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Post-crisis Preservation of the Business Centers

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Abstract

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This work is an analysis and development of a risk prevention plan in the management of Business Centers. At the beginning of the work, a theory will be considered, which includes the basic concepts and an explanation of the analysis tools used during the research, an introduction to the basic concepts and use of risk management, the history of the emergence of the concept of "office" and "business center".

Further, the process of analyzing the work of the business center will be shown on the example of the Russian complex of Parnas Industrial Park LLC. An interview with the General Director - Sergei Sergeevich Petrov will be presented, on the basis of which further analysis will be built. The SWOT and PESTLE analyzes will be carried out. The Risk-Management Control Measures Checklist will be formed. The financial analysis will be based on the indicators of the enterprise cash flow table.

Then, the risk assessment will be shown, three methods of risk prevention are proposed. At the end of the work, the result of developing a risk prevention plan that can be used by all business centers is shown.

The main goal of the work is to develop a plan to prevent risks in the area of business centers operation.

The main tasks are: analysis of the work production of Parnas Industrial Park, development of a plan and confirmation or refutation of the hypotheses set.

The methods used in this work are as follows: theoretical (analysis, synthesis, induction, deduction), empirical (observation, comparison), mathematical (statistics, visualization) and hypotheses.

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1 Introduction

The purpose of this work is to develop a clear and understandable development plan, so that it could be used by other enterprises in the same industry. For a more detailed financial analysis, a cash flow table will be given and a subsequent analysis will be made.

The main objectives of this work are to analyze in more depth the problem of the crisis state of the center, to analyze the economic and social factors of influence, to use the theory and the results of the analysis for further development of a strategy to overcome the crisis situation.

All crises begin differently, for different reasons. However, the consequences are all the same. It all starts when people panic, i.e., they stop making economic transactions. As a result, the company's revenues fall, and, accordingly, the director begins to cut costs, reducing wages. In spite of this, the company's profits fall. This is the case everywhere. The economy slows down. Then comes the crisis. Recently, the whole world was plagued by the Corona virus pandemic, which caused many losses in different areas of work and service industries.

This work focuses on business centers, which suffer as much as small and medium-sized businesses. Since such businesses are mostly closely tied to the profits and existence of business centers, there is no denying the fact that the managers and directors of such businesses suffer even greater losses. On the example of Parnas Industrial Park, one can trace this connection.

At the moment, business centers have been suffering losses and tenant attrition for over a year. This is primarily due to the crisis in the country (Russia), the unstable economy, especially during a pandemic, as well as the need for an office for any company. This is due to the fact that during the pandemic, many companies have developed a strategy and plan to work from home, so many tenants did not need offices, as it is an unnecessary expense. Recently there has been a noticeable increase in the number of tenants who move out of business centers, having debts on rent for several months.

Thus, the business center loses profit, relevance and, to some extent, credibility. At the end of April 2021, in order not to suffer further losses, the director of Parnas Industrial Park asked for help in developing and possibly implementing a post-crisis plan. This work will be based on three hypotheses:

1. Economic and environmental factors play a strong role in the preconditions of the crisis;
2. Compared to Russian business centers, European and Western businesses can rehabilitate faster and more effectively;
3. Business centers can rehabilitate after the crisis within a year.

Based on the hypotheses will be more convenient to calculate and predict future development actions, avoid costs and normalize the operation of business centers in less than a year.

2 Theoretical Background

The crisis is cyclical, which implies that history has known and experienced similar situations before. From past experience, the pros and cons of certain strategies using risk management can be identified.

Office business centers are used as primary offices by startups and other small businesses and organizations. Large corporations have historically used these spaces for sales and field offices, but are increasingly using them to reduce their real estate holdings, reduce risk and create a greener work environment for their employees. Start-ups and home-based businesses use business center space and meeting rooms part-time or as part of a monthly package called a virtual office, which allows small businesses to look and feel like large corporations. (Warner K., 2009)

Office Business Centers are often used by entrepreneurs, professionals, small businesses and startups. Larger companies also use the facilities, often in multiple locations, to set up networks of sales and branch offices. They are used by government agencies, retired individuals and as temporary quarters by organizations of all sorts for projects. Common industries include Attorneys, CPA/Tax Prep, Real Estate, Financial Planning & Insurance, and Software Developers.

As mentioned earlier, the environment in business centers is influenced by social and economic factors. However, they are influenced by legal factors and technical factors. All of these factors can affect the atmosphere inside the business center to a greater or lesser degree. It all depends on the scale, capacity, capacity, and location of the centers.

To understand these topics and come to a general conclusion, it is all worth study everything in detail.

2.1 Theoretical framework, definitions

In order to understand the topic, it is worth considering and learning a few basic definitions and concepts with which you can later work. Since the process of conducting risk management is rather thorny, it is also worth familiarizing with its basis. It is worth understanding the essence of the risks and their features.

2.1.1 Theoretical Tools

Business center is a place where businesses can rent offices or rooms for meetings or events. (Cambridge Business English Dictionary, 2021). In other words, it is a modern office building or complex of buildings that has a certain infrastructure for doing business. Business centers have office premises that are leased. There is a classification by class of premises (from "C" to "A"). The higher the level of the business center, the higher the rent per sq. m. The gradation criteria also include the classification of commercial real estate, for example: parking (ground or underground), entrance lobbies, common areas, the location of the business center itself (distance from the city center, metro, nearby infrastructure).

Risks can come from various sources including uncertainty in international markets, threats from project failures (at any phase in design, development, production, or sustaining of life-cycles), legal liabilities, credit risk, accidents, natural causes and disasters, deliberate attack from an adversary, or events of uncertain or unpredictable root-cause. There are two types of events i.e., negative events can be classified as risks while positive events are classified as opportunities. Risk management standards have been developed by various institutions, including the Project Management Institute, the National Institute of Standards and Technology, actuarial societies, and ISO standards. (ISO/IEC Guide, 2009)

Risk management is the identification, evaluation, and prioritization of risks (defined in ISO 31000 as the effect of uncertainty on objectives) followed by coordinated and economical application of resources to minimize, monitor, and control the probability or impact of unfortunate events or to maximize the realization of opportunities. (Hubbard D., 2009).

Crisis is often linked to the concept of psychological stress and used to suggest a frightening or fraught experience. In general, crisis is the situation of a "complex system" (family, economy, society. Note that simple systems do not enter crises. We can speak about a crisis of moral values, an economic or political crisis, but not a motor crisis) when the system functions poorly (the system still functions, but does not break down), an immediate decision is necessary to stop the further disintegration of the system, but the causes of the dysfunction are not immediately identified (the causes are so many, or unknown, that it is impossible to take a rational, informed decision to reverse the situation). (Bundy J., 2017)

Crisis management is the process by which an organization deals with a disruptive and unexpected event that threatens to harm the organization or its stakeholders. The study of crisis management originated with large-scale industrial and environmental disasters in the 1980s. It is considered to be the most important process in public relations. (Bundy J., 2017)

2.1.2 Analysis Tools

SWOT analysis (or SWOT matrix) is a strategic planning technique used to help a person or organization identify strengths, weaknesses, opportunities, and threats related to business competition or project planning. (mindtools.com)

A PESTLE analysis is a framework to analyze the key factors (Political, Economic, Sociological, Technological, Legal and Environmental) influencing an organization from the outside. It offers people professionals insight into the external factors impacting their organization. The analysis is flexible, so organizations can use it in a range of different scenarios. People professionals and senior managers can use the results to guide strategic decision-making. (CIPD, 2020)

Financial analysis is a type of economic analysis associated with the study of the financial results and financial condition of an organization (Krylov S., 2016). With the help of such an analysis, it will be possible to determine the strengths and weaknesses of the enterprise, to make the optimal management decision, to predict individual and general financial indicators. This will contribute to the control of the efficiency of the movement of financial flows and verification of compliance with financial and material resources. The analysis will help to better prevent costs.

