

Consulting services offered for small and medium enterprises on the Romanian market

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Abstract: *This article intends to outline the consulting services offered for small and middle enterprises on the Romanian market. Reference is made to the offer of the consulting services companies on the market and to the way the Romanian small and medium enterprises are informed about this offer, and to the way in which they get in touch with the consulting companies in order to use the consultancies offered. A short evolution will be presented of the consulting services on the Romanian market and the type of the consulting services offered on the market. The paper also presents a short review about the small and medium enterprises from Romania, focusing on the development of these enterprises in the eight development regions of Romania.*

Key words: *small and medium enterprises, service, challenge, consultancy, online, social media, efficiency*

1. Introduction

1.1. Consulting companies

In the last 20 years in Romania, there has been a significant development of economic activities. Apart from the so called multinational companies, the local Romanian companies have also grown together with the general growth of the Romanian economy. Slowly, the small and medium enterprises have become a very important part of the economic environment. Unfortunately for these SME's (Small and Medium Enterprises), the development has also brought competition and challenges connected to ways of coping with them in the most efficient way. The owners and managers of the SME's realised that, in order to survive on the market, they ought to have the same knowledge and information system like multinational companies. They have to understand bookkeeping, IT, selling and marketing, otherwise they will lose the competition contest. In this way, as a response to these

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needs on the market, the companies offering specific and targeted consultancy services appeared.

1.2. Market situation of consulting companies

Right after the liberalization of the Romanian market, the offer for consulting services was represented by the international consulting companies. The very first consulting companies acting on the market were famous international companies like KPMG and Deloitte. Later, on also companies with Romanian capital penetrated the market and started their development. The very first Romanian consulting companies were related to legal consultancy and bookkeeping. Apart from them, other companies and firms appeared, offering consultancy in getting EU funds, as well as companies offering management and marketing consultancy. At the same time, the number of firms offering software and hardware consultancy increased, and slowly these activities became a very important part of the consulting services offered on the market in Romania. The development of the consulting companies in Romania is strictly connected with the growth of the local economy in general. The local SME's were somehow forced by the evolutions on the market to adapt their production and selling strategy to the new conditions of tough competition represented by multinational companies. In order to survive and to do efficient business, the local SME's have to understand the way multinational companies are act on the market and they have to understand the background of their success. Therefore, they have either to engage their own employees to do this job for them or they can use the consulting services offered on the market by consulting companies.

2. Objectives

2.1. The SME's market

A significant number of the big enterprises use consulting services less because they have their own departments dedicated to solving the issues that occur in the life of the companies. Most of them have their own bookkeeping department, their own legal department, their own marketing department, their own selling team and their own IT department. Taking into consideration all these aspects, we can affirm that the main market for the offer of consulting services companies are the SME's. Of course this does not mean that big companies do not use consulting services, but they use them not so often like the SME's. In the life of SME's, employing specialists in the field of bookkeeping, legal aid, marketing, selling and IT would cause high costs, which are normally not affordable for the firms. In this way, the owners or top managers usually use consulting companies in order to solve the

SME's daily or periodical issues. So, in order to have fewer costs and high efficiency in solving the occurred problems, the managers of the SME's consider having professional help from consulting services companies.

2.2. The consulting services offer

Considering the above-mentioned facts, the managers of SME's have to have the opportunity to meet and know the offer of the consulting services companies. On the consulting services market, the product is represented by the nonphysical solving of a certain issue. One of the most important challenges of the product policy in this case is that the offer of the consulting companies is not material, it is intangible. Therefore the consulting companies try to standardize their offer in order to make the decision making easier for the SME's. We have to notice that, in most of the cases, the consulting services offer has two parts. One part is connected to the core consulting service, which is always offered with some auxiliary services. For example, if a consulting company offers the consultancy in bookkeeping as core service, it can also offer the service of participating in the important negotiations of the beneficiary. Taking into consideration the opinion of the SME's consulted managers, we can affirm that the most convenient way to get in touch with the offer of the consulting services companies is the internet. This is the easiest and most efficient and quickest way to get information about the needed consultancy. In this way, the managers use the internet and the social media sites and they try to make an idea about the existing offers they are interested in. Once they identify the desired consultancy offer, they try to ask some references from former or actual clients of the consultancy companies or from friends or family members or other people which they trust.

