

Assessment of Financial Activities of Consulting Firms in the Russian Federation

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Abstract—In this article the research of the market of consulting services of the Russian Federation is carried out. Various points of view of scientists on rendering consultancy services are studied, various methods of interaction of specialists consultants with clients are analysed. The financial activities of consulting firms by indicators of revenue and the total number of specialists and consultants are analysed. The analysis of ten best consulting firms by total revenue is carried out and dynamics of its change is introduced. The rating of ten large companies in the sector of consulting activities for the largest number of staff is analysed and the dynamics of its change is introduced. On the basis of the carried-out analysis problems of the market of consulting services in our country which interfere with fast development and increase by the indicators of financial activities of consulting firms are revealed. In the conclusion of this article the main relevant directions of market development of consulting services in the Russian Federation are given which will promote increase in financial flow of money in the country.

Keywords—consulting; companies; market; services; consultation; clients; state.

I. INTRODUCTION

Today the activity of consulting firms in regions and the whole country develops with fast speed that is characteristic development of the economic industry, namely in bank and legal sectors, in tax and evaluation activities. Activity of consulting firms brings very good economic results in the development of regions of the country. Consulting is widespread in the sector of services and goods production therefore it is easier for small and medium-sized enterprises to contact to consulting firm on modernization of the production or development of a new type of products as costs for them will be less, than charges of own department of the market research and to satisfaction of new types of products began to

extend. Every year financial flows of the large consulting companies increase on average from 10 to 25% that speaks about favorable infrastructure and increasing of opportunities and types of consultation. However there are global problems in the sector of consulting, such as, discontent of clients with a resulting effect, unfair competition among major consulting firms and also the system of contract prices between consultants of other consulting companies. All above mentioned problems influence on reduction of financial flow and decrease in efficiency of financial activities of the consulting companies in the Russian Federation.

II. LITERATURE REVIEW

Now literature on consulting is widespread, popularity of books and periodicals of this topic increase. For example, it's described 45 methods used in financial activities of consulting firms in the book "Consulting and methods of technology" by M. Zilberman whether you are a manager or not. They help to increase efficiency of financial activities of consulting firms and also to reveal and analyze diagnostics of problems. But unfortunately these techniques do not describe the relationship between managers and personnel.

The author of the book "Organization development methods" Edgar Shane describes process of consulting through three models of consultation. The first model is a rendering specialized service. The second model is a rendering consulting activity which solution of tasks is performed by the consultant from experts to generalists. The third model is a live system based on human relationships and processes.

The author of the book "Intervention in the Organization" E. Nevis, considers consulting activity and relationship between consultants and the organization as intervention in the

organization, on purpose by any method to it to help and to achieve desirable results. In other words, the author describes in the book that the consultant crosses others border, thereby destroying the management system created by the organization. At the same time the consultant tests very strong tension and resistance from the client.

III. RESEARCH METHODOLOGY

The methodology of a research of this article is based on application of methods of comparison by quantitative indicators of financial activities of consulting firms, applications, analytical methods on financial performance of major consulting firms and also applications of the benchmark method of data by carrying out the analysis of structure and dynamics of change, graphic interpretation of information. Quantitative and qualitative methods of a research were applied to assessment of financial flow of consulting firms.

The practical significance of consulting firms is caused by the fact that large enterprises and the organizations faced such problem as optimization of working process today, the number of the companies and groups of companies grow in consulting business, so there is a demand for providing consultations. It is necessary to point out that small size of firms, unjustified economy, unwillingness develop production and technologies, decrease of highly qualified specialists in development of large enterprises and organizations, lack of scientific and technical base and practical developments of marketing for promotion of the consulting services are obstacles to development of financial activity of consulting companies.

IV. RESULTS

The list of the largest consulting groups and companies of Russia according to the results of 2017 is presented in table 1.

TABLE I. THE LIST OF THE LARGEST CONSULTING GROUPS AND COMPANIES OF RUSSIA ACCORDING TO THE RESULTS OF 2018

Place by the results of 2018	Place by the results of 2017	Group of companies / company	Location of the central office	Total revenue from consulting of 2017 (thousands rubles)	Growth rates of revenue in a year (%)
1	2	3	4	5	6
1	1	LANIT	Moscow	17 076 519.00	26.8
2	-	EY	Moscow	9 773 760.00	н.д.
3	2	PwC	Moscow	8 656 918.00	15.7
4	6	KPMG	Moscow	6 021 408.00	26.0
5	5	«Group Technoserv»	Moscow	5 813 761.00	15.8
6	3	KROK	Moscow	5 425 307.00	-25.8
7	7	«I-Teko»	Moscow	4 211 220.00	6.8
8	8	«Group Borlas»	Moscow	4 121 615.00	8.1
1	2	3	4	5	6
9	10	BDO Unicon	Moscow	3 429 815.00	1.7
10	-	«Aplana»	Moscow	2 609 000.00	16.3

Analyzing table 1, it is possible to make a conclusion that the top ten of consulting groups of the companies are located in Moscow that speaks about increase in financial flow in 2018 in relation to 2017. Also there is a wish to note that at

top ten the consulting companies there are two companies beginners "EY" and "Aplana" with financial flows of 9.7 billion rubles and 2.6 billion rubles. Only the company "CROC" showed negative results of dynamics of financial flow which decreased to 25.8% in top ten consulting companies. Financial flow of the consulting organization of "CHEEKS" holds a leading position which made slightly more than 17 billion rubles. The EY company is the largest consulting company in top ten numbering 3,229 people, and which dynamics of change in 2018 in relation to 2017 increased by 170 people. Also we see, increase in number of specialists consultants in the company of "CHEEKS" on 238 people which total number in 2018 was 1,939 persons. In general positive dynamics of total number of specialists consultants in top ten consulting companies of the Russian Federation is observed.

