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SECURING BUSINESS FLEXIBILITY IN CONDITIONS OF WAR IN UKRAINE

Summary. Kotlyk A. V., Gres G. O. Securing business flexibility in conditions of war in Ukraine

The article is devoted to development of provisions for securing business flexibility in conditions of war in Ukraine. It is recommended that even during the war Ukrainian companies should strive to follow the scientific approaches to management, including the process approach as one of the most widely used. The article stresses the advantages of process approach to management and Business Process Management as its practical implementation, such as standardization of business processes (allowing companies to continuously follow the optimal way to perform the business process, to automate it and to decrease the variability of its

outputs); integration of different functional areas in company's activity; improved productivity; continuous business process improvement; visibility, transparency and measurability of the company's activity, allowing to determine and eliminate the root causes of business process failures; clear definition and distribution of duties, roles and responsibilities in the company; improved knowledge management and auditing procedures.

Despite the point of view that Business Process Management decreases the business flexibility due to standardization of processes, the article states that being properly designed, business processes must have multiple alternative scenarios, allowing to quickly changing the way the business process is performed and thus improving its flexibility. But even if a company was not prepared for the scenario of war, it can follow the recommendations provided in this article in order to secure the flexibility of its entire business and separate business processes. Such recommendations include actualization the key reference points in the company's activity (goals, customers, suppliers, products, etc.); identification of the most problematic business processes affected by the war; development or change of the business process descriptions, which must be more or less detailed depending on the level of process, its technological variability and the level of uncertainty in environment; reviewing the requirements to business processes outputs and inputs; and reviewing the business rules related to changes in business processes.

Key words: *flexibility, agility, flexibility of organization, business flexibility, business process flexibility, business process management, war in Ukraine.*

Formulation of the problem. The war in Ukraine, being a huge humanitarian catastrophe, has also brought multiple negative effects for economics and business of the country. In March 2022, 10 regions of Ukraine (before the war generating more than half of the country's GDP) were directly affected by ground, air or naval combats [1, p. 8], while almost all others were the targets of missile strikes. In the beginning of the war, every third Ukrainian enterprise were closed (in April, 17% of enterprises were not working), and about 60% of enterprises decreased their load,

mainly because of the lost markets, logistic problems, combat actions, employees outflow, increase in costs, etc. [1, p. 9 – 11].

Thus, in order to adapt their business to such dramatic changes, most of Ukrainian enterprises who didn't stop their activity, have to change the way how to organize it, which requires increased flexibility. This means the problem of keeping or obtaining business flexibility is quite relevant for domestic enterprises.

Analysis of recent research and publications. The problem of business flexibility is widely researched by Ukrainian and foreign scholars, such as B. Boehm, O. Grachov, C. Grantham, A. Gupta, G. Hamel, M. Hugos, S. Komarynets, T. Lepeyko, A. Mitra, B. Olmsted, C. Prahalad, V. Samochkin, M. Sytnytskii, N. Shmatko, V. Vasilyev, C. Wellington, B. Zhukov and many others. But the studies of an enterprise flexibility mostly have a limited nature: in the most of researches the separate aspects of flexibility (strategic, organizational, operational, production and financial, personnel, informational) are considered.

The property similar to flexibility is agility. In the work [2, p. 13] we were discussing that if flexibility is ability of the enterprise to change, agility is ability to quick change (thus, the focus is made on speed of changes, but not only on possibility to change). Business agility today is not only widely discussed by scholars, but also is practiced by multiple companies. For instance, in the IT sector, the Agile Manifesto was pronounced [3], and more than 71% of IT companies in USA report following its principles and practicing agile software development to some extent [4].

But despite of many researches and wide practical experience in the field of business flexibility and agility, the aspects of their applications in conditions of war are not discovered enough.

The purpose of the article is the research of theoretical and practical aspects and development of recommendations to improve the business flexibility with the use of modern managerial approach conditions of war in Ukraine.

Main results of the study. Today, there are numerous approaches to enterprise management [5]. One of the most used is process approach, which is based on the idea that in order to manage the company effectively and efficiently, the focus must

be made on processes (business processes), which are the building blocks of its activity. Process approach is recommended for use by the International standard ISO 9001:2015 [6]. There are multiple reasons for companies to implement the process approach to management, shifting from managing separate functions to Business Process Management (BPM), which we generalize basing on works [7 – 12].

First of all, it should be noted that the process approach is based on the detailed description of business processes. In turn, description is the basis for process standardization, which has the following advantages:

1. Standardization helps companies to fixate the most optimal way of performing the process in terms of quality, productivity, costs, etc., making a company more attractive for customers and more profitable.

