

## **Risk Prevention Strategies and the SWOT Analysis for the Implementation of the SMEs' Business Plan**

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**Abstract:** This theme is targeting the importance of implementing the business plan of a small and medium company that has as aim the creation of the added value through research and innovation in the management of human resources performance based on information technology domain. The objective is to increase the economic competitiveness and development of knowledge-based economy whereas by the implementation of the project, it increases the company's profitability, creating a competitive advantage resulting in innovative products, as well as the effectiveness of companies that use human resources evaluation platform. The need identified on the market to which the SMEs wish to answer by implementing the plan is represented by the nationwide lack of a complex solution covering both the evaluation and the management of human resources performances. The used methodology can be found in the analysis, developing a strategy for preventing financial, human, market, marketing - image risks and also the physical ones. With the SWOT analysis it was observed one of the strengths i.e. the existence of a single management system of employee performance that includes assessment specific features. In conclusion, there are no software solutions at national level, which would assess the human resources of an organization, following specific indicators of that organization, which could combine the assessment methods in order to achieve more a more efficient and versatile assessment.

**Keywords:** management; human resources; objective; assessment; performance

**JEL Classification:** E17; E20

### **1. Introduction**

The general objective of the proposed project is to create an added value through research and innovation in human resources performance management based on the information technology. The proposal is based on the results obtained from a company in the domain of human resources performance management, software based. This objective is consistent with the objective of Operation 2.3.1. of the Sectoral Operational Programme Increasing the Economic Competitiveness, Priority Axis 2, Key Domain of Intervention 2.3. The beneficiary is a start-up in the information technology domain, and the project aims at introducing a new,

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innovative product to the market, resulted from the research and development activity, namely the human resources assessment solution, designed for all public or private organizations wishing to implement a platform for evaluating human resource performance. The objective is consistent with the general objective of SOP ECC of increasing economic competitiveness and development of knowledge-based economy whereas by the implementation of the business plan, it increases the company's profitability, creating a competitive advantage resulted from the innovative products and the efficiency of companies using the evaluation platform of human resources. The identified need on the market that a company wants to answer by implementing the plan is represented by the nationwide lack of a complex solution covering both the evaluation part and the management of human resources performance.

The novelty of the human resources evaluation solution proposed by the project is based primarily on three major contributions that have no equivalent at national level:

- The combination of assessment methods and indicators based on specific algorithms;
- The mode of monitoring the employee's behavior in the use of specific computer applications, and the recommendations for improvement through adequate training;
- Assessment algorithm of the replacement effort of an employee.

The management will be provided by the Director of the organization, who is also the administrator of the company and who will coordinate and verify the implementation of the provided activities, and also the way of conducting and reporting for each stage of the plan.

The Director will organize, coordinate and control the resources involved in the plan. The Director appointed by the company has experience in project management in the field of software development and IT services, being NATB certified in project management, having capacities of organization, communication, analysis and synthesis and prospective analysis.

Many international companies in Western Europe and the USA are starting to invest more and more in performance management of human resources software, often as part of a larger package of talent management (talent management software) in an effort to create automated solutions for human capital management. Such solutions integrate performance management, compensation, learning and development, monitoring objectives, succession planning tools, recruiting and many more.

## 2. Research Methodology

The methodology used can be found in analyzing and developing a strategy for preventing financial, human, market, marketing-image risks and also the physical ones. There were also used the economic contextual elements in order to achieve a SWOT analysis. The purpose of using technological support for performance management at individual level is to identify and minimize the gaps in performance between strategy implementation, improving and sustaining employee's performance, and to evaluate results in relation to the requirements and established targets. Most software solutions designed to meet individual management performance cover most of it the establishment, reviewing and evaluation of employees' performance, but it does not generate ways of improvement.

Through the management projects of employee performance containing functionalities for evaluation and monitoring training, the companies aim at achieving the following goals: increase individual performance in order to reach these objectives; developing learning skills and analytical thinking; initiating a market of performance management software; easy and quick exchange of information, development of continuing education; the development of alternative forms of education. The product offered by the company aims at facilitating the assessment of human resources at organizational level, both in terms of management, but also in terms of the act of learning. By improving the company's activity, by increasing employees' skills, relating the company's goals with individual *human resources assessment*, costs will decrease and revenues will increase by offering products/services of higher quality than the competition. In addition we may have *human resources assessment* by collecting information on performance.

