FINAL REPORT

Research project (Phase 1) on

Best Business Management Practices

by

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Submitted to ESBO,
Industry Canada

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ENTREPRENEURIAL-MANAGERIAL COMPETENCIES AND KEY BUSINESS SUCCESS FACTORS OF PERFORMING SME'S: A LITERATURE REVIEW AND RESEARCH AGENDA

Introduction

This project has been conducted by Professor Yvon Gasse, from Université Laval, Québec with the support of the Entrepreneurship and Small Business Office of Industry Canada in cooperation with the Industry Portfolio Management Skills Development Steering Committee, composed of ten representatives of stakeholders and interested parties. Teleconference meetings were held in August, September and October to define concepts and research frameworks. A session has been held on October 31, 1996 in Montreal to discuss the results of the preliminary research.

Objectives

1. To conduct a review of literature on:
   - the key business success factors of SMEs (operational performance and strategic performance)
   - the entrepreneurial-managerial competencies according to the stages of developement of SMEs
   - the linkages between competencies and success factors;
2. To summarize the literature and identify gaps in knowledge;
3. To identify researchers and experts in the field;
4. To suggest a research agenda.

Method

More than 4 000 articles, books, and papers have been reviewed in major areas of SMEs performance, stages of development and competencies. A stronger emphasis has been given to scientific, rigorous, methodologically sound research. As Cockerrill, Hunt and Schroder (1995) suggested: "Where science has been applied rigorously to identifying managerial competencies that related to superior organization performance, a useful and potentially important tool has been created to aid in the selection, development and promotion of managers. Where science has not been applied rigorously, one should be highly skeptical of the so-called managerial competencies and their value in predicting performance of any kind."[1]

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[1] *Cockerrille, Tony; Hunt, John; Schroder, Harry; "Managerial Competencies: Fact or Fiction", Business Strategy Review; Vol. 6, No.3, Autumn 1995, pp. 1-12.*

Literature Review

The aim of this review was to describe the core competencies for mastering the start-up, survival, development, and management of an SME. A descriptive model has been derived which shows five fundamental dimensions: the entrepreneur's vision, the use of the individuals who make up the firm, the tools and means available for the operations, the resources to be managed, and the strategies to be developed and implemented. Each dimension has then been subdivided into a number of core competencies which are the followings:

VISION:	Positioning; Adapting; Strategic Planning
PEOPLE:	Leadership/Motivation; Learning
OPERATIONS:	Organizing; Managing; Decision-Making
RESOURCES:	Cognitive Ability; Financing Capabilities
STRATEGIES:	Technical Capabilities; Entrepreneurship; Innovativeness.

It is assumed that competencies can be operationnally defined, represent best practice, are universally applicable across a range of management roles/contexts, are amenable to development efforts, and are supplemented by additional skills, or heavier emphasis in differing conditions and according to the stages of development of the firm or business size.

Entrepreneurial-Managerial Competencies have been linked to business performance in various ways. Operational performance is mainly described in terms of profitability and productivity while survival, growth and stability are used to represent strategic performance. Very few studies have been able to adequately relate best business practices, stages of development, and business success/performance.

Gaps in research

Many gaps in knowledge can be identified in each major domain; however, four areas of research seem dominant:

a) Best business practice: definitions, linkages with performance, and contingencies upon stages/size, sectors/industries;

b) Competencies: Profiles by stages/sizes and levels of management, and relationships with business performance;

c) Stages of development: better conceptual models and greater understanding of most common stages and sequence;

d) Business success/performance: development of multidimensional indicators of performance and their utilization by stages of development.

Research Agenda

The following study is then suggested:

Question

What are the major core competencies and best business practices of best managed SMEs?

Objectives

1- Development of profiles of core competencies by stages of development in SMEs;

2- Identification of best operational and strategic practices in SMEs;

3- Comparisons of best performing firms and less performing firms by stage of development in terms of profiles of core competencies and business practices.

Methodology

A sample of two groups of SMEs (1-300 employees) will be studied and compaired in terms of core competencies, business practices, performance and stages of development. A first group of 30 enterprises will be selected from the winners of various excellence programs in Canada; comparisons will be made with a second group matched by categories and relevant characteristics.

Similarities and differences will be observed statistically and explained conceptually. Data will be collected through existing instruments and communications with CEOs of participating firms.

Results will be presented and interpreted in terms of the main research question and objectives of the study. Six cases descriptions (two for each stage of development) will be presented as illustrations of best performing and less performing enterprises.

Panel of experts

A panel of Canadian and International experts has been identified to act as sounding board for this research; contacts will have to be made to enlist participation.

Timetable and Budget

A research of this nature can be conducted over a period of six months. Research costs are estimated to 98 800$, which include a full time senior researcher, a part time junior researcher, two research assistants and a secretary.

PART I - THE STUDY

Introduction

This research constitutes the Phase I of a major two-part research project dealing with "The best business management practices" to improve the performance and competitiveness of Canadian SMEs.

Among the many interests of The Industry Portfolio Management Skills Development Steering Committeefor this research project, there is the call for proposal from the APEC secretariat to look at diagnostic tools of each of the APECeconomies in order to build a common data base which could be used for exchanges / strategic alliances, etc.

The Industry Portfolio Management Skills Development Steering Committee Canada's concern is that there is no barometer or good indicators by which each of the tools can be compared nor an indication at which stage in the business cycle they target. Therefore, the research project would bring together three pieces of research which would focus on defining the key business competitiveness parameters (operational performance, practices and business strategies); defining the managerial competencies required to overcome a deficiency in an observed business competitiveness parameter at each stage in the business cycle; and determining the linkages between managerial competencies and successful operational performance, practices, and business strategies.

However, at this point, we don't know enough about the state of the world on these issues and the potential methodologies which might be appropriate for conducting such a research. Therefore, the Phase 1 of the research project will provide The Industry Portfolio Management Skills Development Steering Committeewith the necessary background information for a better definition af the content and scope af the main reseach project, the most appropriate approach, the research agenda and budget.

It was proposed that professor Yvon Gasse from Université Laval, Québec, conducts this project in consultation with The Industry Portfolio Management Skills Development Steering Committee

Purpose and objectives

The objectives of this research project were to:

1. examine existing literature and major works related to:

a) key business success factors in main competitiveness parameters (operational performance, business practices and strategic performance)

b) managerial competencies required at each stage in the business life and / or size of firm

c) linkages between the key success factors in each of the competitiveness parameters and the managerial competencies;

2. summarize and organize the existing work and identify gaps in the knowledge base in terms of different key parameters (success factors);

3. identify "outstanding" researchers and experts who can contribute in the main research project;

4. outline a strategic approach to undertaking the main research project.

Approach

The project has been conducted by professor Yvon Gasse with the assistance of three research professionals from Université Laval. Professor Gasse has also consulted with designated representatives from The Industry Portfolio Management Skills Development Steering Committee on a regular basis. A mid-term progress report has been presented in the form of a brief written document and a round table meeting with representatives and other people on October 31st in Montreal.

Members of the research team have built on their existing knowledge, experience, and research background to develop a bibliography of research on the key factors of the operational and managerial performance of SMEs. This has included a review of Canadian research, both published and unpublished, European research (European Council of Small Business, Small Business head Body, Management Charter Initiative, Boutiques de Gestion, etc.), Australian research and American Studies (Center for Creative Leadership, Babson College, IC^2 Institute, Snyder Centre for Entrepreneurship, etc.).

The main review of the literature has been conducted over the period of 1987-1996 from the major computerized bibliographical data bases such as ABI Inform, Current Contents, Dissertation Abstracts, Sociofile, Social Science Index, and many Working Papers lists. Specific search has been done at three business schools' libraries (Laval, McGill and HEC). Finally, special sources have been checked through Internet.

The following table shows the breakdown of articles and documents screened for this research in terms of main variables and time periods.

Table 1: Articles on SMEs by subjects

Key words	87-91	92-93	94-95	96	total
SME effectiveness	70	34	30	10	144
SME performance	192	108	90	37	427
SME success	374	198	188	98	858
SME profitability	89	44	45	17	195
SME growth	490	280	342	107	1219
SME efficiency	58	35	49	9	151
Stages of development					408
Competencies (ent.,mngt)					112
Business practices					665

A comment about reviews of literature on entrepreneurial-managerial competencies is in order here. There are two broad categories of literature:

1- Scientific, rigorous, methodologically sound research;

2- Professional, industry-specific and general publications.

Given the importance of the linkages between competencies and business performance, a major emphasis has been put on the first category of publications.

In that sense, we have followed in the line of previous researchers, like Cockerrill, Hunt and Schroder (1995) [(1)] who concluded:

> « Where sciences has been applied rigorously to identifying managerial competencies that related to superior organization performance, a useful and potentially important tool has been created to aid in the selection, development and promotion of managers. Where science has not been applied rigorously, one should be highly skeptical of the so-called managerial competencies and their value in predicting performance of any kind»

PART II - THE LITERATURE SUMMARY

The aim of this review was to describe the core competencies for mastering the start-up, survival, development, and management of an SME. A descriptive model has been derived which shows five fundamental dimensions: the entrepreneur's vision, the use of the individuals who make up the firm, the tools and means available for the operations, the resources to be managed, and the strategies to be developed and implemented. Each dimension has then been subdivided into a number of core competencies.

It is assumed that competencies can be operationnally defined, represent best practice, are universally applicable across a range of management roles/contexts, are amenable to development efforts, and are supplemented by additional skills, or heavier emphasis in differing conditions and according to the stages of development of the firm or business size.

Entrepreneurial-Managerial Competencies have been linked to business performance in various ways. Operational performance is mainly described in terms of profitability and productivity while survival, growth and stability are used to represent strategic performance. Very few studies have been able to adequately relate best business practices, stages of development, and business success/performance.

ENTREPRENEURIAL-MANAGERIAL COMPETENCIES OF PERFORMING SMEs

INTRODUCTION

Today all firms, whatever their size, need to be world-class - in other words, they need to be capable of competing with the best in the world in their field. To do this, they must adapt their behaviours, functioning, structures, managementstyle and strategies to the predominant environments, and anticipate changes.

The introduction of these strategic elements is of particular importance to new firms, those which, after a successful start-up, are immediately faced with the issues of efficiency and effectiveness. Control of new venture development has always been problematical. In fact, most statistics show that less than half of all new ventures survive the first five years of their existence. The causes of the problems are varied, but the most common are related to management competencies.

The aim of this review is to describe the core competencies for mastering the growth and managementof an entreprise, using a simple model (see Figure 1). The model shows five fundamental dimensions: the entrepreneur's vision, the use of the individuals who make up the firm, the tools available, the resources to be managed, and the strategies to be developed and implemented. Each dimension is then subdivided into a number of competencies which are explained briefly. The model was developed from a review of literature by the author, and the main references are shown in the bibliography.

ENTREPRENEURIAL-MANAGERIAL COMPETENCIES

VISION

positioning
(mission / market)

adapting
(managing transitions, turnaround, renewal)

strategic planning
(focus, goal-setting, evaluation)

PEOPLE

Leadership / motivation
(communication, empowerment, achievement orientation)

Learning
(continuous improvement, training, research)

OPERATIONS

organizing
(structuring, teamwork)

decision-making
(methods, problem-solving analysis)

Managing
(process, supervision, delegation, system, quality)

RESOURCES

cognitive ability
(information processing, networking, partnering)

financing capabilities
(access, control, budgeting)

STRATEGIES

technical capabilities
technology, trade and Industry knowledge)

Innovativeness
(new products and services, markets and customers)

entrepreneurship
(opportunities recognition, market awareness)

I - VISIONS

1. *Positioning*

Launching a business is one thing; developing it is another altogether!

At start-up, the entrepreneur has a *vision*. With the first experiences of the new business, the vision is adjusted and consolidated. The vision, regardless of how clear and articulated it is, is probably the most powerful determinant of the orientation and evolution of the firm beyond the start-up stage (Cannon, Eggers, Leahy, Grant, 1995). However, the entrepreneur will often not take the time to *define* the vision clearly, *share* it with his closest collaborators, *question* it and *see how* well it matches the firm's everyday situation (Voss, Blackmon, Hanson, Oak, 1995). In the early days, the entrepreneur often tends to confuse growth with evolution. *Growth* is expressed in terms of size, volume, markets, buildings, machinery and so on. *Evolution*, on the other hand, refers to the firm's development through the acquisition of new knowledge, the refinement of technologies and methods, the quality of the products and services, better market targeting, more effective distribution, better trained employees - in short, a firm with clear *value added* (comparative advantage). The entrepreneur and the management team should question their interest in evolution, expansion or growth.

Positioning

The competencies generally salient for expanding small businesses are identified as:

1- global-oriented outlook for the business

2- analytical market approach

3- readiness to seize relevant opportunities

For growing companies with fewer than 50 employees, competencies are: vivid vision / purpose / mission. (Snell and Lau, 1994)

For companies whose growth depends on adding employees, the ability to establish and communicate a clear vision appears to be correlated with success. (Cannon, Eggers, Leahy, Grant, 1995)

The best companies are realistic about their position, but the worst are dangerously over-optimistic. (Voss, Blackmon, Hanson, Oak, 1995)

2. *Adapting*

The first challenge facing an entrepreneur is to create a firm that will succeed. To do this, the entrepreneur calls on two fundamental *competencies*: the skill to identify a market need; and the skill (alone or with others) to develop an appropriate product or service to satisfy that need (Leigh, North and Smallbone, 1994). If both these activities are done well, the new firm will expand quickly, and the game will begin to change! In fact, the firm's successes will generate a whole series of new problems and crises to challenge its survival (Harper, Campbell-Hunt, Hamilton, 1992). Why? As sales expand, the firm's resources quickly become insufficient to sustain the pace. There seems to be an endless need for more stock, more space, more equipment, more staff, more funds and so on. The firm's operating systems seem unable to satisfy the demand. There is no time to think, and even less to plan, because plans soon become out-of-date. The staff is overtaken by events and can only react to requests.

These signs suggest that the firm has exceeded its capacities, or that there is a gap between its present capacities and those it would need to meet its expansion. The entrepreneur must sever his methods and prepare for a shift in operating style (Greene, Kirchoff and Brown, 1994).

Adapting

survival / reappraisal,
sharpbending turnaround,
renewal, are experiences of strategic changes (Harper, Campbell-Hunt, Hamilton, 1992)

requires managers who can build new strategic visions for their businesses
(Harper, Campbell-Hunt, Hamilton, 1992)

Market repositioning and adjustment strategies are key for growth
(Leigh, North and Smallbone, 1994)

The founder/owners had a relatively clear view of the business survival strategies and their position in competitive environment. (Greene, Kirchoff and Brown, 1994)

3. *Strategic Planning*

The main cause of bankruptcy and business failure among new firms is the lack of management training and experience of their leaders. Generally speaking, the leaders are often unable to make their firms grow at an appropriate rate. Growth, often presented as an end in itself, is seen not only as desirable, but as compulsory. Each firm has its own growth rate, and one of the main competencies of the entrepreneur is to be able to identify this rate and remain in control of the situation, despite the inevitable turbulence that will occur (Jones-Evans, 1996). There are at least two aspects of growth: quantity and quality. Again, people are often obsessed by volume, rates and percentages. Management must constantly maintain sight of the notions of effectiveness, efficiency, marginal contribution and distinct value (Knongolo and d'Amboise, 1994). It is no longer true that growth at any price automatically leads to economies of scale and full resource use. Optimal development, not maximum development, is the most profitable (Grosh and Chan, 1994). Remember: "small is beautiful" - in other words, there is room in the economy for small firms, and size depends on a number of factors. The most important of all the determinants of enterprise growth is undoubtedly the owner-manager or management team (Penrose, 1995). It is often a question of personal choice.

The owner-manager can consider his own interests and those of his family, and his capacities, ambition, need to control, attitude to risk, change and innovation, etc. Often, the owner-manager will realize that he is actually an obstacle to the growth of his firm, and one of the methods of countering this problem is to distinguish properly between his role as the owner and founder of the firm, and his role as manager (Mintzberg, 1994). What is desirable for the entrepreneur is not always desirable for the firm. Clearly, other growth factors exist and must be assessed accurately. These include the industry, the product or service life cycle, the firm's potential for innovation, the available resources, and so on (Harper, Campbell-Hunt, Hamilton, 1992).

In other words, growth is a question of vision, potential and circumstances.

Strategic planning

The crucial importance for success of the analysis of internal and external forces.
(Harper, Campbell-Hunt, Hamilton, 1992)

A strong curvilinear relationship between strategic vision and the relative change in profits.
(Knongolo and D'Amboise, 1994)

In terms of the future strategy of their businesses, approximately half of the entrepreneurs of technology-based small firms were reluctant to grow their businesses beyond a certain size.
(Jones-Evans, 1996)

Hardly any effect of planning on a small firm's performance is found, though it appears that in an environment perceived as highly dynamic, planning is merely counterproductive
(Risseew and Masurel, 1994)

SMEs seem to take corporate goal setting somewhat informally, but those who take it more seriously seem also to perform better than those who do not.
(Grosh and Chan, 1994)

II. PEOPLE

4. Leadership/Motivation

To motivate people, stimulants are needed. To mobilize them, the impetus must come from within. The best way of motivating people is to give them a share of the power (Harper, Campbell-Hunt, Hamilton, 1992). Owner-managers can be leaders or managers, or better still, both at once. Leaders know what has to be done, and managers know how to do it. Good leaders know how to *manage attention* through their ability to attract others by their vision (Segerstad and Melin, 1995). They know how to *manage meaning* by explaining their vision. They know how to *manage confidence* by being reliable and consistent. And they know how to *manage themselves* by knowing and exploiting their strengths (Courville, 1994). The best leaders are still those who give hope to the organization, and generate enthusiasm. A leader is first and foremost a change agent, providing the framework, indicating the direction and defining the course (Eggers and Smilor, 1996). Leaders add value to their firms and generate emotional energy, one of the sources of competitive advantage.

The owner-manager's mission is to help each employee to expend strong doses of positive emotional energy. Ideas give the power to act and stimulate positive emotional energy. Change, led by leaders who have ideas and possess the will and the courage to apply them, will become a way of life (Bennis, 1985).

Leadership / motivation

Managing people resource as an asset with high level of participation.
(Harper, Campbell-Hunt, Hamilton, 1992)

The findings demonstrate the importance of recognizing people as key assets. Leadership is one of the most important diffentiators between high and low performing firms. (AMC, 1994)

Entrepreneurs task motivation (desire for achievement, risk avoidance, feedback, personal innovation, plans for future) have causal positive association with survivorship.
(Miner, Smith and Bracker, 1992)

The top five skills identified across all stages of development are: communication, motivating others, vision, direction, focus, motivating self and financial management. (Eggers and Smilor, 1996)

A crucial factor for growth is for entrepreneurs to communicate their own visions, values and beliefs, as well as continuously inform all employees how the business is developing.
(Segerstad and Melin, 1995)

5. *Learning*

When change becomes the only constant, it brings with it the duty and the right to learn. The strategy used to realize the change is ongoing improvement, through continuous training (Halperin, 1990). The owner-manager is responsible for this. His management style must be educational and formative. Continuous training depends on communication, mobilization, development and appreciation. It is customized for and with the people concerned, so that they become more responsible for their own training.

To optimize personnel development, the people themselves must be involved in analyzing needs and establishing the training rate and methods. In fact, there is no relevant development without training, and no useful training without development. Development is expressed mainly in attitudes, behaviours and new methods. This is the difference between a training investment and a training expense (Marshall, Alderman, Wong and Thwaites, 1995). To be sustainable, development through training must become an integral part of the enterprise culture. The learning company, the educational company, is managed by a leader who learns, anticipates, adapts and prepares the new generation. An owner-manager who learns must feel like a teacher, think like an architect and act like a strategist. A culture of continuous training and development is more a matter of management practice in an evolving company than an issue for specialists (Serieyx, 1993).

Learning

Make entrepreneurs aware that top firms recognize the importance of investing in training, and to recognize training as a process, not a one-time event. (Halperin, 1990)

the research demonstrates the effectiveness of management training in SMEs; it shows that the business growth training program in UK led to improvements in management, organization and business performance in participant firms. (Marshall, Alderman, Wong and Thwaites, 1995)

growth-oriented entrepreneurs perceive many topics in training needs as being more important than do those owner/managers who are not growth-oriented. (Herbert, 1993)

III - OPERATIONS

6. Organizing

A structure is the organization of people and the coordination of their roles to fulfill the firm's mission properly. As the firm develops, the number of people and tasks increases, and the structure must be changed accordingly (Hanks and Chandler, 1994). The structure is a management tool for the owner-manager, who must be able to use it strategically. There are three basic forms of structure: functional, divisional and matrixed. These forms come in several varieties and combinations. The form always follows on from the firm's mission.

A number of factors must be considered when selecting a structure. These include size, technology, tasks, market, management style, culture, and so on. A structure influences the relationships between people, and this is reflected in the rate of supervision, the number of reporting levels and the scope of responsibilities. A more elaborate structure is a normal effect of enterprise growth. It is a way of managing the enterprise more effectively, and not an end in itself (Baldwin, 1994). Positions should be added to a structure on the basis of their value added or real contribution to the achievement of the firm's goals.

A pragmatic attitude is required with respect to structures. They should be used intelligently when they work, avoided where necessary, adapted if required, and changed when they become dysfunctional (Hanks and Chandler, 1995). An interesting complement to the concept of structure is the network-based approach. It enables the firm's main and supporting activities to be identified, along with the fundamental processes (Poulin, Montreuil, 1993).

Organizing

Broad overlapping roles give way to more specialized assignments as the organization abandons its simple entrepreneurial structure and adopts a more differentiated functional structure.(Hanks and Chandler, 1994)

Total quality management and innovative organizational structures receive the greatest emphasis in growing SMEs
(Baldwin, 1994)

Significant differences were found in the pattern of formalization (policies, structure, reporting, planning, control) in emerging business ventures across the four growth stage configurations.
(Hanks and Chandler, 1995)

7. *Managing*

As the firm evolves, expands and grows, the improvisation of the early days must gradually give way to a certain form of rationalization in its operations and management. But how can management and organization principles and tools be incorporated without damaging the firm's intuition, flexibility and speed? This is a major challenge for the owner-manager. Once again, the risk is that the methods and procedures introduced will not be effective - in other words, they will not contribute fully to the firm's goals, which remain, at the end of the line, the production of goods and services adopted by consumers (Romano and Rotnatunga, 1995).

The management methods, procedures and tools create a certain harmony, stability and efficiency when they are appropriate, adapted and, above all, functional. To be useful and effective, and thus to contribute to the value added of the firm's products and services, the management methods must be reviewed and improved continually (AMC, 1994). The "management by process" approach is worthy of note here. It enables a series of actions to be repeated continuously in the best possible way, while concentrating exclusively on the essential - in other words, on delighting the customers and satisfying internal and external partners (Martin, Staines, 1994).

Processes must be monitored, unless of course information shows that they are not suitable or that they do not give full satisfaction (Voss, Chiesa and Coughlan, 1994). Moreover, they should not smother the initiatives that individuals may feel they should take. In today's global environment, we can no longer do things "just in case". Everything must be done only when the situation so demands. However, to avoid traps, firms should establish indicators that they can use to measure the validity of their management processes. Two levels of indicators are needed: those to ensure that what is done matches what should be done, and those to assess the level of satisfaction of consumers and the firm's partners. Management by process will be possible and profitable as long as the other elements, such as management style, structures and enterprise culture, are compatible and consistent (Julien, Marchesnay, 1996).

Managing

The owner-managers confirmed the near-universal nature of people-oriented, personal competencies and those connected with a concern for performance standards. (Martin, Staines, 1994)

High growth firms owners are receptive to changes in internal operations, rely on formal planning and control to guide operations, emphasize decentralized departementalization, and delegate duties. (Romano and Rotnatunga, 1995)

Best practice and total quality are inseparable. (AMC, 1994)

To be successful, benchmarking participants must have a common model of the processes to be benchmarked and the metrics to be used. (Voss, Chiesa and Coughlan, 1994)

Slightly over 50% of respondents seldom or never compared their firm's performance with industry figures. (McMahon and Holmes, 1991)

8. *Decision-Making*

Decision-making is one of the most complex processes for owner-managers to master. For owner-managers, decision-making includes the following concerns, among others: being sufficiently documented; using available and appropriate tools; listening to their own intuition; choosing the right time; anticipating the impact of alternatives; wondering who should make the decision; but first and foremost, deciding on the action to be taken (Mintzberg, 1994).

In simple terms, there are two main types of decision: strategic and operational.

Strategic decisions concern the firm's mission, objectives, basic resources, partners and perspectives. They often refer to the strategic plan, and thus to the owner-manager's vision. The owner-manager and his management team reserve responsibility for strategic decisions that require an global vision of the firm and affect its evolution. They often call on experience, "feeling" and confidential information. Decisions of a more operational nature will often be delegated to the action level, and be contained within established policies and procedures (Bennis, Nanus, 1985).

However, to be effective, decision-makers must: have access to relevant information; be trained to make decisions; be fairly independent in respect of the choices to be made and the timing; be allowed to make mistakes; have the necessary resources; and know the extent of their responsibilities. It has been proved that decisions made by teams are generally: better conceived and considered; better documented and analyzed; better thought-out in terms of impacts; riskier, more calculated and leading to more enthusiastic implementation (Serieyx, 1993). Team decision-making requires an appropriate management style, a relevant structure and compatible management methods and processes (Panayides, 1995). It is therefore often found in the following forms: semi-independent working groups; project management; network-based firms; simultaneous engineering processes; and management committees.

Often, owner-managers encounter emergency situations and must keep internal and external consulting to a minimum, taking full responsibility for the decision themselves (Hogg, 1993). However, it is useful after the fact to inform the people concerned of the reasons and circumstances. At the end of the line, the owner-manager must take full responsibility for the firm's evolution, and cannot delegate or even share some of the decisions.

> **Decision-making**
>
> Problem-solving analysis was the competency endorsed most frequently by 62% of the sample of owner-managers (Hogg, 1993)
>
> A profile of small high-performers include: solid (not rigid) management organization, decentralized decision-making, non-authoritarian participative management and informal business atmospheres (Panayides, 1995)

IV - RESOURCES

9. Cognitive Ability

Since information has become a resource, its processing deserves technological support. New information technologies are now accessible, inexpensive, user-friendly and integrated. They enable the firm's main players and partners - management, customers, operators, suppliers and intermediaries - to be interconnected instantly. New information technologies enable small firms to behave like their larger counterparts, in at least four key areas: micro-computing and specialized software enable small firms to perform CAD/CAM tasks without calling on experts; electronic networking and computer-based communications enable small firms to enter niches through intercompany alliances, both small and large; databases, now accessible throughout the world, place small firms in the same networks as large corporations; and digitally-controlled equipment and electronic data interchange provide small firms with the same quality standards on products and services (Coviello, Munro, 1995).

Used strategically, information processing technologies can become powerful productivity tools. The challenge of productivity requires that technologies be selected according to the needs and cognitive ability of the users, and implemented with trained, enthusiastic staff (Wally and Baum, 1994). The traditional mistrust and resistance of employees towards information-processing technologies are often due to lack of awareness, deficient preparation and badly designed implementation. Information-processing will be effective if management continues to be vigilant, enthusiastic but also realistic and modest (Courville, 1994).

Cognitive ability

Early relationships with large firms are particularly influential in the entrepreneurial high-tech firm's internationalization process. Network are used to share some international marketing activities. (Coviello, Munro, 1995)

Entrepreneurs differ in their networking activities according to the competitive strategy pursued by the firm. (Ostgoard and Birley, 1994)

Cognitive ability relates with performance, as do the specific competencies, industry knowledge, and technical knowledge. (Wally and Baum, 1994)

10. Financing capabilities

Regardless of the type of expansion envisaged for the firm, and regardless of the growth rate selected and/or controlled, the question of development financing inevitably arises (Snell and Lau, 1994). In simple terms, the issue of financing must be addressed confidently and prudently, calculated risks must be taken, and cash flow must be managed carefully. Like the firm's other resources, its finances must be part of strategic management and be treated as a way of achieving the goals, and fulfilling the mission efficiently (Panayides, 1995). A number of financing tools, options and vehicles exist. The choice should be made according to needs, the situation and the type of firm. The owner-manager's preferences, experience and intentions will add to the complexity of the decision. As is the case for other major decisions, financing for expansion should be based on the firm's business plan or, better still, its strategic plan, where strengths and weaknesses are described alongside opportunities and threats (Romano and Ratnatungo, 1995). A good plan takes care of half the process of obtaining funds. Usually, finding funds for an expansion project is easier than finding start-up funds, because of the experience acquired and the relationships created.

It is important to avoid marking time when borrowing for expansion, i.e. where the increase in sales covers only the debt and interest payments. An ongoing, harmonious, open and frank relationship with the account manager is vital to maintain sound financial management. The habit of watching the firm's trend chart (cash flow, ratios, statement of income and expenditure, etc.) will help prevent financial problems. The causes of growth-related failures and difficulties are well-known and are often generated by the following elements, among others: lack of planning and budgeting, loss of customers due to declining quality and service; poor accounting; poor stock and customer accounts management (useless inflation); absence of delegation; excessive debt levels (lack of cash flow) (Cannon, Eggers, Leahy, Grant, 1995).

Many of the owner-managers investment and financing choices are affected by tax preferences, especially in the areas of capital assets, equipment, technology and exports. Profits can thus be redistributed as dividends, or reinvested. In the latter case, tax on the reinvested earnings can be carried forward. Investment choices are also influenced by the tax depreciation rules, which favour certain types of projects.

Subsidies, on the other hand, should be judged according to the cost of the application and the constraints posed by the various criteria, versus the expected benefits. Some subsidies often favour unprofitable projects or undesirable expansions. The additional risks of political uncertainty should also be considered, since changes in fiscal policies, subsidy programs and so on will be inevitable. Again, a good advisor is often essential for the owner-manager (Lydall, 1992).

Financing capabilities

Among the competencies salient for growth in small businesses is systematic financial management.
(Snell and Lau, 1994)

Owners of small high performing firms make little use of sophisticated financial indicators, but rather rely on cash-flow, absolute profits and turnover growth. They heavily re-invest profits.
(Panayides, 1995)

Finances are constantly reviewed by owners of high growth firms.
(Romano and Ratnatungo, 1995)

Firms intending to grow need to strengthen their financial management skill set.
(Cannon, Eggers, Leahy, Grant, 1995)

About 20% to 30% of small businesses engage in some form of budgeting.
(McMahon and Holmes, 1991)

V - STRATEGIES

11. Technical capabilities

Globalization requires certain standards that involve modernization at the level of operations and information technology (scanning), processes (logistics, scheduling, suppliers/customers), management (resources/decisions, strategies, alliances) and marketing (promotion/representation, distribution/dispatching). The market and changing needs engender adapted products and services, intensive competition, increased competitiveness, and rapid response times. Reaction times are constantly being shortened. This requires flexibility, speed, adjustment and anticipation (Martin and Staines, 1994).

The technical culture favours constant surveillance of new elements and trends. The emphasis is on adaptability. Adaptability depends on the open-mindedness of the management, the agility of the staff, surveillance of the market, technological scanning, management's trend chart, and proximity to the environment and customers. Technological updating covers process re-engineering, computer migration, and realignment of information systems. Technological adaptation is first and foremost a question of management, because it is performed by and for individuals; integrated with other systems (information systems, materials systems); connected to customers; profitable, controllable and functional; and a strategic element. It requires an up-to-date and appropriate system, but not necessarily the most sophisticated (Voss, 1988).

Technology should enable the firm to react and respond quickly. Five elements can do this: integrated computing, linking customers and suppliers, and automatically feeding information to the appropriate operations; a real-time database including information processed and distributed by computers to the design, engineering, production, logistics, marketing and customer service operations, whether the work is done internally or subcontracted; operational flexibility at all levels, allowing products and services to be delivered in varying quantities, in a standardized or personalized way; dynamic systems able to respond as required to customer needs, thus eliminating stocks; and an approach based on ongoing improvement of processes, products and services, which respects the principle of sustainable development (Aggarrval, 1994). Technology should be considered globally as a managementtool at the service of the network-based firm, both internally and externally (AMC, 1994).

Technical capabilities

The majority of entrepreneurs stressed the importance of having a sound technical understanding of their industry. (Martin and Staines, 1994)

For canadian companies in early, pre-growth phases of development, trade and industry knowledge appears to be a critical success factor. (Cannon, Eggers, Leahy, Grant, 1995)

Technically qualified spin-out founders and technically qualified novice founders utilizing the financial network record significantly higher absolute employment growth. (Westhead, 1995)

Suitable technology is a source of competitive advantage when it is effectively utilised. (AMC, 1994)

Results showed that all of the firms were successful technically in their applications of advanced manufacturing technology, but only 57% had been able to achieve benefits other than productivity. (Voss, 1988)

Many companies have thrived due to their success in combining two or more technologies into innovative products or services. (Aggarrval, 1994)

12. *Entrepreneurship*

When a new venture grows and develops quickly, it always runs the risk of creating structures to manage its growth that will dilute the initial entrepreneurial values. In other words, in a dynamic growth situation the members of the firm begin to believe that they alone are responsible for the evolution, and want to manage it in their own way. Consequently, they often create bureaucracy on top of bureaucracy. The entrepreneurial culture is pushed aside, and the customer becomes less of a concern (Pitcher, 1994).

Strategic growth is a considerable asset, often the only possible path for the survival of the firm. Success depends to a large extent on the ability of the firm to remain agile and entrepreneurial. Growing firms must maintain an entrepreneurial culture, one which encourages the development of intrapreneurs and champions. The development or maintenance of an entrepreneurial culture requires values, mentalities and activities that are omnipresent at all levels of the firm. The principal manifestations of these features are described below (Julien, Marchesnay, 1996).

The detection of opportunities should be a constant concern. This means identifying and exploiting markets that others have missed or that have been created by new technologies (Levie, 1995). The enterprise culture should encourage calculated risk-taking and avoid punishment for failures. Usually, the best ideas come from customers. Methods are therefore needed to maintain a constant contact between customers and employees.

The predominance of an owner's mentality means that individuals will become accountable for both success and failure. This mentality is difficult to maintain, but provides the best incentive for intrapreneurs. One way of proceeding is to subdivide the firm into decentralized units where management by process enables unit leaders to be responsible for a set of activities from start to finish, and employees to identify with the unit. The challenge here is to integrate the units to take advantage of the size effect, the overall vision, the technological and financial power and the sharing of knowledge and skills (Baum, 1995). It thus becomes easier to measure performance and allocate incentives accordingly.

Flexibility is a feature of successful new firms, provided its application is in conformity with the strategic process. It allows opportunities to be identified quickly, and enables the firm to withdraw from sectors that do not work McCarthy, Spital and Lowenstein, 1987). It implies not only supple structures and procedures, but also changes in behaviour. For example, entrepreneurial firms do not have appointed planners; the planning task is performed by the owner-managers themselves, who set general objectives and base their strategies on opportunities and potentials. In a bureaucracy, changing direction means that a mistake has been made, whereas in an entrepreneurial firm, it is often a way of taking advantage of opportunities and possibilities (Mintzberg, 1994).

The practice of teamwork is still the best way of sharing power. In the entrepreneurial firm, an individual's importance and status do not depend on seniority, but on performance, understanding of the firm's values and culture, and distinction - in a word, on added value. Thus, to achieve importance and status, individuals must be in the right place, in a pleasant, encouraging climate, and able to leam continuously (Crozier, 1989).

The entrepreneurial firm is more interested in controlling resources than in appropriation. What counts is doing what it can do best, and having things done by others where it feels less effective and efficient. The practice of subcontracting, agreements and partnerships provides control without the weight of ownership. Clearly, management must be adjusted accordingly, and should be based on requirements and potentials, not rigid formulae (Smilor and Sexton, 1996).

Entrepreneurship

Entrepreneurs in high-tech companies revealed the importance of focusing the firm's resources only on those opportunities that have the best potential. (McCarthy, Spital an Lowenstein, 1987)

Self-efficacy, technical skills, personal marketing, innovation/production focus and a passion for work have the strongest direct positive relationship on venture growth. (Baum, 1995)

Firms which pursued narrow market entry strategies in growth industries appeared more likely to achieve sustained growth than other firms. (Levie, 1995)

13. Innovativeness

One of the major sociological changes affecting businesses is the emergence of a new, better educated generation that is more autonomous, critical and sceptical. Some of this generation's behaviour may be complex and difficult to predict. It also has a fairly high potential for creativity, imagination and problem-solving. However, these new consumers travel more, are exposed more to different cultures, and are less loyal to known brands. They demand a high level of technical quality, design quality, service quality, contact quality and an open-minded attitude. On the other hand, their non-conformist behaviours and needs are also a source of contradictions, sudden changes and unexpected elements - and thus, a source of innovation (AMC, 1994).

To take advantage of this, firms must innovate at four levels: the technological level (raw materials, processes, equipment, packaging, etc.); the commercial level (products, distribution, marketing, services, uses, etc.); the organizational level (structures, methods, systems, strategies, etc.); and the institutional level (values, standards, culture, social responsibility, commitment, etc.) (Baldwin, 1994).