Analysis of financial consulting firms is a professional analysis of the financial and investment activities of the enterprise, which is carried out without audits. This requires accounting and management accounting data. The leader of this area of professional consulting is currently the company "BDO Unicon" - revenue 1 327 959 thousand rubles for 2017, the company took 9th place in the overall ranking for 2017, which is undoubtedly a high figure [2,p. 88].

Interkomp -1 139 451 revenues thousand rubles for 2017. For 20 years of work in the Russian market "Intercomp" helped to optimize business processes to tens foreign and Russian companies of the most different profile and scale.

Closes the top three company SCHNEIDER GROUP, revenue from financial advice-732 435 thousand rubles. More than 15 years successfully advise companies on the organization and development of business in the CIS countries, Ukraine and Poland. These three companies are in the top 20 of the overall ranking [3,p. 2].

Analysis of legal consulting firms showed revenue growth in 2018 by almost 20%. The main contributor to revenue were three consulting firms, namely, the "KSK group" with revenues 273 103 thousand RUB., a consulting firm "Creation and development" revenue which amounted to 216 728 thousand rubles and "Institute of problems and of business" with revenues of 730 210 thousand. The growth in revenue consulting law firms stems from the fact that organizations and enterprises of small and medium business easier to handle in the consulting law firm, rather than to maintain the state as a lawyer that the implementation and introduction of business economically and quickly.

Since the specialists of consulting firms engaged in legal advice, are highly qualified specialists and quickly solve existing problems. Also, a quick jump to increase revenue was carried out by the consulting company "Alta via" with revenue of 78 633 thousand rubles. the company "Accountor Russia" with the amount of revenue 75 085 thousand roubles and the company "Express logger" with revenue 61 412 thousand. All companies in the TOP 10 financial consulting firms have high revenues in the industry.

V. DISCUSSION

Thus, having analysed indicators of financial activities of consulting firms, it is possible to make a conclusion that financial flow of activity of consulting firms increases along with increase in an indicator of total number of specialists consultants. The market of consulting services in the Russian Federation has overcome a negative zone and developed by the indicators of European consulting companies. So, for example, the total revenue of the market of consulting services in Russia reached nearly 70 billion rubles in 2018 that is the best indicator for history of market development of consulting services. Demand of the government and the interest of customers in digitalization of the business processes became a major factor of increase of these indicators. In general the total number of specialists consultants from 2016 for 2018 grew to 22,709 people that demonstrates increase labor productivity in this service sector.

Most consulting companies prefer to provide comprehensive services in various fields and often lead in several rankings at the same time.

Consulting services in the field of production of goods and services are very much in demand, as it is required not only to increase the capacity, but also to change the processes, raw materials. The group of companies "2K" ranks first in the Top 10 consulting firms in the field of production of services and goods with an indicator of 148 302 thousand rubles, "2K" ranks 33rd in the overall ranking for 2017, from year to year the qualification of the company is expanding and confirmed by leading rating agencies. JSC "2K" is a member of the Association "Morison KSi" - an international Association of independent auditors and business consultants, which occupies the first place in the Russian Federation and the ninth place in the world in terms of total revenue [4, p. 55].

In second place "geo invest" 146 188 thousand rubles, is a consulting and construction company. Provides services since 2007, the company has accumulated a wealth of experience and carries out all complex of works concerning support of projects from development of project documentation and coordination before commissioning both in Moscow and the Moscow region, and in all territory of the Russian Federation.

The third place is taken by Nexia CIS 87 644 thousand rubles, but despite the fact that this is significantly less than the previous two companies, this group of companies has the 14th place in the overall ranking for 2017. Nexia CIS is a regional network of Nexia International, which unites successful and stable audit and consulting companies in Russia. Entered the market of Russia and CIS countries in 1996 from the moment of integration into a network of Nexia Paciol group of companies which received the status of the exclusive representative of one of the largest networks of the world. The company in 2017 received a good place in the overall ranking as it is in the Top 10 consulting firms in different areas.

We also note the SRG group of companies, it received revenue in this area in 2017 equal to 13 800 thousand rubles, and took 10th place in the ranking of TOP 10 consulting firms in the field of production of services and goods, but in the

General ranking for 2017 the company took 31st place, one of the reasons for a good ranking is that SRG takes 2nd place in the ranking of consulting firms on valuation activities.

