

The Research of the Financial Strategy of SY Education Consulting Group

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Abstract

The consulting industry in our country began in the late 1970s. After 30 years of development, it has been already a matured industry. Then the international education consulting group start to emerge. With the development of our society and increasing national income, the demand for it also increases. However, due to various reasons, most international consulting groups still have some difficult problems remaining to be solved. SY Consulting Group is one of them. Since its establishment in the year 1992, it has met its bottleneck period for development. Analyzing its current industry environment and working out a development strategy benefiting its development has become an important matter.

This paper can be divided into five parts, which relies on theoretical knowledge and tools about strategic management and combines document research method and empirical study. Also it was written after the author summarized and analyzed international and domestic development strategy papers, and studied SY Group's current development. The author uses Michael Porter's Five Forces Model and SWOT Analysis to analyze the company's competition environment and its advantages and disadvantages to analyze its current business and finally raised a strategic target, comprehensive strategy and competition strategy for its development. The author also provided specific strategies including the structure, marketing and human resources for the company.

Keywords: SY Consulting Group, Financial Strategy, Five Forces Model, SWOT Analysis

1. Introduction

Since 1980s, our country has passed various policies to encourage overseas study. The threshold for overseas study becomes lower and lower. Besides, the uneven allocation of excellent education resources also contributes to the increasing number of overseas students. Most of them choose to study abroad with the financial support from their family. Due to their lack of information regarding to the foreign education, how to be admitted by their dream school has become the students and their parents' biggest headache. Thus, the international education consulting industry emerges to meet the demand.

2. Literature Review

2.1 Researches on Financial Strategies

2.1.1 Foreign Researches on Financial Strategies

"Financial strategy" is not given a clear definition by foreign scholars. It is often seen as financial issues in the strategic management. For instance, Fred. R. Schultz (1997) developed the idea in the article entitled "An Introduction to Strategic Financial Management" "that during the process of implementation of the strategy in the enterprise, there are four aspects of the financial role: to raise the necessary funds, make capital budget, prepare the preparation of financial statements and assess the business value. In the book entitled "Financial Strategy of Corporation", Bender and Keith. Ward (2003) pointed out that the implementation of financial strategies should be based on the overall competitive business strategy. Its objective is to get to sustainable competitiveness and increase shareholder value. It should adopt the best way to raise, manage and use effectively the capital within the organization.

2.1.2 Domestic Researches on Financial Strategies

In China, scholars have not formed a consistent definition of the financial strategy. For example, Dan You-rong,

Huang Qi-chang (2006) pointed out that financial strategy is considered a comprehensive, long-term and creative planning of operating cash flow and capital, which aim is to seek a balanced cash flow and ultimately maximize the value of the enterprise. Cheng Ming-hui (2003) insisted that financial strategy is the guidelines and principles which play a significant impact on the overall long-term development of the financial activities of Enterprises. In the book entitled "Financial Strategic Planning", Liao Neng-cheng, Zhang You-tang, Tan Yong-qiang, Yuan Zhi-gang (2006) pointed out that financial strategy is defined as a strategic arrangement and implementation process on the financial activities and financial relationships, which have a significant impact on long-term development of Enterprises.

Through above analysis, this paper argues that there are rare researches of financial strategy of private management consulting enterprise. So this paper selects financial strategy of education consulting enterprises as study object.

3. Competition Environment Analysis (Five Forth Model)

3.1 Suppliers

For international education consulting Group, the main suppliers are training materials suppliers, various examination institutions which provide authentication services and admissions department of overseas school. Foreign exams training materials. SY company mainly use officially designated materials, such as TOEFL Official Guide for teaching TOEFL classes and SAT Official Guide and previous authentic SAT test are used as textbooks for learning SAT. Examination institutions of certification service. In order to apply for American schools, students need to take some tests such as TOFEL, SAT, GMAT or GRE, all of which were designed and developed by the education testing service (ETS). Students who apply for the UK or commonwealth countries will take part in the IELTS test organized by the University of Cambridge Examination Committee (UCLES), the British Council and the Australian Education Agency for international development (usaid). These suppliers are basically controlled in the hands of foreign examination agencies. To sum up, the goods or services supplied by SY Company basically is indispensable and irreplaceable, with high degree of specialty degree is, so the bargaining power of suppliers is strong.

3.2 Buyers

There are only a few service agencies in the domestic market when overseas study market just started. The consulting fees are high. At that time, the buyers almost have no bargaining ability. However, as more and more international education consulting firm emerges, the market competition is fiercer, then the buyers will gradually enhance their capability of counter-offer. This part of the customers' has certain extent of bargaining power, they can get a discount, however, it doesn't mean they can control the firm's overall pricing. So, generally speaking, in the international education consulting market, the buyer bargaining power is not high.

