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**Knowledge Center Implementation Plan**

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## **Dedications**

I want to dedicate my thesis, mainly to my mother, Janet Esquerre, because her love and support are all I need to achieve anything. To my dad, José Hurtado, who would bet everything he has for me. To my brothers and my grandparents, who are the engine and motivate me to be better every day for them. I love you with all my heart, and yours are all my achievements.

“Many hands and hearts and minds generally contribute to anyone’s notable achievements” (Walt Disney)

## **Abstract**

Located in the capital of Peru, Bigmond is a service company that is dedicated to the search for top executives and provides human resources consulting, as well as other complementary services. Currently, the company faces increasingly growing competition in the market, there are renowned competitors and new competitors, and a slow appearance of Think Tanks in Peru. That is why the company is interested in developing a Knowledge Center, which seeks to give Bigmond the differentiation it requires at the moment and finish positioning its brand in the market. The reputation of companies, in this industry, is necessary to increase their client portfolio, so the company aims to be not only a company that generates economic value for its investors, but also to be a company that contributes to the development of the community. To achieve the objective of implementing a Knowledge Center for Bigmond, it began by knowing the external and internal factors that could affect the company, and Porter's five forces were used to analyze the industry. Then, sources were reviewed on what it implied to develop a Knowledge Center and those that already existed in Peru. Then, a quantitative and qualitative analysis was performed to determine what things have to be taken into account for implementing a Knowledge Center. The result of this research defined the role model, which will place this Knowledge Center as a new area of the company (Research and Development), but it will have an independent marketing campaign for the company, as well as income generation for financing. Finally, the result of this implementation results in Bigmond increasing its client portfolio, its sales, its reputation, visits to its website. On the other hand, the expected results for this new area are to generate publications that are useful for business and that are referenced in other studies. For all this, this project helps to get Bigmond's interests.

## Resumen Ejecutivo

Localizada en la capital del Perú, Bigmond es una compañía de servicios que se dedica a la búsqueda de altos ejecutivos y brinda consultoría en recursos humanos, así como otros servicios complementarios. Actualmente, la compañía se enfrenta a una competencia cada vez más creciente en el mercado, se tienen competidores de renombre y nuevos competidores, y una lenta aparición de Think Tanks en Perú. Por ello es que la compañía tiene interés en desarrollar un Centro de Conocimiento, que busca darle a Bigmond la diferenciación que requiere en estos momentos y terminar de posicionar su marca en el mercado. La reputación de las empresas, en esta industria, es necesaria para incrementar su cartera de clientes, por ello la compañía apunta a ser no solo una empresa que genera valor económico para sus inversionistas, sino ser también una empresa que contribuye al desarrollo de su comunidad. Para lograr el objetivo de implementar un Centro de Conocimientos para Bigmond, se inició por conocer los factores externos e internos que pudieran afectar a la empresa, y se usó las cinco fuerzas de Porter para analizar la industria. Luego se revisaron fuentes sobre lo que implicaba desarrollar un Centro de Conocimientos y los que ya existían en Perú. Después, se realizó un análisis cuantitativo y cualitativo para determinar qué cosas se tienen que tener en cuenta a la hora de implementar un Centro de Conocimiento. El resultado de esta investigación definió el modelo a seguir, el cual será colocar este Centro de Conocimiento como una nueva área de la empresa (Investigación y Desarrollo), pero que tenga una campaña de marketing independiente a la compañía, así como la generación de ingresos para su financiación. Finalmente, el resultado de esta implementación da como resultado que Bigmond incremente su cartera de clientes, sus ventas, su reputación, las visitas en su web. Por otro lado, los resultados esperados para esta nueva área son de generar publicaciones que sean útiles para los negocios y que sea referenciado en otros estudios. Por todo ello, este proyecto ayuda a conseguir los intereses de Bigmond.

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## **Chapter I: General Situation of the Organization**

### **1.1. Presentation of the Organization**

Bigmond is a Peruvian company that is dedicated to top executive search (Bigmond, 2019a). It also offers assessment services, psychometric exams, human resources consulting and coaching. Currently the company has been operating for three years, led by current CEO Fernando Gonzales. They have an office located in the district of Santiago de Surco, Lima, and has 14 employees. The company has collaborators in different cities in Latin America, North America, Asia and Europe. Bigmond goes to these collaborators when a Peruvian company asks them to recruit especially a person of certain nationality, only in these cases these contacts are used (F. Gonzales, personal communication, June 27, 2019).

The selection of top executives and consulting are experiential and intangible services where the clients are based on the impression that they have about the company to make his choice. Therefore, consulting companies have to work on their image, credibility and impression management techniques (Clark, 1995). Bigmond wishes to be the leading company in its sector, to promote equal employment opportunities, having an excellent reputation and being recognized for its contributions, not only to its client, but also to society.

It is crucial to have in consideration that the company has a certificate on quality of processes (ISO 9001:2015), it is a Socially Responsible company, member of the United Nations Global Compact, Carbon Neutral company, it has an anti-fraud protocol, and complies with data protection requirements. It is a company in the field with certifications and good practices, which makes Bigmond have a competitive advantage in the market. Bigmond's clients are well-known companies from various industrial sectors such as Gloria, Alicorp, Kimberly-Clark, Antamina, Barrick, Ferreyros, Sony, Molitalia, Lindley, Ripley, Saga Falabella, Herbalife, Liderman, among others.

The company knows that the only way to continue in the market and keep growing sales and profits is by providing something that other competitors do not. Porter (2008) stated that a company can apply the strategy of differentiation and create something perceived as unique in the industry, without neglecting its costs. The strategy of differentiation can be seen in the design of products, use of technology, relationships, brand image, after-sales service, etc. Currently, Bigmond is differentiated by the number of certificates it has, its after-sales service, and its reputation. With the objective of continuing to differentiate, the company wishes to implement a Knowledge Center, which will be used as a source of knowledge and information for the community, companies and others interested in it. With this last, the company contributes to social development and at the same time improves its reputation and image. For this report, a Knowledge Center is an organization that is dedicated to the research of some specific topics and the outputs of this research are made available to people interested in those topics (Senker, 2001).

In the next section it will evaluate if implementing a Knowledge Center is viable and if this can give Bigmond an improvement in reputation and thus improve its sales. To do this, it will analyze the competitive environment, the industry, and PESTE factors (Gupta, 2013; Ho, 2014) that could affect the organization. Likewise, the section will evaluate the internal performance of the company and provide its strengths and weaknesses. To carry out these analyzes, recognized and validated tools will be used: Porter's Five Forces Analysis (Porter, 2008), PESTE analysis (Gupta, 2013; Ho, 2014), AMOFHIT framework (D'Alessio, 2013) and it will conclude with the SWOT analysis, following the analysis methodology recommended in D'Alessio's work (2013).

## **1.2. Industry Analysis (Porter's Five Forces)**

To know and analyze the competitive landscape an organization finds itself in, it is often not enough to purely focus on direct established competitors. Following the model

proposed by Porter (2008), the competitive landscape for Bigmond Peru is a power struggle between savvy customers, suppliers, aspiring entrants, and a variety of potential substitute offerings, besides their direct competition. Over the following pages, each dimension of the model will be evaluated for Bigmond.

### **1.2.1. Competitiveness in the industry**

According to Porter (2008), the competitiveness in Bigmond's industry is high. The executive search and recruitment industry can be considered quite competitive. Especially with the rise in online solutions, it requires diversification of the recruitment firm in order to stand out. G. Defilippi (personal communication, June 19, 2019) mentioned that even the capital of Peru, where Bigmond Peru is headquartered, there are about 220 firms offering similar services. The vast number of competitors in a geographically small area even further highlight the essence of offering something that competitors cannot. Bigmond aims to become the leading company in seeking top executives, and for knowing their present position, the current three biggest competitors in Lima should be considered. These organizations are Michael Page, DNA Outplacement, and Spring Professional.

**Michael Page.** Michael Page is a current subsidiary of the PageGroup, which is a British-based recruitment service (PageGroup, 2019). The PageGroup consists of two more recruitment agencies; Page Executive, and Page Personnel. All three agencies recruit at different levels, where Page Executive is responsible for executive hires, Michael Page focusses on senior and middle management positions. Page Personnel covers entry level jobs, which means that only the former two subsidiaries are actual competition for Bigmond (Page Personnel, 2019). Having a subsidiary that specializes in entry level jobs however, could inspire brand loyalty for executives that landed their first job through Page Personnel and lead them to further use the PageGroup for future opportunities in middle and upper management. Furthermore, what makes this firm particularly difficult to compete with, is

their tremendous global network. With over 7,500 employees in 36 countries and teams operating across 25 disciplines (PageGroup, 2019).

***DNA Outplacement.*** Although smaller in size than Michael Page, DNA Outplacement attempts to add value in attention to detail and the personal guidance throughout the process of relocation (DNA Outplacement, 2019). They advertise the presence of experts in all areas they operate in, the ability to set up custom programs, and the presence of a detailed online platform. Currently they operate in the United States (US) and Latin America, which means that, if Bigmond manages to offer a similarly personal recruitment/relocation process, they have an advantage through their European market presence (Bigmond, 2019a). Additionally, DNA Outplacement does not offer human resource consulting outside of recruitment and relocation (DNA Outplacement, 2019), giving Bigmond another advantage.

***Spring Professional.*** Spring Professional is a subsidiary of the Swiss-based Adecco Group, which is the largest staging and recruitment firm in the world according to revenue (Staffing Industry Analysts [SIA], 2017). The main markets in which the Adecco Group is active are: United Kingdom, Ireland, Nordics, Austria, France, Italy, Germany, Benelux, Switzerland, Japan, Iberia, North America, New Zealand and Australia (Adecco Group, 2019). Since Latin America, or specifically Peru are not part of these key markets, competition from subsidiaries in these regions, such as from Spring Professional is likely to remain moderate for the time being. Especially given that Spring Professional has identified Europe and Asia as their main markets, also not prioritizing Latin America (Spring Professional, 2019). A risk is the yearly fast-growing economy of Peru as will be discussed in the PESTE analysis, which might lead to a growing interest in expanding the market share by companies that have such a vast network of subsidiaries and resources backing them, as Spring Professional has. For now, Spring Professional offers purely senior and middle

management recruitment and relocation services and have shown no intent to enter the human resources consulting industry further (Spring Professional, 2019).

Finally, companies such as Cornerstone that focus on both human resources consulting and recruitment/placement services (Cornerstone, 2019), or Amrop whom are renowned for their executive development programs are considered to be dangerous competitors (Amrop, 2019). All in all, the amount of competition in the market is high and the ability of other firms to undercut Bigmond is big. This means that for this dimension of the model, Bigmond has very little power and should focus on building strong relationships with both professionals and firms, while finding ways to diversify their offerings in the market.

### **1.2.2. Potential of new entrants**

In Bigmond's market, the threat of new entrants is high (Porter, 2008). In order to estimate the relative power of new entrants in the market, there are several dimensions that should be considered. According to Porter (2008), the potential power of new entrants consists of the time required for new businesses to get set up, the capital that is necessary to set up a new business, and the potential market entry barriers that a new competitor has to overcome to compete in the market of interest.

Since Bigmond is a service company, time required to set up is minimal. In order to get started, a new entrant needs a starting staff, an office, and business licenses to operate in Peru. The legal steps an entrepreneur has to undertake in order to start a business in Peru are: (a) writing the minutes of incorporation, (b) opening a local bank account, (c) register the company, (d) receive a tax ID, and (e) receive a municipal license (Spencer, 2018). As Peru has been climbing through the ranks in ease of doing business up to rank 68 over the past few years, this process has been getting more efficient and therefore faster (World Bank, 2019b). On average, the time it takes to clear all legal steps of setting up a business takes about three



to four weeks (Spencer, 2018). On top of this there is no infrastructure that needs to be specifically build for a competitor to start operations, meaning that it will be likely a service firm can be active for business within two months in Peru.

For service firms, personnel are their most important assets and the same goes for human resources and relocation organizations. Peruvian law requires a minimum of 80% local (Peruvian) employees (Spencer, 2018), but as average monthly wages in Peru are estimated around \$497, compared to \$1,134 in Chile, or \$1,086 in Argentina (WorldData, 2015), spending on salaries remains comparably low. However, the cost of living is different in each country (Mercer, 2019)

Additionally, Peruvian law allows up to 100% foreign ownership (Michaelis, 2018) and widely accepts the US dollar as currency, besides the local Peruvian Sol (Export.gov, 2018), which makes the market easier to enter for US entrepreneurs.

Finally, recruitment services are not a legally protected industry, which means that no official certification is necessary to start operating. The biggest barriers for entry into the Peruvian recruitment services industry are the heavy competition, the general lack of English language skills (for foreign entrepreneurs), and building a proper network of working professionals that form a customer base, as this is mostly based on interpersonal relationships due to cultural preferences in Peru (G. Defilippi, personal communication, June 19, 2019). None of these barriers are extremely complicated to overcome, resulting in Bigmond not having much power in this Porter's force, and the threat of new entries being relatively high.

### **1.2.3. Power of suppliers**

According to Porter (2008), bargaining power of suppliers is low. As mentioned earlier, a modern service company does not require many physical assets or goods in order to start or operate their business. They initially require real estate to settle their offices in, but Lima has a significant amount of prime office space available (Binswanger, 2017).

Furthermore, the office spaces available on average costs less per square meter than most other Latin American cities, coming it at US\$17.03/sqm. Comparably, Santiago costs US\$20.59, Buenos Aires US\$27.01, and Sao Paulo US\$30.41 (Binswanger, 2017). The broad availability of real estate combined with the low prices mean that suppliers have little power in this regard.

Additionally, Bigmond requires a website, but these can be both designed and hosted from anywhere in the world. Website, like the one they are currently using, cost anywhere between US\$10,000 and US\$25,000 up front (depending on complexity) and another US\$300 - US\$500 a month for maintenance and recurring charges (Matt, 2018). Finally, it is likely that Bigmond administers most of their business in standardized application suites from Microsoft or Google. These come at very affordable prices and are unlikely to be renegotiated much for smaller customers such as Bigmond. In this dimension, only the negotiating power of the real estate provider could be slightly higher after the company has settled their rental agreement, as switching costs (relocating to an alternative location) could be substantial. Since there is plenty of real estate available, the chance of this turning into a big threat is small, therefore the suppliers have very limited power and this dimension of the five forces model would not be considered as a threat for Bigmond.

#### **1.2.4. Power of customers**

The bargaining power of buyers is moderate (Porter, 2008). The power of customers depends on the number of customers Bigmond currently represents, the significance of distinct customers in their portfolio, and the costs of finding new customers (or markets) (Porter, 2008). As Bigmond only represent corporate clients, companies could accumulate some leverage as they become return customers. Yet, it is important to notice that most companies do not rotate their executive staff in excessive amounts, meaning that Bigmond's growth is dependent mostly on new customers and not existing returning customers.

Customers' power is further enhanced by the relationship-based nature of the executive search industry. Bigmond has to spend plenty of resources in order to find, reach out, and close new customers. This means that searching and finding new customers has a significantly considerable cost. This thus means that because of Bigmond's need of new customers, the leverage of return customers, and the sizable costs of finding a new customer, the power of customers is moderate to high.

#### **1.2.5. Threat of substitutes**

The treat of substitutes products is moderate, according to Porter (2008). Bigmond tries to set itself apart from their competition by holding six certificates of excellence in personnel selection, socially responsible business, carbon neutral business, anti-fraud standards, data protection standards, and membership of the global compact by the united nations (F. Gonzales, personal communication, June 27, 2019), while striving for equality and sustainability. Although this certainly helped them grow exponentially over the past five years, they have noticed the threat of substitutes to an extent that they now aim to reduce their dependence on recruitment services for income, replacing that income partially with human resource consulting. Both a noticeable trend in preference for internal recruitment by firms (F. Gonzales, personal communication, June 27, 2019), and services like LinkedIn and Indeed growing in influence yearly have led to slow growth in their recruitment services.

Even the focus on other human resources services has potential to be replaced by online services. As Massive Open Online Courses (MOOCs) are becoming easier to set up, they are popping up in more and more places (Dijsselbloem, 2018). These MOOCs in management such as offered by EdX (EdX, 2019) could potentially gain ground on courses that cover management education across the board, reducing the need for companies like Bigmond to offer these services at a much higher cost. The potential of replacement by digital entities means that Bigmond over the years should focus on offering excellent and

personalized services that command the higher costs it brings to hire a human resources consultancy firm, instead of settling for less personalized and less detailed, but significantly cheaper online services.

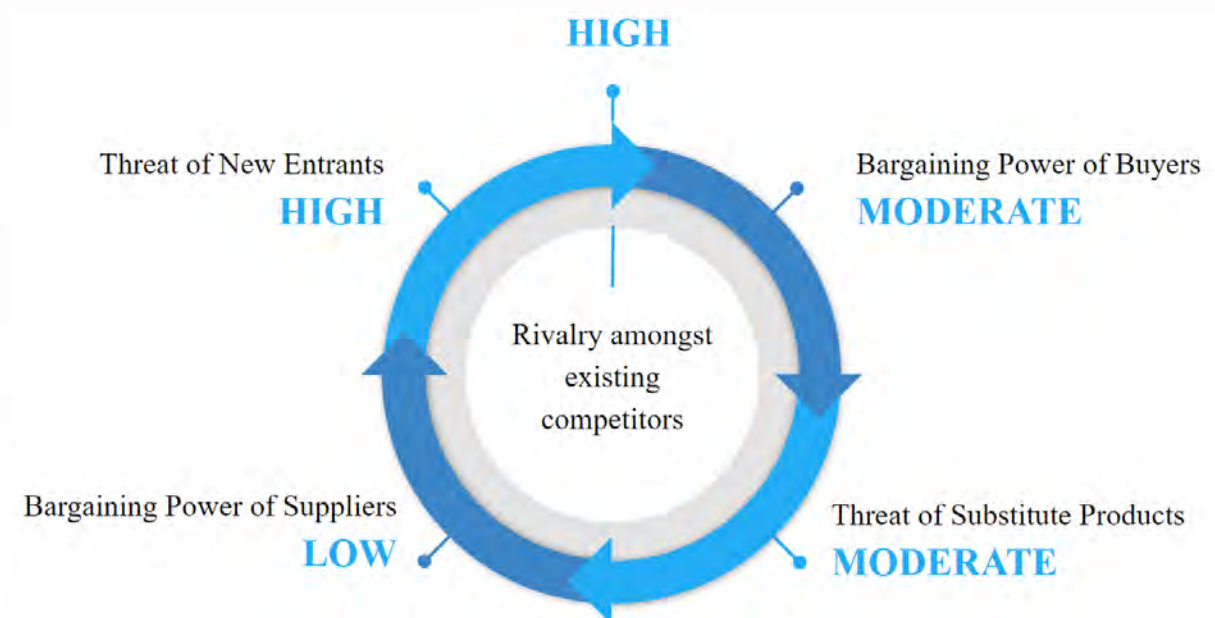


Figure 1. Porter's five forces of Bigmond.

