

Business – process for investment activity

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Abstract

This paper summarizes the arguments and counterarguments within the scientific discussion on the issue about the activity of financial director in the sphere of investment. The main purpose is to conduct research about investment activities, the design of business processes, to evaluate and find improvements that help to organize business process. Business-process is based on the circumstances, that the financial director is responsible for the company's money and investments one of the important components of the mentioned cash flow. In the given article the high-level business process of investment activity is offered, also there are given pre-investment and investment budgeting sub-processes. The author proposes to distinguish three phases: Pre-investment, investment, exploitation. Improvements in business process are perceived by members of companies and directors, finance departments as one of the main factors in improving the quality of investment activity. The results of the study can be useful for business managers in the context of developing improvement measures in investment activity, identifying key areas for improving the business process, which will improve profitability, transparency of financial activities, and trust and willingness to cooperate with investors in the future.

Keywords: business process, investment, investment activity, the Chief Financial Officer.

JEL Classification: G3, G31, G40.

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Introduction

One of the important directions in the organization is financial activity. It is the main object of the service - maximum realization of the finance function, improving the financial condition of the enterprise, reduce its profitability, profit cost through the introduction of advanced technologies and science. The effectiveness of the organization depends on the effective work of the financial department. This task is served by the development and support of business processes for the activities of the Financial Director through information technologies.

Main part

However, as it is known, modern production requires orientation on management processes, this also applies to the activities of the Finance Department and of course the Chief Financial Officer. Financial business processes are ancillary or service, the task of supporting business processes is to support the core manufacturing business process, they must ensure maximum profit by rationally using working capital and fixed assets, to simplify the process of making money.

The person responsible for ensuring cash flow is the CFO, it is also clear that working with loans and investments can be done to ensure cash flow. This is an area of special interest as there is in-depth analytical work being carried out at various stages of the investment activity.

These are the main functions of the CFO:

- Provide business money needs.
- Enterprise activity planning and coordination.

- Provide all interested parties with the necessary information.

The Financial Services and the Chief Financial Officer make extensive use of information technology to accomplish their tasks. These are a wide range of applications: General purpose applications (for example - MS Excel), Specialized programs for example – Accounting, budgeting programs, Integrated and ERP type programs.

We can say that financial business processes are supportive or helpful. The task of ancillary business processes lies in assisting key manufacturing business processes. They should ensure maximum profit and rationally use working capital and fixed assets.

Clearly the CFO is responsible for ensuring cash flow, In addition, it is natural to work with loans and investments to ensure cash flow. This is an area of particular interest as deep analytical work takes place , which is carried out in different phases of investment activity.

Before moving on to developing investment business processes, an investment is the investment of a certain amount of money in the formation of a certain type of property, then to obtain a net profit or other result. As for the investment process, it covers a fairly long period. As a result of its in-depth study we can distinguish three phases: Pre-investment, investment, exploitation.

In the pre-investment phase, all the preparatory work is carried out for the success of the necessary investment process, in particular, an investment project is being developed here, its effectiveness is evaluated, the investment budget is worked out.

The investment phase includes a wide range of consulting and design work, mainly in the field of project management. Project management in this case is human, financial and material resource planning.

Operational phase is related to the use of funds received as a result of the implementation of the investment phase, It must be mentioned here that the control is exercised at a given stage. Based on the above, we offer a business process module for investment activities built by me

