
Research Topic

Best Practice and Absence of Strategy
in Small & Medium Size Enterprises

Basic theory and results of the empirical and analytical research

Thesis

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„International Strategic Management“

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March 2011

Thesis Declaration

This thesis is a presentation of my original research work. Wherever contributions of others are involved, every effort is made to indicate this clearly, with due references to the literature and acknowledgement of the empirical, analytical research and discussions.

The work was done under the guidance of Prof. Dr. Dominique Xardel and Dr. Brahim Gacem, at the Business & Management University/Geneva Business School in Geneva.

Abtwil, March, 2011

Angelo Amonini

In my capacity as mentor of the candidate's thesis, I certify that the above statements are true to the best of my knowledge.

Geneva, March, 2011

Prof. Dr. Dominique Xardel

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List of Abbreviations

Absent-strategy-SME	Small & medium size enterprise without a corporate strategy
Absent-strategy-tool	Management principles alternate to a corporate strategy
et al.	and others
BFS	Bundesamt für Statistik
BMU	Business & Management University
BSC	Balance score card
ca.	approximately
CEO	Chief executive officer
Companies in 1000	297.7 = 297'700 companies
Consents validity	Validity gained by negotiation, joint reflection and common sense
Dr.	Doctor
EFQM	European foundation for quality management
ERP	Enterprise resource planning
etc.	et cetera
e.g.	for example
GBS	Geneva Business School
Good SME	Small & Medium Enterprise with medium financial capacity
Great SME	Small & Medium Enterprise with very well financial capacity
i.e.	that is
IPO	Initial Public Offering
ISO	International standard organization
LE	Large enterprise
MBA	Master of Business Administration
Micro Enterprise	Company with less the 10 employees
NGP	Net Gross Product
Non Strategists	Founders and CEO's of strategy absent company
p.	Page
PhD	Doctor of Philosophy
PMS	Project management system
POC	Project oriented company
PPM	Project portfolio management
Prof.	Professor
R & D	Research & Development
SME	Small & medium size enterprise

Strategists	Founders and CEOs following an explicit management strategy
Strategy SME	Small & medium size enterprise following an elaborate strategy
SWOT	Strength, weakness, opportunity and threats
USA	United States of America
USP	Unique selling proposition

List of relevant Websites

www. bas.admin.ch	Schweizer Bundesamt für Statistik, Bern
www.kmuswiss.ch	Network for Swiss small and medium size companies, Baden
www.kmuinfo.ch	
www.meetingsupport.ch	Online-survey services, Zürich

1 Summary / Abstract

Creating a management strategy in Small & Medium Size Enterprises (SMEs) is a topic that has so far only been covered marginally in business education, management theory, leadership training and organizational development. Additionally, the specifics of Small & Medium Size Enterprises (SMEs) versus large companies are often not taken into account fully when it comes to design and implementation of a managing tool called 'management strategy'. Because many small and medium sized companies (SMEs) lack vast hierarchical management, levels including top executive's traditional behavior, and lack an explicit management strategy containing extended policy and decision making, SMEs have developed several other means of managing their business successfully.

This thesis covers aspects of management practice in SMEs. First and foremost, it tries to establish a new classification code for managing SMEs, allowing a clear distinction of the phenomenon 'strategy absence'. In a second step, aspects of creating and implementing a management strategy will be covered, dependent on the SMEs focus. Third, this work evaluates specific tools introduced by management literature that are applied by strategy-absent companies. Fourth, results from our survey provide a variety of hands-on recommendations that help manage particular SMEs. All these elements are supported by the theoretical analysis related to background and nature of SMEs, including a review of 'strategy absence' definitions and models.

This thesis includes results of an online survey conducted with founders and top executives from 183 Swiss companies. The study of alternative tools in management strategy literature ('absent-strategy-tools') and the evaluation of all data of our survey make obsolete the question whether a SME follows a management strategy or not. The fundamental question rather is: Are you aware of the eleven management beliefs of 'great' Swiss SMEs? And do you know the nine pathways from 'good' to 'great' Swiss SMEs? These new findings may help avoid the pitfalls of an elaborate 'wrong' management strategy deriving from the management strategy-hype.

Theory on strategic management applies to *all* companies of *all* sizes in *both* local and global economy. The eleven findings and the nine pathways from 'good' to 'great' Swiss SMEs move the 'corporate strategy' to second place. For *specifics* on managing Swiss

small & mid-business, however, the new findings may lead to a bright future of an SME. The final comments and the detailed management abstract are indicated in section 9.

Keywords: Creation of management strategies, strategy absence, anti-strategists, management tools alternate to a strategy, management strategy-hype, strategy-flops, Swiss small & mid business, best practice for SMEs.

2 Introduction

Recent trends have forced us to view business as an enormous challenge (Ghemawat 2007). Globalization, competitive pressure and manmade collapse due to business shroud (e.g. collapse in 2000 of the dot.com hype, the crisis of financial institutions in 2008 etc.), opening of new markets and de-regulation of existing markets, decreasing product life cycles and the ongoing evolution of information technology, are all contributors to this challenge.

Any business is challenged by the dynamics and complexity of today's environment. As a result steering and management systems are required not only in large companies but particularly in Small & Medium Size Enterprises (SMEs). We no longer enjoy stable economic conditions where historical management data alone can be used as the basis of future planning. Furthermore, long term planning based on the extrapolation of historical trends is increasingly more difficult as SMEs – similar to large companies and multinationals – are exposed to breaks in trends and other surprises (see above: dot-com and supreme crisis). Over the last few years, trade liberalization and globalization have significantly increased customer expectation and competition between companies (Karaev, Lenny & Szamosi, 2007). Market trends, mind shifts as well as regional and global crises have to be anticipated and accommodated. In doing so, it might be essential to define a clear strategy for a company aiming to do business successfully. Implementing a guiding system or a management strategy may become one of the major challenges for the founder of a SME or a CEO succeeding the founder. Interactive strategic planning to ensure long term safety and continued development of small and medium sized companies might become crucial.

Numerous management systems and leadership concepts have been developed in Japan, Europe and the USA, especially during the 1990's, with many of these systems being described in thick books or on the internet. A number of these instruments are introduced with definitions, methods and explanations of how to implement management systems. However, a clear concept is required before any decisions can be made to introduce a new leadership instrument or a management strategy into a company. This precondition applies in particular to small and medium size enterprises.

Researchers face similar difficulties when they seek theoretical implications for long term successes in small and medium size companies (SMEs).

In this study we will ask questions such as:

Following the saying “managers get things done through other people”, how do founders and top executives of SMEs in Switzerland get things done in their small and medium size company?

Which tools and hands on techniques do founders and top executives of SMEs use to accomplish their management job?

Do leaders of small and medium sized companies (SMEs) believe in the concept that any kind of leadership automatically contains a strategically oriented management?

Some management theorists claim that an enterprise lacking a defined management strategy is not doomed to fail! How do businesses in specifically small and medium size companies (SMEs) prosper without a properly created corporate strategy?

2.1 Small & Medium Size Enterprises (SMEs) – under researched area

Little attention has been paid to the strategic management process in SMEs and to its effectiveness and outcome. Strategic management in the field of SME often fails because of lack of capability, managerial skills or resources. The process of generating strategies is not a simple decision making exercise. Management strategies in any enterprise need to be continuously re-defined to effectively reflect the varying requirements of customers and various changes in relevant business environments. Unfortunately, guidelines, business goals or strategies for SMEs are often created without considering the future structure of the business, particularly at the operational level.

Furthermore, there is considerable vagueness in literature and in practice concerning the development of a viable management strategy in SMEs (Munive-Hernandez, 2004, p. 691).

A glance at the field of SMEs reveals that SME-founders or senior management lead intuitively with surprisingly considerable results. Research concerning the incomplete or absence of a management strategy in SMEs, however, is insufficient and marginal: “In any field of inquiry there is a continuing need to define the important questions and issues for empirical study. ‘Strategy absence’ is a legitimate phenomenon of interest to business management scholars. The phenomenon of ‘strategy absence’ is definitely under-researched” (Inkpen & Choudury, 1995, p. 321).

A consensus shows that the term 'strategy absence' is established. It also reveals that 'strategy absence' is poorly reflected and analyzed.

Starting point of this study is the author's experience that founders of SMEs often do have an *implicit* business strategy, but as it is not put into words *explicitly*, they seldom communicate their strategy to all it may concern: Employees, media, market, competitors, customers, stake-holders, successors etc. This is a crucial issue because speaking about the long term focus of a company could significantly increase the confidence and motivation of all people involved. Talking about the 'where we are going – and how' might lead to an increase of business success factors such as loyalty to the company, job satisfaction, entrepreneurial spirit or convincing corporate image.

2.2 Purpose of Studying Management Strategy in SMEs

Unfortunately, to date, few researchers have addressed the strategy making processes within small and medium size companies (O'Regan & Ghobadian, 2000). Although much work has been undertaken to analyze and investigate strategy in large corporations, until recently there has been little concern towards strategy creation in SMEs (Analoui & Karami, 2001). The structure of business in Switzerland, however, benefits from several specifics, e.g. the market and economy is dominated by Small and Medium Size Enterprises (see Tables 1 and 2). It is the large field of SMEs that provide employment for 67% of the Swiss work force. Therefore, any research concerning SMEs is essential for long-term success of the Swiss economy. That is why for SMEs management, organizational and marketing issues, which have been researched for large enterprises over and over again, should definitely become first choice research projects in scientific community and in governmental budgets! By the way: Similar situation is found in Austria.

Switzerland: Enterprises, employees and company size

Size/Classification	Companies in 1000	%	Employees in 1000	%
SMEs (20 to 249 employees)	297.7	99.7	2150.2	67.5
Large (more than 250 employees)	1.0	0.3	1035.4	32.5

Table 1: Market & Economy (Swiss Federal Statistic Office 2007, www.admin.ch)

Europe: Enterprises, number of employees, dominant size and productivity

Country	Companies in 1000	Average size	Dominant size	Contribution to National Productivity
Germany	3515	8	LE	98 %
France	2325	7	Micro	66 %
Italy	3940	4	Micro	81 %
Austria	285	11	SME	89 %
Switzerland	240	11	SME	77 %

Table 2: Economy 1998 (www.kmuinfo.ch, Betriebszählung 1998)

Large Enterprise	>249 employees
Medium-sized Enterprise	50-249 employees
Small Enterprise	20-49 employees
Micro Enterprise	up to 9 employees

Table 3: General classification enterprises according to number of employees

2.3 Research Questions and Research Goals

From the traditional research topics in business - managers, organization, human resources and marketing - this study intends to further a general understanding of companies *without* a management strategy. Clearly, improved company performance is one of the main objectives in large as well as in small or medium enterprises. But immediate results are more proximal indicators of its success or failure for top executives than long term efforts such as the definition, implementation and evaluation of a management strategy. Therefore the idea, that companies *without* a strategy are not necessarily doomed to fail but may flourish, has found its way into scientific literature (Inkpen & Choudhuri, 1995). So the scientific community seems to not care about the phenomenon 'strategy absence' being under-researched.

But as 'strategy absence' as well as 'small and medium size enterprises' (SMEs) are both an under-researched area, there is an urgent need

- to find out what management theorists think about the absence of a management strategy;
- to refine the definition of 'strategy absence' – a sophisticated but under-researched phenomenon;
- to describe leadership styles in small and medium size enterprises (SMEs) to find out whether SMEs in general neglect strategic thinking;
- to identify the management tools applied by founders and top executives of SMEs lacking a corporate strategy;
- to surface the conditions that favors the absence of a management strategy – particularly in small and medium size enterprises (SMEs).

Research on SMEs is extremely rare. But recently a European-Italian field-study on SMEs lacking a management strategy was published. The findings introduce 'six principles' applied by successful SMEs in Europe. Subsequently we want to check how these work for strategy-absent Swiss SMEs. So there is also a need ...

To ask whether the 'six principles' also provide a viable strategic management tool for Swiss SMEs?

To find out whether current management practice of founders and top executives in Swiss SMEs differ from the 'six principles'. In case of considerable difference, it may be of crucial importance to anticipate what impact the deviation may have concerning the performance of Swiss SMEs.

The study intends to serve all these needs mentioned above with focus on Switzerland's economic strength deriving from successful small and medium sized companies. Our three research questions concerning Swiss SMEs are:

Conditions, Principles and Hypothesis

- What kind of management concepts do founders, senior management or top executives apply to lead their Swiss SME towards a bright future?
- How are Swiss SMEs - lacking a management strategy – managed successfully? Are they managed by the 'six principles' introduced by the European-Italian field-study? Principles: "Self-containing business units", "In-house sourcing", "Cooperation with similar business partners", "Minimize financial dependency", "Go for opportunity", "Great friends among top management".
- Are there specific circumstances that favor 'strategy absence' in Swiss SMEs? How do they differ from the 'six conditions' mentioned in the European-Italian field-study? Conditions: "Manager's education", "SMEs prosper without management strategy", "No problem, missing resources means missing strategy", "Small projects – no strategy", "Other goals than merely growth rates make a strategy unnecessary", "No economic growth without intense effort".