Horizontal analysis will help in research best because it is comparison of indicators of the current period with the value of the same indicator in previous periods.

2.2 Risk-Management basis

The process of identifying, assessing and controlling threats to capital and profit is called risk management. Legal obligations, financial uncertainties, accidents, natural disasters are just a small part of a long list of those threats or risks. The top priority for digital companies right now is IT security threats and data risks, and risk management strategies to mitigate them. Thus, the risk management plan often includes processes for identifying and controlling threats to their digital assets, such as private corporate data and intellectual property. There is no such business and organization that does not face the risk of unpleasant events that could cost the company capital or even close down. Risk management is what helps organizations somehow prepare for the unexpected, minimizing both risks and costs before they happen.

2.2.1 Importance of Risk-Management

An organization can preserve capital and secure its future by implementing a risk management plan and taking into account those same risks or events before they occur. All of this is possible because a good risk management plan allows an organization to establish the necessary procedures to help avoid potential threats, minimize their impact, and manage the results in the future. With the ability to understand and control risks, an organization can have confidence in its policies. The principles of corporate governance, of which risk management is a part, can help a company achieve its objectives. (Cole B., 2020). Other benefits of risk management:

- Creation of a secure and reliable environment for all employees and customers;
- Improving the stability of business operations and reducing legal liability;
- Protection from incidents that harm both the company and the environment;
- Protecting all people and assets involved from potential harm;
- Determining the organization's insurance needs;

- Risk management strategies and processes.

The steps and rules for drawing up risk management plans follow the same rules that make up the overall process:

Set context. The criteria used to assess the risks and analysis structures should be defined, and the circumstances under which the remainder of the process occurs should be understood.

Identification of risks. The organization identifies possible risks that adversely affect the company's project or process.

Risk analysis. After the above, the company determines the likelihood of risks and their consequences. A deeper understanding of each case of risk and its impact on the projects and goals of the organization is the main goal of risk analysis.

Risk assessment. The identified risk is additionally assessed along with the overall consequences. The company then decides whether the risk is acceptable and determines its willingness to accept it based on its appetite for risk.

Risk reduction. Companies consider their greatest risks and create a plan to reduce them using special means. Such plans include risk mitigation processes, strategies to prevent them, and action plans, if implemented.

Risk monitoring. The mitigation plan includes tracking both the risks and a generic plan to continuously monitor and track all risks. It is also recommended that the overall risk management processes be reviewed and updated.

Communicate and consult. Shareholders should share information and consult at every step of the risk management process. (Cole B., 2020)

Risk management strategies should try to answer the following questions:

- What can go wrong? Consider both individual work and workplace;
- How can this affect the company? Consider the possibility of the event and its impact;
- What can be done? What steps can be taken to avoid loss? And if it does, what can be done to recover?

- How and with what will the organization pay if the unexpected happens?

2.2.2 Difference between Crisis-Management and Risk-Management

Elements such as goals, principles, functions, criteria, organizational and legal, financial and economic and methodological tools are included in the anti-crisis management system. In general, anti-crisis management is aimed at symptomatology of economic losses, prevention of bankruptcy, management measures to eliminate problems and factors inhibiting the development of the enterprise. (Gregory L., 2015)

Crisis management is mainly based on a supportive and functional problem-solving methodology. The supporting part is divided into organizational, methodological, regulatory and legal support. The functional part, in turn, is a complex of economic and organizational methods. Crisis management determines the functions of managing crisis situations, provides a diagnostic method for solving the problems of enterprise finances, controls the process, identifies and prevents a crisis situation in a timely manner. Certainly, contributes to the financial health of the company and prevents insolvency.

Risk management, in turn, is a risk management tool, determining the probability of risk occurrence, identifying the degree and magnitude of risk, and analyzing external and internal factors. When using risk management, it is possible to choose management strategies, choose the necessary strategies and methods of risk mitigation, and it is possible to influence risk in the future.

Risk-management also includes a risk-communication subfunction, which is an essential component of risk management. Risk-communication is a two-way exchange of risks - relevant information, concerns, perceptions and preferences within the organization and between the organization and its external environment, which tie together the overall governance of the enterprise with the risk management function. (Shaw G., 2015)

2.3 Historical background of Business Centers

As the proverb says: "Whoever is in harmony with difficulty is not in dispute with rest." Throughout history, people have sought to make work more productive and the workplace more comfortable. But the idea of a comfortable office a couple of hundred years ago, like many other things, was completely different from what it is now.

"Office" as a concept appeared not so long ago. Its functions, for example, in modern times could be performed by shops, palaces and temples. A desk and a chair - and the room became a study. Along with the improvement of production and the increase in the number of "office" workers, there is a minimal office space almost everywhere possible. (Malkova A., 2017)

In 1726, the first building for office work in the modern sense was built in the British Empire - the Admiralty, also known as the Ripley Building. Three years later, construction began on a second building with the same functions - the four-storey East India House. Thousands of employees were involved in the paperwork of managing numerous colonies.

The events of the 19th century changed a lot in office construction, moving it to the next stage of development. The Great Chicago Fire of 1871 virtually destroyed the city, which consisted mostly of wooden buildings. A year earlier, steel beams appeared on the market, from which all-metal building frames were assembled. And the invention of Elijah Otis in 1854, the emergency brake for elevators, allowed the construction of buildings of any height, thereby allowing thousands of workers to work on a small plot of land. Thus, the Chicago School of Architecture was born. (Malkova A., 2017)

In 1870, the construction of the first office building with a passenger elevator, the Equitable Building, was completed. It had seven floors, and the demand for the upper floors was higher than for the lower ones. Silence and beautiful views were the main reason for this situation. The offices themselves in this building were predominantly large rooms 9 meters wide and about 4 meters high. Another example of a similar building is the Flatiron Building (1904), nicknamed "Flat Iron" for its triangular shape.

Then the storey race began. In 1899, a 30-storey building was built in New York, then a 47-storey one, and in 1913 the construction of a 60-storey building was completed.

The changes also affected the very furnishings of office buildings. Frederick Taylor, a renowned labor optimizer, recommended placing workers around the perimeter of large spaces while executives were in separate offices. This arrangement deprived employees of privacy and seclusion, and also seriously complicated communication. The cultural revolution of the 1960s also influenced office life. The "Bureau of the Landscape", which arose in Europe, the essence of which was the rejection of the cabinet hierarchy and the unification of management with subordinates in one room, reached the United States. In 1963, the Americans invented the Action Office system, which is its own area with a desktop and separated from the common space - open space, by partitions. Until now, offices around the world use such a system, albeit with some reservations. (Malkova A., 2017)

Office construction in Russia developed much more slowly. Until the 1920s and the penetration of the Chicago School, buildings above ten stories were only in the residential real estate segment, while offices were barracks-style buildings. Under the USSR, the so-called "office buildings" were planned with a corridor-office layout, that is, small rooms for several employees along the corridor. And only in the 1980s, due to the influence of the West, the very concept of an office appeared.

3 Activities and Production Analysis of the Parnas Industrial Park

After dealing with the theory, it is worth proceeding to the analysis. This chapter will look in detail at examples of crisis situations in other cities and business centers and on the environment of the Parnas Industrial Park business center will be introduced in chapter 3.2.

In order to research and dive deeper into the problem, an interview will be conducted with the director of the center, Petrov Sergei, from which the problems and successful solutions for risk management in a crisis situation can be identified. The interview will help to learn about the psychological, economic, and legal aspects and problems of doing business. These questions can be asked directly to the business center representative, avoiding the time spent searching for the same information on the Internet.