Growing firms can enhance their innovative potential considerably by putting the following principles, among others, into practice: making it possible for employees to listen and respond to customers; monitoring and comparing itself with competitors, not with inaccessible world champions; developing ideas for new products on the basis of comments by customers and also employees, and carrying out a few market surveys; acquiring technologies that will reduce costs; concentrating on the basics: identifying processes that add value, simplifying them and reacting quickly to the requirements of customers and markets (Voss, 1992); and not worrying too much about sophisticated measures. The gains will soon become clear.

To become and remain competitive, firms can use lever effects, including the following: practising convergence and focusing of individual, process and investment productivity; doing everything they can to exploit the potential of every individual; using synergy and complementarity to add value; continually recycling human resources; and protecting markets by being better than the others. With respect to management practices, firms must consider appropriate uses: of alliances with other firms, laboratories and universities to speed up the innovation process and share the costs; of parallel engineering to obtain a better fit between the concept, design, production and marketing of new products; of competitive scanning, to see things coming, but mainly to use outside discoveries aggressively; and of networks, to develop relationships, obtain information and identify strategic partners (Martin, Staines, 1994).

The world class manager must be competent at: personal control; the questioning of mental models; shared vision; learning teamwork; and systemic thinking. In short, the world class firm is able: to rationalize while remaining flexible; to practise customer obsession; to select a niche and excel in it; to produce quality rather than controlling it; to take advantage of other people's ideas; to respond rapidly to demand; to avoid the myth of modernization; to promote champions; to share success; to establish alliances and partnerships; to function in network mode; and to grow in a controlled and effective way.

Innovativeness

Entrepreneur emphasized the importance of creativity, risk taking, and innovation as key aspects of their role. (Martin, Staines, 1994)

Innovative management differentiates low growth from high growth firms. (Baldwin, 1994)

Entrepreneurial innovative firms' growth was significantlyhigher than conservative firms. (Miller and Friesen, 1982)

The data demonstrate that leaders involve customers in the design of new products and services. (AMC, 1994)

The successful innovation of new processes is critical for continued success of companies. (Voss, 1992)

Innovative activities are the most important determinants of general success for growing SMEs. (Baldwin, 1994)

Organizational Stages of Development

INTRODUCTION

Like the individual, the organization passes through a series of stages of development and also like the individual, the stages are more visible and important in childhood. Unique characteristics seem to be associated with each stage of an individual's growth from infancy, to adolescence, to adulthood. Imposing the demands of adulthood upon the adolescent may hinder his ability to attain maturity. In a similar perspective, an organization in the process of growth, revolution, or rapid change is fundamently unlike the organization that has attained a rational, mature position in the market place. The conditions necessary for successful mature operation may actually impede the ability of a firm to meet the revolutionary demands for change which it encounters during its initial growth.

MODELS OF DEVELOPMENT

In the theory of the stages of development, each phase is defined in terms of the changes in the growth rate of sales and profits over time. The characteristics of each phase suggest changes in the managerial practices in various areas (general management, finance, marketing). Each new stage or level is said to present the firm with a set of different problems which call for substantial and often difficult, if not impossible, behavioral changes from the chief executive officer or entrepreneur (Churchill and Lewis, 1983).

For some time it has been known that the growth pattern of the typical small business is S-shaped. This growth curve shows the stages of a firm's growth and the critical phases. Filley and

House (1969) described the three archtypical organizational stages, each possessing its own set of structural and managerial characteristics. Steinmetz (1969) emphasized the critical phases or periods of transition between stages while Buchele (1967) analyzed the problems or crises related to each stage.

A traditional "craft" stage is the first one. Although not restricted by size it probably represents a majority of the small business operations. For Steinmetz (1969), stage I is characterized by direct supervision with problems occurring when the organization has twenty-five or thirty employees. In Buchele's (1967) terminology the small firm passes through both a starting and cash crisis during this period. This is the real entrepreneurial stage. The leadership capability of the entrepreneur is felt throughout the business organization. He or she is close to the front-line functions of sales, manufacturing, and development and he or she may even be active in one of these areas. In this stage, operations remain quite informal. Success depends upon the imagination and courage of the entrepreneur and key people. Given the main characteristics of most small firms, this stage will rarely extend beyond the first five years of the firm, unless the firm is of the "craft" type.

The second stage is one of "dynamic growth" representing what is called the "growth cycle" because of its shape and special nature. During the growth cycle the firm develops first at an increasing, and then at a decreasing rate. With both labor- and capital-saving investment, sales normally rise more rapidly than assets or employment. Profit rates are usually high as the firm experiences economies associated with both growth and size. Yet the high profits do not preclude serious shortages of cash and investment capital which arise from continued investment committed to expansion. The enlarging scale of operations requires delegation of certain matters. The entrepreneur is pressured to spend less time with the "what" strategies of the business and becomes preoccupied with the "how" strategies. As the demands on his time swell he should devote more and more of his energies to matters of managing through other managers: Steinmetz (1969) called this stage "supervised supervisor". For Steinmetz most organizations with 30 to 300 employees are in stage II. It is by far the most profitable stage of growth for the small business: the time during which the rate of return on invested funds will greatly exceed the return in stages I and III. The main crises observed by Buchele (1967) during this period are those of delegation and leadership.

In the period following this inflection in the growth curve the organization gradually changes from a personal enterprise, led almost entirely by the entrepreneur, to a more impersonal one, directed rationally by professional management. This period of transition is less abrupt than the earlier takeoff period but it is very important and often crucial for the long-run survival of the firm (Lance, 1985). The development of a rational decentralized organizational structure, a professional management, a full staff complement, and a homogeneity of values and philosophy among organization members are presumed. Without a change to the rational methods, the firm will continue to grow until crises and internal inefficiency halt or perhaps reverse the direction of expansion (Carbone, 1985).

The third stage is that of "rational administration". The dynamic period of growth is replaced by a period of institutionalization. If operating profitably in the third stage, the firm functions as a well-constructed machine. Profits are derived more from internal efficiency and less from external exploitation of the market. The firm becomes a collective institution rather than a one-man show. Its institutional objectives become separated from the needs of its participants and organizational efforts are directed towards the changing needs of a defined market: its mechanism is adaptive. In a sense, stage III is enjoyable for the small businessman because the odds of business failure are now considerably reduced. The firm has "arrived" by most people's standards. The major crises faced by the enterprise are those of finance, prosperity and management succession. Clearly the characteristics of success in the third stage may work against the development of new growth cycles in much the same way as traditional characteristics. In fact, a third-stage firm risks the danger of drifting back into traditionalism. A new growth cycle is impeded by rationality, conservatism, and the effort to avoid uncertainty (Gupta and Chine, 1993).

Not every firm journeys through the three stages (Eggers, Leahy and Churchill, 1994). Some enter immediately into the stage of dynamic growth. Other firms begin and remain in the traditional or the rational stage, or change from one directly to the other. For a firm to stay in the dynamic stage after the end of the growth cycle is rare. However, this occurs only when the firm initiates successive growth cycles thereby experiencing constant breakdown and reshaping (Eggers and Smilor, 1996). Although these authors provided a basis for classification and comparison, the emphasis was not on any one factor or group of factors, nor was it assumed that the three stages must occur or that they necessarily occur in a particular order. Thus, it is relatively difficult to describe the development of a certain firm and to pinpoint its actual position on the curve. However, the broad pattern of development of a well defined group of firms can be generally approximated (Hanks and Chandler, 1995).

Model of development

Successful small businessess go through 3 stages of controlled growth. (Carbone, 1985)

Small businesses share common problems at similar stages of development; knowing the business' stage of development and future plans enables owners, managers, and consultants to better understand problems and anticipate future challenges. (Churchill and Lewis, 1983)

As a small business develops, it moves through 5 growth stages; at the transitions between the 5 stages, crises tend to occur. (Scott and Bruce, 1987)

Businesses are dynamic enterprises that change as they evolve. To prevent corporate decline in mature businessess, there should be a return to the entrepreneurial spirit on which the businesses were funded. (Stevens, 1988)

SOME PROBLEMS WITH STAGE MODELS

Although these models are very popular, it is necessary to examine some problems related to the stages of development theories and the key characteristics of the managerial process in each stage. As pointed out, the stages of growth theories postulate a series of "stages" through which organizations evolve over time. Unlike other evolution models, the movement of an organization from one stage to another in these frameworks is dependent on a number of factors other than time. Thus, it is not necessary that an organization ever move out of stage I, and, even if it does, there is no prescribed time at which this must occur. Equally important, organizations need not go through every stage, and there are several possible sequences in which they may move from stage to stage.

The two most critical weaknesses of stages models are that, with one or two exceptions, they do not indicate the details of the process or the problems involved in making the transition between stages(Curran, Stanworth and Watkins, 1986), and they do not agree on a common set of stages. Thus, Carbone (1985) has only three stages, while Churchill and Lewis (1983) has five. Moreover, their stages do not simply collapse into one another. Rather, Galbraith (1982) presents several stages that precede stage I. Nonetheless, the stages models are a great improvement over other development models, even though more research is needed to show that the patterns of organizational structure and systems they recommend for each stage do indeed produce better organizational performance than other patterns of structure and systems for that stage of development.

Problems in stage models

The resuls suggest that small firms do change, but not necessarily in a prescribed sequence.
(Birley and Westhead, 1990)

In this survey of high-tech firms, we found modest support that firms progress according to predicted patterns. (Kazanjian and Drazin, 1989)

In reviewing European studies on growth and firm staging, we noted that not all firms begin in the birth process and move through the growth cycle (i.e., many never move beyond gestation and/or cease trading early in their life cycle). (Storey, 1994)

We have shown that there is considerable variability and individuality within this typology in the way some organizations develop. Not all organizations follow the same developmental sequence.
(Eggers, Leahy and Churchill, 1994)

What is interesting to note is that a single leadership style may not be appropriate across all growth stages, rates of growth, or levels of firm complexity. In addition, the ability of growth stage models to explain growth in emerging firms appears to be severely limited. (Eggers and Smilor, 1996)

CHARACTERISTICS OF THE MANAGERIAL PROCESS IN EACH STAGE

According to these theories, the psychological makeup and the business orientation of the entrepreneur pose equal, if not greater, barriers to the evolution of a small firm from one stage to the other than do limitations on organizational resources and environmental opportunity. Each new stage is said to present the firm with a set of different problems which call for substantial and often difficult, if not impossible, attitudinal as well as behavioral changes from the owner-manager or entrepreneur. According to Storey (1994), the most important characteristics of entrepreneurially managed firms are:

1) a highly centralized decision making system;

2) an over-dependance on one or two key individuals for its survival and growth;

3) an inadequate repertoire of managerial skills and training, and

4) a paternalistic atmosphere

Typically, for firms located in the first two stages, most decisions about the allocation and acquisition of resources, the selection and compensation of key personnel, pricing, purchase of raw materiels, development of new products, loans and credit arrangements, labor negotiations, and diversification are made by one or two individuals including the entrepreneur himself. At the same time, these individuals usually also get heavily involved in many of the day-to-day operating activities of the firm. This characteristic of the entrepreneurially-managed firm, as we have seen before, permits it to respond quickly to environmental opportunities and threats. However, it also inhibits the development of subordinates' decision making skills; furthermore, such activities may cut into the time the entrepreneur should be spending on strategic decision making. Baum (1995) noted that the failure to develop subordinates, couples with the entrepreneur's personal limitations, and the fact that the entrepreneur usually feels he cannot afford to hire high-salaried functional personnel generally produces a number of major gaps in the range of skills possessed by the entrepreneurially-managed firm. All these effects have for consequence that the performance of the firm is highly function of the capacity and orientation of the entrepreneur. Finally, because they are small and have a relatively stable complement, these firms develop a high sense of family among their members. In addition, the entrepreneur, through his attitudes and actions, encourages every employee to seek his advice whenever problems of a personal nature arise. Though the loyal paternalism that results from such behavior does account for part of the success of the entrepreneur in developing his company and personnel, it can also have long-term counter-productive effects. Again, it should be noted that the four characteristics discussed above are often important and in many cases essential to the success of the small, entrepreneurially managed firm at least up to a point. Beyond that point, however, they can become barriers to the continuing development of the firm. When these characteristics start turning into barriers, though, they begin to tax the physical and mental capabilities of the entrepreneur and it is at this juncture that he must realize that his business competencies and the mode of managing his business require a change from entrepreneurial to managerial (Penrose, 1995).

A firm in stage III managed by a managerially-oriented entrepreneur is one which has a functional organization structure based on its current needs, permits delegation of appropriate day-to-day decision-making authority to its subordinate managers, utilizes formal information analyses and the intra-firm consultative process to make administrative decisions, reflects in its routine operations a stable corporate strategy that recognizes both the long and short term needs and goals of the organization, is free from excessive dependence on any particular individual or individuals for their skills and talents, and displays a certain degree of interchangeability among its components (Hanks and Chandler, 1995).

Given the characteristics of the typical entrepreneurially managed firm and the orientation of the owner-manager characterized by an entrepreneurial business style it is not likely that successful transitions to formal management will occur completely unless they are implemented gradually. In general, the transition process is slow since it involves organizational and personal learning and because it is necessary to preserve old strengths while developing new ones. It must also be handled carefully because of all the psychological contracts that will have been built up over time. Moving from a one-person entrepreneurially managed firm to one run more formally is probably the most difficult to achieve and also perhaps the most important for organizational development among the different transitions that are possible (Gibb and Davies, 1990). Little research has been done on this topic and most of what has been done has focused on the non-behavioral aspects of the transition. One exception is Raffa, Zollo and Caponi (1995) work on the management succession-organizational development linkages in closely held firms. In general, they conclude that it is much easier to move from one stage of organizational development to another at the same time that a transition is made in the top management of the organization than at any other time.

Management by stage of development

We believe the stages should be referred to as Phases of Management rather than Stages of Growth.
(Eggers, Leahy and Churchill, 1994)

The results generally support the proposition that managerial approaches vary in predictable ways as sales change patterns vary. (Merz, Weber, Laetz, 1994)

Businesses change as they grow, and they can outstrip the people who work for them very quickly. To complicate matters, the role of the owner changes. (Tassani, 1991)

The results show that it is critical to have a realistic plan and premise before undertaking geographic expansion. Management style must also change. (Greening, Barringer, Macy, 1996)

Entrepreneurial organizations give rise to internal contradictions as the firm approaches maturity which, if not recognized and addressed, affect future profitability. (Dyerson, 1992)

Some owner-managers may have more advanced managerial skills, styles, and strategies that are well advanced to the stage of their business. (Storey, 1994)

CLASSIFICATION OF FIRMS BY STAGES OF GROWTH AND COMPETENCIES

We already noted some problems in using stages of growth theories for small business analyses but the greatest difficulty remains the classification of particular firms in one stage or the other. Although many authors provide a basis for classification and comparison, the emphasis is not on any one factor or group of factors, nor is it assumed that the three stages must occur or that they necessarily occur in a particular order (Reynolds, 1995). Thus, it becomes relatively difficult to describe the evolution of a particular firm and to locate its actual position on the growth curve. However, using a set of general criteria and adequate information, the broad pattern of development of a well defined group of firms can usually be approximated.

As Eggers and Smilor (1996) suggested, "the more entrepreneurs know about this entrepreneurial continuum and their place on it, the more easily they can recognize patterns and anticipate developments in the entrepreneurial experience, and advance along the continuum.

As we have seen, every stage has different problems and issues (knotholes) that may require different learning, different experience, and sometimes different skills (Timmons, 1990).

The key for entrepreneurs is not only whether there are different issues and challenges at each of these stages; rather, it is understanding which skills are important across all stages and which may be unique to each, so they can develop and/or enhance those skills that most contribute to movement through the continuum, which ultimately affects the ongoing success of the venture (Eggers and Smilor, 1996).

A few attempts have been made to identify those skills or competencies for each stage of development; although research has not yet systematically substantiated the staging process, nor the interrelationship between stages and managerial characteristics, it is possible to observe some dominance in competencies in each stage of development, as shown in the following diagram.

Dominant Competencies in each stage of development

	CRAFT	GROWTH	MATURITY
VISION	*Mission setting* *Focus*	*Goal setting* *Strategic planning* *Evaluation capabilities*	*Adaptiveness* *Turnaround* *Renewal*
PEOPLE	*Leadership* *Achievement* *Orientation*	*Empowerment* *Continuous improvement* *Communication* *Motivation of others*	*Training* *Research* *Motivation of self and others*
OPERATIONS	*Teamwork*	*Organizing* *Decision-making* *Delegation* *Quality* *Process management*	*Structuring* *Problem solving* *Methods* *System*
RESOURCES	*Networking* *Access to capital* *Budgeting*	*Financial management* *Information-processing*	*Financial Control* *Partnering*
STRATEGIES	*Craft-oriented* *Entrepreneurship* *Trade and Industry knowledge*	*Growth-oriented* *Entrepreneurship* *New technology implementation* *Opportunities recognition*	*Innovativeness* *Market awareness* *New producty services* *Customers relationship*

Business Performance

INTRODUCTION

Although a relative consensus seems to emerge in the literature as to what constitute the essential functions or roles of entrepreneurs, less agreement is viewed in relation to whether these fuctions always lead to good business performance or even under what conditions the effective functioning of the entrepreneur would be more successful. Part of this lack of consensus is due to the various criteria used to evaluate performance. These criteria have ranged from the mere survival of the organisation to sophisticated profitability ratios. Theoretically, there should be two types of performance in entrepreneurship: the entrepreneur's performance and the firm performance. However, since in the small business enterprise almost all entrepreneurial functions particularly in the first stages of development, are performed by the owner-manager, this distinction is much more difficult and sometimes less relevant; nevertheless, it should be kept in mind that depending on the criteria chosen, the performance may be more directly related to the individual than to the organisation. Other distinctions should be made in using such terms like effectiveness and efficiency; usually the effectiveness of an organization has to do with the extent to which an organization achieves its goal (strategic performance), while efficiency is given by the ratio of its energic output (or product) to its energic input (or cost) (operational performance). Since the study will deal with both concepts, the general term "performance" will be used to refer to the "results" of entrepreneurship and small business (SME).

PERFORMANCE CRITERIA

The presence of controversy surrounding the concept of organizational effectiveness presents numerous problems for practicioners as well as scholars involved in assessing the performance of organisations; the recent spurt of writings and research pertaining to organizational effectiveness has not as yet resulted in the formulation of a universally acceptable scheme or methodology for the assessment of effectiveness of organizations. Organization theorists have advocated a perplexing variety of conceptual schemes, analytical points of departure, and models for approaching the study of effectiveness, but, as Morin et al. (1994) suggested "there is only a rudimentary understanding of what is actually involved in or constitutes the concept". Furthermore, the dynamic relationships between practices and organizational effectiveness has been largely ignored. This omission may help to explain, according to Morin et al. (1996) "the inability to achieve convergence across various measures of effctiveness".

From the list of evaluation criteria used by various models of organizational performance, the following ones seem to have been the most prevalent in small business studies:

Adaptability - flexibility
Productivity
Satisfaction
Profitability
Efficiency
Stability
Growth
Survival

Again, it should be noted that "productivity", "profitability", and "adaptiveness" are often considered as criteria of efficiency (operational performance) while "survival" and "growth" are used as criteria of effectiveness or strategic performance. However, most models of small business performance are univariate, using only one measure of organisational success.

For example, in their rather extensive studies of entrepreneurs, Kalleberg and Leicht (1991) used a relatively simplistic criterion for entrepreneurial success, notably survival; if businesspeople were still around to be interviewed after running a small business for five years, this meant, to these and many authors, that the entrepreneurs were successful. While survival may, at times, becomes an overriding issue, it is usually considered as a superordinate objective and usually survival activities are linked to other goal-related activities. A total focus on this aspect would ignore the essential operative goals around which entrepreneurial activities are based, like profit, growth, and productivity.

On the other hand, profitability has been used as the "ultimate criterion" in many studies. There are many problems in using profits as a criterion of performance. From the economist's perspective, notions of profit maximization or profit satisfaction appear to be global end-goals under which most other goals can be theoretically subsumed as means-goals. On the other hand from the sociological and psychological perspectives, profit is relegated to a means-goal, a measure of efficiency on effectiveness or a condition of survival rather than an end in itself. However, the problem becomes one, not merely of seeing profit as a means-goal but of seeing it as the only one among a number of measures of entrepreneurial and business performance. As McMahon and Davies (1994) pointed out, the readily quantifiable profit goal is not a simple matter. It is confounded by such issues as the time perspective, the rate of profit, the environmental conditions of profits, and the comparative position of the firm vis-à-vis others in the same industry. Even the measure of profit itself is not simple and uniform. Among complementary measures used are return on stockholders' equity, return on total capital, debt to equity ratio, and net profit margin; and all these are not well-correlated.

The most pervasive criterion of entrepreneurial results is without any doubt, growth. For the entrepreneur, growth is often interpreted as a sign of organizational achievement, almost as a moral imperative. For the analyst, growth is relatively easy to operationalize and real data to measure it are usually available.

According to Merz, Weber and Laetz (1994) and Hay and Kamshad (1994), growth is the consequence of decisions: decision to hire or to not fire, decisions to increase output in response to demands, decisions to stimulate demand, and so forth; thus, expansion would be necessarily dependent upon some decisions (made by the entrepreneur) and the actions which follow them. Studies of small business growth generally include both internal and external growth and use absolute measures as their criteria, like, change in profits, change in sales volume, introduction of new products, change in market share, increase in employment, etc...

Such studies of small business organizations using growth as criterion of effectiveness are numerous and their results are not all convergent. For example, Bildner (1995) tried to show that the rate of expansion of a small enterprise may be related to the rate of reinvestment in it. He suggested that expansion may be observable, in general terms, even when the rate of profit is obscurred; it can be assumed that an enterprise which expands steadily without drawing upon capital reserves is making a good profit or turnover. Similar findings have been reported by Storey (1994) in his study of industrial entrepreneurs in England. He has shown that the pattern of growth of most of the successful firms had been to start with relatively limited capital and to grow through reinvestment. The criterion of past performance related to the increase in the size of operations has been used by Arrighetti (1994) in his research on small organizations; the growth rate has been measured by the annual increase in the logarithm of sales volume between the second and most recent year reported. More recently, Barrier (1995) reported some of the obstacles to growth met by "threshold firms" while Garsombke and Garsombke (1989) tried to show how growth (and survival) should become management strategies for the small firm.

On the other hand, Covin, Slevin and Covin (1990) in an attempt to make comparisons in rate of growth among fifty seven business organizations performing similar functions, encountered difficulties with the use of growth rate as a criterion of effectiveness. It appeared that the meaning of growth for the health, survival, and overall effectiveness of an organization was very different at different stages of the organizational life cycle. That the rate of growth of small business organization is a fuction of the stage in which the organization evolves has been well illustrated by Birley and Westhead (1990). One of the problems which arises regarding growth pattern, as Fombrun and Wally (1989) pointed out, is whether there are any regularities which may be anticipated so that organizations may be more meaningfully compared. One current deficiency is the lack of effective classification schemes for organizations such that organizations can be validly compared. Gallagher and Miller (1991) suggested that: While simple typologies can be used for limited analyses, such as comparing organizations in their turnover rates, growth rates, or rates of investment in research and development, classifications of this sort have only a limited usefulness.

In spite of these difficulties, and since growth is seen as a natural process which occurs under normal conditions or when nothing restraints or inhibits it, it is still widely used as a criterion of entrepreneurial effectiveness and strategic performance in small business analyses.

Productivity as a specific criterion of efficiency seems to have been less used in small business studies than in those involving larger organizations. Again, one reason for this might be due to the confusion generated by using the terms efficiency, profitability and productivity intercheangeably. Another reason may be related to the fact that productivity is perceived to be more a criterion of operational performance than of general organizational performance; In other words, productivity would result more because of the individual efforts and capacities of the manager (or entrepreneur) and employees than of the total organization (technology, finance, methods, ect.).

Anyhow, in a number of studies, increased productivity is assumed to be a primary goal of business. Although, in principle, productivity may be expressed in terms of output compared with any input factor, the most common used productivity ratio is labor productivity, which is simply defined as "output per man". While simple in concept, the ratio is very difficult, in practice, to calculate accurately. The problem can be summarized as one of using standardized values and in defining exactly what constitutes real output and employment. As a result, most economists have backed off into measuring only, what can be called, "partial productivity".

The most extensive analysis of productivity in small business organizations has been performed recently by Siegel (1995) where he tried to present better ways of measuring productivity and assessing the causal factors related to variations in labor productivity. Similar studies of labor productivity in small business firms of the Province of Quebec have been presented by Morin (1996). Using productivity as a criterion of entrepreneurial performance, Thorpe (1989) concluded that the most obvious single difference between more and less successful firms was the quality of management of the entrepreneurs. In a similar line, Aquino (1990) found that observed differences in labor productivity in essentially similar plants were attributable primarily to management (entrepreneurship).

Adaptiveness is another aspect of effectiveness which has not been much used in small business studies although it was the criterion most often mentioned in studies reviewed by Robinson and MacDonald (1995). Adaptiveness refers to the "extent to which an organization can and does respond to changes either internally or externally induced". This criterion refers to the managements' ability to sense changes in the environment as well as within the organization itself. To the extent that the organization cannot or does not adapt, its survival is in jeopardy. As Covin and Covin (1990) suggested, "adaptation is an obvious precondition for survival, and survival is an obvious precondition for growth". The usual measures of adaptiveness for research purposes are provided by responses to questionnaires; unlike the other measures of effectiveness, there are no specific and concrete measures of adaptativeness. The entrepreneur can implement strategies which encourage a sense of readiness for change; and there are certain managerial practices and entrepreneurial activities which, if implemented, facilitate adaptiveness. Yet, when the time comes for an adaptive response, the organization (the entrepreneur) either does or does not; and that is the ultimate measure.

In fact, adaptiveness is not a criterion of effectiveness per se, it is rather a precondition for organizational effectiveness. As Pelham and Wilson (1996) pointed out, "to maximize its effectiveness, an organization must deal with its environment, which it can try to manipulate to its own advantage". At the same time, to be effective, the organization has to respond to the environment in terms of its structure, internal operations, and managers' orientation. Strategic choices in regard to the direction the organization will take in face of a changing environment must be made by the entrepreneur. MacPherson (1994) has suggested that poor performance or ineffectiveness can lead to attempts to change the organizational structure or to manipulate the environment, or to the adaptation of alternative performance standards. This is done in a decision-making framework of managerial orientation and information. Thus, the findings indicate that effectiveness is contingent upon factors internal and external to the organization as suggested by Nwachukwu (1989).

Studies of small business organizations where adaptiveness has been explicitly recognized are those of McKiernan and Morris (1994) and Kargar (1996). Although they have strongly emphasized the importance of the adaptiveness of the small business organization for its survival and effectiveness, they have not gone very far in terms of providing empirical evidence supporting this assertion. Again, the reason may be due to the difficulties in the operationalization and measurement of the concept.

This brief review of the criteria used to assess the effectiveness of small business organizations seems to lead to, at least, two conclusions. First, that effectiveness is a difficult issue and one for which there are no universal criteria; second, that the selection of appropriate evaluation criteria is a function at least in part of who is doing the evaluation and their particular frame of reference. Many suggestions have been made to improve the situation. One would be to develop models of organizational effectiveness which attempt to specify or at least account for the relationshpis between processes (business practices) and organizational performance. Another would be to use multiple criteria of effectiveness instead of a single criterion (Asquith and Weston: 1994) . Finally, Gupta and Chin (1993) suggest to enter the dimension of time and stages of development into the analysis, arguing that different criteria be used in the short, intermediate, and long-runs. In this study, an attempt will be made to take into consideration some of these suggestions in the elaboration of a model of entrepreneurial and organizational performance.

At this point, at least two criteria of business performance need more elaboration, namely growth-stability and productivity because they have been used more extensively in the literature than any other ones.

Performance criteria

Standard microeconomics states that firm growth stems from relative efficiency differentials and that growth positively affects the likelihood of survival. (Arrighetti, 1994)

Small businesses that have adapted most fully to new technologies are reaping greater organizational performance gains than firms adapting more slowly or not at all. (Garsombke and Garsombke, 1989)

Auto parts companies which have purchased computer networks have shown significant growth, as reflected in increases in the total number of employees since the purchase. (Chimi, 1990)

Economic value-added (EVA) has become the in method for evaluating and promoting firm performance. (Adler and McClelland, 1995)

The overriding factor having the greatest impact upon a business's prosperity was found to be managerial experience. (Moussavi, 1989)

Management capabilities are paramount in determing firm longevity. (Cressy, 1994)

ECONOMIES OF GROWTH AND ECONOMIES OF SIZE

Examining the process of growth from the perspective of the firm, Eggers, Leahy and Chuchill (1994) argued that although firms frequently pass through a number of stages, size is simply a state: a by-product of the growth process. There is no optimal or most profitable size as such but there may be an appropriate rate of growth for a specific firm, under a given set of circumstances, and at a particular point in time.

In her theory of business growth, Penrose (1995) proposed that the size of an enterprise may create enduring economies which are very different from the benefits accrued in the growth process itself. The latter are experienced while the growth occurs but disappear when the process is complete. This distinction suggests that the small but growing firm can compete with the large, stable firm while the small stable firm cannot compete. In terms of the growth model, firms in the first and third stages would benefit by whatever size economies (and occasionnal growth economies) are possible at the relative scale of the particular enterprise. Firms in the second stage, however, experience both growth and size economies.

Economies of size are present when a larger firm, because of its size alone, is able not only to produce and sell goods and services more efficiently than smaller firms but also to introduce larger quantities or new products more efficiently (Penrose: 1995). Economies of size include technological, managerial, organizational, power, and financial economies. When size permits the use of automatic machinery, straight-line plant layout, or large pieces of capital equipment which reduce the average cost of production, technological economies occur. Managerial and organization economies become possible when the large size allows a high degree of functionnal specialization in both line and staff employment. If the size permits a monopoly or a monopsony of power by either the selling or buying firm an economy of power results. Finally, financial economies are the ability of the firm to obtain financial support through ownership or borrowing.

In contrast to economies of size, economies of growth last only as long as growth and disappear once growth ceases. It rests mainly upon the stock of unused productive services which may consist of excesses in financial, material or human resources. Something or someone is an excess resource in the sense that they are not tied to the current operations and hence are available for other purposes. This phenomenon results from the fact that some resources can be added only in discrete increment - for instance, one district manager, one additional member of a production team, one piece of equipment of a specific capacity - even though the requirements may be somewhat inferior to the addition. Unused productive services are continually created within the firm. The more rapidly the firm is able to move to exploit these unused resources the greater the economies experienced.

Economies of growth may exist for all sizes of firms and some may have no relation to either the size of the firm before it undertakes an expansion based upon them, or any increase in efficiency due to a larger scale of production. One of the significant characteristics of the economies of growth is their dependence upon the specific collection of productive resources possessed by the particular firm. The exploitation of the opportunities provided by these resources may be quite unrelated to the size of the firm.

Economies of size afford economies of growth for any firm which can take advantage of them. Economies of size do not provide economies of growth for those firms that are unable to expand sufficiently to obtain them.

FACTORS IN BUSINESS GROWTH

Studies of business growth generally include both internal and external growth. Internal growth occurs if a firm exploits the opportunities for expansion in a single product base, or creates and utilizes additional product bases by developing resources within the firm. The major internal factors involved are concerned with unused productive resources, knowledge, managerial and technical capabilities, skills, entrepreneurial services, material facilities and capital. As examples of the external inducements to expansion the following are mentioned: growing demand, in terms of quantity as well as type, for the firm's products and services; changing technology; special opportunities to establish or strengthen the market position.

In a review of the literature on corporate growth, Davidson (1991) classified the major factors according to whether they were found beyond the firm's boundaries or within them. Under external factors, he listed the social, economic, political, and technological sectors of the environment. The factors internal to the firm were of two types: costs related to size, and top management motives. "Costs related to size" implied an optimal firm size below which growth is desirable and beyond which growth is no longer profitable. "Top management motives" referred to the observation that profit maximization may not be the sole, or even the dominant, motive for growth. The author pointed out that sales growth is frequently viewed as providing some assurance of greater compensation, prestige, power, and job security for the top management. Thus there is a tendency to favor growth per se rather than profit maximization. Internal and external factors together represent a potential for growth. How, and how much of this potential will be actualized depends upon the entrepreneur's perception of these factors and the attendant uncertainty and risk; and upon the entrepreneurial drive within the firm. In studying the process of growth, Penrose (1995) made management, and the body of talents that it represents, one of the important factors in setting the pace and direction of the firm's growth. Managerial or entreprenerial skills which are not fully exploited contain, Penrose wrote, an internal pressure, a kind of automatic or built-in stimulant, for the firm to expand. Productive resources available to the firms are also important. But as she clearly stated, the interaction between the material and the human factors is decisive in shping an organization's development.

Baumol (1968) also brought the entrepreneur into the study of the process of the firm's growth. His entrepreneur is a strange type of person to encounter in the literature of theoretical economics. He is prejudiced by past experience to favor expansion. He does not even maximize profits but maximizes the rate of growth of sales (meaning total revenue) as long as he can maintain a certain minimum level of profit.

Factors in Business Growth

The growth of many small and medium-sized enterprises is being held back by poor management skills. (CBI, 1996)

Goal setting and three of five performance measures were significantly correlated. (Tracy, 1993)

For policy-makers, results showing differences in motives and strategies by age suggest blanket policies for small business internationalization may not be appropriate. (Brush, 1993)

The industry membership of the small manufacturing companies in the study was related to their performance. (Gubro, 1992)

A company's age was positively related to its survival regardless of the gender of its owner-operator; size was unrelated to survival. (Kalleberg and Leicht, 1991)

The basic technologies of high-tech industries significantly influence the ability of small business entrepreneurs to start and expand new businesses. (Oakey and Cooper, 1991)

Growth is essentially an evolutionary process and based on the cumulative growth of collective knowledge in the context of a purposive firm. (Penrose, 1995)

Growth motives influenced growth outcomes. (Gary, 1990)

In this Canadian study, it was found that high level of management skills were most often identified with growing SMEs. (Baldwin, 1994)

THE ENTREPRENEUR AS AN INDEPENDANT FACTOR OF GROWTH

Entrepreneurship may be defined as an indiviual's psychological predisposition to take a chance in the hope of gain and, in particular, to commit effort and resources to speculative activity. The decision of an entrepreneur to investigate the prospective profitability of expansion is enterprising and it is here that the "spirit of enterprise", or a general entrepreneurial bias to favour growth, has perhaps its greatest significance. As Penrose (1995) pointed out: "The decision to search for opportunities is an entreprising decision requiring entrepreneurial intuition and imagination and must precede the economic decision to go ahead with the examination of opportunities for expansion".

However, it is unreasonable to expect every entrepreneur or business person to devote all of his energy to making money. Many businesspeople do not always try to acquire more profits because this would involve them in increased effort, risk or investment. Many entrepreneurs in family firms are content with a comfortable profit and are unwilling to exert themselves to make more money or to raise capital through procedures that would reduce their control over their firms. According to Penrose (1995), a good business person does not need to be a particularly ambitious one. As long as a firm is dominated by men or women who are not overly ambitious to make profits, it is unlikely that the firm will grow to be very large. This type of entrepreneurial preference provides the same restrictions on a firm's growth as entrepreneurial inability to perceive or to act upon opportunities for profitable growth.

Among the many entrepreneurial characteristics and the particular types of entrepreneurial services deemed of strategic importance in determining the growth of the firm, Penrose (1995) emphasized entrepreneurial versatility which is a question of imagination and vision. A versatile type of entrepreneurial service is required if expansion calls for a major effort from the firm to develop new markets or to branch out into new lines of production. The imaginative effort, the sense of timing, the instinctive recognition of what will attract or how to make it attract become overwhelmingly important.

Difficulties in obtaining capital are often afforded great importance among the factors preventing the expansion of small firms. New, small, and unknown firms do not have the same facilities for raising capital as established, large, and reputable ones. However, many small firms do succeed in raising capital for the most part by virtue of a special entrepreneurial ability: "fund-raising ingenuity".

Two broad types of entrepreneurial ambition have been distinguished by Delmar (1995). Some entrepreneurs are primarily interested in the profitability and growth of their firm as an organization for the production and distribution of goods and services. These might be called "product-minded" or "workmanship-minded" entrepreneurs. This conception is similar to the entrepreneurial-intuitive orientation. Another type of entrepreneur, who might be labelled as the "empire-builder", is of a different order. He or she is pushed by visions of creating a powerful industrial empire extending over a wide area. In both of the above cases, ambition, initiative and aggressiveness are necessary for sustained business growth.