The six principles and the six conditions (12 hypothesis) are described in section 5.3 and 4.4.4

The research questions mentioned above reveal the study's intention to evaluate and exploit the experience and power of the large number of small and medium size enterprises which make the economy of Switzerland successful.

As a result of our research questions our research goals are:

- To bring light into the management practice of Swiss SMEs

- To verify or falsify existing preliminary research findings concerning ‘managing SMEs successfully *without* an elaborate management strategy’
- To apply statistically based methods and data processing.

2.4 Relevance and Scope of the Study

As mentioned before, no *empirically* or *statistically grounded* research of ‘companies without a strategy’ has been carried out, neither for large firms nor for Small and Medium size Enterprises. Rumelt, et al. (1994, p. 531) report: “Are there viable management strategies? In the end, we did not use the question because there did not appear to be enough systematic empirical research on the subject to generate any light”. The lack of solid research on the absence of a management strategy is more than astounding.

This thesis, however, intends to contribute to *statistical* solid research. In a given frame of reference, it will analyze the perception and attitude of Swiss founders as well as top executives (i.e. ‘founder’s successor’) when making efforts to manage and lead their Swiss SME *without* having created a corporate strategy specifically for their company.

Although our study is conducted in Switzerland, the results are essential for the scientific community, international management, education and top executives in order to understand the significance to a SME of both ‘strategy-absence’ and an elaborate management strategy. The findings will be relevant for academic research, and the business world including research concerning ‘management strategy’ and ‘strategy absence’ in small and medium size enterprises as well as in large firms.

Practitioners as well as the scientific community are aware of the need to increase research on ‘strategy absence’ in SMEs. In order to provide a solid research deriving from empirical data, the focus of this thesis chooses the approach of a standardized survey including statistically based data processing. Our survey will take place and be completed on approximately 200 Swiss SMEs. Top executives will be the respondents of our survey. To increase the total number of respondents we chose the method of a visually attractive online survey. Screen captures are displayed in the Appendix.

The scientific core of our research project will be: On the basis of a given frame of reference (‘six principles’ and ‘six conditions’), how to manage a strategy-absent company suc-

cessfully. We want to test the given frame by statistical methods. Therefore twelve hypotheses will have to be either falsified or verified. All twelve given hypothesis refer to production process, organizational structure and leadership culture.

After having tested each hypothesis with statistical formulas, the results will provide vast material for reflection and interpretation. Taking business concepts from management literature into account, the study will provide valuable insights into how to manage a strategy-absent Swiss SME successfully. Conceptualization of the broad array of processed data will produce additional insights into the benefits of creating and strategically implanting elements for small and medium size enterprises.

All the factors mentioned above put some limitation on the study's findings. A larger variety of hypothesis to be tested and a boarder range of European or even global samples may deliver slightly different findings. These factors, however, are not at all unexpected.

Our online-survey for testing twelve given hypothesis, however, focuses a field which is, up to now, totally under-researched. Therefore our results are of tremendous value providing further thoughts for research and improvements in managing enterprises of all sizes.

2.5 Overview of the Thesis

Section 2 contains the introduction into the study. Some fundamentals on management strategy are displayed in Section 3. This includes a reflection of pros and cons concerning a 'management strategy' in companies. The pros and cons lead to the phenomenon of the 'absence of a strategy'. Literature concerning 'strategy absence' will be highlighted in Section 4. Section 5 will evaluate the possibilities of research on this sophisticated issue, focussing on small and medium size enterprises (SMEs). The Section illustrates the challenges of business with which SMEs are confronted. It reveals the practice of how top executives of SMEs cope with daily business as well as the dynamics and developments of the market. The particularities concerning management practice in SMEs evolve – and the fact of a non-existing management strategy arises easily. Section 6 will develop a research design, explain the method and sampling technique, and introduce the guideline of our online survey for SMEs in Switzerland. Based on the results collected by the online survey, an overall evaluation of the statistically gained findings will be the center of Section 7. Section 8 contains the final research findings and conclusions of the thesis. It comprises

key findings of the research and provides an answer to the main research questions and their use and benefits. In Section 9, suggestions for future research are introduced. The researcher reviews the study and comprises his own vision for future SMEs in Section 10. Finally, Section 11 provides references and literature, screen shots of the online survey and some residual data collected by the online survey (**Appendix**).

3 What is Management Strategy? (Evaluation of Literature)

Although a huge variety of work is done on strategic management, we know very little about the successful implementation of a management strategy. There is also very little knowledge about the effects of the absence of management strategies on business. Researching the *absence* of a system is truly a greater challenge than doing research on its *presence*. Therefore, we additionally have to consider work that is done on the presence of the system.

Due to the complexity of enterprises and organizations in business and economics, how-to-do manuals on management strategy are elaborated. There seem to be as many models as there are managers and management theorists. Still, there is great consensus about the 'strategy' issue and little dissension across international management schools or throughout decades of academic management publication.

3.1 Management defines Management Strategy in similar Ways

(Management: Founders, CEOs, Managing Directors, Executives, Employees, Consultants and Theorists)

Common sense as well as scientific literature point out the need to differentiate between the terms 'strategy' and 'vision':

The 'vision' defines concisely the ultimate direction of the company, determining the intentions of the company and explaining 'the what and why'. The term 'strategy', however, outlines 'the way' to proceed. Due to ongoing rapid changes, globalization and market instabilities it might become extremely important for SMEs to have clear defined routes. Vision is „a mental image of a possible and desirable future state of the organization“ (Bennis & Nanus, 1985, p. 82), „some future that is worth building“ (Leavitt, 1986, p. 62), „a specific destination, a picture of a desired future“ (Senge, 1990, p. 149). Mintzberg (2005) states that „vision goes beyond words“. As a result visions inspire people to develop various plans and procedures ('strategies') to turn desired visions into prosperous reality.

'Strategy' is the long term objective derived to ensure the success of the company. Strategies are the link between the requirements of markets and ability of the companies to satisfy them. Strategy formulation, just like the definition of the vision, is a management responsibility, whereas the implementation of the strategy is part of operations in everyday

business. This in mind, opinion leaders like founders, CEOs, honoured employees or consultants, often say: “Top down for targets, bottom up for results!” Thus, a strategy formulation should answer the questions, “What business should we be in to maximize the long-run profitability of the organization? And: How should we enter and increase our presence in these businesses to gain a competitive advantage?” (Hill & Jones, 2004, p. 17).

You will rarely hear the word ‘management strategy’ when talking to founders, pioneers or leaders of SMEs, but often experience the term ‘vision’. The tool ‘management strategy’, however, is very often used in large companies – whereas ‘visions’ is mentioned occasionally. In fact, management teams of large firms refer often to the term ‘strategy’ for many reasons. The concept ‘management strategy’ is also over-emphasized by management consultants, and thoroughly analyzed in theory by the scientific community. It is no surprise that there is good work done to grasp the crucial thing needed to lead an enterprise successfully, the thing called a ‘corporate management strategy’. Here is a selection of vivid comments revealing aspects of strategic management:

Steiner (1979, p. 406) illustrates the intentional and relational aspect of a management strategy: It is „an action taken by a manager to *offset* actual or potential actions of competitors“.

Peters & Waterman (1982, p. 30) grasp the drive and motivation of a strategy: „A damn good idea for *knocking the socks off* the competition“.

Ansoff (1965, p. 24) explains useful terms to approach the strategy topic, for example „objectives set the goals, and *strategy* sets the path to the goals“.

Porter (1991, p. 95) creates the two basic questions leading straight into the complex and challenging topic of the impact of a corporate strategy: „Why do firms succeed or fail?“ and pointing out to the pitfalls he wonders whether there are at all “*any* strategies within firms”?.

Rumelt, et al. (1994, p. 535) present a research agenda on management strategy, outlining the „fundamental issues in strategy“:

1. The issue 'how do firms behave?' deals with internal mechanisms of a company as a whole. Is it logically driven? Is it predictable? Can a shared frame of reference among the members of a company be spotted?
2. The fundamental topic 'why are firms different?' catches, analyzes and explains the obvious differences between companies.
3. Roles and functions are to be reflected. For example 'what is the function of - or value added by - the headquarters unit in a diversified firm?'
4. The crucial issue of 'what determines success or failure in international competition?' leads to analysis of corporate strategy as a competitive advantage.

Collins & Porras (1997, p. 2-3) stress the power of *visionary* thinking as a most important issue *within* a management strategy. Companies with the ability to generate and live their visions in daily business are „a very special and elite breed of institutions. They are *more* than successful, they are *more* than enduring. In most cases, they are the best of the best in their industries, and have been that way for decades”.

The overview above shows that comments vary little among all who deal with management strategies – i.e. academic theorists at business schools, management consultants, or top managing teams think pretty the same about the benefits of a 'corporate strategy'. Literature on management strategy issues is extremely elaborate and discussed. However, there are also issues that do not at all support the usefulness and superiority ('great') of a corporate strategy. For instance, the creation and application of a newly designed management strategy may lead to a severe irritation of a firm, even to breakdown or bankruptcy. The well known management theorists Mintzberg, Ansoff, Chandler, Andrews, MacCrimmon, or Inkpen know more about this contraproductive phenomenon (see below: Section 4).

3.2 Is there a need for a Corporate Strategy within SMEs?

Due to their sizes, small and medium size enterprises (SMEs) may be fortunate to easily live their visions (see above Collins & Porras 1997), to find an idea to “knock off the socks of their competitors” (see above Peters & Watermann 1982), and to do business successfully *without* creating an explicit management strategy. Our study will analyze this argument.

Outstanding authors report that the heads of *all* companies – small, medium or large – claim that they work with a management strategy. The author's research reveals that today's management levels, however, mainly connect 'strategy' with sales methods, discounts, product lines, and distribution channels (Inkpen & Choudhuri, 1995). These tasks can be named 'strategic planning'. As a result the authors wonder whether today's management view 'strategy' as just simple rhetoric. (Eccles, Nohria & Berkley, 1992). The authors ask why today's managers in general still often forget to include into a corporate strategy such crucial issues as business processes, customizing products & services, research & development (R&D) as well as new technologies? These topics should be a core of any management strategy. Misunderstanding the term 'strategy' applies to a large number of managers no matter whether they work for a large, medium or small company. Subsequently founders of SMEs too may mix up strategic planning with a management strategy.

The authors mentioned above point out that, in the twenty-first century, business arena large companies as well as SMEs need to move from 'strategic planning' to 'strategic management'. They recommend clearly that management levels move beyond production lines and distribution channels towards visionary and strategic thinking. For successful transition not only large companies but also SMEs have to anticipate weak signals in any relevant business field. Managers have to become skillful in creating and implementing management strategies, created among all stakeholders interactively. Managers should strive, with their management strategy, to obtain a good fit between company culture and corporate strategy as well as skills in coping with management crisis. Our study will discuss how this recommendation might apply to leaders of small and medium size companies (SMEs).