After the interview with director, SWOT & PESTLE analysis will be conducted. A SWOT analysis is a compilation of company's strengths, weaknesses, opportunities and threats. The primary objective of a SWOT analysis is to help organizations develop a full awareness of all the factors involved in making a business decision.

A PESTLE analysis is a strategic business tool that allows businesses to understand how various elements might impact their businesses now and in the future. Organizations use PESTLE analyses to discover, evaluate, organize, and track the macroeconomic factors underlying business outcomes. These factors might be Political, Economic, Social, Technological, Legal, or Environmental. PESTLE analyses are useful because they help inform strategic planning, budget allocation, and market research.

Further, a financial horizontal analysis of the profit and loss table of the company, which was provided by the director of Parnas Industrial Park, will be carried out. Then, a diagram of the profit dynamics will be built and conclusions will be drawn.

3.1 Examples of Crisis During a Pandemic

Many economists and businessmen are now actively sharing their experiences of doing business during a pandemic, regardless of success. Situations in Russia and the United States can show what to do and what to expect in near future after pandemic ends.

3.1.1 Business Centers in Yekaterinburg (Russia)

Lobbyists are everywhere, and Russia is no exception - the owners of large shopping centers and offices influenced the State Duma deputies, who significantly amended the bill introduced by the government, the essence of which is the possibility of unilateral termination of commercial real estate lease agreements. The reason for this was the difficult situation in this market. But the owners of the business center in Yekaterinburg find no reason to worry.

On May 22, 2020, the State Duma of the Russian Federation adopted a draft law on commercial real estate with very significant changes. The document, adopted in the first reading, initially allowed the tenant to terminate the lease unilaterally without charging any fees. The same should take place, if the contract provided for this, the return of the security deposit paid. It was assumed that such a right could only be exercised by those tenants whose monthly incomes since the introduction of high availability decreased by more than 50%. (Kober P., 2020)

The Russian guild of managers and developers said that the commercial real estate rental market is in fact in a crisis situation, in which landlords are not only put in a weaker position in relations with tenants, but also continue to bear the burden of all their obligations, which were before the pandemic.

Ultimately, further decision-making was delayed by more than a week. In total, in the accepted version, only the lessee, which is a small and medium-sized business entity and who operates in the affected sectors of the Russian economy, has the right to demand a reduction in rent for up to a year upon agreement with the lessor. If this cannot be achieved, then you can cancel the lease until October 1, 2020, while no losses will be charged from the tenant, but the security deposit paid is non-refundable.

Restaurants, travel agencies, various leisure establishments, fitness centers have suffered from the pandemic and will be able to terminate the lease unilaterally without a penalty. Companies

of the above industries are mainly located in the center of Yekaterinburg, while in the outskirts there are those who do without large flows of visitors: accountants, designers, IT specialists and others. (Kober P., 2020)

“Nothing critical about the collection of rent has happened, but the situation may be completely cleared up in June,” so Octagon was told in a couple of small office centers on the outskirts of Yekaterinburg. Mostly, there are individual entrepreneurs and small businesses renting premises. Due to the refusal of some owners of commercial real estate not to charge a fee for using the office during the period of forced downtime, some of these tenants were forced to move out, but temporarily. One way or another, they received vacations on rent, but there are not so many such businessmen, and they are not able to damage the financial situation of office centers.

Working at the margins of profitability and the inability to reduce rents due to the costs of utilities and maintenance of their buildings should be attributed to the minus of office workers on the outskirts. (Kober P., 2020)

Taking advantage of a convenient location at the intersection of human flows and being close to the main infrastructure in the central part of Yekaterinburg, business centers keep rental rates for one square meter 300–400 rubles higher than on the edge of the city. Because of this, they have the opportunity to more flexibly build relationships with tenants in order to retain old ones and attract new ones. However, as previously stated, the business leasing premises has proved to be ill-adapted to the current economic situation. (Kober P., 2020)

Large companies are currently optimizing the seating arrangements for office workers and abandoning auxiliary premises, thereby reducing rental space.

3.1.2 Business Centers in New-York (USA)

A wave of evictions and foreclosures of mortgage foreclosures is possible due to the closure of hotels and shop windows due to blockages and restrictions.

First, the pandemic hit the ground floors, destroying small shops and restaurants. The commercial real estate vacant because of this represents the coming crisis. According to Viktor Kalanog, head of commercial real estate analytics at Moody's Analytics REIS, problems may arise no earlier than in 6-9 months. (Kailath R., 2020)

Tenants are taking the big step by canceling their leases to cut costs if the downturn takes a long time to justify, Kalanog says, since they tend to have longer leases, on average 10 years. "We usually expect this to happen in about six months or so," says Kalanog. "What complicates things right now is that many companies are realizing they can work remotely.

Moody's forecasts that new commercial property rents are expected to decline 21% this year in New York. For comparison, this is higher than the 19% drop at the most difficult moment of the 2008–2010 crisis. (Kailath R., 2020)

Other real estate analysts, investors, and the urban planner agree with Kalanog, who, like them, expects commercial real estate demand to return to pre-pandemic levels in a few years. The problem is that until then, office landlords will continue to pay bills and mortgages - along with property taxes on which both cities and states depend.

A prolonged recession creates a vicious circle in which rents fall when company size shrinks or office space shrinks. "This is exactly what we're trying to prevent," says Jeff Blau, CEO of Related Companies, one of the world's largest commercial landlords.

All owned offices are rented out, with all tenants paying rent. Jeff Blau argues that he is not worried about the city life created by commercial real estate, but about his ownership of this real estate. "Everyone thinks that they will just come back here in July 2021 or another date and find the city as it was. And it just isn't true." (Kailath R., 2020)

3.2 Background of Parnas Industrial Park

Parnas Industrial Park is a modern state-of-the-art office building with located in a vibrant "Parnas" industrial area in the Northwestern part of Saint-Petersburg. The office building, which owned by two leading Finnish construction market suppliers: Peikko Group OY and MEKA OY also incorporates two production facilities. Parnas Industrial Park is a truly Scandinavian venue which is a true symbiosis of Scandinavian practicality and affordability for our tenants who represent a diverse mix of industry sectors: from industrial production and logistics to IT and finance. (parnasindustrialpark.com)

The five-story building was built in 1992. After the renovation, tenants are offered comfortable rooms with air-conditioning, ventilation and central heating systems. The building is guarded round the clock, the premises are equipped with a fire alarm system. There are waiting and security areas in the entrance area and a pass entry system.

There are 76 offices on five floors of the building with corridor-cabinet layout from 9 to 182 square meters. Individual offices and blocks of different sizes are available for rent. The height of ceilings on the typical floor is 3.5 m.

The office center has a cafe. There is an opportunity to rent storage space. Nearby there is a canteen, a grocery store and a gas station.

Basic rental rates include utilities. In addition, electricity and cleaning services are paid. At the conclusion of the contract security deposit of a monthly rental rate is paid. It is possible to provide a legal address and lease vacations.

3.3 Interview with the Director of Parnas Industrial Park

For the research, the director of Parnas Industrial Park was interviewed. These questions were asked in order to obtain information about the work of the business center with risks. The obtained results will help to further analyze the work of Parnas Industrial Park and clearly define a further action plan to eliminate various types of costs.

The list of questions is as follows:

1. Did the business center suffer losses before the pandemic? Why?
2. What factors, in your opinion, lead to budget losses the most?
3. What risks are most likely to cause problems?
4. What external factors (other than the pandemic) could have contributed to the loss?
5. Have you applied risk management strategies to normalize the situation?
6. Do you have financial assistance from your partners?
7. Do you consider it possible to find a client (tenant) in this situation?
8. How long do you think it will take to normalize income? Why?
9. Have you made financial projections?
10. What would you personally change in the business center to get out of the crisis now and prevent the same in the future?