Adapted from *Cómo las fuerzas competitivas le dan forma la estrategia*, by M. Porter, 2008, Harvard Business Review.

### 1.3. External Analysis – Opportunities and Threats

In order to identify opportunities and threats of Bigmond Top Executive Search, a PESTE analysis will be performed in the following. The PESTE analysis extends the PEST analysis, a widely used approach to analyze the external factors of a company, by an environmental dimension (Gupta, 2013). The other dimensions include the political, economic, social and technological influences of the environment on a company (Ho, 2014).

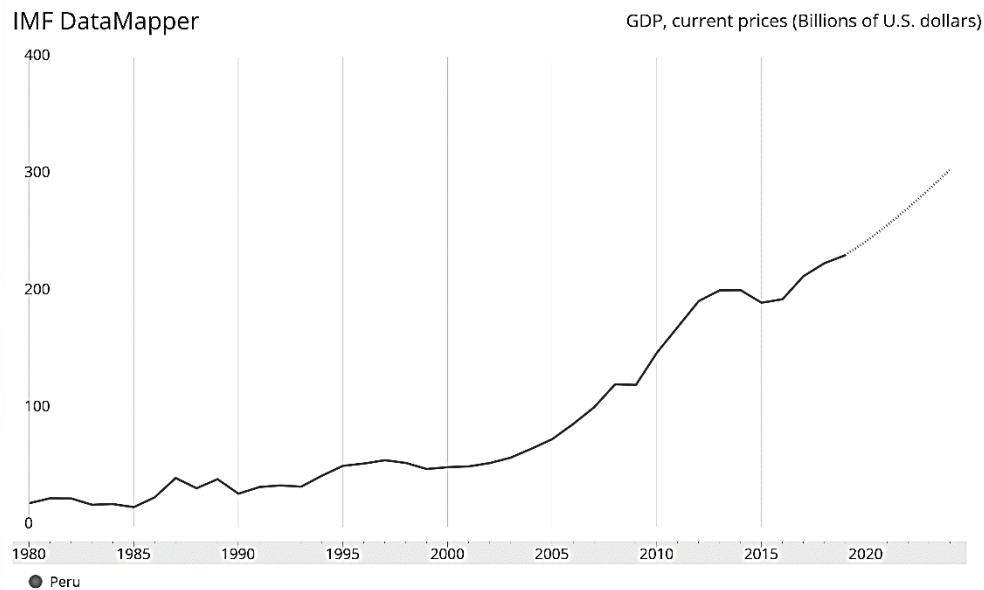
#### 1.3.1. Political

Even though Peru was praised by the International Monetary Fund [IMF] as success story of Latin America because of four consecutive democratic elections, public opinion polls still show that Peruvians neither have trust nor support their own political institutions (Carrión & Zárate, 2018). According to Burt (2007), because Peru has a population made up

of several cultures (multicultural), former governments have failed to fully integrate them, affecting political participation and their contribution to state policies. These injustices and the ways in which the indigenous people have been treated, since the second government of Alan García (2006), have been reasons for the protests for extractivism within Peru to expand. (Sarmiento & Seedhouse, 2019). During the Humala regime, more than 50 deaths and more than 750 injuries resulted out of the 139 extractivism-related conflicts in Peru (Defensoría del Pueblo, 2017). These conflicts are a serious threat to the development of justice and democracy in Peru (Sarmiento & Seedhouse, 2019).

### **1.3.2. Economic**

Peru's Growth Domestic Product (GDP) in 2019 has been US\$232 billion (IMF, 2019), and the country is the 49th largest economy of the world and one of the strongest economies in Latin America (Charles & D'Alessio, 2019). This GDP is only accomplished because of an incredibly large increase of GDP of Peru during the last 30 years (Ross & Peschiera, 2015) have caused the Peruvian economy to grow to a very high extent recently. Reasons for this are the boom of commodity prices in the beginning of the millennium and the development of institutional economic governance and tax policies (Carrión, 2019). However, according to Santos and Werner (2015), the most important institutional reform was the Fiscal Prudence and Transparency Law, which became later the Fiscal Responsibility and Transparency Law. Introduced to regulate governments expenditures and the fiscal deficit of the private sector, this legal instrument became key in the economic success story of Peru (Carrión, 2019). In fact, the economy still benefits from growth: After GDP growth rates of 4.0% in 2016 and 2.5% in 2017, the Peruvian GDP growth rate is estimated to be 3.9% in 2018 (World Bank, 2019c). This GDP growth is expected to be stable for 2019 till 2021 (2019/2020: 3.8%, 2021: 3.7%) (World Bank, 2019c).



*Figure 2.* Peru's GDP.

Retrieved from "GDP, current prices (Billions of US dollars)," by IFM, 2019 (<https://www.imf.org/external/datamapper/NGDPD@WEO/PER>).

Resource extraction plays an important role for Peru's economy. Marston (2018) argued that this extractivism makes Peru a resource-dependent economy. Consequently, Peru mainly exports mineral products and metals as can see in the table 1 (Observatory of Economic Complexity [OEC], 2017). Additionally, ores and minerals account for more than 50% of the country's exports (OEC, 2017). With a total volume of US\$44.8 billion, Peru is ranked 52 of the world's largest exporters. It is thereby highly dependent on the USA and China, which account together for 41% of their whole exports, as can see in the table 2 (China 26%, USA 15%) as you can see (OEC, 2017).

Table 1

*Products Exported by Peru*

Products	Percentage of imports
Mineral products (copper ore 27%; refined petroleum 5.6%; zinc ore 4.7%)	46%
Precious metals (gold 16%)	17%
Vegetable products	10%
Metals (refined copper 4%; raw zinc 1,8%)	8.6%
Foodstuffs	7.4%
Textiles	3%
Other	8%

*Note.* Retrieved from "Exports," by OEC, 2017 (<https://oec.world/en/profile/country/per/>)

Table 2

*Destinations of Products Exported by Peru*

Origin	Percentage of imports
China	26%
United States	15%
Switzerland	5.5%
South Korea	4.9%
Spain	4.5%
India	4.4%
Other	39.7%

Note. Retrieved from “Destinations,” by OEC, 2017 (<https://oec.world/en/profile/country/per/>)

According to the Global Competitiveness Report 2018 (Schwab, 2018), Peru is a macroeconomically stable country. For July 2019, the annual inflation index was 2.11, and although this indicator gave a smaller number, we can see in Figure 3 that this tends to increase with a pattern (Trading Economic, 2019c). However, it is expected to remain close to the average in order not to generate price variation in the market. Also, In June of this year, Peru had 6.3% unemployment. Figure 4 shows the variation of this index in five years, and it can be seen that it has a tendency to increase and does so by employers (Trading Economic, 2019a). The unemployment rate gives us an idea of how many people still do not acquire a job (Miranda, 2000), Peru, on average they usually have this rate constantly or with very little variation (Trading Economic, 2019a).

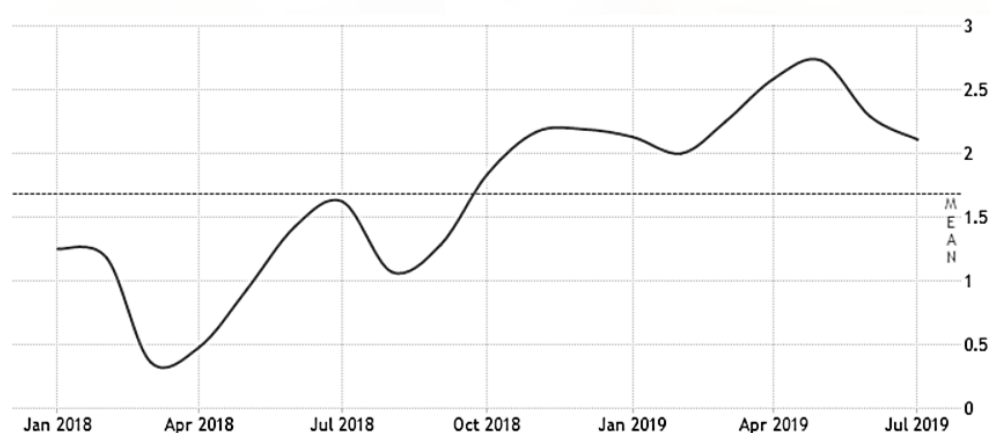


Figure 3. Peru's inflation rate.

Retrieved from “Peru Inflation Rate,” by Trading Economics, 2019 (<https://tradingeconomics.com/peru/inflation-cpi>).



*Figure 4.* Peru's unemployment rate.

Retrieved from "Peru Inflation Rate," by Trading Economics, 2019 (<https://tradingeconomics.com/peru/unemployment-rate>).

Peru's imports look similar. With US\$38 billion, Peru has a trade surplus of about US\$6.8 billion (OECD, 2017). This accounts to 43% to China (23%) and the USA (20%), underlining its economic dependency on these two states, as can be seen in table 4. One reason for the trade relationship with the US is the Free Trade Agreement (FTA), signed in 2009, called PTPA (Villareal, 2007). However, Peru managed also to have FTA with other countries such as Chile, Mexico, Honduras and Panama in America, Thailand, South Korea, Japan, Singapore, and China in Asia, the European Free Trade Association (International Trade Administration [ITA], 2018; Friz, 2010; Putzel, 2009). Additionally, Peru is part of the World Trade Organization (WTO) (Nanda, 2003) and a member of the Asia-Pacific Economic Cooperation (APEC) (Petri & Plummer, 2012). Also, Peru joins the Pacific Alliance (Malamud, 2012), a block formed out of Peru, Chile, Colombia and Mexico, which aims to account for a good part of the whole GDP of Latin America (Nolte & Wehner, 2013). Framework agreements have been reached with MERCOSUR members (Brazil, Paraguay, Argentina and Uruguay) (Gantz, 2009), and also with the Andean Community of Nations (Colombia, Ecuador and Bolivia) (Malamud, 2006). Currently negotiated or not already in charge are FTA's with Costa Rica, Guatemala, Cuba, El Salvador, Venezuela, India and Turkey (ITA, 2018).



Table 3

*Products Imported by Peru*

Products	Percentage of imports
Machines	25%
Mineral products	11%
Transportation	11%
Chemical products	11%
Metals	7.4%
Plastics and rubbers	6.7%
Other	27.9%

*Note.* Retrieved from “Imports,” by OEC, 2017 (<https://oec.world/en/profile/country/per/>)

Table 4

*Origins of Products Imported by Peru*

Origin	Percentage of imports
China	23%
United States	20%
Brazil	6.3%
Mexico	4.7%
Chile	3.6%
Colombia	3.2%
Other	39.2%

*Note.* Retrieved from “Origins,” by OEC, 2017 (<https://oec.world/en/profile/country/per/>)

Even though Foreign Direct Investment (FDI) slowed down in 2014 and even decreased in 2015 in Latin America (Fingar, 2015), and according to Creutzfeldt, Peru managed to maintain fifth among Latin American countries in inward FDI (2016). Additionally, Creutzfeldt (2016) stated that Peru continues to be a very demanded target for countries from all over the world within Latin America in terms of acquisitions and project financing. Countries with direct investments in Peru include the United States, the United Kingdom, Spain, the Netherlands, China and Chile (Creutzfeldt, 2016). Additionally, policy-making of the Peruvian government recently focused on economic development through foreign direct investments, especially through China (Ciucur & Ciucur, 2012), since Peru depends on the natural resources it has to maintain its economy, China has considerable control over the prices (Creutzfeldt, 2016).

### 1.3.3. Social

According to Peruvian constitution, the Ministry of Education is responsible for the education in Peru, and it is an obligation, and is given free of charge in public schools, for primary as well as for secondary levels (Ministerio de Educación, 1993). For low-income students who cannot afford a tuition, even studying in public universities is free of charge (Ministerio de Educación, 1993). However, in the PISA study of 2012, Peruvian students performed worst in terms of all three categories: (a) mathematics, (b) science and (c) reading of all participating 65 countries (Organization for Economic Co-operation and Development [OECD], 2012). With the implementation of the Survey of Adult Skills (PIAAC), which Peru is currently establishing, the country focusses its attention on higher skills as well as improving or increasing trust levels through volunteering, and not only improving profits and productivity (OECD, 2016b). However, even though a growing number of Peruvian adults (34%; average: 40%) have upper secondary education and enrolments in tertiary education are increasing, Peru's workforce is still relatively low-skilled (OECD, 2016b). One reason for that is the high concentration of low value-added activities, which in turn results out of informal employment. Companies in the informal sector tend to invest less in their employees, resulting in lower-skilled workers (OECD, 2016b).

Regarding the health system, Peru manages to have 17.8 health workers per 10,000 people, which are below the 22.8 the World Health Organization (WHO) introduced as minimum threshold (Singh, Huicho, Afnan-Holmes, John, Moran, Colbourn, ... & Lawn, 2016). Besides, Peru has developed a decentralized health care system, including various public sectors and the private sectors. This results in multiple providers for health care with much overlap and little coordination, which even causes health workers to work multiple jobs in different sectors (WHO, 2019). However, Peru is actively investing in improving their healthcare system (WHO, 2019) managed to include nine out of 11 policy tracer indicators of

reproductive, maternal, newborn and child health, including all lifesaving commodities (Singh et al, 2016).

Another problem Peru is facing is corruption, a "cancer" that delays and damages the development of a nation (Carvajal, 1999). According to the International Corruption Perception Index, Peru ranks 105 of 180 economies, making it one of the worst performing countries (Transparency International, 2018). This is even worse than 2017, rank 96 (Transparency International, 2017), and it indicates that corruption is a problem that continually stalks the nation and that Peru has to overcome to achieve greater economic growth and political stability (Ioris, 2016). Bigmond has an anti-fraud protocol that prevents corruption within the company (Bigmond, 2019a).

Nowadays, another problem that Peru is facing is the number of Venezuelans in the country. Peru is one of the countries that has also been affected by the crisis in Venezuela that exists until these days, according to the information provided by different governments and sources, we can see table 5 where Peru would be the second country to receive a greater number of Venezuelans, the first is Colombia (Reliefweb, 2019). Until July 2019, the number of Venezuelans in Peru was more than 806,000 (Reliefweb, 2019). According to Juape, approximately 85% of registered Venezuelans, those who processed their temporary residence permit, live in Lima and Callao (2019).

Table 5

*Number of Venezuelans in South America*

Country	#Venezuelans
Colombia	806,000
Peru	1'300,000
Chile	288,200
Ecuador	263,000
Brazil	168,400
Argentina	145,000
Uruguay	8,600
Paraguay	500

*Note.* Retrieved from "Refugiados y migrantes venezolanos en la región," by Reliefweb, 2019 (<https://reliefweb.int/sites/reliefweb.int/files/resources/70181.pdf>)

#### **1.3.4. Technological**

For thriving the innovativeness within Peru, the Peruvian government has recently set up programs in order to foster the entrepreneurial environment through funding. The reason for that is that even though Peru is considered a very entrepreneurial country (9th out of 60 economies) (Global Entrepreneurship Monitor [GEM], 2018), the country suffers from one of the highest discontinuation rates (GEM, 2018). Even though many ministries are involved in those programs, the biggest instrument of the government is the National Science, Technology, and Technological Innovation Counsel (FONDECYT: Fondo Nacional de Desarrollo Científico y Tecnológico) (Hernández & González, 2016).

Additionally, Peru is making an effort to become more involved into aerospace technology. This should happen through funding as well as university research. The recent development of the first Peruvian nanosatellites, the first remote sensing satellite of Peru as well as the Peruvian involvement in different missions of Mars exploration shall just be a starting point (Roman-Gonzalez & Vargas-Cuentas, 2015).

#### **1.3.5. Environmental**

According to the Environmental Performance Reviews of Peru (OECD, 2016a), the biggest environmental issues in Peru are soil erosion, and pollution of the air and water. Regarding air pollution, Peru's emissions of green-house gases account for only 0.3% of global emissions, which is very low. This is mostly assembled by activities regarding land use and deforestation (OECD, 2016a). Recently, Peru put some effort in preventing deforestation, but there is still much potential for improvement (OECD, 2016a). With respect to soil erosion, the Peruvian government manages the legislation of chemical substances as they are used, which makes it hard to coordinate and control among the authorities. In fact, this causes a lot of problems, since each sector is itself responsible for the chemical substances allowed to use (OECD, 2016a). Waste, instead, is low compared to other

countries. However, the infrastructure to deal with waste lacks an adequate structure: There are 11 supervised sanitary landfills, four of them located in the capital Lima, which is way too less to handle the whole amount of waste the country produces (OECD, 2016a). Finally, water pollution recently decreased significantly in Peru through the establishment of the Environmental Quality Standards (EQS) and significant investments in wastewater treatment. However, the infrastructure focusing on reducing water pollution is again only available in crowded and richer areas. Poorer regions still lack such water treatments (OECD, 2016a).

Table 6

*Bigmond's PESTE Analysis Summary*

Political	<ul style="list-style-type: none"> <li>• Although praised by IMF for four consecutive democratic elections, unstable environment</li> </ul>
Economic	<ul style="list-style-type: none"> <li>• Structural injustices and a recent increase in activism against extractivism</li> <li>• Economic growth - mostly through extractivism of raw materials</li> </ul>
Social	<ul style="list-style-type: none"> <li>• Part of APEC, and bilateral FTA with the US, China, and the EU</li> <li>• Peruvian workers generally low educated - due to market demand</li> <li>• Healthcare system is semi-privatised, leading to subpar performance</li> </ul>
Technological	<ul style="list-style-type: none"> <li>• Corruption is a big problem in Peruvian business culture</li> <li>• High rates of entrepreneurship - Also high on discontinuation</li> </ul>
Environment	<ul style="list-style-type: none"> <li>• Recent government backed involvement in aerospace</li> <li>• Governmental coordination concerning polluting chemicals lacking</li> <li>• Proper infrastructure for waste management and clean water underdeveloped</li> </ul>

*Note.* Data from Carrión and Zárate (2018), Burt (2007), Sarmiento and Seedhouse (2019), Defensoría del Pueblo (2017), Marston (2018), OEC (2017), Villareal (2007), ITA (2018), Frirz (2010), Putzel (2009), Nanda (2003), Petri and Plummer (2012), Gantz (2009), Malamud (2006), Nolte and Wehner (2013), Charles and D'Alessio (2019), Ross and Peschiera (2015), Carrión (2019), Santos and Werner (2015), World Bank (2019c), Fingar (2015), Creutzfeldt (2016), Ciucur and Ciucur (2012), Ministerio de Educación (1993), OECD (2016), WHO (2019), Transparency International (2018), GEM (2018), Hernández and González (2016), Roman-Gonzalez and Vargas-Cuentas (2015).