To a large extent the problem of entrepreneurial judgment involves more than a combination of imagination, good sense, self-confidence, and other personal qualities. It is closely related to the organization of the information-gathering and the consulting facilities within a firm and leads into the question of the effects of risk and uncertainty on, and of the role of vision in, the growth of the firm. The role of the entrepreneur's vision in the productive opportunity of his firm can form an integral part of the analysis of the growth process. In fact, vision and not only objective facts, are the immediate deteminants of a firm's behavior although there may be a relationship between the vision and the facts. While the objective productive opportunity of a firm is limited by what the firm is able to accomplish, the subjective productive opportunity is a question of the entrepreneur's vision of what it can achieve.

The caliber of management or entrepreneurial services and practices, however, is not very amenable to quantification. To a certain degree management can be judged by its statistical record: the growth of sales and earnings which it generated. But frequently it is impossible to separate the causes of the growth record into specific managerial decisions and practices on the one hand, and external factors over which management has little or no control on the other.

The Entrepreneur as a Factor of Growth

The same qualities that make entrepreneurs so successful at growth often impede the management of that growth. (Bildner, 1995)

Growth is a very high priority to most individuals running SMEs. (Hay and Kamshad, 1994)

The study found that the growth potential of small firms will vary depending on their market function and the abilities of their owner-managers. (Peters, 1991)

The results of a survey of entrepreneurs and new firms show that firm size and founder characteristics are strongly linked. (Barkham, 1990)

Success viewed as a subjective ideosyncratic construct which varies between managers, shows that not all small firms are ripe for developement. (Thorpe, 1989)

Several factors can be identified as probably contributing significantly to survival; chief among these is experience on the part of the owner/manager. (Moussavi, 1989)

Results from 74 small firms in Montreal indicated that entrepreneurial behavior, as measured by the personality attributes, was perceived as a key success factor; A second key factor was the concept of managerial skills. (Ibrahim and Goodwin, 1986)

Swedish research supports British findings: owner's perceptions are a key element of growth. (Lief and Kilkearny, 1991)

PRODUCTIVITY

Productivity refers to a comparison between the quantity of goods or services produced and the quantity of resources employed in turning out these goods and services. When the same resources that were employed in the past now produce more than they did before, we agree that productivity has increased. Obviously, attempts to establish wheter and how much productivity is changing take into account the relationship between what comes out of production and what goes into production, that is, the ratio between output and input.

But we can compare output with man-hour input, or with total of labor and capital input, or with something in between. The results are different, and the meaning of these several kinds of output-input comparisons is different. Although all productivity measurements are addressed to important questions, some of the questions are best answered with one kind of productivity measurement and others with another kind. In most studies, they compare output with man-hour input; this concept is usually expressed as "output per man-hour" or as "labor productivity". This ratio tells us about the fruitfulness of human labor under varying circumstances; circumstances that may be different in terms of labor quality, amount of equipment, scale of output, methods of production, quality of management, and so on.

Output per man-hour or labor productivity has been selected in most studies for two main reasons. First, because small business firms being mainly labor intensive, labor productivity is the most accurate index of the firm's efficiency and it is more directly attributable to the entrepreneur's efforts and capacities. Second, output per man-hour requires less information and is easier to calculate. For instance, it is often impossible to obtain all necessary data on capital expenditures of each firm in order to calculate an index of total productivity or output per unit of labor and capital. In fact, with the concept of total productivity, output is compared with total input, that is, with all the resources employed in production, each appropriately weighted. Total resources include not only manpower, measured simply by number of man-hours, but also the intangible capital invested in training and development to improve the quality of labor, and the tangible capital invested in plant, equipment, tools, rolling stocks, and inventories of all sorts, and still other forms of intangible and tangible capital (DeMott: 1993). Accounting practices of small business organizations rarely provide this kind of information.

The growth of labor productivity and economizing labor time result from many complex factors. Research and practical experience have made it possible to specify the following principal factors, as reported by Lefebvre, Lefebvre and Harvey (1993):

1- Introduction of new machinery and progressive technology.

2- Specialization, cooperation, and combined production.

3- Rational organization of work and production.

4- Improvement of workers' skills.

5- Improvement of industrial organization and management techniques.

6- Changes in industry structure.

However, for practical purposes and organizational analysis, these factors can all be combined into two enlarged groups:

A- The introduction of new machinery and progressive technology.

B- The improvement in the organization of work and production.

It is interesting to note here the close resemblance between these two sets of factors and the two main entrepreneurial functions: innovation and management. We will now turn to a brief discussion of these two sets of factors in the context of small business organizations.

Labor productivity depends on two characteristics: labor's intensity and its productive power. The intensity of labor is the amount of work performed within a unit of time. The productive power of labor is the ability of achieving a defined material affect per unit of labor (Owens 1991). Thus the effective labor productivity is the product of the intensity and productive power.

Technical innovation influences the intensity of labor in two directions, reducing and increasing it simultaneously. A decrease in the labor intensity is connected with the process of taking over a physical effort by a machine; it is particularly noticeable in the mechanization of strenuous processes. An increase in intensity results from the pace and rhytm of work imposed upon the worker by the machine, from "increased density" of the working day which is equivalent to a more uniform intensity of effort. Lefebvre and Lefebvre (1991) noted that decreased intensity as a result of making work easier by using new techniques does not manifest itself directly and so does not produce direct productivity effects. Increased density of the working day, however, means increased labor inputs producing a greater number of products per unit of time, and this resulting in an increase of productivity. With regard to the other characteristic determining productivity, the productive power of labor, the determination of the influence of technical innovation is more complicated. The productive power of labor depends not only on the means of production that it operates but also on its technical efficiency.

An intensive use of new techniques is characterized by an increase in capital intensity and changes in production methods. It almost always leads to an increase in labor productivity where it is applied. It always reduces the labor required per unit of production and therefore makes possible the reduction of the labor force in occupations where new techniques are applied or it increases the volume of production . In some cases, it makes it possible to achieve both these effects simultaneously. In addition, the introduction of technical innovations is a largely function of the entrepreneur's attitudes or practices as well as his vision.

The central proposition here is that the organizational process and business practices of the entrepreneur in a small business firm are important determinants, perhaps the crucial determinants of enterprise efficiency and hence of labor productivity. The level of technology is, as we have seen, a critical factor in enterprise efficiency, but technological innovation and implementation in any enterprise are successful only if the people in it are technically competent and cooperate in the implementation process. Again, technical decisions, as well as other managerial decisions, involve the classical managerial functions of planning, organizing, directing, and controling, and all these are accomplished through the combined effects of the organizational practices which constitutes the enterprise and the business competencies of the top manager.

The structure and process as well as the competencies of management constitute an authority system. As Slaughter (1996) suggested: The efficiency of management as a resource is related not only to the individuals within the hierarchy, but also to the system of authority which binds them together. The methods of leadership, the structure of the organization, the art of delegation of authority are crucial to successful business development.

The system of authority which exists in a small firm should be vastly different from that in a larger and expanding firm; the extent to which this system will be appropriate to the size and other characteristics of people and the organization will determine the degree of productivity. Therefore, there is not one best way to manage and structure for all organizations; it all depends.

For example some people may actually like direction and minute supervision, prefer repetitive jobs with little responsibility, or lack the temperament or capacity for contributing ideas and enthusiasm to the accomplishment of changing tasks for greater efficiency. Perhaps the assembly-line type of operation is necessarily one in which workers must be expected to perform minute, specified tasks, in a sequence and at a pace established by management. But these assumptions about human behavior and human responses may not be valid even in these cases, if organizational conditions, the nature of jobs, and managerial practices were different. There are enterprises, operating under a different managerial competency and a different organizational structure, in which the ideas of workers about increasing productivity, reducing costs, eliminating wastes, and so forth, are encouraged by specific practices. Again, in order to apply these practices the manager or the entrepreneur must hold an appropriate business leadership, particularly with respect to the attitude toward subordinates and delegation.

However, the high-morale organization is not necessarily or always the most productive because people in work groups may be so "happy" that they are satisfied with low productivity. The relationship of business leadership, employee morale, and productivity of employees is, therefore, not simple.

Productivity

The primary focus is on the relationship between flexibility and productivity to improve economic efficiency of small companies. (Siegel, 1995)

Firms using gainsharing report profit and productivity improvements of 5% - 15% in the first year and 25% - 35% overall. (Owens, 1991)

The study team concludes that successful renewal of small manufacturers is more complex than improving productivity through the adoption of manufacturing technologies. (Sheridan, 1990)

STABILITY

Stability as a criterion of effectiveness is often used in conjunction with growth. Although they may be related, they are different criteria and may correspond to different attitudes and vision on the part of entrepreneurs. It has already been pointed out that large organizations tend to face more stable environments than do small ones; the basis for this statement being, according to Starbuck (1965), that the variance of a sample mean decreases as the sample size increases. He noted that this has some obvious consequences for capacity-oriented costs like warehouse space but it has even more immediate consequences for the peace of mind of management. In a large organization, the daily variations are proportionately less than the corresponding variations in a smaller firm. This means that work loads are more balanced and scheduling is less painful.

The entrepreneur's desire for stability and security may be, as we have suggested earlier, one of the most important considerations in choosing the direction for growth. Ward (1993) observed that "the desire for security implies striving for continuous, regular income rather than short-period maximum profits". Also, stability is one goal which has the active support of people related to the organization, like employees and family members.

Evans (1987) pointed out that the desire for stability of production rates and work loads does not necessarily imply expansion, but it does tend to block contraction and to focus expansion choices on contracyclical alternatives. Chruchill and Muzyka (1994) have shown that large organizations actually achieved more stable levels of income than smaller ones; in fact, small firms were the most profitable size group during a boom and the least profitable during a depression, altough Julien (1994) has shown the opposite in Quebec.

According to Humphreys (1991), an increase in stability can be achieved by an increase in authority or by an increase in the number of differentiated positions or by a growth in membership. He noted that all of these have the same effect; they increase the amount of social control and, if other variables remain unchanged, the ability of the organization to maintain its activities. In fact, maintaining stability in an organization increases the predictability; that is, it preserves a steady state or dynamic equilibrium. Lane (1992) observed that stability may take the form of a tendency toward organizational rigidity, the preservation of the status quo in absolute terms. Or it may take the form of preserving the pattern of existing relationships by adjustments of processes and parts according to some constant ratio of energic transaction. The maintenance dynamic in turn results in pressures toward formalization or institutionalization as the simplest method of achieving stability. Very often in small organizations, the easiest way of insuring survival, at least for the short run, is to maintain things as they are and permit no changes. In this sense, adaptation to the environment does not always mean changing things; the adaptive process implies a selection of strategies which will lead to effectiveness, even in terms of stability. Again, stability may be the prefered course of action of many entrepreneurs because of their own functioning and business practices.

In sum, the concept of entrepreneurial performance is relatively complex and one which requires criteria corresponding to the characteristics of the small business organization as well as to its particular evolution. Furthermore, the criteria of performance should be sufficiently representative of what entrepreneurs are striving for in their firms. We feel that the multiple criteria approach taken in this study corresponds adequately to these requirements.

Gaps in research on competencies, stages of development, business (SMEs) performance and their linkages

The review of the literature has been assessed in terms of research and information gaps, i.e. what additional research questions emerge from the existing body of work? What do we need to know more about to determine the linkages between managerial competencies and successful operational performances, practices and business strategies?

Many gaps can be identified in each group of dimensions; however, four areas of research seem dominant.

- Best Business practices

√ Conceptual and operational definition

√ Linkages between competencies and practice

√ Linkages between specific practices and specific performance indicators

√ Extent to which specific practices are contingent upon stages/sizes of business, sectors, industries or other relevant factors

- Entrepreneurial-managerial competencies

√ Development of profiles of competencies by:

- Stages of businesses
- Sectors/industries
- Levels of management (strategic, operational)

√ Linkages between profile of competencies and business performance (general or specific)

√ Linkages between antecedents and personality characteristics and competencies

- Stages of development

√ Distinctions between growth, expansion, development, evolution

√ Most common stages and sequence

- Business success/performance

√ Development of a multidimensional indicator of performance

√ Dominant success/performance criteria by stages of development

√ Dimensions of performance internal and external to business

PART III - RESEARCH AGENDA

Unsollicitated Proposal for a research project (Phase II) on Best Business Management Practices

Introduction

This proposal is submitted in response to the interest of The Industry Portfolio Management Development Skills Committee for a major two-part research project dealing with "The best business management practices" to improve the performance and competitiveness of Canadian SMEs.

Among the many interests of The Industry Portfolio Management Development Skills Committee for this research project, there is the call for proposal from the APEC secretariat to look at diagnostic tools of each of the APEC economies in order to build a common data base which could be used for exchanges/strategic alliances, etc.

The Industry Portfolio Management Development Skills' concern is that there is no barometer or good indicators by which each of the tools can be compared nor an indication at which stage in the business cycle they target. Therefore, the research project would bring together three pieces of research which would focus on defining the key business competitiveness parameters (operational performance, practices and business strategies); defining the managerial competencies required to overcome a deficiency in an observed business competitiveness parameter at each stage in the business cycle; and determining the linkages between managerial competencies and successful operational performance, practices, and business strategies.

With the results of Phase I, we know enough about the state of the world on these issues and the potential methodologies which might be appropriate for conducting such a research. Therefore, the Phase II of the research project will provide The Insustry Portfolio Management Development Skills Committee with the necessary information for a better understanding of entrepreneurial-managerial competencies required at each stage of development of the firm and the linkages with business performance.

It proposed that professor Yvon Gasse from Université Laval, Québec, conducts this project in consultation with The Industry Portfolio Management Development Skills Committee.

This study is presented as a four-part project, each part representing a building block of a whole integrated research. The general purpose and objectives are presented for the whole project; however, a specific objective is presented for this particular proposal.

Research Question

What are the major core competencies and best business practices of best managed SMEs?

Purpose and Objectives

The purpose of this research is to identify the major core competencies and best business practices of best managed SMEs.

The general objectives are:

1. To select and study two groups of SMEs: one group of high performing enterprises and one group of low performing enterprises matched in terms of sectors, stages of development and sizes;

2. To compare each group in terms of their differences in business practices and core competencies;

3. To show the linkages between practices, competencies and performance;

The specific objective of part 1, is:

To present each group of enterprises in terms of their respective stage of development, sectors, sizes and other appropriate similarities and differences.

The specific objective of part 2, is:

To present a battery of instruments for collecting information on entrepreneurial-managerial competencies on stages of development of the firm and on business performance (operational and strategic)

The specific objective of part 3, is:

To present a research report on a survey of 60 enterprises compared in terms of business performance, profiles of core entrepreneurial-managerial competencies, and business practices bv stage of development; interpretation will show the linkages between core competencies and performance (operational and strategic)

The specific objective of part 4, is:

To present six cases descriptions (two for each stage of development) as illustrations of best performing and less performing enterprises.

Approach

From the review of literature conducted in Phase I, it has been possible to describe the core competencies for mastering the start-up, survival, development, and management of an SME. A descriptive model has been derived which shows five fundamental dimensions: the entrepreneur's vision, the use of the individuals who make up the firm, the tools and means available for the operations, the resources to be managed, and the strategies to be developed and implemented. Each dimension has then been subdivided into a number of core competencies which are the followings:

VISION: Positioning; Adapting; Strategic Planning

PEOPLE: Leadership/Motivation; Learning

OPERATIONS: Organizing; Managing; Decision-Making

RESOURCES: Cognitive Ability; Financing Capabilities

STRATEGIES: Technical Capabilities; Entrepreneurship; Innovativeness.

It is assumed that competencies can be operationnally defined, represent best practice, are universally applicable across a range of management roles/contexts, are amenable to development efforts, and are supplemented by additional skills, or heavier emphasis in differing conditions and according to the stages of development of the firm or business size.

Entrepreneurial-Managerial Competencies have been linked to business performance in various ways. Operational performance is mainly described in terms of profitability and productivity while survival, growth and stability are used to represent strategic performance. Very few studies have been able to adequately relate best business practices, stages of development, and business success/performance.

The research team will test this general framework, showing the linkages between core competencies and business performance in each stage of development of the enterprise.

Deliverable on this particular project will be:

Six cases descriptions (two for each stage of development) of three high performing enterprises and three low performing enterprises

Methodology

Population

This research will study SMEs at various stages of development and sizes from 1 to 300 employees.

Sample

Two groups of SMEs will be selected:

Group A: 30 winners in well known excellence programs (Entrepreneurs of the year, Mercuriades, etc.)

Group B: 30 similar enterprises, all matched by categories of sectors/industries, stages, sizes, locations, and other relevant characteristics.

Collection of data

The strategy for collecting data will be as follows:

A: An analysis of winners files from selected excellence programs.

B: Mail questionnaires and telephone interviews with CEOs and managers of all participating enterprises.

C: Visits and personnal interviews with key people in six representative enterprises for the purpose of case descriptions.

Research instruments

Four types of instruments will be assembled and developed for this research:

A: Competencies: Existing questionnaires and relevant scales from other studies (Egger's Leadership, Miner's Traits, Boyatzis' Competencies, etc.).

B: Business Practices: Inventory derived from Excellence Programs and relevant diagnostic tools.

C: Business performance: Criteria and indicators derived from Excellence Programs and relevant studies.

D: Stages of Development: Grid to be developed by the researchers from existing literature (Greiner, Churchill, Eggers, etc.).

These instruments will be pretested with a representative group of at least five enterprises and adjustments made before their utilization for the main study.

Analysis of data

Data will be analyzed for each group of variables and indicators using a combination of statistical tests (SPSS) and conceptual demonstrations. Similarities and differences between high and low performing firms as well as linkages between main variables will be observed and explained

Interpretation

Results will be interpreted in terms of the main research question and general/specific objectives of the study. When appropriate, results will be compared with past and present researches and studies. Six cases descriptions (two in each stage of development) will be presented as illustrations of processes and contexts of high performing and low performing enterprises.

Implications

Policy implications will be derived in the following areas, more specifically:

A. Tools and guides for entrepreneurs and SMEs at each stage of development.

B. Support system and aid for success in each stage of development.

C. Training and counselling services for developing core competencies.

D. Diagnostic tools for identifying major deficiencies in major business competitiveness parameters at each stage in the business cycle.

Panel of experts

A panel of Canadian and International experts will be identified to act as sounding board for the researchers and the Committee. A preliminary list has been set and individual contacts will be made to enlist their participation.

Timetable and budget

A research of this nature can be conducted over a period of 4 weeks. Total costs are estimated to 15 000$, which include a full time senior researcher, a part-time junior researcher, two research professionals and a part-time secretary

Part 1

Part 1

	Time frame	*Cost*
A. Identification of and Access to excellence programs	1 wk	4 500$
B. Selection of a sample of 30 representative enterprises and contacts	2 wk	9 000$
C. Matching with a group of 30 similar enterprises and contacts	2 wk	9 000$
D. Identification of difference	1 wk	4 500$
Communication		1 000$
		28 000$ + GST

Part 2

	Time frame	*Cost*
A. Elaboration of collecting instruments	3 wk	13 500$
B. Pilot testing of instruments on a group of five enterprises	2 wk	9 000$
C. Revision and final version of instruments	1 wk	4 500$
Material and communication		1 000$
		28 000$ + GST

Part 3

	Time frame	*Cost*
A. Mailing of questionnaires and telephone interviews	4 wk	12 800$
B. Tabulation and analysis	1 wk	3 600$
C. Analysis and interpretation	1 wk	3 600$
D. Writing report	2 wk	7 500$
Communication		500$
		28 000$ + GST

Part 4

	Time frame	*Cost*
A. Selection and matching of enterprise	1 wk	2 500$
B. Collecting data, comparison and analysis	2 wk	4 000$
C. Writing and presentation of cases	1 wk	2 500$
Travel		6 000$
		15 000$ + GST

Panel of experts

CANADA

LOIS STEVENSON	ACOA
ALAN MACDONALD	VENTURECONCEPT
RAPHAEL AMIT	UBC
SUSAN BELL	OPEN LEARNING AGENCIE
JOHN CHAMARD	ST-MARY'S
LOUIS-JACQUES FILION	HEC
JOHN EGGERS	WESTERN
GILLES PAQUET	OTTAWA
REIN LEPNURM	SASKATCHEWAN
CLAUDE MARTEL	INNO-CENTRE
DOUG MELVILLE	CBA
GEOFF CANNON	BANK OF MONTREAL
WALTER GOOD	MANITOBA
ALLAN RIDING	CARLETON
GERALD D'AMBOISE	LAVAL
GARY RABBIOR	CFEE
JOHN GORDON	QUEEN'S

INTERNATIONAL

NEIL CHURCHILL	BABSON, USA
MIKE SCOTT	STERLING, UK
BRIAN DUNSBY	HARROGATE, UK
JEAN-JACQUES OBRECHT	STRATSBOURG, FRANCE
PER DAVIDSSON	SWEDEN
CLAUDE CELLICH	ITC, GENEVA
ALLAN GIBB	DURHAM, UK
DONALD SEXTON	KAUFFMAN FOUNDATION, USA
CARL VESPER	WASHINGTON, USA
PIER ABETTI	RENSSELAER, USA
WILLIAM J. DENIS	NFIB FOUNDATION, USA
BENGT JOHANNISSON	SWEDEN
CHRISTOPHER VOSS	LONDON, UK

PART IV - ANNOTATED BIBLIOGRAPHY

Performance

AUTHORS: WALTERS, PETER G. P; SAMIEE, SAEED

Title: A Model for Assessing Performance in Small U.S. Exporting Firms

Journal: Entrepreneurship: Theory & Practice (ASB) ISSN: 1042-2587 Vol: 15 Iss: 2 Date: Winter 1990 p: 33-50 Illus: Charts; Appendix; References

Subjects: Small business; Large; Export trading companies; Models; Success; Factors; Regression analysis; Comparative studies; Correlation analysis

Abstract: A model that integrates the concepts of export strategy, administrative arrangements, and commitment as critical variables affecting export performance is developed and tested using empirical data collected from small US exporters. Patterns of small firm behavior regarding the variables in the model are also examined, with special attention focused on differences in the characteristics and behavior of small and larger US exporting firms. The results indicate that the management commitment, administrative arrangement, and strategy variables are important export success factors. However, their relevance depends on the dimension of export performance being considered. For example, there is a strong association between export management commitment and formal administrative arrangements and the export proportion of sales of small firms. Regarding export profitability, product policy is indicated as a key success factor, with firms following differentiation strategies of adapting high-technology product lines best positioned for success.

AUTHORS: MCKIERNAN, PETER; MORRIS, CLARE

Title: Strategic planning and financial performance in UK SMEs: Does formality matter?

Journal: British Journal of Management [BRM] ISSN: 1045-3172 Vol: 5 Iss: (Special Issue) Date: Jun 1994 p: S31-S41 Illus: Charts; References

Subjects: Studies; Correlation analysis; Performance; Strategic planning; Small business; Formal organization

Abstract: The majority of the literature on corporate performance in small- and medium-sized enterprises (SMEs) has indicated that the absence of formal strategic planning (or inadequacies in its process) can be directly linked with failure, while its presence can be linked to success. However, other empirical evidence fails to find a relationship. These differences are due to methodological and theoretical problems facing research in this domain. An attempt is made to improve on both issues. The hypothesis that 'formal planning is not associated with better-than-average performance' is tested on a sample of SMEs, controlled by sector, using a 5-year operating period. Five measures of financial performance are utilized, including both the arithmetic and geometric measurements of central tendency as appropriate. Moreover, perceptions of CEOs, rather than the aggregation of scale-based measurements of organizational variables, are used to prescribe the measure of formality used in the analysis.

AUTHORS: COVIN, JEFFREY G; COVIN, TERESA JOYCE

Title: Competitive Aggressiveness, Environmental Context, and Small Firm Performance

Journal: Entrepreneurship: Theory & Practice (ASB)ISSN: 1042-2587 Vol: 14Iss: 4Date: Summer 1990p: 35-50 Illus: Appendix; References

Subjects: Small business; Manufacturing; Executives; Questionnaires; Aggressive; Organizational behavior; Effects; Profitability; Correlation analysis; Comparative studies

Abstract: The relationships between firm performance, the degree of aggressiveness a company exhibits in its competitive orientation, and the environmental dimensions of technological sophistication and hostility were examined.Subgroup analysis was used to examine data from 143 small manufacturing-based firms.Findings suggested that high-performing firms often exhibit an aggressive competitive orientation when confronted with environmental hostility. Low-performing firms tend to be more passive when operating in hostile environments.There was no overall difference observed in the correlations between competitive aggressiveness and environmental technological sophistication for the high- and low-performing subgroups.Younger firms generally performed better when they were not highly aggressive in technologically sophisticated environments.

AUTHORS: THOM, NORBERT

Title: Innovation Management in Small and Medium-Sized Firms

Journal: Management International Review (MIR)ISSN: 0025-181X Vol: 30Iss: 2Date: Second Quarter 1990p: 181-192 Illus: Charts; References

Subjects: Medium; Small business; Creativity; Innovations; Corporate management; R&D; Strategic planning; Product management; Employee development

Abstract: The general characteristics of firms and management instruments that can promote innovations in small and medium-sized firms are demonstrated, reflecting the situation in German-speaking countries in Western Europe.In order to improve performance, the firm can make use of incentive schemes that have the effect of motivating personnel to become involved in innovative activities. General instruments of innovation include the employee suggestion scheme, the quality circle, and brainstorming.Techniques for analysis and evaluation of new ideas include value analysis and benefit analysis.It is assumed that the aim of project management is to achieve intended innovation of the quality sought, at the required time, in a satisfactory cost-benefit ratio.Founded on a strategic business-area plan, product planning extends to the whole life cycle of a product or group of products.The ability to perform and deliver is undoubtedly the essential key requirement in producing individuals who invent and implement ideas in the company.

AUTHORS: ARLOW, PETER; ACKELSBERG, ROBERT

Title: A Small Firm Planning Survey: Business Goals, Social Responsibility, and Financial Performance

Journal: Akron Business & Economic Review (ABE)ISSN: 0044-7048 Vol: 22Iss: 2Date: Summer 1991p: 161-172 Illus: Charts; References

Subjects: Goals; Rankings; Small business; Surveys; Social responsibility; Customer satisfaction; Manyindustries; Statistical data

Abstract: An analysis suggests that small business firms are most concerned with the goals of customer satisfaction, followed by economic goals.Goals related to social responsibility are subordinate to these goal categories.These results may be explained by the fact that small firms are not subjected to so much legal compliance as to be forced to be socially responsible.It does appear that small business firms incorporate crucial factors for their success or survival into goals.The small business firm probably sees customer satisfaction and good customer relations as pivotal in terms of economic impact on the firm and its survival. For the small firm, this factor probably has a more direct and immediate economic effect than is the case for the largest businesses.

AUTHORS: PELHAM, ALFRED M; WILSON, DAVID T

Title: A longitudinal study of the impact of market structure, firm structure, strategy, and market orientation culture on dimensions of small-firm performance

Journal: Journal of the Academy of Marketing Science [AMK] ISSN: 0092-0703 Vol: 24 Iss: 1 Date: Winter 1996 p: 27-43 Illus: Charts; Appendix; References

Subjects: Studies; Statistical analysis; Effects; Market orientation; Small business

Abstract: Market orientation's relative impact on small-business performance is determined as compared to other influences, in an integrated model using longitudinal data. The results indicate weak causal relationships between market environment, small-firm structure and small-firm strategy. The results further indicate weak influences of these variables, but strong and consistent influences of market orientations, on various measures of small-firm performance. Contrary to expectations based on business policy literature, relative product quality and new product success were not significant influences on profitability, perhaps due to the significant influence of market orientation on these variables. In addition, although increases in growth/share had a significant short-term influence on increases in profitability, high levels of previous years' firm growth/share had a negative influence on current profitability. The previous year's level of firm coordinating systems and market competitive intensity has a significant impact on the level of small-firm market orientation.

Effectiveness

AUTHORS: KARGAR, JAVAD

Title: Strategic planning system characteristics and planning effectiveness in small mature firms

Journal: Mid-Atlantic Journal of Business [JBZ] ISSN: 0732-9334 Vol: 32 Iss: 1 Date: Mar 1996 p: 19-34 Illus: Charts; References

Subjects: Studies; Strategic planning; Statistical analysis; Small business; Strategic planning; Effectiveness

Abstract: Contrary to the frequently encountered notion that strategic planning is solely a large firm phenomenon, it is suggested that a small firm is also an important arena for strategic planning research. The multidimensional conceptualizations of planning effectiveness in a number of small community banks are examined. The findings support the current view that the benefits of strategic planning are more of a process nature, which may be a necessary but not sufficient condition for improving financial performance. System capability was the most important dimension in the multivariate index of effectiveness and explained over 48% of the variance in effectiveness.

Adaptability

AUTHORS: GUPTA, MAHESH; CAWTHON, GARRET

Title: Managerial implications of flexible manufacturing for small/medium-sized enterprises

Journal: Technovation [TCH] ISSN: 0166-4972 Vol: 16 Iss: 2 Date: Feb 1996 p: 77-83 Illus: Charts; References

Subjects: Managerial skills; Flexible manufacturing systems; Small business; Operations research; Studies

Abstract: Small/medium-sized enterprises (SME) constantly face challenges as they react to changing environmental factors such as the emergence of worldwide markets and standards for better product quality, demands for faster delivery times and closer business partnership. These companies must bring together people, resources and facilities to develop, manufacture and market products with an ongoing commitment to accept and react to changing market conditions. Recently, flexibility has been widely recognized as a distinctive competence leading to competitive advantage, and thus flexible manufacturing (FM) technologies serve as a strategic asset to accomplish operations strategy. The SMEs must develop a framework to protect and enhance this asset. Only with the proper organizational structure, culture and external alliances can an SME achieve the full potential of FM technologies. An overview of strategic, organizational and personnel implications of flexible manufacturing for SMEs is provided. The significance of alliances with external partners and performance measures for implementation of flexible and automated manufacturing technologies is discussed.

AUTHOR: ROSENBERG, SEYMOUR L.

Title: The new technology company: surviving infancy. an evaluation of perceived success/failure factors with the objective of finding approaches which may assist the new technology company survive infancy

Source: DAI-A 51/05, p. 1687, Nov 1990

Subject: Business Administration, Management (0454)

Abstract: Available from UMI in association with The British Library. Requires signed TDF. This study searches for approaches to assist new technology companies to survive infancy. Volunteer independent experts associated with the new technology industry scored the same twelve new technology companies with respect to success/failure potential, based on summaries of preliminary prospectuses. The experts gave reasons for their scores. The researcher converted those reasons into success/failure factors. He organized the factors to make them bases for management tools. The study delineates the importance of new technology companies to the economy. A review of the literature focuses on characteristics of the entrepreneur; management and control; financing; market strategy; and technology and innovation. Based on the experts' company ratings, Anova and T-Tests determined levels of differences between evaluators, between companies and interactive effects between evaluator groups and companies. Regression analysis indicated that company sales significantly influenced evaluator predictions. The factors derived from the experts were compared with factors derived from the literature, revealing a substantial consensus level. Later company performance was related to the earlier evaluator predictions enabling an analysis of performance predictability. Review of company performance subsequent to prospectus time related performance of the "best" and "worst" companies to success/failure factors and focused on evaluation of company strategies in subsequent periods. Among the conclusions of the study are: technical entrepreneurs do not generally fail for lack of knowledge about success/failure factors; they have "passive" knowledge which needs to be brought into focus; certain specific success/failure factors are apt to be neglected in practice; specific early company strengths may foreshadow future difficulties; new financial analysis techniques are required for infant technology companies; they need to conserve resources because high rates of technological investment need to be maintained in bad times. "Building blocks" are proposed to help the small technology company focus on survival factors. Suggestions for future study are offered to further the thesis objectives.

AUTHORS: ANONYMOUS

Title: Survival strategies

Journal: Small Business Reports [SBR] ISSN: 0164-5382 Vol: 19 Iss: 1 Date: Jan 1994 p: 6

Subjects: Factors; Small business; Startups; Success

Abstract: Bruce Kirchoff, professor of entreprenuership at the New Jersey Institute of Technology, recently studied the survival prospects of 814,000 firms during their first 8 years. He found that the major factors affecting small business survival rates are those that can be controlled, such as choice of industry, size of startup, and growth in employment.

AUTHORS: CROMIE, STAN

Title: Entrepreneurship: The role of the individual in small business development

Journal: IBAR [IRB] ISSN: 0332-1118 Vol: 15 Date: 1994 p: 62-75 Illus: References

Subjects: Entrepreneurs; Roles; Small business; Business growth; Occupational choice; Implications; Industrial policy; Comparative studies

Abstract: Entrepreneurship and the role of the individual in small business development are discussed. Small enterprise development is important for many economies, and a twin track policy of encouraging new business creation, together with the growth of existing enterprises, is required to encourage economic growth. While recognizing that the individual is a key actor in the whole entrepreneurial process, and that motivation, competency, and networking are vital, individuals will make their way more effectively, in a complex world, if a range of supporting mechanisms exists. For example, by promoting entrepreneurship, the individual could be sensitized to the possibility of business founding; economic profiling could highlight where viable business ideas are to be found; and for those persons who approach state agencies, the use of appropriate selection procedures and the provision of initial seed and early stage equity financing could reduce the likelihood of failure.

AUTHORS: HALL, GRAHA

Title: Factors distinguishing survivors from failures amongst small firms in the UK construction sector

Journal: Journal of Management Studies [JMS] ISSN: 0022-2380 Vol: 31 Iss: 5 Date: Sep 1994 p: 737-760 Illus: Charts; Appendix; References

Subjects: Variables; Regression analysis; Business failures; Success; Economic theory; Small business; Construction industry

Abstract: The literature on corporate failure reveals little about the reasons why, of the set of firms facing similar market conditions, some will survive and others will fail. Whilst the circumstances surrounding specific cases of large firm failure may be well documented by the media, the ignorance extends across size bands and across sectors. A study is concerned with the factors distinguishing survivors from failures amongst small firms and, in order to control for the effects of market conditions, is based on samples drawn from the UK construction sector. It would not be surprising, however, if its conclusions did not have implications for the understanding of how survivors differed from failures amongst firms that were larger or that operated in other sectors.

AUTHORS: KALLEBERG, ARNE L; LEICHT, KEVIN T

Title: Gender and Organizational Performance: Determinants of Small Business Survival and Success

Journal: Academy of Management Journal (AMA)ISSN: 0001-4273 Vol: 34Iss: 1Date: Mar 1991p: 136-161 Illus: Charts; References

Subjects: Small business; Success; Manyindustries; Men; Women; Correlation analysis; Comparative studies; Effects; Variables

Abstract: Several hypotheses regarding how the survival and success of small businesses headed by men and women are related to industry differences, organizational structures, and attributes of owner-operators were examined. The analysis was based on a group of small businesses in 3 industries - food and drink, computer sales and software, and health - in south central Indiana during the period 1985-1987.It was found that businesses headed by by women were not more likely to go out of business nor less successful than those owned by men.A company's age was positively related to its survival regardless of the gender of its owner-operator. Size was unrelated to survival.There were no differences in earnings growth between businesses headed by men and those headed by women.

AUTHORS: OAKEY, RAYMOND P; COOPER, SARAH Y

Title: The Relationship Between Product Technology and Innovation Performance in High Technology Small Firms

Journal: Technovation (TCH) ISSN: 0166-4972 Vol: 11Iss: 2 Date: Mar 1991 p: 79-90 Illus: Charts; References

Subjects: High technology; Small business; Manyindustries; Studies; R&D; Impacts; Business growth; Statistical analysis

Abstract: The relationship between product technology and the innovation and growth process in small high-technology companies was considered. Evidence from the biotechnology and the scientific instruments and electronics industries suggests that significant theoretical and practical differences may exist between high-tech industries. Politicians and government planners seeking to exploit opportunities in emerging key technologies often assume that the encouragement of any new technology will produce rapid and sustained industrial growth.However, the basic technologies of high-tech industries significantly influence the ability of small business entrepreneurs to start and expand new businesses. Thus, variable strategies and rates of development between sectors will occur. Policies intended to encourage small high-tech company growth should be based on the acceptance that short-term growth rates will vary due to differing production technologies that may seem similar. Companies may, however, have different needs in assistance from external agencies.

AUTHORS: BRAZELL, JAMES L.

Title: Staying in business

Journal: Business & Economic Review [BER] ISSN: 0007-6465 Vol: 42 Iss: 3 Date: Apr-Jun 1996 p: 22-25 Illus: References

Subjects: Small business; Strategic planning; Success; Customer satisfaction; Guidelines

Abstract: By understanding and avoiding conditions for failure and establishing and adhering to patterns of success, the probability of long-term survivability and success for small businesses can be greatly enhanced. Failure to plan is probably the most frequent and most pronounced management weakness, primarily because planning cuts across and impacts on every segment of the business. A failure to stay abreast of changes in the customer base, continuously surveying customers, can also be detrimental. Another common problem is poor financial planning. Planning is everything. Growth is essential. Businesses with an orientation toward success will know: 1. when additional capital is needed, 2. at what levels, and 3. how it will be obtained. Everyone, from top management down, must focus on the customer and maintain customer satisfaction. Finally, change is crucial. Successful businesses move in sync with change or are the innovators of change.

