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MARKETING MIX SPECIFICATION OF CONSULTANCY ORGANIZATIONS IN THE PROCESS OF UTILIZATION OF RESOURCES FROM THE EU FUNDS

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***Abstract:** The appearance of Bulgarian enterprises on the European market gives many advantages, but also places much more demands on their activity. After Bulgaria became a member of the European Union, Bulgarian organizations from the public and private sectors were given the opportunity to benefit from the utilization of resources from the European funds. This happens on a project basis, and the preparation of a good project proposal is the basis for the subsequent utilization of funds. Here comes the role of consultancy organizations that support the process of project preparation and management. This paper presents the specifics of the marketing policies they conduct, revealing other aspects of their activity and, also, a short overview of the programs available for the application.*

***Keywords:** European programs, consultancy organizations, marketing mix*

1. Introduction

For the business of a country, it is important to have a sufficient potential market so that the business can realize its production and services. Within a specific country, companies can supply on local, regional and national markets. It is quite different, however, when organizations can supply on a common supranational market, as is the European one. In addition to a large-scale market, the European economic family also offers the opportunity to benefit from a variety of donor programs from the private and public sectors.

On January 1st, 2007 the Republic of Bulgaria has become a full member of the European Union and begun its social and economic cohesion with the countries that are members of the Community. The Cohesion policy of the European Union is implemented through the utilization of funds provided via the Structural funds as grants, including the European regional development fund, the European social fund, the Cohesion fund, and the European agriculture fund for rural development (www.eufunds.bg).

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In order to benefit from these funds, beneficiaries must prepare good project proposals and ensure quality management of their projects. For this purpose they have to either hire additional qualified specialists, or use the services of consultancy organizations.

The subject of the study is the consultancy organization activities and the main marketing policies conducted by them.

The object of the study is the consultancy organizations supporting the process of utilization of funds from the European programs.

The main goals of the paper are:

- Characterizing the activity of a consultancy organization;
- Examining the main programs on which consultancy organizations work;
- Presenting the specifics of the product, pricing, distribution and promotion policies implemented by the consultancy organizations.

2. Consultancy organizations and their marketing policy

The main purpose of a consultancy organization is to provide comprehensive consulting and technical assistance to regional and local authorities, companies and civic associations for a successful preparation and effective participation in the process of utilization of funds from the EU and from the other programs with grant schemes (www.e-finance-bg.net).

2.1. EU programs in Bulgaria

With regard to utilization of funds provided by the EU funds, seven operational programs and another one for rural development have been established in Bulgaria: "Development of the competitiveness of the Bulgarian economy", "Transport", "Regional development", "Environment", "Human resources development", "Administrative capacity", "Technical Assistance" and "Rural development program" (Stefanov, 2017).

The operational program "Development of the competitiveness of the Bulgarian economy" is the only program, directly and entirely focused on the business of the country. Its aim is to develop a dynamic economy that is competitive on the European and world markets, and in order to achieve it, investment, innovation and knowledge economy have to be stimulated. Its two main priority axes "Developing a knowledge-based economy and innovative activities" and "Enhancing company efficiency and developing a favorable business environment" are aimed at financing the introduction of innovative productions, technological modernization of enterprises and meeting internationally recognized standards. The total budget planned under this operational program is EUR 1,162,215,552. The program is implemented through the financial support of the European Union and in particular through the financial support of the European regional development fund (www.opcompetitiveness.bg).

The "Transport" Operative programme aims at developing the road, railway and water infrastructure of the country, as well as combined transport, in accordance with the European standards. It is an operative programme with the biggest allocated budget in our country – EUR 2,003,481,166. The Managing authority of the programme is the "Programme and Project Coordination" Directorate under the Ministry of Transport, Information Technology