As illustrated by Lombriser (1997, p. 41), Strategy Management is going to be increasingly crucial for successful business in an open economy and highly competitive market (see Table below):

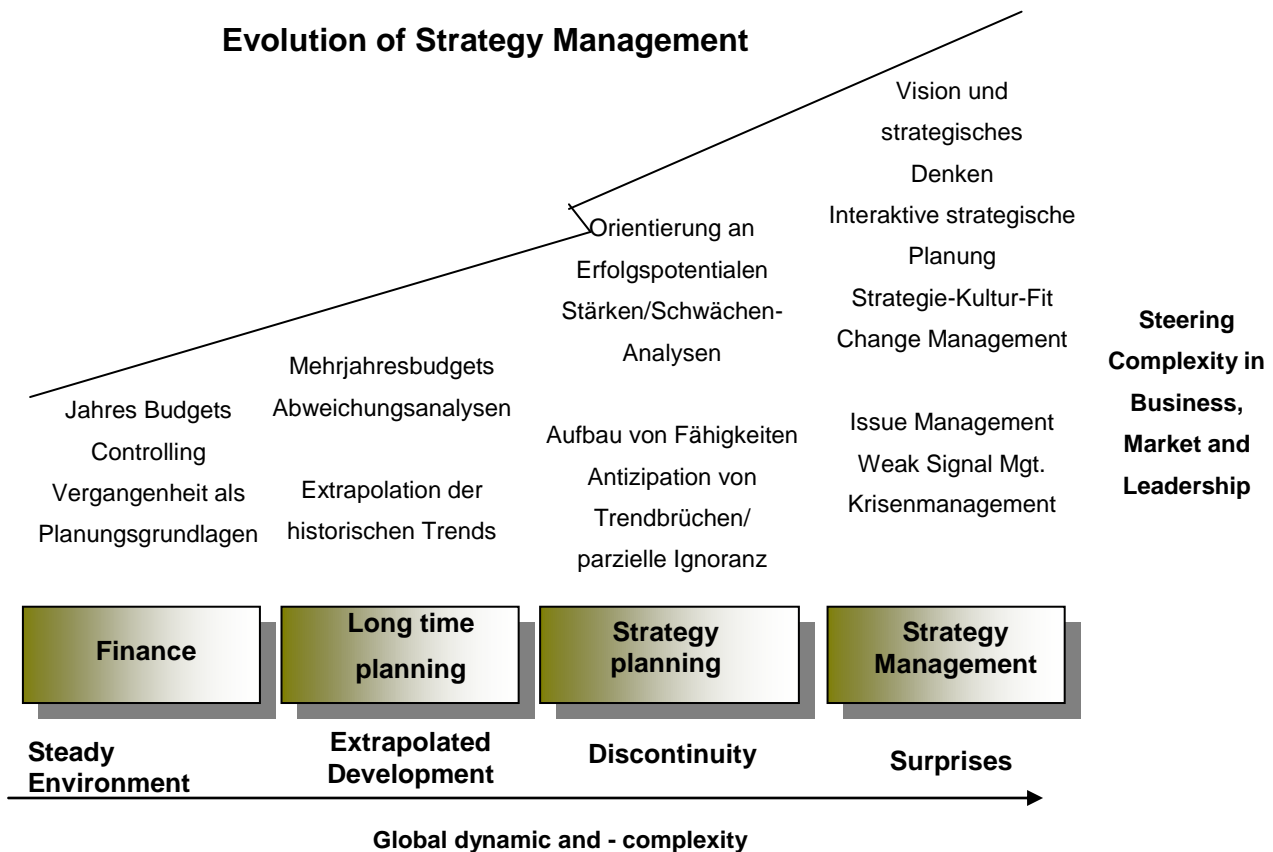


Table 4: Evolution of Strategy Management (Lombriser/Abplanalp, 1997, p. 41)

There will also be, whether 'strategy management', increasingly, a need for successful business, in particular, in small and medium size enterprises (SMEs). This issue is to be answered by this study. This argument will be discussed, as we do not know yet, how SMEs are managed successfully.

Chevalier (see Hofer & Schendel, 1979, p. 17) points out that the *organizational structure* of a company determines the need of a management strategy: „In industries with little or no technological transfer and in which the market share distribution among competitors can be affected by the action of a single firm, companies should:

1. Dominate the market segment in which they operate.
2. Consider means of how to become capable for dominating a specific market segment, for instance by a strategy approach.”

So in case of a SME having no technological transfer and additionally being exposed to a single-firm threat, it could be in urgent need of a management strategy.

Ansoff (1965, p. 103) considers the need for a management strategy as a *situational condition*: „Strategy is when you are out of ammunition, but keep firing so that the enemy won't know“. What a witty explanation of a strategy. Indeed, being out of ammunition can happen to any company at any time, be it large, medium or small. A management strategy helps to amaze and survive.

3.3 Implicit and Explicit Management Strategies

Literature shows that *all* enterprises – small, medium or large – seem to convey an *implicitly* known strategy, which is implemented without being mentioned in corporate communication channels. This implicitly-known strategy is occasionally supported by an *explicitly* written management strategy communicated for business, politics and public (Porter 1980, Andrews 1971; Henderson 1979). Both explicit and implicit management strategy can be “good and right” or “bad and wrong” (Barney 1996).

Rumelt, et al. (1994, p. 531) explored the grades of consciousness and clear intention as companies try to act according to their management strategy. Rumelt, et al. ask critically: “Do firms really have *internally* consistent sets of antecedent decisions and actions that create functional policies aimed at competing in a certain way or targeted at particular product-market goals? If so, how are these decisions and actions made?” The research findings are several sets of actions which, however, are seldom applied internally *consistently*. Rumelt, et al. call these mind sets „muddling through“, „logical incrementalism“, „emergent strategies“ or „garbage-can“ and question strongly whether these mind sets might be named a management strategy at all. Rumelt, et al. experience shows that the grade of consciousness and clear intention of top management teams concerning a corporate strategy is rather low. Neither *explicit* nor even *implicit* management strategies are at work.

Ansoff (Corporate Strategy 1965) introduces the term of an *explicit* management strategy versus an *implicit* strategy. From experience and observation he knows that many firms operate successfully without an explicitly formulated, written-down and consciously exercised corporate strategy. He wonders how these companies succeed, as there seem to be no means to coordinate actions and produce coherence within their management team and their everyday business. Even large enterprises may work surprisingly well without an

explicitly known and consciously executed management strategy. Ansoff's answer to companies lacking an *explicit* firm strategy is the stability of economic environments: In times of stable markets only small corrective actions are needed to support the survival of a company. Newcomers to the company's management learn from the behavioral model applied within top management. It's the means of informal learning and role modeling within the company that provide coherence of actions and coordinated judgments in a firm's everyday business. Ansoff understands that the concept of passing on unconsciously rules and values to company members which are internalized into everyday corporate behavior, is a powerful dynamic in organizational life. It works easy and naturally. In times, however, of increasing market dynamics or even economic turbulence, management traditions will not help to cope with the new situation. Therefore some new goals, rules and values might have to be created perfectly customized to the increased dynamics of market and economy. Maybe even a totally new outlook of the company is needed. In this case only the creation of a new management strategy, that is *explicitly* formulated, communicated and consciously executed, will lead a struggling enterprise to a bright future.

Ansoff also reports that unfortunately often a new *explicit* corporate strategy severely affects the existing *implicit* strategy. Great turmoil within the firm arises. As a result, motivation as well as production decreases dramatically. Direct and indirect resistance against the new strategy and its drivers arise. In some cases the implementation of a newly created *explicit* management strategy even may lead a firm into bankruptcy. The new design and eager realization of a well formulated 'great new' corporate strategy might turn out to be a disaster. So working consciously with strategies is a powerful tool that may either lead to success or to total breakdown.

From analysis Ansoff knows that some top management teams create an *explicit* management strategy but keep it secret as much as possible. Thus it becomes an *implicit* corporate strategy. The reason for keeping it secret is to avoid direct and indirect resistance from employees, work unions or other stakeholders.

There is another reason to create an *explicit* management strategy but keep it secret. In a tough competitive field a management team might be well advised to not communicate its brand new strategy. Thus they prevent competitors from copying the strategy. Keeping an

explicitly created and implemented strategy under cover, i.e. have an *implicitly* known corporate strategy and execute it well, may turn out as a strategic competitive advantage. A distinction between an *implicitly* known strategy and an *explicitly* written management strategy communicated for business, politics and public, seems to be state of the art in management science. You might now want to know, *how* to create a viable *explicit* corporate strategy? Several management consultants and theorists suggest a list of issues to design an explicit management strategy. We choose the following model as it suits best to large as well as small and medium size companies (SMEs):

3.4 Creating a Management Strategy

“Although much work has been undertaken to analyze and investigate strategy in large corporations, until recently there has been little concern towards strategy *creation*” (Analoui & Karami, 2001, p. 295). Creating an explicit management strategy affords a variety of judgments. These management judgments often are done without any in-depth analysis because doing business in global markets and managing people in organizations both are an extremely complex affairs. Thus an evaluation of judgments is often neglected. This fact has been known more than fifty years:

In 1964 great management theorists like Sloan (1964, p. XXIII) mentioned that „an essential aspect of our management philosophy is the factual approach to ‘business judgment’. The final act of business judgment is of course intuitive. *Perhaps there are formal ways of improving the logic of business strategy and policy making.* But the big work behind business judgment is in finding and acknowledging the facts and circumstances concerning factors, such as technology, and the market, in their continuously changing forms. The rapidity of modern technological change makes the search for facts a permanently necessary feature of the industry” and of any enterprise. Yet ‘business judgment’ varies from intuitive to formal ways.

Early the same year of 1965 Ansoff wrote: „If our strategic decision theory (applied for managing companies) were to be compared with other decision making tools, we suggest that it is a *behavioral theory*, since it deals with decisions by individuals within an organization“ (Ansoff, 1965, p. 206). To help busy top managers succeed in business judgments, Ansoff “developed processes and disciplines and a methodology of such rigor

that, superficially at least, a corporate strategy could be drawn up by an unintelligent computer“. Despite Ansoff’s rigorous methodology „it is perhaps as well for all of us who made our lives in business that there is still room for flair, intuition, perception, foresight and luck. Without these no business will succeed“ (Ansoff 1987, foreword by H. Jones, p. 12).

The following is a methodology for creating a management strategy by picking out the best from great management theorists like Chandler, Ansoff, Rumelt, Andrews, Mintzberg and MacCrimmon:

1. A management strategy must incorporate and define *long term* entrepreneurial goals for a company. This includes a *set of actions* which lead to the goals. It also includes *providing* needed competencies, alliances, resources and infrastructures.
2. The long term entrepreneurial goals must continuously move into the future. They are like a guiding star and should keep the company on track and in a mood of continuous *development*, so that the organization stays healthy and wise.
3. Designing a strategy must focus on both *realizing business opportunities* as well as exploiting and *improving* the companies competencies, alliances, resources and infrastructure.
4. Creating a management strategy must afford an *analysis* of the economic and political environment. Additionally an evaluation of the companies *potentials* concerning competencies, alliances, resources and infrastructure is needed.
5. It must also include *continuous* evaluation of ongoing developments in business, technology, markets and social life is crucial.
6. Strategy creation must work with excellent tools for analysis and evaluation. The grade of consciousness and transparency while creating the management strategy is favorably as high as possible. Strategy creators should be pretty aware of what they are doing and producing.

With these objectives in mind, the creation of a corporate strategy might force a management team to compromise on several long term goals, while composing the actions which help reaching the commonly shared goals. At least some managers of the top team

should be capable of applying skillfully analytical and creative instruments. The task of implementing a carefully designed strategy affords utmost concentration, power and will. Continuous evaluation of the outcomes of the designed strategy is crucial to improve strategy periodically. Thus the viability of an explicitly created and implemented strategy may be guaranteed.

3.5 Difficulties in Implementing an Explicit Management Strategy

Mintzberg et al. (1998, p. 37) is well aware of the pitfalls when designing a corporate strategy and about the hazards when installing it. In fact, often a top management team is either totally ignorant or helplessly overwhelmed when trying to get their management strategy running. Regularly they ask consultants to do this job. But Mintzberg – in his role as a consultant – argues: „It’s too complicated for us. Go back and do your own homework: Learn about your distinctive competencies by immersing yourself in the details and trying things! Get all sorts of people involved! And eventually you may be able to come up with an effective strategy. We can’t do it for you! “ Top management, opinion leaders and other stakeholders are invited to join an in-depth analysis of the entire company and its economic environment. It is *their* job to develop an understanding of *their* company, to come up with grounded theory about the firm’s future, and to make judgments, prioritization and concepts. Top management has to take responsibility for each of their decisions, good or bad.

Implementing an explicit corporate strategy is an extremely complex project and therefore a challenge to the entire management team. An ‘implemented strategy’ according to Ansoff is „pertaining to the relation between the firm and its environment“ (1965, p. 65). A management “strategy is viewed as an ,operator‘, who is designed to *transform* the firm from the present position to the position described by the objectives“ (1965, p. 205). To create and implement a management strategy „we have attempted to make the analytic framework *practical*. This calls for a compromise between economical precision on the one hand and realism in the problem statement on the other. A compromise is constantly made in favor of the latter” (Ansoff 1965, p. 41).

Responsibility, explicit concepts and compromise are the cornerstones when installing a management strategy within the company. Implementation often fails because the top management team has no experience how to handle the implementation process.

Difficulties in detail of implementing an explicit management strategy will be the topic of Section 5. There the pitfalls of designing and realizing a corporate strategy in particularly small and medium size enterprises (SMEs) will be evaluated.