Based on the results of this interview, several factors can be identified that either impeded the work during the crisis, or improved the work of the enterprise. The full interview can be found in Appendix 1.

Emerging Risks

To begin with, it is worth clarifying that in addition to the rental business, the business center conducts investment activities. Because of it, there are financial losses, but the business center cannot do without investments.

One of the most important risks, the director singles out the violation of the rent. This is due to the fact that tenants do not pay the required amount of money for their offices, or pay at the wrong time. This leads to big losses.

Speaking of environmental risks, the director emphasizes the risk of loss of electricity and problems with cables. First of all, such a problem causes problems in the closest production, and negatively affects the operation of the entire complex. The director mentions the loss of most of the parking lot near the business center due to construction and repair work, which is necessary for staff and tenants.

The economic risks include non-payment of rent and an increase in taxes due to the crisis situation in Russia. Both taxes and electricity tariffs are increasing, resulting in losses. Some investments in recent years have not brought a proper and positive result.

Benefits During Crisis

According to the director, the situation with the search and attraction of new tenants and clients remained the same as before the pandemic.

However, the director says that the financial recovery after the pandemic will take at least 10 years. Usually, the restoration takes 5 years, but since the center conducts investment activities, the process increases. This is tied to the ROI concept. Return on investments or ROI is a measure of return on investment. It is also used to compare the benefits of an investments.

The accountants of the center make financial calculations with financial analysis for the coming quarters of the financial year, which helps to prevent some risks.

The management of the business center plans to expand its territory by acquiring an additional building for circulation.

Losses During the Crisis

As mentioned earlier, the business center has lost part of the parking lot due to construction nearby.

Financial losses in the investment area, the lack of sustainability of some tenants or their final departure also exacerbated the situation. The loss of electricity has led to unnecessary repair costs.

Application of Risk Management

As for the applied risk management tools, there have been no major changes in the business center at the moment. However, Parnas Industrial Park now has "pandemic insurance". This is a document that allows small and medium-sized businesses to insure themselves against the risks of unknown infections and diseases. The document provides insurance payments during such a pandemic as it is now. In the future, such insurance may become useless, due to the fact that the next pandemic will definitely not come soon, and insurance is done for a certain period.

Not so long ago, after problems with electricity, the center purchased its own cable, which will prevent further power outages. Based on the information received, several conclusions can be drawn:

- Firstly, the business center is now not actively coping with the elimination of risks, but is investing in long-term contracts that will help to pay off debts faster and raise profits.
- Secondly, environmental problems have been resolved and are being resolved efficiently and at no extra cost, which will also contribute to an early recovery of the business.
- Finally, Parnas Industrial Park is not in a bad financial situation, which allows it to conduct investment activities and invest in new buildings to expand the territory of the complex.

Based on this knowledge, it is possible to conduct SWOT and PESTLE analyzes of the complex, identify the pros and cons, and draw up a Risk-Management Control Measures Checklist.

3.4 Analysis of Parnas Industrial Park's Work

This section will discuss the pros and cons of operating a business center in general and during a pandemic. Risks that can have a detrimental effect on the life of the business center will be identified. Moreover, SWOT and PESTLE analyzes will be conducted to determine the strengths and weaknesses of doing business.

3.4.1 SWOT Analysis

<p>S</p> <ul style="list-style-type: none"> • Large building with lots of offices; • Close proximity to production; • Transportation accessibility; • Strong and skillful management team; • Finnish founders; • High quality service; • Flexibility in tenant demands; • Foreign partners; • Legal work 	<p>W</p> <ul style="list-style-type: none"> • The unfinished wings of the building; • The square footage of some offices is too small; • Location too far from the city
<p>O</p> <ul style="list-style-type: none"> • Expanding the work area; • Attracting new tenants; • Cooperation with other European companies; • Carry out expensive repair works of the facade (in Russia it is a big problem) 	<p>T</p> <ul style="list-style-type: none"> • Crisis during a pandemic; • Loss of tenants; • Economic and political problems in Russia; • Unfair or illegal operation of tenants; • Work or law enforcement problems with the European side

Table 1. SWOT analysis of Parnas Industrial Park

Judging by the results of the analysis, the business center has many advantages, many of which are not common to other St. Petersburg's business centers, but of course has a few problems, mainly related to the pandemic at the moment. Opportunities for development of the business center are great enough, despite the problems.

3.4.2 PESTLE Analysis

Political

From the political side, now the dominant problem for the complex may be the corruption. For a business center under the auspices of the Finnish leadership, the likelihood of an illegal transaction is extremely small, but tenants can afford such a fraud.

However, strong geopolitical problems cannot be ruled out. At the moment, many sanctions and bans have been introduced against Russia, which negatively affect both the work of foreign companies (including tenants of the business center) and their opinion and confidence in the transparency of the center.

Tightening laws, adding new laws, updating old laws on doing business also negatively affect the work of Parnas Industrial Park. It is also difficult for foreign founders and tenants to adapt to such rapid changes.

Economic

With regard to economic risks and barriers, several factors can be identified: firstly, these are losses during a crisis and a pandemic. This can entail both the loss of clients (tenants) and the loss of part of the building for non-payment or insufficient amount of funds.

Secondly, an illiterate budget allocation can also greatly aggravate the financial situation of a business center. For example, if investment in a facade renovation have been done, there will be more costs than buying or repairing new operating systems that are in greater circulation and are needed more often.

Social

The problem with partners and foreign tenants is quite acute. Even having Finnish people as founders, there are big risks of violation of various types of contracts and non-compliance with European standards.

Finnish are very picky about the implementation and compliance of their installations, rules and regulations, therefore, taking into account the situation in Russia, there is a possibility of break

loose and do the wrong thing. This can lead to the closure of the entire complex and a bad reputation among competitors and sister companies.

When it comes to foreign tenants, the situation is similar. The main problem is compliance with the rules and laws of European countries. If the business center itself was opened under the protection of foreigners, then the problems with the legality of production and work in offices will be much less when compared with other business centers. However, it cannot be denied that the country's political and economic problems strongly influence this aspect.

Nevertheless, problems in collaboration can cause cultural problems and divisions in business and manufacturing. This problem is easily resolved through negotiations, and close communication with tenants, but it is not always possible to find a compromise. As a result, center can lose a client and, again, earn not the best reputation, both in the eyes of other tenants and founders.

Technological

Parnas Industrial Park is equipped with modern engineering equipment: autonomous heating system; fire alarm system with a warning system for people in case of fire, supply and exhaust ventilation system, with the ability to regulate the air temperature. The business center is equipped with an elevator that can accommodate only 4 people only for now.

Since the business center is adjacent to the metallurgical production, the plant is equipped with modern equipment, which is supervised by both the business center and the neighboring offices of Finnish partners.

Parnas Industrial Park is also considering introducing AI into the work routine, which contributes to an increase in the efficiency and level of quality of the center's work with partners inside and outside.

Legal

All transactions and agreements are concluded in accordance with the Civil Code of the Russian Federation. They are also regulated by it. The company has lawyers who carry out these procedures. It is possible to make minor changes to the contract at the request of the client. A standard financial contract is drawn up exclusively in accordance with the Civil Code and cannot be changed in accordance with the standards of other countries. The business center is very careful with this, but at the same time is transparent for clients, which is a great advantage.

Two years ago, Danske Bank left Russia for illegal activities with Parnas Industrial Park assets. Literally within a month after the incident, the task was to quickly find a new bank that would meet the needs of foreign founders and be reliable. The problem was solved quickly, but it caused a lot of troubles and worries both to the director and the founders of Peikko and MEKA.