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and Communications, which is in charge of the whole realization of the operative programme. What is specific about the “Transport” OP is the nomination of the concrete beneficiaries in advance, as they have been pointed out according to the separate five axes of priority. Beneficiaries under the first axis of priority, that is the Development of the railway infrastructure at the Trans-European and the main national axes, are the “Railway Infrastructure” National company and the sole owner joint-stock company “Metropoliten”. The axis of priority II Development of the road infrastructure at the Trans-European and the main national transport axes define as concrete beneficiaries the “Road Infrastructure” Agency and the “Strategic Infrastructure Projects” National Company. Under the third axis of priority, Improving of intermodality with the passengers and loads transportation, the concrete beneficiaries are “Port Infrastructure” State Company, the sole owner joint-stock company “Metropoliten” and the “Railway Infrastructure” National Company. The Executive Agency “Study and Maintenance of the Danube River” and the “Port Infrastructure” State Company are defined as beneficiaries under the axis of priority IV Improving of the sea and internal water routes navigation. The concrete beneficiaries defined under the last axis of priority Technical assistance are the Managing authority of the operative programme, the Ministry of Regional Development and Public Works, the “Bulgarian State Railways – Passenger Transport” Ltd., as well as all the beneficiaries in the four aforementioned axes of priority (www.optransport.bg).

The “Regional Development” Operative programme aims at achieving the balanced territorial development, as it encourages the overcoming of the backwardness of the six planning regions from level NUTS 2 compared to the regions of the European Union, as well as limitation of the differences between the planning regions in the country. Through it some additional opportunities for increase of the regional competitive power and achieving of stable development are sought. The financial framework of the operative programme is EUR 1,601,274,759. The Managing authority of the “Regional Development” OP is the Directorate General “Programming of Regional Development” under the Ministry of Regional Development and Public Works. At regional level, six territorial structures operate under the directorate-general. With the “Regional Development” OP, the beneficiaries are divided into concretely defined and admissible ones. The concrete beneficiaries are: the Ministry of Education, Youth and Science; the Ministry of Health; the Ministry of Culture; the Ministry of Economy, Energy and Tourism; the Ministry of Labor and Social Policy (the Agency for Social Assistance and the Employment Agency); the Ministry of Interior (the “Fire Safety and Civil Protection” National Service); the “Road Infrastructure” Agency; the Executive Agency “Electronic Communication Networks and Information Systems”. The aims of the operative programme are realized by five axes of priority. The first axis of priority Stable and integrated urban development is implemented by the operations “Social infrastructure”, “Housing policy”, “Improving of the physical environment and prevention of the risk” and “Systems of stable public transport”. Under the second axis of priority, Regional and local accessibility, the operations “Regional and local road infrastructure”, “Information and communication networks and services” and “Access to stable and effective energy resources” are developed. There are three operations through which the axes of priority III, Stable development of tourism, are implemented – “Improving of the tourist attractions and the infrastructure connected to them”, “Development of the regional tourist product and destination marketing” and “National tourist marketing”. The axis of priority IV, Local development and co-operation is implemented by its operations “Small-scale local investments” and “Interregional

co-operation". Like the other operative programmes, the aim of the axis of priority V Technical assistance is more effective administration of the programme (www.bgregio.eu).

The aim of the "Development of the Human Resources" Operative programme is "to improve the quality of life of people in Bulgaria through improvement of the human capital, achievement of high levels of employment, increase of productivity, access to high quality education, education during all life and strengthening of the social inclusion". The total financial framework amounts to EUR 1,213,869,575. The Managing authority of the operative programme is the Directorate-General "European Funds, International Programmes and Projects" under the Ministry of Labour and Social Policy. The implementation of the "Development of the Human Resources" Operative programme is realized by eight axes of priority. The Employment Agency is an intermediate link at the Axis of priority I - Encouraging of economic activity and development of the labour market, encouraging inclusion, and the Axis of priority II - Increase of the productivity and adaptability of the employed. The Ministry of Education, Youth and Science presents itself as an intermediate link in relation to the Axis of priority III - Improving of the quality of education and teaching in conformity with the labor market demands for building of a knowledge-based economy, and Axis of priority IV - Improving of access to education and teaching. The Agency for Social Assistance is an intermediate link at the Axis of priority V - Social inclusion and encouraging of social economy. The Managing authority entirely implements the Axis of priority VI - Increase of effectivity of the institutions of the labor market, social and health services; the Axis of priority VII - Transnational and interregional co-operation and the Axis of priority VIII- Technical assistance (www.ophrd.government.bg).

