must secure the necessary budget for inventory procurement. Here, the consultant acts as a cross-functional coordinator:

- Organizing regular cross-departmental meetings where representatives from various functions align their efforts.
- Creating a shared dashboard that provides real-time insights into how each department's performance contributes to overall business outcomes (for example, if employee turnover increases, it affects service quality, ultimately impacting sales).
- Identifying and resolving bottlenecks, such as cases where accounting struggles to generate reports for operations, marketing lacks visibility on stock shortages, or warehouse teams fail to receive timely updates on upcoming promotions.

Without such coordination, rapid business growth can quickly turn into a disorganized system, where inefficiencies in one area create delays across the entire company. The consultant ensures that the entire organization operates as an interconnected mechanism rather than as a set of fragmented processes.

4.3. Expected outcomes and performance indicators

Practical experience demonstrates that when comprehensive changes are implemented correctly — addressing strategy, marketing, HR, and finance — an SME can significantly increase its turnover. This is not a universal formula, as much depends on the industry, initial conditions, and the business owner's efforts. However, in projects executed by the author, the average revenue growth has ranged from four to six times over a 12 to 18-month period.

A clear example (Figure 7) is a client in the electronics retail sector, where a full-scale consulting approach was applied. The total revenue grew from 1.2 million UAH to 5.8 million UAH per year, reflecting approximately a fivefold increase within a year and a half.

Beyond revenue growth, structured process optimization — including automation, reengineering, and workforce organization — prevents expenses from escalating uncontrollably. As a result, profit margins typically improve, and profits increase at an even faster rate than revenue. The key cost-saving mechanisms include:

- Centralized procurement with deferred payment terms or volume-based discounts.
- Reduction of manual labor through accounting automation and electronic document management.
- Precise workforce cost planning, with part of compensation linked to KPI performance.

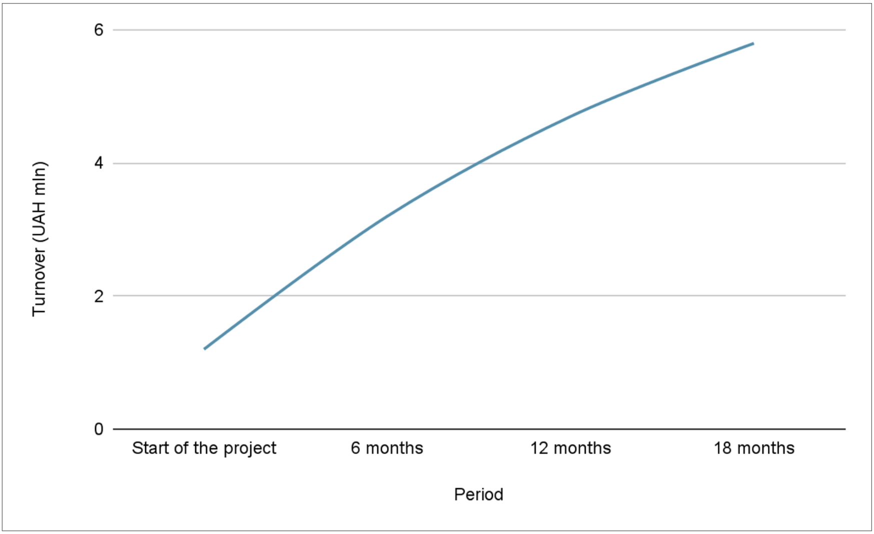

Figure 7. Estimated growth chart of annual revenue

Consequently, businesses that initially had inefficient cost structures — where 80–90% of revenue was spent on rent, procurement, and salaries — gradually transition to a more sustainable model, freeing up funds for reinvestment.

An integrated approach to marketing — loyalty programs, reputation management, and enhanced customer service — combined with effective personnel management, including training and flexible incentive programs, creates a positive feedback loop:

- Satisfied employees provide better service, make fewer mistakes, and, importantly, are less likely to leave, reducing staff turnover.
- Loyal customers make repeat purchases, recommend the company, and contribute to a strong online reputation, which in turn lowers customer acquisition costs.

One of the key performance indicators in this area is the Net Promoter Score (NPS), which can improve from negative or low values to 50–60 points or higher if a well-structured customer service policy is implemented. For employee engagement, the Employee Net Promoter Score (eNPS) is often used to measure how likely employees are to recommend the company as a place to work.

The final — and most valuable — outcome is a sustainable business that no longer depends on direct, hands-on management by the owner. This occurs when:

- A clear hierarchy of roles and performance metrics is established (drawing from the administrative model adapted for SMEs).
- A structured decision-making framework operates from top to bottom, while a feedback system flows from bottom to top.
- A well-organized knowledge base — comprising regulations, checklists, and CRM systems — is accessible to all employees.
- The PDCA (Plan-Do-Check-Act) cycle operates autonomously, with the team proactively driving continuous improvements.