3.3 Substitute

The alternatives of international education consultancy may occur in the following ways:

First, it can be replaced by consumers themselves. Consumers themselves did all the application themselves instead of looking for overseas study consulting services. This often appear in students and parents with higher level of education.

Second, it can be replaced by overseas education consultants. With the increasing demand for overseas study in China's domestic market, some overseas education consultants also joined the competition in domestic market, who seek to expand their business in China. Although these network platform has weakened some part of the international education consulting industry market share, but they cannot be considered as a real threat.

3.4 Potential Entrants

From the point of international education consulting industry access conditions, the entry barriers are higher. Although the government's approval of consulting industry standard is not high, enterprises don't need very high qualification to meet the standard. Especially the consulting group requires consultants to be quite familiar with foreign universities. In addition, international education consultants typically were set up in areas where the economic relatively developed, so they must have certain economic strength and are ready to invest plenty amount of money. Therefore, the potential entrants threat is not big, since there are high barriers to entry.

3.5 Existing Competitors

Currently there is fierce competition in international education consulting market. There are many companies which overlap SY company's business. The overlapping degree is quite high. There are also some agencies which focus on overseas consulting service, such as some international exchange centers which were first attached to some universities. In fact, the agency problem is also the common problem of the scale is not big enough, if we want to

solve the pressure by doing this - the problem is to shrink the business lines, do the best in the business. The second problem is not their own training force Department of fighting. In general, the degree of competition among existing competitors is very fierce. SY the company's strength and market competitiveness is of average level in the market.

4. SWOT Analysis of Development of SY Consulting Group

4.1 Strengths Analysis

Local culture advantage: the enterprises can find suitable management concepts and tools for Chinese enterprises based on their own national conditions, and are able to achieve good communication with them.

Business flexibility advantage: due to smaller scales and simpler forms of organization, private consulting enterprises can timely adjust their business content in accordance with market needs.

Price advantage: compared with foreign well-known consulting agencies, local private consulting enterprises charge lower. For private consulting enterprises, this price advantage is the primary means of winning customers.

The high quality of service: since SY Company's expansion of its business scope, it tries to build up a real one-stop service. From test training to application to universities, SY Company provides comprehensive guidance. Students' parents don't have to run around. The most professional one-stop planning effectively avoid the single training institutions disadvantages. They don't understand target and often choose the wrong courses which made the students to miss the application.

4.2 Weaknesses Analysis

Shortage of talent: at present, due to incomplete examination and follow-up training systems of China Consulting practitioners, the lack of good management consultant is a common phenomenon. This situation will directly affect the effectiveness of project implementation of private consulting enterprises.

Lack of core Competence: lack of clear positioning of the core business is general condition in private management consulting enterprises which hinders them undertaking the large international or multiple industries projects. Therefore, it is very difficult to establish international famous brands for them.

High turnover of talents: like SY company, a talent intensive enterprise, high-quality staff is the key to successful enterprise. Because the company human resources development planning of defects and other enterprise competition, and leads to the loss of key talent. Turnover rate is high, it is to study the commonness of the industry, also is the embodiment of the unregulated industry. SY the company's core competitiveness is its strong teachers' strength. Other agencies also noticed this, so for all kinds of favorable conditions will be offered to attract the talents.

4.3 Opportunities Analysis

Now, one of strategic adjustments of government is to develop the third industry. As an emerging industry, management consulting industry will benefit from that. At the same time, the phenomenon of economic globalization, state-owned enterpriser form, private enterprises transition has brought opportunities to enterprises, while also make an increasingly competitive between them. To survive and develop, enterprises need the help brought by consulting enterprises to help make scientific decisions. In order to ensure the quality of our government, we must first standardize the channels of studying abroad, strengthen supervision. Therefore, rely on the education of the Ministry of education and foreign regulatory information network announced the list of millions of foreign higher schools and the list from 2003 is constantly updated. List of foreign colleges and universities work published, in guiding the rational citizens abroad, promote international education cooperation and exchanges, is playing more and more important role.

4.4 Threats Analysis

Lower market entry barriers: compared with the industrial manufacturing enterprises, the establish standards for Consulting firm are not strict. In capital investment, organizational forms, personnel requirements, etc., entry barriers are very low. To some extent, this situation limits the further development of these enterprises.

Lack of regulatory bodies: so far, China has not yet set up a unified management institution for this industry. In this case, the industry is difficult to uniform assessment standards. Trade disputes are inevitable. So the lack of supporting environment industry greatly restricted the education consulting industry.

