

RESEARCH ON THE DYNAMICS OF THE EVOLUTION OF A CONSULTING FIRM

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Abstract: Consultancy services for projects financed from European non-refundable sources show certain notable characteristics. These characteristics are related to the process of selecting consultations, the process of carrying out the consulting missions and the procedures of payment for the services.

Key words: business consultancy, European funds, non-refundable grants, projects

INTRODUCTION

The quarantine period, as well as the post quarantine one, brought major changes in the entire national economy and in the approach to economic policies.

Companies providing consultancy services in the field of accessing governmental and non-refundable European grants were negatively affected in the first pandemic period, given the fact that the entire economy was frozen worldwide.

Therefore, a Temporary Framework for State aid measures to support the economy regarding the COVID-19 outbreak has been established at European Union's level. EU Member States have been able to put in place State aid schemes allowing financing of up to 800.000 euro per enterprise (in the form of direct grants, selective tax advantages and pre-payments) to meet urgent liquidity needs [1,2].

In the period preceding the pandemic, the tendency of entrepreneurs to access non-refundable grants was quite low, with a particular skepticism about this phenomenon, various rumors being circulated, such as:

- "Only large companies are able to access non-refundable grants".
- "Non-refundable grants are available only to influential people or people with connections".
- "The non-refundable grants programs are specially designed so that the financial aid is subsequently recovered" [4,5,6].

MATERIALS AND METHODS

The negative effects of the pandemic have put many entrepreneurs in difficulty, whose businesses have come close to bankruptcy. Thus, people in the business environment have come to put their last hope of saving their businesses into accessing non-refundable grants [8].

The company we analyzed included all state aids in their offer for consultancy services, granted in the context of the COVID-19 effects. A new customer contracting strategy was pursued, given the difficult period that all companies go through, namely the performance of all consultancy services without charging advance payment from the beneficiaries, the payment of the services being made after the financing approval [5].

Although this generated a rather low cash-flow, the duration for a project to be prepared, submitted, evaluated and approved being at least 90 days, the business examined recorded significant increases. Through this aspect, the examined business managed to

build a trustful and lasting relationship with customers, presenting a “win-win” business approach.

Also, during this period, accessing non-refundable funds became an exclusively digital process, completely eliminating paper documents, which brought a new opportunity in this environment, respectively the analyzed company was able to collaborate with customers from all over the country.

The team of the considered company consists of accomplished and passionate professionals in this field such as: experts in accessing European funds, procurement experts and project managers, whose objective is to obtain the best solutions for beneficiaries in accessing funds.

The main **consultancy services** provided by European funds and/or governmental funds are:

1. Elaboration of documentation and technical assistance in order to request non-refundable European funds for your investment project, namely:

- consultancy and assistance in order to identify, for the Beneficiary, the sources of financing such as non-refundable financial allowance through **national** and/or **European structural funds**;
- analysis of the applicant’s eligibility/compliance.
- coordinating the preparation of the technical documentation.
- drawing up the indicative budget of the project.
- composing **the business plan**.
- designing and drafting the **grant application** in accordance with the provisions of the corresponding Applicant's Guide.
- designing and drafting any documents valued by the financier or the consultant as necessary and useful for accessing the identified financing program.
- submission of the financing file in accordance with the provisions of the Applicant's Guide.
- monitoring the evolution of the process of analysis and evaluation of the financing file until the issuance of the response document by the financing authority [7,9,11].

2. Assistance in signing the financing contract, namely:

- preparation of the documents necessary for the signing of **the financing contract** (ascertaining certificates, local tax certificates, general budget tax certificates, proof of co-financing, business plan, annexes, etc.).

3. Project management:

- **consultancy** and **assistance** in the implementation of the project including authorization, certification or endorsement operations, public procurement procedures, financial flow and payment procedures, procedures for drafting and designing the application for the issuance of the financial allowance, notifications, appeals and correspondence in accordance with the provisions of the Applicant's Guide.
- other services that will be established by addenda [10].