A significant increase in revenues (+15% compared to the previous year) was demonstrated by the sector of consultations on strategic planning and organizational development, marketing and PR. The total revenue in 2017 amounted to 1.782 billion rubles. Strategic consulting services brought 1.528 billion rubles to the participants of the ranking, and marketing consulting 253.9 million rubles; an increase of 16 and 11%, respectively. Demand here is mainly provided by regions with municipalities, as well as state-owned companies. The Federal law "on strategic planning in the Russian Federation" (No. 172-FZ) encourages local authorities to use the services of consultants. However, the volume of orders under the regional and municipal strategies was less than expected. "One of the main reasons is the delay in the adoption of the spatial development Strategy of the Russian Federation, which many regions would like to focus on when developing their strategies. Significant potential lies in municipal strategies, which are not yet being developed very actively. This process can be facilitated by the expected appearance of methodological recommendations, as well as subsidizing works from regional budgets." The total revenue of the ranking participants received from valuation services in 2017 amounted to 4,903 billion rubles. However, the dynamics of income growth in this segment is declining: 4% in 2017 against 8% a year earlier. The attenuation of demand is largely due to the fact that the state cadastral valuation of real estate will now be done not by independent appraisers, but by specialized state budgetary institutions (this is the requirement No. 237-FZ). Kirill Kulakov, first Deputy General Director of "center for independent property expertise" (CNES), and calls another reason: "Many of the largest banks and corporations have moved to the so-called internal assessment for their own needs, creating the appropriate units in their structures." A similar opinion is expressed by Fyodor Spiridonov, managing partner of SRG group of companies: "more important is the presence of a certain specialization of both specialists-appraisers and appraisal companies, which is associated with the development of modern technologies and market demands. Over the years, one of the most sought-after has been valuation for collateral purposes. However, now more and more banks are creating valuation units within their own collateral services, which greatly reduces the need to attract valuation companies [12, p. 132].

Nevertheless, in his opinion, projects related to automation and use of machine learning technologies, mathematical analysis and Big Data remain in demand. "In our practice, we are actively developing an automated assessment of typical objects, as well as services related to the scoring of the value of real estate. Our developments are already used by the largest financial institutions of the country, for example, VTB Bank – with the help of our software solutions, it has switched to an electronic format of assessment reports. However, the opinion about the positive impact of "numbers" on the assessment is not shared by all the leaders of this market. "On the one hand, it leads to acceleration of document flow

between appraisers and customers, to improvement of search of information for an assessment. On the other hand, the trend may eventually lead to the replacement of the classical appraiser with an IT application, at least in the segment of evaluation of similar or simple objects. By analogy with the taxi will be a "Yandex appraiser", which is faster and cheaper to answer the question about the value of the object [13,14: p.44].

VI. CONCLUSIONS

A similar growth in 2017 (+5%) was recorded in production consulting (total revenue – 622.2 million rubles). Companies participating in the ranking in this segment specialize in technical and construction audit and consulting services. Stable demand they provide customers investment and construction sector. According to the leaders of the segment, construction control and expertise, documentary support of construction, functions of technical customer, engineering surveys are most in demand. "Against the background of the complication of the foreign economic situation, many companies, including state-owned ones, begin to count money, look for answers to the question" How to do better and more for less money?", that is, they begin to pay more attention to the quality and cost of construction, ways to optimize projects. A construction consulting just answers these questions. «A number of segments-road construction and railway infrastructure, water and heat supply, MSW - have long been in demand for consulting support for concession projects. Other sectors of the economy – urban improvement, health care, public transport, where long-term cooperation between the state and business is actively developing, join the list. Within the framework of PPP, the most popular are complex pre-investment Due Diligence (financial, legal, tax and technical expertise), consulting on project structuring, preparation of documentation, including for the purposes of tax control on controlled transactions (TP).

The participants of the ranking consider the need for support of mergers and acquisitions to be notable drivers of demand. In the context of macroeconomic turbulence, "business seeks to get rid of non-core assets and invest in promising areas. According to the analysis of the last 50 transactions of 2017, which were accompanied by ALTHAUS Group, the most interesting for business are such industries as real estate and construction, agriculture, production and processing of raw materials. Hence the demand for services in support of m & a transactions, bankruptcy procedures, complex due diligence. The pace of PPP expansion now largely depends on the adoption of legislative innovations in the framework of the roadmap for infrastructure mortgage developed by the Ministry of economic development. According to the ranking participants, in case of adoption of the package of innovations proposed by the Ministry, including the legal regime of payments from the budget in the form of the Concedent's fee, the market of PPP projects will increase. "Regional projects are often suspended at the stage

of development or coordination with regional financial institutions that do not approve payments from the budget (usually aimed at reimbursement of investments of private investors), despite the fact that for such projects, the infrastructure is created either in the ownership of the region or in the interests of the region at the expense.

Thus, there is a wish to note that the main directions of market development of consulting services in Russia will be:

1. Importance of the state for the increasing of the development of consulting activity by creation of healthy competition among large industrial enterprises and the industries of production;

2. Develop international consulting by holding forums with the international and foreign companies and new forms of cooperation;

3. Creation of a unified regulatory framework of market development of consulting services in Russia (strict control of the state and the customers).

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