3.6 How to Evaluate a Company Strategy

“Are there viable management strategies? In the end, we did not use the question because there did not appear to be enough systematic empirical research on the subject to generate any light” (Rumelt et al. 1994, p. 531). It is not easy to recognize the real driving forces (‘strategy’) that factually and thoroughly steer an enterprise. Management theorists and practitioners are concerned how to reveal the driving forces and motives. Ansoff introduces a method to evaluate any kind of management strategy that might exist somewhere and somehow in an enterprise by inviting top management to answer the following simple question: „What business are we in?“ Ansoff (1965, p. 49) points out that „to remain profitable into the long term, the firm must continue to renew itself; new resources must be brought in and new products and markets must be developed“. Following this need, ‘strategic’ means „relating to firm’s *match* to its environment“ (Ansoff, 1965, p. 5). The method analyzes the *relation* between the company and its surroundings to get hold of hints that point to an existing corporate strategy be it explicit or implicit.

A guideline of how to create and design a management strategy (see Chandler, Ansoff, Rumelt, Andrews, Mintzberg and MacCrimmon above) is also useful as a guideline for checking the existence of a working management strategy. For instance, the following questions shine light into a company helping to reveal the driving forces and motives:

- Does management incorporate and define *long term* entrepreneurial goals for a company? Are a *set of actions* included which lead to reaching the goals? Is *providing* needed competencies, alliances, resources and infrastructures also included?

- Do long term entrepreneurial goals continuously move into the future? Are they like a guiding star to keep the company on track and in a mood of continuous *development*, so that the organization stays healthy and wise?
- Does the company focus on *realizing business opportunities* as well as exploiting and *improving* the companies competencies, alliances, resources and infrastructure?
- Does the management afford an *analysis* of the economic and political environment? Do they additionally evaluate the company's *potentials* concerning competencies, alliances, resources and infrastructure?
- Does the company *continuously* evaluate ongoing developments in business, technology, markets and social life?
- Are tools for analysis and evaluation applied? How high is consciousness and transparency while creating the management? Are managers aware of what they are doing and producing?

Asking these questions shows the driving forces and motives within an enterprise leading to an explicit or implicit management strategy.

How to evaluate a company's strategy? And how to evaluate the success of a management strategy? A strategy may be formulated sophisticatedly and consistently designed. But if it does not deliver results as intended, this specific strategy should be revised and renewed. If a management strategy fails, Andrews (1987, 99) points out that the strategy itself must *not* necessarily be insufficient. Often a strategy does not reach the set goals because of misfortune or the implementation went wrong, or the competitors performed extremely well. Missing set goals can happen anytime.

But sometimes an eagerly designed management strategy is indeed not "good and right" but "bad and wrong" (Barney 1996). This is the case when management and staff become unhappy and profits decrease. For some reason management literature hesitates to name 'bad' and 'wrong' strategies. Maybe because they do not want to pinpoint a company and are not sure whether to name the managers in charge of the 'wrong' strategy.

But in times of the management strategy-hype, where nothing seems to go without a strategy, practitioners and theorists *have* to question pros and cons of a corporate strategy.

And develop criteria for evaluating 'bad' and 'wrong' strategies. Better no strategy than a bad and wrong management strategy? Better a *strategy absence* than devastating strategies?

3.7 Incomplete and Absence of a Management Strategy

"Strategy *absence* is a legitimate phenomenon of interest to business management scholars. The phenomenon is definitely under-researched" (Inkpen & Choudhury, 1995, p. 321). But what are the reasons for the ignorance concerning the incomplete and absence of a corporate strategy? Ansoff found several benefits for avoiding designing a corporate strategy (1965, p. 99):

- Improving corporate performance is a crucial issue in any company. Instant results, however, are more visible indicators of success or failure for founders and CEOs than any long term efforts such as the definition and implementation of a management strategy. So why design a corporate strategy?
- As there is no analysis of strategic fundamentals, much time and costs are saved.
- As there are no fixed directives that might work like boundaries within the mind, top executives are not limited concerning innovations and potential investments.
- As there is no pressure to act within a set frame; the company is fairly free to - for example - wait for ideal business chances to emerge on their own.
- No stress to reach toughly defined benchmarks – directive is: 'Go with the flow'.

Thus the notion, that companies *without* a strategy are not necessarily doomed to fail but may flourish, is a shared opinion among management practitioners (Inkpen & Choudhuri, 1995).

Certainly there are some disadvantages for an enterprise that lacks a management strategy. Ansoff points out:

- No strategy means no focus and no aligning of efforts and precious resources (people, competencies, money, etc.). The results are CEOs acting dispersed and divergent - the company lacks core qualifications and maybe even a core business.

- As the company does no periodic evaluation of its enterprise and business environment to formulate strategic goals, the firm may be helplessly torn apart by the changes of economy, market and customer interests.
- A non-existence of a corporate strategy may bring along inefficient processing of relevant business data, an inclination for wrong decisions, and hardly any control on the allocation of resources.

Ansoff concludes that a lack of a management strategy provides more disadvantages than advantages. A non-existence of a corporate strategy is highly risky. Corporations, however, differ in their need for an explicit management strategy. Ansoff knows from analysis that enterprises with vast *operative* business strongly need an explicit management strategy, because its objectives and investments are highly specific. Companies designed as a *holding*, however, may succeed without a strategy, simply focusing on competitive advantages while heading for set financial goals. Firms, solely organized as *investment funds* need a policy. Ansoff recommends: An enterprise with much diversification affords a highly sophisticated, explicit management strategy (Ansoff, 1965, p. 132).

3.8 No Management Strategy – Company Doomed to Fail?

Is a firm that has no management strategy doomed to fail? No. Andrews (1971, p. 106) knows from experience, that there are several enterprises, that do *not* apply a structured procedure to design a company strategy. Managing directors often do daily business mainly *intuitively* – and their business outcome proves to be very successful. They have an internal ‘intuitive’ process *how* to manage their company i.e. to deal successfully with the what, why and how.

From experience Inkpen & Choudhury (1995, p. 317) know some companies and managers which abandon any strategy and do business extremely well. These enterprises intentionally submit to a strategy absence for an increase of savings and flexibility. They are determined to *not* suffer because of a ‘wrong’, rigid and costly ‘elaborate management strategy’.

Management literature seldom focuses on failures, breakdowns or bankruptcy of companies. So there are neither detailed reports on strategy-implementation which missed its goals, nor critical analysis of strategy-creation processes which turned out to be ‘rubbish’.

The ‘Eidgenössisches Departement für Inneres - Bundesamt für Statistik’, however, came up with some very general statistics on bankruptcy of firms (see Table below). Yet the reasons for a company down turn are not perceivable from the statistics. Whether a ‘wrong’ management strategy is the cause of mismanagement – we do not know.

	1994	2000	2004	2007
Konkurs-Eröffnung	9680	8665	10'524	10'712
Konkurs-Erledigungen	9146	8142	10'281	10'469
Verluste in Franken	2'843'328	3'955'169	4'698'216	3'363'853
Zahlungs-Befehle	1'777'849	2'153'289	2'449'129	2'465'306
Pfändungs-Vollzüge	744'651	1'027'219	1'302'452	1'366'507
Verwertungen	240'787	373'241	414'859	459'095

Table 5: Betreibungs- und Konkursstatistik, 2008, EDI, BFS

Konkurseröffnung – opening bankruptcy

Konkurserledigung – execution bankruptcy

Verluste in Franken – losses in Swiss Franc

Zahlungsbefehle – payment orders

Pfändungsvollzüge – attachment enforced

Verwertung - Recovery

4 The Absence of a Strategy (Evaluation of Literature)

4.1 Criticizing the Management Strategy Hype

Nobody really knows why academic literature, how-to-do books, theories, models and concepts are produced in such abundance as it is done on management issues. Big management schools, international economic journals and great theorists are eager to be the leading institution concerning management know-how. Maybe it's the vast complexity of the global economic world and the increasing difficulty to organize people in companies that cause more uncertainty, ambiguity and over taxation. Experiencing excessive demands seeks for tools to cope with uncertainty or ambiguity. The tool 'strategy' for dealing with diverse demands is as old as mankind.

But the nineties witnessed a 'hype' in producing books and manuals with 'brand new' management models and new tools to create 'fail safe' strategies. Nothing goes without a strategy. You need a strategy to lead a company *successfully*, to deal *profitably* with the marketplace, to address *adequately* customer segments, to do *innovative* product research and development, to empower employees and *gain* outstanding competencies, to train CEOs *properly* etc. But, in 1973 Wildavsky dared to criticize the upcoming of 'strategy hype'. The title of his publication is: „If Strategy Planning is Everything Maybe It Is Nothing”.

A controversial discussion started within the scientific community as well as among management gurus whether business life needs strategies or not, and in which cases a corporate strategy might have a 'fail safe' impact on guaranteeing successful business.

For example, Rumelt, et al. (1994, p. 531) also tended to look critically on the ongoing discussion concerning the hype of management strategies: “Are there strategies” that really have a direct impact on a company? The authors joining Rumelt ask: „How do industries evolve?” and „How is organizational competence generated and sustained?”. Their answer is, that management theory has no grounded knowledge on this issue, a fact that is „almost insulting” to the entire community of management theorists, consultants and business schools.

Finally in the late nineties, Paul O. Gaddis presented a classification of approaches that criticize the strategy hype. In his publication “Strategy under Attack” (1997) Gaddis describes four drivers that attack and thus undermine the entire logic of strategic management. The four approaches driving to overcome strategies introduce awesome arguments against the belief in strategy’s implicit great power and impact.

Here are the concepts criticizing the management strategy hype:

1. Chaos theorists refute the usefulness of a strategy, claiming, that there are hardly any direct relations within the entire economic world. Business, companies, customers and marketplace are *unpredictable* systems, each of them. Chaos theorists believe strongly in the interrelatedness of all systems, but – according to Systems Theory – remind that systems are not manageable by single actions. Neither multinationals, nor government, nor hot shots in turn-around management, are able to guide, and thus manipulate companies, towards specific outcomes. Corrective actions always turn out in a way that is at its best somewhat near the intended target. According to the Chaos theorists, a management strategy is nice to have as a ‘list of wishes’, but does not deliver any specifically intended results. Instead, Chaos theorists believe in the ‘self-organization’ of business, marketplace and economics.

Summary: The absence of a strategy – according to Chaos theorists – does not make any difference to the success of an enterprise.

2. Fatalism: A few philosophical traditions claim that only the Mighty God is able to conduct life and guide man’s endeavors towards success. Mainly the Jewish-Christian and the Islamic religion build on a great God. They are convinced in fatalism for all human beings – for great leaders and top managers too – and preach humbleness. According to the Fatalists, no man-made strategy might bring any good, not even the strategy of praying to a God for business success. Similarly, an application of a negative strategy would also not bring any evil. Fatalists consider strategies aiming for successful business as rather a nuisance. They believe in solely serving a Mighty God.

Summary: The lack of a management strategy – according to Fatalism – does not harm the success of an enterprise.

3. Incrementalism: This anti-strategic approach is described in research conducted by Brian Quinn (1980, p. 57, 143). He monitored top management teams while creating and implementing a corporate strategy. His observations seem to confirm the old hypothesis that top management levels are inclined to choose broad goals as well as broad paths to reach these goals. They reject the concept of being as precise as possible about aims, benchmarks and procedures. This managerial feature is not due to incompetence or misunderstanding. Rather top management levels seem to need space for adapting reality to the goals, i.e. adapt their goals to business reality. They want their management strategy to be open to new developments and economic changes. And they want to minimize company internal opposition. Knowledge from psychology and human resource management reports that 'generally defined goals' help to establish consensus in a firm. It is easy for all kinds of stakeholders to agree on issues of general interest. Ambiguity is the way to prevent a rise of counterparts. Incrementalists remind us, that 'general' agreements among a company are most important for any strategy implementation. They recommend talking generally about strategic topics, goals, visions, benchmarks. In fact their strategy is to apply a low profile management strategy. We are not sure whether incrementalists take the strategy-issue serious.

Summary: The absence of a management strategy – according to Incrementalism – does neither contribute to the success nor to the failure of an enterprise.

4. Quick profits: There is a subgroup of managers which are convinced that there is no need to develop competitive advantages and no need to create and implement a management strategy. They prefer to build sophisticated unique selling positions or long term objectives. They also refuse competing on the marketplace. Both are usually the explicit aim of any management strategy. Companies and management gurus which support this approach of quickly made profits, undermine the classic rules of mainstream business and economics. 'Fast profit making' is the only strategy which they accept. Fans of 'quick profits' ignore high spirited goals and therefore neglect designing a bright economic future to which management strategies could lead to.

Summary: The absence of a great management strategy – according to Quick profits theorists – does *not* reduce the economic success that is gained by a simple 'quick profit' strategy.

While anti-strategists strongly doubt that management strategies make business more successful, they, however, offer several *alternate* concepts to manage companies: Self-organization, do nothing but believe in a Mighty God, focus solely on means for 'Quick profits'. Managers negating the strategy-hype believe that, in fact, nothing *can* be done to support business success. As a result, nothing *has* to be done - and maybe anything goes? Within this frame of reference, a strategy absence turns out to be a minor issue.