## 3. Research Results

Considering the type of sold product, the company will use in the first period of 3 years the marketplace at national level. Considering also the local plans and strategies, an important source of growth and an objective to achieve on long term is supporting innovative SMEs and research sector. The Project promoted by the SMEs enrolls in this objective, proposing also an increase of the innovation degree at local level, and an economic growth in revenues from the sale of the developed solution.

The investment opportunity is granted also by the practicality of the solution for the customer at organizational level in order to increase performance and reduce costs allocated to human resources development. Given the economic context and reducing budgets for training personnel, such solution responds to the need for

continuous assessment and monitoring of the personnel, so that the competitiveness of the organization would be maintained at a high level.

Through the information portal and product promotion it will be taken into consideration the attraction of a number of customers nationwide who would opt for licensing the solution and the acquisition of related services.

The plus value on the developed solution is due also to the target group of customers, public institutions or private organizations, wishing to bring performance to an organizational level by continuous evaluation of human resource. The ongoing management of employee performance is supported also by an increased administrative quality. Also the affordable price of the human resources assessment solution can determine an orientation of organizations towards its acquisition, given the need to use such software tools correlated with the absence on the Romanian market of such a product.

*Risk analysis in project implementation and post-implementation and countermeasures.*

We considered the main risks grouped by categories:

- Financial;
- Human;
- Market;
- Marketing-image;
- Physical.

We analyzed the implications and prevention strategies that need to be applied.

Nr.	Category	Description	Implications	Risk prevention strategy
1	Financial risk	Lack of liquidity in key moments, taxing timely reimbursement of expenses, revenues inconsistent with the estimates	Some acquisitions may not perform as scheduled, wages cannot be paid on time, the services will not be paid on the agreed terms	Exceptional financial statements, shareholders will ensure the capitalization of the company and they will replace any illiquidity. Drawing with care and responsibility the documentation for the reimbursement of expenses

Nr.	Category	Description	Implications	Risk prevention strategy
2	Human Risk	Changes in the organizational structure of the institutions involved in the project	Important decisions are not taken in time. There are unidentified the persons / groups that could confirm / clarify some issues.	Project support at the highest level through a continuous relationship with the involved institutions
3	Human Risk	Lack of project management skills within the team of the beneficiary.	There are delays and unduly administrative effort. Lack of decision, even if their significance is not major.	100% involvement of the project manager in managing the project activities, a management developed according to the methodologies assimilated in specializations (NATB certification). Clear delineation of roles and responsibilities; emphasizing the importance of insisting on basic activities and streamlining the administrative aspects. Defining clear responsibilities within the project management team

Nr.	Category	Description	Implications	Risk prevention strategy
3	Human Risk	Insufficient staff required by the company for the research and development activity of IT solutions	Loss of “focus” on the project deadlines, delays, additional costs.	Creating an association between the profiles of experts and planning resources in the project and in general. The allocated resources and their availability for project activities will be guaranteed at the highest level in the organizational structures of the beneficiary.
4	Human Risk	Low results of employees, lack of loyalty and information leakage, low professional capacity, withdrawal from the project of service providers / staff	Loss of “focus” on the project deadlines, delays, additional costs.	Hiring, salaries and motivation will be conducted by the project manager who has extensive experience in recruiting, training coordination and creating new teams Contracting service providers will be made by the project manager who has extensive experience in negotiating and purchasing services
5	Human Risk	The allocated resources are involved in several projects / activities and they cannot cope physically in the peak periods.	Delays, frustrations of staff, decreases in efficiency, additional cost.	Using within the project qualified and experienced resources fully allocated to this project. Early warning of the financier when these risk situations arise.