AUTHORS: BLAIR, ALISTAIR

Title: Small wonders

Journal: Director [DRT] ISSN: 0012-3242 Vol: 49 Iss: 9 Date: Apr 1996 p: 54-60 Illus: Charts

Subjects: Small business; Securities markets; Manycompanies; Manyindustries; Market strategy; Price earnings ratio; Business ownership; Success

Abstract: Britain's 100 brightest small quoted companies selected by Director magazine have some things in common. Virtually every sector has at least one winner, demonstrating that there is almost always a strategy that will confound the competition. It is usually easier for small companies to alight on these strategies too. The average company selected has sales of L44m and a market capitalization of L88m. Another common thread is that the companies' directors are big shareholders. On average, 1/5 of equity is held in the boardroom. This owner-manager characteristic is one obvious explanation for the success of these companies. Putting ownership zeal to one side, 3 broad explanations for success were present in varying mixtures: 1. the impressive product, 2. right place, right time, and 3. pure management. The companies are listed, and several are profiled briefly.

Success

AUTHOR: THORPE, RICHARD

Title: An exploration of small business 'success': the role of the manager

Source: DAI-A 49/12, p. 3790, June 1989

Subject: Business administration, management (0454)

Abstract: Available from UMI in association with The British Library. The research contrasts conventional approaches to research with more humanistic ones in order to demonstrate the explanatory power of both types. It examines a small sectoral sample of 23 printing businesses in the North-West of England. These were examined using both in-depth interview techniques and psychometric tests. The analysis of the results was conducted by using the data derived to test out hypotheses to growth and success, as well as using a 'grounded' approach to attempt to discover new insights and perspectives. The psychometric tests showed a relationship between a particular learning style and the 'success' of the business whilst a 'grounded' approach to analysis pointed to 'career anchors' and the owner-manager's world view as important determinants of 'success'. There are two implications for policy. The first is that 'success' is shown to be a subjective ideosyncratic construct which varies between managers. 'Success' viewed in this way shows that not all small firms are 'ripe' for development. As 'success' is not viewed in the same way as academics and government funders view success, these seeking either capital growth or employment creation through the promotion of small businesses must accept this variability and its consequences. Techniques for examining the experiences and aspirations of the owner-manager therefore need to be developed. The second implication for policy is the way in which research is conducted. A better understanding of owner-managers' attitudes to 'success' lies partly in using methods and techniques capable of uncovering these rather less tangible variables. Research strategies, it is argued, need to be far more innovative than they have been in the past and the adoption of an approach that embraces different methodological traditions would appear to be the way forward.

AUTHOR: **MOUSSAVI BARAB, MIR AYOUB**

Title: Success and failure in small business: the case of manufacturing firms in California

Source: DAI-A 50/01, p. 199, Jul 1989

Subject: Business administration, management (0454)

Abstract: The problem. The study was designed to identify factors that contribute to success or failure among small businesses and to establish criteria for predicting whether a business is likely to succeed or fail. Objectives of the study were to find out in what respects failure in a small business could be traced to specific causes which could then become the focus for needed change in terms of the entrepreneur's business practices or policies, or his skills and training. In addition, it was hoped that in the case of successful businesses, data suggesting factors conducive to success could be obtained for the benefit of potential entrepreneurs. Method. For achieving the objectives of the study, a survey method was used. To collect data in this survey, a questionnaire was designed and mailed out to the sample of small businesses which was selected for the survey. Results. Based on the theoretical framework that was developed from reviewing the literature in the area of success and failure among small businesses, three hypotheses were derived regarding the reasons survival rate is low. These were then broken down further into 12 variables which can be used as criteria or standards by which to measure the likelihood of success of a small business. After analyzing the data gleaned from the questionnaire, the overriding factor having the greatest impact upon a business's prosperity was found to be managerial experience. According to the results obtained, no single reason accounts for why one business fares well and another closes down. But several factors can be identified as probably contributing significantly to survival. Chief among these is experience on the part of the owner/manager. Also of importance is the ability of the entrepreneur to communicate effectively. Recommendations are made based on the data obtained that, it is hoped, will foster the well-being of small business ventures and thereby provide support for the continued expansion and viability of the capitalistic economic system, so rich in opportunity.

AUTHORS: IBRAHIM, A. B; GOODWIN, J. R

Title: Perceived Causes of Success in Small Business

Journal: American Journal of Small Business (ASB) ISSN: 0363-9428 Vol: 11 Iss: 2 Date: Fall 1986 p: 41-50 Illus: Charts; Reference

Subjects: Studies; Small business; Success; Entrepreneurs; Behavior; Management; Skills; Statistical analysis

Abstract: A study was conducted to identify a set of variables associated with successful small business and to develop a profile of the successful owner-manager. Data were collected from 74 small firms in Montreal, Canada, via a lengthy questionnaire. In addition, the same questionnaire was completed by 70 small firms in Burlington, Vermont, and Plattsburgh, New York. Finally, interviews were conducted with owners-managers by 4 trained interviewers. Results indicated that entrepreneurial behavior, as measured by the personality attributes, was perceived as a key success factor in small businesses. A 2nd key factor was the concept of managerial skills. Two other significant, but less important factors, were interpersonal skills and environmental characteristics. These findings underscore the importance of entrepreneurship education in developing the skills of owners-managers.

AUTHORS: SHERIDAN, JOHN H

Title: What Makes a Winner?

Journal: Industry Week (IW) ISSN: 0039-0895 Vol: 239 Iss: 10 Date: May 21, 1990 p: 30, 34

Subjects: Success; Competitive advantage; Manufacturing; Manufacturers; Improvements; Guidelines

Abstract: The American Competitiveness Study, released by consultants at Ernst & Young, pinpoints the characteristics that distinguish marketplace leaders from their less successful rivals. The study, which focused on 277 manufacturers in the Great Lakes area, used relative profitability as a measurement of success. By polling executives of the companies studied, the consultants identified key business practices that enhance a company's position in the marketplace and, therefore, its profits. The study acknowledges that much of industry is undergoing renewal - striving for new levels of quality and productivity. The study team concludes that successful renewal is more complex than improving productivity through the adoption of manufacturing technologies. Successful companies in the study were different in planning, market strategies, the organization of people, performance measures, and the level of investment emphasis given to people versus technology. Successful companies exhibited: 1. broadly focused planning, 2. broader product lines, 3. relevant performance measures, and 4. improvement initiatives.

AUTHORS: LUSSIER, ROBERT N

Title: A nonfinancial business success versus failure prediction model for young firms

Journal: Journal of Small Business Management [JSB] ISSN: 0047-2778 Vol: 33 Iss: 1 Date: Jan 1995 p: 8-20 Illus: Charts; Equations; References

Subjects: Studies; Predictions; Business failures; Success; Variables; Economic models; Regression analysis; Small business

Abstract: A study of 216 small business owners developed and tested a success versus failure prediction model. Logistic regression was used to test the model. The model consists of 15 independent variables identified in literature as contributing factors to success versus failure: 1. planning, 2. professional advisors, 3. education, 4. staffing, 5. parents owned a business, 6. capital, 7. record keeping and financial control, 8. industry experience, 9. management experience, 10. product/service timing, 11. economic timing, 12. age of owner, 13. partners, 14. minority ownership, and 15. marketing skills. Analysis of the results suggests that the first 4 variables are significant predictors of success or failure.

AUTHORS: BEAVER, GRAHAM; JENNINGS, PETER L

Title: Picking winners: The art of identifying successful small firms

Journal: International Review of Strategic Management [RSM] ISSN: 1047-7918 Vol: 6 Date: 1995 p: 91-106 Illus: Charts; References

Subjects: Studies; Entrepreneurs; Small business; Failure; Success; Business forecasts; Organization theory

Abstract: The principles and ingredients of successful entrepreneurial activity have been the subject of a great deal of academic research and debate over the past 20 years. Despite the existence of numerous taxonomies which provide checklists specifying the principal influences upon small business development, the failure to success ration of new enterprise startups, within their first 2 years, remains unacceptably high. A longer-term study is introduced of the art or science of identifying success potential at the pre-start-up stage. It examines the arguments which link small business and entrepreneurial success with business performance. The study also attempts to identify those significant factors which should be visible at the outset of the entrepreneurial venture and the extent to which external agencies may use such factors as predictors of success are taken as the special themes. Given that such support agencies have limited resources at their disposal, every effort must be made to target such scarce resources upon those ventures with the greatest potential for long-term success.

AUTHORS: PICKERING, FRANK E

Title: Your success begins today

Journal: Executive Speeches [EXS] ISSN: 0888-4110 Vol: 9 Iss: 3 Date: Dec 1994/Jan 1995 p: 27-29

Subjects: Success; Small business; Engineers; Aircraft industry

Abstract: Success is measured individually by compassion, creativity, wealth, and many other things. For a business to succeed, its base must consist of: 1. top quality products that everyone wants, 2. improved productivity, 3. superb product support, 4. engineering excellence, and 5. high enough sales with low enough cost. More than ever before, success for the individual is linked directly to the success of the business, and in a world where the very nature of business is changing, that means the nature of individual success will change, too. Increasingly, individual success ties to personal satisfaction and growth, to team results as well as one's own efforts.

AUTHORS: SEWELL, PETER

Title: A business success formula

Journal: Chartered Accountants Journal of New Zealand [ANZ] ISSN: 1172-9929 Vol: 73 Iss: 6 Date: Jul 1994 p: 23-24

Subjects: Chartered accountants; Success; Professional practice; Skills; Small business

Abstract: The small business sector employs the greatest number of people and has the potential to considerably increase New Zealand's export income. Unfortunately, it appears that the bankers and the small business clients of chartered accountants do not perceive most chartered accountants as having the necessary attributes to provide the service required. If public practitioners are not prepared to meet and exceed the ever-changing needs of their clients, they will not survive the year 2000 and beyond. An equation is presented that represents the successful chartered accountant of the 2000s. The equation consists of the following: 1. desire, 2. direction, 3. action, and 4. persistence.

AUTHORS: KINNI, THEODORE B

Title: Guerilla learning: Continuous education on a tight budget

Journal: Industry Week [IW] ISSN: 0039-0895 Vol: 243 Iss: 21 Date: Nov 21, 1994 p: 53-56

Subjects: Small business; Training; Education; Cost control; Methods; Recommendations

Abstract: There is widespread understanding that success depends on continuous, lifelong learning. Furthermore, individual learning is not enough; companies must also learn. The learning organization is a place where capabilities are continuously expanded, new ways of thinking are nurtured, assumptions are constantly challenged, and collective aspiration is set free. Employee training and education must become a strategic priority for small businesses, but the question is how this priority can be pursued effectively and cost-efficiently. There are a number of viable options for the smaller enterprise. CEO networks and semiformal gatherings of local business leaders are a good way to

expose unconscious ignorance. Colleges and universities, especially community colleges, offer substantial savings versus the cost of developing in-house training programs. In fact, local educational institutions often offer the prepackaged training programs of consulting firms well under the direct purchase cost.

AUTHORS: CHETTLEBURGH, MICHAEL

Title: Steps to success

Journal: CA Magazine [CCA] ISSN: 0317-6878 Vol: 127 Iss: 9 Date: Nov 1994 p: 49-51+

Subjects: Guidelines; Small business; Accounting firms; Marketing; Teamwork

Abstract: Today's competitive market demands a more sophisticated approach to creating a marketing plan - one that is based on teamwork, has proven effective for other leading service firms, and focuses on long-term growth with a 3- to 5-year planning horizon. A 9-step process for creating a comprehensive marketing plan for small and medium-sized CA firms is presented. It requires that all members of the team play an active role in developing , implementing, and monitoring the plan. The steps are: 1. Build commitment. 2. Review your mission statement and strategic objectives, 3. Perform market research. 4. Evaluate data. 5. Formulate marketing objectives. 6. Assess the cost. 7. Create one-year tactical plans. 8. Establish a formal review process. 9. Set up a marketing infrastructure.

AUTHORS: AQUINO, NICHOLAS R

Title: Success Secrets

Journal: Business & Economic Review (BER)ISSN: 0007-6465 Vol: 36Iss: 4Date: Jul-Sep 1990p: 20-23

Subjects: Small business; Success; Factors; Human resource management; Management styles; Human resources; Guidelines

Abstract: The foundations of success are planning, quality, service, and productivity.The key to long-term success is development and selective promotion of the human resources that make up an organization.Restructuring and other strategic actions alone are not a substitute for leadership and employee efficiency and are only of lasting merit if designed on a foundation of leadership and development.Supportive actions that positively influence personnel development include: 1.role modeling, 2.participative management, 3.free delegation of authority, 4.professional training and development, 5.encouragement and reward of teamwork, 6.assignment to extraordinary tasks, 7.thoughtful, but unstructured performance reviews, and 8.selection of promotion candidates with deliberate analysis.Selecting candidates for promotion is a key responsibility since much is at stake for the company and the employees.Human development and training, along with deliberate attention to promotion details, can lead to continuous improvement and perpetual success.

Productivity

AUTHORS: ADLER, RALPH; MCCLELLAND, LAWRENCE

Title: EVA: Re-inventing the wheel

Journal: Chartered Accountants Journal of New Zealand [ANZ] ISSN: 1172-9929 Vol: 74 Iss: 4 Date: May 1995 p: 35-36 Illus: Equations; References

Subjects: Value added; Management accounting; Problems; Performance evaluation

Abstract: Economic value-added (EVA) has become the 'in' method for evaluating and promoting firm performance. However, EVA is merely a modified version of residual income (RI). EVA makes certain refinements to the accounting numbers from which it is computed, but EVA and RI seek to enhance firm value through identical means: by promoting recognition of the fact that a firm's value is enhanced whenever its income (which can be computed firm-wide down to specific projects) exceeds the cost of capital charge related to the produced income. More thorough understanding of the relationship between EVA and RI will promote better application of the contribution EVA makes to contemporary business practice and thinking.

AUTHORS: SIEGEL, DONALD

Title: Symposium on Harrison's 'Lean and Mean': A productivity perspective

Journal: Small Business Economics [SBU] ISSN: 0921-898X Vol: 7 Iss: 5 Date: Oct 1995 p: 349-351 Illus: References

Subjects: Books; Small business; Industrial policy; Productivity

Abstract: The underlying thesis of Harrison's (1994) book, Lean and Mean, is that the conventional wisdom regarding small companies is wrong: large firms and their suppliers generate most of the meaningful new jobs and innovations. Furthermore, large firms are more flexible than small companies. Several suggestions are offered that might make Harrison's argument even more compelling. The primary focus is on the relationship between flexibility and productivity, since the desirability of this proposal depends to a large extent on whether it improves economic efficiency. Most economists would agree that wage and numerical flexibility raise productivity. Whether Harrison's proposed model would increase functional flexibility, and that this in turn, would raise productivity, is much less clear.

AUTHORS: OWENS, TOM

Title: Gaining from Gainsharing

Journal: Small Business Reports (SBR) ISSN: 0164-5382 Vol: 16 Iss: 8 Date: Aug 1991 p: 51-60

Subjects: Case studies; Small business; Profit sharing plans; Implementations; Advantages; Employee involvement

Abstract: Firms using gainsharing report profit and productivity improvements of 5%-15% in the first year and 25%-35% overall. Other benefits are increased operating efficiency, greater employee involvement in decision making and idea generation, higher morale, and lower turnover.The theory behind gainsharing is to offer employees an incentive to improve organizational performance, then reward them with bonuses when they do.Without a clear-cut formula for measuring and rewarding improved productivity, most companies select one of the 3 traditional plans - the Scanlon Plan, the Rucker Plan, and the Improshare Plan - and then customize it to fit their own particular needs.Most companies keep their gainsharing formulas manageable by comparing input to output.This ratio is called the standard productivity ratio.The goal of the gainsharing plan may be to decrease that ratio by increasing sales and/or decreasing costs. Increased profits or savings would be shared by the company and participating employees.

Growth

AUTHOR: NWACHUKWU, OSITA CHIJIOKE

Title: Locus-of-control, environmental context, strategy, structure and small business performance: an integrative approach

Source: DAI-A 50/07, p. 2153, Jan 1990

Subject: Business administration, management (0454)

Abstract: The relationships between CEO Locus of Control, strategy environmental dynamism, environmental heterogeneity, and structure, and their effect on small business performance were simultaneously investigated in this dissertation. The integrative model developed in this study was tested using data collected from 100 small business CEOs. Rotter's scale was used to assess Locus of Control, Return on Total Assets was selected as the performance indicator, and Miller, Kets de Vries, and Toulouse's instrument was used to assess strategy, structure, environmental dynamism, and environmental heterogeneity. With respect to the data used in the present study, Locus of Control did not have significant relationships with strategy and structure. Environmental dynamism was significantly related to strategy, structure and performance. Environmental heterogeneity did not have a significant relationship with structure. The results did not indicate a significant path from structure to strategy. However, the path from strategy to structure was significant. The strategy construct demonstrated a lack of significant positive relationship with performance. Structure, on the other hand, had a significant negative relationship with performance.

AUTHORS: MCMAHON, RICHARD G P; DAVIES, LESLIE G

Title: Financial reporting and analysis practices in small enterprises: Their association with growth rate and financial performance

Journal: Journal of Small Business Management [JSB] ISSN: 0047-2778 Vol: 32 Iss: 1 Date: Jan 1994 p: 9-17 Illus: Charts; References

Subjects: Studies; Small business; Financial analysis; Financial reporting; Correlation analysis; Business growth

Abstract: Extensive literature documents the apparent benefits to small enterprises of developing skills for analysis and interpretation of financial statements. New evidence presented examines performance correlates with historical financial reporting and analysis practices in a sample of small growth enterprises. There appears to be very weak associations between undertaking more comprehensive financial reporting and achieved growth rate and financial performance. No association is evident between use of financial ratio analysis and the performance measures considered.

AUTHORS: BAIRD, INGA S; LYLES, MARJORIE A; ORRIS, J B

Title: The choice of international strategies by small businesses

Journal: Journal of Small Business Management [JSB] ISSN: 0047-2778Vol: 32 Iss: 1 Date: Jan 1994 p: 48-59 Illus: Charts; References

Subjects: Studies; Small business; Multinational corporations; Statistical analysis; Globalization; Strategic planning; Correlation analysis

Abstract: A study is presented identifying factors associated with small firm international strategy choice and evaluating differences between the performance of firms with an international strategy versus those without. The international strategy of small firms is significantly related to a higher return on sales but negatively related to growth. The results demonstrate that small firms that are internationally oriented view exporting, foreign alliances, and foreign equity investments as a single international strategy. The distinctive challenge for the international strategy of a small firm is to overcome the conditions unique to small companies and develop international strategies such as exporting or joint ventures that are effective in their situations.

AUTHORS: DONCKELS, RIK; LAMBRECHT, JOHAN

Title: Networks and small business growth: An explanatory model

Journal: Small Business Economics [SBU] ISSN: 0921-898X Vol: 7 Iss: 4 Date: Aug 1995 p: 273-289 Illus: Charts; Appendix; References

Subjects: Models; Business networking; Effects; Business growth; Small business; Entrepreneurs

Abstract: To date, there has been limited empirical research related to network theory. An attempt is made to fill this gap by testing an explanatory model of the impact of networks on small business growth. To analyze this causal relationship, the log-linear technique was used. The results suggest that networks have an influence on the growth of a small business, especially through contacts with national and international entrepreneurs.

AUTHORS: BILDNER, JAMES L

Title: Hitting the wall

Journal: Inc. [INO] ISSN: 0162-8968 Vol: 17 Iss: 10 Date: Jul 1995 p: 21-22

Subjects: Entrepreneurs; Small business; Corporate finance; Business growth

Abstract: One overwhelming characteristic of hitting the wall is running out of cash. Running a fast-growth company can be exhilarating. But when growth gets out of control, it can be a desperate, intensely emotional, painful and often public experience. In emerging high-growth companies, advance warning of disaster is seldom accompanied by any warning bells and whistles that are recognized by management. The same qualities that make entrepreneurs so successful at growth often impede the management of that growth. The tragedy is that few companies about to hit the wall just nick or bump it. Most crash right into it, often realizing the truth only after the fact, when something major - like cash - becomes an emergency. Business owners should listen to the people they would like to avoid because they do not want to hear their advice. They should seek people outside their own circle. The best way to survive the wall is to avoid it altogether. A lot of companies do that by managing their growth up front and relying on internal, not external, sources of capital.

AUTHORS: BARRIER, MICHAEL

Title: The changing face of leadership

Journal: Nation's Business [NAB] ISSN: 0028-047X Vol: 83 Iss: 1 Date: Jan 1995 p: 41-42

Subjects: Small business; Management development; Business growth; Leadership

Abstract: Growth in small businesses brings more employees, whom the entrepreneur may seldom see. If the owner remains self-contained and self-propelled, the risk of failure will rise because so many orders will be carried out by people one or more reporting levels removed. Stuart R. Levine, CEO of Dale Carnegie & Associates Inc. says that in the 1990s, a leader should be defined not as someone who rules with a bullwhip and a chair, but as a person who can communicate and motivate. The boss who insists that orders be obeyed without question, and who suppresses any feedback from subordinates, can easily lead the organization over a cliff because that boss may not have a clue about what is really going on. The challenge for the owner of a successful, growing small business is to marshal leadership skills that have become critically important as the business has grown, even though those skills may have been of little consequence a few years or even months before, when the business was much smaller.

AUTHORS: MERZ, G RUSSELL; WEBER, PATRICIA B; LAETZ, VIRGINIA B

Title: Linking small business management with entrepreneurial growth

Journal: Journal of Small Business Management [JSB] ISSN: 0047-2778 Vol: 32 Iss: 4 Date: Oct 1994 p: 48-60 Illus: Charts; References

Subjects: Studies; Small business; Management styles; Business growth; Sales; Entrepreneurs; Statistical analysis

Abstract: A study evaluates the relationships between continued entrepreneurship or firm growth, as defined by sales change patterns, and certain environmental, strategic, and managerial style factors in small businesses. The objective is the illumination of the managerial implications suggested by 2 underlying dimensions of sales change - the average annual growth rate and the degree of volatility. Partitioning each component at the median allows construction of a matrix identifying 4 different types of sales change patterns. The amount of variation in environmental, strategic, and managerial style factors across each type of sales change pattern is then examined. The data used in the empirical analysis were collected via telephone and mail questionnaires from a random sample of 370 CEOs of small businesses in a large midwestern state. The results generally support the proposition that managerial approaches vary in predictable ways as sales change patterns vary. The findings suggest different objective-based approaches for managing growth.

AUTHORS: HAY, MICHAEL; KAMSHAD, KIMYA

Title: Small firm growth: Intentions, implementation and impediments

Journal: Business Strategy Review [BSR] ISSN: 0955-6419 Vol: 5 Iss: 3 Date: Autumn 1994 p: 49-68 Illus: Charts; Graphs

Subjects: Small business; Business growth; Strategic planning; Studies

Abstract: Recent evidence suggests that many small to medium-sized enterprises (SME) in the UK experience difficulty growing from the start-up phase into larger well established firms. In March 1993, questionnaires were sent out to approximately 1,500 SMEs, made up of 500 in each of the software products, instruments, and commercial printing sectors. Two mailings yielded a total of 408 usable responses. Growth is a very high priority to most individuals running SMEs. Whereas, the majority of respondents in all industries are empire builders, only in software is there found an almost equal proportion seeking to increase the value, rather than the size of their business. In terms of the routes through which growth is pursued, investment in product innovation featured as the single most important strategy for firms in all 3 industry groups. It seems the key limit on the growth of all SMEs was intensity of competition, exacerbated by the recessionary state of the economy.

AUTHORS: EHRENFELD, TOM

Title: Growing up in public Journal: Inc. [INO] ISSN: 0162-8968 Vol: 16 Iss: 5 Date: May 1994 p: 107-116 Illus: Charts

Subjects: Ratings & rankings; Small business; Public companies; Business growth; Strategic planning; Earnings trends; Manycompanies; Manyindustries; Statistical data

Abstract: Inc. magazine's list of the 100 fastest-growing small public companies of 1994 - those most highly evolved growth companies paints a picture of an ever more finely niched US economy that puts a premium on information exchange, value pricing, and - as always

smart management. Taken as a group, the Inc. 100 companies bring into focus the following nascent trends: 1. Information is big business. 2. Businesses can still make a lot of money by selling good products cheap or by selling good products at a premium. 3. Opportunity begets opportunity. Some rules of thumb from Inc. 100 CEOs are: 1. Strategy - and not the technology itself - gives a competitive edge. 2. Fill the needs that the market leaves for you. 3. Manage growth from day one. 4. Watch your back.

AUTHORS: STOREY, D J

Title: New firm growth and bank financing

Journal: Small Business Economics [SBU] ISSN: 0921-898X Vol: 6 Iss: 2 Date: Apr 1994 p: 139-150 Illus: Charts; References

Subjects: Theory; Startups; Business growth; Small business; Models; Statistical analysis; Bank loans; Human capital

Abstract: The extent to which Lucas' (1978) ideas on human capital and Jovanovic's (1982,1994) theorising on learning can provide further insights into the development of small firms is examined. The examination focuses exclusively upon newly established independent firms. Evidence from 2 surveys is that bank lending to new firms is unrelated to many of the personal characteristics of founders which have been argued by other researchers to relate to small firm performance. Instead lending appears to be more related to whether or not the founder can or chooses to use personal savings, and the legal status of the business.

AUTHORS: LYNCH, ROBERT F; WERNER, THOMAS J

Title: A league of their own

Journal: Small Business Reports [SBR] ISSN: 0164-5382 Vol: 19 Iss: 4 Date: Apr 1994 p: 35-42

Subjects: Teamwork; Participatory management; Employee involvement; Organizational change; Guidelines; Implementations; Small business

Abstract: Team management systems have become an important stepping stone in the growth of many small businesses. In fact, of all the tools in the quality-management arsenal, teamwork may be the one that is best suited to small firms. The goal of teamwork is to improve performance by involving every employee in meeting customers' needs. When each member of each team fully understands the company's products and services they see how their work feeds into a greater mission. They also assume more of the work that used to be done by managers and begin to acquire new skills. Companies can prepare employees for the changeover to team management by: 1. setting the stage, 2. forming teams around the work, and 3. providing training. To help staff adjust to the new system, a management cycle should be established for teams to follow in performing their work. This cycle keeps teams focused on customer requirements and the reasons behind their work, rather than just on the daily activities. It is also important to change the job appraisal and pay systems that supported the old management style.

AUTHORS: ARRIGHETTI, ALESSANDRO

Title: Entry, growth and survival of manufacturing firms

Journal: Small Business Economics [SBU] ISSN: 0921-898X Vol: 6 Iss: 2 Date: Apr 1994 p: 127-137 Illus: Charts; Equations; References

Subjects: Studies; Startups; Success; Size of enterprise; Models; Manufacturing; Business growth; Small business

Abstract: An examination is made of the interactions between entry size, growth rate, and probability of survival of manufacturing firms. Standard microeconomics states that firm growth stems from relative efficiency differentials and that growth positively affects the likelihood of survival. Therefore, the selection hypothesis is unable to explain how a wide number of small newly born firms can survive at length even without growth and how an even larger set of firms with a higher than average growth rate exits the market in the first few years after the foundation. It is shown that one way out of these apparent paradoxes is to relax the hypothesis of a one-to-one link between initial relative efficiency and survival, and then develop a model based on different entry modes and growth patterns of the newly formed firms.

AUTHORS: FOMBRUN, CHARLES J; WALLY, STEFAN

Title: Structuring Small Firms for Rapid Growth

Journal: Journal of Business Venturing (JBV)ISSN: 0883-9026 Vol: 4Iss: 2Date: Mar 1989p: 107-122 Illus: References

Subjects: Small business; Business growth; Organizational structure; Corporate culture; Variables; Impacts; Strategic planning

Abstract: As small firms capitalize on growth opportunities, surges in demand frequently result in rapid growth in employment.This creates managerial problems that require firms to design collateral systems mobilizing staff attention toward a shared vision and supporting the firm's strategic outlook.A cross-sectional study of 95 small US firms that experienced a surge in growth during the period 1980-1985 indicates that the internal systems designed by these firms to support rapid growth varied systematically by strategic orientation and degree of product diversity.Contrary to expectations, the relationship between strategy and structure failed to show a significant effect on these firms' levels of performance. The data suggest that firms' managements may be responding to the contradictory pulls of: 1.bureaucratization versus decentralization, 2.environment versus strategy, and 3.strategic emphases on quality versus cost versus innovation.

AUTHORS: SHRADER, CHARLES B; MULFORD, CHARLES L; BLACKBURN, VIRGINIA L

Title: Strategic and Operational Planning, Uncertainty, and Performance in Small Firms

Journal: Journal of Small Business Management (JSB) ISSN: 0047-2778 Vol: 27Iss: 4Date: Oct 1989p: 45-60 Illus: References

Subjects: Strategic planning; Production planning; Variables; Uncertainty; Strategic planning; Performance; Implications; Statistical analysis; Studies; Small business

Abstract: To examine strategic planning-performance relationships, the chief executive officer or top manager of each of 115 small businesses in central Iowa were asked to complete a questionnaire, and 97 survey responses were received.The stratified random sample was selected using data from the Dun & Bradstreet Market Identifiers File for 1984-1986.The degree of strategic planning for companies was measured using an ordinal scale.Some 65 of the 97 firms indicated they had no strategic plan covering one year or more.All 97 companies engaged in some form of operational planning.Service companies and manufacturers did not seem to benefit at all from strategic planning, but such planning improved the performance of small retail firms.Operational planning was linked positively with performance.Uncertainty and strategic planning were positively correlated.

AUTHORS: GARSOMBKE, THOMAS W; GARSOMBKE, DIANE J

Title: Strategic Implications Facing Small Manufacturers: The Linkage Between Robotization, Computerization, Automation and Performance

Journal: Journal of Small Business Management (JSB) ISSN: 0047-2778 Vol: 27Iss: 4Date: Oct 1989p: 34-44 Illus: References

Subjects: Small business; Manufacturers; Technological change; Impacts; Robots; Automation; Regression analysis; Factors; Implications; Studies

Abstract: A sample of 300 companies selected from those listed in the 1987 Maine Directory of Small and Medium-Sized Manufacturers received questionnaires concerning the technological adaptations, and 144 replies were received.The firms were classified by their use of technology, and 3 groups were identified - low, medium, and high technology users. The most common use of technologies was in the computerized accounting system group.The top ranking barriers to the use of technology were identified as: 1.lack of capital investment funds, 2.lack of staff to investigate new technology, 3. satisfaction with current operations, 4.lack of time to look into new systems, and 5.lack of knowledge of available technology.Of 26 performance factors examined, increase in production was the top-rated factor.Apparently, small businesses that have adapted most fully to new automated, robotized, and computerized technologies are reaping greater organizational performance gains than firms adapting more slowly or not at all.

AUTHORS: PEARSON, JOHN N; BRACKER, JEFFREY S; WHITE, RICHARD E

Title: Operations Management Activities of Small, High Growth Electronics Firms

Journal: Journal of Small Business Management (JSB) ISSN: 0047-2778 Vol: 28Iss: 1Date: Jan 1990p: 20-29 Illus: References

Subjects: Small business; Electronics industry; Operations research; Studies; Questionnaires; Statistical analysis

Abstract: The impact of operations management activities on the financial performance of small, high-growth electronic firms is examined.A questionnaire was adapted from a previous study by Bracker (1982) and sent to 217 owners or managers of electronics businesses who are members of the American Electronics Association. Ninety-seven responses were received, 73 of which were usable. Results indicate that the use of various activities improves the financial performance of the firms under investigation.The lack of significant results in the study may be theorized to be a function of the failure of firms to use the various operation management activities on a systemwide basis.It is suggested that for firms to significantly improve their financial performance requires use of most, if not all, of the operations management activities.It seems as if forecasting, aggregate planning, and the other activities are closely related.If US manufacturers are to maintain a competitive advantage, it seems imperative that they use the techniques at their disposal to improve their competitive stance.

AUTHORS: BIRLEY, SUE; WESTHEAD, PAUL

Title: Growth and Performance Contrasts Between 'Types' of Small Firms

Journal: Strategic Management Joumal (SMJ)ISSN: 0143-2095 Vol: 11Iss: 7Date: Nov/Dec 1990p: 535-557 Illus: Appendix; Equations; References

Subjects: Small business; Business growth; Performance; Strategic planning; Market strategy; Correlations; Variables; Statistical analysis

Abstract: The interrelationships in the strategic profile of a sample of small firms are examined.Using cross-sectional analysis, an attempt is made to identify any evidence to support the 'stages of growth' theories.Three surrogates for comparative growth are used: number of employees, sales turnover, and profitability.A cluster analysis identifies 8 different 'types' of small firms characterized by intemal variables of ownership, management, and product structure and by external variables of product-market positioning.An analysis of variance tests finds no significant differences between the clusters with respect to size.The results suggest that firms do change, but not necessarily in a prescribed sequence.The evidence suggests that future research should be focused on developing theories that better describe the heterogeneity of the sector by analyzing the development within clusters of firms rather than seeking generalized overarching theories.

AUTHORS: COVIN, JEFFREY G; SLEVIN, DENNIS P; COVIN, TERESA JOYCE

Title: Content and Performance of Growth-Seeking Strategies: A Comparison of Small Firms in High- and Low-Technology Industries

Journal: Journal of Business Venturing (JBV)ISSN: 0883-9026 Vol: 5Iss: 6Date: Nov 1990p: 391-412 Illus: Appendix; References

Subjects: Small business; Business growth; Variables; Market strategy; Cluster analysis; Comparative studies; High technology; Hypotheses

Abstract: A study of the business strategies used by small firms that were trying to increase market share in high- and low-technology industries is described.Data were collected

from the senior executives of 57 small manufacturing firms with aggressive growth objectives.Results indicate that small, growth-seeking firms in high-tech industries differ from those in low-tech industries in several of the marketing variables commonly associated with share-building strategies (e.g., advertising and price), as well as several strategic variables unrelated to marketing.Compared to those in low-tech industries, growth-seeking firms in high-tech industries: 1.rely more heavily on advertising, 2.place more emphasis on product-related issues as a basis for building market share, 3.rely more heavily on external financing, 4.place more emphasis on customer service and support, and 5.have more entrepreneurial strategic postures.

AUTHORS: TASSANI, SALLY

Title: Necessary Losses: The Mind of a Manager

Journal: Inc. (INO)ISSN: 0162-8968 Vol: 13Iss: 2Date: Feb 1991p: 72-74 Companies: Tassani Communications Inc

Subjects: Small business; Startups; Advertising agencies; Roles; Human resource management; Employee turnover; Case studies; Psychological aspects

Abstract: Businesses change as they grow, and they can outstrip the people who work for them very quickly.To complicate matters, the role of the owner changes.In the beginning, businesses are an adventure, and everyone is having fun.Friendship, camaraderie, and good feelings are easily fostered in such an atmosphere.At a certain point, however, owners may realize that friendship is becoming secondary and that what they need is performance.Learning to anticipate what a job is going to be in a year becomes a necessary part of hiring.It is difficult to tell employees that they have excellent skills, but not the ones needed now, although the process gets easier as owners accept that they must do what is right for their company.This acceptance must be communicated to employees through actions more than words.Owners begin to realize that, at each stage of a company's evolution, employees are gained and lost and that losing employees is not necessarily a sign of personal flaws.However, the emotions and sense of loss that accompany the parting of employees may never get easier.

AUTHORS: GALLAGHER, COLIN; MILLER, PAUL

Title: New Fast-Growing Companies Create Jobs

Journal: Long Range Planning (LRP)ISSN: 0024-6301 Vol: 24Iss: 1Date: Feb 1991p: 96-101 Illus: Charts; Graphs; References

Subjects: Statistical data; Manyindustries; Holding companies; Impacts; Business growth; Job openings; Regions; Small business

Abstract: The formation and performance of 2,600 new firms that started up between 1980 and 1982 in Scotland are compared with the 20,000 that started in the Southeast region of the UK.Within each region, 2 contrasting cohorts were identified: 1.the flyers, on the basis of high subsequent performance up to 1987, and 2.the sinkers, on the basis of poor performance.It is the high-flying firms that create the jobs.The Scottish flyers created, on average, 160 jobs per firm, while the Southeast flyers created 348.In the

Southeast, the flyers made up only 18% of all firms but accounted for 92% of the jobs created.Of these jobs, 60% were in finance.The results show how closely the regional economies of the UK are linked.Economic activity is sectorally concentrated, and the active sectors produce significant numbers of all kinds of performance, both winners and losers.In the Southeast, 97% of all turnover was contributed by the flyers and only 1% by the sinkers.Turnover per employee was significantly greater in the Southeast.

