# CHAPTER ONE

## **INTRODUCTION**

This chapter provides an overview of the proposed system, starting with the background of the study, problem statement, aim, and objectives of the project. It also highlights the scope of the proposed system, along with significance of the study. Additionally, key terms used throughout the document are defined to ensure clarity and understanding.

* 1. **BACKGROUND OF THE STUDY**

Entrepreneurs operating in a variety of industries confront the difficulty of effectively managing a wide range of business activities in today's dynamic business environment. Having an integrated system is essential for smooth coordination, precise tracking, and well-informed decision-making. This documentation describes the design and implementation of an extensive business management system customized to meet the unique needs of a customer in the retail, general supply, and real estate industries.

Businesses face numerous difficulties in managing operations, resources, and data across multiple domains as they grow and diversify. The purpose of a Multi-Business Management System (MBMS) is to offer an all-encompassing and integrated solution to these problems. With its unified platform that can adjust to the complexities of multi-business contexts, this system surpasses the constraints of conventional single-business management solutions.

The evolution of multi-business management systems mirrors the dynamic nature of conglomerates and holding companies. Historically, these organizations managed their disparate business interests using manual processes and standalone systems tailored to individual business units. However, this fragmented approach led to inefficiencies, data silos, and a lack of synergy among different entities.

The emergence of enterprise resource planning (ERP) systems in the late 20th century marked a significant milestone in business management. These integrated solutions offered a centralized platform for managing various business functions, such as finance, human resources, and supply chain management, within a single entity. While ERP systems revolutionized business operations for individual companies, they were ill-equipped to handle the complexities of multi-business environments.

* 1. **PROBLEM of the STATEMENT**

The client, involved in numerous business including retail, general supplies, and real estate, has the difficult task of overseeing and arranging these disparate activities. Conventional corporate management techniques are ineffective, leading to data inconsistencies, inefficiencies, and difficulties with operational and financial control. The client's capacity to simplify business procedures across multiple domains and make well-informed judgments is hampered by the lack of a centralized system.

* 1. **GENERAL RESEARCH QUESTIONS**

How can a Business Management System be designed to effectively manage the diverse business operations of a client engaged in real estate, general supply, and retail businesses?

* 1. **AIMS AND OBJECTIVES**

The primary aim of this project is to develop a robust and integrated Business Management System that caters to the unique needs of a multi-business entrepreneur. The system aims to streamline business operations, enhance data accuracy, and provide comprehensive insights for informed decision-making.

* + 1. **OBJECTIVES**
* To design and implement a module for Business Management encompassing the addition of businesses, categorization, location tracking, and cost investment recording.
* To develop a Scraps Supply Management module enabling the client to track goods supplied to various companies, calculate total costs, and manage credit settlements.
* To create an Asset Management module for tracking total assets, recording purchase details, additional costs, and providing an asset summary.
* To implement an Inventory Management module facilitating product addition, sales, e-invoice generation, and efficient store operations.
  1. **SCOPE**

The scope of the project “Business Management System” includes the following:

* Business Management Module: Adding businesses, categorizing, location tracking, and recording cost investments.
* Scraps Supply Management Module: Tracking goods supplied, calculating total costs, managing credit settlements, and generating ledger reports.
* Asset Management Module: Tracking total assets, recording purchase details, additional costs, and providing an asset summary.
* Inventory Management Module: Adding products to the store, facilitating product sales, and generating e-invoices.
  1. **SIGNIFICANCE OF THE STUDY**

The significance of the proposed Business Management System lies in its ability to streamline the client's diverse business activities. The system provides a centralized platform for efficient tracking, reporting, and analysis, fostering better decision-making, minimizing operational complexities, and enhancing overall business performance.

* 1. **DEFINATION OF TERMS**
* Business Management System: A comprehensive software solution designed to manage various aspects of multiple businesses efficiently.
* Scraps Supply Management: A module focused on tracking goods supplied, calculating costs, managing credit settlements, and generating reports.
* Asset Management: A module for tracking and managing total assets, recording purchase details, and providing summaries.
* Inventory Management: A module facilitating product addition, sales, and e-invoice generation for store operations.

**CHAPTER TWO**

**LITERATURE REVIEW**

**2.0 INTRODUCTION**

Business Management System (BMS) is a set of processes, practices, policies and procedures used in developing strategies, their execution and all associated management activity.

It helps you take a step back and look at each and every one of your processes from a certain perspective. It also creates a very efficient and effective organisation within your business by analysing its current state and identifying areas for improvement.