#### 1.4. Internal Analysis – Strengths and Weaknesses

Value creation is the fundamental aim of any organization (De Quevedo, De la Fuente, & Delgado, 2005). The goal of Bigmond as a company is not only to generate economic value, but also seeks to generate social value (F. Gonzales, personal communication, June 27, 2019), this can be defined as create shared value (CSV) (Kramer & Porter, 2011). Therefore, Bigmond remarks that the value they place on society must be in every action they do and while they adapt to changes in the environment (F. Gonzales,

personal communication, June 27, 2019). Nevertheless, Bigmond's structure, values, culture and operations influence its ability to create value. To understand how it creates value, an AMOFHIT analysis (D'Alessio, 2013) will be done. This will also help understand the company's strengths and weaknesses in its key functional areas including: (a) Administration and management (A); (b) Marketing and sales (M); (c) Operations and Logistics (O); (d) Finance and accounting (F); (e) Human resources (H); (f) Information systems and communication (I); and (g) Technology, research and development (T) (D'Alessio, 2013). This analysis will allow to know and understand how the areas of the company work and to know if any of them need to improve or reinforce some points.

#### **1.4.1. Administration and management**

Bigmond has been acquiring different experiences throughout its operations, working in different industries, with different company sizes and different organizational cultures have made the company able to improve the administration and management of the company (G. Defilippi, personal communication, June 19, 2019). The CEO is in charge of managing operations and defining the direction of the organization's strategies, Bigmond's organizational structure is not hierarchical, as can see in Appendix A and promotes decision making freedom. Also, the CEO of Bigmond has extensive experience in the field, this makes him who makes the sales and directs them, generating a dependence on his person (F. Gonzales, personal communication, June 27, 2019). The CEO is actively involved in the process of recruiting new clients and constant monitoring of Bigmond's clients to ensure customer loyalty to their services. It should be noted that Bigmond only works with companies aligned to its values in the social, environmental and legal fields (F. Gonzales, personal communication, June 27, 2019). Also, their goal for this year is to implement a directory (Bigmond, 2019c).

### 1.4.2. Marketing and sales

Bigmond's principal function is its top executive search amongst other services (Bigmond, 2019a). It reaches its potential clients through one-on-one interactions and via social media platforms like YouTube, Facebook, LinkedIn, and personal meetings (F. Gonzales, personal communication, June 27, 2019). A key strength, however, is its close consumer contacts, which helps it build trust and long-term relationships as well as increase client re-engagement. It further helps it to better tailor its services to meet its clients' needs while keeping the company's core values in mind. Also, it creates awareness of future opportunities and problems (F. Gonzales, personal communication, June 27, 2019).

Bigmond's target market is the medium to large scale companies in Peru (Bigmond, 2019b). Bigmond faces competition, especially from bring names such as Michael Page and Cornerstone (G. Defilippi, personal communication, June 19, 2019). However, it increases its competitive stance through its onboarding training offered alongside its executive search services. During this onboarding training, cultural adaptation and the attainment of performance goal is accelerated, which further enhances not just customer satisfaction but also employee satisfaction (Bigmond, 2019b).

Another initiative that helps him stand out is his YouTube channel, "Executive Insider." In this channel, experts in the sector and owners of companies recognized in the market are interviewed. In these interviews, these characters narrate the practices that have worked in their companies or in their work, keeping consumers informed. The channel also increases brand awareness and also educates about critical business issues, such as diversity and inclusion, social responsibility, etc. This is also an additional advantage, since it is the first and only channel of human resources videos in Peru.

A flaw in the area studied at this point is the dependence on the CEO for sales, and that is needed from his portfolio of clients and referrals and his direction in business (F.

Gonzales, personal communication, June 27, 2019). Another weakness of the area is that there is no appropriate marketing campaign, it has low online visibility and does not participate in any type of external advertising (G. Defilippi, personal communication, June 19, 2019). They use a blog and social networks to publish many articles, but those aren't advertising. This means that Bigmond is not known to potential clients who may not be in the CEO's network of contacts, and that means that there is no customer identification with the company. Other threats identified by the company are: (a) the lack of response to customers by the commercial area, which causes the customer to find another supplier; (b) loss or theft of sensitive commercial information, and may reduce sales; and (c) copy of the service model by competitors, which generates greater competition in the industry (Bigmond, 2019e).

#### **1.4.3. Operations and logistics**

A key strength that Bigmond operations is its flexibility, which allows it to adapt to changes quickly. Its flexible structure allows for fast and easy decision making and enhances its ability to become a first-mover within its industry (Bigmond, 2019b). Its directors and management lead operations in Bigmond, that means that decisions about the operational thing are made by CEO and directors, however, every area works together in order to achieve company's goals and objectives (F. Gonzales, personal communication, June 27, 2019). The company has mapped its processes according to: (a) strategic processes, (b) operational processes, and (c) support processes (Appendix B).

A significant weakness the company faces is its limited access to resources due to the size of its firm. This restrains the company's ability to engage in a wide variety of strategic initiatives, especially large-scale initiatives (F. Gonzales, personal communication, June 27, 2019). On the other hand, an advantage of the company is to have certificated processes. Its dedication to social responsibility and a responsible work culture is reflected in his various accreditations, such as the ISO 9001: 2015 certification and the Carbon of Neutral company



certificate, a social responsibility award, his compliance with the protection law of personal data, the anti-fraud protocol (Bigmond, 2019a).

The process of recruitment and selection of top executives begins with the knowledge of the client and their needs, this implies knowing the position you want to fill. Then the search strategy is applied, which implies resorting to headhunting, database, social networks, and network of contacts. The third step is to evaluate and select the candidates chosen, and then proceed to the presentation of the same to the client. Finally, there is the Onboarding Program, which is to put the elected candidate in the position for a period considered adaptatio /testing (Bigmond, 2019b).

The objectives of Bigmond regarding its internal processes are: (a) maintain and recertify its current certificates, (b) not generate more reprocesses in the services, (c) compliance with the Onboarding program at least 90%, and (d) achieve a customer satisfaction above 90% (Bigmond, 2019c). With these objectives, Bigmond seeks to maintain its competitive advantage in the market. It also seeks not to incur cost overruns and keep its customers satisfied (F. Gonzales, personal communication, June 27, 2019).

#### **1.4.4 Finance and accounting**

Bigmond's internal resources mostly fund its operations. Its emphasis on having transparent operations is also reflected in its financial and accounting operations through its superior accounting standards and internal control systems. It operates according to International Financial Reporting Standards, which influences its value of keeping proper accounting procedures and impeccable documentation. It also carries out regular fraud controls and feasibility checks to ensure compliance. Conversely, Bigmond due to its size constraints does not have access to external funding and relies solely on its internal resources as earlier stated. This plays to its disadvantage when compared to larger firms in the market who have access to external financial sources. To be able to offer competitive pricing, the

company deals with small profit margins (F. Gonzales, personal communication, June 27, 2019).

According to the company's Balanced Score Card, at the end of this year the company must receive revenues of more than S / 3,200,000 and achieve a margin of 15% (Bigmond, 2019c). The CEO reported that it was expected to grow by 150% this year, however, due to external factors, they had to reduce this objective to 100%. (F. Gonzales, personal communication, June 27, 2019). Bigmond is guiding all its efforts to ensure that these financial objectives are met.

#### **1.4.5 Human resources**

Bigmond currently has a staff strength of about 19 employees, 14 permanent staff and about 4 to 5 external employees. (F. Gonzales, personal communication, June 27, 2019). Bigmond is a company that works under good practices in the field of equality in labor rights, also, the CEO emphasizes that quality and diversity are especially crucial for Bigmond. He believes in creating equal career and employment opportunities to anyone meeting the professional requirements regardless of their gender, class, religion, sexual orientation, etc. (F. Gonzales, personal communication, June 27, 2019). This has encouraged Bigmond to create a responsible work environment/culture with zero-tolerance for discrimination. Equality and diversity are also a significant core value for Bigmond and is emphasized by their vision of “promoting equality of employment opportunities” (Bigmond, 2019b).

Bigmond does not have a division dedicated solely to Human resources. The CEO makes decisions on the selection, training, hiring and firing of staff. As earlier mentioned, the CEO is also actively involved in customer recruitment and retention process. A human resource department or personnel will ensure faster decision making and smoother operation in this department. However, they work on a value framework, and the values established by Bigmond are: (a) social responsibility, providing service acting actively for the benefit of

society and promoting good practices among stakeholders; (b) excellence, always doing more and exceeding customer expectations; (c) discipline, constancy to achieve the objectives; (d) respect, for the people, their way of thinking and being, not discrimination; (e) equality, promote employment opportunities for all; (f) protection of the environment, caring for the environment with future generations in mind (F. Gonzales, personal communication, June 27, 2019).

According to Bigmond's Balanced Score Card, the goals to be achieved this year are:

(a) meet the 90% training plan; (b) be more effective in training; (c) ensure that workers obtain a minimum performance evaluation of 85%; (d) improve the working environment; (e) have a form where the majority are women; (f) promote the hiring and development of the LGBTQ community; and (g) female leadership development programs (Bigmond, 2019c). These goals align with the values that the company shares, such as gender equality, providing equal opportunities for all, avoiding discrimination and promoting a pleasant work environment for employees (F. Gonzales, personal communication, June 27, 2019). Workers must show their commitment to these goals and work for them.

#### **1.4.6 Information systems and communication**

Bigmond uses the technology found in website and some social networks (G. Defilippi, personal communication, June 19, 2019). Bigmond has developed a webpage called Bigmond Digital where potential clients can simulate and let them know the price of acquire the service (Bigmond, 2019d). It is very useful because the client can just ask by the website and then an executive is going to take in contact with them. On the other hand, the size of the firm and lack of access to funding remains a constraint. This deters its ability to implement advanced information systems such as state of the art in real-time command control information systems. These information systems require high financial investment,

which plays to Bigmond's disadvantage when compared to its multinational competitors (F. Gonzales, personal communication, June 27, 2019).

#### 1.4.7 Technology and innovation development

About technology, since Bigmond is a service company, they do not use machines or this type of technology to operate. However, that does not prevent the company from continuing to innovate (F. Gonzales, personal communication, June 27, 2019). Thanks to its flexibility and innovative capacity in operations, the approach to follow is very dynamic. Continuously, Bigmond has been working with "electronic skills" and digital technologies, which are part of his success as an innovative company (F. Gonzales, personal communication, June 27, 2019). The company emphasizes the development and application of technological knowledge and skills to create value for its customers and contribute to sustainability (F. Gonzales, personal communication, June 27, 2019). Large-scale research and development (R&D) operations require high financial investments. Bigmond's weakness, as mentioned earlier, is due to its financial limitations and limited access to external funds. Because of this, innovation is limited by the monetary resource and cannot compete in this regard with multinational and international companies in its industry.

Table 7

#### *Bigmond's AMOFHIT Framework Summary*

Administration and management	<ul style="list-style-type: none"> <li>• Management's expertise and various accreditations</li> <li>• High dependency on CEO</li> </ul>
Marketing and sales	<ul style="list-style-type: none"> <li>• Strong customer relationship management, social media</li> <li>• Lack online visibility and does not engage in any means of adverts</li> </ul>
Marketing and sales	<ul style="list-style-type: none"> <li>• Flexible operations and flat organizational structure</li> <li>• Limited resources and strategic options</li> </ul>
Finance and accounting	<ul style="list-style-type: none"> <li>• Superior accounting standards and Internal Control system</li> <li>• Limited access to external funding</li> </ul>
Human resources	<ul style="list-style-type: none"> <li>• The company promotes equality and diversity</li> <li>• Human resources activities are managed by CEO</li> </ul>
Information systems and communication	<ul style="list-style-type: none"> <li>• Uses of digital technologies and diverse communication channels</li> <li>• Limited Information potential due to resource constraints</li> </ul>
Technology, research and development	<ul style="list-style-type: none"> <li>• Sustainable Innovation capabilities and new Product Development</li> <li>• Resource constraints limiting Innovation scope</li> </ul>

*Note.* Data from Bigmond, 2019.

## 1.5. Conclusions

In conclusion, Bigmond is a company dedicated to the recruitment and selection of senior executive staff, and also offers human resources consulting services. The company works with others that share its main values: (a) gender equality, (b) social responsibility, (c) environmental protection, and (d) non-discrimination. The analysis carried out based on Porter's forces showed that, in the industry where Bigmond operates, there are many competitors. The large number of players in the market makes Bigmond face different obstacles to grow in a sustainable way. The external analysis, performed based on different factors, showed that the country is currently in a relatively stable macroeconomy, which allows companies to grow continuously, the interest in the protection of society and the environment is growing and that some threats may be related to level of corruption that the country presents. With the AMOFHIT analysis, information was obtained on how the company is currently being managed and its competitive advantages. The main findings are presented in the following Figure 2.

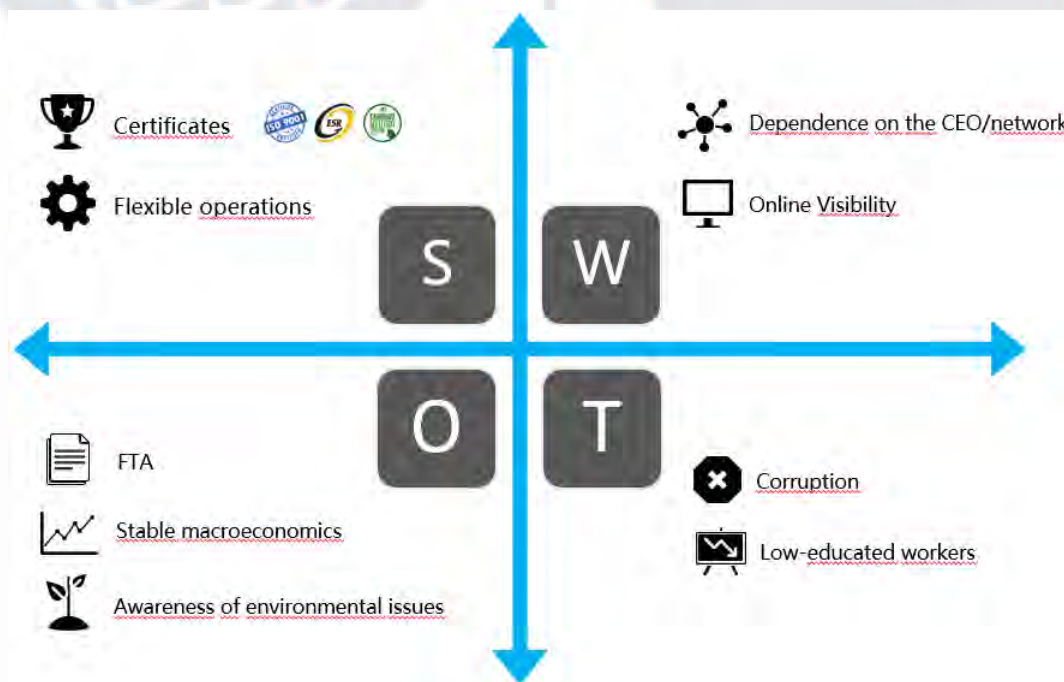


Figure 5. Bigmond's SWOT analysis.

## Chapter II: Key Problem

### 2.1. Identified Problems

Bigmond is going through a period of growth, since its inception it has been able to have an important client base in the industry, which has generated a good position and prestige over its competitors, and having different certifications makes it different from the rest. However, the number of companies engaged in the search for senior executives increases in the national market. In this sector, according to the managers of the company, the creation of networks is very important, the prestige of the brand and the differentiation of the service offered. The growth of the company depends on these factors.

To establish and detail the key problem, the company participated in two meetings. The first meeting was with one of the directors named Guillermo Defilippi, who told the current performance of the company in the market, talked about the process of the service they provided and the customers they had. In that conversation, Guillermo mentioned that the company wants to grow in sales but they don't know exactly how. The participants in that meeting rambled on different solutions, among them were offering a new service, improving the services that are being offered, entering new markets, or having something that differentiates them.

Then, the second meeting was led by the General Manager, Fernando Gonzales, who gave more details about what the company requested. At that meeting, Fernando explained that they wanted to grow in sales, but not only that, they want to be recognized in the market. The CEO was convinced that by improving the reputation, not only would the loyalty of current customers be gained, but that it would attract other potential clients. He thought of a Knowledge Center that was linked to the company. This center would not only be associated with the company, but it could give support and credibility to it while improving its image.

Bigmond seeks to grow in sales, which means having more customers, similarly, wants their brand to be recognized for the quality of the service they offer and for the values they share. The objective is to be known not only as a brand that generates economic value, but also seeks a general social value. This is because customers acquire the service by the CEO and not by the company itself. In the meetings with the staff of Bigmond different ways of addressing the problem were discussed, however, the general manager has stated that he wants to create or implement a Knowledge or Research Center ("Think Tank") that gives them prestige in the Peruvian market. This Knowledge Center must have the same values and standards that are exercised in Bigmond. Mainly, it is intended that this Research Center support and grant prestige to ensure its continuous and sustainable growth, seeking that customers come to them spontaneously because the company is known as a knowledge generator, reliable and attractive to have its services and not only for who is the representative of this. The problem is that the company does not know what it is, how to develop strategies and implement a Research Center.

Therefore, the main problem of this research is that the Bigmond company wants to know how to grow in sales, the specific questions that arise from the problem are: What makes sales grow? How the reputation or prestige of a company can increase sales? What are some actions that can be taken to increase sales? How is a Knowledge Center implemented? The following chapters seek to answer these questions.