4. Project monitoring: the elements scope, resources, time and money are very tie one to another, and together they form a project. We must understand how they can interact to have an effective project management, regardless of industry or niche.

- preparation of annual reports during the sustainability period.
compliance with information and publicity measures [13].

RESEARCH RESULTS

Against the background of the aspects mentioned before, the Romanian business environment has begun to show a high interest in accessing non-refundable grants, increasingly turning to companies specialized in this field. The field of consultancy in non-refundable grants showed significant increases during this period, amid the imperative need to overcome the effects generated by COVID through them and becoming a very popular and interesting aspect for the business environment [3,15].

These can be seen in the figures below.

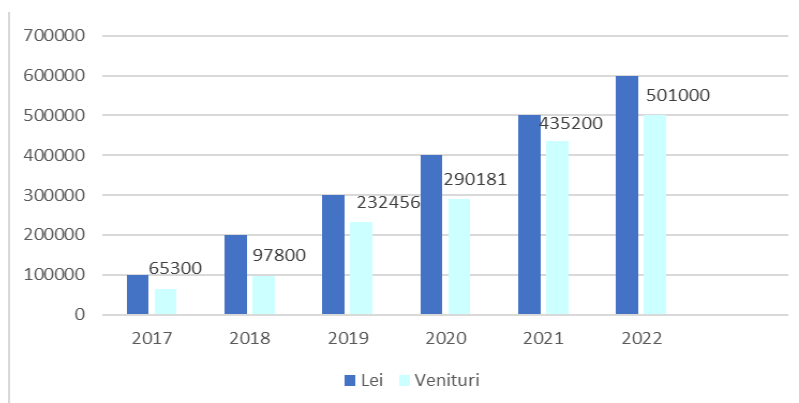


Figure 1. The revenues of the company (Lei), 2017-2022

The goal of the analyzed company is to develop feasible, implementable and solid projects that meet the needs of customers, in order to obtain the necessary financing for business development [14].

The projects developed by the company are based on real and achievable objectives that can be achieved by the beneficiaries, without making it difficult during the monitoring and sustainability period, contributing to a healthy business growth. It is hoped that all the projects carried out will become real successes, developed with non-reimbursable funds.

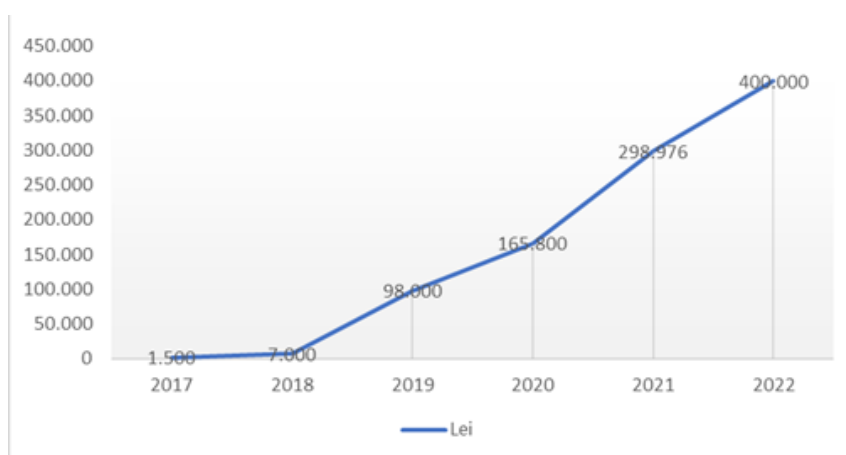


Figure 2. The profit of the company (Lei), 2017-2022

In 2017, the company's profit started at a modest 1,500 lei. This initial figure may indicate the early stages or challenges faced by the company during that year.

A significant boost occurred in 2018, with profits soaring to 7,000 lei. This sharp increase suggests successful strategies, improved market positioning, or enhanced operational efficiency during this period.

The positive trend continued in 2019, as profits surged to 98,000 lei. This remarkable growth could be attributed to strategic investments, successful product launches, or expanding market share.