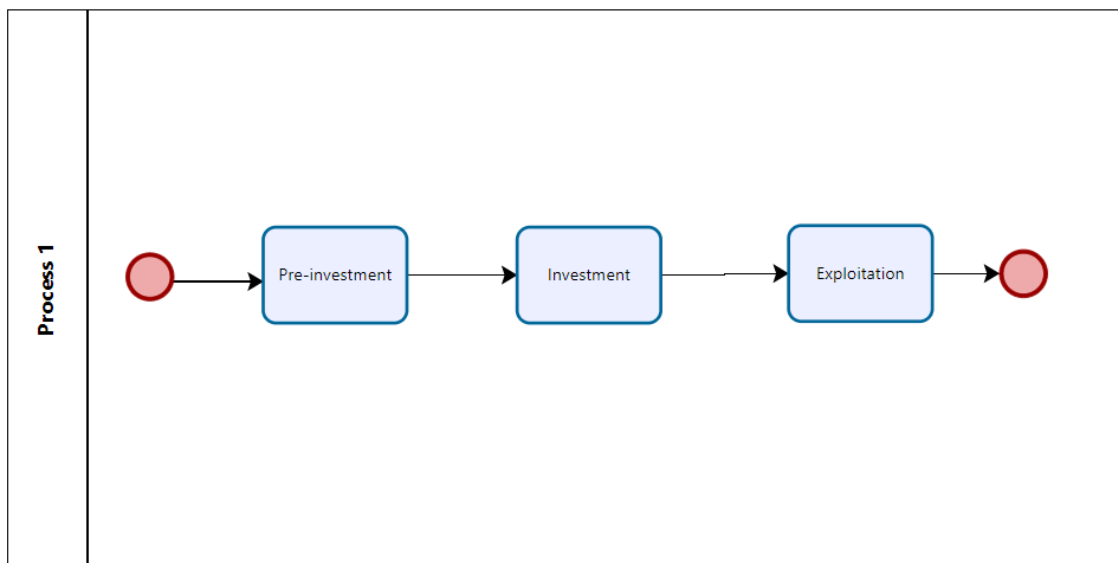


Figure 1. General business process of investment activities

Source: compiled by the author.

At this point, we offer an analysis of the first pre-investment phase built on the BPMN notation. In the pre-investment phase, all the preparatory work is carried out, necessary for the further management of the investment process.

The pre-investment phase includes five stages and the following works:

- Search for investment concepts (business idea)
- Pre-preparation of the project
- Final formulation of the project (Assessing economic and financial relevance)

- Final review of the project and decision making
- Preparation of the investment budget of the organization

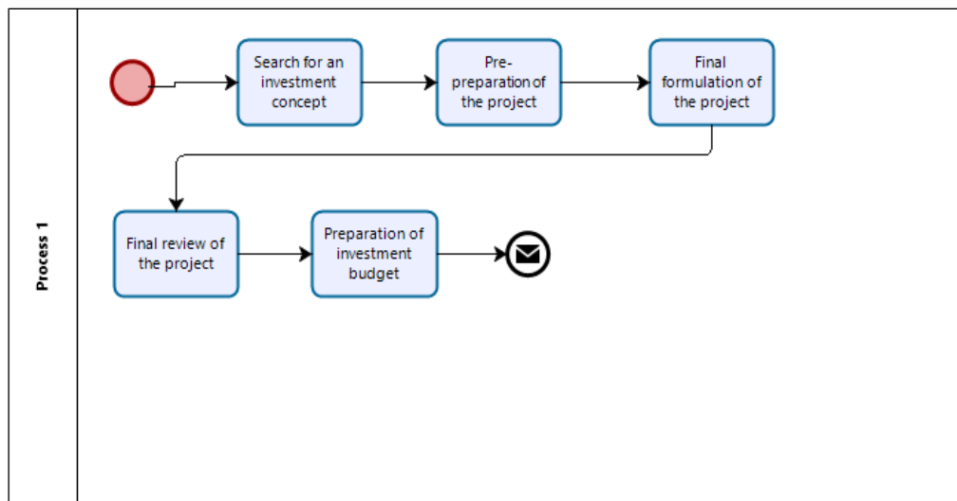


Figure 2. Pre-investment phase sub business process

Source: compiled by the author.

Proper automation of processes is important for the activities of a modern organization, which gives certain advantages in today's competitive environment. Therefore, it is important to build adequate business processes in order to conduct the right activities in this direction.

Conclusions

It is known that the activities of modern manufacturing organizations are strongly dependent on the successful operation of the financial service. The financial service has many important tasks in the organization, and their successful performance, in turn, depends on the work of the CFO. The CFO manages the structural scheme of the financial service, identifies the tasks in the financial function and divides them between the different divisions of the financial service.

The paper proposes to process the business processes of the CFO on the example of investment activities. The paper discusses investment activities, the design of its business processes, modeling to evaluate and improve them, as well as the use of information technology in investment activities.

The general business process of the financial director's investment activities is developed in the paper. The pre-investment sub-business process model has been developed, the model is built using BPMN-notation and implemented through the Bizagi BPMN program. For the purpose of simulation, two scenarios have been created – "as is" and "as should be", which envisages the use of information technologies in the pre-investment process.

Work performed with high qualification, the obtained results can be used for any type of (state and commercial) organizations for investment activities.

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