## **2.2. Key Problem (substance, location, ownership, magnitude, time perspective)**

### **2.2.1. Substance**

To gain greater market share, Bigmond has developed different plans, currently seeking to increase the image it has in front of its potential customers to achieve it. Improving the reputation of a company implies working on the quality of the service provided to clients, public relations, establishing objectives and others (Moreno, 2018). Bigmond wants to

improve his reputation by having a Knowledge Center, which sees consulting issues in human resources, business, and sustainability. This seeks to help the development of the community in intellectual issues, provide studies to different interest groups and, Bigmond will be recognized as a company that conducts quality research and capable of providing quality service. With the creation of a Knowledge Center, the company seeks that potential clients and others solicit their services spontaneously and not necessarily by networking. Also, the company can be a love-mark, and not only have the attention of potential customers, but educational institutions, other companies, and anyone looking for research on specific issues.

### **2.2.2. Location**

The establishment of a new institution for the Knowledge Center requires the company to extend its values, whether physically located within the company's facilities or separately. Although this new institution will be directly related to the company, it will be dedicated to research and acting independently. The CEO will make a decision about where this new business unit will be located.

### **2.2.3. Ownership**

The Knowledge Center will be part of the company, will make the publications under the company's signature, therefore, Bigmond will be the owner of this. It should look for a place or offices where thinkers can conduct their investigations and others properly.

### **2.2.4. Magnitude**

The problem is important because the reputation and image among companies like Bigmond are highly critical at the moment a customer makes his choice. In addition, the problem of how to implement a Knowledge Center is important because it requires investment, time and associated risks. The main topics that this Research Center will focus on will be: (a) human resources, (b) business, and (c) sustainability. This tank of thoughts must



give quality articles and research, since it depends on them the reputation that will be attributed to Bigmond and the impact on sales.

#### **2.2.5. Time perspective**

The time perspective for the implementation of the Knowledge Center has been established by Bigmond. The present study is an investigation that will provide Bigmond with details to start an implementation, it will have a description of what is a Center of Knowledge and relevant data on how to implement one in the country.

#### **2.2. Conclusions**

In conclusion, Bigmond, despite its growth, believes that this may not be sustainable over time since sales are constantly dependent on the management of the General Manager and/or his network of contacts. Therefore, a solution is sought to help the company continue to grow, mainly in sales, and solve the dependency problem. Likewise, this solution should help Bigmond differentiate from its current competitors and new entrants, and strengthen the positive reputation of the brand in the market.

## Chapter III: Literature Review

### 3.1. Literature Mapping

The literature framework will focus on the following main topics: (a) Perceived value, (b) Reputation, (c) Differentiation, (d) Knowledge centers, (e) Marketing Strategy, and (f) Communication Strategy. These topics will provide a general overview of the concepts will be used in this document. The study of knowledge centers will be deepened, which will include: (a) Types, (b) Governance, (c) Financing, and (d) Knowledge management. In turn, knowledge management will include: (a) Organizational learning, (b) Knowledge creation, (c) Knowledge distribution, (d) Knowledge spillovers.

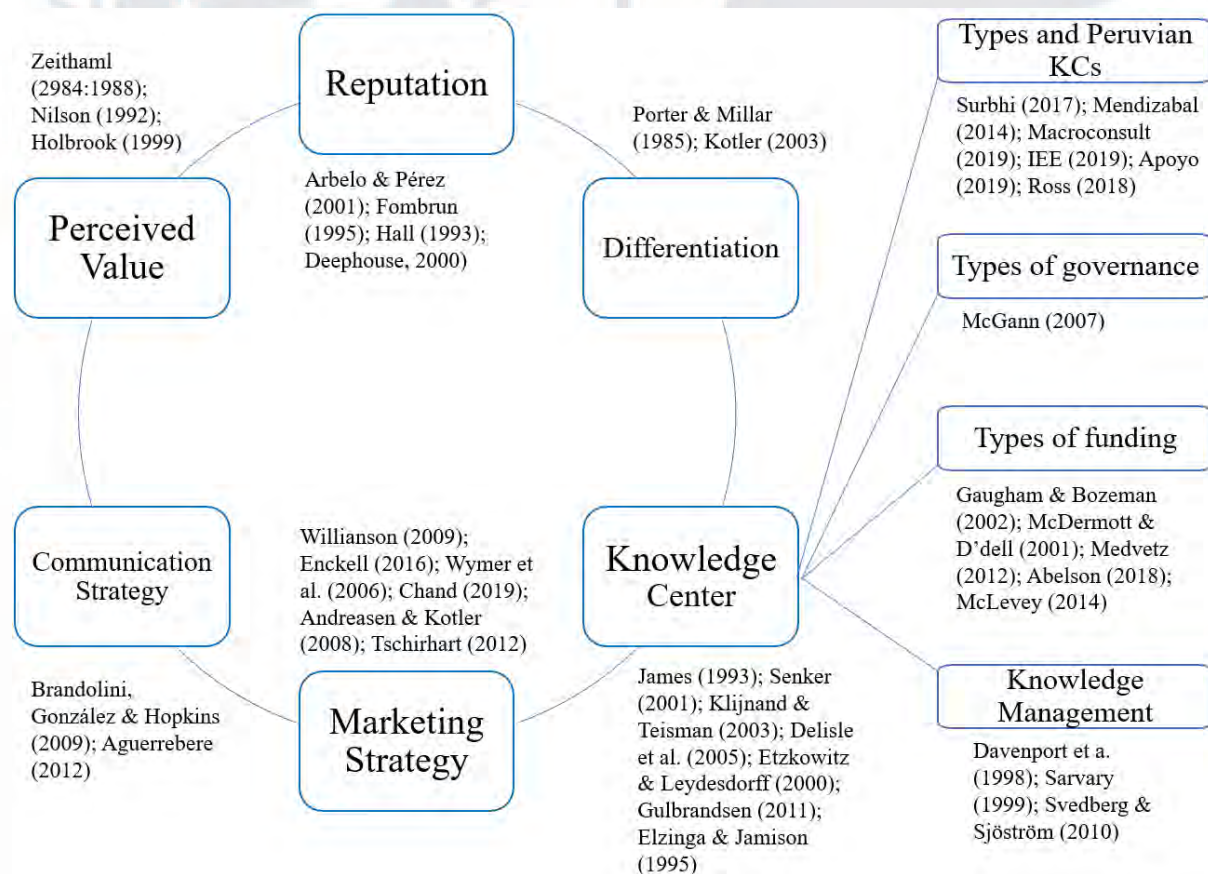


Figure 6. Literature map.

### **3.2. Literature Review**

Creating knowledge is not a simple endeavor and many factors come into play for this process to result in relevant knowledge outputs of high quality. For a private sector company to get involved in the creation and dissemination of knowledge, it is important to understand the legal forms that a new research organization can take. Furthermore, both the management of the knowledge creation process and the management of the factual organization need to be fully understood. Finally, forms of financing, market entry methods, and the benefits and disadvantages of a fully digital organization should be researched in order to set up a relevant business plan for the proposed endeavor. In the following literature review, this paper will pay specific attention to the points mentioned above, making sure that any recommendations pertaining from this paper are grounded securely in existing literature.

#### **3.2.1. Perceived value**

Currently, the value that the customer perceives of a company or the product or service it provides is very important, since, from there, the competitive advantage can come. Zeithaml said the value perceived by the customer may be based on its price, which means that the consumer values the product based on what it costs (1984). Then, it is said that perceived value is the evaluation that the client makes on the usefulness of a product or how it perceives the benefits of the same, it means that it is an evaluation between what I pay or deliver to the company for this good or service, and what the company gives me in return through the product (Zeithaml, 1988; Nilson, 1992). Holbrook (1999) said that value can be oriented towards oneself or others; in both cases it could be in an active or reactive way. When value is self-oriented and actively, it can be called efficiency (extrinsic), or entertainment (intrinsic); and reactively it can be excellence (extrinsic) or aesthetic (intrinsic). On the other hand, when the value is oriented towards others and actively, it can be status

(extrinsic) or ethics (intrinsic); and reactively they can be esteem/reputation (extrinsic) or spirituality (intrinsic) (Holbrook, 1999).

### **3.2.2. Reputation**

Arbelo and Pérez (2001) defined reputation as the perception that the stakeholders have of the company and how they express themselves, differing from the corporate identity or image, since one is what the company chooses to be and the other is like the People manage to see the company based on what it says about itself. Reputation is the sum of the image, perceptions, identity, and experiences that the stakeholders relate to the company throughout its operations, therefore, reputation is very important and is not only the responsibility of the commercial area, rather, the entire company must be committed to caring for and making positive impacts on reputation (Arbelo & Pérez, 2001). The reputation of a company is the product of different efforts such as having a very good management at senior management levels, providing quality products and services, and that both work on social responsibility (Arbelo & Pérez, 2001). A solid and favorable reputation takes time (Fombrun, 1996; Hall, 1993) and can generate competitive advantages for the company, which makes companies differentiate each other (Barney, 1991). Therefore, a favorable reputation gives the company defense mechanisms in the market, since it enables lower costs, gives the opportunity to increase the price, and creates barriers to competition and new entrants (Deephouse, 2000).

### **3.2.3. Differentiation**

According to Porter and Millar (1985), there are three ways that companies are better positioned in the market and have competitive advantages: (a) lowering cost, (b) changing competitive scope, and (c) differentiation. A company that differs in its industry stops worrying about its competition, and this is because it generates or creates value; Likewise, it does not enter into a price war and, on the other hand, it generates loyalty since customers

feel identified and this attracts potential customers. Basically, these types of strategies are applied so that customers prefer one company over others. To achieve differentiation, Kotler (2003) proposed four types of strategies: (a) of the product, is to seek differentiation through the characteristics offered in our product or service; (b) of staff, having the right personnel for both commercial and operational positions, this offers credibility and trust; (c) of the distribution channel, provide facility for the acquisition of products or services; and (d) of the image, how the public perceives the company and the products or services it offers.

#### **3.2.4. Corporate social responsibility**

Social responsibility in companies is reflected when they commit to contribute to sustainable development, this implies acting correctly and voluntarily in the face of problems in society and nature, but goes further and seeks to contribute more (García, 2007; You live, 2004). Therefore, responsible companies not only generate economic value, but also develop social and environmental value (García, 2007). Aguilera, Becerra and Patricia (2012) proposed strategies that demonstrate a relationship between the growth of the company and social responsibility, among them are: (a) it gives benefits to interest groups, and (b) it increases the good reputation of the company.

#### **3.2.5. Defining the knowledge-creating organization**

Due to the myriad of forms of knowledge-creating organizations, it is important to establish a definition used throughout this literature review. Often the term 'Think Tank' is used synonymously with terms like Research Institute, Knowledge Center, or Public Research Center. For the purpose of this paper, there are distinct differences in definitions for all of those organizations as they serve different purposes. A think tank is an independent organization involved in research across multiple disciplines and intends to influence public policy (James, 1993). Especially this final part of the definition is important, as it implies that although they don't depend on the government in the intellectual way, their output is aimed at

influencing the government or addressing their needs. As Bigmond is interested in generating public knowledge, but not necessarily in influencing public policy, the term ‘think tank’ is not appropriate for this paper and will thus be excluded.

Senker (2001) proposed the definition of public sector research as civil research institutions for which the major source of funds is public. Additionally, he mentioned that they are under public ownership and control, and most importantly they aim to disseminate the results of their research back to the public. This definition comes closer to Bigmond’s corporate aspirations, and places the focus of this literature review on commercial and non-profit knowledge-creating organizations. It is very common for the commercial and non-profit sector to collaborate. Klijn and Teisman (2003) showed that ‘public-private partnerships’ are gaining popularity over the years, which hint at the public demand for research that is not directly influenced dependent on the needs of just commercial entities, but can serve a purpose for those same commercial entities. Often research performed by public and non-profit sectors is more equitable, ethical, relevant, and effective (Delisle, Roberts, Munro, Jones, & Gyorkos, 2005). It is therefore crucial these public organizations are properly funded, well managed, and their contributions strengthened by public usage. Furthermore, Delisle et al. (2005) mentioned that knowledge created should be a broad loop system, rather than restricted to narrowly the production of knowledge. By combining the research capabilities of the public institution and the commercial space to apply the new knowledge facilitated by the commercial partner, this broad loop can effectively be achieved. One must hone this relationship carefully though, as Klijn and Teisman (2003) mentioned that there is an inherent danger for reverting to traditional forms of collaborations by contracting out and separating responsibilities, due to diverging interests or difficulty in joint decision-making.

According to the triple helix model of innovation (Etzkowitz & Leydesdorff, 2000), commercial partners are not the only partners available to Research Centers. Educational institutes play a crucial role in for example setting up new business models or creating innovative goods and services. Interestingly, as an NGO or NPO that produces research, Gulbrandsen (2011) argued that there is a certain duality in their organization. Instead of necessarily committing to an official educational organization, these organizations balance both societal and scientific inputs. With global challenges requiring evermore collaboration between science and society, it is important to promote these types of research institutes that allow bridging between both worlds. Due to the distinct type of operations these firms engage in and their closer relationship to the public, they have to balance values and norms from civil cultures, bureaucracies, relevant industries, and academics (Elzinga & Jamison, 1995).

According to Ruta Medellín & Bionano Consulting (2017), it is proposed to develop the following activities to implement a research center:

- Place of Knowledge Center
- Functional organization chart
- Design the corporate purpose and mission
- Strategic objectives
- Process mapping
- Function and profile manual
- Policies (training, selection, promotion, training and mobility)
- Researcher promotion plan
- Acquire databases and research software
- External relations model. Create an external relationship model with definition of priorities and strategies for its development

- Prepare the minutes of agreements, Intellectual Property agreements, confidentiality agreements, cooperation agreements
- Have documentation related to dissemination and scientific dissemination policies
- Design an economic resources training policy
- Lines of investigation
- Indicators of performance
- Implement training, hiring and professional development systems (p. 63)

### **3.2.6. The difference between NGOs and NPOs**

The public organizations that could be funded in order to facilitate the creation of public knowledge are Non-Governmental Organizations (NGOs) and Non-Profit Organizations (NPOs). Again, these terms are often used interchangeably, but they are two different types of organizations. They serve different purposes and sometimes play by different legal rules. The term NGO was first coined after the second world war and was used to describe independent societal organizations whose primary aim is to promote common goals at the national and international level (Surbhi, 2017). They often have only a limited amount of staff involved from the government and their goals are ultimately driven by goals besides profits. Although an NPO also does not pursue profits, it is an organization with a set-up more similar to a traditional for-profit organization that can provide regular goods or services. The key difference is thus that NGOs pursue societal goals and do not necessarily provide goods or services, NPOs do. Both types of organizations are commonly allowed to receive funding from governments, but only in the case of NGOs, this is limited to prevent a political bias in their operations (Surbhi, 2017).



### 3.2.7. Knowledge centers identified in Peru

There is a myriad of Knowledge Centers/Research Institutes already established in Peru, across different disciplines and with links to both private, public, and educational partners. Centrum Think Tank, is one of the research centers in Peru that focuses its research on improving social welfare and business operations, as well as supporting decisions that improve public policy (Centrum Think Tank, 2019). Both Centro de Investigación de la Universidad del Pacífico (CIUP) and Instituto de Investigación Científica de la Universidad de Lima (IDIC), for example, are research institutes clearly connected to the academic world through their direct links with local Universities (Mendizabal, 2014). These organizations both focus more directly on influencing policy and not on creating knowledge with a potential for learning, like Bigmond plans on doing. Therefore, it is more important to analyze NGOs not directed at policy makers, or for-profit firms that create knowledge in order to sell it. Common examples of for-profit firms are Instituto de Economía y Empresa (IEE), Macroconsult, and Apoyo Consultoría (Mendizabal, 2014). Where Macroconsult focuses on macro-level economic advice, rendering them less interesting to evaluate (Macroconsult, 2019), both IEE and Apoyo offer knowledge concerning socio-economic and management issues (IEE, 2019; Apoyo, 2019), making them close examples to what Bigmond is trying to achieve if the new organization becomes a for-profit organization.

The alternative to the for-profit business organization are research dedicated NPOs or NGOs. As Peru does not legally recognize NGOs as a separate entity, but as a special form of an NPO (Ross, 2018), the only alternative for the for-profit business, is an NPO. Examples of these NPOs with NGO rights in Peru are Instituto de Estudios Peruanos (IEP), Grupo de Análisis para el Desarrollo (GRADE), or Instituto Peruano de Economía (IPE), among others (Mendizabal, 2014). All three of these institutes aim to solve socio-economic problems within Peru and opted for the NGO option to assure non-bias due to having to make profits.

With the goals as they are presented by Bigmond, an NGO based research institute seems to make the best fit.

### **3.3.8. Knowledge management**

When firms have experiences and context and they can interpret and reflect about them, they are able to get knowledge, which can help companies to take actions and decisions (Davenport, De Long, & Beers, 1998). Sarvary (1999) defined Knowledge Management as "a business process through which firms create and use their institutional or collective knowledge" (p.95). Knowledge Management is transforming raw information such as data from external sources, past's experiences (input) into knowledge, something structured that will help businesses solving problems(output) (Sarovary, 1999). Also, it focuses on create, collect, store and spread knowledge (Svedberg & Sjöström 2010).

In consulting, if a company has more customers it could have more experiences and increase the amount of information for Knowledge Creation, also, it has the opportunity to develop sustainable competitive advantages (Sarovary, 1999). Consulting is a knowledge-intensive industry, Knowledge Management is one of the decisive factors for its success (Svedberg & Sjöström 2010). According to Sarvary (1999), Knowledge Management can be divided into three sub-processes: (a) Organizational Learning; (b) Knowledge Production or Knowledge Creation and; (c) Knowledge Distribution, how people could access and use the knowledge developed.

**Organizational learning.** Konrad Adenauer Stiftung (KAS) recommended that when creating a Knowledge Center it must be taken into account if the areas to be investigated will be fixed or variable, if the researchers will be full-time or part-time, how to make the experts identify with the organization , the size of the research team, what level of experience they need, and what the ratio of senior to junior members will be. This organization proposed that the ratio is 1:2 or 1:3 (2019). The characteristics that the research team should have can be

obtained from some of the current research centers, which define their research team as trained interdisciplinary researchers, excellent communicators, with experience and skills developed to work as a team and create networks. (National Research Center, 2019, Think Tank Team, 2019, University of Oxford, 2019). Struyk and Telgarsky recommended that all team members should be professionals with a strong reputation for integrity, creativity, and thoughtfulness. He also proposed two alternative models for the research team, the first one called "the solo star", where there are principal or senior researchers and a couple of assistant researchers. The second model is called "the team model" as its name says it is a group of researchers (2002).