AUTHORS: CASE, JOHN

Title: The age of the gazelle

Journal: Inc. [INO] ISSN: 0162-8968 Vol: 18

Subjects: Small business; Business growth; Employment; Job creation

Abstract: Most new jobs come from a relative handful of fast-growing companies. Some of those companies are behemoths and are all the more noticeable because so many other giant companies are slashing payrolls. But the vast majority of job-creating businesses are fast-growing smaller companies - dubbed 'gazelles' by David Birch of Cognetics Inc. Birch estimates that the fast growers represent no more than 3% of US businesses, but between 1990 and 1994, gazelles created 5 million jobs - enough to produce net employment growth of over 4 million in spite of the well-publicized downsizings elsewhere in the economy. By Birch's definition, a gazelle is a business with at least 20% sales growth every year from 1990 to 1994, starting with a base of at least $100,000.

AUTHORS: FOX, JOHN

Title: Managing growth

Journal: Secured Lender [SCL] ISSN: 0888-255X Vol: 52 Iss: 1 Date: Jan/Feb 1996 p: 12-16

Subjects: Finance companies; Small business; Business growth; Managerial skills; Guidelines

Abstract: For small, independent finance companies (SIFC), intelligent, solid growth requires an understanding of the trends within the industry where the growth is being planned. The skills needed by SIFCs to take advantage of the present market conditions are: 1. entrepreneurial skills, 2. creativity and the ability to integrate information quickly, 3. decision-making skills, 4. capacity to work under stress, 5. ability to sweat the details, and 6. willpower and foresight to deal with greed, stupidity, and collusive fraud. In a startup mode, these skills are vested in the owner/manager. As a business grows, it becomes important to transfer these skills to others involved in the operation of the business. Four aspects of the business environment over which there is some measure of control are personnel, marketing, pricing, and underwriting and damage control.

AUTHORS: ANONYMOUS

Title: Poor management skills holding back growth

Journal: Management Accounting-London [MAC] ISSN: 0025-1682 Vol: 74 Iss: 1 Date: Jan 1996 p: 10

Subjects: Small business; Managerial skills; Business growth

Abstract: According to a report called Managing to Grow from the CBI, the growth of many small and medium-sized enterprises is being held back by poor management skills.

AUTHORS: FENN, DONNA

Title: Benchmark: Family businesses on the go

Journal: Inc. [INO] ISSN: 0162-8968 Vol: 18 Iss: 1 Date: Jan 1996 p: 86 Illus: Graphs

Subjects: Polls & surveys; Statistical data; Small business; Business growth

Abstract: Some 40% of 4,000 recently surveyed family businesses characterized themselves as high growth companies.

AUTHORS: GREENING, DANIEL W; BARRINGER, BRUCE R; MACY, GRANGER

Title: A qualitative study of managerial challenges facing small business geographic expansion

Journal: Journal of Business Venturing [JBV] ISSN: 0883-9026 Vol: 11 Iss: 4 Date: Jul 1996 p: 233-256 Illus: Charts; References

Subjects: Studies; Facilities planning; Small business; Expansion; Management decisions; Business growth; Statistical analysis

Abstract: Despite the importance of geographic expansion as a growth strategy, it is a neglected area of small business research. A study examined the managerial challenges that faced one small firm during the early stages of its efforts to expand geographically. The subject organization, referred to as the Local Advertising Co. (LAC), operated in a single location from 1968 to 1990. As a means to initiate firm growth, the owners of the company opened 8 new locations in 1991 and 8 more in 1992. However, problems ensued. The study used a qualitative research methodology to conduct an assessment of the managerial challenges facing the LAC during its geographic expansion effort. The findings, which were based on interviews with home office and site location managers, identified 15 different areas of concern regarding planning for growth, managing growth, and reasons for growth. The results show that it is critical to have a realistic plan and premise before undertaking geographic expansion. Management style must also change.

AUTHOR: TRACY, KAY BLYTHE

Title: Effects of need for achievement, task motivation, goal-setting and planning on the performance of the entrepreneurial firm.

Source: DAI-A 54/03, p. 996, Sep 1993

Subject: Business administration, general (0310); business administration, management (0454)

Abstract: Entrepreneurial behavior is critical to the long-term vitality of the American economy. The U.S. government reports that 67 percent of all new jobs in this country are created by small business and that small firms account for 38 percent of the Gross National Product. Because entrepreneurship is this country's dominant strength in its international competitive battle, research on determinants of success for entrepreneurs and entrepreneurial firms is of vital importance. This concurrent research investigated how the individual variables of Need for Achievement, Task Motivation, Goal Setting and Planning were related to the performance of the entrepreneurial firm. Alternative conceptualizations of the possible relationships among these variables and their effects on organizational performance were explored. Entrepreneurs who owned small printing firms completed a mailed survey, which included the TAT, a projective test for Need for Achievement, and the Miner Sentence Completion Scale-Form T, for assessment of Task Motivation. Additionally, respondents provided data on goals previously set for 1991, and future goals for 1993. Financial and work-related information for 1990 and 1991 was provided, as was data on Planning practices: quality, comprehensiveness, and frequency. Theory suggested that Need for Achievement and Task Motivation would be significantly correlated, and that these motives would have a significant main effect on performance. Goal Setting and Planning were also expected to be highly correlated with each other and with performance measures, and to contribute more explanatory power for performance than Need for Achievement or Task Motivation. The hypotheses were partially supported. Need for Achievement and Task Motivation scores were not significantly correlated. Neither Need for Achievement nor Task Motivation had a significant main effect on performance. Goal Setting and three of five performance measures were significantly correlated. Planning added little explanatory power to the variance explained by Goal Setting. Results are discussed in terms of their practical relationship to determinants of success for entrepreneurs and entrepreneurial firms, and in terms of the research's contribution to knowledge.

AUTHOR: **BRUSH, CANDIDA GREER**

Title: Factors motivating small companies to internationalize: the effect of firm age (exports, new ventures)

Source: DAI-A 53/08, p. 2884, Feb 1993

Subject: Business administration, management (0454); business administration, marketing (0338); business administration, general (0310)

Abstract: Historically small businesses have sold products abroad early in their operations, but recent trends indicate many more small businesses are exporting, licensing or investing abroad before they reach six years of age. This pattern of early internationalization is not fully explained by theories of international business which assume experience and market position are needed before a company enters foreign markets. This dissertation identifies factors that have caused small businesses (less than 500 employees) to seek revenues from abroad; considers the effect of firm age in this decision; and tests the applicability of theories of international business in this context. A conceptual framework integrating theories from international business and entrepreneurship was developed Data was gathered using multiple methods, but primarily using a mail survey

of a national random sample of 1076 independently owned internationalized small U.S. manufacturers. A response rate of 13 percent yielded 134 usable questionnaires. Statistical tests for non-response bias indicated the results were representative across key dimensions. Statistical analysis was employed to test hypotheses and results showed differences in motives for internationalization based on age were fewer than expected, with four hypotheses were supported, two received mixed support, and three were not supported. Contrary to theories and expected results, internationalization was serendipitous; occurring after customer inquiry instead of being a logically planned process. Moreover innovation and perceived market opportunity, also are important motives for small businesses to internationalize. However motives and strategies do vary by age, where young age was associated with personal contacts; planning systems, experience and high domestic sales were associated with older age businesses. Age was not related to performance in that young companies equaled old companies in growth in sales and employees, after internationalization. Implications of this study are many. For researchers, the conceptual framework developed herein integrates international business and entrepreneurship theories laying the foundation for future examination of the strategy-performance linkages. For public policy-makers, differences in motives and strategies by age suggest blanket policies for small business internationalization may not be appropriate. For managers, this study implies age is important in considering international opportunities, and developing strategies.

AUTHOR: **BRYTTING, TOMAS PER EVERT**

Title: Organizing in the small growing firm: a grounded theory approach (small business, business growth)

Source: DAI-C 52/04, p. 508, Winter 1991

Subject: Business administration, management (0454) ISBN: 91-7258-319-3

Abstract: Most of the empirical and theoretical work on organizations has dealt with large and structurally complex corporations. Small firms, however, are increasingly common and contribute in important ways to our society, economically, politically and socially. Can we really do research on small firms using our traditional understanding of organizations? Is it not necessary to treat small firms as a special form of organization, fundamentally different from large companies? If they are special, in what way do they differ from larger companies? This book concerns the nature of small firms from a managerial perspective. Intensive empirical studies of organizational processes in two small growing firms are employed to build up a proposal for a new set of concepts with which we can better describe and analyze small firm behavior. Equipped with these concepts, the author analyzes three central topics: (1) Do small firms have special small scale advantages? (2) Does increased firm size pose a threat to these advantages? (3) Can these advantages be reproduced in large corporations? The reader will be offered a perspective in which the small firm is more than a firm. It is a person making a great performance.

AUTHOR: **BERNSTEIN, ELDON HARRIS**

Title: Determinism and voluntarism: an integrated model of strategic management applied to small business organizations

Source: DAI-A 52/03, p. 993, Sep 1991

Subject: Business administration, management (0454)

Abstract: An understanding of why some organizations grow and succeed while others fail is a basic goal of students of business policy and strategy. Researchers have proposed various explanations of organizational performance, but they disagree on several basic issues. One line of inquiry, population ecology, considers performance to be environmentally determined. Studies in strategic management advocate an opposite view that assumes managerial control over organizational performance. A model that recognizes the simultaneous effects of environmentally determined conditions and of managerial choice will help to resolve an area of controversy in the research. The basic assumptions of the two models conflict. They commonly use different units of analysis, different measures, and different tests. Not surprisingly, they reach different conclusions. Each model offers insight into organizational activities, but may fail to recognize the contribution of the other. It is conceivable that either model, taken alone, may be inadequate. To demonstrate that possibility, this paper tests a sample of firms whose performance might be explained differently by the separate theories. The paper integrates the theories of both population ecology and strategic management to present an integrated model. It represents the first study to assess simultaneously models drawn from both population ecology and from strategic management. The integrated model shows that both sets of theories contribute to understanding the phenomena that occur in a mature industry.

AUTHOR: **GULBRO, ROBERT DALE**

Title: Human resource management practices in successful small manufacturing companies (small business)

Source: DAI-A 53/01, p. 216, Jul 1992

Subject: Business administration, management (0454)

Abstract: The objective of this research was to test the hypothesis that a relationship exists between the Human Resource Management practices of small manufacturing companies and the performance of their organizations as measured by sales per employee. To attain this objective, a questionnaire was distributed to owners and managers of small manufacturing companies in the state of Alabama. A total of 152 firms generated the data used to test the hypothesis. In addition, data from fifty-three small subsidiary facilities of larger firms were used to test the same hypothesis. On the questionnaires, the owners and managers provided their perceptions of the value of the contribution made by Human Resource Management practices to the success of their firm(s). They rated each of thirteen Human Resource Management practices currently suggested by writers as commonly used by business and industry. Owner responses were analyzed using discriminant analysis and analysis of variance tests. No statistically significant relationship was found between the perceived value of any of the Human Resource Management practices and organizational performance with either analysis. The value ratings from these subsidiary managers also were not related to the performance of the subsidiary firms. Some significant relationships were found. The size of the firm (using number of employees) was related to the perceived value of the Human Resource Management practices. When owners allowed other employees to complete the questionnaires, the rating values of the practices changed. The industry membership of

the organizations in the study was related to their performance. This research found no relationship between the perceived value of the Human Resource Management practices used by small manufacturing companies in Alabama and their success. It suggests other causal factors and questions which need to be answered through further research in small organizations.

AUTHOR: **LEE, DONG OK**

Title: The socio-spatial incorporation of new immigrants in the post-industrial city: korean immigrant entrepreneurs in Los Angeles (California)

Source: DAI-A 51/01, p. 258, Jul 1990

Subject: Geography (0366); sociology, ethnic and racial studies (0631)

Abstract: Korean immigrants have been increasingly employed by the small business sector of the U.S. metropolitan economy This proliferation of Korean small firms in urban areas reproduces elements of Korean culture and supports the labor market structure of the urban economy. Both ethnic culture and the economic structure combine to generate a specific spatial pattern of immigrant entrepreneurship. This study explores the spatial ordering of immigrant-owned small businesses. Korean entrepreneurs in Los Angeles have been chosen for this case study, since they represent the largest Korean business community in the U.S., and because the form of entrepreneurship they practice is a manifestation of the changing urban economy. A guiding hypothesis in this research has been that the decentralization of Korean-owned small firms away from the spatially concentrated ethnic community in Los Angeles, Koreatown, indicates the incorporation of the ethnic economy into the structure of the metropolitan economy. The findings from the empirical analyses suggest that the initial concentration of Korean population and Korean shops in Koreatown exerts centrifugal forces as growth opportunities are exhausted. Areas dominated by low-income and ethnic minority populations then offer more attractive business opportunities. These results reveal how Korean business locations are conditioned by the entrepreneurs' material and symbolic resources and the structural components of the small ethnic firms sector, which is associated with an ethnic division of labor.

AUTHOR: **PETERS, IAN JOSEPH**

Title: Small business growth: spatial and non-spatial aspects of development

Source: DAI-A 51/07, p. 2483, Jan 1991

Subject: Geography (0366)

Abstract: Available from UMI in association with The British Library. The geography of employment change in the UK shows consistent North-South contrasts over and above those which can be attributed to subregional trends. The birth and growth of small firms have been shown to contribute to this differential performance. This study aims to provide a better understanding of the process of small business growth and of how and why it varies between different types of firm and different regions. The literature on the development of the small firm is reviewed and a critical appraisal is made of life-cycle models of

business growth. Results are then presented from a survey of 118 independent and owner-managed firms in the plastics processing sector. Interviews were carried out in Lancashire and Cheshire in the North West of England and Hampshire, Dorset and Wiltshire in the South. The study found that the growth potential of small firms will vary depending on their market function and the abilities of their owner-managers. A very small proportion of firms have the potential for rapid growth; these 'high fliers' were run by owner-managers more experienced in professional management and with more opportunist, profit-maximising goals. As a consequence of growth, the high fliers faced a number of constraints, mainly related to difficulties acquiring key business inputs such as finance, skilled staff, technical advice, and premises. While contrasting the market and product orientation of the fast and slow growth firms, the study concludes that the fortunes of both are inextricably linked to the strategies of large firms. There was no consistent or widespread regional variation in the characteristics of the firms. However, those differences that did occur can be related to structural influences through the nature of incubator firms and market opportunities. Reasons are suggested for the absence of more widespread regional variation. Finally, suggestions are made for policy and further research arising from the study.

AUTHOR: **CHIMI, CARL JOSEPH**

Title: A study of the effects of local area networks in a small business environment

Source: DAI-A 50/12, p. 3777, Jun 1990

Subject: Information science (0723); business administration, management (0454); computer science (0984)

Abstract: Local area networks (LANs) provide links between computing devices, such as workstations, file servers, and printers, over a relatively small geographic area (usually within a single building or organization). While computer networks have existed for almost thirty years, networking technology has only recently become available to small organizations. In the late 1980's the use of LANs has begun to mushroom, and presumably has begun to affect the organizations which use LANs. A review of the literature reveals many technical and product-oriented articles about LANs, but no previous research into the organizational effects of LANs. However, a strong tradition of studying the effects of technology on social structures exists. This dissertation describes a study which builds from this tradition. The research described herein is an exploratory study of the effects of LANs on a small business environment. The particular environment chosen, the auto parts industry, is representative of many inventory-intensive, transaction-oriented small businesses. Forty-six respondents, all auto parts retailers, were asked about their reasons for acquiring their LANs and about their level of satisfaction with their LANs. Growth trends, employment trends, and regional differences in LAN usage were also studied. In brief, the major findings of the research are the following: Acquisition and satisfaction. (1) Three clusters of factors stand out among the reasons why auto parts firms have made the investment in networking technology: financial controls, managerial controls, and external factors impinging on the firm. The financial controls cluster is the most important. (2) A high level of satisfaction with computer networks exists in the auto parts user community. (3) The reasons for the high level of user satisfaction reported in Finding 2 were examined. Users report being most satisfied with financial objectives, followed closely by managerial objectives. As a group they are less satisfied with external objectives. Growth. (4) Auto parts companies which have purchased computer networks have shown significant growth, as reflected in increases in the total number of employees since the purchase. (5) Auto parts companies which have purchased computer networks have not experienced significant changes in the number of office employees since the purchase. Employment trends. (6) In the auto parts industry, the use of unskilled, or lesser-skilled, employees on the auto parts counter is increasing and is likely to continue to increase. (7) In the auto parts industry, the number of women in non-traditional positions (such as working on the parts counter or in management) has increased in the last decade. Regional differences. (8) The proportion of stores in the metropolitan Boston area which have computer networks significantly lower than the proportion in all other areas contacted during the interview process.

AUTHOR: BARKHAM, RICHARD JOHN

Title: Entrepreneurship, new firms and regional development

Source: DAI-A 50/12, p. 4039, Jun 1990

Subject: Economics, commerce-business (0505); business administration, marketing (0338)

Abstract: Available from UMI in association with The British Library. This thesis examines regional variations in entrepreneurship and the implication of this for regional economic development. New firm formation is the particular aspect of entrepreneurship which is the subject of this study. The main hypothesis is that some areas produce more dynamic and innovative small firms because the population contains a higher proportion of skilled and motivated entrepreneurs. The study is based on the proposition that the entrepreneur has the key role in economic development of bringing about a beneficial reallocation of scarce resources in response to everchanging market conditions. Various theories of the entrepreneur are examined for the purpose of establishing what personal attributes the entrepreneur will require to carry out this role. It is found that growth in the new firm is strongly linked to the skills attitude and market information posessed by the entrepreneur. Previous work indicates that the South East of England generates more new firms with potential for sustained growth because it contains a higher proportion of highly skilled and motivated firm founders than other regions. The results of a survey of entrepreneurs and new firms are presented and these suggest that entrepreneurs in different regions do vary in terms of skill and motivation. Moreover, statistical analysis shows that firm size and founder characteristics are strongly linked. Strong conclusions about regional variations are not made because the data is based on a sub-regional survey. Some proposals for future research are made. The influence of the economic environment on new firm size and performance is also examined. In particular, the evidence for regional variations on the availability of finance is reviewed in the context of the historical debate about the provision of risk capital for small business. There appear to be differences in the sources of capital used by small firms but the evidence for spatial vaations in the availability of capital is not conclusive. It is shown that the larger faster growing new firms, with the greatest economic potential, have the most difficult obtaining finance. The most profound implication of the research is that new firm formation will have a greater impact on employment in the South East than elsewhere. New firm formation will not solve the problem of unemployment in the depressed regions. Some measures to improve the entrepreneurial performance of the depressed regions are suggested.

AUTHOR: **REINER, MARTHA LOUISE**

Title: The transformation of venture capital: a history of venture capital organizations in the united states

Source: DAI-A 51/05, p. 1717, Nov 1990

Subject: Economics, history (0509); business administration, general (0310); history, united states (0337)

Abstract: This history analyzes the rise of venture investing through specialized organizations and the subsequent evolution of organized venture investing in the United States. Members of the financial community called for "venture capital" and a new institution to manage it just before World War II. The call for venture capital was both a strategic response to environmental shifts and an ideological response to a perceived crisis of private capitalism in the United States. The wartime crisis stimulated the development of new technologies and changed institutional arrangements for venturing. As public and private groups planned "reconversion" to a peacetime economy, interest groups agitated for public policy changes to promote diverse venture capital interests. This broad-based movement encouraged policy changes that expanded the market for growth stock and built an institutional foundation for venture investing. The East Coast innovation of creating venture capital organizations just after the war was a response to the prewar call to reform and organize venture capital, as well as to postwar venture opportunities. The West Coast innovation was less conscious, more incremental, more purely a response to abundant postwar venture opportunities. The innovators tended to invest as individuals in loose associations, often as a sideline, yet they developed a distinctive venture investing style. Enthusiasm about venture capital organizations waned during the 1950s, although more individuals experimented with venture investing. However, the Sputnik crisis in October 1957 galvanized support for a public venture capital initiative in 1958--the federally sponsored Small Business Investment Company program. By 1960, SBICs and other venture capital organizations were proliferating. Private venture capital partnerships began to supplant the SBICs in the late 1960s--partly because leading Eastern venture investors sponsored a new initiative for a private institution. The "institutionalization" of venture capital noticed in the 1980s had two contradictory streams. Organized venture investing survived some tough years in the 1970s and by the early 1980s became established as a distinctive practice widely recognized for its contribution to U.S. innovation and growth. Yet as it expanded dramatically in the early 1980s, organized venture investing increasingly mirrored the practices of institutional finance.

AUTHORS: **MANGELSDORF, MARTHA E**

Title: Main Street Inc. Journal: Inc. [INO] ISSN: 0162-8968 Vol: 18 Iss: 10 Date: Jul 1996 p: 29-30

Subjects: Business growth; Small business; Entrepreneurs; Closely held corporations

Abstract: Only a small portion of growing companies obtain venture capital and grow into public companies. Those that do, the Wall Street growth companies, create an extraordinary number of jobs and often turn into major corporations. But there is another type of growth company, the Main Street growth company, just as important and much less well known. Main Street growth companies grow and change relatively unnoticed by the

mainstream business press. An entire Inc. 500 class from a decade before was tracked last year and it was discovered that the group was a pretty hardy one with an impressive record of long-term sales and employment growth.

Innovation

AUTHORS: CANDALINO, ALEXIS W; KNOWLTON, MIKE

Title: Small companies as business laboratories

Journal: Canadian Business Review [CAB] ISSN: 0317-4026 Vol: 21 Iss: 1 Date: Spring 1994 p: 25-27 Illus: References

Subjects: Small business; Comparative analysis; Management styles; Organizational behavior

Abstract: While large corporations are trying to regain lost ground; small companies are forging ahead, challenging basic assumptions and traditional business practices. Crucial to continued company growth is the development of a strong management team, whether it be a small company or a division of a large one. The downside to not installing a dynamic and empowering management team can make the difference between reaching the next level of growth or failing. Small companies also find new ways to form partnerships with even their most aggressive competitors. The revitalization of large corporations is ultimately not about becoming lean and mean, but lean and smart. The lean and smart organization is adaptable, quick, and innovative. It achieves high performance through leadership that supports shared responsibility. Competitiveness is secured by aligned, cross-functional, and well-honed operations that are focused on the needs and dreams of their customers. Lean, smart companies are prepared to continually challenge, change, and learn - to experiment in their laboratories to develop the characteristics that will ensure their future.

AUTHORS: MACPHERSON, ALAN D

Title: Industrial innovation among small and medium-sized firms in a declining region

Journal: Growth & Change [GRC] ISSN: 0017-4815 Vol: 25 Iss: 2 Date: Spring 1994 p: 145-163 Illus: Charts; References

Subjects: Industrial plants; Production planning; Technological change; Flexible manufacturing systems; Small business; Industrial development; Statistical analysis

Abstract: The impact of new technology adoption upon the market performance of small industrial firms is examined. Survey data from a 6-sector sample of Western New York manufacturers is presented. The results suggest a positive relationship between new technology adoption and growth of exports, value-added, and total sales. A central finding of the analysis is that flexible manufacturing systems confer different types of technical and commercial advantages across sectors. Two broad groups of process innovators are identified: 1. those that adopt new technology primarily to cut unit costs,

and 2. those that aspire toward greater production flexibility. A brief discussion of the regional development implications that flow from the empirical results is included.

AUTHORS: CAIRD, SALLY

Title: How important is the innovator for the commercial success of innovative products in SMEs?

Journal: Technovation [TCH] ISSN: 0166-4972 Vol: 14 Iss: 2 Date: Mar 1994 p: 71-83 Illus: Charts; References

Subjects: Innovations; R&D; Small business; Awards; Studies; Roles

Abstract: The role of innovators who have received a British government award, the Small firms Merit Award for Research and Technology, for innovation in small firms is examined. The nature of this role was explored by examining innovator competences, motives, risk-taking behaviors, and the significance of the innovator's role for commercial success. The interview results support the argument that the innovator's role in the small firm is important for the commercial success of innovation in small and medium-sized enterprises. Approximately 50% described the innovator's role as very important for the commercial success of the innovation. Approximately 50% thought that the innovator's role was important only at the initial stages of the innovation process, because either they lack the marketing skills to take the project forward or their competences are irrelevant beyond the technical development stages.

AUTHOR: PALMER, JOHN CHARLES

Title: Innovation and performance in small business enterprises

Source: DAI-A 54/02, p. 594, Aug 1993

Subject: Business Administration, Management (0454)

Abstract: Researchers have identified innovation as a key organizational activity, contributing directly to the long-term viability of operations. Utilizing a sample of independently-owned fast food franchise outlets, this study proposes and tests a model that assesses relationships between contextual factors, innovation, and financial performance of firms. Results generally support past work by Daft (1978) and others, who proposed that attributes of innovations themselves moderate relationships between contextual factors and innovation by firms. However, findings also indicate that innovation by firms may or may not be associated with high levels of financial performance.

AUTHOR: GASKILL, FRANK JAMES

Title: Small business retail success: a product of functional operations planning, pre-business positioning decisions, and enacted generic strategy (entrepreneurship)

Source: DAI-A 54/10, p. 3807, Apr 1994

Subject: Business administration, management (0454); business administration, general (0310)

Abstract: Three broad types of operational, pre-business, and strategic planning components were compared for small retail performance impact. The objective dependent performance variables were the change in employee productivity, sales, margin, and employment (over three years, measured twice), and one subjective variable, owner/manager satisfaction. Correlation analysis of the relationship between the independent planning variables and the dependent performance variables revealed that each of the components of operational planning (marketing, finance, personnel, and inventory/purchasing planning), pre-business location planning, and strategic planning processes were significantly related to one or more dependent performance variables. Testing proportionality of the planning types resulted in finding that operational and pre-business planning occur significantly more often than does written strategic planning. The degree of planning, characterized as a high-planning level, or comprehensive effort, resulted in significant performance differences. High levels of finance, inventory/purchasing and personnel planning, and pre-business location planning were significantly related to employee productivity. Additionally, high-level location planning and strategic planning processes, as evidenced by a written plan, were significantly related to sales growth. Comprehensive operational planning, i.e. high planning levels in multiple functional areas, was significantly correlated with positive differences in employee productivity. Combining comprehensive operational planning and written strategic planning resulted in significantly better sales growth and employee productivity. Analysis of variance indicated that comprehensive strategic planners have significantly better performance in sales, productivity, and satisfaction.

AUTHORS: LEFEBVRE, LOUIS-A; LEFEBVRE, ELIZABETH; POUPART, ROBERT

Title: The Shape of the New Winner: Innovativeness and the Strategic Edge in Small Firms

Journal: National Productivity Review (NLP) ISSN: 0277-8556 Vol: 9I ss: 3 Date: Summer 1990 p: 313-320 Illus: Charts; References

Subjects: Small business; Computer based; Manufacturing; Advantages; Technological change; Productivity; Characteristics

Abstract: Most of the attention surrounding the adoption of advanced computer-based manufacturing technologies has centered on the larger manufacturing firms.However, smaller firms may also gain strategic advantages by adopting innovative manufacturing technologies.While making an important contribution to the present economy, small firms display certain characteristics that will enable them to adapt to a future that will see the demise of mass markets and production, an increase in uncertainty, market fragmentation, an explosion in products and services, and a demand for superior quality and fast response time.A study of 172 firms showed that, when compared with users of conventional manufacturing technologies, the advanced process-innovative firms exhibit several important characteristics: 1.higher productivity of professional and blue-collar workers, 2. higher financial performance, 3.a commitment to variety over cost, 4.a focus on customer service, and 5.an improved market image.

Strategy

AUTHORS: KIM, YOUNGBAE; CHOI, YOUNGROK

Title: Strategic types and performances of small firms in Korea

Journal: International Small Business Journal [IOG] ISSN: 0266-2426 Vol: 13 Iss: 1 Date: Oct-Dec 1994 p: 13-25 Illus: Charts; References

Subjects: Small business; Studies; Strategic planning; Performance; Cluster analysis; Manyindustries

Abstract: A study is presented that attempts to identify the patterns of strategic behavior of small firms in Korea in conjunction with their performance. Based on the data from 79 small firms across 4 industries, the results reveal that there appear to be 4 common strategic attributes - cost efficiency, innovative differentiation, marketing differentiation, and asset parsimony - and 5 strategic types of firms which have distinct combinations of these strategic attributes - innovative, efficient, versatile, marginal, and reactive types. Each type of firm was also found to have different organizational characteristics and performance level. The study discusses the comparative management issue in the field of strategic management and offers some practical implications for managers of small firms.

Partnering

AUTHORS: DEMOTT, JOHN S

Title: Company alliances for market muscle

Journal: Nation's Business [NAB] ISSN: 0028-047X Vol: 82 Iss: 2 Date: Feb 1994 p: 52-53

Subjects: Small business; Competitive advantage; Trends; Alliances; Partnering; Suppliers; Business growth; Strategic planning

Abstract: To gain a competitive advantage, EBC Industries joined with 14 other area companies to give itself more power to tackle domestic and global markets. EBC and the other team members share equipment, customer lists, and other information that entrepreneurs never would have shared in the past when cooperation was all but unheard-of. Difficult times gave birth to this strategy, known as 'teamnetting.' Teamnetting, or networking, is just one of several relatively new growth techniques being tried by small and medium-sized US companies. Small companies are also benefiting from an approach similar to teamnetting called vertical partnering, in which small suppliers form complex bonds with large companies to their mutual advantage. Consultant Tom Peters says that trust is the key in such arrangements.

AUTHORS: FUJITA, MASATAKA

Title: Small and medium-sized transnational corporations: Salient features

Journal: Small Business Economics [SBU] ISSN: 0921-898X Vol: 7 Iss: 4 Date: Aug 1995 p: 251-271 Illus: Charts; Graphs; References

Subjects: Multinational corporations; Small business; Strategic planning; Industrialized nations; LDCs; Joint ventures; Advantages

Abstract: The 2nd half of a series on small and medium-sized transnational corporations describes their main features in terms of such variables as the markets and industries in which they operate, ownership, forms of investment, performance, and competitive advantages. It also deals with strategies that SMEs tend to take in their foreign operations. An appreciable share of small and medium-sized TNCs produces highly-specialized or niche products that give them relatively high market power in those market segments. Their principle source of advantages emanate from proprietary technology, flexible management, organization and market ability, reputation, and supplier/customer relations. Small and medium-sized TNCs, unlike their larger counterparts, are more likely to enter developing countries through joint ventures and other collaborative arrangements with local firms. SMEs from some developed countries, mainly Europe, are particularly willing to enter joint ventures.

AUTHORS: KAUFMANN, FRIEDRICH

Title: Internationalisation via co-operation - Strategies of SME

Journal: International Small Business Journal [IOG] ISSN: 0266-2426 Vol: 13 Iss: 2 Date: Jan-Mar 1995 p: 27-33 Illus: Charts; Graphs; References

Subjects: Globalization; Cooperation; Strategic planning; Small business; Factors; Success

Abstract: Cross-border cooperation is often the only viable form of internationalization for SMEs. The relationships between cooperating partners and the type of cooperation are decisive for their success. Where the preconditions for a transaction cost efficient cooperation project are not fulfilled, organization costs might easily over-compensate the benefits from expected production synergies. Based on empirical results, the relevant factors for success in cooperative projects are discussed. It is shown that, given the basis of solid confidence, risks of cooperation can be avoided or at least can be forecast more easily. Both are important for the efficiency of cooperative projects.

AUTHORS: WATSON, WARREN E; PONTHIEU, LOUIS D; CRITELLI, JOSEPH W

Title: Team interpersonal process effectiveness in venture partnerships and its connection to perceived success

Journal: Journal of Business Venturing [JBV] ISSN: 0883-9026 Vol: 10 Iss: 5 Date: Sep 1995 p: 393-411 Illus: Charts; References

Subjects: Studies; Statistical analysis; Success; Group dynamics; Small business; Partners; Interpersonal communication

Abstract: Little empirical research has examined the importance of team interpersonal process to the success of venture dyads. More than 190 venture dyads were surveyed on self-and-partner-evaluations of team interpersonal process effectiveness and perceptions of venture success. Process factors were significantly related to perceived success, as measured by reports of profit and growth. The specifics of these items should be useful with practicing venture dyads for problem-solving and reviewing team operations. In addition, the extent of partner mutual agreement on team interpersonal process issues showed a relationship to perceived success. Not only are the team descriptions useful for examining the venture team as a unit, but they may also be useful as a feedback procedure between partners. Suggestions are provided for future research and for venture team development.

AUTHORS: HENRICKS, MARK

Title: The Power of Partnering

Journal: Small Business Reports (SBR)ISSN: 0164-5382 Vol: 16Iss: 6Date: Jun 1991p: 46-57 Illus: Charts; Graphs

Subjects: Small business; Partnerships; Strategic planning; Characteristics; Agreements; Guidelines; Alliances

Abstract: Many small companies are forging strategic partnerships with large firms in order to save time and money when it comes to the areas of designing, building, and marketing new products and services.The key feature is that each partner provides something that the other does not have.Partnership agreements come in various shapes and sizes.Among the most common are joint ventures, research and development agreements, and straight sales of equity for money. For many companies, equity deals are the only ones worth considering. Partnering strategies often involve a certain amount of risk. Avoiding the potential pitfalls is a matter of: 1.not rushing into a deal, 2.observing the corporate culture of the potential partner, 3.establishing clearly defined goals and performance milestones, 4. finding a corporate champion and developing a personal relationship, and 5.planning an exit strategy.

Management

AUTHORS: MCCABE, CHARLES E

Title: How to compete with national firms

Journal: National Public Accountant [NPA] ISSN: 0027-9978 Vol: 41 Iss: 2 Date: Feb 1996 p: 34-37+

Subjects: Small business; Tax services; Competition; Customer relations; Marketing

Abstract: Small firms can beat the national tax firms at their own game by providing quality service and true value more consistently than they do. This requires recruiting and hiring the right people, then providing them with good training in taxes and tax office practices and a performance-based compensation plan that merges their goals with the objectives of the company. Small firms should develop systematic operating methods and a comprehensive policy and procedure manual. They should also recognize their clients' different needs and meet them with different levels of service and pricing. They should strive to be as convenient as the competition with office locations and hours.

AUTHORS: HELLER, ROBERT

Title: Concentrate on keeping control

Journal: Management Today [MTO] ISSN: 0025-1925 Date: Sep 1995 p: 27

Subjects: Management styles; Executives; Diversified companies; Industrial concentration; Advantages; Small business; Requirements; Manycompanies; Manyindustries

Abstract: The toughest test for executives is managing diversity, which suggests that their wiser course is to concentrate. Yet focusing on core activities of itself guarantees nothing. Today the smaller company with lesser spread often steals the show in a chosen segment. Worldwide, growth in employment and prosperity lies not with the giants but the SMEs. Aided by IT and automation, specialists are picking off fragmented markets by building highly focused, modern businesses. IT leadership has been seized by feisty specialists. Whether IBM can now crack the software nut with Lotus depends on managing diversity. IBM has not coped with the enormous diversity that mushroomed within. The real villain is the top-down nature of big business life. Top management must restrict itself to ensuring control rather than trying to command.

AUTHORS: WESTHEAD, PAUL; BIRLEY, SUE

Title: Employment growth in new independent owner-managed firms in Great Britain

Journal: International Small Business Journal [IOG] ISSN: 0266-2426 Vol: 13 Iss: 3 Date: Apr-Jun 1995 p: 11-34 Illus: Charts; Appendix; References

Subjects: Employment; Studies; Small business

Abstract: A study is presented that explores employment change in 408 independent owner-managed new firms in Great Britain which had received their first order between 1986 and 1990. In order to unravel the factors associated with standardized employment change in new independent firms exploratory bivariate correlation analysis was used. Eighty-eight variables were identified from the literature and they relate to the internal characteristics of the principal owner-manager and the business as well as a range of variables which capture various aspects of the external environment. Bivariate correlation analysis results are presented for separate sub-samples of manufacturing and service firms. Moreover, in order to identify the combination of factors associated with employment change in surveyed new firms the data were further subjected to multiple and regression analysis.

AUTHORS: SMALLBONE, DAVID; NORTH, DAVID

Title: Targeting established SMEs: Does their age matter?

Journal: International Small Business Journal [IOG] ISSN: 0266-2426 Vol: 13 Iss: 3 Date: Apr-Jun 1995 p: 47-64 Illus: Charts; References

Subjects: Small business; Studies; Age; Policy making; Subsidies

Abstract: A study is presented that considers the question of whether a firm's age should be a key criterion in any future targeting of business support. Using evidence from a recent study of the survival and growth of a panel of manufacturing small and medium-sized enterprises in the UK in the 1980s, two main arguments for focusing support on younger firms are considered: 1. Their prospects for employment generation are better than that of older firms. 2. They may need particular help in order to evolve successfully into more mature businesses. The empirical evidence presented shows that while younger firms may have a higher propensity to generate jobs than older SMEs, this is to some extent offset by their lower survival chances. It is concluded that it would be a mistake to target policy support exclusively on younger firms.