A business that meets these criteria can be considered self-developing, capable of maintaining quality standards while expanding into new directions and regions without losing operational control. In this scenario, the business owner transitions from daily operational management to strategic oversight, while the consultant assumes the role of an external expert — engaged for specific projects such as implementing innovative solutions or entering international markets rather than troubleshooting recurring inefficiencies.

In conclusion, the unique characteristics of this methodology, the consultant's role, and the expected outcomes all align under a common framework: helping an SME overcome the chaos typical of many growing businesses within a relatively short time frame (six months to a year and a half) and shifting towards a structured, scalable growth model. By leveraging a synergy of strategic, tactical, and operational solutions, integrating an administrative management model, and ensuring cross-functional coordination, businesses can achieve remarkable results — multiplying their revenue, optimizing costs, increasing workforce and customer loyalty, and, most importantly, evolving into a resilient ecosystem capable of independent growth and adaptation.

CHAPTER 5.
OPPORTUNITIES FOR REPLICATION AND SCALING OF THE METHODOLOGY

The previously described methodology of comprehensive consulting enables significant improvements in the performance of small and medium-sized enterprises (SMEs) by applying a systematic approach to all key areas: marketing, finance, HR, and operational processes. However, an important question arises: how universal is this methodology, and how can it be scaled across different industries, including services, retail, manufacturing, and IT projects? The following sections explore the key factors determining the methodology's adaptability, as well as potential risks and avenues for further research.

5.1. Applicability across different sectors and business types

The core assumption underlying this model is that any company, regardless of industry, requires a well-defined strategy, streamlined processes, effective personnel management, and transparent financial instruments. However, in some cases, certain elements of the methodology must be adjusted to accommodate industry-specific characteristics.

Universal elements include the diagnostic approach (identifying strengths and weaknesses, analyzing the competitive landscape), planning algorithms (clear objectives, KPIs, role distribution), fundamental automation principles (CRM, ERP, electronic document management), and a cyclical control system (Plan-Do-Check-Act).

Other components require adaptation:

1. Service sector (consulting, beauty salons, training centers, clinics).

- Special emphasis is placed on service quality, review management, and customer retention. The Lifetime Value (LTV) metric often becomes more critical than one-time sales. Financial models may incorporate monthly subscriptions or membership programs.
- Example: In IT consulting for a small agency, building a brand of expertise and retaining personnel is a top priority, as the departure of key specialists can be highly disruptive.

2. Manufacturing (small workshops, factories).

- Process reengineering (Lean, Kaizen, quality control) takes on greater importance. Automation focuses on raw material tracking, machine load planning, and inventory optimization.
- The PDCA cycle duration increases since changes in production require thorough testing and safe implementation.

3. Retail (grocery stores, apparel, home goods).

- Marketing becomes more geolocation-driven, with promotional channels tailored to regional audience characteristics and seasonal demand fluctuations.
- For larger retail chains, detailed service regulations and automated inventory tracking become essential.

4. IT and technology startups.

- Change cycles tend to be shorter (Agile approaches), and competition is often global. For product-focused teams, innovation support systems, experimentation frameworks, and HR models that foster a creative work environment are crucial.
- Financial performance is more closely linked to investment acquisition and burn rate management during growth phases.

Given these variations, it is clear that the structural framework of the methodology (from diagnosis to implementation and control) remains intact, while the specific tools, software solutions, and KPI priorities are adapted based on technological cycles, competitive market structures, and financial conditions.

5.2. Risks and limitations

The implementation of a comprehensive consulting model may encounter several obstacles that slow down or limit the depth of transformation in SMEs.

According to McKinsey research, up to 70% of change initiatives fail to achieve their intended results due to employee resistance and insufficient commitment from top management. If a business owner is not prepared to support the renewal strategy, the methodology remains a set of external recommendations without taking root in actual processes. Similarly, in companies with an authoritarian or family-driven culture — where key decisions are made spontaneously and largely based on emotions — additional efforts are required to cultivate a KPI-driven approach, transparent documentation, and continuous training.

Limited financial resources or a shortage of qualified personnel can also hinder growth. For example, if a business aims to open five new locations but struggles to recruit enough employees or provide competitive salaries, the execution of the strategy may require a significant adjustment in pace. A similar challenge arises when the marketing budget is too small to support the stated goals — consulting efforts must then adapt to financial constraints and seek alternative solutions such as partnership marketing, collaborations, and targeted promotional campaigns.

Economic volatility, sudden regulatory changes (taxation, licensing requirements), and currency fluctuations can disrupt even the most carefully planned projects. In such cases, consulting must incorporate a crisis response plan, outlining cost optimization strategies, adjustments to product offerings, alternative funding sources, and other contingency measures.

5.3. Prospects for further research

The development of the methodology can follow several key directions:

1. In-depth studies of specific aspects. For instance, detailed research on KPI implementation or employer branding (HR branding) strategies in small businesses. Analyzing leadership styles and their impact on the speed of change adoption (comparing entrepreneurial vs. professional management approaches).