Environmental

As far as environmental risks are concerned, the business is not much of a risk. However, the main problems specifically for Parnas Industrial Park are the following: birds, obsolescence of the building, risks when expanding the building, risks when expanding the parking lot, and manufacturing operations.

Birds are a big problem for any building, even a residential building. It is quite easy to determine the love of birds for open and large spaces: you can easily make a house, just settle on the roof and always have a place of refuge. Birds' nest and pollute the roofs of the business center with their natural waste, thereby polluting the ventilation passages and the roof itself. It is important for a business center to have a clean and accessible work space. Therefore, managers have to spend money on bird repelling devices. On the one hand, this is unfair to birds, on the other hand, birds can bring a lot of trouble and high costs for cleaning and maintaining the roof.

The building of the business center itself is no longer new, therefore it needs maintenance and repair. The climate of St. Petersburg and the financial situation in the country often does not allow the constant process of beautification of the facade of the building, which can lead to a collapse of plaster and other emergencies. The wind's direction in St. Petersburg is very changeable, plus some building stones are not suitable for the climate, which may entail large expenses for the repair and maintenance of the building.

Speaking about the expansion of the building itself and the parking lot, one may encounter the problem of uneven and loose soil. Again, such soil is typical for the city region, but for expansion it is worth planning and calculating the drawings thoroughly. This is a long and costly process that can be avoided.

Electricity problems also arise. This can be characterized by the fact that sometimes for a certain amount of time, in the business center and in the entire complex, electricity may disappear, which can lead to disastrous consequences. Shutdown leads to lack of ability to work both for tenants and management personnel, and for production, which may simply stop. This can lead to big losses.

3.4.3 Risk-Management Control Measures Checklist

TYPE OF RISK	EXAMPLES	POSSIBLE CONSEQUENCES
Personnel Risk	<ul style="list-style-type: none"> • Work injuries; • Incorrect attitude of employees and managers; • Problems maintaining a positive team mood 	Problems with injured workers, problems with the work process in both workshops, variability in the team.
Technological (Property) Risks	<ul style="list-style-type: none"> • Wear of working equipment; • Large spending on repair and maintenance of equipment 	Constant monitoring of the equipment can cause unnecessary physical and financial expenses.
Political Risks	<ul style="list-style-type: none"> • Illegality of some work processes; • The problem of arrangement of buildings and workplaces 	Such problems can call into question the very existence and need of the business center, especially in the face of foreign founders.
Economical Risks	<ul style="list-style-type: none"> • Country crisis; • Crisis during a pandemic; • Loss of tenants; • Raising taxes 	Decline in profits, the emergence of prerequisites for bankruptcy, decline in reputation.
Legal Risks	<ul style="list-style-type: none"> • Work or law enforcement problems with the European side; • Problems with the main bank. 	Violation of legal norms and laws can lead to the closure of the enterprise and the entire complex. It is very difficult to predict the situation with the bank, so it is important to carefully approach the choice.
Social Risks	<ul style="list-style-type: none"> • Legal and cultural differences; • Problems with organizing and running a business 	Foreign tenants may not compromise on some organizational issues, which can greatly affect the opinion of the founders.
Environmental Risks	<ul style="list-style-type: none"> • Birds; • Climate; • The soil; • Loss of electricity 	Birds can ruin business center assets, climate and soil can cause problems that can be costly to resolve. Electricity is one of the most important tools for building.

Table 2. Risk-Management Control Measures Checklist of Parnas Industrial Park

The business center has a huge potential for development both in the Russian market and in the foreign one. This is facilitated by the management policy, transparency of management, clear goals for development and openness to new tools for development and promotion. The center has a presentable financial turnover, thanks to competent management and quick response and elimination of problems. If a problem becomes difficult to solve, there are always several solutions.

However, Parnas Industrial Park has some internal problems both in work and in relations with partners and tenants. The process of conducting such relationships with people from different countries is complex and multi-level, but the leadership is ready for such problems and will always find one or another solution.

Having pros and cons, Parnas Industrial Park keeps pace with the times, overcoming many problems of different types and scales. The ability to adapt to different situations shows the professionalism and rationality of managerial decisions.

The data obtained will be used in further risk assessment and plan development.

3.5 Financial Analysis

Parnas Industrial Park LLC was registered in accordance with the current legislation on 03.24.2017, under the PSRN 1177847112079 by the Interdistrict Inspectorate of the Federal Tax Service No. 15 for St. Petersburg. The only member of the Company is PARNAS INDUSTRIAL OY, registered under the laws of the Republic of Finland, which owns a 100% share.

These explanations are an integral part of the accounting (financial) statements of Parnas Industrial Park for 2020, prepared in accordance with the current legislation of the Russian Federation.

All amounts are presented in thousands of rubles. Negative indicators are reflected in the reporting in parentheses.

Fixed assets include land, buildings, vehicles and other types of fixed assets. The structure of profitable investments in tangible assets includes buildings that are leased out. Objects acquired with an initial cost of up to RUB 40 thousand per unit are accounted for as inventories. Fixed assets and profitable investments in tangible assets are taken into account at the actual acquisition costs.

The determination of the useful life of fixed assets and profitable investments in tangible assets is determined on the basis of the Decree of the Government of the Russian Federation dated 01.01.2002 No. 1 "On the Classification of Fixed Assets Included in Depreciation Groups".

The useful life within the terms established in the Classifier for the corresponding depreciation group is established by order of the General Director on the basis of:

- the expected life of this object in accordance with the expected performance,
- expected physical wear and tear,
- regulatory and other restrictions on the use of the facility.

The useful life of fixed assets that were in operation is determined equal to the period established by the previous owner, reduced by the number of years (months) of operation of these fixed assets by the previous owner. Depreciation for all items of property, plant and equipment is charged on a straight-line basis. Depreciation is not charged on fully depreciated items. Income

and expenses from disposal of property, plant and equipment are reflected in the income statement as other income and expenses, respectively.

Cash includes:

- funds placed on the current and foreign currency accounts (line 1250 of the balance sheet)

In the Statement of Cash Flows for 2020, the data is reflected as follows:

- receipts from the sale of products and goods to buyers (customers), the performance of work, the provision of services is reflected excluding VAT;
- payments to suppliers (contractors) for raw materials, materials, works, services are reflected excluding VAT;
- VAT as part of receipts from buyers and customers, payments to suppliers and contractors and payments made to the budget system of the Russian Federation or reimbursed from it, is shown separately.