AUTHORS: ANONYMOUS

Title: More training needed for small business growth

Journal: Industrial & Commercial Training [ICT] ISSN: 0019-7858 Vol: 27 Iss: 1 Date: 1995 p: ii-iii

Subjects: Training; Business growth; Small business; Skills

Abstract: A lack of management skills among small business owners and a shortage of skills within the labor market may be holding back the growth of Britain's small businesses, according to a recent research-based report from Barclays into the training and advice needs of Britain's small businesses. The report - Bridging the Skills Gap - is based on research among small businesses between 3 and 10 years old. It reveals that, while 57% plan to grow steadily or rapidly over the next 2 years, many may fail to fulfill their potential because of a lack of skills.

AUTHORS: KENT, PAMELA

Title: Management advisory services and the financial performance of clients

Journal: International Small Business Journal [IOG] ISSN: 0266-2426 Vol: 12 Iss: 4 Date: Jul-Sep 1994 p: 45-58 Illus: Charts; References

Subjects: Studies; Management advisory services; Customer satisfaction; Clients; Performance evaluation; Small business

Abstract: Research is presented that tests empirically the previously unsubstantiated assumption made in literature of a positive relationship between the use of management advisory services by managers and financial performance of small clients. Hypotheses were tested using relatively homogenous businesses in a controlled environment. Need for achievement and locus of control of managers were also tested because these variables were not controlled in the research design. It was found that financial performance was positively significantly related to using management advisory services from external advisers when profit and sales growth were used as indicators of financial performance. The need for achievement of managers also added significantly to the profit growth and sales growth regression models. A comparison of the sources of advice indicated that accountants tended to concentrate on financial advice while non-accountant advisers stressed selling and marketing techniques such as shop displays, advertising, promotions, and knowledge of products sold.

AUTHORS: **NWACHUKWU, OSITA C**

Title: CEOlocus of control, strategic planning, differentiation, and small business performance: A test of a path analytic model

Journal: Journal of Applied Business Research [JRH] ISSN: 0892-7626 Vol: 11 Iss: 4 Date: Fall 1995 p: 9-14 Illus: Charts; References

Subjects: Studies; Models; Chief executive officers; Strategic planning; Financial performance; Small business; Correlation analysis Abstract: A study used data from 100 small business firms from the Memphis, Tennessee, metropolitan area to examined a path analytic model of the relationships among CEO locus of control, futurity in strategy-making, structured differentiation, and economic performance. The study found that the paths from CEOLocus of control to structural differentiation and structural differentiation to performance were significant. It also found that when the effects were decomposed into their indirect components, the relationship between strategic futurity and performance reached significance.

AUTHORS: **RAFFA, MARIO; ZOLLO, GIUSEPPE**

Title: The role of professionals in small Italian software firms

Journal: Journal of Systems & Software [JSS] ISSN: 0164-1212 Vol: 26 Iss: 1 Date: Jul 1994 p: 19-30 Illus: Charts; References

Subjects: Small business; Software industry; Studies; Organizational behavior; Systems development; Innovations

Abstract: A study examined small Italian software firms to find a typology of small software firms and to determine how organizational features evolve. The role of the entrepreneur and the relationships between the firm and professionals were crucial to sustain these firms' innovative capabilities. Professional skills, job satisfaction, autonomy, and personal knowledge were the most important sources of the software firms' performance. On the basis of the field data, a dynamic model for small innovative firms is introduced to illustrate the behavior of the firms in sustaining their innovative capabilities.

AUTHORS: NELSON, ROBERT B

Title: Empowering employees through delegation

Journal: Small Business Reports [SBR] ISSN: 0164-5382 Vol: 19 Iss: 6 Date: Jun 1994 p: 56-58 Illus: Charts

Subjects: Management development; Delegation; Employee empowerment; Guidelines

Abstract: Delegation can be the key to a life of fewer pressures and greater achievement. Effective delegators get ahead not by working long hours or doing everything themselves, but by getting work done through others. They empower employees by giving them tasks and the authority to get them done, and by holding them accountable for their successful completion. When managers delegate, employees get better training and more responsibility. Without these incentives, some of the most talented workers might find opportunities elsewhere. Employees also get more involved in decision making, have more enthusiasm and take more initiative. Efficiency and productivity increase, and the company can respond to changes in the marketplace faster. Guidelines for effective delegation are presented.

AUTHORS: BARRIER, MICHAEL

Title: Re-engineering revisited

Journal: Nation's Business [NAB] ISSN: 0028-047X Vol: 83 Iss: 5 Date: May 1995 p: 36

Subjects: Business process reengineering; Books; Small business; Total quality

Abstract: Two years ago, the book Reengineering the Corporation attracted hundreds of thousands of readers. The message of the book was that US businesses must radically transform themselves to survive. Today, authors James Champy and Michael Hammer are taking steps to re-emphasize their core message. Each has written his own book. Champy's Reengineering Management appeared in January 1995, and Hammer's The Reengineering Revolution, co-authored with Steven Stanton, was published in April. Champy argues that successful reengineering requires that issues traditionally regarded as 'soft' - issues of people and company culture - be recognized as issues that are as critical to the success and survival of the company as the more commonplace, 'hard' issues, such as money and machinery.

AUTHORS: GREEK, DINAH

Title: Smart winners can be spurred on to success

Journal: Professional Engineering [PEN] ISSN: 0953-6639 Vol: 8 Iss: 3 Date: Feb 15, 1995 p: 14-15

Subjects: Venture capital; Innovations; Small business; Problems; Government agencies; Financing; R&D; Product development

Abstract: In the UK, there is a lack of foresight and reluctance to invest in new projects that may offer little or no immediate return. Small and medium-sized firms find that bridging the gap between conception and production can be the biggest stumbling block to success, and knowing how to market the technology once it has reached the commercial stage is another problem. The Department of Trade and Industry offers a number of schemes that can redress the balance. The Smart awards can provide money and support to such companies when they need it most, at the critical design and R&D stage, by offering support for feasibility studies. The Spur program goes further with help for the development of new products and processes. Through the awards, SMEs can now obtain the initial financial backing that can make the difference between a project remaining on the drawing board or becoming a commercial reality.

AUTHORS: JACKSON, ALAN W

Title: It's all in the plan

Journal: Small Business Reports [SBR] ISSN: 0164-5382 Vol: 19 Iss: 6 Date: Jun 1994 p: 38-43 Illus: Charts

Subjects: Small business; Strategic planning; Advantages; Guidelines

Abstract: In a 1993 study of 500 small businesses, one of the distinguishing factors between growing companies and those in decline was the use of a written business plan in the day-to-day operations. Small companies are notorious for operating without a strategic plan. They tend to operate by chance, taking advantage of their small size to adapt quickly to changes in the market and alter their direction. In some cases, these companies excel at strategic thinking and improvisation. However, strategic thinking and improvisation, as vital as they are to success, do not allow management to paint the big picture and seize new opportunities while remaining focused on what the company does best. That is where strategic planning comes in. Guidelines for implementing a strategic planning process are discussed.

AUTHORS: AHLBRANDT, ROGER S., JR

Title: Technical Assistance for Small Manufacturing Companies: Management Issues for Nonprofit Providers

Journal: Economic Development Review (EDR)ISSN: 0742-3713 Vol: 9I ss: 1Date: Winter 1991p: 29-33 Illus: References

Subjects: Case studies; Nonprofit organizations; Centers; Startups; Success; Small business; Manufacturing; Characteristics

Abstract: The Southwestern Pennsylvania Industrial Resource Centers (SPIRC) is the largest center of Pennsylvania's Industrial Resource Centers Program. SPIRC's mission is to improve the competitive performance of smaller manufacturers in the region and to enhance the region's overall manufacturing climate.It does this by providing comprehensive customized services to companies upon request and by working to improve the region's infrastructure in support of manufacturing. The success of SPIRC has been due to a management strategy of: 1.spending considerable time training its staff, 2. enhancing its credibility through positive relationships with other organizations in the community, 3.being client oriented, 4. seeking to maximize the probability that its recommendations would be implemented, 5.trying to remove roadblocks to participation, 6. having a nonbureaucratic approach, and 7.serving as the hub of a large technical assistance network.

AUTHORS: ADAMS-SMITH, KELLY

Title: The four myths that are most likely to hold your company back from export success

Journal: Business America [CT] ISSN: 0190-6275 Vol: 117 Iss: 5 Date: May 1996 p: 16-17

Subjects: US exports; Small business; Trade finance; Business conditions; Licensing; Trade promotion

Abstract: Although small- and medium-sized businesses employ more than half the US private workforce, are responsible for about half of all US gross domestic product and generate more than half of all sales in the US, these companies export significantly less than would be expected given their overall importance to the economy. According to international trade specialists at the US Department of Commerce, a small business export gap exists because small businesses have developed common misconceptions about exporting which prevent them from investigating the possibility of expanding overseas. The 4 myths that are most likely to hold companies back are: 1. Only large companies can export successfully. 2. Small businesses have no place to turn for advice. 3. The licensing requirements for exporting are not worth the effort. 4. There is no export financing available for small businesses.

AUTHORS: ROCK, MATTHEW

Title: The we-know-what-we're-about club

Journal: Director [DRT] ISSN: 0012-3242 Vol: 49 Iss: 10 Date: May 1996 p: 42-48

Subjects: Small business; Requirements; Success; Cooperation; Management styles; Entrepreneurs; Manycompanies; Niche marketing

Abstract: The question of what makes a great small company has come to the fore lately in Britain, as the major political parties battle for the small business vote. But all research and common sense show that the political/regulatory environment is a side issue for the really great small firm. The London Business School's Steve Abbott recently analyzed the accounts of 14,000 small firms for accountants Binder Hamlyn. His Pulse report confirmed that a company's success is determined primarily by internal factors such as the kind of people who run it, how much time and money they dedicate to research and development, and how they make sure they get the best out of employees. The challenge of the great small company is to bring youthful vigor and wise counsel into harmony - the better the blend, the better the company. Some friction is inevitable. Great small companies are hungry for inspiration. A number of successful small companies and their bosses are discussed.

Competences

AUTHORS: HARPER, STEPHEN C

Title: Preventing the 'Here Today, Gone Tomorrow' New Venture Syndrome

Journal: Business Forum (LAB) ISSN: 0733-2408 Vol: 16 Iss: 3 Date: Summer 1991 p: 18-22 Illus: Charts; Graphs

Subjects: Startups; Entrepreneurs; Success; Factors; Business growth; Strategic planning; Business failures; Recommendations; Manycompanies

Abstract: A close look at the 'here today, gone tomorrow' type of firm reveals that many of the initial success stories can be attributed to the entrepreneurs being in the right place at the right time with the right product or service. However, as conditions changed, these firms were no longer in a position to capitalize on the market. Entrepreneurs of first-to-the-market firms may have been perceptive about what the market initially wanted, but they usually lacked the resources or the managerial skill to support their firm's rapid growth. Success is contingent on being able to keep up with the firm's changing external conditions as well as being able to calibrate the firm's changing infrastructure to support its growth. The entrepreneurial growth strategy may be the best means for firms to benefit from future opportunities; while the firm is trying to improve on the present, it must also be preparing for new markets.

AUTHORS: ALPANDER, GUVENC G; CARTER, KENT D; FORSGREN, RODERICK A

Title: Managerial Issues and Problem-Solving in the Formative Years

Journal: Journal of Small Business Management (JSB) ISSN: 0047-2778 Vol: 28 Iss: 2 Date: Apr 1990 p: 9-19 Illus: References

Subjects: Small business; Startups; Problem solving; Management decisions; Studies; Success; Factors; Decision making; Owner operator; Entrepreneurs

Abstract: The problems firms encounter in the first 3 years following their establishment and the actions of owner-managers in solving these problems are examined. A nationally representative sample list of 526 businesses in food processing, electronics, and services, which were established between 1980 and 1985 and were still in operation in 1988, was obtained from Dun's Marketing Service. The most critical problems were found to be finding new customers, obtaining financing, and recruiting employees. These problems are primarily internal ones, which can be controlled and perhaps solved with the application of specific managerial skills. The results of the survey found that there was no significant difference in the solutions offered by these managers. For the most part, these executives described their solutions to the firm's critical problems as logical, well thought out, having long-term impact, and as creating significant changes in the organization. Intuitive decision making and quick problem-solving approaches were not part of the modus operandi of successful owner-managers.

AUTHORS: TARGOWSKI, ANDREW S

Title: Universal Approach Needed to Build Managerial Skills

Journal: Data Management (DMG) ISSN: 0148-5431 Vol: 25 Iss: 4 Date: Apr 1987 p: 22-23 Illus: Diagrams; References

Subjects: Management; Skills; Management development; Training; Models

Abstract: A universal approach to management philosophy would build skills, motivation, and performance. Unfortunately, learning the traits of managerial leadership is often neglected in favor of learning successful situational techniques and practices from leaders in the industry, giving only a superficial picture of management requirements. The managerial development model is composed of 3 levels: 1. the elementary, which builds knowledge upon research, skills upon education, cases upon practice, and attitudes upon upbringing, 2. the advanced level, in which knowledge and skills are consolidated into capabilities, cases and attitudes are integrated into motivation, and personality creates the art of managing, and 3. the mature level, which integrates the advanced components into an efficient managerial system. It sometimes takes the entire life of a given manager to intuitively and unconsciously develop these traits. Many managers with credentials do not have the motivation, personality, and imagination to apply the problem-solving model. In the development of a managerial system, emphasis should be placed on the personality, innovative abilities, and cultural behavior of managers.

AUTHORS: KOSELKA, RITA

Title: Advice to Small Companies: Think Big

Journal: Forbes (FBR) ISSN: 0015-6914 Vol: 144 Iss: 11 Date: Nov 13, 1989 p: 204-210 Illus: Graphs

Subjects: Economic growth; Small business; Entrepreneurs; Technology; Competitive advantage; Strategic planning; Business growth

Abstract: In an interview, Alfred du Pont Chandler, the former Straus Professor of Business History at Harvard Business School, said that it is unrealistic to think that the best hope for the US economy is small business. The center of economic growth since the 1880s has been the large, capital-intensive manufacturing firms in all of the major economies of the world. Using a 'first mover' strategy, which takes resources and managerial skills not usually available to entrepreneurs, is the only way in which a company can gain and maintain global competitiveness in a major industry. Many large companies have become so mired in bureaucracy that they have lost their ability to innovate and respond to market challenges. If an entrepreneurial company wants to be a big company, it should think of itself as a large company in the formative stage instead of as a small company with big ideas.

AUTHORS: STOKES, STEWART L., JR

Title: Climbing the New IS Corporate Ladder

Journal: Information Strategy: The Executive's Journal (IFS) □ ISSN: 0743-8613 Vol: 7 Iss: 4 Date: Summer 1991 p: 5-11 Illus: Diagrams

Subjects: Information systems; Professionals; Skills; Managers; Career advancement

Abstract: A model of information system (IS) managerial competency development consists of technical, human relations, and conceptual competencies. The higher a person ascends in the IS managerial hierarchy, the less important are technical skills, the more important are conceptual skills, and the more complex are human relations skills. New IS managers need to develop competencies in 4 skill sets: 1. managing self, 2. managing inside the business unit, 3. understanding the business, and 4. managing outside the unit. Other critical success factors include: 1. using the full range of the IS staff's strengths and styles, 2. managing constant change, 3. maintaining a high level of self-confidence, 4. earning the trust of others through self-discipline, patience, and reliability, 5. encouraging collaboration and team building by the staff, and 6. developing the ability to be personally satisfied by the accomplishments of others.

AUTHORS: EVARTS, HARRY F

Title: The Competency Programme of the American Management Association

Journal: Journal of Management Development (JMD) ISSN: 0262-1711 Vol: 7 Iss: 6 Date: 1988 p: 48-56 Illus: Charts; Diagrams; Appendix; Equations; References; References

Subjects: Goals; History; Research; Models; Managers; Skills; Performance

Abstract: The American Management Association's (AMA) Competency Programme has the goal of teaching practicing managers to become more effective managers. The underlying philosophical basis of the concept is competency-based learning. The AMA Manager Competency Model is a criterion-validated model of the competencies of managers in both private and public sectors. The research identifies 18 generic management competencies that cluster into 4 groups: goal and action management, directing subordinates, human resource management, and leadership. A decision was made to include parts of the American Association of Collegiate Schools of Business' common body of knowledge as a 5th cluster of competencies. The Competency Programme includes the Master of Management Degree Programme, a 2-4-year graduate level education program designed to help managers acquire the competencies in the model and then use them on their jobs. The Competency Programme also includes the Competency Development Laboratory, the audit and feedback part of the Master of Management Programme sold as a separate product. A series of aftermarket experiences are offered.

AUTHORS: JACOBS, ROBIN

Title: Getting the Measure of Management Competence

Journal: Personnel Management (PMA) ISSN: 0031-5761 Vol: 21 Iss: 6 Date: Jun 1989 p: 32-37 Illus: References

Subjects: Managers; Competency tests; Management reviews; Performance evaluation; Measurement; Skills; Assessment centers; Self regulation

Abstract: Competency-based assessment is a method of measuring managerial performance that has been adopted by the Management Charter Group in the UK. This technique, however, has considerable limitations. Its focus on the use of so-called 'scientific' methods seems to create a rather narrow view of managerial behavior. The assessment center is one of the most important practical applications of the competency-based methods. Their main value is thought to be their ability to predict future career progress based on candidates' overall rating while attending the center. One problem with assessment centers is that learning is likely to take place throughout the duration of the event. Certain individuals, while not performing well at the time, may actually learn a great deal from it. Users of competency-based assessment should recognize that it provides a relatively partial view of performance. While management development may have benefitted from the discipline and structure provided by competency-based assessment, it should not be seen as a panacea in developing managerial performance.

AUTHORS: **MARGERISON, CHARLES**

Title: What managers want from management development

Journal: Target Management Development Review [TMR] □ ISSN: 0962-2519 Vol: 5 Iss: 1 Date: 1992 p: 23-27 Illus: Charts; References

Subjects: Management development; Managers; Characteristics; Management styles; Studies

Abstract: Managers at a firm of 7,000 workers were included in a plan drawn up for executive development which had the typical problems relative to size and nature. Encouraged to discuss problems and put forward ideas and agendas, the managers showed higher commitment, and, in the environment provided, management development increased apace. Of major importance will be future management progress as companies seek to retain supervisors and managers with training in the new ways. A study by Richard Boyatzis (1982) involved over 2,000 managers, who were in 41 different managerial roles in 12 different organizations. Boyatzis identified the following managerial competences related to effective managerial performance: 1. an efficiency orientation, 2. proactivity, 3. diagnostic use of concepts, 4. concern with impact, 5. self-confidence, 6. use of oral presentation, and 7. conceptualization. For managers at middle and executive levels, Boyatzis also emphasized the use of socialized power, managing group □ processes, perceptual objectivity, and self-control.

AUTHORS: **PATON, ROBERT A; BODDY, DAVID; MACDONALD, SYLVIA**

Title: Crediting management competence: Right or wrong?

Journal: Target Management Development Review [TMR] ISSN: 0962-2519 Vol: 5 Iss: 6 Date: 1992 p: 42-46 Illus: Charts; References

Subjects: Standards; Management development; Management reviews; Studies; Competency tests; Models; Effectiveness

Abstract: Standards for managers have been promoted and developed by the UK Management Charter Initiative (MCI), and there appears to be a great deal of interest from providers, sponsors, and potential users. However, potential adopters of the MCI approach must be aware that there are alternative routes with regard to both delivery and accreditation which may achieve their aims more effectively. A research group based at Glasgow University Business School and funded by Scottish Enterprise has conducted research relating to the development of competence-based higher degree qualifications. The research consisted of extensive mapping exercises - profiling MBA participants and courses against MCI Level II standards - focus-group discussions with major employers, considerable secondary research, and attendance at relevant conferences and courses. The mapping exercises showed that competence played a major role within the first year of the MBA, in so much as the elements included in the MCI Competence Model are substantially covered in the syllabus. The research group believes that managerial competences must be flexible and they must be recognized as an integral part of any management development program.

AUTHORS: BEGLEY, THOMAS M

Title: Using founder status, age of firm, and company growth rate as the basis for distinguishing entrepreneurs from managers of smaller businesses

Journal: Journal of Business Venturing [JBV] ISSN: 0883-9026 Vol: 10 Iss: 3 Date: May 1995 p: 249-263 Illus: Charts; References

Subjects: Entrepreneurs; Small business; Personality; Studies; Statistical analysis

Abstract: The empirical implications of definitions that distinguis entrepreneurs from managers of small businesses was examined based on their founder-nonfounder status, their firms' ages, and growth rates. The best distinctions were created using founders, younger companies, and the combination of founders and younger companies. In predicting what configuration of factors will emerge, a strategic adaptation perspective is adopted to argue that differences between entrepreneurs and nonentrepreneurs spring from divergent thought processes and personal attributes of individuals who face the question of whether and how to enter business for themselves. Using the founder-nonfounder distinction, individuals were viewed who decide to start a new business rather than buy or manage an existing one as more likely to have previously founded a business, have experience in the same industry, be higher in risk-taking, show more Type A behavior, and be more growth-oriented.

AUTHORS: BANFIELD, PAUL; JENNINGS, PETER L; BEAVER, GRAHAM

Title: Competence-based training for small firms - An expensive failure?

Journal: Long Range Planning [LRP] ISSN: 0024-6301 Vol: 29 Iss: 1 Date: Feb 1996 p: 94-102 Illus: References

Subjects: Training; Skills; Small business; Strategic planning

Abstract: The issue of how to develop and implement strategies for organizations which are in a turbulent environment is addressed. In this situation strategic leadership is about

managing radical change to achieve a dramatic improvement in performance, and business strategy is the simple business logic which management use to explain to shareholders and other stakeholders how they see the environment changing and how their organization will survive and grow. For companies which are experiencing rapid change, traditional approaches to corporate planning are too bureaucratic. They need to be supplemented with new approaches which enable management to take charge of strategy and to develop strategies for implementation.

Research-General

AUTHORS: GENDRON, GEORGE

Title: Small is beautiful! Big is best!

Journal: Inc. [INO] ISSN:0162-8968 Vol: 17 Iss: 7 (Special Issue) Date: May 16, 1995 □ p: 39-48

Subjects: Small business; Job creation; Big business; Economic growth

Abstract: A roundtable discussion among 4 participants was conducted on the Internet over a 4-month period. For more than 15 years, the debate has raged over small business' contribution to job creation in the US. Leading experts on both sides of the argument discussed the issue. Paul D. Reynolds of the Coleman Foundation said that data from the US and other developed countries is pretty clear: Each company-size category generates jobs in roughly the same proportion of that category's total employment. Steve J. Davis of the University of Chicago noted that small businesses account for a larger share of job creation in sectors where they also account for a larger share of jobs. The bad news is that smaller businesses also show higher rates of gross job destruction. Bennett Harrison of Harvard University said the SBA 's definition of small business as one with fewer than 500 employees is part of the interpretative problem. Zoltan J. Acs of the University of Maryland noted that the question of what constitutes a small firm is not particularly interesting one. No matter how small firms are defined, they ar different from the giant corporations that have dominated and continue to dominate in manufacturing.

AUTHORS: CASE, JOHN

Title: The wonderland economy

Journal: Inc. [INO] ISSN:0162-8968 Vol: 17 Iss: 7 (Special Issue) Date: May 16, 1995 p: 14-29 Illus: Charts; Graphs

Subjects: Small business; Entrepreneurs; Startups; Economic trends

Abstract: As a group the Fortune 500 had been growing steadily ever since the list was created in 1954. By 1979, their total sales amounted to 58% of the US' gross national product, up from 37% some 25 years earlier. Times change. Today almost any upstart seems able to outsmart Sears or Macy's or IBM. Small companies are one of the US economy's most powerful job-generating engines. For decades, small manufacturers had lost ground to their larger competitors. Now they began gaining, not just in the US, but all over the world. The long-term drift to ever-bigger companies has reversed itself because of: 1. stiffer competition, 2. technology, and 3. a kind of entrepreneurial snowball effect. Nothing is as important to the state of the small business - or to the health of the US economy - as the rate at which entrepreneurs are creating new companies. They replenish the business population and sow the seeds of growth. They provide jobs, income, and hope of the future. They often create new markets, just by nosing their way into niches no one knew were there.

AUTHORS: MEEKS, FLEMING; LINDEN, DANA WECHSLER

Title: Trickle-down bosses

Journal: Forbes [FBR] ISSN: 0015-6914 Vol: 154 Iss: 11 Date: Nov 7, 1994 p: 206-210

Subjects: Small business; Manycompanies; Executives; Employment; Trends

Abstract: Big business is no longer where the opportunity is. Of the 4.6 million net new jobs created over the past 5 years, only 300,000 of them were created by Forbes 500 companies. Noting the trend, many smart executives have given up ladder-climbing and have switched to where the action is - in smaller, more entrepreneurial companies. Small companies, eager for growth, have brought them on board. According to Rick Richardson of the headhunting firm Spencer Stuart, there has been a 20% to 25% increase over 1993 where smaller clients are asking for senior-level executives. This demand has coincided with an increase in the number of people willing to leave large firms for smaller businesses. A number of executives from smaller firms are discussed.

AUTHORS: BAUTZ, MARK

Title: The 20 top spots for entrepreneurs

Journal: Money [MON] ISSN: 0149-4953 Vol: 23 Iss: 11 Date: Nov 1994 p: 126-134 Illus: Charts

Subjects: Ratings & rankings; Small business; Location analysis; Statistical data; Cities

Abstract: Locations for people seeking to start, relocate or expand a business are ranked using more than a dozen different kinds of data, including job earnings, employment growth, the availability of capital and the presence of an educated work force. Overall, 11 of the top 20 places for entrepreneurs lie west of the Continental Divide. Important characteristics that make an economy favorable for small firms include: 1. a vigorous local economy based on diverse industries, 2. an educated work force, 3. an abundance of the 2 Cs - cash and construction, 4. a great transportation network, and 5. a good quality of life. Some top cities include: Boise, Idaho; Bellingham, Washington; Honolulu, Hawaii; Las Vegas, Nevada and Reno, Nevada.

AUTHORS: MARUKO, MAYA; HIRAO, SACHIKO

Title: APEC ministers agree to foster smaller firms

Journal: Japan Times Weekly International Edition [JAN] ISSN: 0447-5763 Vol: 34 Iss: 44 Date: Oct 31-Nov 6, 1994 p: 6

Subjects: Small business; Economic growth; Economic planning; Economic policy

Abstract: On October 23, 1994, ministers from the Asia-Pacific Economic Cooperation (APEC) forum agreed that fostering small and medium-size firms is essential in maintaining economic dynamism. The ministers discussed problems that limit small firms' activities, including lack of human resources, limited access to information and technology, and difficulty in fund-raising. The APEC members will make further efforts to deregulate their economies and harmonize standards in a bid to solve such problems and allow freer activities by small and medium-size firms. The ministers and the private sector agreed that measures to support small and medium-size firms will be taken not to protect the industries, but to increase opportunities for expansion based on free market principles.

AUTHORS: LUSSIER, ROBERT N

Title: Startup business advice from business owners to would-be entrepreneurs

Journal: SAM Advanced Management Journal [AMJ] ISSN: 0749-7075 Vol: 60 Iss: 1 Date: Winter 1995 p: 10-13 Illus: Charts; References

Subjects: Small business; Startups; Polls & surveys; Success

Abstract: Research is always valuable, but for an entrepreneur there is probably no substitute for advice from another entrepreneur. While much of the advice seems like common sense, like 'start a business in which you have industry knowledge,' entrepreneurs ignore it at their peril. Reasons for business success or failure include: 1. capital, 2. record keeping and financial control, 3. industry experience, 4. management experience, 5. planning, 6. education, 7. staffing, 8, product-service timing, and 9. partners. The startup advice based on information obtained from 160 business owners in the New England states is presented.

AUTHORS: SLAN, GERRY

Title: The future of small business in the new economy

Journal: Canadian Manager [CMA] ISSN: 0045-5156 Vol: 19 Iss: 3 Date: Sep 1994 p: 22-23

Subjects: Small business; Entrepreneurs; Organizational change; Economic recovery; Characteristics

Abstract: For years, the entrepreneurial spirit has been the engine that has driven the Canadian economy. But now, in order to survive and thrive in the 1990s, entrepreneurs must be willing to make changes whenever change is required. There are 6 main characteristics to what is becoming more widely known as the emerging economy. They are: 1. globalization, 2. prominence of services, 3. competitive advantage, 4. knowledge intensity, 5. niche marketing, and 6. continuous and rapid change. These characteristics are tough and they do not necessarily favor large businesses. Today's economic factors are precisely what ambitious entrepreneurs want. The playing field has been leveled completely. Entrepreneurs who adopt the realization that innovation and change are vital to their long-term success stand the best chance of prosperity. As long as Canadian entrepreneurs continue to remember that their competitors are going to capture the biggest share of the market, they will not get left behind as the new economy surges ahead.

AUTHORS: HOLMES, SCOTT; KELLY, GARY J

Title: Methodological Weaknesses of Australian Small Business Research

Journal: Accounting & Finance (ACF) ISSN: 0110-5159 Vol: 29Iss: 1 Date: May 1989p: 21-31 Illus: References

Subjects: Small business; Accountants; Studies; Questionnaires; Statistical analysis

Abstract: The growing interest in small business performance is corroborated by the considerable research output over the past 2 decades concerning the relationship between accountants, accounting information generation, and small business owner-managers. A number of nontrivial methodological weaknesses have severely constrained the usefulness of the conclusions and generalized inferences contained in prior small business research. Various methodological weaknesses of small business research include inadequate sample size, poor sample selection procedures, inappropriate response evaluation, and a paucity of rigorous statistical analysis. The results of several studies are held out as representative of a much wider geographical area than can reasonably be supported from the survey sample taken. The implications for policy decisions are obvious. If such studies are to provide increased assistance with effective government policy decisions, it is appropriate that cooperative projects are both encouraged and sponsored.

AUTHORS: CULPAN, REFIK

Title: Export Behavior of Firms: Relevance of Firm Size

Journal: Journal of Business Research (JBU) ISSN: 0148-2963 Vol: 18I ss: 3 Date: May 1989 p: 207-218 Illus: Equations; References

Subjects: Small business; Exporters; Surveys; Target markets; Recommendations; Factors; Implications

Abstract: The export behavior of small- and medium-sized Pennsylvania firms is investigated by studying export products, target markets, export performances, and export related needs. A mail survey was conducted among 210 manufacturing firms, and discriminant analyses were used to generate results. Findings indicate that there is no substantial difference between small- and medium-sized firms from the standpoint of export products and target markets served but that the firms are differentiated in terms of export performance and needs. Small-sized firms show less success in export performance than do medium-sized firms. Medium-sized firms have different needs regarding desirability of exporting, product potential, mechanics of exporting, export documentation, and the use of Free Trade Zones. This situation requires different approaches by policymakers and management consultants to deal with different sizes of firms. For small firms, the process of acquiring export-related assistance appears to be a main factor in export marketing success.

AUTHORS: **CASE, JOHN**

Title: Is America really different?

Journal: Inc. [INO] ISSN: 0162-8968 Vol: 18 Iss: 7 (Special Issue: The State of Small Business Supplement) Date: 1996 p: 108-109

Subjects: Small business; Entrepreneurs; Manycountries; Trends; Business conditions

Abstract: The assertion that the US is and always will be the world leader in entrepreneurship no longer stands up to scrutiny. In most European countries, small and midsize companies have always played a more important role as job providers than they do in the US. The character of small companies in Europe is changing as well: fewer sleepy, family-owned businesses and more growth-oriented international competitors. Although good numbers about the importance of new and small companies in Asia are hard to come by, experts believe that entrepreneurship is flourishing. Mainland China is the scene of an entrepreneurial revival that in sheer numbers dwarfs every other country.

AUTHOR: **EDWARDS, KATHY JEAN**

Title: Holding on and letting go: the dilemma of control (systems theory)

Source: DAI-A 52/08, p. 2756, Feb 1992 □

Subject: Speech communication (0459); business administration, management (0454)

Abstract: Literature on the organizational lifecycle suggests there is a point in the life of any small, growing business, when the entrepreneur must make a choice between holding on to control and limiting the company's potential for growth, or letting go and delegating authority and responsibility to others with the inherent risk of failure. This literature suggests the solution to the tension between growth and control, or "the dilemma of control," rests in letting go and creating a hierarchical, bureaucratic organizational structure with different levels of authority and responsibility. This dissertation examines a small business that has reached the stage in which the owner and the employees are experiencing the dynamics of the tension between holding on and letting go. Rather than accepting the notion of letting go and creating a hierarchical, bureaucratic organizational structure, this critical-interpretive study calls into question theoretical and common sense notions that letting go is the solution to the dilemma. Based on eight months of participant observation field research, this dissertation examines the ways organization members in a small manufacturing company try to change their organization's structure to accommodate the tension between growth and control. The results of this study indicate that organization members also consider ways to manage the tensions between efficiency and flexibility, organizational and individual goals, and the different interpretive schemes of the entrepreneur and her employees. The conclusions drawn from this study suggest that the dilemma of control is continually reproduced in the interaction between the entrepreneur and her employees. The closed systems thinking that serves to reproduce the dilemma can be seen in the form of simple control practiced in this organization, in organization members' expectations that the tension inherent in the dilemma must be "resolved" rather than managed, and in underlying assumptions about what constitutes "control," and "growth" in this organization.

AUTHOR: **PESULIMA, JOHN C.**

Title: An analysis of the social responsibility of small business in Indonesia

Source: DAI-A 51/12, p. 4179, Jun 1991

Subject: Business administration, general (0310); business administration, management (0454); sociology, industrial and labor relations (0629)

Abstract: This study analyzed perceptions concerning small businesses social responsibility based on a survey conducted in Jakarta among four types of businesses: (1) retailers, (2) manufacturers, (3) services, and (4) wholesalers. The study also examined the relative importance of certain goal priorities in the small business sample. Moreover, the results of both analyses are related to the competitive performance of small business sub-samples of low and high performers to provide further insights into the matter of small business social responsibility. Questionnaires were distributed by using stratified random sampling to 500 potential respondents (125 companies from each type of business). The instrument was adapted from Chrisman (1983) of the University of Georgia study. The content was divided into three sections: (a) the importance of 24 social responsibility issues; (b) the importance of 10 goal priorities; and (c) the comparison of socially beneficial activities currently engaged. A semantic differential scale from 1 to 6 was used, and Cronbach Alpha was performed to find the reliability coefficient. Nonparametric statistical tests, Kruskall-Wallis and Mann-Whitney, were performed. The findings were: (1) there were no significant differences between the four types of business perceptions on the importance of each social responsibility issue, except for product choice, fair prices, accurate advertising, work environment and employee safety, equal opportunity in hiring and promotion, ethics/moral standard, and efficiency of operation; (2) there were no significant differences between low and high performers on the importance of each social responsibility issue, except for product quality, growth of business, and efficiency of operation; (3) there were no significant differences between the four types of business on the importance of each goal priority, except for growth of business, employee welfare, and resource conservation; and (4) the test failed to identify any significant differences between low and high performers on the importance of each goal priority. Finally, the study revealed that each business group gives their highest rank score in the area of public and community such as: community involvement, ethics/moral standard, and providing jobs to community. This reflects the attitude that social responsibilities to the public and community are of paramount concern.

AUTHORS: **ANONYMOUS**

Title: The honor roll

Journal: Forbes [FBR] ISSN: 0015-6914 Vol: 156 Iss: 11 Date: Nov 6, 1995 p: 258 Illus: Charts

Subjects: Small business; Return on equity; Stock prices; Business growth; Ratings & rankings; Statistical data; Manycompanies

Abstract: Less than 1/2 the firms on Forbes' 1995 list of the 200 Best Small Companies in the US are repeat winners from 1994, and only 31 from the 1991 list qualified this time around. However, there are 20 companies that are exceptions. Each has qualified at least 4 times in the last 5 years. Eleven of these companies qualified 6 or more times since 1980. All show consistently superior returns - at least 16% five-year average return on equity, 19% rate for the latest 12-month return on equity and 5-year earnings and sales growth of at least 16%. The best performer of the group is new honor roll member Cerner Corp., a provider of software for the health care industry. A $10,000 investment in Cerner in October 1990 would now be worth $376,000. Another winner is Maxim Integrated Products, which is making its 6th appearance on the list since 1990. Maxim's 5-year average return on equity is 18.7%, but its profitability rose to 29.9% over the latest 12 months. A $10,000 investment in maxim in October 1990 would now be worth $172,000. A list of all 20 companies is provided.

Practices

AUTHORS: **CANADA, ERIC P**

Title: TQM benchmarking for economic development programs: 'Good is not good where better is expected.'

Journal: Economic Development Review [EDR] ISSN: 0742-3713 Vol: 11 Iss: 3 Date: Summer 1993 p: 34-38 Illus: Charts; References

Subjects: Economic development; Total quality; Competitive advantage; Benchmarks; Customer satisfaction; Performance evaluation; Strategic planning; Guidelines

Abstract: Properly executed, a total quality management (TQM) program within an economic development organization can create a sustainable competitive advantage for funding and industrial investment. Quality improvement in economic development hinges on understanding customer expectations for each customer group, then exceeding expectations. Board members, investors, and prospects have increasing expectations for economic development organizations. To satisfy these increasing expectations, the business practice of benchmarking - finding, documenting, and analyzing best practices of others against current practices and customer needs - adapted to economic development is an extremely useful tool. Without benchmarks, improving the quality of development organizations and their programs is a trial and error exercise loaded with unnecessary risk. Increasingly, investors and users are unwilling to support such risk; they want results.