**Knowledge creation.** To understand how to initiate knowledge creation within the Bigmond's Knowledge Center, it is important to first describe how recent literature has defined knowledge creation itself. The first one introducing a dynamic model of knowledge creation was Nonaka (1994), he argued that new knowledge is developed by individuals, but organizations play a crucial role in articulating and amplifying this knowledge. Furthermore, organizational knowledge is the sum of an ongoing process between tacit and explicit knowledge. Tacit knowledge is "non-codified, disembodied know-how, that is acquired via the informal take-up of learned behavior and procedures" and thus play a key role in firm growth and economic competitiveness (Howells, 1996). Contrary, explicit knowledge is defined as knowledge that is represented to the outside (Dienes and Perner, 1999). This view was extended, for example by Nonaka and Toyama (2015), who described knowledge creation as a dialectical process synthesizing contradictions through dynamic interactions among the organization, individuals and the environment.

Second, it is important to state why knowledge creation is important for an organization. Since recent literature found a strong correlation between knowledge and competitive advantage (Kearns & Lederer, 2003; Nonaka, Takeuchi & Kocka, 1999), long-

term sustainability (Cash, Clark, Alcock, Dickson, Eckley, Guston, Jager & Mitchell, 2003) and the success of an organization (Liebowitz, 1999), knowledge is seen as the key resource of today's organizations (Prusak, 2009). The creation of knowledge for Knowledge Centers occurs when different actors (specialists, researchers, collaborators, among others) discuss and collaborate in the investigation of particular topics (Bathelt, Malmberg & Maskell, 2004).

**Knowledge distribution.** The purpose of knowledge development and research is that they improve the living and working conditions of people who are interested in using it (López, Salazar, Oropeza & Zúñiga, 2008), so it is important to know how this knowledge will be distributed or where it can be found. The distribution of knowledge is the way in which knowledge is transferred internally and externally, as stated before, it is expected that this knowledge be used as concepts or instruments (Fink & Ploder, 2009). According to Fink and Ploder (2009), generating greater awareness, having more capacity when making decisions and exchanging information are consequences of the distribution of knowledge. Davenport et al. found these kinds of repositories: (a) external knowledge; (b) structured internal knowledge, like marketing reports, techniques and methods; (c) informal internal knowledge, referred to lessons learned (know-how) (1998).

**Knowledge spillovers.** A spillover is when knowledge is transmitted involuntary or unplanned, and can occur in any interaction (Fallah & Ibrahim, 2004). When there are failures in the protection mechanisms, according to Fallah and Ibrahim (2004), spillovers occur; however, this could be avoided with legal protection (patents), copyrights and brands. According to Fallah and Ibrahim (2004), knowledge spillovers can affect different levels: (a) Individual Level; (b) Enterprise Level; and, (c) Global Level.

Individual level means spillovers across people. People own their tacit knowledge (Leonard & Sensiper, 1998), but if they are exposed to someone or if this knowledge becomes explicit, it extends to others. A knowledge overflow at this level occurs when

knowledge is shared with people or work groups that have no intention of obtaining such information.

Enterprise level is between firms. Companies exchange information intentionally and unintentionally, and this can be due to their geographical proximity or business. These effects are a consequence of the accumulation of knowledge by companies (Jaffe, 1986), of the specialization of the industry or concentration of companies in the same field (Marshall, 1920; Arrow, 1962; Romer, 1990); and, of firms in the same area but diverse themselves (Jacobs, 1969). Knowledge is shared involuntarily between firms, customers and suppliers.

Global level is around nations. At this level, knowledge is shared involuntarily between countries, when they trade with each other (imports and exports) (Coe & Helpman, 1995; Park, 1995; Xu & Wang, 1999; Madden & Savage, 2000) and between neighboring countries (Bernstein, 2000).

### **3.3.9. Types of funding**

Gaughan and Bozeman (2002) described a way of funding of Knowledge Centers how it is practiced in the US: The funding happens through public universities. However, the initiative comes from the researcher, who requests a formal funding of a project. Afterwards, the university decides whether to fund the project or not. These funding can include everything, from heating and air conditioning to hire an assistant graduate student, travel and laboratory expenses. Due to its universal application possibilities, this method is also ideal for funding a Knowledge Center. In cooperation with Universities who provide resources, not only in respect of monetary, but also in respect of for example of IT infrastructure, personal and space.

Another possibility of funding a Knowledge Center is described by McDermott and O'dell (2001). Their concern is about a Knowledge Center within a network. For their paper, they chose PWC as a global company. PWC's approach is to set up a website and let their

employees share knowledge within this platform. Since this is also a way of setting up a Knowledge Center to share knowledge, only initial costs for the setup of the website would arise. These initial costs could be covered by the Bigmond company. Afterwards, the website would run itself and would require only a minimum of maintenance and skilled workforce, since the content of the webpage would be in the responsibility of the community using it.

However, there are also other possibilities recent literature identified to fund a Knowledge Center. Medvetz (2012), for example, described funding of Think Tanks in North America. He said that those kinds of Knowledge Centers are mostly funded by private donations in the US. However, in Canada for example, the previously mentioned co-operations with universities and foreign donors are more predominant (Abelson, 2018). However, especially donations have a big pitfall. To generate audiences, Knowledge Centers are forced to present themselves as independent organizations, while at the same time they have to present themselves as dependent on donors to earn required economic capital (McLevey, 2014).

### **3.3.10. Types of governance**

Knowledge Centers or Think Tanks play an important role in the society. According to McGann (2007), they serve for the following functions:

- “Division of power between the three branches of government (legislative, executive and judicial) and the levels of government (states and federal government)
- Political system that has weak political parties that exhibit little or no party discipline
- Highly developed philanthropic and civil culture
- Public that has a healthy distrust of government and prefers a limited role for government

- Proclivity of citizens to join and support interest groups rather than political parties to represent their interest and express their policy preferences
  - Political system that has many points of access
  - Tendency to embrace independent experts over politicians or bureaucrats”
- (McGann, 2007, S.4).

These unique functions also require unique policymaking by the individual organizations. According to McGann (2007), think tanks should respond to those demands by implementing specific policies such as founding a working group of think tanks to develop strategies to ensure funding. Additionally, incentives should be given that donors are long-term rather than short-term, again to ensure the long-term funding and thus the long-term survival of the knowledge center (McGann, 2007). Another crucial policy according to McGann (2007) is to make the public aware of the usefulness of its research, since it is highly dependent on outside funding and co-operations.

### **3.3.11. Online or physical Knowledge Centre**

A Knowledge Center has been described as a range of products and services - including the creation of digital archives, physical library spaces, websites, local library services and advanced information catalogues (Gibson, 2013). Additionally, Servin and De Brun (2005) described a Knowledge Center as an improved version of a library geared towards knowledge and information to create a framework and provide coordination, guidance and expertise. He emphasized that a good Knowledge Center beyond being a physical library and having an online database is based on the idea that knowledge resides primarily in people rather than in documents and computer systems. A good Knowledge Center will put as much importance on connecting people with people as they will with connecting people with information (Servin & De Brun, 2005)

A proposed project for a Knowledge Center by Gaynor, Hondzel, Garrett-Petts (2018) described a Knowledge Center as a physical central location where people have access to both digital research collection and physical information resources. A Knowledge Center is also described as an internet-based community or system designed to help people of a specific audience or a realm of a particular industry to remotely share information via chat rooms, discussion boards, downloadable texts, video conferencing etc. (Gale Encyclopedia of Management, 2009).

To further understand the different forms in which Knowledge Center exist we will be looking at different knowledge center models. For example, Genotype-to-Phenotype (G2P) Knowledge Center set up to provide central platform amalgamating direct access distributed G2P data with specialist knowledge all contained within a collaborative scientific online workspace (Webb, Thorisson & Brookes, 2011). Another example is the Clarin Knowledge Centers, which are physical or virtual centers where people can get cross-border access to knowledge and expertise in specific areas (Clarin, 2019); The Commonwealth Knowledge Centre which provides services ranging from Physical library and archives, i-Library, online bookshop and image library (The Commonwealth, 2019); the Deline Knowledge Centre which is made up of the physical (building and location) and the theoretical and philosophical (conceptual ideas, program planning, people and organizations involved, funding proposal development, etc) (Caine, 2003).

In conclusion, Knowledge Centers can exist both physically and online but should most importantly facilitate knowledge processes through up-to-date external databases, internal knowledge sources and a network of people with the “know-how” or similar expertise (Hendriks, 1999).



### 3.3.12. Marketing strategy

Forward-looking non-profit leaders recognize the importance of marketing in NPOs. And although marketing function is camouflaged by several names within NPOs – public relations, communications, brand management – the primary objective are the same; to define and uphold the organization's position and move it closer to achieving its mission (Williamson, 2009). Marketing answers the questions: (a) How is our program distinctive? (b) What do we want to be known for? and; (c) Why is our work relevant? These are important concerns for every NPO considering the competition for philanthropic resources and public attention (Williamson, 2009).

Although NPOs like profit organizations rely on the marketing mix when determining what marketing strategy to use, the marketing strategy of NPOs has several objectives (Enckell,2016). Unlike commercial companies whose primary target is the customer, non-commercial organizations have two targets – those who subsidize the organization and those who make use of the service or product (Enckell,2016).

The marketing mix refers to a set of actions consisting of the 4Ps used by an organization to promote its brand or product in the market (The Economic Times, 2019). However, Booms and Bitner (1981) proposed to include participants, process, and physical evidence. Therefore, the so-called 7 P model will be used in this report. These 7P are controllable variables that can be used to shape market demand and facilitate transactions, including the product (the offer), the place (distribution, location and availability of offers), the promotion (marketing communication with the public objective), and the price (monetary and non-monetary costs) (Wymer, Knowles & Gomes, 2006). We also have, the participants (people), the processes (how a product or service is developed), and the physical evidence (environment that can affect the company) (Bitner, 1992).

**Product.** The product is the face of an organization. Only after the organization has decided what it offers, further plans about the Ps can be made (Enckell, 2016). For NPOs the product is an offer; a combination of benefits existing in a good, a service, or a social marketing program that satisfies the needs or wants of the organization's target market. While the definition of goods (tangible goods) and services (intangible goods) are rather straightforward, the social marketing program is difficult to define. They are even more intangible, perishable, variable and inseparable than services, and are mostly intended to change the target market behaviour. An example of such a scheme is educational programs and interpretive centers (Wymer et al, 2006).

Wymer et al. (2006), identified the different levels of an offer referred to as the core benefit, the basic offer, the expected offer, the augmented offer and potential offer. Understanding the core benefit the target audience seeks is crucial as it helps in defining and dealing with possible competition. The next level, basic offer refers to the qualities of the offer; the expected offer refers to the target market expectations about the offer; the augmented offer refers to anything that comes with an expected offer, that the target market does not expect. The last level is the potential offer it is the level at which previous mistakes or omissions can be corrected. By clearly defining what the core benefit is for each offer, engaging in research and self-analysis, the organization may improve its core benefits in the future (Wymer et al.,2006).

**Place.** Place refers to the location, accessibility and distribution channel of the organization (Wymer et al., 2006). This variable is not as important as NPOs as some of them may not need a physical location. It is, therefore, more relevant to create an online location and website while concentrating on how the information will reach the final audience (Enckell,2016). Typically, NPOs must overcome time, place and possession gaps that often exist between non-profit programs and their potential customers (Wymer et al 2006).

**Price.** Since the objective of NPOs is not to make a profit, pricing is one of the most difficult decisions NPOs have to make. However, NPOs need funds to operate (Enckell,2016). In determining the pricing policy must identify its key objective (Enckell, 2016). Andreasen & Kotler (2008) listed possible options for pricing policy including surplus maximization, cost recovery, market size maximization, social equity and market disincentive. Pricing should be kept reasonably high to ensure continuous revenue for the organization while all other costs are reduced to lower barriers (Enckell, 2016).

**Promotion.** Promotion is very useful to NPOs. It refers to communication aimed at the target audience about the availability and benefits of a service, offers and programs; and that a product is ready to use and teach it features (Enkell, 2016; Tschirhart, 2012). Promotion typically consists of various promotional tools like advertising, sales promotion, publicity and public relations, personal persuasion, direct marketing, internet marketing and tools. Nonetheless, it is crucial to define the objectives and prioritizes of the organization when deciding what tool to use (Enckell, 2016).

**Process.** The processes are the flow of activities, procedures and mechanisms that are developed to manufacture a good or provide a service, they are the procedures and mechanisms used (Rafiq & Ahmed, 1995).

**Participants.** It refers to the human factor that is part of the development of activities. In the service companies, the personnel involved is the most important since it makes a service different from another, so it is essential that these people are the ideal (Rafiq & Ahmed, 1995).

**Physical evidence.** It is the environment in which interaction with our customers and the delivery of goods or services is provided. It refers to any factor that can influence the performance and communication of the service (Rafiq & Ahmed, 1995).

### **3.3.13. Communication strategy**

Communication is the transmission of information between one or more people and starts when this information is issued and received in the form of a message until it is understood and interpreted by the recipient (Brandolini, González & Hopkins, 2009).

Companies communicate all the time, so communication cannot be ignored. There is external communication, to all those who are linked in some way with the company, and internal communication, aimed at staff working within the company (Aguerreberre, 2012). Having a good internal communication is vital and strategic for companies, also allows staff to be involved and committed to the objectives and actions of the company, harmonizes the activities carried out avoiding arguments against and generating an atmosphere of good attitudes and that the staff is aware of what is happening in their workplace, finally, it allows to improve productivity since all objectives are clear (Brandolini, González & Hopkins, 2009).

### **3.3. Conclusions**

In conclusion, the review of the literature has given important and useful concepts to implement solutions of how Bigmond can grow in sales. The literature review focuses on the creation of a Knowledge Center and how it will be implemented, because it is the solution selected and developed later chapters. Likewise, the review of the literature will support the methodology chapters of the analysis and implementation of the proposal.

## **Chapter IV: Qualitative/Quantitative Analysis**

The qualitative and quantitative analysis identifies essential factors to be considered when determining strategies to increase Bigmond's sales and the implementation of the Knowledge center. The qualitative factors will highlight findings in the market and consider factors that will help define the Knowledge center. The quantitative analysis will complement the quantitative analysis with numerical figures retrieved from researches and databases.

### **4.1. Qualitative Analysis**

#### **4.1.1. Interviews**

Interviews are a technique that contribute a lot in qualitative research, and this is basically developed as a conversation that has a purpose and is to know certain information (Santillana, 1983). Another author defined interview as the dialogue between the subject studied and the researcher with the purpose of obtaining answers to the problem posed (Canales, 2006). The interviews are of great help in the descriptive studies and in the exploration phases (Díaz-Bravo, Torruco-García, Martínez-Hernández & Varela-Ruiz, 2013), it also offers advantages such as finding out unobservable facts, there are no space limits and time, and you can run the conversation (Heinemann, 2003).

#### **4.1.2. Branding methods**

Bigmond strives to grow their market share through an increase in prestige and brand awareness. Abratt and Kleyn (2012) corporate branding as a nowadays necessary activity for organizations that aim to differentiate themselves from the herd. Besides corporate branding, they identify two more distinct, but closely related dimension; corporate image and reputation. Whereas a corporate brand is closely related with the messages a company actively sends out into about their products or services the world through advertisements, pitches, or other forms of media, the corporate image is companies present themselves as an organization as a whole. Finally, the reputation is the actual widespread believes about a

company. Building and maintaining a positive and strong reputation can lead to a competitive advantage (Abratt & Kleyn, 2012).

As of 2019, Bigmond has worked on their branding through the acquiring of excellence in many aspects of their business. They hold certificates of excellence in among others, recruitment, socially responsible business, Anti-fraud practices, and Carbon-neutral business (G. Defilippi, personal communication, June 19, 2019). Although they have been successful in attaining these certificates, they have been less successful in marketing them. As mentioned before, they do offer both regular updates on platforms like LinkedIn, and post interviews with influential Peruvian business people, their online findability remains low. It is important to understand how crucial the process of Search Engine Optimization (SEO) has become (Yalçın & Köse, 2010).

Their plan to create knowledge and spread it freely in order to demonstrate capabilities and gain reputation is bold. This approach resembles a 'free samples' approach to sales, that has shown over time to have significant effects on sales (Bawa & Shoemaker, 2004). In their research, Bawa and Schoemaker show that the effects of free samples can differ over product categories though. As no useful research could be found on this approach in the consulting industry, it is important that Bigmond takes small incremental steps in their approach in order to gauge the effectiveness of this approach before the company commits too many resources. Although no academic research could be found on the subject, preliminary research performed for this paper has shown that it is a common practice for consultancies worldwide to provide samples this way in to boost both reputation and sales. An interesting outlet for Bigmond as well as an example of the previous statement is [www.consultancy.org](http://www.consultancy.org). This website allows for consultancies to post about their projects, findings, or research and that way boost their credibility.

### **4.1.3. Consulting market**

Through digitalization and the service-based nature of consulting, the consulting market has been becoming increasingly competitive (Glückler & Armbrüster, 2003). This is also the case in Peru and Bigmond has been experiencing this pressure too. Even though Bigmond was established only a few years ago, they have undergone extensive growth and have successfully landed in a very saturated market. In a conversation with G. Defilippi (personal communication, June 19, 2019), he mentions that most of this success is attributed to both adherence to the values that gave birth to Bigmond, and their successful networking strategy. Almost all of their sales are currently made through word-of-mouth (WoM) marketing/networking.

In order to remain competitive and continue growing, they need to reduce their reliance on WoM marketing and start implementing an actual marketing campaign. In order to get consumers to read the new knowledge Bigmond produces, they need to know the company exists, otherwise the effect of their free samples' strategy is not going to be as pronounced. In the past Bigmond has had advertisements in movie theaters in Lima, but looking forward, targeted online advertisements through for example Google Ads, could be more effective.

### **4.1.4. Collaboration with (local) students**

It is well-known that students can bring in modern perspectives into existing industries and potentially revolutionize them. There are many ways in which Bigmond could meaningfully include students into the development of their business practices, their potential future research, and the creation of these free samples. Currently, the only collaboration they have with students is through the PUCP CENTRUM business school in this consulting project. Although the input created by students in this interaction is often of managerial importance, it brings little in terms of valuable information that Bigmond could spread.