3. Methods

3.1. Market analysis

The basic idea is to get an accurate image of the market and to adapt the selling and marketing policies of the consulting services companies accordingly. Taking into consideration the eight development regions from Romania, according to the Report of the Post Privatization Foundation, we can identify the following number of SME's divided by the above-mentioned regions:

The development region North-East including Bacău, Botoșani, Iași, Neamț, Suceava and Vaslui counties has 15.12 SME's/1.000 people, in the development region South-East including Brăila, Buzău, Galați, Constanța, Tulcea and Vrancea counties there are 21.54 SME's/1.000 people, the development region South-Muntenia, including Argeș, Călărași, Dâmbovița, Giurgiu, Ialomița, Prahova and

Teleorman counties, comprises 16.1 SME's/1.000 people, in the development region South-Vest-Oltenia, including Dolj, Gorj, Mehedinţi, Olt and Vâlcea counties, there are 16.4 SME's/1.000 people, in the development region West, including Arad, Caraş-Severin, Hunedoara and Timiş counties, there are 23.46 SME's/1.000 people, the development region North-West including Bihor, Bistriţa-Năsăud, Cluj, Maramureş, Satu-Mare and Sălaj counties, has 24.4 SME's/1.000 people, in the development region Centre, including Alba, Braşov, Covasna, Harghita, Mureş and Sibiu counties, there are 23.5 SME's/1.000 people and in the most developed region Bucharest-Ilfov there are 50.23 SME's/1.000 people.

3.2. Costs and price analysis

In the field of consulting services we face the so called non transparency of the prices. This means that the evaluation of the cost of the consulting services is relatively uncertain. Therefore, before the purchase of a certain consulting service, the evaluation process of the quality-price relation, made by the beneficiary, often shows the price of the consultancy as high. As a direct result, the prices are always established after relatively long and difficult negotiations between the parties. At the moment of the evaluation of the results, when the beneficiary already knows the quality of the services offered, the price starts to become an important part of the evaluation of the quality of the consulting services offered. From the classical price policies we can apply the differentiated price policy. This means that consulting companies could use seasonal prices or they can offer discounts or even offer some free consulting at the beginning. In the case of the uncertain beneficiaries, the consulting companies can also use the conditional price policies. In this way, the consulting companies can return a part of the received money if the beneficiaries are not satisfied with the quality of the performed consultancy.

3.3. Selling

Speaking about the selling of consulting services, we have to remark at the beginning that, because of the intangible aspects of the consulting services, we cannot sell them like the mass products. We can sell only the promise of a future service. In this way, the consulting companies sell a future service and the buyer gets the right to use this service later. Taking into consideration the mentioned figures about the density of the SME's in Romania and their geographical situation, we can affirm that the most cost efficient way for the consulting services companies to promote their offer for the SME's is the online method. If the consulting companies are able to present their offer and their recommendations in the online media and on the social media sites, they will be able to get in touch with SME's from all the development regions of Romania.

3.4. Communication policies

One of the main problems of the marketing communication in the case of consulting services is the fact that, because these services are not physical, they cannot be represented easily. The efficient advertising in this case has to focus on the image and the sympathy that the users feel when they purchase a certain type of consulting service. Provided the lack of product samples, the system of recommendations is more powerful in the case of the consulting services than in the case of the mass products markets. Consulting companies have to act in their communication policies in such a way that they transmit a clear, simple and differentiated message. They have to be careful to bring the message as close as possible to users. Here, they can use the advantages offered by the internet and the social media.