4.2 Anything goes?

Paul O. Gaddis (1997) himself considers all four approaches of anti-strategy as harmful to business. He points out that they spread a notion of 'nothing *can* be done' and therefore 'nothing *has* to be done', a notion that is, in particular, dangerous to all people who have responsibility and should be constantly alert and highly aware of what they are doing and what they are omitting. Gaddis feels uneasy that some leaders, CEOs or management consultants follow the concepts of Chaos theory, a Mighty God, Incrementalism or 'Quick profits', and that they might – unknowingly – irritate and weaken global economy, because they act without any clear outlook. Their consciousness of mind has to be doubted, Paul Gaddis worries. 'Weakening global economy' is the attack under which management strategies suffer (Gaddis 1997, Strategy under Attack). Doing business, developing goods and services, and organizing employees according to the belief of Chaos theory, a Mighty God, Incrementalism or 'Quick profits' is totally different from the cornerstones of strategic management. Gaddis wonders whether leaders or CEOs of this brand are capable of rational, stringent and strategically thinking. He doubts whether their companies contribute to social responsibility. The big question remains: How can leaders lead without a proper management strategy clarifying the future of their company?

Great management theorists like Ansoff or Chandler also wonder, whether CEOs – though believing in a management strategy – really take their time to do solid strategically work? Do they seriously consider and follow long term goals? Do they learn from past business and do better in the future? Do they have the guts to follow set procedures? Ansoff, Chandler and other consultants observe that too many managers drown in everyday small operations. As a result even fans of management strategies forget to manage according to their management strategy and thus become – without any intention – anti-strategists. This is a pitfall of strategically thinking and strategy management.

Omitting – or forgetting – to act strategically, although the company has an explicit management strategy, is Gaddis (1997) starting point of some more critical arguments: Strategically acting managers who are vigorously attacked by an anti-strategy-notion, often concede and reduce their job to everyday small operations. Gaddis experienced, that ‘fallen’ strategists often wind up believing in concepts of Chaos theory like self-organization. And they – all of a sudden – seek instruments guaranteeing ‘Quick profits’ and apply any offered easy tool readily. So managers who have lost track of their strategy are inclined to go the easy way and become – un-knowingly – anti-strategists.

Gaddis (1997) is sure, that the tools of the anti-strategists (believers in Self organization, Fate, or Quick profits) work to some extent. He observed that they work, in particular, when implementing a management strategy. But they, however, never *substitute* the power of a corporate strategy. Gaddis invites managers and CEOs to take their leadership job seriously by looking into the future, step forward with carefully raised management issues and well formulated and designed strategies. It is – according to Gaddis – fundamentally wrong to believe that ‘anything goes’.

4.3 Strategy Absence

The number of leaders and CEOs, who do their job without a management strategy, is huge. Porter (1991) put it right when he said: “Are there any strategies within firms?” While mainly all other occupations – be it dentist, butcher, builder – know exactly what they do and how, leaders and CEOs are the only ones not really knowing what and how to do! The absence of management strategies is a fact for several reasons. Lacking corporate strategies is caused by insufficient managerial education as well as ambiguity or laziness when it comes to strategy creation and implementation. Bad news is that nobody really knows what the impact of an economy lacking management strategies might be.

In addition, some relevant quotations: “In any field of enquiry there is a continuing need to scope out the important questions and issues for empirical study. Strategy absence is a legitimate phenomenon of interest to business management scholars. The phenomenon is also under-researched” (Inkpen & Choudhury, 1995, p. 321). “Are there strategies? In the end, we did not use the question because there did not appear to be enough systematic empirical research on the subject to generate any light.” (Rumelt et al., 1994, p. 531)

The phenomenon of strategy absence is mainly analyzed in theory and researched in theory. The urgent need for empirical studies is well known, but neither met by the scientific community nor by great business schools. There are only a few empirical studies like Honda entering the American motorcycle market (Pascale, 1984), Semco's flourishing in South America (Semler, 2000) or the start up of Google's search engine into the World Wide Web (Batelle 1965, 2005).

The situation – hardly any proper management strategies within companies, hardly any research on strategy absence, and hardly any worries about these both facts – triggers off unease. The reason of triggering off unease is that strategy absence, the absence of strategy-absence-research, and the absence of solutions is the case in the dominant and large field of international business and world economics.

Because the non-existence of strategy triggers off unease, we set out to find some little solutions and hints from great management theorists (Henry Mintzberg, H. Igor Ansoff, Alfred Chandler) and some help from rare findings on recent research (Kenneth Andrews, Kenneth MacCrimmon, Andrew Inkpen & Nanjan Chourdury, and Leopoldo Sablone) concerning strategy absence:

4.3.1 Strategy & Strategy Absence according Mintzberg

4.3.1.1 Quotes from *The Strategy Concept* (1973, 1987a) by Mintzberg

Fundamental questions like “Are there *any* strategies within firms?” (Porter 1991, p. 95) and “Are there strategies?” (Rumelt et al. 1994, p. 531) afford an in-depth clarification of the phenomenon ‘management strategy’. Given a useful definition of the phenomenon, it might be possible to find out which company has *no* strategy that guides everyday management. We need to define ‘management strategy’ so as to determine properly the absence of a strategy.

Henry Mintzberg introduces five aspects helping to understand the scope of the management tool ‘corporate strategy’ (The Strategy Concept I: Five P's for Strategy, 1987a):

Plan Is the most common understanding of what a strategy might be. Mintzberg (1987, p. 11) describes 'the plan' rather vaguely: „Some sort of consciously intended course of action, a guideline - or set of guidelines - to deal with a situation“ in business and economics.

Ploy illustrates the tricky aspect of any strategy. Trying to overwhelm a competitor, misleading, and the intention of playing tricks derive from Principles of Game Theory. As strategy is „potentially about anything“ (Mintzberg, 1987a, p. 14), it is free to apply tools and techniques whatever it favors ('Do as you like').

Pattern describes the feature of a strategy as a series of coherent actions. Business activities, that are aligned and form a pattern that can be observed and analyzed, seem to create security among top management levels. The pattern of managerial actions may be due to great efforts to consciously align corporate activities. But often the coherent pattern emerges on its own and thus seems to be given.

Position refers to the fact that any Enterprise relates to customer needs and therefore enters the market. Each firm acts within the market and develops a location on the business market place. Often a company may find a niche that makes business much easier. A strategy will, therefore, always inform other partners and competitors of the market place.

Perspective is the overall frame of reference of the people who design a management strategy. It is their meta-theory, their paradigm, their 'Weltanschauung', their philosophy, their epistemology (Mintzberg (1987, p. 16), which influences strongly the scope and feature of the created, implemented and actual corporate strategy. Any top management, consultant or business school has their great 'theory of the businesses and this specific theory form basically the nature of the designed 'strategy'.

4.3.1.2 Strategy Absence in Mintzberg's work

Mintzberg's five P's illustrate some aspects that constitute a strategy. The five P's also help to logically determine whether a company follows a management strategy or not. Inkpen & Choudhury (1995 p. 10) entered some companies and looked for something like a 'plan', searched for a managerial 'ploy', tried to reveal some corporate 'pattern', dug for a hint that

locates the companies 'position', and sensed internal reasoning on the companies 'perspective'. If you don't find at least *two* P's within a company or business unit, that firm works without a strategy, and a starting point to define the phenomenon of 'strategy absence' is given.

To surface a 'pattern', they analyzed the companies and/or CEOs 'actions' and 'corrective actions' and searched for coherent management activities. Sloan (1964, p. XXIII) knows that "the final act of business judgment is of course *intuitive*. But before that perhaps there are formal ways of improving the logic of business strategy and of policy making" i.e. strategically elements within the management activities. So Inkpen & Choudhury evaluated 'business judgments' and searched for patterns in top management's decision making. But as the big work of business judgments is the "*finding and acknowledging* the facts and circumstances concerning technology, the market and the like in their continuously changing forms" (Sloan 1964, p. XXIII), Inkpen & Choudhury mainly tried to find coherent patterns when top managers 'find' facts and acknowledge circumstances. Certainly not *all* management actions or business judgments of a company have to be analyzed to find out whether the unit follows a corporate strategy. But scientific field-study approach recommends researchers to spend several days in-house to do inquiry and assess management meetings ('fish bowl observation or 'shadow counseling').

Two results from Inkpen & Choudhury's search of Mintzberg's five P's:

The Japanese managers from *Honda* motorcycle claimed that they had no strategy when entered the U.S. market in the seventies. Indeed Inkpen & Choudhury found out that the CEOs in charge followed neither specific long term plans and nor set goals but simply moved to North America. There seem to have been hardly any P's, so this unit of Honda motorcycle in those days was an enterprise without any strategy. An example of strategy absence? A business case of the absence of a management strategy that is working very successfully?

In search of the five P's, Inkpen & Choudhury also found *Nucor*, a steel company in USA that does not follow a formalized process of planning and therefore lacks strategic plans and a set of goals. Nucor's concern was solely about being *consistent* in its external actions (a 'pattern'). So their top management conveyed only *one* P. According to Inkpen &

Choudhury's definition, it needs more than *two* P's to grant a company the label 'strategy', So Nucor lacks a management strategy. Yet its strategy-absence turns out to make them successful.

Besides the steel company *Nucor* in America, or *Honda* entering the American motorcycle market (Pascale 1981), two other large companies are considered as strategy-absent: Digital enterprise *Semco* flourishing in America (Semler 2000, Maverick 1993) and the start up of *Google's* search engine into the World Wide Web (Batelle 2005).

4.3.2 Strategy & Strategy Absence according to Ansoff

4.3.2.1 Quotes from *Corporate Strategy* (1965, 1987) by Ansoff

Igor H. Ansoff is positive about the complex issue called 'management strategy' and eager to analyze it adequately. He says: "The firm is an *economically* or 'money' motivated *purposive* social organization. This implies that a set of objectives or purposes can be identified in most firms" (1965, p. 3). Any company does some sort of reasoning about its past, its present doings and its future and Ansoff is sure, that it will ask questions to bring light to its management, like „what business the firm is in and what kinds of businesses it will seek to enter" (1965, p. 6). He is convinced that "this interest (for strategically thinking) grew out of a realization that a firm needs a well-defined scope and growth *direction*. *Objectives* alone do not meet this need. Additional decision rules are required if the firm is to have orderly and profitable growth. Such decision rules and guidelines have been broadly defined as 'strategy' or, sometimes, as the concept of the firm's business" (1965, p. 23). To illustrate the interest for a strategy inherent in any business, Ansoff presents an example: "An infant firm trying to gain a toehold will focus attention on profitability, whereas a large firm entrenched in the marketplace will turn attention to long-term growth prospects" (1965, p.12).

To clarify short versus long-term thinking, Ansoff distinguishes between two terms: „*Objectives* represent the *ends* which the firm is seeking to attain, while *strategy* is the means to these ends". This definition says that "objectives set the *performance levels* which a firm seeks to achieve". But – as Ansoff points out – unfortunately „the choice of objectives is not free" (1965, p. 71) due to the marketplace containing economically, 'money'

motivated purposive enterprises. Ansoff surrenders and admits that “the end product of *strategic* actions is deceptively simple: A combination of *new* products, markets and technologies is developed by the firm. This combination is arrived at by *addition* of new product-markets, *divestment* from some *old* ones, and expansion of the *present* position. The change from *previous* posture requires a redistribution of the firm’s resources” (1965, p. 104).

4.3.2.2 Strategy Absence in Ansoff’s work

As a result, „the ‘environment’ (i.e. the economically oriented marketplace) *determines* the *strategic* and operating responses of the firm“, because the „survival of the firm depends on profit. Unless profits are generated and used for replacement of resources, the firm will eventually run down“ (1985, p. 25). Again, to illustrate his belief that ‘growth’ is the main objective in business and ‘survival of the fittest’, Ansoff presents an example: „Given two otherwise equal opportunities, synergy will be higher in *expansion* than in diversification. Consequently, the firm can expect higher profitability and lower risks from the former“, i.e. expansion and growth is the way how to do business successfully (1965 p. 139).

In this context Ansoff hardly imagines, that there might be a company that does *not* create a strategy to support growth – with the aim to survive on the marketplace. The non-existence of strategic management *is not* an issue in Ansoff’s works.