The Operational Program "Administrative Capacity" is aimed at improving the activity of the state administration and the judicature. It aims at enhancing the quality of service implemented by the state structure in favor of companies and citizens. The total budget of the program is EUR 180,789,087. The Managing Authority is the Directorate "Operational Program Administrative Capacity" at the Ministry of Finance. Four Priority Axes - Priority Axis I "Good Governance", Priority Axis II "Human Resource Management", Priority Axis III "Quality Administrative Service and Development of e-Government" and Priority Axis IV "Technical Assistance" are outlined in the operative program. The central, regional and municipal administrations, the socio-economic partners, the non-governmental organizations, the judiciary bodies can apply under the program through project proposals (www.opac.government.bg).

The main strategic aim of the "Environment" Operative programme is "improving, preserving and recovering of the natural environment and development of the ecological infrastructure". For its achieving, it is necessary to accentuate the implementation of each specific aim of the programme, namely: Preservation and improving of the condition of waters; Improving of waste management and soil protection; Preservation of biodiversity and protection of nature. For realization of the operative programme, a budget of EUR 1,800,748,084 is allocated. The Managing authority of the "Environment" Operative programme, "Environment Cohesion Policy" Directorate under the Ministry of Environment and Waters, is in charge of the entire administration of the programme, while the intermediate link, presented by the "Environment EU Funds" Directorate under the same ministry, implements operative activities under the programme according to the rights authorized to it. The "Environment" Operative programme accomplishes its aims through four axes of priority. The Axis of priority I - Improving and development of the infrastructure for drinking

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and waste waters and improving of the quality of the air in the atmosphere provides for building of waste water treatment plants, sewerages, as well as replacement of the means of public transport with new ecological means of transport. In the Axis of priority II - Improving and development of the infrastructure for the treatment of waste, there is placed the introduction of depots for municipal waste corresponding to the European requirements. Under the Axis of priority III - Preservation and recovering of the biodiversity activities for preservation of protected areas and zones of NATURA 2000 are financed. Through Axis of priority IV - Technical assistance more effective administration of the operative programme is aimed (www.ope.moew.government.bg).

The “Technical assistance“ Operative programme aims at effective governing and popularizing of the structural instruments in Bulgaria. The total budget of the programme is EUR 56,819,427. The Managing authority is “Technical assistance” Department under the Ministry of Finance. Beneficiaries of the programme can be “National Fund” Directorate, “Audit of the EU Funds” Directorate and “Technical assistance” Directorate under the Ministry of Finance, the Committee for observation of the National strategic referential framework and that of the “Technical assistance” Operative programme, state analysis institutions and agencies, that take part in the National development plan, regional and municipal administrations, municipalities, managing authorities of the operative programmes, Central Information Office and Central Coordination Section. The aims of the programme are achieved through three axes of priority. The first axis of priority contains the operations “Teaching and assistance of the Central Coordination Section”, “Technical assistance for the auditing body” and “Provision of assistance for implementation of the Technical assistance Operative programme”. The second axis of priority contains the operations “Maintenance of the Information system for governing and observation (ISGO) – of the start, application, additional software development and adaptation of the system”, “Constant assistance and teaching of the ISGO users”, “Introduction of ISGO helpdesk” and “Buying of hardware for the needs of ISGO”. The third axis of priority accentuates the following operations “Assistance of the social information campaigns for the European cohesion policy”, “Provision of suitable statistic information, data and analysis of the impact during the whole current and the subsequent programme period” and “Functioning of the national network of regional information centers for cohesion policy in Bulgaria” (www.evrofinansirane.eu).

The Rural Development Program aims at developing competitive agriculture and forestry, environmental protection, innovation in the food industry and improving the quality of life in rural areas. The total budget of the program is EUR 3,242,000,000. The Managing Authority of the Program is the Rural Development Directorate of the Ministry of Agriculture and Food. The grant aid for individual projects varies between 40% and 100%. The different RDP measures are divided into four priority axes: Priority axis 1 "Improving the competitiveness of the agricultural and forestry sectors", Priority axis 2 "Improving the environment and nature", Priority Axis 3 "Quality of life in rural areas and diversification of rural economy "and Priority Axis 4"LEADER". Beneficiaries under the RDP can be farmers, forest owners and their associations, forest cooperatives, state forestry, micro-enterprises processing forestry products, food processing enterprises, enterprises in sectors other than agriculture but working in rural areas, municipalities located in rural areas, non-governmental organizations from rural areas, recognized producer organizations, local action groups, etc (www.prsr.bg).

Consultancy organizations support the process of preparing project proposals, applying on each of the described operational programs and management of the approved projects. According to the unofficial information, they also try to lobby and influence the managing authority regarding certain project proposals.