The simplest form of collaboration between students and companies are through the form of internships, in which the student learns the practical application of business methods, and in return the organization receives fresh perspectives and new theories. In their goal of setting up a knowledge creation center, Bigmond could capitalize on interns that for example get placed on an existing project with a consultant. These students could then produce interesting articles, or even full-fledged thesis that can be published by Bigmond in order to gain prestige. Additionally, they could recruit working students that dedicate themselves part-time to research for Bigmond, or even provide research-grants for students already researching certain subjects. All the new knowledge created in these projects can also be honed and turned into business solutions for actual customers. Therefore, for the time being, Bigmond is missing out on the advantages of having student staff.

#### **4.1.5. Research funding in Peru**

Commonly, research grants come from governments, universities, private organizations, or even private donations. As Peruvian expenditure on research and development remains low at barely 0,1% of GDP (Trading Economics, 2015), it can be quite complicated for researchers to receive research grants. This is a potential advantage for Bigmond, as they can capitalize on this. If they decide for example to not hire full-time research staff, but offer research grants to individuals that are researching topics that matter to Bigmond, they can gain two benefits. They gain new expertise as researches rotate through their business, and they create a big network of skilled individuals in their field of expertise.

Since Bigmond has never funded research, there is no financial data to analyze in order to evaluate Bigmond's past. Yet, it is important to mention that it has been a common theme for Bigmond to accumulate enough resources to sustain their fast growth, as mentioned previously in the paper. Research is an expensive endeavor and mostly produces value only after all costs have been made. In their ambition, Bigmond should stay small and only



support research that supports their core business. Only as they become more profitable, should they feel comfortable to take bigger risks and give out more sizable grants.

#### **4.1.6. Major business challenges in Peru**

As Bigmond strives to make a name for themselves by solving societal (HR) problems, it is important to understand what major business challenges are prevalent in 2019, both in the world and in Peru. As Bigmond is a service firm, the first issue identified is one they themselves experience too; the attracting and retaining of quality personnel. All across the world, including in Peru, the unemployment rate is showing a downward trend (Trading Economics, 2019a), which means that the market is getting better and better for the employee. In order to maintain quality, businesses are looking to attract and retain top talent, which would be an excellent subject for Bigmond to research in order to build reputation around trending subjects.

Furthermore, due to new technologies popping up left and right, new management paradigms are required. Job descriptions could change completely overnight, departments can become redundant, or whole companies could become unnecessary. If Bigmond manages to be one of the first organizations to find answers to questions that arise during these transitional phases, they could become the place to go for Peruvian entrepreneurs when looking for answers. Of course, these problems, including the top talent retention, are happening to companies globally, which means there will also be a lot of people looking for answers. Peru has some very specific problems that Bigmond could focus on instead.

Research performed in 2014 indicated the presence of institutional racism and discrimination throughout Peru (Galarza & Yamada, 2014). Since one of Bigmond's values is to push for equality, this would be a strong project for the new research department/ entity to focus on. How can this behavior be recognized and dealt with, in order to create a more equal working environment for everyone? Another problem recognizable for many Peruvian

entrepreneur, is the man hours required to properly pay taxes. Indicated by a report by the World Bank (2019c), Peru ranks 121st on the list of ease of paying taxes. On average it takes 260 hours and 9 payments per year, which is very costly for many Peruvian Businesses. Finally, a problem that, although it also occurs outside of Peru, is very prevalent here is transparency. Although Peru has had some success in democratically selecting their government, corruption is still very prevalent (Nugant, 2018). In order to battle corruption, is important to look further than the simple questions as to how to detect and punish it. In countries as Peru, where corruption is almost culturally ingrained, it is important to teach about the impact of corruption and the legal alternatives. As corruption scandals could cost a lot of money, organizations are likely willing to read about prevention and detection, which makes it a very good subject for research for Bigmond.

## **4.2. Quantitative Analysis**

The quantitative analysis includes numerical data obtained from selected researches and databases. The main focus is on the Peruvian market, and in cases where there is little or no research data is available for the Peruvian market, we look at the global data. Some of the primary sources of data include google trends, Trading Economics, World Bank and OECD, etc.

### **4.2.1. Online recruitment in Peru**

Although there is no data for online recruitment in Peru, research done by the Society of Human Resources Management (2017) showed that 66% of recruiters have taken steps to leverage mobile recruiting. These recruiters optimize their career websites, job postings and application processes for mobile users. Social media recruiting is growing with 84% of organizations currently using it. (Society of Human Resources Management, 2017). Conversely, over the years, internet penetration in Peru has been on the rise with 48.73% of its population using the internet in 2017 from 36.01% in 2011 (Statista, 2018). Over 50% of

the Internet-using population access the internet on their mobile phones. While about 90% mainly use the internet for communicating obtaining information including job opportunities and entertainment (BBVA, 2017)

#### 4.2.2. Trend data on searches for consulting in Peru

Table 8

*Search for HR Consulting and Executive Search in Peru (times/week)*

Year	HR Consulting	Executive search	Bigmond
2014	19.94	23.27	-
2015	18.31	16.77	-
2016	19.46	14.56	9.48
2017	10.83	13.68	24.51
2018	15.44	16.56	23.10

*Note.* Data from Google's trend. Retrieved from <https://trends.google.com/trends/explore?date=2014-01-01%202018-12-30&geo=PE&q=hr%20consulting,%2Fm%2F0djp0m,bigmond>

The table above shows the average number of times per week people search for HR consulting and executive search in Peru. It also includes the average time per week Bigmond is sought each year. The results show a low interest in HR consulting, and Executive search and further shows Bigmond's little online presence based on the number of searches.

#### 4.2.3. The Peruvian researcher employee market

The salaries in Peru varies depending on skill and industry. Peru has a labour force of 18 million people and the unemployment rate of 6.6%. (World Bank, 2019d). According to an OECD report (2018), almost half of the jobs facing skill shortage in Peru, are in occupations requiring low skills. 40% of posts that are hard-to-fill are in roles requiring medium-skills. The demand for high-skilled workers is low (14%). Almost 4 out of 10 workers in Peru are either over- or underqualified for the work that they are doing (OECD, 2018). The average monthly wage in Peru is currently S/ 1744.18 per month, which has decreased from the previous year. The average salary for high skilled labour is Peru S/ 3830 per month, which has also reduced from a S/ 4190 per month in the year 2017 (Trading Economics, 2019b).

#### **4.2.4. Student market**

The number of students enrolled in universities in Peru has been on the rise. Data from Statista (2016) shows a 46% increase in the number of students enrolled in the university between 2006 and 2013. Peru also has 80 universities in total with private institutions outnumbering the public institutions (Top Universities, 2019).

#### **4.2.5. Sustainability data in Peru**

Peru ranks 64 out of 164 countries on its sustainable development. It also has a spillover score of 96.8. Its score on spillovers represents its international spillover effects in achieving Sustainable Development Goals (SDGs). This includes externalities stemming from one country that affect environmental, economic, and social outcomes in another country (Sachs, Schmidt-Traub, Kroll, Lafortune & Fuller, 2018).

#### **4.2.6. Racism data in Peru**

According to a survey carried out by the Ministry of Education in 2013, 81% of the population agreed that discrimination is prevalent in Peru and nothing was being done about it (Jenner, 2018)

Peru has a rich cultural history with indigenes from the Amazon regions, the Andes regions and Afro-Peruvians and an incredible richness of language. The Ministry of Education numbers the different languages spoken in Peru at 47, however some of these languages stand the danger of being wiped out (Jenner, 2018).

According to the Center for Afro-Peruvian Studies and Promotion, half of Afro-Peruvians are being insulted at least once on the street. Also, four of every ten have felt discriminated against in their workplace or shops or other public spaces. The reports show that despite some progress, Afro-Peruvians continue to be invisible to the government as well as much of society (Jenner, 2018).

### 4.3. Conclusions

The analysis shows that digitization is fast-growing, and that is becoming more and more important to recruiters. The online search for HR and Executive search firms in Peru is rather low. This may be attributed to the fact that for most companies, large or small, the one-stop for consulting might be the big-name brands like Cornerstone and Michael page. Thus, there is a need for Bigmond to shift from its reliance on WoM and perhaps engage in activities that will boost its brand's visibility and growth. The analysis also considered the availability of expertise needed for the implementation of a knowledge center. Peru has a large labour force, although the number of skilled labour is not determined. There is also a substantial student market as well, which has experienced continuous growth over the years.

## Chapter V: Root-Cause Analysis of the Problem

### 5.1. Identified Causes

Chapter five will describe the root-causes of the identified problem and a fishbone analysis will be used to assess the causes found. It is crucial to consider that these essential causes will be the backbone to give recommendations based on a strenuous qualitative and quantitative analysis; it will also identify which are the most important elements to focus on. Causes are shown in Table 4. Mainly, the root-causes for Bigmond to increase its sales are reduced to three fundamental points: (a) lack of creativity and research for the creation of new products (services), (b) knowledge in the implementation of new strategies, and (c) adequate human capital for company operations. Figure 5 shows the main problem, the causes and the important factors of each one through the Fishbone diagram. What is about highlighting in this figure is basically why Bigmond faces this problem of not knowing how to increase his sales through differentiation and increase in reputation. In the figure, the causes are mainly the dependence of the sales, since they depend on the commercial management of the CEO and the networking that the company has; another cause is that marketing and advertising campaigns are not being consistent with what the company wants to achieve; there is no proper use of the brand image and finally, the market has many players, some already well known and other new competitors.

Table 9

#### *List of Identified Causes for the Main Problem*

- 
- Saturated market
  - Brand (image) not developed
  - There are more recognized companies in the market
  - Possible competitors (KNOWLEDGE CENTER)
  - Development of new products
  - Dependence of the CEO for sales
  - Proper marketing management/strategies
  - Dependence on networking
  - Recognized personnel performing the service
-

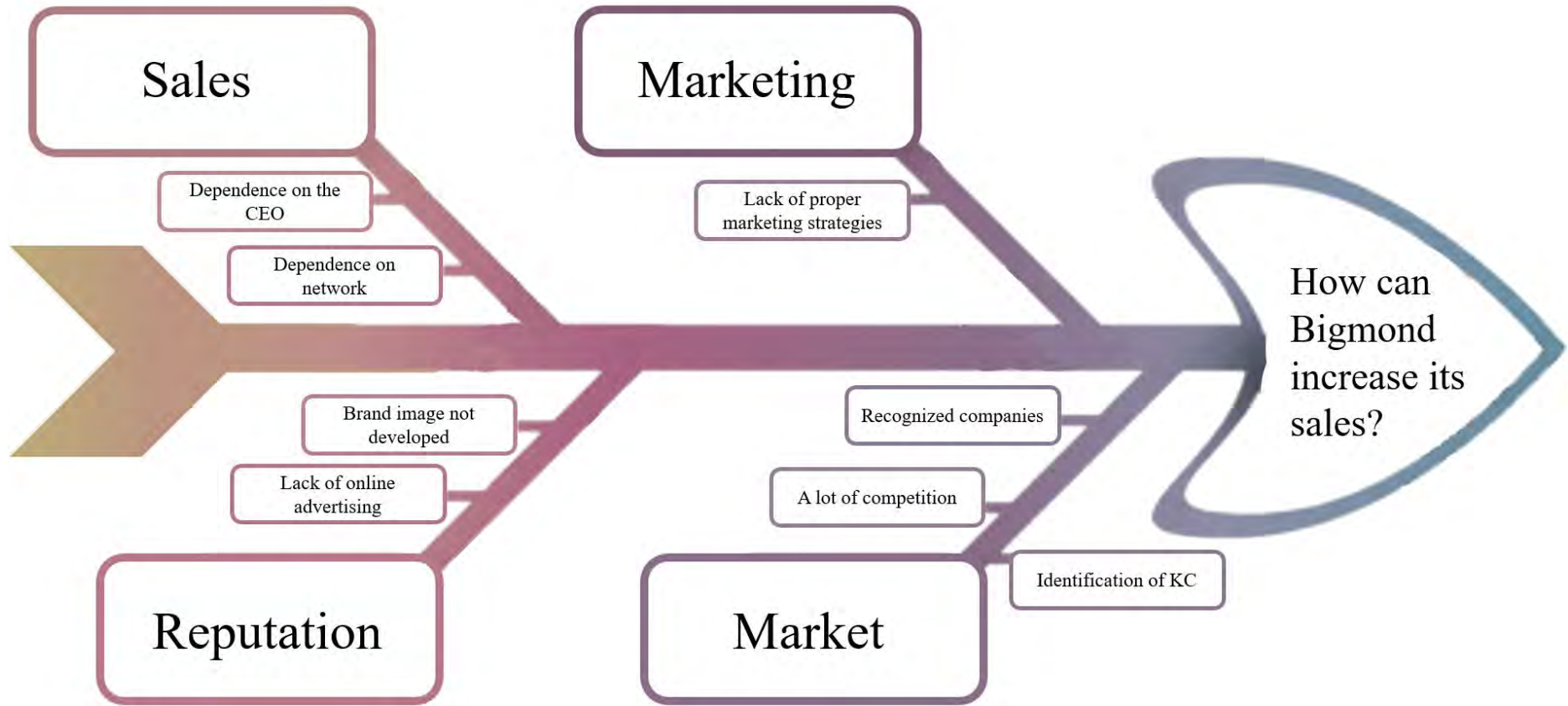


Figure 7. Fishbone diagram for Bigmond's problem.

## 5.2. Main Causes of the Problem

### 5.2.1. Reputation in the market

Reputation is how a brand is perceived or seen by others (Fombrun & Shanley, 1990). Having a good reputation in the market means that interested parties trust it and are attracted to consume their products (Fombrun & Shanley, 1990). To gain reputation implies the transparency of the organization, how they are relating to social and environmental media, this can be understood with the contribution they give to them (Levy, 2007). Currently, the consumption of a specific brand is because a person identifies with the values of this brand (Levy, 2007). Likewise, reputation is the result of the company's behavior throughout its operation. According to Martínez and Olmedo (2010), some of the benefits it provides are favorable media coverage, community support, consumer loyalty, partner collaboration, and employee engagement.

*Sub-cause 1: Brand image not developed.* The brand of a company is the one that identifies customers, a brand must seek to transmit the values of the company, attract potential consumers and make a difference to competitors (Levy, 2007). Currently, Bigmond is only known by its CEO, there are no campaigns that seek to highlight the name of the company. Bigmond currently has no indicators to measure the perception of its brand in the market.

*Sub-cause 2: Lack of online advertising.* In this more digitalized era, not only street, television or radio advertising is enough, but online advertising is becoming increasingly valuable (Wirtz, Schilke & Ullrich, 2010). This is because consumers find this friendlier means of handling, searching, consulting and comparing products (Torres, 2003). The advertising managed by Bigmond does not have online advertisements; the management of their social networks is good but there is no publicity of it in digital media.



### 5.2.2. Strategic management

Strategic management is the implementation and monitoring of strategies that guarantee the company its operational continuity and development of its long-term operations (Wisner & Fawcett, 1991; del Valle, 2011). These are the processes and activities that must be carried out in order to achieve the objectives set with the amount of resources allocated (Huxha & MacDonald, 1992). Currently, a constant challenge for the strategic management area is to implement strategies that allow companies to take advantage and defend themselves from virtual media.

*Sub-cause 1: Lack of proper marketing strategies.* Marketing strategies define how the business objectives of the company will be addressed (Ulaga & Chacour, 2001). There are different strategies depending on what you are looking for (Cravens & Piercy, 2006). At the moment in Bigmond there are no marketing strategies that help what they are looking for, which is to increase their sales, and this can be seen in the previous point where one cause is that they have not developed a brand image for the consumer, likewise, no development of new products or services is seen.

### 5.2.3. Sales

Sales as such and as an area, are the most important in the FPO, on them depends the economic sustainability of the company (Aquino, 2014). Sales must be related to the product or service offered and its characteristics. However, there are industries where not only the type of product offered is important, but also how the company is seen, what personnel manage the operations, what contributions it has with its community, etc. (Fombrun & Shanley, 1990).

*Sub-cause 1: Dependence on the CEO.* In Bigmond there is a lot of dependence on the CEO not only to make decisions concerning the company, but to sell and close sales. It is he who visits the companies, shows his face and is responsible for the success of the business.

People with equal expertise and commitment to the company that can support this work should be sought.

*Sub-cause 2: Dependence on networking.* Currently, Bigmond depends on the network of contacts or acquaintances to be able to sell its services to new companies, and, as seen in the previous point, the only field seller is the same CEO, which makes sales also depend on the network of contacts he has. And this dependence is because the brand itself has not yet developed its own image.

#### **5.2.4. Market**

*Sub-cause 1: Competition from recognized companies.* The recruitment and recruitment market are a market that is constantly growing along with the economy in Peru (Santarini, 2017). This service is one of the most acquired as services that most outsource Peruvian companies (Los servicios que más tercerizan, 2018). Technology has affected the market with the existence of applications for recruitment of personnel (Bretones & Rodríguez, 2008). However, for companies with little time in the market, the main challenge is competition with those recognized companies (Dawar & Frost, 1999). Bigmond faces this challenge, and constantly seeks to differentiate itself. Currently the competitive advantage over these big-name companies are the certificates they have achieved.

*Indirect competition.* When creating a company, it is important to analyze the competition in order to meet the needs of our target audience in a better way (Abbott, Stone & Buttle, 2001). To know what needs the new organization will have to create, it is necessary to identify the number of existing competitors in the market and the product that they offer (Clark & Montgomery, 1999). In this way, measures can be taken to achieve success and avoid others that do not affect the development of the organization in the market, the latter would imply a bad investment of resources.

*Sub-cause 2: Identified Knowledge Center in Peru.* According to McGann (2019), in Peru there are 43 Think Tanks. In the ranking of Central and South America, the first of the Peruvian centers is ranked 16, the organization is called Grupo de Análisis para el Desarrollo (GRADE), the second best ranked is Instituto Libertad y Democracia (ILD) in position 25, followed by Instituto de Estudios Peruanos (IEP), Grupo Propuesta Ciudadana (GPC) and Centro de Investigación y Promoción del Campesinado (CIPCA) in positions 27, 47 and 52 respectively (McGann, 2019). There are also Instituto Peruano de Economía (IPE) in position 62, Fundación Democracia y Libertad (FDL) in position 71, Instituto Político para la Libertad (IPL) in position 76 (McGann, 2019).