AUTHORS: **HINTHORNE, TOM**

Title: Evaluating business practices: Linking purpose, practice and people

Journal: Industrial Management [IM] ISSN: 0019-8471 Vol: 36 Iss: 4 Date: Jul/Aug 1994 p: 5-7 Illus: Charts Reprint: Contact UMI for article reprint (order no. 14433.00). Restrictions may apply.

Subjects: Goal setting; Strategic planning; Performance evaluation; Organization development; Objectives; Cash management

Abstract: If the manager understands the purpose of the business, practice can be evaluated against purpose. Moreover, there is an important link between purpose, practice, and people. Three objectives as to how to run a successful business are discussed. The primary objective of the business and each of its units is to earn an annual, after-tax cash return on the after-tax market value of its investment in people and other assets. The 2nd objective of the business and each of its units is to increase cost productivity annually. The 3rd objective of the business and each of its units is to grow after-tax, net cash flows from operating activities annually.

AUTHORS: FISHER, DEBORAH J; WESTNEY, RICHARD E; GUPTA, VIPUL K

Title: Total cost management: A new approach

Journal: Industrial Management [IM] ISSN: 0019-8471 Vol: 36 Iss: 3 Date: May/Jun 1994 p: 1-4 Illus: Charts; References

Subjects: Cost reduction; Implementations; Guidelines; Models; Total quality; Organizational change

Abstract: The cost reduction techniques employed by US firms during the last 2 decades are described and discussed, and the concept of total cost management as a strategic business practice for effective long-term cost reduction is introduced. A comprehensive framework to implement total cost management (TCM) is also proposed. In contrast to the traditional approach, which views employees as a cost rather than an asset, it is proposed that TCM be viewed as the new paradigm to survive in a continuously changing business environment. TCM is a long-term appraoch with a focus on the underlying organizational cost culture. It integrates competitive strategy, technological decisions, workforce planning, and investment considerations to provide a focused and coordinated basis for sustaining long-term growth and profitability for the entire organization.

AUTHORS: HENRICKS, MARK

Title: How do you measure up?

Journal: Small Business Reports [SBR] ISSN: 0164-5382 Vol: 18 Iss: 6 Date: Jun 1993 p: 29-39 Illus: Charts

Subjects: Benchmarks; Performance evaluation; Methods; Advantages; Guidelines

Abstract: There is no advantage to reinventing the wheel, and that common sense is being turned into the modern science of benchmarking, as competitive companies learn how to compare their products and processes with those of the very best companies around. Unlike the process of gathering competitive intelligence, benchmarkers share information

- and then, improve upon it. It is important to distinguish benchmarking, which is a formal and rigorous process, from industrial espionage, which is the practice of gathering competitive intelligence. The difference is that benchmarking is entirely legal and above board. The information is always 2-way, confidential and cooperative. Basic benchmarking steps include: 1. Choose something to measure. 2. Find a benchmarking partner. 3. Do necessary homework. 4. Visit the prospects. 5. Adapt and implement improvements. The final step in benchmarking is to go back to the beginning - pick another area that needs improvement and commit to benchmarking all the parts of the operation.

AUTHORS: ROTHMAN, HOWARD

Title: You Need Not Be Big to Benchmark

Journal: Nation's Business [NAB] ISSN: 0028-047X Vol: 80 Iss: 12 Date: Dec 1992 p: 64-65

Subjects: Small business; Performance evaluation; Benchmarks; Problems; Competition; Comparability

Abstract: While generally aware of the concept of benchmarking, small businesses often shy away from it because their owners believe that the direct expenditures and employee commitment required will be too costly. However, a growing number of business owners are insisting that such fears are misguided. According to Michael J. Spendolini, author of The Benchmarking Book, benchmarking is appropriate for any company, small or large. While he concedes that small businesses do face unique disadvantages when it comes to benchmarking, he says they often have an easier time integrating any new ideas and processes than do larger companies. Benchmarking combines internal analyses with external studies, followed by the implementation of all appropriate practices that are uncovered. For small companies, the greatest obstacle to benchmarking may be the inability to easily identify and contact appropriate best-practice companies around the US.

AUTHORS: MENDZELA, JOHN

Title: Down under on top when it comes to management practice

Journal: Management-Auckland [MNZ] ISSN: 0025-1658 Vol: 42 Iss: 11 Date: Dec 1995 p: 44-45

Subjects: Economic conditions; Business community; Management; Competitive advantage

Abstract: Best practice in modern management, which occurs almost naturally, includes many features intrinsic to New Zealand's remoteness, small population and history. For example: 1. more global, export-oriented business thinking, 2. smaller organizations and business units, and 3. more flexible production techniques. Other desirable features now characteristic of New Zealand management reflect economic reforms of the 1980s. These include an open and deregulated economy and downsized organizations with flatter hierarchies.

AUTHORS: BUSS, DALE D

Title: Growing more by doing less

Journal: Nation's Business [NAB] ISSN: 0028-047X Vol: 83 Iss: 12 Date: Dec 1995 p: 18-2)+

Subjects: Small business; Outsourcing; Advantages

Abstract: Small firms that do a lot of outsourcing tend to be more robust than their counterparts that do everything in-house, according to a survey of fast-growing small firms by Coopers & Lybrand. Small firms in particular find outsourcing fits their business needs. Business owners and outsourcing experts alike say that, at its best, outsourcing allows companies to concentrate on what they do best - their 'core competencies.' For a practice that is spreading so fast, the exact definition of 'outsourcing' remains fuzzy and fluid. It now encompasses the selective, short-term use of one or 2 solitary contractors or consultants, such as a controller or a graphic artist, as well as open-ended contracts with huge service providers for dozens or hundreds of temporary or leased employees.

AUTHORS: VOSS, C A

Title: Significant issues for the future of product innovation

Journal: Journal of Product Innovation Management [JPI] ISSN: 0737-6782 Vol: 11 Iss: 5 Date: Nov 1994 p: 460-463 Illus: Charts; References

Subjects: Product development; Innovations; Total quality; Models; Integration

Abstract: The growing recognition of the interdependence of a variety of business processes is examined, including product innovation, product development, process innovation, technology acquisition, industrial design, total quality management, and quality function deployment. There is a need to establish tighter linkages among these important elements, which is labeled 'total innovation management.' Total innovation management will involve all of the key processes plus leadership - the driver of process change in an organization. Each process interacts with the other. The interface between various functions and processes is increasingly being seen as a vital area for attention. The combined impact of the 4 processes - product innovation, product development, technology innovation, and process innovation - will lead to improved innovation performance and competitive advantage.

AUTHORS: CHIESA, VITTORIO; COUGHLAN, PAUL; VOSS, CHRIS A

Title: Development of a technical innovation audit

Journal: Journal of Product Innovation Management [JPI] ISSN: 0737-6782 Vol: 13 Iss: 2 Date: Mar 1996 p: 105-136 Illus: Charts; Graphs; Appendix; References

Subjects: Studies; Performance evaluation; Technological change; R&D; Product development; Models; Process planning; World class companies; Methods

Abstract: A framework for auditing technical innovation management is presented. The auditing methodology goes beyond performance measurement by highlighting problems and needs, and providing information that can be used in developing action plans for improving performance. The foundation of the audit methodology is a process model of technical innovation. The model addresses the managerial processes and the organizational mechanisms through which innovation is related to good practice in the relevant management processes. The model identifies 4 core processes: concept generation, product development, process innovation and technology acquisition. The audit has 2 dimensions: the process audit assesses whether the processes necessary for innovation are in place and the degree to which best practice is used; and the performance audit focuses on the outcomes of each core and enabling process and of the overall process of technological innovation and its effect on competitiveness.

AUTHORS: FITZGERALD, LIN; JOHNSTON, ROBERT; SILVESTRO, RHIAN; STEELE, ANTHONY; VOSS, CHRISTOPHER

Title: Management Control in Service Industries

Joumal: Management Accounting-London (MAC) ISSN: 0025-1682 Vol: 67 Iss: 4 Date: Apr 1989 p: 44-46 □ Illus: References

Subjects: Management controls; Measurement; Service industries; Management accounting

Abstract: Management accounting has its roots in manufacturing industry, but increasing numbers of management accountants are now being employed in services. Currently, work is in process on a research initiative funded by the Chartered Institute of Management Accountants entitled 'Control Information for Management in Service Industries.' Three issues of control have been identified in service industries: 1. Service performance measurement requires control of intangible as well as tangible aspects. 2. Control measures should relate to corporate and marketing strategies. 3. Management control requires a combination of operational and financial measures. All of the organizations studied used both financial and operational controls but differed in the way the controls were used. Three patterns of usage are emerging: dominance of financial control, dominance of operational control, and a balance of the 2. operations planning, pre-business positioning decisions, and enacted generic strategy (entrepreneurship)

AUTHOR: GASKILL, FRANK JAMES

Title: Small business retail success: a product of functional

Source: DAI-A 54/10, p. 3807, Apr 1994

Subject: Business administration, management (0454); business administration, general (0310)

Abstract: Three broad types of operational, pre-business, and strategic planning components were compared for small retail performance impact. The objective dependent performance variables were the change in employee productivity, sales, margin, and employment (over three years, measured twice), and one subjective variable, owner/manager satisfaction. Correlation analysis of the relationship between the independent planning variables and the dependent performance variables revealed that each of the components of operational planning (marketing, finance, personnel, and inventory/purchasing planning), pre-business location planning, and strategic planning processes were significantly related to one or more dependent performance variables. Testing proportionality of the planning types resulted in finding that operational and pre-business planning occur significantly more often than does written strategic planning. The degree of planning, characterized as a high-planning level, or comprehensive effort, resulted in significant performance differences. High levels of finance, inventory/purchasing and personnel planning, and pre-business location planning were significantly related to employee productivity. Additionally, high-level location planning and strategic planning processes, as evidenced by a written plan, were significantly related to sales growth. Comprehensive operational planning, i.e. high planning levels in multiple functional areas, was significantly correlated with positive differences in employee productivity. Combining comprehensive operational planning and written strategic planning resulted in significantly better sales growth and employee productivity. Analysis of variance indicated that comprehensive strategic planners have significantly better performance in sales, productivity, and satisfaction. Triad Community Colleges (North Carolina)

AUTHOR: **HENNIS, ANNE R.**

Title: Economic development effectiveness of selected piedmont

Source: DAI-A 55/02, p. 208, Aug 1994

Subject: Education, community college (0275); education, adult and continuing (0516); education, industrial (0521)

Abstract: The purpose of this study was to examine the effectiveness of selected community colleges in meeting economic development needs including job training and small business development within the Piedmont Triad area, an economic region in Central North Carolina that includes the counties of Alamance, Caswell, Davie, Davidson, Forsyth, Guilford, Randolph, Rockingham, Stokes, Surry, and Yadkin. The region contains a major metropolitan area with the cities of Greensboro, Winston-Salem, High Point, and Burlington; and it has a workforce of 690,000 and a total population of 1.2 million people. A panel of experts (n = 20) from the Department of Commerce, Department of Community Colleges, and from community colleges in North Carolina selected a sample of three community colleges they believed were most effective in addressing the economic development needs of their communities. Through a multiple-case study method each institution was analyzed in light of its community needs, demographics, impact upon the community, organizational structure, and nontraditional economic development programs. At each site, interviews were conducted with community college staff, a major employer, a chamber of commerce or economic development representative, and a city or county government official. Thirteen institutional indicators and six outcome measures were identified to compare and contrast each community college's involvement in economic development. The three community colleges studied ranked consistently high on three indicators: commitment of the president and the college community, linkages with the community, and commitment to community-based education. These institutional indicators were identified as necessary prerequisites to effectiveness in economic development by community colleges. In terms of the six outcome measures, the community colleges studied ranked highest on recruitment and training of new industries. Each community college was found to be effective in economic development. A grounded theory was developed to

explain how causal conditions, phenomena, context, intervening conditions, action/interaction strategies, and consequences are related. Shared vision among the major organizations and agencies involved in economic development and community colleges is essential to develop positive outcomes such as growth of jobs, an increased tax base, diversification of the industrial base, an improved quality of life, and economic stability.

AUTHORS: MCPHERSON, MICHAEL A

Title: Growth of micro and small enterprises in southern Africa

Journal: Journal of Development Economics [JDE] ISSN: 0304-3878 Vol: 48 Iss: 2 Date: Mar 1996 p: 253-277 Illus: Charts; Equations; References

Subjects: Economic development; LDCs; Size of enterprise; Small business; Economic statistics; Regression analysis; Business growth; Studies

Abstract: As policy-makers and members of the donor community have recognized the importance of micro and small enterprises (MSE) in developing countries, the paucity of information regarding the ways in which MSEs grow and change over time has become glaring. One issue of small-firm dynamics is examined, namely growth, using new data collected in five southern African countries. The level of human capital embodied in the proprietor, firm location, sector, and proprietor gender are found to be important determinants of growth. The results also indicate an inverse relationship between firm growth and both firm age and firm size.

AUTHORS: RETZLOFF, CHERYL D

Title: Small businesses, big opportunity

Journal: LIMRA's MarketFacts [MKF] ISSN: 0889-0986 Vol: 15 Iss: 2 Date: Mar/Apr 1996 p: 4-7 Illus: Charts; Graphs

Subjects: Insurance agents & brokers; Sales prospecting; Market segments; Small business; Market potential; Polls & surveys; Statistical data

Abstract: According to LIMRA's latest US Small-Business Study, there is considerable opportunity for insurance and retirement plan sales among firms with fewer than 100 employees. Financial needs of small businesses differ according to size, industry, stage of growth, region, legal entity and owner characteristics. Size continues to be the best indicator of a firm's insurance and financial product needs. Except for property-casualty products, which are widely owned, ownership of other product lines is relatively low. Small-business owners have complex finances and therefore have a strong need for professional financial-planning assistance. Yet, more than half of all small-business owners have no business insurance advisor and 4 in 10 have no personal insurance advisor. This gap permits producers to reach small-business owners through help with financial planning. When making sales, calls, producers should generally approach the owners.

Assistance

AUTHORS: ROYCE, GARRY S

Title: An American CPA in Tokyo

Journal: Journal of Accountancy [JAC] ISSN: 0021-8448 Vol: 181 Iss: 5 Date: May 1996 p: 65-70

Subjects: Small business; Corporate profiles; Accounting firms; International operations of accounting firms

Abstract: Royce & Associates was begun 12 years ago when Garry Royce followed his dream and moved overseas to live and work in Japan. Royce & Associates is the only small non-Japanese CPA firm in Tokyo. The secret of Royce's success is that he can communicate to English-speaking people living in Japan. Foreigners and foreign businesses are the firm's specialty. Royce's firm specializes in 3 categories: 1. national and local corporate taxes, 2. expatriate tax services, and 3. business and individual consulting services. There is no reciprocity between Japan and the US. Royce's firm operates legally in Japan by working in conjunction with a licensed Japanese accountant. Title: Small business strategic planning and technology transfer: The use of publicly supported technology assistance agencies

AUTHORS: MASTEN, JOHN; HARTMANN, G BRUCE; SAFARI, ARIEF

Journal: Journal of Small Business Management [JSB] ISSN: 0047-2778 Vol: 33 Iss: 3 Date: Jul 1995 p: 26-37 Illus: Charts; Graphs; References

Subjects: Small business; Manufacturers; Strategic planning; Technology transfer; Studies; Hypotheses; Statistical analysis

Abstract: A questionnaire was mailed to the 404 small manufacturing firms in middle Tennessee. The survey was developed to test a conceptual framework which describes the technology transfer process from public agencies to small manufacturers. It is suggested that selecting technology is part of the strategic planning process. External variables such as competition and internal variables such as production problems are correlated with awareness of, prior use of, and plans for use of the transfer agents. It is concluded that although there is little awareness of these agencies by small businesses, the prior use of these agencies will lead to the future use of them. In addition, sales growth and response to foreign competition are significantly correlated with awareness of, prior use of, and plans for using the agencies.

Export

AUTHORS: KEDIA, BEN L; CHHOKAR, JAGDEEP

Title: Factors Inhibiting Export Performance of Firms: An Empirical Investigation

Journal: Management International Review (MIR) ISSN: 0025-181X Vol: 26 Iss: 4 Date: 4th Quarter 1986 P: 33-43 Illus: References

Subjects: International trade; Exporters; Performance; Small business; Barrieres

Abstract: Various studies have focused on the perceived ingibitors to exporting, but researchers, in general, have failed to: 1. determine the relative importance of the factors that tend to ingibit exporting, an 2. assess the relative difficulty firms have countering these factors. Assess the relative difficulty firms have countering these factors. An attempt is made to identify those factors that are both important and difficult to counter. Some 96 Louisiana firms form the sample. Cited as the most important inhibitaors of export activity are: 1. knowing how to market overseas, 2. obtaining information on overseas prospects and markets, 3. knowing foreign business practices, 4. knowing export procedures, 5. pricing for foreign markets, 6. competing with foreign and US firms overseas, and 7. dealing with a strong US dollar. There are differences between which of these factors are cited by exporting and nonexporting firms. Thus, different educational and export-promotion programs are needed to address the needs of firms at different stages of the export process.

AUTHORS: BIJMOLT, TAMMO H A; ZWART, PETER S

Title: The impact of internal factors on the export success of Dutch small and medium-sized firms

Journal: Journal of Small Business Management [JSB] ISSN: 0047-2778 Vol: 32 Iss: 2 Date: Apr 1994 p: 69-83 Illus: Charts; References

Subjects: Studies; Organization theory; Exports; Small business; Trade policy; Statistical analysis

Abstract: The success of small and medium-sized exporting firms in the northern part of The Netherlands is examined. In this part of the country, 95% of the firms can be classified into the category of small and medium-sized enterprises (SME). By manipulating decisions of the management of SMEs, the export performance of these firms is likely to improve. But the impact of the various decisions is not very well-known. Therefore, in order to be able to adjust the public policy and the policy of the firms themselves, it is necessary to increase the insight in the absolute and relative impact of alternative export policy instruments of an SME. The study attempts to identify to what extent internal managerial factors at SMEs contribute to their export success. Results suggest that a well-considered combination of export planning, organizational adjustment, and attitude towards export may lead to better export results.

Training

AUTHOR: MASSEY, DANA ANN SMITH

Title: Importance of certain female entrepreneurial competencies in secondary entrepreneurship or small business management classes

Source: DAI-A 51/06, p. 1893, Dec 1990

Subject: Education, curriculum and instruction (0727); business administration, management (0454); women's studies (0453)

Abstract: The purpose of this study was to compare responses from small business experts and university business educators as to what competencies are important for female entrepreneurial success with small business course content being taught in secondary schools to develop lists of competencies for use in curriculum planning for future secondary entrepreneurship classes. Questionnaires were mailed to the three groups surveyed; experts in small business administration, university entrepreneurship educators, and secondary entrepreneurship teachers. Responses were computer processed at the University of Nebraska-Lincoln. The results of the data analyses were reported in tables and ranked by means. T-tests were utilized to determine if significant differences at the.01 level existed between the surveyed groups' perceptions of the importance of the 89 entrepreneurial competencies. The following comparison were made and findings reported: (1) Business experts' perceptions of the importance of the 89 competencies to female entrepreneurial success were compared to teachers' perceptions of the importance of the competencies in the content of secondary entrepreneurship classes. Significant differences were found in the areas of managerial, marketing, and accounting competencies. (2) University educators' perceptions of the importance of the 89 competencies to female entrepreneurial success were compared to teachers' perceptions of the importance of the competencies in the content of secondary entrepreneurship classes. No difference was found. (3) University educators' perceptions of the importance of the 89 competencies to female entrepreneurial success were compared to their perceptions of the importance of the competencies to male entrepreneurial success. Significant difference was found in managerial competencies. (4) Experts' perceptions of the importance of the 89 competencies to female entrepreneurial success were compared to their perceptions of the importance of the competencies to male entrepreneurial success. Significant difference was found in managerial competencies. (5) Teachers' perceptions of the importance of the 89 competencies in the content of secondary entrepreneurship classes were compared to their perceptions of the importance of the competencies to entrepreneurial success. Significant difference was found.

AUTHORS: STUMPF, STEPHEN A; DUTTON, JANE E

Title: The Dynamics of Leaming Through Management Simulations: Let's Dance

Subjects: Management; Simulation; Leaming; Programs; Training; Experience

Journal: Journal of Management Development (JMD) ISSN: 0262-1711 Vol: 9 Iss: 2 Date: 1990 p: 7-15 Illus: Reference

Abstract: Leaming through participation in a management simulation has important parallels to a dance. The office environment may be thought of as a dance hall, the participants and facilitators in management simulations as the dancers, and the content as the music. There are common objectives to the many uses of management simulations: 1. enhancing understanding of the relationship between managerial behavior and

organizational performance, 2. examining how individual actions promote or inhibit effective teamwork, and 3. providing a basis for the diagnosis of managerial skills, skill development, and action planning for improved on-the-job performance. An individual cannot learn to dance just by reading about dance, just as a person cannot learn to be an effective manager only by reading books. Management simulations allow individuals to choose different partners at different times in the dance and to customize their dancing to their personal taste - all in a multimedia environment involving doing, thinking, and feeling.

AUTHORS: WIGHTMAN, STEPHEN; MCALEER, EDDIE

Title: Management development: The neglected domain

Subjects: Management development; Software industry; Training; Small business; Methods; Studies

Journal: Journal of European Industrial Training [JEU] □ ISSN: 0309-0590 Vol: 19 Iss: 5 Date: 1995 p: 3-10 Illus: Charts; Graphs; References Abstract: Management development requirements in small companies within the software industry are examined and it is suggested that firms' effectiveness in this sector in the long term requires the presence of a significant proportion of managers who can demonstrate both managerial and technical expertise. The training practices and management development needs within 24 software firms in Northern Ireland are studied. The training needs identified are the building blocks which are being used to design a suite of post-experience courses for middle managers in the software sector in Northern Ireland. It is hoped that the framework adopted will be useful to other training providers who are considering training provision on a sectorial basis.

Stages

AUTHORS: LAVARACK, DAVID

Title: Unlocking the small business

Journal: Training Tomorrow [TTO] ISSN: 0957-0004 Vol: 9 Iss: 1 Date: Feb 1995 p: 27-28 Illus: Charts

Subjects: Polls & surveys; Small business; Skills; Training; Statistical data; Management styles

Abstract: As many as 2/5 of small businesses in the UK close within their first 3 years of operation and even amongst those that do survive, many do not reach their full potential. Indeed, while 57% of small businesses plan to grow steadily or rapidly over the next 2 years, only 4% of businesses in the UK have an annual turnover in excess of L1 million and only 11% export. Better training to help small business owners and employees develop their skills could increase the chances of many small businesses surviving and growing. Barclays Bank undertook detailed research into the training and advice needs of the owners and employees of Britain's established small businesses to understand more fully the nature of the skills gap and its impact on the growth and health of Britain's small business sector. Four out of 5 (84%) of small business owners rely on previous on-the-job experience to run their business, while only 1/5 (19%) have sales and marketing experience, and just 14% have any financial skills. Furthermore, 8 out of 10 (77%) do not seek to close this skills gap through training during their first 3 years of operation. Over half (54%) of small business owners cite time as their principal constraint.

AUTHORS: BERGLAS, STEVEN

Title: The big lie

Journal: Inc. [INO] ISSN: 0162-8968 Vol: 18 Iss: 3 Date: Mar 1996 p: 70-75

Subjects: Small business; Startups; Stress; Burnout; Prevention; Guidelines

Abstract: The big lie is the myth that the start-up phase of a company is the bad part, the struggle - that once the cash starts coming in, satisfaction and happiness follow. Just as companies pass through phases of growth, so too, do company builders pass through predictable phases of a stress cycle. The psychological phases entrepreneurs should anticipate throughout their career are: 1. starting up, 2. building the business, and 3. reaching maturity. Entrepreneurs can pursue a number of strategies to prevent burnout, including: 1. Diversify your skills. 2. Teach. 3. Plan yoursuccession. 4. Network. 5. Renew your passion.

Technology

AUTHORS: DYERSON, ROMANO

Title: Contradictions of entrepreneurial growth: The case of VG instruments

Journal: Business Strategy Review [BSR] ISSN: 0955-6419 Vol: 3 Iss: 3 Date: Autumn 1992 p: 15-31 Illus: Charts; Graphs; References

Subjects: Entrepreneurs; Organizational change; Business failures; Small business; Overexpansion; Case studies; Instrumentation industry; Management styles

Abstract: Entrepreneurial organizations give rise to internal contradictions as the firm approaches maturity which, if not recognized and addressed, affect future profitibility. The case of the UK's VG Instruments illustrates this idea. The entrepreneurial approach of senior management depended on continued success as the key factor with which the company of essentially in-house trained competitors could be kept together. However, by the mid-1980s, as competitive conditions declined, underlying tensions, technical delays, and several spin-offs attested to VG's difficulties. Senior management had successfully created an organization of entrepreneurs, but failed to build an organization which would have long term longevity. Entrepreneurship is by its very nature a profitable, but transient form of market operation, requiring fast reflexes and the ability to spot market opportunities. For this reason, entrepreneurs are typically small scale and individualistic. At the same time, as VG moved into more stable markets, these entrepreneurial skills also became less important, while an integrated innovative team approach became more imperative. The company was ill-equipped for this change of direction.

AUTHORS: SHERIDAN, JOHN H

Title: Whaddya Mean You're 'Too Small'?

Journal: Industry Week (IW)ISSN: 0039-0895 Vol: 239Iss: 11Date: Jun 4, 1990p: 12, 14

Subjects: Small business; Modernization; Improvements; Manufacturing; Productivity; Organizational structure

Abstract: It is only natural that multibillion-dollar corporations, which see the world as their market, would take a vital interest in global competitiveness.Smaller manufacturers need to strive for world-class performance as well. Andersen Consulting's Leroy Peterson believes that small companies (or small plants owned by a large company) often are better positioned to take advantage of global opportunities.There are more company politics to contend with in larger firms, and corporate bureaucracy can be a cumbersome drag on efforts to introduce change.In Reinventing the Factory: Productivity Breakthroughs in Manufacturing Today, Peterson and coauthor Roy Harmon stress that the focused-factory or factory-within-a-factory concept is one way to facilitate dealings with complex manufacturing facilities.Some of the advantages of focused factories are: 1.excellent communications, 2.the location of an administrative staff near the production operation, and 3.a greater feeling of involvement on the part of everyone in the business unit.

AUTHORS: HANKINSON, ALAN

Title: Small Firms: The Consultancy Barrier

Journal: Management Accounting-London (MAC)ISSN: 0025-1682 Vol: 68Iss: 5 Date: May 1990p: 56-58 Illus: References

Subjects: Small business; Rates of return; Financial management; Pricing policies; Marketing; Management consultants; Surveys; Attitudes

Abstract: A survey of small UK firms' attitudes toward consultancy was undertaken in the South Wessex region.A sample of 50 small engineering firms with up to 100 employees was the cornerstone of the investigation.A study of the investment performance findings showed that, when expected and actual rates of return were compared, there were significant failures. For example, 76% of the population expected a rate of return of 20% or more, but only 22% actually achieved this.Further, no firm had expected a return of less than 10%, but 32% of the sample were unable to reach this level.The firms also were asked if outside expertise had ever been employed to assist with pricing decisions.Although 18% of the firms claimed that they would be prepared to employ consultants when the occasion demanded, 82% had never employed consultants for pricing purposes. No responding firm had ever engaged consultants to assist with pricing problems.Most of the respondents considered management consultants to be expensive, disruptive, overrated inventors of problems who were representative of external interference.

AUTHORS: VOSS, CHRISTOPHER A

Title: Implementing Manufacturing Technology: A Manufacturing Strategy Approach

Journal: International Journal of Operations & Production Management (IJO) ISSN: 0144-3577 Vol: 6 Iss: 4 Date: 1986 p: 17-26 Illus: Diagrams; References

Subjects: Production planning; Innovations; Technological change; □ Implementations; Material requirements planning; □ Strategic planning; Models □

Abstract: Many applications of Advanced Manufacturing Technology (AMT) frequently have not yielded their potential benefits because the implementation has not been conducted in relation to strategic goals. As a result, technical considerations, such as cost reductions, have predominated. Objectives should be set and control exercised in planning and implementing manufacturing objectives at 3 levels: 1. technical, 2. system, and 3. business. A 15-month pilot study examining the implementation of AMT involved interviews and data collection from over 30 organizations. Matching the outcome against the 3-part model shows that many companies set only technical goals. Only a minority used well thought out business objectives. Based on a model by Hrebiniak and Joyce (1984), a proposed framework for strategic implementation of AMT embodies a procedure development in 2 parts: 1. managerial control, including strategic performance objective setting and managerial control systems, and 2. organization structure.

AUTHORS: GAMMAL, PAUL

Title: The banks are starting to listen

Journal: Canadian Plastics [CPL] ISSN: 0008-4778 Vol: 54 Iss: 3 Date: Apr 1996 p: 30-31

Subjects: Plastics industry; Growth industries; Charters; Corporate finance; Small business banking; Loans

Abstract: Canada's chartered banks are starting to respond to the financial needs of the plastics industry, but there are still a lot of barriers to overcome. The Society of the Plastics Industry of Canada, together with other industry representatives, has been trying to knock down some of those barriers. According to Faris Shammas, vice president of SPI, Royal Bank of Canada and Scotiabank stand out among other banks when it comes to adapting to the needs of the industry. Paul Toriel of Royal Bank says the bank has targeted plastics as one sector with big growth potential and plans to announce new programs directed to the plastic industry in the next 3 months.

AUTHORS: WESTHEAD, PAUL; COWLING, MARC

Title: Employment change in independent owner-managed high-technology firms in Great Britain

Journal: Small Business Economics [SBU] ISSN: 0921-898X Vol: 7 Iss: 2 Date: Apr 1995 p: 111-140 Illus: Charts; References Subjects: Studies; Job creation; Small business; High technology; Size of enterprise; Employment; Policy making; Startups

Abstract: Up-to-date empirical evidence is provided surrounding the ability of small high-technology firms to create additional jobs in Great Britain. In addition, key founder and business characteristics are isolated that are significantly associated with employment change in growing high-technology firms over the 1986-1992 period. A high firm size was found to act positively on employment growth, as was a graduate level education for the key founder. Firms that had access to and used a multiplicity of sources of start-up finance tended to grow faster. A government policy is recommended that at the firm level actively encourages high-technology firm start-ups as well as providing support for existing high-technology firms that have already demonstrated the inclination and ability to grow in employment size.

AUTHORS: GARNSEY, ELIZABETH

Title: High technology renewal and the UK investment problem

Journal: Journal of General Management [JGM] ISSN: 0306-3070 Vol: 20 Iss: 4 Date: Summer 1995 p: 1-22 Illus: Charts; References

Subjects: High technology; Venture capital; Financing; Small business

Abstract: The issue of why UK high technology ventures are not attracting more investment resources is addressed. Cambridge high technology industry is an example of unrealized potential. Cambridge is a success story of UK enterprise; in 1993 the County database contained 1,000 high tech firms, in computing, biotechnology, scientific instruments, specialist engineering, and electronics. But the firms remain predominantly small, nearly 1/2 with under 5 employees, 80% with under 25 employees, and only 3% with over 200 employees. A study looks first at the mismatch between the terms on which entrepreneurs seek funding for high technology enterprise and the terms on which providers of capital are willing to supply funds and then the wider environment and its impact on investment in emerging high tech industry. Potential policy remedies designed to improve the quality of investment projects and incentives to invest in high technology enterprise are presented.

AUTHORS: KLOFSTEN, MAGNUS; JONES-EVANS, DYLAN

Title: Stimulation of technology-based small firms - A case study of university-industry cooperation

Journal: Technovation [TCH] ISSN: 0166-4972 Vol: 16 Iss: 4 Date: Apr 1996 p: 187-193 Illus: Graphs; References

Subjects: Colleges & universities; Business conditions; Cooperation; Small business; Managerial skills; Technological change; Models; Studies

Abstract: It is well known that owner-managers of technology-based firms usually have superior technical skills but are less competent in the area of business development. Consequently, in order to address these weaknesses, it has been suggested that an important part of support activities for these firms should be oriented towards the development of their management and business competencies. A successful model which has been developed over a 10-year period to stimulate the growth and development of small technology-based firms is presented. Four types of interrelated activities are in operation: 1. entrepreneurship and new business development programs, 2. development programs, 3. management groups, and 4. club/networking activities. The success of these stimulating activities can, above all, be related to five factors: 1. an ability to meet real needs, 2. a core group, 3. a clear focus, 4. credibility, and 5. close relations between the stimulation organization and the university.

Linkages core competencies and success factors

AUTHOR: HERBERT, BRUCE EDMUND

Title: An assessment of differences in perceived training needs among entrepreneurs (Business Management Education, small businesses)

Source: DAI-A 53/08, p. 2886, Feb 1993

Subject: Business administration, management (0454); education, adult and continuing (0516); education, business (0688)

Abstract: The purpose of this study was to facilitate more effective small business management education by integrating research strands relating to entrepreneurial typologies and training needs. A sample of 611 Oregon entrepreneurs (55.6% of those surveyed) was categorized according to an Entrepreneurial Typology Matrix. The 2 x 2 matrix reflected combinations of two dimensions derived from the literature: the presence or absence of a growth orientation, and whether or not entrepreneurs stated their firms. Four categories resulted: (1) developers--growth-oriented entrepreneurs who started their firms; (2) builders--who are growth-oriented but acquired their businesses; (3) initiators--non-growth-oriented 'starter' entrepreneurs; and (4) maintainers--who are neither growth-oriented nor 'starters.' Entrepreneurs rated 40 topics regarding their importance with respect to small business management training. Five hypotheses were posed. Four related to differences in mean scores between: (1) entrepreneurial types; (2) 'starters' versus 'acquirers;' (3) growth-oriented versus non-growth-oriented entrepreneurs; and (4) entrepreneurs with their current firm one year or less versus those there more than one year. The fifth hypothesis examined differences in mean scores among eight groups--with the presence or absence of previous small business ownership/management experience nested within each of the four entrepreneurial types. Thirty-one significant differences were found among groups. No strong relationship was found between type of entrepreneur and topic means. Significance tended to be type- and topic-specific. Five topics reflected significant differences when comparisons were made between entrepreneurial types. Starters and acquirers differed about unique aspects of family firms and characteristics of successful entrepreneurs. Eleven significant differences were found between owner/managers with versus without a growth orientation. Those in business more than one year perceived training in inventory control to be more important than did those with their firms one year or less.

Seven significant differences were found among three topics when entrepreneurial type and previous experience were examined. Five major conclusions resulted. First, certain types of entrepreneurs value training in marketing more highly than do others. Second, growth-oriented entrepreneurs perceive many topics as being more important than do those owner/managers who are not growth-oriented. Third, operational support was not found for the idea that only those starting a firm can be considered 'entrepreneurs.' Fourth, experienced entrepreneurs perceive mass promotion as being more important than do those without previous small business management experience. Fifth, substantive differences exist between groups about the value of training for the unique aspects of family firms.

AUTHORS: MARSHALL, J NEILL; ALDERMAN, NEIL; WONG, CECILIA; THWAITES, ALFRED

Title: The impact of management training and development on small and medium-sized enterprises

Journal: International Small Business Journal [IOG] ISSN: 0266-2426 Vol: 13 Iss: 4 Date: Jul-Sep 1995 p: 73-90 Illus: Charts; References

Subjects: Small business; Management training; Effects; Consultants; Comparative analysis; Studies

Abstract The impact on firms of the management training and development provided as part of the Business Growth Training Option 3, a program of UK government financial assistance to help small and medium-sized enterprises in Britain to employ consultants to train and develop their management staff, is examined. Changes of a cohort of firms undergoing management training and development in Option 3 are compared with a matched sample of firms not in receipt of assistance. The research demonstrates the effectiveness of management training in small and medium enterprises. It shows that Option 3 assistance led to improvements in management, organization and business performance in participant firms.

AUTHORS: MOINI, A H

Title: An inquiry into successful exporting: An empirical investigation using a three-stage model

Journal: Journal of Small Business Management [JSB] ISSN: 0047-2778 Vol: 33 Iss: 3 Date: Jul 1995 p: 9-25 Illus: Charts; References

Subjects: US exports; Studies; Success; Performance standards; Small business; Exporters; Variables; Statistical analysis

Abstract: A study uses data from a recent survey of 102 small Wisconsin exporters to identify characteristics that contribute to the success of a firm's export program. A model dividing firms into 3 categories based on export success measures was developed from the previous literature. Export success was measured concurrently by 2 variables, export as a percentage of total sales and export growth, in order to provide a better picture of export performance. The study revealed the overwhelming influence of firm characteristics on export success. Management characteristics and expectations were found to be insignificant variables. Managerial implications are presented.