2.2. Activities of consultancy organizations

In most cases, the Bulgarian consultancy organizations are based in Sofia and provide the abovementioned beneficiaries, the opportunity to acquire “outsourced workplace” in the capital, as a result of which:

- They could have a greater opportunity to receive advanced and comprehensive up-to-date information about project financing from different funds and programs;
- They could have a greater opportunity to access up-to-date information about bridge project financing;
- They could have the opportunity for more precise and more complete programming and planning of the implementation of a municipal development plan;
- They could have more frequent and faster contact with government departments and financial institutions for solving problems related to financing and implementing their projects;
- They could realize savings related to costs for insurance contributions, business trips, supplies and overheads concerning one workplace.

The acquisition of “an outsourced workplace” in the capital is realized by signing a contract for consulting and technical assistance. This method is preferred in comparison with the appointment of newly qualified specialists, not only because of the abovementioned advantages, but also because knowledge, skills and experience of more experts with different professional orientation will be used (Stefanov, 2008).

One of the leading companies on the Bulgarian consultancy market provides the following technical assistance in the field of information (www.e-finance-bg.net):

- Free access to the entire database of a specialized website for project financing and co-financing;
- Weekly bulletin delivery for each new information about project financing and co-financing and about published calls for proposals for project co-financing through programs and funds of the European Union;
- Elaboration and delivery of matrices with information about the different possibilities for project co-financing by the European Union under the Operational programs and the Rural development program;
- Delivery of information related to the normative documents for project co-financing by the European Union;
- Ensuring free participation in the information seminars organized and conducted by the consultant organization.

In the field of strengthening and developing administrative capacity, the technical assistance of the same company is expressed in (www.e-finance-bg.net):

- Methodological assistance for the establishment of a municipal (inside the company) expert council on programming, planning, preparation and management of projects on the one hand, and coordination of the activities of the council on the other;

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- Providing practical training to key client personnel on the grant procedure and the eligibility rules for the costs co-financed by the European Union;
- Provide practical training to the key client personnel for preparing indicative project budgets;
- Organization, coordination and control of the practical training of the key personnel on project proposal preparation and project management;
- Providing free participation in educational seminars, roundtables and conferences organized and conducted by the organization;
- Keeping "library", "training", "forum" and "dictionary" columns on the consulting organization's website and "most frequently asked questions".

Technical assistance in programming and planning is about (www.e-finance-bg.net):

- Providing methodological assistance for updating the municipal (company) development plan;
- Drawing up and ongoing updating of matrix programs for project financing from the financial instruments of the EU funds and programs, as well as from other sources of funding;
- Assistance in choosing an investment project consultant and consultant for project proposals and project management;
- Organizing, coordinating and controlling the preparation of action plans for project preparation and management;
- Organizing, coordinating and controlling the implementation of the abovementioned action plans and preparing information on the progress of performing specific tasks accompanied by specific recommendations;
- Organizing, coordinating and controlling the preparation of indicative budgets of projects from the municipal (company) development plan and drawing up financial plans for financing the costs related to indicative budgets;
- Evaluation of the eligibility for participation in the open grant procedures of the European Union;
- Providing methodological assistance in determining the indicative (estimated) value of the municipal debt and the cost of interest, fees and commissions for its servicing in connection with the preparation of municipal budgets regarding the bridge financing of the priority projects that will be co-financed by the European Union (only for beneficiary municipalities);
- Providing methodological assistance in preparing and conducting procedures for assuming municipal debt by negotiating loans from bank and non-bank financial institutions for the bridge financing of the projects that will be co-financed by the European Union (only for beneficiary municipalities);
- Methodological assistance in establishing and implementing an inter-municipal partnership for programming, planning, preparation and management of joint projects that benefit from local communities in neighboring municipalities (only for beneficiary municipalities);
- Methodical assistance in establishing and implementing a partnership with private investors for building the base infrastructure of the local economy (only for beneficiary municipalities).

According to consultancy organizations, the main point of their partner relationships with clients is in programming and planning, because if they do not plan their business, it means planning their chaos in business.