### **5.3. Conclusions**

In conclusion, the strategy for Bigmond to increase its sales has been evaluated in relation to five main causes shown in the Fishbone diagram: (a) brand image not developed, (b) lack of online advertising, (c) lack of proper marketing strategies, (d) dependence on the CEO and networking, and (e) competition. This information will not only determine the best way to achieve the objective, but to recognize the best way to implement it in the company. One of the most important points has to do with the reputation and brand image that the company has, so the proposed solutions work with this variable.

## **Chapter VI: Assessed Solution Alternatives**

### **6.1. Alternatives to Solve the Problem**

As has become clear, the main problem Bigmond is facing, is sustaining organic growth in a saturated market overcome with online solutions. Abratt and Kleyn (2012) highlight the importance of branding anno 2019 in order to sustain this growth. After deliberation, it became clear that there is not just one solution, but many solutions available to solve this problem. Out of all ideas, four main alternative solutions will be further discussed in this chapter, namely (a) an online branding/marketing campaign focused on targeted ads, (b) offering pro bono work to charities and NGOs, (c) expanding their services portfolio, or (d) creating a knowledge center.

#### **6.1.1. An online branding/marketing campaign**

Having an online presence is of ever-growing importance as technology becomes more prevalent than ever in our lives (Arbaugh & Benbunan-Fich, 2007). Especially as a service firm, it is important to capitalize on reaching customers through online channels. As of today, Bigmond has a presence on several social media websites, such as LinkedIn and Youtube, but no advertising. As they have been quite consistent in posting news and updates, they could stand to gain from using services such as Google ads. This is because as people land on Bigmond's pages through ads, there is content to retain those consumers. Creating and honing these kind of customer interactions could lead to more brand recognition, which in turn could lead to more customers.

A significant part of the problem of sustaining growth, is the bottleneck of being dependent on offline, informal and formal relationships to find new customers. By using many of the very specific filters that most ad services offer, Bigmond can efficiently and effectively reach HR individuals responsible for making recruitment decisions within organizations. Part of this campaign could also include an overhaul of their website.

There is a plethora of web-based services that offer Search Engine Optimization (SEO) solutions. They help estimate the quality of the website build and hint and areas of improvements in terms of creating online findability. An assessment by Small SEO Tools (2019) shows that the Bigmond websites scores a C score, with A being the highest. This means that there are a lot of areas for improvement. But it is not just the build of the website that potentially can be improved, but also content. If Bigmond would opt for this solution, they need to establish a strong online presence, not just on social media, but on their own website too. They could link to their videos on Youtube and post news updates on their own website and linking to them on social media, instead of posting there directly like is the case today. By establishing a strong and focused online branding strategy, Bigmond could potentially reach a big crowd at relatively low costs. If then the message is well enough worded in order to build reputation and prestige, it could prove helpful in solving their problem.

#### **6.1.2. Offering pro bono work to charities and NGOs**

Research shows that charitable giving could have positive effects on reputation (Bereczkei, Birkas, & Kerekes 2007), which also makes logical sense. People generally respect and admire organizations that actively help in improving conditions in their community, even if they understand there is a reputational benefit of helping for the organization. Although the act of charitable giving on its own could lead to reputational benefits, this is not the only way Bigmond stands to benefit from this strategy. They also get the opportunity to prove their capabilities and learn from the work they perform in these projects. If they successfully solve a problem for an NGO, this could lead to inspiration for new general business solutions, it could lead to networking possibilities, or even return customers after the initial free project if those same NGOs require more services.

Since Bigmond's core asset is knowledge, if they are able to dedicate resources to charitable projects, it can be used as training grounds for consultants. Furthermore, it expands Bigmond's portfolio of solutions as they deal with more organizations. This solution could be more costly per new customer found than simply branding online, but by actively helping the community, Bigmond achieves a secondary goal.

### **6.1.3. Expanding services portfolio**

As Bigmond's cost of finding new customers is relatively high, an alternative to growth through increased sales of existing services, Bigmond could increase the product portfolio and sell more services to the same customers. As of today, Bigmond offers both executive recruitment services and a small portfolio of human resource consulting services. They could capitalize on their existing network by expanding the expertise of their current consultants and actively selling these new services.

Although the necessity for new customers is decreased in this situation, and therefore also the accompanying costs, the costs of training existing consultants becomes higher. If Bigmond is striving for growth, they could potentially take this into account with regular recruitment of their own consultants. They could hire employees with skills and expertise to set up new services and integrate them into the Bigmond business model. Although this solution does not necessarily help with their desire to gain prestige through altruism and helping society in general, it does have the potential to increase their sales. Using excess funds, they could still perform services for the greater good.

### **6.1.4. Setting up a knowledge center**

A risk for consultancies is to become redundant, as business challenges and practices are always changing. Having a department set-up dedicated to accumulating, reformulating, analysing, and redistributing knowledge can be infinitely useful. The main advantage of having a knowledge center, is thus continuously improving solutions offered by Bigmond and

potentially even creating new solutions that can be added to the services portfolio.

Additionally, they can use any output from this knowledge center and turn it into material that can be used for marketing efforts and customer engagement. Finally, by engaging with researchers or students, Bigmond has the ability to enter new networks in which they can find new customers, as students might end up working at firms that require services Bigmond offers.

As Bigmond turns complex academic research into practical solutions for all customers to read, they can easily demonstrate their skills HR consulting. When new customers are looking for consultants and are wondering whether Bigmond is up to the task, having an online database that shows what Bigmond is concerned with could additionally offer gains. Although setting this department up requires significant investments of both time and money, the pay-off could be well worth it.

## **6.2. Assessment of Alternatives**

The four proposed solutions vary both in resources required, commitment required, and potential benefits for Bigmond. Seeing as the main problem is sustaining growth, all four solutions could work. Yet, it has become clear that Bigmond is not just looking for growth, but additionally would like to work on their (charitable) reputation. A marketing campaign could be the cheapest way to build online reputation, but in the end, it is all words. Someone who talks the talk, should also walk the walk, which is why the secondary solution, although more costly, could be more sincere. The additional benefit of expanding their network and potentially turning NGOs or charities into return customers is also significant.

The next alternative is most likely least desired at this particular point in time, as it does not necessarily increase reputation. It does however offer the potential of recognizing new opportunities in different fields, and it reduces the risk in downturns of demand for certain services by diversifying the portfolio. It is reasonable to assume that incremental

additions to the service portfolio is attainable, even when pursuing one of the other strategies. It is for example likely that pursuing the final alternative, creating a knowledge center, leads to new business models/ business solutions that can be turned into services Bigmond could sell. This is why this final proposed solution is, in our opinion, the best option. Although it can be resource heavy to start, it is the perfect strategy to facilitate future growth. By collaborating with researchers or students, Bigmond will remain at the front of their field by accumulating knowledge and it further allows growth of their network through these collaborations. Additionally, by creating free output for consumers to read, Bigmond creates material that can be easily used in marketing efforts and they build on their reputation for giving (solutions) to their community.

Table 10

*Assessment of Alternatives*

	Increase sales	Cost	Reputation
Marketing campaign	✓	+/-	Online
NGO's/Charities	+/-	High	Not necessarily
Expanding portfolio	+/-	+/-	×
Knowledge Center	✓	+/-	✓

**6.3. Proposed Solution**

Every company wants to grow sustainably in the industry where it is being developed and sometimes even broaden their horizons (new markets) in order to achieve it. In Peru, the competition in the industry where Bigmond works is high and it is difficult to insert a service that is new to the entire industry. The company must strategically use its strength in the business and generate something that serves a new market, while generating a positive impact on the current core business.

Winning a market in the recruitment and search industry is difficult because it is an industry where you have to have an extensive network of contacts and grow it more and more. In order to achieve this, companies in the market must have to work extensively on



their brand image and reputation. The current report seeks to make Bigmond significantly increase its brand image and reputation, which will lead to a growth in both sales and market perception.

This document offers viable and potential alternatives to achieve the increase of both brand image and reputation variables. These alternatives take into account market factors, the company's situation, the company's wishes and concerns and the characteristics of the Peruvian market. Currently, the reputation of Bigmond as well as its acceptance is by the CEO, Fernando Gonzales, who is responsible for obtaining and closing sales and for whom companies seek to work with Bigmond. With the proposed solution alternatives, it is sought that Bigmond has recognition for the services it offers and the values that the company performs. In all alternatives, it is the CEO who leads the changes and implementations.

According to the wishes of the company, this work will develop the alternative of implementing a knowledge center. As explained, a knowledge center under the firm of Bigmond, will give them greater recognition in the market, since it will support their operations and not only help in the production of their services, but also the social value that the company is to give access to all the Peruvian communities to information and research that will be useful for the development of their professional careers and can also help the creation and administration of companies. For this, this knowledge center will be described in terms of 7P's.

*Product.* The product that the Knowledge Center will offer will be research in business, human resources and sustainability. The final product will be a digital file which can be downloaded on any device. Also, this product will be owned by Bigmond recognizing its authors.

*Price.* For this point two types of prices / income are evaluated. The first would be the price for companies that want a particular investigation, the price defined for these

investigations will depend on the extent of them. However, if there were no special requests for other companies, Bigmond would still have to develop some research based on what the industries or community needs. On the other hand, the price for the community to access these would be through a monthly subscription. It is important to define here also, that the Knowledge Center area should look for some donations in order to stay operational.

*Place.* The place where the activities will take place will be in an office that can be in the same place where the Bigmond offices are currently or somewhere else, will depend on the budget allocated and the availability of places. On the other hand, the place where the product will be offered will be online. For this, a special platform will be developed where all the research will be published.

*Promotion.* The promotion of this new area will be through an advertising-based marketing campaign. On the other hand, it will be the General Manager who makes statements about this project and its objectives. In order to reach a larger audience, this project should be promoted in meetings with other companies and universities.

*Participants.* To start this project, three researchers recognized in the market will be required for their career in the topics to be worked on. Also, you could count on the support of university students who need to develop some research. Finally, the entire company must be involved in the implementation of the project as support from different areas is needed.

*Process.* According to the theory analyzed, there are two important concepts in the process that involve operating a Knowledge Center. For this, the steps suggested by Ruta Medellín and Bionano Consultoría (2017) have been taken into account, see the table 11.

*Physical evidence.* This could be defined as the online experience of users seeking information in published research. Also, the interface that Bigmond offers for the publication of research.

Table 11

*Steps to Investigate*


---

Title of the project  
 Central problem  
 Justification or analysis of alternatives  
 Theoretical framework  
 Research objectives  
 Target and beneficiary population  
 Methodology  
 Monitoring and evaluation  
 Expected results  
 Viability  
 Risk analysis  
 Schedule  
 Budget  
 Bibliography  
 Annexes

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*Note.* Retrieved from “Creación y fortalecimiento de centros de investigación,” by Ruta Medellín & Bionano Consultoría, 2017, Medellín, Colombia (<http://www.bio-nano-consulting.com/wp-content/uploads/2018/06/GUIA-CENTROS-DE-INVESTIGACION-C3%93N-1.pdf>)

**6.3. Conclusions**

In accordance with Bigmond's goals of increasing sales through differentiation and a positive reputation, four solution alternatives were proposed: (a) an online branding campaign, (b) work with charities and NGO's, (c) expand services portfolio, and (d) set up a knowledge center. Finally, it was chosen to implement a knowledge center, since it helps achieve the objectives and is accepted by the company. The development of this proposal has been done using the 7P's of marketing adapted to the need to create a new area that would be the knowledge center. In the next chapter, the activities that the company must follow to begin with the implementation will be developed.

## Chapter VII: Implementation Plan & Key Success Factors

### 7.1. Activities

Due to the lack of information on how to implement a Knowledge Center, some activities proposed by Ruta Medellín and Bionano Consultoría (2017) will be used.

**Communication strategy.** The communication strategy for the implementation of this Knowledge Center as a new area will consist of meetings and emails. Before starting to implement the area, a meeting must be held with all employees where the new project is communicated, how it will help the company and its efforts, how they should support this implementation, who are the responsible of the activities and the indicators that will be evaluated. Then, at the beginning of the implementation activities, an email should be sent informing that the activities are starting, this is to keep all areas informed of what is being done. Emails must be weekly and must inform the progress of the project. Finally, periodic meetings should be held in case some setbacks occur. This activity will be the responsibility of the CEO because, it is an important project in the company and needs to be taken as seriously as possible; On the other hand, the marketing area will handle the emails informing the progress of the project. This activity must occur throughout the implementation.

**Update Bigmond's documents.** Bigmond has different certificates, some of them request documentation about the organization of the company, therefore, they must be updated, adding to the new area to be developed and the personnel involved. This task must be led by senior management, the CEO, but executed by the administrative area. Having the updated documentation will allow not having observations in the audits of the certificates and that the same organization understands how it is formed. It should take approximately two weeks.

**Rent an office for Knowledge Center.** It has to rent an office that will be where the researchers will do their job. The new office can be inside Bigmond's offices or apart. The

person responsible for finding the right offices will be the marketing area; and the finance area will be responsible for providing economic facilities. This activity should not take more than two weeks.

***Develop a strategic plan.*** It is important in order to lead the direction of the area. This activity will be in charge of the CEO of Bigmond, because he is the person who designs the composition of the areas to obtain better results. It can take one week.

***Develop a functional organization chart.*** Because this will be a new area, an organization chart must be established. The current organization chart of the company will also be modified by adding this area. Although there are only a few people in the area at the beginning of this project, it should be established how the area is expected to be structured.

***Design the corporate purpose and mission.*** It is important to establish the purpose that the area will follow, as well as its mission. This will give people who work in it and people who observe this area an understanding of why it exists and how it will operate.

***Establish strategic objectives.*** The importance of establishing strategic objectives in the area is that they are necessary to achieve what the company expects from the area. At this point, the objectives that the area follows should be established. The main objectives should be: (a) produce material relevant to the use of industries and community, (b) support the company to better perform its service, and (c) share the company's core values.

***Purchase of office supplies and equipment.*** Provide the necessary physical materials for the development of activities. The necessary basic elements would be laptops, printers, furniture for working and air conditioning. This activity is in charge of the purchasing staff and can take one week.

***Acquire databases and research software.*** Acquire software that allows researchers to have their findings safe and shared among them. Likewise, the platform where

investigations will be published must be created. This will be in charge of the area or systems manager, and may take two weeks.

***Hire the required staff.*** As established in the previous chapter, to start the area called the Knowledge Center there will be three researchers. In this activity, the search and hiring of the profile established by the human resources area begins. This activity can take 4 weeks. The sub-activities that occur are the following: (a) recruitment, (b) selection, and (c) incorporation.

In the recruitment process, the functions of the position and the required profile must be published through LinkedIn or other means of recruitment. Start interviewing candidates and assessing whether their skills are consistent with what is needed in the profiles. Then, in the Selection process, after interviewing different candidates, the ideal staff is selected. Finally, the incorporation is when the selected staff is hired and the start date of activities is established.

***Start research process.*** Start the research process, with the staff, tools, materials and environment provided. The process outlined in the previous chapter will be followed. This activity is in charge of the new staff and the duration will depend on the type of research and the topic being worked on.

***Conduct a marketing campaign.*** Above all, the company has to manage an advertising campaign. Appointments with companies that might be interested in the project, as well as universities, should be scheduled. This in order to get customers for our new product. Then, an online campaign must be launched, which is attractive to potential users.

***Publish first investigations.*** With the help of the platform created to share the research carried out, they will be published so that they are available to interested parties. This activity should take 1 week and is in charge of the systems area or personnel.

### 7.2. Implementation Gantt Chart

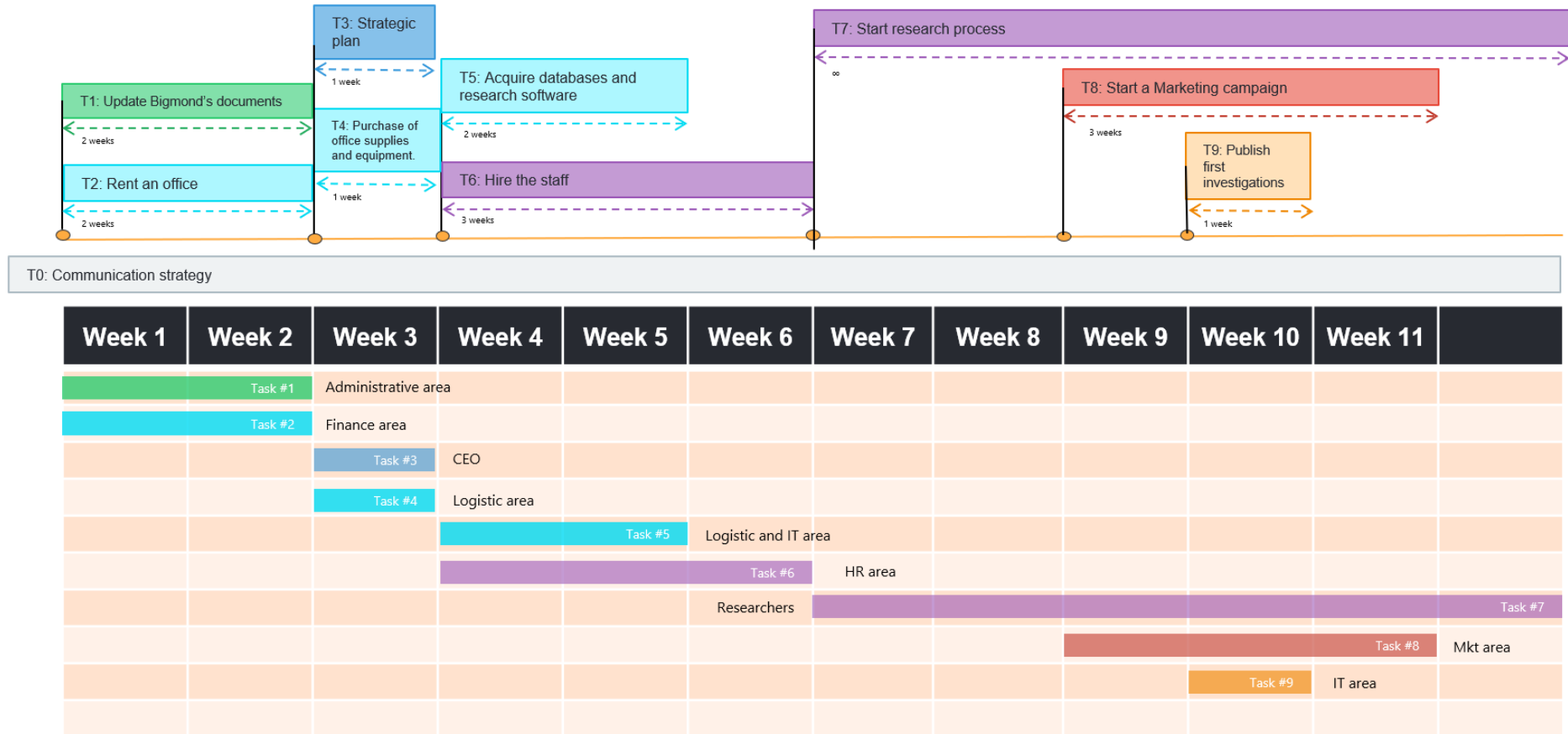


Figure 8. Implementation Gantt chart.