AUTHORS: MCMAHON, RICHARD G. P; HOLMES, SCOTT

Title: Small Business Financial Management Practices in North America: A Literature Review

Journal: Journal of Small Business Management (JSB) ISSN: 0047-2778 Vol: 29 Iss: 2 Date: Apr 1991 p: 19-29

Subjects: Small business; Studies; Financial management; Practices; Statistical analysis

Abstract: An extensive review is presented of the empirical research into small business financial management previously conducted in North America.Evidence indicates that financial practice among small firms has not experienced any significant change over the past 15 years.In contrast to the amount of information available, the actual use of financial reports by owner-managers is rather limited. One study found that slightly over 50% of respondents seldom or never compared their firm's performance with industry figures.The results of accounts payable management practices studies have shown that lessthan half of small business owner-managers view accounts payable as a source of finance for their businesses.Recent studies imply that about 20% to 30% of small businesses engage in some form of budgeting.Additional small business research is particularly needed in such areas as accounting systems, working capital management, fixed asset management, financial reports, and managerial planning and control.

AUTHORS: VOSS, C A; CHIESA, V; COUGHLAN, P

Title: Developing and testing benchmarking and self-assessment frameworks in manufacturing

Journal: International Journal of Operations & Production Management [IJO] ISSN: 0144-3577 Vol: 14 Iss: 3 Date: 1994 p: 83-100 Illus: Charts; Appendix; References

Subjects: Benchmarks; Manufacturing; Improvements; Production planning

Abstract: Benchmarking and self assessment differs from previous approaches to performance evaluation in that the main approach is to examine the business or managerial processes. A process-based model outlining the key processes, the enabling factors, and the outcome of the business process is used to identify the core business processes to be benchmarked. After identifying each core process and its intended outcomes, potential measures of performance for each of the core processes and enabling processes can be postulated. A score-sheet is developed for each of the processes and sub-processes of technology management. A framework using Baldrige as a model is designed to support the team assessment and benchmarking. It is designed to force companies to ask relevant questions during the benchmarking and self-assessment process. To be successful, benchmarking participants must have a common model of the processes to be benchmarked and the metrics to be used. Self-assessment should precede benchmarking.

AUTHORS: **VOSS, CHRIS; BLACKMON, KATE; HANSON, PHILIP; OAK, BRYAN**

Title: The competitiveness of European manufacturing - A four country study

Journal: Business Strategy Review [BSR] ISSN: 0955-6419 Vol: 6 Iss: 1 Date: Spring 1995 p: 1-25 Illus: Charts; Graphs

Subjects: Comparative studies; Manufacturing; Operations; Manycountries; Models; Competitive; Performance evaluation; Manyindustries; World class companies

Abstract: A report is presented of the results of a study of operational practice and performance in 663 manufacturing sites in Finland, Germany, the Netherlands, and the UK. It reviews the competitiveness of manufacturing in each country against a world class scale. The results are analyzed in more detail, examining differences among countries, factors influencing competitiveness such as size and origin of parent, and agendas for individual countries. Overall, a broad spread is found in Northern Europe with disappointingly few world class sites but many reasons for cautious optimism. The best companies are realistic about their position, but the worst are dangerously over-optimistic.

AUTHORS: **VOSS, C A**

Title: Alternative paradigms for manufacturing strategy

Journal: International Journal of Operations & Production Management [IJO] ISSN: 0144-3577 Vol: 15 Iss: 4 Date: 1995 p: 5-16 Illus: Charts; References

Subjects: Corporate planning; Production planning; Manufacturing; Studies

Abstract: Over the past 20 years, the field of manufacturing strategy has developed many different approaches. There are 3 distinct paradigms in manufacturing strategy: 1. competing through manufacturing, 2. strategic choices in manufacturing, and 3. best practice. Each is reviewed and its strengths and weaknesses discussed. The relationship between them is described and a cycle of manufacturing strategy is proposed.

AUTHORS: **ANONYMOUS**

Title: Manufacturers fail 'world class' test

Journal: Journal of Management Development [JMD] Vol: 14 Iss: 9 Date: 1995 p: 41-44

Subjects: World class companies; Benchmarks; Reports

Abstract: Three out of 4 European manufacturers believe they can compete with the best of their international competitors. However, in fact, only one in 50 can today be accurately described as world class. This revelation about the state of European manufacturing is outlined in the report, Made in Europe - A Four Nations Best Practice Study, which is jointly published by Philip Hanson of the IBM Consulting Group and Professor Voss of London Business School. Using a model that links practice in 6 areas of manufacturing to operating and business performance, site was measured against a world class scale.

AUTHORS: GHOSH, B C; CHAN, CHEE-ONN

Title: A study of strategic planning behavior among emergent businesses in Singapore and Malaysia

Journal: International Journal of Management [MJI] ISSN: 0813-0183 Vol: 11 Iss: 2 Date: Jun 1994 p: 697-706 Illus: Charts; References

Subjects: Strategic planning; Goal setting; Factors; Success; Chief executive officers; Comparative studies; Polls & surveys; Small business

Abstract: Local small and medium-sized enterprises (SME) account for a large share of the Singapore economy. Nevertheless, they lag behind their foreign counterparts in productivity, management skills, marketing and technology. Research indicates the following: 1. SMEs seem to take corporate goal setting somewhat informally, but those who take it more seriously seem also to perform better than those who do not. 2. In the decision-making process, in the SME context, the CEO was the most dominant and his planning approach was essentially top-down. 3. Information seeking and its input to planning process was less than formal. 4. Need for strategic planning was acknowledged by the SMEs, but more in an adhoc, logical incremental fashion than in a comprehensive way. 5. CEOs felt, generally speaking, that their product/market knowledge, their outward-lookingness, and the spouse support were among the chief success factors. 6. Strategic planning was overshadowed by operational/administrative planning in SMEs.

AUTHORS: WITTENBERG, GUNTER

Title: A smallish recipe for British success

Journal: Purchasing & Supply Management [PSU] ISSN: 0309-7242 Date: Jun 1994 p: 20-22 Illus: Charts

Subjects: Statistical data; Small business; Manufacturing; Public policy; Comparative analysis

Abstract: In the UK, the Institution of Electrical Engineers (IEE) has issued a report by J. Levy entitled Small and Medium Sized Manufacturing Enterprises - A Recipe for Success. Small and medium-sized manufacturing enterprises (SMME) are important to the UK because they employ about 45% of the manufacturing workforce and account for about 30% of the manufacturing output. For long-term survival and growth, SMMEs must maintain a competitive level of technology to compete in innovation, design, manufacture, management, and marketing. In regard to skills, management, and marketing, the report emphasizes that, at other than first and higher degree levels, the UK work force is seriously underqualified in comparison with other countries. The report calls for a Manufacturing Expansion Scheme as an imaginative successor to the recently ended Business Expansion Scheme. The report seeks to devise a recipe of 50 actions for the survival and success of small and medium-sized enterprises and, in particular, SMMEs. The recipe consists of a mixture of government measures of support and facilitation, not necessarily involving large amounts of new money, combined with the active awareness and involvement of the SMMEsthemselves.

AUTHORS: RISSEEUW, PETER; MASUREL, ENNO

Title: The role of planning in small firms: Empirical evidence from a service industry

Journal: Small Business Economics [SBU] ISSN: 0921-898X Vol: 6 Iss: 4 Date: Aug 1994 p: 313-322 Illus: Charts; Graphs; References

Subjects: Economic theory; Small business; Studies; Corporate planning; Relations; Performance; Real estate companies

Abstract: The relation between planning behavior and performance is analyzed for a large number of small real estate firms in the Netherlands. A firm's planning behavior appears to be influenced by the way it perceives its environment (in terms of complexity and dynamics) as well as its own characteristics (size, age, and activities). The explanation of performance is dominated by a firm's size and the nature of its activities. Hardly any effect of planning on a firm's performance is found, though it appears that in an environment perceived as highly dynamic, planning is merely counterproductive.

AUTHORS: ASQUITH, DANIEL; WESTON, J FRED

Title: Small business, growth patterns and jobs

Journal: Business Economics [BEC] ISSN: 0007-666X Vol: 29 Iss: 3 Date: Jul 1994 p: 31-34 Illus: Charts; References

Subjects: Studies; Small business; Job creation; Service industries; Manufacturing; Trends; Employment

Abstract: The relative growth patterns of industries are major influences on the rates of job growth. Small business and entrepreneurial firms are likely to continue to be important vehicles for job creation because much growth will continue to take place in industries in which such firms have relative advantages. Important in this growth are the knowledge industries, which will increasingly require necessary support from advnces in education. Job patterns during the 1980s, employment in the manufacturing sector, and the economic performance of high-yield and high-tech firms are discussed.

AUTHORS: OSTGAARD, TONE A; BIRLEY, SUE

Title: Personal networks and firm competitive strategy - A strategic or coincidental match?

Journal: Journal of Business Venturing [JBV] ISSN: 0883-9026 Vol: 9 Iss: 4 Date: Jul 1994 p: 281-305 Illus: Charts; Appendix; References

Subjects: Small business; Business networking; Strategic planning; Market strategy; Studies; Statistical analysis

Abstract: A survey was conducted of 159 owner-managed companies in the UK in order to explore a different and new effectiveness measure of personal networks - the implementation of competitive strategies. Preliminary analysis identified 6 components that were consistent with previous literature: 1. marketing differentiation, 2. product innovation, 3. market segmentation, 4. distribution, 5. growth through outside capital, and 6. differentiation through quality. Correlation of these components with the networking characteristics of propensity to network, network activity, network density, network intensity, and content of network exchanges supports the proposition that entrepreneurs differ in their networking activities according to the competitive strategy pursued by the firm. Further classification reveals that most firms appear to follow multiple patterns of strategic behavior.

AUTHORS: ROBINSON, IZABELA; MACDONALD, SANDRA

Title: Human resource management in SMEs: Friendly flexibility or increasing exclusion?

Journal: Employment Bulletin & Industrial Relations Digest [EBI] ISSN: 0267-8314 Vol: 11 Iss: 3 Date: 1995 p: 1-2 Illus: References

Subjects: Human resource management; Small business; Flexible hours; Advantages

Abstract: Some of the human resource implications of flexible working arrangements within small and medium sized organizations are identified against the background of their predicted growth and importance in the economy. It is based on the preliminary findings of a survey of over 300 organizations representing manufacturing, distribution, service, and retail sectors in Northamptonshire. Employee flexibility was identified as a key factor in achieving and sustaining organizational efficiency and competitiveness. However, there was little innovation demonstrated in the methods of securing numerical flexibility, or the ability to vary the amount of labor in response to varying levels of customer demand. Generally there was little evidence of the increased use of part-time working as part of a planned, strategic approach by SMEs to issues of utilization.

AUTHORS: COVIELLO, NICOLE E; MUNRO, HUGH J

Title: Growing the entrepreneurial firm: Networking for international market development

Journal: European Journal of Marketing [EJM] ISSN: 0309-0566 Vol: 29 Iss: 7 Date: 1995 p: 49-61 Illus: Charts; References

Subjects: Small business; Business growth; High technology; International markets; Statistical analysis; Software industry

Abstract: The entrepreneurial high-technology firm's use of networks for international market development is examined. Multisite case research and a mail survey form the empirical base for the study. Findings indicate that international market choice and mode of entry for small entrepreneurial high-tech firms are largely shaped by the interests of various network players. Influential network relationships may be both formal and informal. Early relationships with large firms are particularly influential in the entrepreneurial high-tech firm's internationalization process. Networks are used to share some, but not all, international marketing activities.

AUTHORS: MANGELSDORF, MARTHA E

Title: The class of '85

Journal: Inc. [INO] ISSN: 0162-8968 Vol: 17 Iss: 15 (The Inc 500) Date: 1995 p: 76-85 Illus: Charts; Graphs

Subjects: Ratings & rankings; Small business; Growth rate; Manycompanies; Business failures; Success; Statistical data

Abstract: The companies that were on the Inc. 500 list 10 years ago, in 1985, were tracked down to find out what had happened to them since. If the class of 1985 is any indicator, young fast-growth companies are much more durable than most observers realize. For a start, the failure rate of the 1985 Inc. 500 is surprisingly low, given the companies' hyperfast growth history. As a group the 500 companies had sales in 1984 of $7.4 billion. Today it takes only 2 of the alumni - Merisel and Microsoft - to exceed that total; the 2 companies' combined 1994 sales reached $9.7 billion. The 233 alumni from which 1994 financial data was successfully captured have almost 4 times the sales of the entire 1985 list. Those 233 had average revenue growth over the last decade of more than 23% each year - even through times of recession. Superstars from 1985 include: 1. Microsoft, 2. Oracle, 3. Solectron, and 4. Merisel. At least 135 companies on the list have been sold to new owners. The current status of those businesses is hard to gauge. Only 95 companies are classified as failures - though only 57 are confirmed as such.

AUTHORS: JONES-EVANS, DYLAN

Title: Technical entrepreneurship, strategy and experience

Journal: International Small Business Journal [IOG] ISSN: 0266-2426 Vol: 14 Iss: 3 Date: Apr-Jun 1996 p: 15-39 Illus: Charts; References

Subjects: Studies; Entrepreneurs; Strategic planning; High technology; Small business

Abstract: The increasing contribution of technology-based small firms to both employment and innovation within high-technology industries has led to considerable interest in their growth and development, especially in the identification of factors which may influence the future management and strategy of these ventures. Evidence from qualitative interviews with 38 technical entrepreneurs suggests that 3 main factors affect the strategy of the small technology-based firm, namely the age of the venture, the novelty of the technology used within the venture, and the previous management and technical competence of the entrepreneur. In terms of the future strategy of their businesses, approximately half of the entrepreneurs questioned were reluctant to grow their businesses beyond a certain size, preferring instead to remain small.

AUTHORS: AGGARWAL, SUMER

Title: Technology exploitation: Opportunism or hopelessness

Journal: Industrial Management [IM] ISSN: 0019-8471 Vol: 36 Iss: 2 Date: Mar/Apr 1994 p: 11-14

Subjects: Technological planning; Product design; Small business; High technology; Guidelines

Abstract: In creating new technologies, small companies need to focus on fulfilling basic human needs and then providing value to their customers in terms of need, price and quality. Furthermore, many companies have thrived due to their successes in combining 2 or more technologies into innovative products or services. The technologies that do succeed are simple and straightforward. Most high-technology projects fail due to conflicting goals and approaches. These failures may be attributed to: 1. incorrect conceptualization of customer needs and markets, 2. wrong articulation of goals for the company, and 3. mismatch among technologies, organizational structures and systems. Success comes to high-tech companies sthat use only new process technologies, which are highly flexible in dealing with continual changes in design, volume, and product-mix. To succeed, high-tech companies need efficient organizations with efficient methods and procedures, and they must build trust with employees.

AUTHORS: CAUGHEY, MATTHEW; CHETTY, SYLVIE

Title: Pre-export behaviour of small manufacturing firms in New Zealand

Journal: International Small Business Journal [IOG] ISSN: 0266-2426 Vol: 12 Iss: 3 Date: Apr-Jun 1994 p: 62-68 Illus: Charts; References

Subjects: Studies; Small business; Decision making models; Exports; Factors; Variables; External effects

Abstract: New Zealand is facing a burgeoning foreign debt, which is stifling economic growth. In order to attain an export-led recovery of the economy, the New Zealand government has been encouraging businesses to export. Only 13% of New Zealand manufacturers with fewer than 50 employees are currently exporting. Six firms participated in a survey. The results show that exporters are more likely to be influenced by internal export stimuli and nonexporters by external export stimuli. Product characteristics and the small size of the domestic market are the 2 major factors that propel firms toward exporting. Decision makers who are younger are more likely to respond positively to an export stimuli than those who are older. It is how the decision maker perceives and reacts to external stimuli that will determine whether the firm starts exporting or not. Decision-maker characteristics and firm characteristics are closely related.

AUTHORS: HANKS, STEVEN H; CHANDLER, GAYLEN N

Title: Patterns of functional specialization in emerging high tech firms

Journal: Journal of Small Business Management [JSB] ISSN: 0047-2778 Vol: 32 Iss: 2 Date: Apr 1994 p: 23-36 Illus: Charts; References

Subjects: Organization theory; Studies; Business growth; Specialization; Statistical analysis; Small business; Development stage enterprises

Abstract: Organization theorists have long argued that as organizations grow in size and complexity, they tend to increase in specialization. Broad overlapping roles give way to more specialized assignments as the organization abandons its simple entrepreneurial structure and adopts a more differentiated functional structure. A study examines the pattern of specialization across life cycle stage configurations in high technology firms. The basic thesis is that the pattern of specialization will reflect the dominant management problem associated with each step of development. Learning more about the pattern of specialization can enhance understanding of how organizations grow, why they grow as they do, and provide a basis for perscriptive recommendations which might aid business founders as they face the challenging task of growing a business venture.

AUTHORS: VOSS, C. A

Title: Implementation: A Key Issue in Manufacturing Technology: The Need for a Field of Study

Journal: Research Policy (RPO) ISSN: 0048-7333 Vol: 17 Iss: 2 Date: Apr 1988 p: 55-63 Illus: Charts; References

Subjects: Implementations; Innovations; Acceptance; Flexible manufacturing systems; Technological change; CAM; CAD; International

Abstract: An analysis was undertaken to develop propositions on factors leading to successful use of advanced manufacturing technologies and to see if any relationships could be discovered between use of these technologies and firm competitiveness. The analysis builds on 2 pilot studies examining the management of advanced manufacturing technology: 1. a broadly based survey of issues facing managers in introducing these innovations, and 2. an examination of the relationships between these innovations and manufacturing policies of the firms involved. It is argued that there is a distinctive area of the management of the adoption of innovations, or implementation. This area is reviewed from the point of view of innovation and diffusion and production-operations management. It is concluded that the field of study of the total process of implementation should have 3 characteristics, including a concern with the success and failure outcome of the process.

AUTHORS: VOSS, CHRISTOPHER A

Title: Success and Failure in Advanced Manufacturing Technology

Journal: International Journal of Technology Management (ITN) ISSN: 0267-5730 Vol: 3 Iss: 3 Date: 1988 p: 285-297 Illus: Appendix; References

Subjects: Manufacturing; Technology; Implementations; Success; Failure; Studies; Advantages; Capital intensity; Management; Integration; CAD; CAM

Abstract: The benefits gained in several applications of advanced manufacturing technology (AMT) were examined in an 18-month study at 3 levels: 1. realization of productivity increases, 2. realization of nonproductivity benefits like lead times, quality improvements, increased flexibility, and customer responsiveness, and 3. translation of these benefits into competitive gain in the marketplace. Results showed that all of the firms were successful technically, but only 57% had been able to achieve benefits other than productivity. Technical success was obtained more quickly and easily with: 1. top management support, 2. closer links with suppliers, 3. cross-functional implementation teams, 4. thorough preplanning, and 5. an effort to keep management informed about the AMT. The failure of firms to gain nonproductivity-oriented benefits from the new AMTs seemed due to: 1. lack of a strategic view and failure to link with manufacturing policies, 2. failure to manage the learning process involved in AMT, and 3. lack of suitable management of the workforce.

AUTHORS: LEWIS, RONALD J

Title: Performance Measurement in Service Businesses

Journal: Accounting Review [ACR] ISSN: 0001-4826 Vol: 68 Iss: 1 Date: Jan 1993 p: 207-208

Subjects: Book reviews; Performance standards; Service industries

Abstract: In Performance Measurement in Service Businesses, Lin Fitzgerald, Robert Johnston, Stan Brignall, Rhian Silvestro, and Christopher Voss identify 3 major categories of service types - professional services, service shops, and mass services - that need a range of performance measurements linked to their competitive strategy.

AUTHORS: VOSS, CHRIS

Title: Successful innovation and implementation of new processes

Journal: Business Strategy Review [BSR] ISSN: 0955-6419 Vol: 3 Iss: 1 Date: Spring 1992 p: 29-44 Illus: Charts; Graphs; Diagrams; References

Subjects: Innovations; Implementations; Success; Process planning; Competitive advantage

Abstract: The assumption of much of the innovation and engineering literature is that once successfully developed, a new process innovation will work in all subsequent uses. However, frequently a new process innovation can succeed in one attempt at adoption and fail in another. Once a new process technology has been developed with its first successful use, success or failure in subsequent applications can be considered as implementation success or failure. Unlike new product innovation, many of the activities and conditions that influence implementation success take place in the adopting organization rather than the innovating organization. The successful innovation of new processes is critical for continued success of companies. Even when process technology is available off the shelf, the ability to implement that process well, to get the best out of it, to continually learn and improve, and above all, to realize the full business benefits will gain competitive advantage for a company. Managing the innovation and implementation of new processes is increasingly a key task for companies.

AUTHORS: RAFFA, MARIO; ZOLLO, GIUSEPPE

Title: Sources of innovation and professionals in small innovative firms

Journal: International Journal of Technology Management [ITN] ISSN: 0267-5730 Vol: 9 Iss: 3,4 Date: 1994 p: 481-496 Illus: Charts; References

Subjects: Studies; Small business; Software industry; Growth; Professional development; Organizational behavior; Models

Abstract: The results of a research project carried out on a sample of small Italian software firms is presented. To these firms the role of the entrepreneur, and the relationships between the firm and professionals are crucial to sustaining the firm's innovative capabilities. Professional skills, job satisfaction, autonomy and personal knowledge are the most important sources of the software firm's performances. On the basis of the field data a dynamic model for small innovative firms is presented to illustrate the behavior of the firms in sustaining their innovative capabilities.

AUTHORS: SNELL, ROBIN; LAU, AGNES

Title: Exploring local competences salient for expanding small businesses

Journal: Journal of Management Development [JMD] ISSN: 0262-1711 Vol: 13 Iss: 4 Date: 1994 p: 4-15 Illus: Charts; References

Subjects: Small business; Strategic planning; Management development

Abstract: Management competences significant for large and medium-size companies in the West may not be universally applicable. The qualitative, inductive approaches used to identify competences important in expanding smaller businesses in Hong Kong are described. The competences generally salient for growth are identified as: 1. global-oriented outlook for the business, 2. analytical market approach, 3. readiness to seize relevant opportunities, and 4. systematic financial management. An additional set of competencies salient for growing companies with fewer than 50 employees are also considered. These competencies are: 1. vivid vision/purpose/mission, 2. ability to conceptualize or formulate company strategy, 3. strategic approach to human resource development, and 4. promotion of a learning culture. Several competencies relevant to all small businesses in Hong Kong, whether growing or non-growing, are identified.

AUTHORS: HOGG, BRIGET A

Title: European managerial competences

Journal: European Business Review [EBR] ISSN: 0955-534X Vol: 93 Iss: 2 Date: 1993 p: 21-26 Illus: Charts; References

Subjects: Studies; Managers; Skills; Telecommunications industry; EC single market; Effectiveness; Leadership; Knowledge; Differences

Abstract: Research was conducted to identify and compare currently valued managerial competencies in 6 European telecommunications companies. Questionnaires were completed by junior and middle managers in the UK, Germany, Spain, Italy, the Netherlands, and France. Overall, task-focused competencies and competencies related to communication were judged by managers to be the most typically used and the most important. 'Softer' competencies, such as creativity and development-focused competencies, tend to be regarded as less typically used and less important. The results may indicate that the predominant management culture in the countries in the study was not supportive of a development and learning-centered approach to management. Problem-solving analysis was the competency endorsed most frequently - by 62% of the sample. Adaptation to foreign cultures, at 4%, was least frequently endorsed as being a vital competency.

AUTHORS: MARTIN, GRAEME; STAINES, HARRY

Title: Managerial competences in small firms

Journal: Journal of Management Development [JMD] ISSN: 0262-1711 Vol: 13 Iss: 7 Date: 1994 p: 23-34 Illus: Charts; Graphs; References

Subjects: Small business; Managerial skills; Polls & surveys

Abstract: The failure rate of small UK firms is high, but there is little reliable evidence as to what factors account for success or failure in small firms. Lending organizations have adopted a set of criteria that they use in order to evaluate new business proposals. One lending organization recently sponsored a research project with the goal of identifying whether a general set of competences could be found that were associated with effective performance in the region. The results confirm some of the findings drawn from the literature in managerial work: 1. The majority of managers in the survey stressed the importance of having a sound technical understanding of their industry derived from long experience within it. 2. Many respondents emphasized the importance of creativity, risk taking, and innovation as key aspects of their role. 3. The owners and managers confirmed the near-universal nature of people-oriented, personal competences and those connected with a concern for performance standards.

AUTHORS: MCCARTHY, DANIEL J; SPITAL, FRANCIS C; LAUENSTEIN, MILTON C

Title: Managing Growth at High-Technology Companies: A View from the Top

Journal: Academy of Management Executive (AEX) ISSN: 0896-3789 Vol: 1 Iss: 4 Date: Nov 1987 p: 313-323 Illus: Charts; References

Subjects: High technology; Business growth; Surveys; Management styles; Technological change; Business failures; Success; Factors; Market orientation; Product life cycle; Decision making; Human resource management; Chief executive officers

Abstract: An essential factor that distinguishes successful high-technology companies from those that make little or no progress is management competence. Interviews with chief executive officers of 10 high-tech companies revealed that the single most important determinant of success in such companies is a combination of technical knowledge and market knowledge. Approaches to attaining this combination usually are either through an individual with the ability to match needs and technical solutions or through management systems that encourage such integration. It also is important to focus the firm's resources only on those opportunities that have the best potential. Managers of high-tech firms need a long-term perspective and a quick reaction time. Such managers also must be able to find, motivate, and retain the rare, highly skilled people needed in high-tech businesses. Excellent communication between management and employees is crucial. Managers need to maintain control without stifling creativity.

AUTHORS:	**HALPERIN, KEITH M**
Title:	Helping Rising Stars Shine as Managers
Journal:	Training & Development Journal (STD) ISSN: 0041-0861 Vol: 44 Iss: 7 Date: Jul 1990 p: 76-79
Subjects:	Management development; Management training; Guidelines; Motivation; Corporate management; Effectiveness
Abstract:	Most corporations see promotion as a reward for good performance, but that reward can turn a high achiever into a problem when corporations assume that the employee inherently has the managerial skills required for the new position. For the human resource (HR) professional, the dilemma poses an opportunity to develop newcomers to the managerial ranks and to shore up experienced managers. After identifying areas and individuals for specific management training and developing a plan to provide that training, the HR department must convince corporate leaders to commit time and money by making them aware of the need. This can be done by: 1. presenting general feedback, 2. helping dispel the myth that high achievers instinctively know how to manage, 3. positioning management training as a way to increase job satisfaction, professional growth, and management retention, 4. making corporat leaders aware that top firms recognize the importance of investing in management training, and 5. training corporate leaders and managers to recognize management training as a process, not a one-time event.

AUTHORS:	**COCKERILL, TONY; HUNT, JOHN; SCHROEDER, HARRY**
Title:	Managerial competencies: Fact or fiction?
Journal:	Business Strategy Review [BSR] ISSN: 0955-6419 Vol: 6 Iss: 3 Date: Autumn 1995 p: 1-12
Abstract:	Three groups of researchers and practitioners who use competencies for the purposes of mangerial selection and development are identified: 1. traditionalists, inventors and scientists. They are concerned respectively with competencies that are associated with rapid career advance, that ill be effective in organizations of the futures and relate to superior team or organizational performance. Overall, the obsession with managerial competencies has drawn attention to the importance of the role of managers and the behaviors identifying mangerial competencies that related to superior organization performance, a useful and potentially important tool has been created to aid in the selection, development and promotion of managers. Where sciencee has not been applied rigorously, one should be highly skeptical of the so-called managerial competencies and their value in predicting performance of any kind.

AUTHORS: **DAVIDSON, PER**

Title: Continued Entrepreneurship: Ability, Need, and Opportunity as Determinants of Small Firm Growth

Journal: Journal of Business Venturing, 6, 6, 405-429

Abstract: In order to examine the growth or nongrowth of individual small businesses, a model based on 3 major factors (ability, need, and opportunity) is developed, and the results of previous studies are reviewed in light of this more abstract model. Using data from 423 Swedish firms and applying partial least squares analysis, the parameters of the model are empirically estimated. Some of the conclusions are: 1. Objective measures of ability, need, and opportunity can explain a substantial share of the variation in actual (historical) growth rates. 2. Objective and subjective measures of the 3 factors can explain a substantial share of the variation in growth motivation. 3. Subjective factors contain growth-relevant information that is not captured by objective measures. 4. Direct effects of objective variables on actual growth can be traced.

AUTHORS: **LUMPKIN GT, DESS GG**

Title: Clarifying the entrepreneurial orientation construct and linking it to performance

Journal: Academy of Management review Vol: 0021, No. 1, p. 00135-00172, Date: Jan. 96

Abstract: The primary purpose of this article is to clarify the nature of the entrepreneurial orientation (EO) construct and to propose ct contingency framework for investigating the relationship between EO and firm performance. We first explore and refine the dimensions of EO and discuss the usefulness of viewing a firm's EO as a multidimensional contruct. Then, drawing on examples from the EO-related contingencies literature, we suggest alternative models (moderating effects, mediating effects, independent effects interaction effects) for testing the EO-performance relationship

AUTHORS: **STOREY DJ, WYNARCZYK P**

Title: The survival and non-survival of micro firms in the UK

Journal: Review of industrial organization Vol: 0011, No. 2, p. 00211-00229, Date: Apr. 96

Abstract: This paper examines a combination of firm characteristics, characteristics of the owner and finance/strategy variables to explain the survival/non-survival of micro enterprises in the UK between 1985 and 1994. The theoretical underpinning of the paper derives from Frank who articulates the notion of entrepreneurial talent. The measures of "talent" used in the paper do not adequately explain survival/non-survival.

AUTHORS: **CRESSY R**

Title: Pre-entrepreneurial income, cash-flow growth and survival of startup businesses-model and tests on UK data

Journal: Small Business Economics Vol. 0008, No. 1, p. 00049-00058 Date: Feb. 96

Abstract: A target income/human capital model of startup survival and growth is derived and tested. The objective of the entrepreneur is to produce an independent source of income for him/herself to replace income from previous employment. Target income is a function of pre-entrepreneurial income and human capital represented by age. The model predicts that higher pre-income entrepreneurs and more mature individuals will grow faster to achieve these targets and that growth is an ambiguous function of size. It also predicts that these same individuals, and businesses that start larger, will be more likely to survive. The key results of the empirical analysis are that (a) businesses run by proprietors with higher pre-entrepreneurial incomes do indeed grow faster than other startups but have no greater survival prospects, and (b) businesses run by mature proprietors possess greater longevity. We conclude that business income targets in practice constitute a significant motivation for startup growth, and that the human capital represented by age plays no additional role. However, proprietor age rather than pre-income determines survival, despite the fact that pre-income and age are positively correlated both with each other and with growth.

AUTHORS: GALBRAITH, JAY

Title: The Stages of Growth

Journal: Journal of Business Strategy (JST) Vol: 3, Iss: 1 Date: Summer 1982, p: 70-79

Abstract: A model is presented that is intended to describe the predictable development stages of a new organisation. The model is based on the development of high-technology companies. The first stage is called the proof-of-principle stage. Usually, no organization as such exists in the stage. Rather, it consists of a hopeful entrepreneur with an idea about a business and a small group of engineering consultants. The basic task in this stage is to develop proprietary technologies. In the prototype stage, the task is to continue inventing and to begin making the device. By now, 20 to 30 employees are involved. If this stage is successfully completed, the model-shop phase begins. This stage involves production and model testing of a number of models. The task is to make the device well and test it. The 4th stage is the start-up phase, when volume production, big investments, and testing of the overall business idea begin. The natural growth phase follows. Profitability is the task here, and the 2nd-generation product appears. Finally comes strategic maneuvering, in which the task is to achieve dominance of a market niche. Individual new ventures may vary from this sequence, but they are variations on the model.

AUTHORS: SCOTT, MEL; BRUCE, RICHARD

Title: Five Stages of Growth in Small Business

Journal: Long Range Planning, 20, 3, 45-52

Abstract: A small business is one in which management is independent, an individual or small group supplies capital and holds ownership, and the workers and owners are in one home community. As a small business develops, it moves through 5 growth stages: 1. inception, 2. survival, 3. growth, 4. expansion, and 5. maturity. At the transitions between the 5 stages, crises tend to occur. A model of small business growth is proposed that isolates the 5 growth phases, the factors that precipitate crises, and the major strategies to be considered. Profitability administrative demands, and time constraints are the most likely crises during the inception stage. Crises during the survival stage can include: 1. overtrading, 2. increased complexity of distribution channels, 3. change in the competition basis, and 4. pressures on information systems. Crisis points during the growth phase are the entry of larger competitors, and the demand of expansion into new markets or products. Expansion stage problems include management's distance from the action and the need for external forcus. Key issues during the maturity phase include expense control, productivity, and finding growth opportunities.

AUTHORS: **GUPTA, YASH P; CHIN, DAVID C W**

Title: Strategy making and environment: An organizational life cycle perspective

Journal: Technovation [TCH] ISSN: 0166-4972 Vol: 13 Iss: 1 Date: Jan 1993 p: 27-44

Abstract: An organizational life cycle model assumes that organizations go through predictable stages of growth. Using a 3-stage organizational life cycle model of inception, high growth, and maturity, an investigation is presented of the extent to which changes in environmental challenges can be associated with changes in strategy making. Environmental challenges are operationalized using 3 constructs: 1. dynamics, 2. hostility, and 3. heterogeneity. The strategy-making process is operationalized using 2 constructs: 1. analysis, and 2. innovation. The data were collected from 105 chief executive officers of Canadian companies. The results show that organizations tend to perform more analysis and innovation when faced with higher degrees of environmental dynamism, hostility, and heterogeneity. It also shows that organizations in the high growth analysis and innovation when faced with environmental challenges than do those in their maturity stages.

AUTHORS: **CHURCHILL, NEIL C.; LEWIS, VIRGINIA L.**

Title: The Five Stages of Small Business Growth

Journal: Harvard Business Review (HBR) ISSN: 0017-8012 Vol: 61 Iss: 3 Date: Mayun 1983 p: 30-50

Abstract: Small businesses share common problems at similar stages of development. A framework for small business growth was developed which delineates 5 stages of development: 1. existence, in which customers are obtained and a product or service is delivered, 2. survival, in which the business becomes a workable entity, 3. success, during which the decision is made to expand or to keep the company stable and profitable, 4. take-off, a time of rapid growth and financial and managerial challenge, and 5. resource maturity, in which the business can engage in detailed operational and strategic planning. The key factors determining ultimate success or failure are financial,

personnel, systems, business resources, the owner's goals, and the owner's operational, managerial and strategic abilities. The importance of these factors changes at each stage of growth. Knowing the business' stage of development and future plans enables owners, managers, and consultants to better understand problems and anticipate future challenges.

AUTHORS: CARBONE, T.C.

Title: The Stages of Success

Journal: Management World (MWL) ISSN: 0090-3825 Vol: 14 Iss: 4 Date: Apr 1985 p: 36-37

Abstract: Successful small businesses go through 3 stages of controlled growth: 1. conception and growth, 2. turbulence, and 3. maturity. During the initial stage of growth, businesspeople are concerned about keeping the business operating. If sales grow steadily and spending is kept to a minimum, the firm progresses to the early growth stage, during which the number of employees increases and the small businessperson becomes a true manager. As such, the owner begins delegating and develops ways to measure business performance. When the firm reaches maturity, the owner-manager must make investment decisions and take calculated risks to expand. It is at this stage that many managers become too rigid in their thinking. Planned growth requires: 1. motivated management, 2. flexibility, 3. innovation, 4. an upward trend in sales, 5. controlled costs, and 6. high employee morale. Growth plan documents should include specified targets, a time schedule, and the allocation of resources, among other things.

AUTHORS: SECRETAN, LANCE

Title: Five Ways to Stay Hungry

Journal: Canadian Business (CB) Vol: 58 Iss: 1 Date: Jan 1985 p: 121-135

Abstract: Despite corporate growth and increasing organizational complexity, many chief executive officers (CEO) have been able to maintain their entrepreneurial attitudes by following 5 basic rules: 1. Constantly remember the company's basic objective. 2. Hire the best support personnel possible. 3. Maintain the flexibility to adapt to changes. 4. Keep operations as lean as possible. 5. Train employees well and instill corporate objectives in them. CEOs, such as George Cohon of McDonald's Restaurants of Canada Ltd. and Don Green of Tridon Ltd., practice these rules by visiting factories develop growth strategies. As organizations progress through various stages of growth, leadership crises can develop. Corporate expansion is often accompanied by new management responsabilities for which entrepreneurs are not trained. As a result, entrepreneurs must be able to manage a variety of transitions. For example, Mitchell D. Kapor, chairman of Lotus Development Corp., says his management style will have to change to accommodate the growing bureaucracy that accompanied Lotus' growth. These changes can also happen to mature companies like McDonald's in the US, which has begun to restructure to account for its enormous size.

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