The consultancy organizations provide the clients with the following consulting services under the terms and conditions of an additional agreement (www.e-finance-bg.net):

- Preparation of project proposals (application forms) and completion of documents for co-financing investment and “soft” projects;
- Evaluation of project proposals (application forms) for co-financing investment and “soft” projects;
- Elaboration of economic justifications and business plans;
- Elaboration of documents for tenders and competitive procedures;
- Financial and technical project management;
- Independent monitoring and evaluation of project implementation.

2.3. Specific marketing mix

From what has been said so far, one can also judge about the way the marketing mix of consultancy organizations is developed.

The product policy of a consultancy organization is positioned in the following directions:

- Preparation of a qualitative project proposal in time;
- Preparation of all accompanying documents in time;
- Management of an approved project and a signed grant agreement.

With regard to pricing policy, consultancy organizations apply the following basic approaches:

- Fixed price when developing a project proposal with accompanying documents regardless of the success of the project proposal;
- Complex approach of fixed price in project documentation development and an extra for an approved project;
- Exclusive success price – Paying a specific price only for an approved project proposal.

The total amount of the project financing and the programme are important for determining the final price.

In terms of project management prices, most consultancy organizations target a monthly fee as a percentage of total funding.

The placement policy of consultancy organizations is focused on timely reaching the beneficiaries of the prepared documents when applying and when managing the projects. Many documents, when applicable, are exchanged between the consultancy organization and the beneficiary by e-mail. Those that are not applicable are most often sent by courier and arrive on the next business day to the recipient. When the time for preparation and submission of documents is too short, representatives of the consultancy organization deliver the documents within the same day by car.

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The communication policy of the consultancy organization places an emphasis on advertising.

Observations show that consultancy organizations use a variety of communication sources in order to reach potential beneficiaries. Internet advertising is mostly used, but TV advertising, radio advertising, specialized magazine advertising, newspaper advertising, even billboards and branded vehicles are also used.

Public relations also have a significant presence, especially for larger consultancy organizations that organize press conferences, corporate events and cocktails, and make branded pens, watches, calendars, lighters, game cards and other materials.

Sales stimulation is also important in the communication policy of a consultancy organization. Often, an organization provides a serious discount, even half, to prepare a second project proposal for the same organization.

Personal sales can be found during working meetings with representatives of public and private organizations, as well as during presentations performed by the consultancy organizations themselves, their activities and work directions.

The development of marketing policies is important for customers of consultancy organizations because "the survival of any business depends on its ability to retain and increase its customer base" (Pavlova, 2018, p. 904).

Also, "the adaptation and development of new western models, taking into account the specificities of the markets, helps to overcome the gap between the theoretical concepts and the practices of enterprises" (Goranova, 2012, p. 80).

3. Conclusion

In order to be able to participate actively in the process of utilization of the grant from the European Union funds, municipalities, companies and non-governmental organizations that are the main beneficiaries of the operational programs need qualified specialists or consultancy organizations that are able to prepare the project proposals and to implement quality management of the approved projects. The use of consultancy services leads to savings in maintaining specialized positions responsible for project preparation and management, as well as the skills and experience of more experts with a diverse range of professional backgrounds. Consequently, the rational choice is to use the specialized services of a specialized organization.

For their part, these consultancy organizations are specific service enterprises that also have specific product, pricing, distribution and promotion policies and are an interesting subject for a research by scientists in the field of marketing.

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SPECIFIKACIJA MARKETING MIKSA KONSULTATIVNIH ORGANIZACIJA U PROCESU UPOTREBE SREDSTAVA EVROPSKIH FONDOVA

***Rezime:** Pojava bugarskih preduzeća na evropskom tržištu daje mnoge prednosti, ali zahteva njihovu veću aktivnost. Nakon što je Bugarska postala članica Evropske unije, bugarskim organizacijama iz javnog i privatnog sektora pružena je prilika da koriste sredstava iz evropskih fondova. Ovo aktivnost se tiče projekta, a priprema dobrog projektnog predloga predstavlja osnovu za naknadno korišćenje sredstava. Ovde je istaknuta uloga konsultantskih organizacija koje podržavaju proces pripreme i upravljanja projektima. Ovaj rad ističe specifičnosti marketinških politika koje one sprovode, otkrivajući i druge aspekte svojih aktivnosti, a predstavljen je i kratak pregled dostupnih programa za aplikaciju.*

***Кljučне речи:** evropski programi, konsultantske organizacije, marketing miks*