4. Results

4.1. Main topics

Based on the discussions with the top managers of the consulting companies, we can conclude that the offer of the consulting companies on the Romanian market is on the increase in their life. Because of this, they slowly develop a marketing behaviour. The most difficult issues are connected with the intangible character of the consulting services and with the difficulty of evaluations regarding the quality of these services. Also, the exact determination of the involved costs is very difficult; consequently, the prices are also very hard to establish. The offered consulting services package is also very flexible and depends on the particular situation of the beneficiary. In most of the cases each client is treated in a unique way and they benefit of a special consulting, tailored according to their needs. The distribution policies and the communication policies are based on direct marketing techniques. The advertising is focused on trust, guarantee and security. For this kind of consulting services, the companies use promotional techniques, as, at the beginning, certain consulting services are executed at low prices or even for free. These actions are made to prove the quality of the executed consulting services and they are oriented to gain the trust of the potential beneficiaries, or they are targeted to obtain the long-term fidelity of the present clients. From the particularities of the marketing mix of the consulting services we have to mention that the consultants sell first of all knowledge, the services are tailored on the clients and they are always in interaction with the beneficiary SME's. The consulting services are sold in a direct way. The consultant is a very important part of the marketing mix because he has a decisive role in the performing of the consulting services.

4.2. Risks

During the consulting services process, both parties face some risks because in this business the confidence and trust are the basis of the further development of the partnership. On the one hand, the beneficiary SME's face risks in choosing the consulting company, in the collaboration with the consultant, in the estimation of the cost and in the final result of the consultancy. On the other hand, the consultants face risks connected with the beneficiary SME's, regarding the effective consultancy and the consultant. Because of the above-mentioned topics, both the consultants and the beneficiaries are interested in decreasing these risks. Therefore, they adapt some specific marketing methods to lower these risks. They use methods connected with the quality management, connection marketing and internal marketing.

5. Conclusions

5.1. To do list

Taking into consideration all the above-mentioned theories and facts, we can conclude the following.

5.1.1. The quality of the performed consulting services depends on the capacity of the consulting companies to identify the cause of a quality failure in the consulting process

The companies can find out this information from the lost customers, because they are able to outline the quality failure they noticed during the consulting process. In order to eliminate the quality failures as much as possible, the consulting companies have to care about the following: they have to choose their employees very carefully, to have clear working schedules, to train their own specialists, to perform internal marketing and to have feedback about all information connected to the quality of the performed consulting services.

5.1.2. The performed consulting services are either experience-based or trust-based

In both cases they predetermine the efficiency of the quality management performed by the consulting companies. Based on a study performed by Ostrom and Iacobucci in 1995, it was established that the efficiency of the trust based consultancy is higher than the efficiency of the experience based consultancies. They affirm that this can be explained by the effect of different risk perception.

5.1.3. The efficiency of the performed consulting services has to be analysed very carefully

The input knowledge brought by the consultant company has to be analysed permanently and, if possible, an acceptable input standard has to be fixed. If we draw a similarity with the mass products, it is like a certificate of quality what is provided by the producer of the mass production goods. In this case, the produced good is the performed consulting service and it has to have a certain standardized quality. It could be also a solution if the companies can fix a minimal needed level regarding the quality of the input knowledge.

5.1.4. Developing the consulting brand image

The task is very clear in this case: the consulting companies have to deliver the services at a quality level which is accepted and liked by the beneficiary SME's. If the consulting company can manage that for a long period and eventually increase the quality of the input knowledge, this can lead to the so-called brand loyalty. The repeated purchase by the SME's (their loyalty, eventually) and the quality of the performed consulting services are in direct relation. Even so, in the short term the repeated purchase is more connected with recent actions performed by the consultant and the evaluation of these actions made by the beneficiary.

5.2. Final conclusions

Summarizing all the facts presented above, the following conclusions have been drawn: The consulting services companies can act between two kinds of marketing strategies. The first is connected with non personal, mass and standardized transactions point of view. The second is based on the partnership between the consulting company and the SME's and is connected to relationship marketing. Both strategies have their own advantages and disadvantages, but we have to consider that a successful strategy depends on a multitude of factors. Only that strategy functions well which is accepted by the beneficiary, by the employee of the beneficiary and is not in contradiction with the nature of the provided consulting service. Therefore, the managers and owners of the consulting companies have to act in concordance with the appropriate marketing strategies in order to reach their goals.

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