2. Standardization decreases variability of process outputs, thus, products and services of a company obtain more predictable characteristics (quality, delivery terms, etc.), which again helps to establish trustful relations with customers and to keep them loyal.

3. Standardized business processes can be easily and effectively automated.

Another advantage of a process approach is that it allows to integrate different functional areas of company's activity, eliminating barriers between departments and shifting from local optimization of individual functions to general optimization of the overall company's activities.

The process approach helps to identify and eliminate redundant processes, duplication of functions and bottlenecks, improving the company's productivity.

Business Process Management creates conditions for continuous improvement of processes in the organization and facilitates the ability to implement these improvements.

Implementation of the process approach allows better monitoring the enterprise performance. Providing the means to measure the process performance at the scale of the entire organization, Business Process Management improves the visibility of end-to-end processes, making the results transparent to those employees who are responsible for these processes. By monitoring the process performance, the

employee can respond accordingly and eliminate any obstacles or problems much more quickly.

The resulting data is then used to find the root cause of business process failures, such as delays or high costs, in order to eliminate that cause. At the same time, BPM seeks to provide a quantitative assessment of the results of operational activities (cost, quantity, cycle time, quality, customer satisfaction, or any other parameter) using certain measurement tools. Effective measurement closes the feedback loop in the process management cycle and provides managers with important information they can use to make further improvements.

Business Process Management provides more clear definition and distribution of duties, roles and responsibilities in the company because of detailed process description and measurement. Documenting business processes helps company build a system of checks and balances, thereby minimizing opportunities for fraud, errors, or losses.

Business Process Management significantly improves knowledge management. With effective system of business process monitoring, BPM allows tracking and localizing the necessary information and preparing reports for senior management, which provide an opportunity to analyze the effectiveness of these processes. Providing deep and detailed process description, Business Process Management creates a basis for effective training of new employees and creating a comprehensive database of organizational knowledge.

Finally, Business Process Management is a good basis for a comprehensive audit of the company and assessment of compliance with certain norms and rules. In today's business environment, there is a wide range of government regulations, local communities' norms and requirements that organizations must follow. Successful implementation of the process approach creates conditions for achieving efficiency and coordination of management at each level of the process. BPM includes company-wide tools, procedures, policies, and business metrics that help an organization monitor commitments and ensure that operations meet applicable standards.

In the same time, there is a point of view that standardization as one of the main pillars of Business Process Management makes processes more rigid, less flexible and responsive [13; 14]. Thus, it can be assumed that companies which already use Business Process Management or are in the process of its implementation must refuse it in conditions of war because it decreases business flexibility – the property, which is vitally required. But we think Business Process Management can secure process flexibility (and so – flexibility of business as consisting of flexible processes). The reason is that flexibility is one of the characteristics of any business process, and depending on requirements, the level of process flexibility can be either increased or decreased [9; 14; 15]. Indeed, the business process flexibility depends on two characteristics: the number of scenarios the business process can be switched among (the greater the number of scenarios is, the greater is the level of business process flexibility) and the time required to shift from one scenario to another (the shorter such time is, the greater is the level of business process flexibility) [14; 15]. Such characteristics can be changed for any business process to some extent. Alternative scenarios for the business process can be developed in advance, while the process is designed. The more scenarios are developed and described, the higher is the probability that one out of those scenarios will suit the further conditions in external environment. In this case, time to shift to such scenario of business process will be decreased as well. Thus, Business Process Management will increase business flexibility by increasing the company's ability to sense potential opportunities or threats and help prioritize its response strategy.

Properly designed business process must not only contain alternative scenarios, but also the mechanism of determining the conditions when it is necessary to shift scenario, the procedures and rules of such shift, and the mechanism of monitoring the changes. Moreover, properly designed processes must be reviewed and evaluated by analysts from the point of view of risk, and at the same time, effective risk control and prevention tools are embedded in all processes, as it is required by International standard ISO 9001:2015 [6].

But in practice the authors faced multiple cases when business processes in companies are not designed properly and do not include one or several elements necessary to secure business process flexibility (alternative scenarios, mechanism of determining the right time to change, procedures and rules of implementing such changes and its monitoring, etc.). In this case companies still should not refuse the process approach if it is in use of in the process of implementation. We provide the following recommendations companies can follow in the process of adopting their business processes to the war in Ukraine.