Nr.	Category	Description	Implications	Risk prevention strategy
6	Human Risk	Reviews and approvals of documents that are not made on time	Delays, frustration within the team; non-fructifying synergies with related projects	A warning system involves all groups involved and it will be backed by a schedule containing the control and decision points. It will be available since the initial report.
7	Human Risk	Non-assuming and non-supporting the proposed plan	Deviations from the project schedule and implicitly the budget	Frequent reports of project status. Frequent plan updates and revisions of dependencies between activities and reallocation of resources. Planning reserves in relation to the degree of certainty of the project.
8	Physical Risk	Launching in production cannot be performed due to lack of hardware and / or software components or due to problems occurring during their operation	The entire project effort cannot be exploited.	Strict control of the test environment; using the test environment only of the purchased components for production. The careful check of hardware and software requirements. Periodic assessment of the beneficiary on the state of hardware and / or software and the timely solving of the problems.

Nr.	Category	Description	Implications	Risk prevention strategy
9	Market Risk	Unfavorable response from customers to the products created by the beneficiary, thus advancing the competition through lower prices or superior products, the loss of a certain customer category, changing the environment in which the firm operates from the political or legislative point of view	The targeted customers do not buy the solution, the impossibility of sustaining the durability period, failure of achieving the assumed indicators	It will be developed a communication plan where it will be shown to customers the benefits of implementing the solution. The solution will be optimized according to the customer's needs. Performing periodically a market research and product and orientation of the products to new requirements, all performed in real time. The use of competitive prices. Sustaining the selling effort with people with experience in selling software solutions, but also in the targeted specifics: performance management
10	Marketing – image risk	Insufficient promotion of the product	Lack of sales	It will be developed a marketing plan for marketing the product, it will be targeted the potential customers through various methods and there will be chosen the proper ways of promotion, according to the environment and economic demands.

In the elimination of all risks mentioned above, an essential role it has the professionalism and the involvement degree of staff, each in its field of competence.



## **SWOT Analysis**

### **Strengths**

- Single management system of employee performance that includes specific assessment features, the non-existence of functionalities on the market in one solution.
- New investment of company will increase the development capability of the product: human resources assessment and it will increase the net profit.
- The company offers complex solutions for medium and large companies at affordable prices and thus being able to attract more customers.
- The existence of a product certification by OSIM, which grants a competitive advantage to the company.
- Building a positive image about the company through market introduction of complex solution at an affordable and competitive price.
- The acquired team of specialists (know how).

### **Weaknesses**

- Vulnerability to competitive pressures, especially in the area of big international suppliers;
- Financing capacity.

### **Opportunities**

- The existence of demand for new products at competitive prices;
- Opportunities to expand the offered services;
- Possibility of concluding advantageous agreements;
- The mandatory tracking of performance indicators, according to new Labor Code updated with changes and additions by the Law no. 40 of 31 March 2011, entered into force on 1 May 2011.

### **Threats**

- Stagnation in a period of economic recession at national level;
- Unfavorable demographic and economic changes (reducing the number of employees);
- The entry of new competitors on the market;
- The increase of negotiating power of suppliers and / or customers.

## **4. Conclusion**

The general objective of the proposed project is to create an added value through research and innovation in human resources performance management based on

information technology. Our project proposal is based on a research and development results obtained by a company in the human resources performance management based on software.

Many international companies in Western Europe and the USA are starting to invest more and more in performance management of human resources software, often as part of a larger package of talent management (talent management software) in an effort to create automated solutions for human capital management. Such solutions integrate performance management, compensation, learning and development, monitoring objectives, succession planning tools, recruiting and many more.

In conclusion, there are no software solutions at the national level, which would assess the human resources of an organization, following the specific indicators of the organization, that combines assessment methods in order to achieve more efficient and multilateral assessments, which would monitor the activity of the assessed on a well-defined period of time and it would calculate the effort of replacing human resources within some organizations. All these features, which bring an innovative degree on the Romanian market, are found in human resource assessment solution that we develop. According to the SWOT analysis one of the strengths of the company is the existence of a single management system of the employees' performance assessment that includes specific features, functionalities which do not exist on the market in one solution. Similar solutions to human resources assessment, which cover only partially the functionalities, are found at international level, but at very high prices and they are still inaccessible to companies at local level (it requires adaptation, translating the user manuals, costly implementations, etc.).

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