2. Development of automated performance monitoring criteria. The growing number of digital solutions (cloud-based CRMs, business intelligence tools, BI analytics) presents opportunities for real-time data collection and analysis. It is essential to establish benchmark metrics for different SME sectors (profitability, turnover rates, HR indicators) that can automatically signal deviations from set targets and suggest corrective actions. Such a system would allow business owners to monitor company performance in real time and respond swiftly, even without extensive expertise in financial or operational management.

3. Adoption of new digital tools (Big Data, AI). The use of Big Data for predictive sales analysis, market trend detection, and personalized marketing strategies remains rare in SMEs due to budget and expertise constraints, but the potential for growth is substantial. The application of AI in routine automation — such as chatbots for initial customer interactions, AI-driven recruitment algorithms, and attrition forecasting — is already a trend in large enterprises. However, adapting AI solutions for SME needs represents a key growth area over the next decade.

5.4. Recommendations for consultants and entrepreneurs

Given the previously discussed features and risks, as well as the potential for scaling the methodology, several practical recommendations can be formulated for both parties involved in the consulting process — consultants and business owners.

The effectiveness of a project largely depends on the clarity of roles and expectations. A consultant, as an external expert, does not come in to run the business but rather to identify critical issues, structure improvement steps, and establish a system for monitoring progress in collaboration with the owner and the team. Business owners (or top managers) must recognize that the consultant acts as a facilitator and catalyst for change, but the primary responsibility for results remains with the business itself. To ensure alignment, it is crucial to establish clear agreements at the outset, including:

1. The format and frequency of meetings (weekly, monthly, quarterly).
2. The level of access to data (financial reports, customer base, HR statistics).
3. Decision-making rules (who approves budgets, who gives the final approval for expansion).

If expectations are misaligned — for example, if the consultant proposes a comprehensive transformation, while the business owner only seeks incremental adjustments — the project may lose focus or lead to mutual dissatisfaction.

Even a well-developed strategic plan will not yield results if employees and managers lack the necessary skills. Training should not be treated as a one-time event but rather as a continuous process. Practical steps include:

- A dedicated "development hour" each week, where the team discusses new marketing tools, past campaign results, or mini-training sessions on management and finance.
- Strengthening cross-functional collaboration, where HR and finance jointly develop payroll optimization strategies while maintaining employee motivation, and marketing shares analytics with procurement to fine-tune inventory management.

A consultant typically provides methodological support and may also recommend additional training programs, business simulations, or workshops.

For SMEs, it is critical that key employees experience change not as an external directive but as a natural evolution of the company. To achieve this, the consultant and business owner must articulate and communicate the core values driving the transformation. If there is consensus that customer service is a top priority, then every department aligns its actions accordingly — marketing develops loyalty incentives, HR trains staff in responsive and courteous communication, and accounting simplifies the return process.

This approach creates a synergistic effect, where employees become active participants in change rather than passive executors of external instructions.

CONCLUSION

This monograph has investigated how a rigorous, multifaceted consulting methodology can serve as a pivotal driver for small and medium-sized enterprises (SMEs), enabling them to transition from reactive, informal management to systematic, growth-oriented operation. The theoretical underpinnings — encompassing classical management theories, organizational development, and strategic consulting models — were shown to converge in practical tools that address SMEs' key challenges of limited resources and market volatility. Empirical findings and case analyses emphasize the merits of holistic interventions in marketing, finance, HR, operational processes, and crisis management, each coordinated under a unified strategic vision.

A principal insight emerging from this study is that the effectiveness of consulting in the SME context hinges on two dimensions: (1) the ability to adapt high-level frameworks (e.g., Lean, Agile, strategic planning, digitalization) to the scale and cultural reality of smaller enterprises; and (2) the continuous integration of measurable performance indicators (KPI, OKR), which instill accountability and guide iterative improvements. Furthermore, the monograph illuminates the importance of nurturing a supportive organizational culture — one that encourages innovation, transparency, and shared ownership of results — even under crisis or severe resource limitations.

In concluding, the monograph underscores that comprehensive consulting practices, aligned with SME-specific conditions, can engender sustainable competitive advantage and resilience in times of uncertainty. The fusion of administrative rigor, strategic foresight, and adaptive learning processes positions SMEs not only to weather challenging market shifts but also to leverage rapid changes as opportunities for long-term success. It is anticipated that the presented methodology will serve as a robust foundation for both academic research and practical consulting engagements, ultimately contributing to a stronger, more innovative SME sector worldwide.

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I have developed a unique business consulting methodology called "Comprehensive Business Transformation". This methodology is based on the principle that achieving maximum results requires a holistic approach, improving not just individual aspects but all facets of business operations. By applying this methodology in projects, I have successfully helped businesses achieve an average fourfold increase in revenue, significantly improve various performance indicators, systematize operations, and elevate businesses to a higher level of efficiency.

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Kovalchuk Andrii

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theory, methodology and practice of implementation

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