1000 Units	October		November		December		Total	
	Bud	Act	Bud	Act	Bud	Act	Bud	Act
Saldo at B	12 424,20	8 549,05	6 664,40	15 878,60	2 662,00	17 430,95	12 000,00	9 138,05
+Inflow	10 981,00	23 942,38	10 981,00	10 745,61	10 981,00	13 409,41	131 772,00	155 953,37
rent	6 181,00	7 363,13	6 181,00	4 076,91	6 181,00	6 350,24	74 172,00	73 609,49
deposite				23,66		52,08	0,00	207,69
electricity	4 800,00	5 197,50	4 800,00	6 645,04	4 800,00	7 007,10	57 600,00	70 754,45
LOAN		11 381,75					0,00	11 381,75
Heating	1 800,00		1 800,00	191,13	1 800,00	1 969,71	13 560,00	11 335,79
Electricity	6 000,00	6 444,52	6 000,00	6 168,49	6 000,00	7 247,95	71 880,00	78 725,95
Water	96,00	101,50	96,00	95,03	96,00	103,67	1 188,00	1 613,95
Waste	18,00		18,00		18,00	18,32	216,00	86,07
Cleaning	635,00	129,82	635,00	1 171,72	635,00	885,76	7 620,00	7 847,02
Lifts	7,20	275,43	6,00	69,03	7,20	32,38	79,20	427,05
Fire alarm	78,00	37,40	78,00	112,44	78,00	37,40	936,00	608,84
Security	432,00	418,75	432,00		432,00	834,93	5 184,00	5 079,06
Environmental services	10,00		10,00		10,00	34,95	120,00	69,90
Marketing	42,00	31,12	42,00		42,00	62,04	504,00	177,69
Administration	350,00	446,12	350,00	247,53	350,00	195,99	4 200,00	4 062,94
Salaries	670,00	857,82	670,00	566,99	670,00	1 021,24	8 040,00	7 629,31
Other fixed personnel costs	10,00		10,00		10,00		120,00	0,00
Taxes (incl: VAT, land tax , transport tax, property tax)	523,00	1 908,64	0,00	341,60	0,00	341,60	5 230,00	9 119,98
IT	36,00	20,72	36,00	20,76	36,00	7,62	432,00	216,92
Maintenance	154,00	148,51	154,00	166,55	154,00	218,48	1 848,00	2 924,55
Renovation of a building	5 879,60	5 678,79	4 646,40	42,00	3 750,00	1 023,06	24 560,00	19 905,73
common	5 021,60	2 325,60	3 788,40		3 150,00	857,94	17 360,00	7 879,75
industries	400,00	3 353,19	400,00	42,00	400,00	73,19	2 000,00	5 562,07
office	458,00		458,00		200,00	91,93	5 200,00	6 463,92
Investments							0,00	0,00
Loan payments							0,00	0,00
Other payments		113,70					0,00	-1 544,60
VAT return							-1 500,00	0,00
- Outflow total	16 740,8	16 612,8	14 983,4	9 193,3	14 088,2	14 035,1	144 217,2	148 286,2
Saldo at End	6 664,40	15 878,60	2 662,00	17 430,95	-445,20	16 805,27	-445,20	16 805,27
Cashflow	-5 759,80	7 329,55	-4 002,40	1 552,34	-3 107,20	-625,68	-12 445,20	7 667,22

- Personal income tax and insurance premiums are included in payments in connection with the remuneration of employees.

Figure 2. *Cashflow Table of Parnas Industrial Park for 2020* (Explanations to the accounting (financial) statements, 2020)

By analyzing the table, it can be seen that in some months there was no budgeting, so the assets went into negative territory. Debt always accumulates in investment activities. However, there is a peculiarity in Russian tax legislation. It lies in the fact that the company must pay off the debt at the expense of the authorized capital. If it is not enough, then additional capital must be used.

Regarding the situation with the pandemic, there was always debt, but during the pandemic it increased. This is due to the fact that it is impossible to pay off the debt at one time, therefore, part of the income goes to the authorized capital. If you do otherwise, the acceptance will be ruined. That is why, now the audits are very worried about the fate of the complex, since the tax office can make demands for urgent payment and repayment of debts.

4 Plan Development

After analyzing the history of the problem, analyzing the activities of Parnas Industrial Park, developing a strategy can be started for carrying out activities related to risk management.

To begin with, it is worth considering several features of the complex:

- Parnas Industrial Park is a complex owned by Finnish entrepreneurs.
- Parnas Industrial Park includes not only an office building, but also a production workshop.
- The founders of Parnas Industrial Park are counting on expanding the territory of the complex by acquiring a new building.
- The company is engaged in active investment activities and is based on the rental business.
- Parnas Industrial Park actively cooperates with audits.
- Finance and legal features are conducted in accordance with international and Russian laws.
- The company is transparent to clients.
- The company successfully retains and finds tenants.
- Parnas Industrial Park does not encourage those tenants who do not pay on time or do not meet the contracts.
- The complex itself is located far from the city center, in the production and manufacturing area of St. Petersburg.
- The building of the complex is not new; therefore, it needs renovation;
- Not so long ago, there were problems with electricity, which led to unnecessary expenses for repair and restoration of cables.

- At the moment, the complex has problems with parking, which repels patent tenants and already working tenants.
- The desire of the General Director of Parnas Industrial Park in the matter of changing the internal environment of the business center to prevent further budget loss is to change a large but insolvent tenant.

Based on these indications, a risk assessment can be initiated, which will show which risks can be addressed first and which should be postponed. It is worth considering the fact that not every solution or method can be effective, so it is worth considering the solution and elimination of the risk from several sides and finding an alternative if necessary. This will help to avoid even greater losses of the budget and physical forces aimed at eliminating risks.

The most effective way would be to introduce the techniques into the existing regulations of the complex and to follow their rules. One of the most important implementation parameters is adherence to the annual planning and budgeting cycle. The relevance of decisions should affect half a year when revising the budget.

4.1 Risk Assessment

Risks will be rated on a five-point scale (0-5). This will make it easier to identify the primary and secondary risks on which the strategy will be based. The assessment will be given to the main 5 risks that most affect the operation of the center. Those risks that will be graded from 4 to 5 can be considered paramount. Average risks will be rated as 3. Secondary risks will be rated from 0 to 2.

Business Risks

Business risks help to identify the likelihood of losses due to deterioration of business reputation and negative changes in the organizational and managerial sphere of the organization. It may affect the debtor's ability to fulfill its obligations and the likelihood of losses due to the debtor's failure to fulfill its obligations as a result of improper structuring of the credit product - the choice of type, term, amount and purpose of credit, as well as insufficient sources of repayment.

Known risks. Considering the work of the business center, taking into account the fact that it is adjacent to engineering production, then there may be production risks, for example: an injury to a worker, wear or breakdown of the machine, equipment failure. Taking into account the building of the business center, the risks may be as follows: non-payment of rent on time, fines, loss of material resources as a result of theft. These risks can be identified in the process of analyzing statistical and accounting reports.

Foreseeable risks. Factors of such risk are set by distribution laws and their parameters; the possibility of their manifestation proves experience. Examples of such risks are the risks of contracts for the supply of materials, components, raw materials before the completion of negotiations, the risks of contracts with consumers, the risk of loss of productivity as a result of employee dismissal.

Risks may appear due to cash flow debt. In other words, the risk of a fine from the tax commission.

Unforeseen risks. There is often little or no information about this type of risk factors. These are threats to business that cannot be predicted, such as changes in the political and economic environment, a change of founders, changes in banking policy.

Therefore, at the moment, *the grade of such a risk: 5. This is the primary risk.*

Personnel Risks

As mentioned earlier, the business center includes not only an office building, but also an industrial section, for which Parnas Industrial Park is also responsible. This includes both damage to employees and problems with the equipment. Not so long ago, there was already an incident when one of the engineers had his finger blown off during production. Therefore, the director of the business center has implemented a whole policy to eliminate such incidents and speed up the process of compensation and treatment under the insurance. Unfortunately, no one is immune to workplace injuries, but it can be prevented.

Organizational risks relating to the management team are already more pronounced. From the beginning, the team has been operating for five years without new employees. Therefore, the arrival of a new person will be difficult both for the team and for the newcomer.

However, there will always be problems organizing new tenants. This is due to the fact that each newcomer has certain requirements for offices, computer equipment and office space. It is not always possible for a business center to provide ideal office space. On the other hand, a business center can compensate for this with the convenience of the rest of the building and the availability of additional services. There can also be personal conflicts with tenants due to non-payment of rent on time or by personal arrangement. Especially during a pandemic, this risk is high, as some companies stop needing the office, while others illegally avoid paying, leaving the building at short notice and leaving the office empty in the care of the next tenants. There is a set of laws for this, under which a business center can sue and demand payment, but litigation can also be a risk to both the business center's reputation and income.