**2.1 RELATED WORK**

Multi-Business Management System (MBMS) is understood by the authors as an interrelated, scientifically grounded complex of methods and tools for planning, implementation, control, analysis, timely correction, and adjustment of strategic and operative business goals, planning system and activities of a system. Considering the structure of the MBMS the following two levels can be marked out: strategic and operational. Considering the MBMS as a balanced mechanism of management the authors specify the main 138 Svetlana Savina and Irina Kuzmina-Merlino / Procedia - Social and Behavioral Sciences 210 (2015) 136 – 145 elements: managing sub-system, managed sub-system, and influencing sub-system. Interaction of these three sub-systems takes place in the following way: the managing system with the help of tools and methods of MBMS (influencing sub-system) acts directly upon the managed sub-system to achieve the main goal of the MBMS of the software – increase in market value and stable development of the system. It is evident that the efficiency of the BM mechanism to a great extent depends on the efficiency of methods and tools being applied. These methods combined in a well-working system can ensure a synergy effect to raise efficiency of the MBMS. Considering a strategically oriented MBMS the most promising theoretical approach has been chosen and justified in the work, the possibility to apply the chosen approach in the MBMS has been investigated, organizational support of MBMS has been defined, and the notion of business structure has been specified. While investigating various improvement systems and improvement conceptions the authors came to a conclusion that, owing to appearance of a new concept of “business processes reengineering” in the theory of business (Gaitanides, 2012), business management started to focus more deeply to organization of processes also in practice (Scheer, 2012, Ferstl, Sinz, 2001). As early as in 1984 Scheer described business processes and their realization using a chain diagram of processes (Event driven Process Chain) (Savina, 2011a). Business processes management allow achievement of high efficiency of a company focusing on customer demand (Hammer, Champy, 2003). Process-oriented approach aligns the requirements to all participants of a process, reduces the effect of human factor, and the company becomes a self-regulated system (Savina, 2011b). In the 60’s of the past century the methodology of structural analysis was developed and complex SADT (Structured Analysis and Design Technique) systems were projected (Jbira, Lakhoua, 2012). Process-oriented approach was included in Malcolm Baldrige National Quality Award (MBNQA) model (DeJong, 2009, ASQ official website) and the European Foundation for Quality Management (EFQM) Excellence Award model (EFQM official website).

**Multi-Business System as Internal Networks**

Multi-business management system can be regarded as *internal* markets in which exchanges among business units (divisions) occur in three key dimensions: capital flows, product flows and knowledge flows (Gupta and Govindarajan *et al* 2000). These same types of exchanges take place in the traditional *external* markets in which standalone firms engage in multiple transactions involving financial, physical and intangible resources (Williamson et al [1991](https://link.springer.com/article/10.1007/s13132-015-0330-z#ref-CR71)). The portfolio of hierarchically organized business units in a diversified firm replaces an equivalent collection of independently acting firms in different external markets, such as the capital market (Duchin et al [2013](https://link.springer.com/article/10.1007/s13132-015-0330-z#ref-CR22)), the labour market (Neffke et al [2013](https://link.springer.com/article/10.1007/s13132-015-0330-z#ref-CR44)) or the technology market (Breschi et al. [2003](https://link.springer.com/article/10.1007/s13132-015-0330-z#ref-CR6)). In other words, the economy, as a network of industries connected through decentralized external markets, is partially substituted by the multi-business firm as a network of business units connected through centralized internal markets (Ahern et al [2014](https://link.springer.com/article/10.1007/s13132-015-0330-z#ref-CR1)).

The level to which multi-business internal networks displace specialized system’ external exchanges varies from company to company (Santaló et al [2008](https://link.springer.com/article/10.1007/s13132-015-0330-z#ref-CR52)), and depends on one alternative being comparatively more efficient than another in each concrete setting (Maksimovic et al [2004](https://link.springer.com/article/10.1007/s13132-015-0330-z#ref-CR65)), but it is evident that, overall, multi-business are currently a pervasive form of economic activity (Basu et al [2010](https://link.springer.com/article/10.1007/s13132-015-0330-z#ref-CR3)). One important determinant of internal networks being comparatively more efficient than external exchanges is, among others, precisely the efficiency with which product and factor markets conduct transactions externally (Chakrabarti et al. [2007](https://link.springer.com/article/10.1007/s13132-015-0330-z#ref-CR9)). Bearing in mind that most product and capital markets work in an increasingly more correct manner in developed economies, the opportunities for a multi-business to beat those markets through internal arrangements in order to conduct capital and product flows are rather scarce (Shackman [2007](https://link.springer.com/article/10.1007/s13132-015-0330-z#ref-CR56)). On the contrary, the markets for knowledge are still far from being perfect, even in developed countries with strong property rights regimes, thus providing an opportunity for multi-business to organize internal knowledge flows throughout business units more efficiently than in the external market for knowledge (Branstetter et al. [2006](https://link.springer.com/article/10.1007/s13132-015-0330-z#ref-CR5)).

The frictions of markets for knowledge, coupled with the increasing importance of knowledge assets, force our attention toward knowledge flows in multi-business firms. Corporate-level managers acknowledge that diversified firms’ competitiveness revolves around the internal transfer of knowledge and the exploitation of knowledge relatedness within the internal network (Breschi et al. [2005](https://link.springer.com/article/10.1007/s13132-015-0330-z#ref-CR60)). Business units are thus involved in knowledge outflows and inflows within the diversified system boundaries (Villasalero [2013](https://link.springer.com/article/10.1007/s13132-015-0330-z#ref-CR66)), and some of these knowledge flows pertain to innovation activities and impact on innovation outcomes at the business unit level (Tsai [2001](https://link.springer.com/article/10.1007/s13132-015-0330-z#ref-CR61)).

Introduction of most advanced company management system into a functionally oriented structure does not provide an expected effect and – quite the contrary – raises expenditures and usually reduces general efficiency (Savina, 2011b). In the course of development of process-oriented approach there appeared such management technologies as business process reengineering and activity-based management. The first step in application of process-oriented approach is to register and describe business processes. The subsequent analysis and evaluation of the efficiency of functioning of business processed form the basis for reengineering of these processes (Elzinga, Horak, Lee un Bruner, 1995; Hammer un Champy, 2003). Investigating the essence of process-oriented approach the authors came to a conclusion on the possibility of its effective use only under the conditions of organization of appropriate financial structure. In the course of the research it is supposed to test following hypotheses:

**HYPOTHESIS 1:**

Basing upon the methodology developed within the framework of the paper it is possible to create the Multi-business management system, which would allow achievement of the set strategic objectives.

**HYPOTHESIS 2:**

Developed MBMS would allow increasing an economic potential of a multi-business system in the conditions of a changeable economic environment.