1. Actualization of key reference points in the company's activity. In case of dramatic changes caused by war, company can change its priorities. For instance, many companies in the beginning of the war focused on security of their employees and capacities. Also it's important to note that the war can affect the company's stakeholders, including business owners, clients, suppliers, etc., even if they are located abroad. The immediate contact with key stakeholders can provide management with necessary information about their priorities and problems, which can help to re-actualize current goals, contracts, commitments, products, etc.

2. Business processes in the company are strongly interrelated and make a network. Thus, the problems in one business process can disrupt the whole company's activity. This means that the second recommendation is to identify the most problematic business processes, which are affected by the war the most, and concentrate on their adaptation to changed conditions.

3. Create or re-create the business process descriptions. The level of detailing of business process description depends on several factors:

a) the level of a business process in the process hierarchy: the higher the level is, the less detailed description a business process requires;

b) the level of uncertainty in the environment: the higher the level of uncertainty, the less detailed description (but with more alternative scenarios) a business process requires;

c) the technological variability of a business process: the more variable the process is (e. g. process related to creative activity, ad hoc processes, etc.), the less detailed (but again, with more of alternative scenarios) its description should be.

While describing business processes, we recommend combination of text and graphical (or table and graphical) approaches [16].

4. Review the requirements to business processes outputs and inputs. Actualizing goals, clients, contracts and commitments, the company can see that their requirements to its products have changed. Accordingly, requirements to process inputs can be changed. Such requirements must be strictly formulated in order to direct the process performers and those who control its results, especially in case if some business processes will be outsourced.

5. Business rules must be reviewed as well, especially related to implementation of changes in business processes and to shift among scenarios.

Authors think that following these recommendations will help Ukrainian companies to better adapt their entire business and separate business processes to conditions of war.

Conclusion. Even in situation of war, Ukrainian companies should strive to follow the scientific approach to management, including the process approach as one of the most widely used and strongly recommended by International standard ISO 9001:2015. In order to do it effectively, authors recommend to actualize the key reference points in the company's activity; to identify the most problematic business processes affected by the war; to create or to change the business process descriptions; to review the requirements to business processes outputs and inputs; to review the business rules related to changes in business processes.

Further researches in this area must be aimed at development of exact methods and managerial tool for implementation of abovementioned provisions in conditions of war.

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Анотація. Котлик А. В., Гресь Г. О. Забезпечення гнучкості бізнесу в умовах війни в Україні

Стаття присвячена розробці положень щодо забезпечення гнучкості бізнесу в умовах війни в Україні. Навіть під час війни українським підприємствам рекомендовано намагатися дотримуватися наукових підходів до управління, зокрема процесного підходу як одного з найбільш поширених. У статті наголошено на перевагах процесного підходу до управління та управління бізнес-процесами як його практичної реалізації, таких як стандартизація бізнес-процесів (що дозволяє компаніям постійно слідувати оптимальному способу виконання бізнес-процесу, автоматизувати його та зменшити варіативність його виходів); інтеграція різних функціональних аспектів діяльності компанії; підвищення продуктивності; постійне вдосконалення бізнес-процесів; видимість, прозорість і вимірюваність діяльності компанії, що дозволяє визначити та усунути першопричини збоїв у бізнес-процесах; чітке визначення та розподіл обов'язків, ролей та відповідальності в компанії; поліпшення управління знаннями та процедур аудиту.

Незважаючи на існуючу точку зору щодо того, що управління бізнес-процесами знижує гнучкість бізнесу через стандартизацію процесів, у статті стверджується, що при належному проектуванні бізнес-процеси повинні мати кілька альтернативних сценаріїв, що дозволяє швидко змінювати спосіб виконання бізнес-процесу і, таким чином, покращити його гнучкість. Але навіть якщо компанія не була готова до сценарію війни, вона може слідувати рекомендаціям, наведеним у даній статті, щоб забезпечити гнучкість всього свого бізнесу та окремих бізнес-процесів. Такі рекомендації включають актуалізацію ключових орієнтирів у діяльності компанії (цілі, клієнти,

постачальники, продукти тощо); визначення найбільш проблемних бізнес-процесів, постраждалих від війни; розробка або зміна опису бізнес-процесів, що мають бути в тій чи іншій мірі деталізованим залежно від рівня процесу, його технологічної варіативності та рівня невизначеності середовища; перегляд вимог до виходів і входів бізнес-процесів; перегляд бізнес-правил, пов'язаних зі змінами в бізнес-процесах.

Ключові слова: *гнучкість, гнучкість організації, гнучкість бізнесу, гнучкість бізнес-процесів, управління бізнес-процесами, війна в Україні.*