International education consulting industry are greatly influenced by economic and policy. In 2015, the Chinese economy overall downward, also received a certain influence in the international education consulting. The economic situation at home and abroad and policy affects our industry. On the one hand, the current national policy support and the reducing of the threshold of study abroad, largely promoted the development of the industry, on the

other hand, national policies to support study abroad service agencies also reduce the industry barriers to entry, which attracted a lot of new competitors to enter.

5. Strategic Selections

5.1 Comprehensive Strategy

The company's overall strategy is to implement integrated strategies and diversification strategy, which includes the integration strategy of vertical integration and horizontal integration strategy. Enterprises adopt vertical integration strategy are in favor of saving the cost of buying the upstream and downstream businesses or transactions carried out in the market, and controlling scarce resources to ensure the quality of key inputs, or to acquire new customers.

Horizontal integration strategy is the corporate acquisitions, mergers or joint competitive business strategy. The main purpose of enterprises that adopt horizontal integration strategy is to reduce the pressure of competition, economies of scale and enhance their strength in order to gain competitive advantage.

5.2 Star Business Development Strategy

Such long-term business brings growth and profitability. Business sales rose steadily, the market penetration rate and high growth rate, there are obviously a strong brand identity, stable customer base, and the relative market share and market growth rates are high, which is SY the company's core business. Star business, being a high-growth market leader, owns a strong competitive advantage and expand opportunity, but blocking competitors in order to attack and keep business in the market growth, companies need to invest a lot of cash to sustain its development, thus this type of business may not be able to bring a lot of cash income for the enterprise. International high school curriculum not only allows students to advance contact with foreign education, but also improve school's admissions rate.

5.3 Cash Cow Business Development Strategy

The business included in the product as the product life cycle theory of mature products, cash cow business is a mature market leader and an important source of cash income business. The advantages of low-cost and high-margin business that enjoys economies of scale generated by its star, the problems and the three dogs class requires a lot of cash to pay for business often need support accounts or other funds on the cash cow business income. SY company's consulting business is the company's cash cow business. In order to improve the attractiveness of a product in a strong position, the company can take up product diversification and integration strategy, and turn weak to consider using shrink or peel strategy.

For the SY Company, consulting business is the company's highest profit, return on capital shortest business, will become the company's capital returns to support the strong backing of other products, providing a lot of capital for the company. SY Company's consulting business integration strategy can be taken from the beginning of student counseling, follow-up instrument to write online applications for data collection, mailing and other implementation of integrated services. In addition to keeping the product in the market share, it should also increase efforts to open up other distinctive class of business consulting, such as adding character and psychological assessment consultation, professional students, school choice in the future, and even career choices play a reference role.

5.4 Problem Business Development Strategy

Problem business is the product in the introduction stage of product life cycle. Product sales growth rate is high and its relative market share is not high, high debt ratio and profitability is not high. That is the starting point of most business growth. The market prospect is good with good development opportunities. There are good opportunities for development. It is likely to be the star of the business. The company had high hopes for its development. SY company can take alternative investment strategy, to operate a single merger or give up the liquidation or horizontal integration. Introduction of the operating risk is very high, and there is a very big uncertainty. Company should according to the operating risk and financial risk reverse collocation principle, choose the steady concentration of low risk of financial strategy, to prevent the introduction of the product life cycle management risk.

5.5 Skinny dog's business development strategy

Skinny dog business is in the recession cycle product life. It is of low market share and market growth rate. That is to say, the thin dog business is unable to produce large amounts of cash and return on investment is extremely low. Market growth and market share - double low products, it has no power and no prospects for development. Product profit margin is low. As for the business products become thin dog the first time, it is the most ideal choice for the quantitative contraction strategy. SY company's series of value-added services belong to the thin dog business, which includes helping students with registration examination, contact foreign residence such as accommodation, pick - up service, with the development of one-stop service, the business has no independent development space.

6. Conclusion

In recent years, domestic and foreign scholars paid wide attention on the sustainable development of Enterprises. Particularly in the post-financial crisis era, to be in a favorable competitive position in the competitive environment, the education consulting enterprises need to scientifically formulate and effectively implement corporate strategies, especially financial strategy. From the perspective of sustainable development, according to the particularity of education consulting enterprises, this paper proposes that the aim of financial strategy of these Enterprises is to maximize the sustainable development capacity.

On this basis, the paper points out that the priorities of financial strategic of these Enterprises should focus on improving the ability to resist risks, the core competitiveness and profitability. In general, the complete system of financial strategy includes six parts which are the strategic background, strategic thinking, strategic environment, strategic objectives, strategic focus and strategy implementation. Due to limited space, this paper does not cover everything. The discussion is focused on the objectives and priorities of financial strategic of Chinese private management consulting enterprises. Hope that the measures proposed in this paper have some value for private management consulting enterprise to develop and implement of financial strategies.

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