Despite potential economic challenges, the company maintained a healthy profit of 16.800 lei in 2020. This resilience may indicate effective risk management or adaptation to market conditions.

The upward trajectory continued in 2021, with profits reaching 298,976 lei. This substantial increase may signify successful expansion, increased customer base, or the introduction of lucrative products/services.

The company experienced another notable leap in 2022, achieving a profit of 400.000 lei. This pinnacle could be a result of continued growth strategies, successful market positioning, or other strategic business decisions.

In conclusion, the profit diagram reflects a positive and progressive financial performance for the company over the six-year period. The consistent growth indicates effective management, strategic decision-making, and resilience in the face of potential challenges. The company's ability to substantially increase its profits each year suggests a strong and promising trajectory for future success.

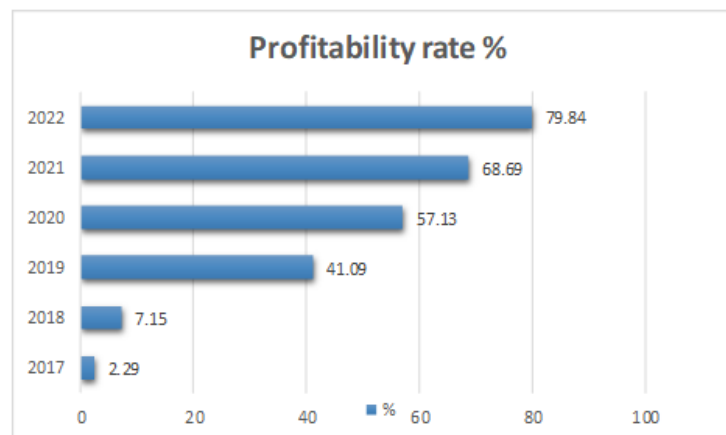


Figure 3. Profitability rate

The profit rate starts at 2.29% in 2017, possibly indicating a baseline or a starting point for the company's profit growth.

A notable positive shift occurs in 2018, with the profit rate increasing to 7.15%. This could suggest an initial success or improvement in the company's profitability. The profit rate doubles in 2019, reaching 41.09%. This substantial growth may be indicative of successful strategies implemented by the company during this period. Despite potential economic challenges, the profit rate continues to rise, reaching 57.13% in 2020. This may suggest effective cost management or increased revenue generation. The positive trend persists in 2021, with the profit rate increasing to 68.69%. This may signify sustained success, expanded market share, or improved operational efficiency. The profit rate sees a significant jump to 79.84% in 2022, reaching the midpoint of the scale. This could be a result of continued growth strategies, successful market positioning, or other strategic business decisions.

In conclusion, the profit rate diagram illustrates a consistent and impressive increase in the percentage growth of profits for the company over the six-year period. The escalating profit rates from 2017 to 2022 reflect the company's ability to not only sustain but enhance its profitability over time. This upward trajectory indicates effective

management, strategic decision-making, and the successful implementation of growth initiatives.

CONCLUSIONS

In the field of non-refundable financing, where the consultancy mission is defined by the framework contract and is carried out on the basis of the information contained in the financing documentation, there could be a system for classifying consultants according to their experience or the results previously obtained. Certainly, in the case of projects financed from non-refundable European funds, the consultancy process has some peculiarities compared to the classic consultancy missions. The role of the consultant is to facilitate and manage the realization of a project within the client organization, applying specific knowledge. Although regulating the consultancy activity is not a general solution, the development of mechanisms to control the consultants' ability to perform the assumed tasks appears as a necessary and possible solution.

The role of consultancy services in assisting potential beneficiaries of European grants is currently insufficiently analyzed and understood. The demand for these services arises in particular from the complexity of the documentation to be developed and the procedures to be followed for obtaining and using these financing. In the context of an excessive specific bureaucracy, the services of consultants are diverted from their optimal use and are largely oriented towards deciphering complex rules and framing the funded projects in the patterns of these rules.

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