4.3.3 Strategy & Strategy Absence according Chandler

4.3.3.1 Quotes from *Strategy and Structure* (1962) by Chandler

As mentioned before, fundamental questions like “Are there *any* strategies within firms?” (Porter 1991, p. 95) and “*Are* there strategies?” (Rumelt et al. 1994, p. 531) afford an in-depth clarification of the phenomenon ‘management strategy’. Given a useful definition of the phenomenon, it might be possible to find out what *no* strategy might bring to everyday business. So after having defined ‘management strategy’, finally the ‘absence’ of a strategy may be properly defined.

Alfred D. Chandler quintessence of his research on management strategy is: „Structure follows strategy!“ (1962, p. 14). Therefore „‘strategy’ can be defined as the determination of

the basic long-term goal and objectives of an enterprise. Included are the adoption of courses of action and allocation of resources necessary for carrying out these goals, be it 'men, money and material' and skills". Chandler (1962, p. 383) points out that 'strategy' is the plan to organize the companies resources according to the demands. Organizing resources, however, means developing a 'structure' that meets the needs of production and delivery. Chandler is convinced that human resources are crucial. Resources like material, bricks and machines are less important than a well qualified work force. But only a top management balancing the companies structure according to the strategy will produce „economies of growth and size“ (Chandler, 1962, p. 16).

4.3.3.2 Absence of Strategy in Chandler's work

Chandler refers to strategy absence indirectly. His findings displayed in his book „Strategy and Structure“ (1962) criticize top managers who focus on short term results and comply to everyday business. Chandler considers CEOs of this kind inappropriate for leading enterprises as well as failing to contribute to society as a whole (Chandler, 1962, p. 12). Definitely, top managers have to be skilled in everyday business ('operations'), either when managing according to a management strategy or when managing without a strategy. They should, however, spend most of their time in managing the companies strategy, i.e. evaluating environments and scanning regularly the companies 'structure' to guarantee the balance between short and long term efforts. Chandler expects top managers to create and periodically re-design their overall management strategy, and to mould the company's structure according to the jointly accepted strategy. The absence of a management strategy makes this demanding job almost impossible. Chandler considers top managers who lack a management strategy prone to failure.

Enterprises, however, differ in their need for an explicit management strategy. Chandler (1962, p. 19) knows from experience that large companies which are greatly diversified and rather complex, urgently need a sophisticated strategy. Additionally any company modifying its value chain, dearly needs a strategy (1962, 24). The lack of a management strategy in these cases will turn business success down.

Mainly vastly growing companies will encounter negative effects due to a non-existence of a corporate strategy. Chandler informs that disadvantages evolve because expansion is

made without a 'big picture'. Without a big picture, without a strategy, business chances in new areas may be missed.

4.3.4 Strategy & Strategy Absence according Andrews

4.3.4.1 Quotes from *The Concept of Corporate Strategy* (1971, 1987) by Andrews

Compared to the authors mentioned above, the publications of Kenneth R. Andrews contribute substantially to the under-researched phenomenon of strategy absence (1971, p. VIII, p 29; 1980, p. IV-V). Andrews presents a "structured process of how to manage your company i.e. to deal successfully with the enterprises what and why and how". His hands-on comments and easy-to-apply tools help dealing with all aspects of a management strategy. He stresses his practical approach aiming to support managers of large *and* small companies: „We are less concerned with exactness of language than we might be if development of theory were our first objective“. Thus the works of Andrews bring light into – finally – our topic at hand: Strategy absence in small and medium size enterprises (SMEs). Andrews set out to improve daily business – mainly done *intuitively* by CEOs – by offering a *structured program* which helps to manage with more consciousness. So Andrews develops a 'structured process of *how* to manage your company i.e. to deal successfully with it's what and why and how'. The structured process allows CEOs to analyze their issues of concern and to tackle them more smartly (1971, p. 2, p. 24). He knows that a *general* conceptual grid may not work for every enterprise, because diversity among industries and flexibility on the marketplace afford variety in management. Nevertheless a tool for skillful managing is inevitable, because CEOs seldom possess a perfect intuition or brilliant improvisation.

Within Andrew's structured process *how* to manage your company i.e. to deal successfully with it's what and why and how, a management strategy plays a dominant role. He mentions four arguments (Andrews 1971, p. 41-44):

a. Maximizing profits is not a business goal, especially because it does not inform how profits are to be gained.

b. Business initiatives require quite a bit of time (i.e. research and development of new products or services) and major investments. This job needs planning ahead; mere ad hoc improvisation will fail.

c. An enterprise may be well advised to contribute in advance to economic change and market developments. Jumping the curve is far better than simple adaptation of change. Anticipating what might occur needs a strategy. In case of a non-existence of a strategy, any enterprise is exposed to business hazards.

d. Goals that are carefully defined help to streamline organizing the enterprise. They also might support co-operation within the company as people know what is on the schedule.

According to Andrews experience, each enterprise *has* a strategy ("Every action of a human being has an aim. So every firm has a strategy!" Andrews 1971, p. 36). External observers are able to analyze the company's tasks, goals and policies and thus grasp the underlying forces that give direction. Analyzing the working forces is, however, not sufficient to prepare and guide an enterprise into a bright future. Additionally – that is Andrews advice – top management has to be deeply and continuously concerned about following issues – be it a large or a small enterprise:

What could we do? Be aware of chances and risks in business environments.

What are we able to do? Deal with strengths and weaknesses of the company.

What do we want to do? Integrate preoccupations and interest among the management team.

What should we do? Know the companies responsibility towards all stakeholders.

These four questions are part of Andrews 'structured process *how* to manage your company i.e. to deal successfully with it's what and why and how'.

Andrews research (1971, p. 53-54) draws special attention to *not working* management strategies, a so called 'wrong' strategy. Top management may learn a lot from an abandoned corporate strategy. Experience shows that it *is* difficult to evaluate the market properly, to design the companies competencies adequately, and to define the entrepreneurial power of a company in the right way. Even a company doing extremely successful business does not guarantee that it incorporates a 'fail safe' strategy that is

working so well. Andrews, however, convincingly argues that a *structured program* which helps to manage with more consciousness for improved results in daily business – compared to *intuitively* managed units. Andrews structured procedure allows CEOs to analyze their issues of concern to tackle them in a smart way.

4.3.4.2 Absence of Strategy in Andrews works

Although introducing a ‘structured process *how* to manage your company i.e. to deal successfully with it’s what and why and how’, Andrews is *not* naive about the usefulness of a strategy as a management tool. His publications refer directly to the management strategy-hype. To him the non-existence of a strategy is a serious phenomenon: Andrews is aware of all critique raised by anti-strategists. He presents valuable arguments for a pro and contra discussion.

- a. Critique: Strategy builds on a vast array of plans – but you cannot plan properly in advance and the making of the future according to sophisticated or statistically based plans is a mission impossible. Andrews (1971, p. 44): Yes, you cannot plan future business *exactly* and business life never follows *precisely* the designed plans. But *exactness* is not the aim of a strategy creation. The creation of a management strategy is rather the invitation of managers to anticipate the future by imaging *several scenarios* to develop an array of options of how to deal with a situation once it has come up. Thus the aim of strategy creation is to anticipate problems and risks lying ahead. The aim is to better solve problems and better encounter risks. The planning within the strategy building process is to help stay alert and active instead of being overrun by the times changing with no other option than merely to re-act.
- b. Critique: Sticking strictly to well defined plans of a management strategy may narrow the span of business activities. Newly deriving business opportunities, new methods of managing the value chain, and other improvements and innovations might be overseen. Andrews (1987, p. 45): Yes, this indeed can happen. That is why Andrews strongly recommends building ‘flexibility’ into the management strategy. Top managers have to periodically review and optimize the fit among human resources, core competencies, business processes, infrastructure, and economic environment.

- c. Critique: Within a company, many conflicts evolve concerning the business goals, entrepreneurial objectives and overall policy. A management strategy does not help to reduce any of these conflicts. Andrews (1971, p. 47): Yes, there are huge differences in opinion among top management when it comes to set up company goals. Additionally, some of the company's employees and stakeholders come up with even more opinions which often differ from top management. All these diverse opinions concerning the 'where the company should go and how to proceed' is not necessarily a disaster or a reason for business failure, says Andrews. The diversity of views rather invites the entire top management to discuss freely all issues that make a management strategy. Skills in negotiating antagonistic interests and in joint decision making are necessary, and top managers have to continuously improve these skills among their team. Creating a management strategy jointly becomes crucial so that all top managers within a company will communicate it clearly i.e. speak out of 'one mouth'. Maybe, in some cases of implementation, however, not all aspects of the management strategy should be revealed to all it may concern, thus avoiding some resistance.
- d. Critique: Managing affords continuous business judgments (remember Sloan 1964, p. XXIII quotations? "The big work of business judgments is *finding* and *acknowledging* the facts and circumstances concerning technology, the market and the like in their continuously changing forms"). But a strategy does *not* help top managers to withdraw from this demanding job. Andrews (1971, p. 48): Yes, you cannot take it easy and let the 'strategy' do the decision making job. Business judgments towards technology, marketplace and organization are best done in advance - and continuously. Corrective actions are implemented best as long as top management is free to do so. Again: To be able to be proactive – instead of re-active –, you better refer to a strategy that informs how and when business judgments are dearly necessary.

From observing enterprises doing business in the eighties, Andrews (1971, p. 114) attacks the increasing trend in management to go for 'Quick profits' and surrender to a 'strategy absence'. Mainly companies that go for an Initial Public Offering (IPO) try to satisfy shareholders and therefore start to focus on pushing up quarterly results. Focusing on fast profits inclines to make profits no matter how they are accomplished. Any orientation towards a strategy is viewed as a limitation to gain profits, although competitive advantage may be lost. Andrews points out that satisfying shareholders and stock markets, is not a

reason to abandon a management strategy. An IPO does not allow the absence of a management strategy.

Yet there are other reasons that support a non-existence of a company strategy (Andrews 1971, 14f.):

- a. Rightfully Hidden Agendas:** Occasionally, in some cases of implementation, maybe not all aspects of the management strategy should be revealed to all it may concern. This is because severe resistance from staff members and stakeholders has to be avoided. As a matter of fact, avoiding rejection is rather a case for selective communication of a management strategy, not a strategy absence. Rightfully hidden agendas are something different than strategy absence.
- b. Style of Innovative Management:** There is a sub-set of managers that favor a flexible adaptation towards economic change and a lot of improvisation in daily business. They are, at a certain time, to a certain extent pretty successful. Strategy absence as a management style has to be acknowledged.
- c. Total Unconsciousness:** Some companies work according to a deeply internalized strategy not realizing that they *are* living a management strategy. These companies may not need an externally consciously handled and written down 'structured process of *how* to manage their company', they need no elaborate management strategy telling them 'how to deal successfully with it's what and why and how'. This applies mainly to small and medium size companies (SMEs).

So Andrews contributes vastly to the strategy-absence discussion. He is positive about the issue. In Section 5 he will introduce hands-on advice for analyzing and determination of strategy absence.

4.3.5 Strategy & Strategy Absence according to MacCrimmons

4.3.5.1 Quotes from *DO Firm-Strategy Exist?* (1993) by MacCrimmon

Similar to great theorists in business research like Mintzberg (1965) or Porter (1961), Kenneth R. MacCrimmon is very much interested in whether companies have a management strategy and whether they are able to implement - and finally benefit from it. A strategy is – according to MacCrimmon – in place and working when a management team follows a corporate strategy and while doing so *realizes* that they are managing within their strategy: „Not only does the actor (i.e. the company) need *to intend* its actions, it needs *to be aware* of these intentions“ (MacCrimmon 1993, p. 122).

Frankly, MacCrimmon asks: Do strategies exist in firms? Or are firms muddling through and happy that a strategy is non-existent? (1993, p. 133). To answer this basic question he introduces two empirical approaches to identify ‘strategy absence’. Additionally he recollects the pitfalls of each approach as it is neither easy to indicate the existence nor the absence of a management strategy:

Interview with the companies leaders: This approach collects data given from managers who are in charge of creating plans and implementing programs. But: Whatever statements and documents the researcher receives, it may only be part of the strategically essence that is spread within the company. Whoever is interviewed, he or she may tell something nice about ‘applied fail-safe strategies’ and ‘magnificent business results’ to impress the researcher. Additionally there is doubt whether a company strategy as an *entirely over-arching entity* may be grasped and analyzed. The argument is that, probably, mainly the strategies form single units within the firm are available. Both pitfalls show that *direct* interviews may not be sufficient to determine strategy existence or absence.

In-house observation: This approach assesses – wherever possible – visible behavior and observable actions presented from members of the management. The assessment may reveal whether top managers follow a corporate strategy or not. But: Whatever behavior is observed and assessed, it will be interpreted differently according to the assessor’s frame of reference. So a ‘consensus meeting’ among assessors has to determine the strategy existence or absence. The consensus meeting may also help to come closer to the intention that lies *behind* observable behavior and visible actions.

