

**Hot Topic:**

## It is high time to make your business more manageable



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Today, everyone is saying that the crisis is a time of opportunity. Indeed, the crisis creates opportunities for many companies to significantly increase their market share. There are cases of business consolidation, in which competitor companies reach an agreement and unite their efforts. Many prominent analysts believe that the market will hit the bottom in the near future. Thus, in the short term, we will perhaps see that a better time has come to invest in real estate and real estate development.

We have quite a peculiar situation. On the one hand, business activity is slowing down and it is the time to optimise expenses. On the other hand, there is an increase in the number of risks and areas of special attention that require greater efficiency in business management. Everyone knows that the management of companies and large real estate in Russia has always been rather complex and challenging. Investors and managing partners face a large number of internal and external challenges. Moreover, whereas the number of external risks is always finite and it is easier to take them into account and predict them, internal risks are the most difficult to overcome. This is often the reason why in Russia the share of overhead costs significantly reduces the expected net profit. It happens when there is large difference between the prime cost of one square metre and its sale price. A downturn in business is the best time to improve the transparency and

manageability of the company, while lowering the costs and conducting headcount optimisation. This is the main reason why companies supplying business management systems in the Russian market are currently experiencing a large increase in orders. More than 11 years of experience in the IT industry has given them the opportunity to witness the several crises that have occurred in the Russian market and observe a significant increase in the number of implementations during these difficult times.

After a management system is implemented, business becomes more predictable. Internal risks are significantly reduced, which makes the companies more attractive to investors. Our experience has shown that there is a reduction in the major risks associated with the management of projects in Russian real estate development by dozens of per cent.

Nowadays one can find many publications and success stories of business optimisation using a variety IT solutions and other clear examples from the real estate development market. Business processes were significantly optimised. A fully automated project management system was implemented. This made it possible to reduce the number of support staff by 40%, while improving the company's efficiency by 20% and reducing labour costs by 20%<sup>1</sup>.

<sup>1</sup> More detailed information can be provided on request.



The monthly savings were comparable with the monthly interest on loans, according to today's Russian banking interest rates. Most of our customers and partners say that the results obtained will allow them to overcome the crisis successfully, complete the project and profitably implement it, regardless of the impact of the current negative market forces.

Thus, the companies that have increased their manageability by the end of the crisis gain a significant advantage and find themselves in a better position than their closest competitors.

Companies run by managers from Europe and other countries have special requirements for the implementation of business management systems. Such customers pay very close attention to fully functional remote business management opportunities. Their frequent requirement is the direct participation as approvers or controllers in the most important business processes. It is also important to introducing Key Performance Indicators (KPI) according to international standards that are

customary for external managers and investors, without the need to change the system functionally. Russians, in turn, require the management system to be easily integrated with internal accounting systems. Special attention is also paid to making the system easy to learn for the Russian personnel.

Among the developers, the most popular area is project management. The profitability of business manageability improvement projects depends largely on how advanced the business processes are in the client company. European managers have a big advantage here, as they already have a vision of the business processes and key performance indicator systems that they want to have control over in their company.

Nevertheless, the return on investment of such systems usually does not exceed one year. There are cases in which the benefits companies gain from business optimisation and cost reductions exceed the total cost of the business management system project before the end of the implementation process. |