### 7.3. Budget for Implementation

The implementation is based on the creation of a new area in the company dedicated to research. Since it will be dedicated to the generation of knowledge, the main resource is the people who will investigate and the sources from which they will obtain that information. In addition, it is necessary to have an adequate infrastructure for the development of activities. Because Bigmond is already an established company, you can count on its different areas, such as marketing, finance, logistics, etc. Therefore, these costs will not be considered in the budget presented below.

The investment budget that Bigmond would have to make in order to implement its knowledge center will be determined by the personnel to be hired, the furniture and equipment, and the offices that will be required. It has been obtained that the investment would be US\$10,570.00. This is an approximate amount, it cannot be given exactly as it will depend on the elections and negotiations at the time of acquiring the service or the product. The detailed budget is presented in Table 12.

Table 12

#### *Budget for Implementation*

Category	Units	Product	Estimated cost	Total cost per product
Property	1	Office area (monthly)	\$1,000.00	\$1,000.00
	1	Rental guarantee	\$1,000.00	\$1,000.00
Furniture	3	Desks	\$100.00	\$300.00
	6	Chairs	\$25.00	\$150.00
	1	Shelf	\$150.00	\$150.00
Equipment	3	Computers	\$800.00	\$2,400.00
	1	Printer	\$550.00	\$550.00
	3	Cell phones	\$80.00	\$240.00
	1	Coffee maker	\$30.00	\$30.00
Staff	3	Researchers (monthly)	\$1,200.00	\$3,600.00
Repository				\$1,000.00
Desktop tools				\$50.00
Other				\$100.00
Total Cost				\$10,570.00



### Budget for Implementation

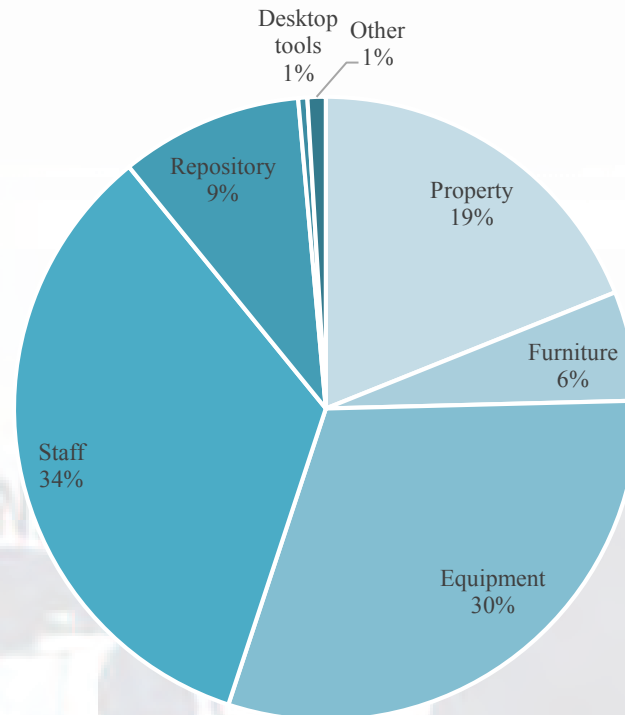


Figure 9. Budget for Implementation.

#### 7.4. Key Success Factors

The key success factors ensure that a project is successful in its implementation. Therefore, those factors that allow this project to obtain the expected result are described; and, on the other hand, the risks that could affect this implementation are described.

##### 7.4.1. Enablers

*Knowledge Center aimed at supporting industries and businesses.* Thanks to the fact that the Knowledge Center is oriented to investigate important issues in different industries and businesses, it makes it attractive and that there are entities interested in the product that this area of Bigmond will offer. This is also due to the lack of studies in certain industries, making the demand for research in their sectors high, allowing the Bigmond Knowledge Center to take advantage of this opportunity.

*Multiple channels for knowledge transfer.* Today, what will allow Bigmond to offer these investigations worldwide is the ease of transferring information via the internet. This will be given thanks to the platform that will be developed for the publication of research.

*Company already in the market.* Bigmond is already a brand with a recognition earned for the service it provides, which gives some credibility and acceptance to this new Knowledge Center.

*People's commitment to change.* It is important that people are committed to the implementation of the proposed solution and the changes it may generate in their ordinary activities. Also, this commitment is important for the implementation to be satisfactory in monetary, personnel, and objective terms.

#### **7.4.2. Risks**

*Poor project management leading to improper Knowledge Center implementation.* If the project does not have appropriate leadership, there could be deficiencies in the different activities. For example, poor communication could mean that staff do not feel committed to the development of the new project, on the other hand, inefficiently developing the strategic plan could lead to future errors given that the area's personnel do not know what their objectives will be. This could also extend to the production of the research itself, making it not aligned with the proposed lines of research or not of the quality required.

*Availability of economic resources.* Another risk may occur if the company starts and projects but does not have the necessary financial resources for full implementation. This could cause implementation delays, as well as, lack of some important tangibles and intangibles.

## Chapter VIII: Expected Outcomes

### 8.1. For Bigmond

In general terms, what is expected of the implementation of the Knowledge Center is primarily to grow in sales through the improvement of the company's corporate image. It is expected to increase sales as it will increase the number of spontaneous clients who wish to acquire the services that Bigmond offers. Bigmond will be known as a reliable company because it does relevant research for the development of its main activities and we can all share its sources.

Likewise, thanks to this Knowledge Center, Bigmond is expected to be recognized for his continuous search to add value to society, this time through the dissemination of knowledge, thus improving the reputation he has in the market and over time he can increase your sales margins. One of the fundamental pillars of the implementation of this center is to give everyone equal access to find relevant information about topics of great interest such as sustainability, business, and human resources.

The number of visits on the Bigmond website is also expected to increase. When you read an investigation made by the Knowledge Center of the company, it is expected that the reader has the curiosity to enter to know what is the company that develops these studies. In this way, the number of visits will increase, as well as the number of people who know the company and what it does.

Another expected output is for the company to start winning customers for the company itself, which means it stops relying on the CEO's relationships. If the company does not depend so much on the CEO for the realization of sales, he can devote himself to more strategic issues and develop new ideas for the company. Likewise, the company will have independence from sellers since it has a quality brand image recognized by customers.

## 8.2. For Bigmond's Knowledge Center

The Bigmond Knowledge Center is expected to become known for its intellectual production and not just for being an area of the company. The Knowledge Center has to develop a brand image independent of the core business of the company. This makes it attractive to companies that are competition, because it is not dedicated to the same public, but is focused on the sector that seeks information.

The Knowledge Center is expected to progressively increase the volume of research developed. Likewise, it is expected that the use of these will be diverse in the users, that is, that it is not only the basis for developing other investigations, but that they may be investigations that can be implemented in companies and businesses. Increasing in the same way the number of citations and references. Thus, the information developed by the Bigmond Knowledge Center will be used in other research even in specialized sites.

It is also expected that the community can obtain the benefits of having a platform where updated information is shared. In this way, contribute to the development of the Peruvian community, research in the country is encouraged and there are more people and companies interested in developing this activity. Research is an important factor that defines and can measure how a country is developing.

The Knowledge Center is expected to generate incomes for the company. This is based on the memberships of users who wish to download the publications. Also, from the payments made by some companies for the development of specific investigations. Finally, because knowledge sharing can be seen as a contribution to society, some entities may see the Bigmond Knowledge Center attractive to make some donations and thus contribute to this cause.

## **Chapter IX: Conclusions and Recommendations**

### **9.1. Conclusions**

Bigmond is a growing company that is in a growing industry, which despite having some companies already well positioned, there is a large number of incoming companies. Therefore, Bigmond's interest in developing the differentiation of the services he offers. The profit margin they currently receive is acceptable, but they should know how to stay in the market and grow as it grows. Bigmond thanks to its flexibility is a company that can adapt to rapid changes.

Bigmond is still a company that depends on the sales management that its CEO applies, as well as its contacts network. Due to this dependence, the company has not been able to develop completely. A Knowledge Center would make the company recognized for its intellectual capacity.

Currently, there are no advertising campaigns that generate a direct increase in sales. This is because the marketing strategies are not well defined. Therefore, there is no substantial increase in the number of people who know the brand. Likewise, they face a low visit to their website, so they must work on managing it.

Finally, the Knowledge Centers represent a sector that is just being known in Peru. Bigmond is presenting a disruptive model of Research and Development, which gives them an advantage over their competitors. On the other hand, the Knowledge Center is born under the advantage of having a company already established in the market and with a brand that seeks to increase its recognition.

### **9.2. Recommendations**

As a result of this research, the implementation of the Knowledge Center is recommended. This project will help the company to achieve the objectives it has to increase its sales and have a greater reputation in the market. Likewise, this Project will help the

company to have information first hand and before other companies, which will make Bigmond provide better services and increase customer satisfaction.

It is also recommended that Bigmond rent a wider environment than he has now. This is to have all areas of the company in one place and not incur logistic expenses if something is needed. This is also advantageous for daily operations and supervision, since everything is in the same place.

Make monthly evaluations of the performance of the Knowledge Center. It is important that evaluations be made in order to see that the objectives of its creation are met and if there are any opportunities for improvement. Likewise, they should evaluate whether the topics developed are of interest to users or should expand and investigate new topics. It is also important to measure the satisfaction of the clients / users of the Knowledge Center.

Reducing dependence on the CEO and his network of contacts, the search for new vendors is recommended. These have to have experience in the market and preferably a client portfolio that can be added to the current clients of Bigmond. With this, the CEO's work as a seller would be reduced, allowing him to be free to manage himself.

It is also recommended to develop the other solution alternatives. First, develop a better marketing and advertising campaign for the services that Bigmond currently offers. It is also important to work online advertising, and this due to the increased use of technology. On the other hand, it is recommended that you continue researching on how to develop and offer new services to your current market. The need to differentiate is important in this industry, and they cannot fail to update their services and vary them, so that they can be at the forefront and make customers feel the same way.

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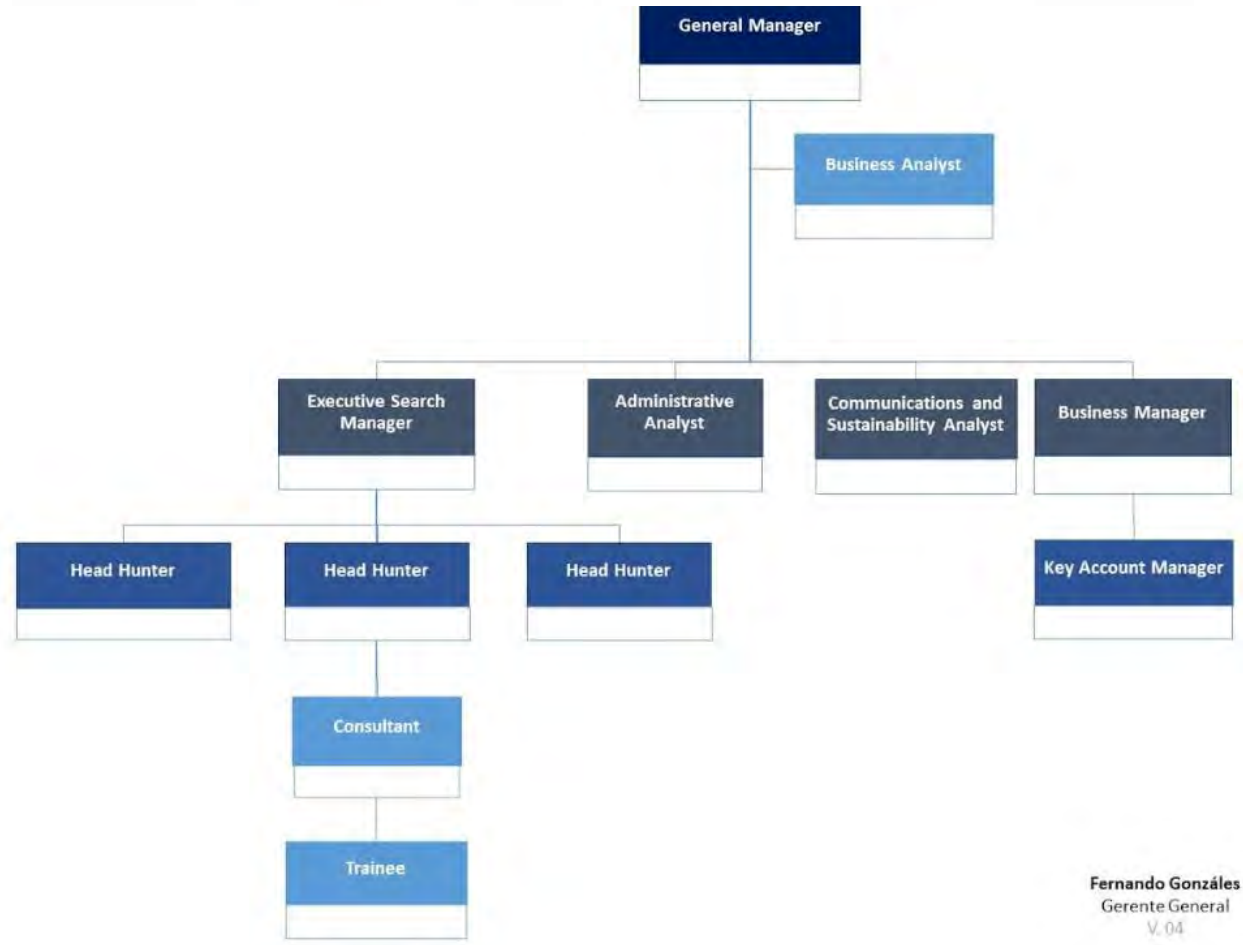
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## Appendices

### Appendix A: Organizational chart



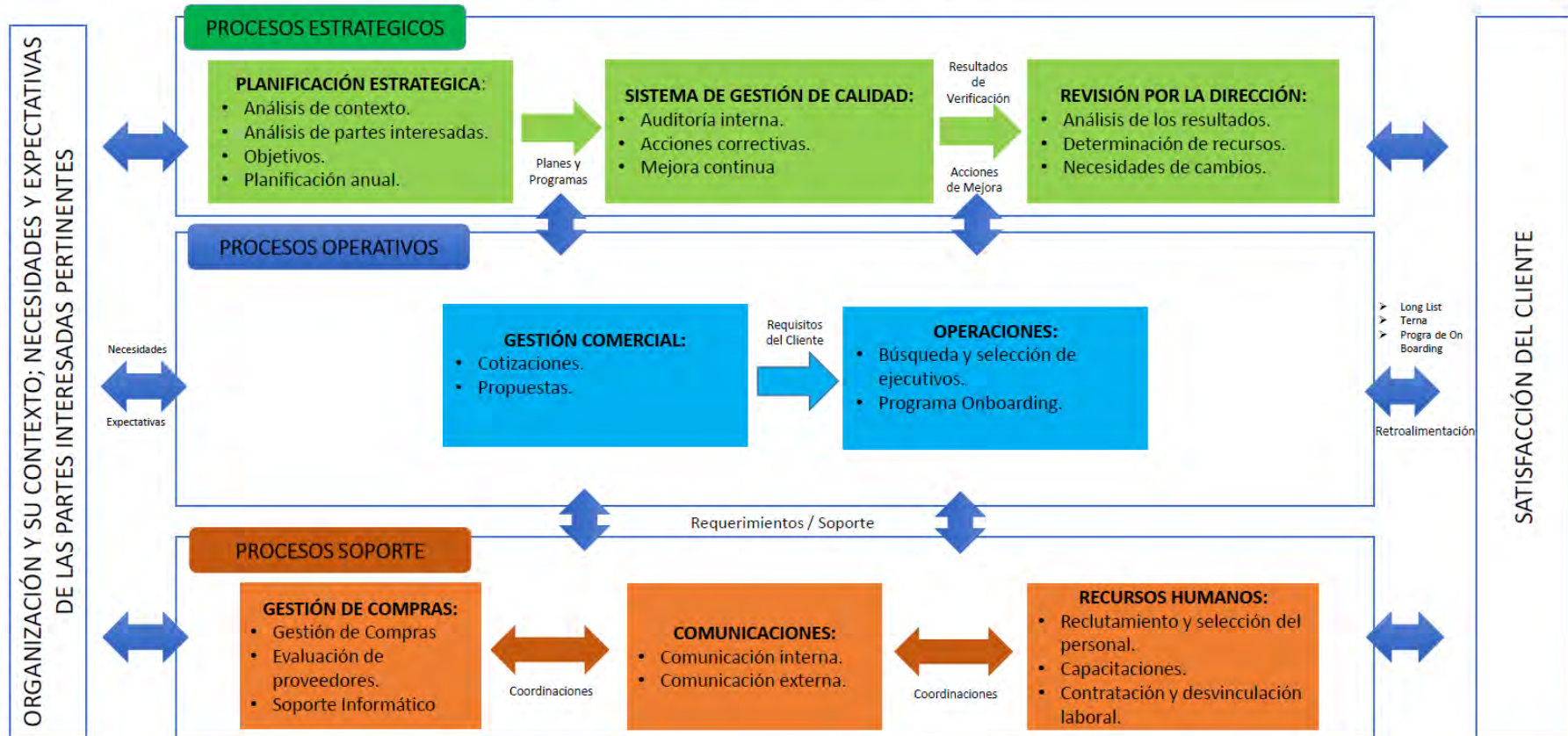
Fernando Gonzáles  
Gerente General  
V.04

Figure A1. Bigmond organizational chart.  
Retrieved from *Organigrama*, by Bigmond, 2019, Lima, Perú: Author.

Appendix B: Bigmond Process Map



MAPA DE PROCESOS



V. 02

Figure B1. Bigmond process map. Retrieved from *Mapa de Procesos*, by Bigmond, 2019, Lima, Perú: Author.