Each empirical approach including its pitfalls is well known in management research. MacCrimmon's solution is to do research on strategy absence by applying and combining both methods.

4.3.5.2 Strategy Absence in MacCrimmons work

We recollect: „Not only does the actor (i.e. the company) need *to intend* its actions, it needs *to be aware* of these intentions“ (MacCrimmon 1993, p. 122). MacCrimmon's introduces both features 'awareness' and 'intending consciously' to the discussion on strategy absence. His definition of a non-existing management strategy is as follows: There is a *lack* of corporate strategy if the management team is *unaware* that they are doing business according to a strategy. Consequently, a corporate strategy *is* in place and working only when the management team intentionally follows its corporate strategy and while doing so *realizes* that they are managing with their self set strategy. MacCrimmon's definition of strategy absence makes it easy to determine whether an enterprise organizes its business strategically or not. Intentionality and awareness of this intentionality among top management indicate a management strategy. To find out whether a corporate strategy exists, researches have to look for behavior and documents that illustrate awareness of intended actions. How to test awareness of intended actions? This is best done by narrative interviews with member of the staff.

MacCrimmon presents an additional dimension to the strategy-characteristics of Henry Mintzberg's "Five P's: Plan, Ploy; Pattern, Position, Perspective" (Mintzberg 1987a) and Kenneth Andrews' "Four questions – four critiques" (1971, p. 44f). Being *aware* of acting within a management strategy frame is more than merely behaving according to a strategy. Knowing that you are trying hard to consciously exploit the benefits of strategically managing is more than simply living a corporate strategy.

On the basis of MacCrimmon's definition of 'strategy absence' the topic increases importance. High time to start research on 'Strategy absence in small and medium size enterprises'?

4.3.6 Strategy & Strategy Absence according to Inkpen & Choudhury

4.3.6.1 Quotes from *The Seeking of Strategy Where it is Not: towards a Theory of Strategy Absence* (1995) by Inkpen & Choudhury

“In any field of inquiry there is a continuing need to scope out the important questions and issues for empirical study. The perspective offered in this paper is that strategy absence is a legitimate phenomenon of interest to business management scholars” (Inkpen & Choudhury 1995, p. 321). The remarkable title of Andrew Inkpen & Nandan Choudhury’s paper points to the core issue of non-existing management strategies: “The Seeking of Strategy Where it is Not: Towards a Theory of Strategy Absence”. They go straight to the analyses of missing strategies. Their findings introduce three occasions when strategy absence occurs. The basic definition is according to one of Mintzberg’s five aspects of management strategy: Strategy absence exists when “a pattern in a stream of decisions” is missing. Quickly Inkpen & Choudhury found out that managers and business theory understand strategy absence in three different ways:

Failure: Strategy absence as a defeat or break down

Transition: Strategy absence as a side effect of transformation during intense phases of company-internal restructuring

Virtue: Strategy absence as a high-spirited principle for re-gaining management excellence

Mainly, management literature comprehends strategy absence as a *failure* and defeat of a management team. But Inkpen & Choudhury remark that this viewpoint is a fundamental misunderstanding and great mistake: A newly created strategy may turn out during its implementation as ‘wrong’ and ‘failing’. In this case this strategy can be named a defeat of top management. The mere ‘absence’ of a strategy, however, is simply an absence. Being absent is not at all something ‘wrong’. This distinct differentiation is crucial.

Enterprises are not static entities but dynamic living organisms. They develop and are subject to change. In times of changing organizational structures and of external business environments transitions and crisis may occur. In this case an enterprise has no resources to design and execute an elaborate management strategy. So times without a strategy

happen. Inkpen & Choudhury criticize that mainstream management literature only accepts strategy absence solely for companies in transition and transformation.

For Inkpen & Choudhury those enterprises are most interesting that intentionally omit a management strategy. During their research they interviewed CEOs which abandon all elaborate strategy concepts for to create a white field ('tabula rasa') where fresh thoughts, new values, and alternate behavior can 'grow'. There is a type of top managers who believe in re-newel and re-structuring by trial and error. Within a freewheeling atmosphere the emergence of innovative and appropriate solutions for a next decade of an enterprise are expected. Inkpen & Choudhury (1995, p. 317) report a IT top manager who supports strategy absence as a virtue for re-gaining management excellence for companies operating in the field of information technology: "Nobody in this business can have a *sophisticated* technological vision" so don't try to construct a vision or strategy because you aren't going to get it right.

4.3.6.2 Absence of Strategy in Inkpen & Choudhury's work

It was not until the late nineties that mainstream business research realized that the non-existence of a management strategy is missing in scientific literature and nonexistent in education at management schools. Andrew Inkpen & Nandan Choudhury (1995, p. 322) both set out to find an answer as to why management books omit topics like strategy absence. They want to know why lacking management strategies is *not* an issue that is raised, neither in literature, nor at conferences, nor in management trainings.

Inkpen & Choudhury (1995) finally found two reasons: (a) Mainstream authors of Business & Administration research, focus on the 'content aspect' of a strategy. They analyze everything concerning objectives like product lines, distribution channels, allocation of financial resources, marketing plans, tactics and policies, etc. All enterprises work with at least two of the *content* aspects mentioned, the mainstream authors conclude - by mistake - that *all* enterprises have a set corporate strategy, and that subsequently there is no firm that has no strategy. This conclusion is naive. (b) There is a similar pitfall with authors engaged in Industrial Organization research. They analyze everything concerning mathematical objectives like profit making, investment planning, return on investments, innovation rate, research & development, human resource management, risk management, etc. As each

enterprise works with at least two of these *mathematical* objectives, the authors also conclude - by mistake – that *all* enterprises own a corporate strategy and that there is no firm without strategy.

The consequence of mistaken researchers is tremendous. Even famous educational institutions (e.g. Harvard Business School) seem to be unaware of the non-existence of non-existing management strategies. Inkpen & Choudhury point out that the ‘absence of strategy’ is due to limited frames of references of mainstream science.

As Inkpen & Choudhury recognize why management books omit referring topics like strategy absence, they find a way to *include* ‘strategy absence’ easily into *mainstream* management research: It’s the scientific approach which is engaged in Organizational Development. Developmental organization lists analyze everything concerning business judgments, Game Theory in management, constructing reality for risk management, innovation processes in organization, empowerment of staff, joint decision-making among top management, etc. The focus lies on the *interactive process of communication among managers and internal opinion leaders* when creating a plan, on the steps of emerging a vision, while formulating corporate communication, or simply when designing the future of the firm. Developmental organization lists will view everything which is „*a pattern in a stream of decisions*“ as a ‘strategy’. As at least some enterprises occasionally work explicitly on creating a vision, the authors conclude that at least some enterprises have a set corporate strategy, and that subsequently there are some firms that ‘have’ a management strategy. And those who don’t are the strategy absent enterprises.

With this classification and conceptualization Inkpen & Choudhury integrate the phenomenon strategy absence elegantly into mainstream management theory.

4.3.7 Strategy & Strategy Absence according to Sablone

4.3.7.1 Quotes from *Strategieabwesenheit* (2006) by Sablone

Leopoldo Sablone (*Strategieabwesenheit*, 2006) knows about the under-researched topic of strategy absence and sets off to do some empirical research (Research questions:

1. Welche Bedingungen begünstigen die Abwesenheit von Strategie in einer Unternehmung?
2. Wie werden erfolgreiche Unternehmungen in Abwesenheit einer Strategie geführt?
3. Welche Instrumente und Mechanismen setzen die Geschäftsleiter in der Führung dieser Unternehmungen ein?).

He focuses on the likelihood of an absent strategy and comes up with conditions that favor the absence of any management strategy. While interviewing several CEOs that lead a company without a management strategy, Sablone finds out the advantages of a missing strategy. He consequently searches for tools and techniques which CEOs successfully apply instead of a management strategy. Methodology of his work is elaborate interviews with founders and CEOs in Middle and Southern Europe. Sablone was able to synthesize and systemize a very vast pool of research data freely given to him by the founders and CEOs.

The results of Sablone's field-study approach are very useful for further research: Sablone presents six likelihoods for strategy absence. Additionally he found six management tools applied by managers of strategy-lacking companies. These six tools provide successful daily business. Due to the research method – the field-study approach – Sablone's findings are not yet validated. The results are stated as 'hypotheses'. Our study will go further and test Sablone's hypothesis applying statistical methodology.

4.3.7.2 Strategy Absence in Sablone work

Sablone presents a lot of material on the absence of a management strategy. His research reveals several factors that make the costly development of corporate strategies unnecessary. These factors also play a crucial part in keeping the company flexible because the management team does not adhere to a rigid system of predefined strategically objectives. Here are six likelihoods that make a founder or top executive neglect a management strategy (Sablone 2006, p. 234 - 238):

Manager's education. "Condition 1: The likelihood of an absence of a management strategy is high if the founder or CEO qualified in any field other than business or administration."

SMEs prosper without a management strategy. "Condition 2: The absence of a management strategy is more likely in small and medium size enterprises (SMEs)."

No problem, missing resources means missing strategy. "Condition 3: The absence of a management strategy is more likely in companies with few resources and limited infrastructure."

Small projects – no strategy. "Condition 4: The absence of a management strategy is more likely in firms conducting investment projects containing relatively small volumes."

Other goals than merely 'growth rates' make a strategy unnecessary. "Condition 5: In case the top management neglects growth rates as well as reaching self defined benchmarks within budget and time, the absence of a management strategy is more likely."

No economic growth without a plan. "Condition 6: The higher the inclination for growth and for accomplishing expansion, the higher the chances of pursuing a managerial strategy."

All six conditions support – according to the results of elaborate interviews with founders and CEOs Middle and Southern Europe - the absence of a management strategy.

Sablone's six likelihoods bring a bright light to the totally under-researched area of strategy absence. Small and mediums size enterprises are known as the backbone of a successful economy. It is crucial to support this segment and help to maintain its fruitful business. Although there are plenty of small and medium sized companies in Switzerland (they employ 67.5% of the work force), management theory and practitioners do not know much about the management secrets of small & mid-business. We will make good use the elaborate results of Sablone's field-study completed in 2006: Our statistically based survey will analyze the likelihoods in more detail. And we will assess the effects of management principles applied by small and medium size enterprises as an alternate to a management strategy. We will have to undertake a number of *falsification* tests, all of which suggest that the necessary exclusion restriction is satisfied. We will also apply conventional measures of data processing. Effects of value added components will fade out very quickly and are at best weakly related effects.

4.4 How to Evaluate the Absence of Management Strategy

4.4.1 What is absence?

Once again: “Are there *any* strategies within firms?” (Porter 1991, p. 95) and “Are there strategies?” (Rumelt et al. 1994, p. 531) – these fundamental questions afford an in-depth clarification of the phenomenon ‘lack of a management strategy’. Great management theorists gave some definitions of the absence-phenomenon making it possible to find out which company has *no* strategy that guides everyday management (see Sub-Section above). A mixture of all definitions of strategy absence will help to properly determine the *absence* of a strategy. After creating a definition we should be able to evaluate a firm to determine out the *absence* of a management strategy.

Looking towards the great management theorists, we introduce the following combination of two features to design our definition of the phenomenon ‘strategy absence’:

Dedication towards omitting a strategy and being aware of the omission: According to MacCrimmon (1993, p. 122: “Not only does the actor, i.e. the company, need to intend its actions, it needs to be aware of these intentions”) you simply bluntly and directly ask top management whether they follow a strategy or not. If they say ‘yes, we do not have a strategy’ or ‘yes, we do not need – or do not want - a structured process of *how* to manage our company i.e. to deal with its what and why and how, then we *too* - for research reasons – presume that this firm works without a management strategy.

Observable absence of management strategy tools: Additionally, if our observations within that company result in *realizing* and *verifying* (MacCrimmon 1993, p. 122) that there are indeed no classical strategy tools in practice (like no long term goals, no procedures to reach the goals, and no analytical instruments for planning and evaluation), we *too* - for research reasons - consider this firm celebrating a strategy absence.

‘No strategy instruments’ and ‘dedicated strategy absence – awareness of omitting a strategy’ comprise our definition of strategy absence for our further research. So we now know theoretically how to enter a company and check these two conditions. Yet, as we enter a firm, we often encounter the situation that there is no explicit management strategy but

rather an implicit one. Therefore we add another feature to our definition of strategy absence: Implicit *and* explicit.