Risk's grade: 3. This risk can be considered as average, but the situation with tenants should be taken into account.

Technological (Property) Risks

Taking into account the fact that the Parnas Industrial Park complex is quite large and versatile, it should be taken into account that a breakdown of ventilation in an office building and a breakdown of equipment at the enterprise can occur at any time. It is impossible to keep track of everything, due to the physical capabilities of the leadership. Provided that these breakdowns are now unlikely, so you should not get hung up on this silly.

With regard to the risks of repairs on the territory of the complex, the problem is already more serious. This is due to the fact that the slightest breakdown can cause problems and take some time, which will be at a loss to the complex. On the one hand, small breakdowns occur at intervals from a week to a month, which may take a little time. On the other hand, major breakdowns of machines in production or the collapse of the facade of the front of the building will take much longer and it is rather difficult to predict this.

Risk's grade: 2. This is a secondary risk.

Political and Economic Risks

Both politics and economics have been unstable in Russia for a long time. In terms of politics, today there are many sanctions imposed on different areas of business. Investment activity is no exception. Since the business center positions this activity as the main one in its work, new laws and sanctions can hinder and reduce the investments themselves.

An increase in taxes and the instability of the ruble can be considered an economic risk. Now, especially during a pandemic, the problem of ruble instability is very urgent. Since the founders' issue loans in euros, therefore, the disappearance in rubles is increasing, which can have a detrimental effect on the economy of the complex.

Risk score: 3. This is an average risk.

Environmental Risks

Taking into account the already mentioned problems with parking and electricity, it should be borne in mind that these things greatly affect the operation of the entire complex and are an integral part. Thus, the budget is very often spent on the maintenance, provision and analytics of these objects. This threatens with unnecessary spending and the loss of one of the objects or a decrease in the territory and efficiency.

It should be understood that even the slightest interference with such risks can greatly interfere with the operation of the complex and alienate tenants.

Risk score: 4. This is the primary risk.

According to the assessment results, the primary risks were business risks and environmental risks. They strongly control the work of Parnas Industrial Park. When developing a strategy, attention will be focused on them.

4.2 Strategies

To determine the most appropriate strategy, three options will be presented: cautious, balanced and risky. Depending on the situation the Director General decides, either one strategy will be used or all will be tested.

Cautious Strategy

In this strategy, the priority procedures are considered to be a complete refusal of any risks, or a partial transfer of risks. This means that the manager must take into account the marginal values of losses when declining or passing them on. This is aimed at eliminating the primary and average risks in the first place. When implementing a prudent strategy, it is important to distribute risk management equally.

Examples for Parnas Industrial Park:

- Focusing on primary risks. Since business risk and environmental risk are the main ones, it is worth investing in them in the first place. To solve the problem with business risks, you should first turn to financial analysis (or do it one more time). With regard to the tax risk, it is possible to reduce the authorized capital, which will help to avoid unnecessary problems of spending the budget. With regard to environmental risks, it is necessary to prepare either a list or a set of potential risks based on the experience of past years and predict the forthcoming ones. Even the smallest risks need to be written down and controlled. If problems do arise, it will already be clear how to solve them and how effective any solution will be.
- Medium and secondary risks, such as personal, technological, economic and political risks, should be taken into account with less importance. This can be explained by the fact that such risks are rather rare or long-term. Again, it is important to always be ready for them and have a certain amount to eliminate efficiently.

Balanced Strategy

This strategy involves taking risks, to a lesser extent denial or transfer of risks. The implementation of such a strategy requires well-considered decisions: not too radical, but not too soft either. The factor of real opportunities plays a major role in the implementation of the strategy within a certain time frame (year, half a year, financial quarter).

Examples for Parnas Industrial Park:

Focusing on the primary risks should be equal to the middle and secondary ones. The allocation of the budget should depend on the priority of the risk, and not on its status and importance. Thus, it will be easier to cope with anticipated risks and those that have already occurred. Unfortunately, there will be more spending on their elimination, but the result will be more effective and the time spent on the solution implementation will be less. Solving problems as they come is the key to success. The most important thing to remember when implementing and implementing this strategy is that a smaller risk can significantly affect a larger one.

Risky Strategy

This strategy implies full acceptance of the risk by the manager, to a lesser extent the transfer of risks. When implementing such a strategy, it is worth considering the limit values of damage to the budget. The acceptance procedures are taken to the initial risks, according to their importance. Decisions must be rigorous and take little time to implement. This strategy is suitable for a critical situation.

Examples for Parnas Industrial Park:

- Focusing on medium and secondary risks and solving problems with them in the first place can help to get rid of more global problems. This means that smaller risks create larger ones. Therefore, eliminating them will help solve half of the larger pop-up problems. Moreover, it will be easier if there are few or no minor problems. Due to this, the procedure for eliminating large risks will take less time and prevent unnecessary expenses.
- Since the primary risks can be long-term, it is worth less emphasis on them and come to a solution after the minor risks have been eliminated. The basis for big risks is smaller, therefore, it is necessary to start from the bottom and gradually rise to more global problems.

4.3 Plan and Further Strategy Implementation

Having considered each strategy in detail, it can be assumed that in the situation with Parnas Industrial Park, a balanced strategy is most suitable.

Firstly, during the crisis, the managers of the complex can afford and plan to expand the territory. With regard to investments, this activity is now also within the power of the complex, and the managers and founders are doing just fine with this.

Secondly, Parnas Industrial Park has permanent tenants. This keeps the business afloat even during a pandemic. However, it is worth considering the problem with certain tenants and starting negotiations with them.

Thirdly, Parnas Industrial Park in its location has a progressive technical component, which gives an advantage over other office buildings. Despite the problems with electricity and parking, today the complex operates without any extra problems and costs.

Finally, thanks to the literacy of lawyers, accountants and brokers, the complex remains transparent and relatively financially stable. Thanks to the well-coordinated work and constant communication with the bosses, many risks and problems are eliminated in a small amount of time and without unnecessary losses.

This strategy can begin to be applied from the beginning of June to the end of December in this year. It is worth considering the fact that many medium and small businesses will recover for a long time after the pandemic. However, this does not prevent the adoption of a strategy aimed at gradual and balanced problem solving. Of course, it is worth considering many external and internal factors of the company or enterprise, but it is worth trying to apply at least one strategy.

For convenience, you can follow the following plan:

1. Organize a meeting of the heads of all offices and divisions of the company;
2. Make a list, categorizing it into primary and secondary problems;
3. Conduct a SWOT analysis of the enterprise (if necessary, each office);
4. Analyze all the resulting risks;

5. Conduct a financial analysis for the last year, identify unnecessary spending and correctly distribute the budget;
6. Draw up a Checklist of Risks;
7. Assess the risks;
8. Choose one strategy for implementation;
9. Distribute the responsibility for eliminating risks between the managing staff and the heads of offices;
10. Anticipate and list further risks.

Depending on the focus of the company and its budgets, the plan may vary, but the basic concept may remain exactly as it is presented above. A detailed study of the problem and a rational approach to its solution promise an early profit and a quick way out of a crisis situation.

5 Conclusion

Summing up, I would like to say that any crisis, pandemic or natural disaster can lead to great financial, physical and moral losses. Over the years, people have tried to avoid any risks, prevent them or conduct their business so that risks do not arise at all. However, it is almost impossible to do business without internal or external risks. This phenomenon is completely normal, so people use tactics, techniques and strategies to solve the problems of the crisis.

Parnas Industrial Park does not have the most critical situation at first glance, but at the same time, many minor or major problems and risks arose before the pandemic and after. For the whole world, the pandemic has become a huge problem with which Parnas Industrial Park is coping quite successfully and rationally. Naturally, in order to conduct more effective business and investment activities, it is necessary and important to apply risk management strategies and not forget about them. A forecast and an already proven strategy can greatly help in the next crisis and there is a high probability of preventing a risk of any status and importance.

Unfortunately, not all the hypotheses put forward at the beginning of the work could be justified. The first hypothesis came true. Using the historical example and Parnas Industrial Park, economic and environmental factors solve many global problems of business centers. This can be explained by the fact that these factors or risks become dominant during a crisis or pandemic. As practice has shown, when solving problems with these factors, it will be possible to eliminate many minor risks.

The second hypothesis also came true. Based on living examples, the economies of the West and Europe are advanced compared to Russia. This is influenced by politics in the first place and the literacy of maintaining the economy in the country. In Russia today there is a big problem of the course and sanctions. This problem affects the increase in taxes and the complication of laws in the framework of the so-called normalization of the situation in the country.

The third hypothesis was not confirmed. It is a little easier for small businesses to make a profit within a year, while for a medium-sized business it can take from 5 to 10 years to pay off all loans and return to profits before a crisis or pandemic, depending on whether the company invests or not. Calmness and rationality in making decisions to eliminate risks can take a long time, but the result will be in line with expectations and calculations.

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Transcript and coding of an interview with the Director of Parnas Industrial Park

In order to make our transcripts easy to read, a special table were created with symbols. I created themes to make the analysis and it was easier to understand the main thoughts of the respondents.

Sounds	e.g.	Signs in transcript
Thinking before answering, thinking while answering	Uhm, Ah, Hmm	(U)
Affirmation	Yeah, Yes, Yup, Okay, And yes	(A)
Expression of opinion	"I think", "I suppose", "In my opinion", "Well,..."	(O)
Examples of situations	"For example,...", "For instance,..."	(F)
Emotional expressions		
Sigh		(S)
Repetition of the same word	"...word, word, word..."	(x2), (x3), (x4), etc.
Pauses		
Pauses for more than 2 seconds		(2+)
Punctuation		
End of thought	Speaker finished the thought	“.”
Continuation of thought, addition to the main idea, explanation	Speaker continues the thought, giving examples, adds auxiliary thoughts	“,”
Unfinished thought, interrupted thought	Speaker doubts, ponders the thought, cannot logically end the thought, was interrupted	“...”
Quotation	Quoting own thoughts, quoting someone else's words	“quote”

Table 3. Designation table

Analysis Parameters

<p>Emerging risks</p> <p>(RED HIGHLIGHTS)</p>	<ul style="list-style-type: none"> • <i>Personnel Risks</i> • <i>Property (Technological) Risks</i> • <i>Political Risks</i> • <i>Economical Risks</i> • <i>Legal Risks</i> • <i>Social Risks</i> • <i>Environmental Risks</i>
<p>Benefits During Crisis</p> <p>(GREEN HIGHLIGHTS)</p>	<ul style="list-style-type: none"> • <i>New deals</i> • <i>Loan repayment</i> • <i>Dealing with initial problems</i>
<p>Losses During the Crisis</p> <p>(BROWN HIGHLIGHTS)</p>	<ul style="list-style-type: none"> • <i>Loss of profit</i> • <i>Loss of clients</i>
<p>Application of Risk Management</p> <p>(BLUE HIGHLIGHT)</p>	<ul style="list-style-type: none"> • <i>Competent budget investments</i> • <i>Improving the working environment</i> • <i>Increase in profits</i>

Table 4. Analysis parameters

Transcript of Interview

Interview: 14 of May 2021; 20:00 – 20:11h

Interviewer: Anna Petrova **(AP)**

Responder: General Director of Parnas Industrial Park **(D)**

Place: Microsoft TEAMS

Translated from Russian language

(AP): Good evening, Sergei Sergeevich. My name is Anna Petrova and today I would like to take an interview with you. I will only be doing this interview as part of my Thesis work. I am writing my Thesis at the KAMK University. The following questions will be asked in order to obtain information about the operation of the business center with risks. The results will help for future analysis of Parnas Industrial Park's work process and clearly define a further action plan to eliminate various types of costs.

(D): Good evening, Anna. Okay, I'm ready to start.

(AP): First question. Did the business center have losses before the pandemic? Why?

(D): (A) Yes, the business center had losses. **(U)** Firstly, it is worth considering that this is a rental business, there is a twofold point **(2+)**. The main point is that this is not only a business center, but also a complex that includes a production facility, a loading area, etc. **(A)** *Yes, there were losses, because, in fact, we are conducting investment activities.*

(AP): Which factors, in your opinion, most often lead to budget losses?

(D): (U) Mainly **(x2)**, *due to violation of payment discipline by tenants*. Some people frankly don't pay. However, *there was a risk of loss of electricity*. This especially *brings big losses to production*.

(AP): Which risks are most likely to cause problems?

(D): There are, of course, major risks. If we are talking about business risks, then these *are non-payments*... However, there are tax risks, in other words, *tax increases*. We have a lot of taxes to pay, **(F)** for example: VAT, property tax. There is also *a risk of higher energy tariffs*.

(AP): What external factors (other than the pandemic) could contribute to the loss?

(D): External factors... **(A)** Yes, there are many external factors, for example, *the construction that took away parking from us practically...* **(S)** These are indirect losses, of course. Mainly, construction and absence of external parking near the business center. *It has become less attractive to tenants.* They have been putting up with it for a year now.

(AP): Have you applied risk management strategies to normalize the situation?

(D): At the moment, *we have not applied risk management yet*, except that *we have "pandemic insurance"*. Last year we *had big problems with electricity* and cable repairing process. Therefore, there was no electricity for two days. Then, *we repaired two cable lines at our site*. Now, this year **(S)** *we bought a full cable line for own usage.*

(AP): Do you have financial assistance from your founders?

(D): (A) Yes, we do. A business loan was issued by that legal entity of the OY in Finland for the purchase of center's building and factory back in 2017, and then, in 2020, let's say... they "fed" us with money *specifically for investment*. Unfortunately, we still *came to a negative result*, but this was expected. We do not have such budgets to carry out extensive investment activities.

(AP): Do you consider it possible to find a client (tenant) in this situation?

(D): Yes, it is possible, and our brokers find them. The situation is the same as before the pandemic: whoever wants an office will get it and vice versa. *The business process has remained the same.* Nothing has changed much.

(AP): How long it will take to normalize income? Why?

(D): At the moment, the question is very difficult **(S)**. Return the 3 million euros that we were originally given... In theory, it is certainly *possible to return*, but in **(2+)** **(O)** I think, *in 10 years*, no less. This is the average for investment and real estate. So-called ROI takes just that much. Sometimes it is 5 years, but if there are no investments. *And we have investments constantly. We have debt obligations*, and it will be possible to fly into debt with even larger amounts.

(AP): Have you made any financial projections?

(D): (A) Yes, of course, we do it with budgeting. We do it every year. In the "Profit and Loss" table, *we can carry out financial analysis for the coming quarters, thereby reducing risks.*

(AP): What would you personally change in the work environment of the business center to get out of the crisis now and prevent the same in the future?

(D): Most likely, in a business environment, *I would replace several tenants with more paying ones.* In *order to not to slow down payments, there were no debts* and so on **(x2)**. But they can also be understood, since here the chain reaction is payment. They are not paid, therefore, they are not paying either, because they have nothing. This is not the overwhelming majority of tenants, there are simply large but non-paying tenants. However, *we are planning to purchase the neighboring building* of the former research institute. Now, our brokers are working on this. The founders are interested in expanding the territory.

(AP): Okay. Thank you very much for the interview. Your answers will greatly help me in my research and I look forward to further cooperation with you!

(D): And thank you for your work. Mutually hope for cooperation!