4.4.2 Missing an Explicit and Implicit Corporate Strategy?

To find out whether a company follows an *implicit* corporate strategy, (Chandler (1962), Andrews (1971, 1987) and Ansoff (1965, 1987)) focus on the visible behavior of the management team. If you observe the following three behavioral features, you may entitle the leadership team to manage *without* an *implicit* management strategy. In fact, in this case the top team is happy to manage their business with neither an explicit nor an implicit strategy:

Short term orientation: CEOs go for Quick profits and focus eagerly on successful everyday business.

Intuition: Management decisions are made quickly and easily as there is no need to do much effort on complicated in-depth analysis. Entrepreneurial actions are made 'from the guts'. The management team believes in the powerful guidance of an entrepreneurial spirit, even if the spirit of enterprise may be slightly vague.

Hands-on approach: Issues of management concern are *present* challenges of local and global business, be it actual business opportunities, an upcoming crisis in industry or financial markets, or newly arising competitors encountering the company. Top managers care about surfacing management problems right here and now, on the spot and at hand. It is the present business situation that needs precise analytics and tactics, not necessarily the past (in-depth evaluation and feedback) or the future (vision including a long term strategy leading to the vision).

Dedication towards omitting a strategy and being aware of the omitting (MacCrimmon 1993, p. 122)

Observable absence of management strategy tools: No long term goals, no procedures to reach the goals, and no analytical instruments for planning and evaluation can be observed (MacCrimmon 1993, p. 122)

Short term orientation: CEOs go for Quick profits and focus eagerly on successful everyday business (Chandler 1962, Andrews 1971 & 1987, Ansoff 1965 & 1987)

Intuition: Management actions are made 'from the guts' (Chandler 1962, Andrews 1971 & 1987, Ansoff 1965 & 1987)

Hands-on approach: Focus on present business demands, no past (in-depth evaluation and feedback) and no future (vision - and a long term strategy leading to the vision). Chandler 1962, Andrews 1971 & 1987, Ansoff 1965 & 1987)

According to our research questions our study will have to design a tool to divide strategy absent enterprises from companies working with a management strategy. We have to check whether applies a management strategy or not. So a precondition of our definition of 'strategy absence' is its usefulness to construct questions for interviewing and surveying. Here some examples of items for a questionnaire:

Do you focus on short term orientation, i.e. one year's goals?

Do you design a plan to reach your business goals?

Do you follow the intuition of the companies founder?

Does your firm apply analytical instruments for managing the future?

Do you create and follow a long term vision?

Are you inclined to omit a strategy for the sake of staying flexible?

Can you afford the costs of developing and implementing a strategy?

Common sense, as well as the demands of the survey construction, tells us that the example items, above, are useful to separate strategy from strategy-absent enterprises by a questionnaire.

4.4.3 The Benefits of Strategy Absence

Strategy absence has a variety of great benefits and valuable chances. The beneficial items according to the management gurus Chandler (1962) as well as Ansoff (1965, 1987) or Andrews (1971, 1987) are threefold:

More flexibility – more opportunities - more alertness: A precisely formulated and implemented management strategy streamlines the firm while walking ahead. One single

path is chosen and fixed. The result is that the planned routes are limited. Omitting and abandoning a fixed strategy might support the company's ability for adapting to new economic developments. 'Go with the (business) flow' makes enterprises lively, alert and strong in orientation towards all impacts and opportunities arising from local and global markets.

Broad horizon – broad ideas – broad creativity: An explicit corporate strategy narrows the mind of top management with occasionally dreadful effects. Often the right solutions to business or organizational problems simply do not occur. The leading team is mered in boundaries constructed by them. Omitting and abandoning a management strategy might support the company to find working solutions to business threats. New arrays of behaviors, new adequate judgments, innovative ideas are fostered.

Less time – less effort – less costs: Creating and implementing a management strategy is a big ongoing project. Both creation and implementation need a lot of discussion, arguments and judgments of members of all management levels. Not only arguments but also resistance may arise and turn out to be costly. Omitting and abandoning a management strategy might provide the company with time and costs which may be dedicated to other jobs like increase of innovation and Research & Development or increase of customer orientation and services.

It is obvious that strategy absence does have great benefits and valuable chances. Omitting and abandoning a corporate strategy does not mean being irrational, stupid or highly over driven. Our study 'strategy absence in small and medium size enterprises' will also test these great benefits.

4.4.4 Factors that Support the Absence of a Management Strategy

As previously stated: Obviously some importante benefits for strategy absence exist. In addition, there are other factors that support the absence of a corporate strategy: Management practice knows a type of managers who do not believe in a management strategy but in other powerful concepts of life and economics (see above: Chaos theorists, Falalism, Incrementalism, Quick profits).

Also, there are management theorists that feel uneasy because of the strategy-hype (see above: “Beyond the Hype” (Eccles, Nohria & Berkley, 1992), “Nothing goes without a strategy” (Barney1996), and “If Strategy Planning is Everything Maybe It Is Nothing?!” (Wildavsky 1973)). But there is also management research on factors that support the absence of a management strategy.

For instance, Inkpen & Choudhury (1995) found, through field-research, three occasions when strategy absence naturally occurs (see above: Transition: Strategy absence as a side effect of transformation during intense phases of company-internal restructuring. Virtue: Strategy absence as a high-spirited principle for re-gaining management excellence).

According to the results of elaborate interviews with founders and CEOs of Middle and Southern Europe following six factors conditions support the absence of a management strategy (Sablone 2006, p. 234-238).

Manager’s education: Founders and CEOs holding a degree in technology, natural science or philosophy run their business usually without an elaborate management strategy. However, founders and CEOs with an academic degree in economic studies tend to implement a management strategy because they learned to do so. MBAs or graduates in management or industrial organization are all modeled to ‘nothing goes without a strategy’ - no matter how and why and what for. “The likelihood of an absence of a management strategy is high if the founder or CEO qualified in any other field than business or administration.”

SMEs prosper without a management strategy. Successfully operating companies with more than 20 but less than 250 employees seem to not need the management tool called ‘management strategy’. Maybe because small and medium size organizations seldom experience anonymity and ambiguity, and the management team and staff ‘know by instinct’ how to proceed with business. “The absence of a management strategy is more likely in small and medium size enterprises (SMEs).”

No problem, missing resources means missing strategy. Companies – mainly start ups, niche players or highly innovative trend-setter enterprises – not yet benefiting from large budgets or solid financial support, are capable to manage without any strategy. “The

absence of a management strategy is more likely in companies with few resources and limited infrastructure.”

Small projects – no strategy. Companies in the phase of working happily on production and distribution, and not yet expanding or not having to develop new products and services, get along well without an elaborate management strategy. Investment projects of ‘relatively small volumes’ is defined as an investment budget less than ten percent of the company’s total turnover. “The absence of a management strategy is more likely in firms conducting investment projects containing relatively small volumes.”

Other goals than merely ‘growth rates’ make a strategy unnecessary. Some enterprises do not mainly focus on growth but rather on values like innovation or effectiveness, on consolidation or social sustainability, on profits or return on capital, etc. Although they each follow a different management goal, they have in common one value: They avoid the maxim of ‘bigger, better, brighter’ and neglect economic growth. These companies are able to do business with tools and techniques other than a management strategy. Some alternate approaches are mentioned below. “In case the top management neglects growth rates as well as reaching self defined benchmarks within budget and time, the absence of a management strategy is more likely.”

No economic growth without intense effort. No need to say that once a firm is dedicated to growth rates it will develop and implement and – hopefully follow – the carefully designed overall management strategy. Here again, founders and CEOs that are inclined to growth have also learned the lesson about a management strategy as *the* means to reach the self set growth rate. “The higher the inclination for growth and for accomplishing expansion, the higher the chances of pursuing a managerial strategy.”

Although strategy absence is an under-researched area, as discussed above, management literature has presented six conditions which support the absence of a management strategy. The conditions have the status of being a hypothesis which is not yet verified. Intuitively, the six proposed conditions appear to be good common sense, and have validity. Yet, it is aim of our study to test some of the given hypotheses, see below.

5 The Absence of a Management Strategy in SMEs

Creating a management strategy in a Small & Medium Size Enterprise (SME) is a topic that has so far only been covered marginally in management theory. Mainly the specifics of SMEs - versus large companies - are not taken into account when it comes to the design and implementation of a corporate strategy. The studies of Margrit Müller (1994) argue that SMEs lack vast hierarchical management levels including top executive's traditional behavior and also often lack an explicit management strategy containing extended policy and decision making, SMEs have developed several other means on how to manage their business successfully.

Field-study research found out that “the absence of a management strategy is more likely in small and medium size enterprises SMEs” (Sablone's 'condition 2', 2006, p. 236). Thus successfully operating companies with less than 250 but more than 20 employees seem not to need the management tool called 'management strategy'. Maybe because small organizations seldom experience anonymity and ambiguity and therefore the management team and staff 'know by instinct' how to proceed with business? Crucial question is whether every SME prospers without a management strategy? The answer is: No.

As our study proceeds we will acknowledge that many CEOs or founders who manage a SME hold a degree in business and administration. An MBA is a must today and due to abundant educational institutions offering MBAs the degree is easily accomplished. So SMEs often have something that might look like a strategy. But is it really a management strategy?

Also in small and medium size companies the question arises; How do you evaluate an absence of a 'fail safe' management strategy within this SME?

5.1 Mission impossible? Evaluation of a Strategy within a SME

Andrews introduces a hands-on tool to search and find traces of any kind of strategy within small and medium size enterprises. First, he established nine questions to help to improve an existing management strategy in SMEs (Andrews 1971, p. 48-53 “Nine questions – nine

features”). Secondly – and relevant for our research – all nine questions provide guidance to evaluate the *absence* of a corporate strategy in a SME.

1. Did the external observers succeed in identifying an *explicit* strategy within the company?
Is it possible to openly sense the strategy via observable joint actions or via a written document? An *implicit* strategy that is mired in the head of the founder or managing director, is insufficient as the strategy guides all actions of employees within an enterprise. An *explicit* strategy invites the companies workforce to perform certain behavior and to omit other behavioral sequences - resulting in performance of a ‘corporate behavior’.
2. Is there support from the company’s strategy to exploit all chances on national and international markets?
3. Does the strategy take into account applied resources, infrastructure and core competencies? Does it point consistently to resources and competencies planned for future business?
4. Are core business activities in line with projected programs – at least to a certain extent?
The strategy has to provide a balance between creative flexibility and willful marching in one direction.
5. Any strategy complies with taking entrepreneurial risks. The question has to be raised whether the chosen level of risk-taking makes economical sense – and whether the management team can meet the risks taken? The strategy has to find a good fit between too much risk undermining the company’s future, and poor risk taking diminishing activities and the hindering of new initiatives. A risk reward analysis.
6. Top management favors personal values and motives, so does the strategy fit to the individual character of each manager?
7. Does the strategy contribute substantially to today’s society?

8. A management strategy may empower or may de-motivate workforce. Question is, whether it supports the majority of employees?
9. Are there weak signals which indicate that the implementation of the strategy does have an impact on market segments? Do relevant market segments react according to the intentions of the strategy?

With these nine questions, Andrews provides guidance to evaluate the *absence* of a corporate strategy in a small and medium sized firm (SME). Andrews considers item 9). of major importance. It is definitely *the* test of a successfully implemented management strategy. A strategy may be well formulated and consistently designed. But if it does not deliver results as intended, this specific strategy should be totally revised and renewed. If a management strategy fails, Andrews points out that the strategy itself must not necessarily be insufficient. Often a strategy does not reach the set goals because good fortune is absent, the strategies implementation went wrong, or the competitors countered extremely well. Thus, missing the set goals can happen to large as well as to small and medium size Enterprises (SMEs).

If a SME responds to Andrews nine questions mainly with a “no”, the *absence* of a corporate strategy is proven. With this tool an evaluation of the absence of a management strategy within a SME is not necessarily a mission impossible.

5.2 Despite a missing Strategy, how does a SME survive?

Defining the management strategy in small and medium size companies (SMEs) is an issue that has so far only been analyzed poorly in business, management theory and organizational development. Unfortunately the specific features of SMEs versus large firms are often under estimated when it comes to strategy creation and design. Because many small and medium sized companies (SMEs) lack hierarchical management levels including top executive’s traditional behavior and also lack an explicit company strategy containing extended policy and decision making, SMEs have to do daily business efficiently and effectively by other tools and techniques. Crucial question is, “How SMEs – without a corporate strategy – are managed and led successfully?” Management literature provides some answers:

5.3 Six Principles of how to Manage a SME without a Management Strategy

As previously discussed, Sablone (2006) conducted a field-study on how firms without a management strategy are guided and led. His results are a surprise. Sablone's research reveals six management principles, which managers of companies lacking a strategy seem to favor (Sablone 2006, p. 235 - 266). The management principles are listed below and well applied in everyday business. However, until recently, neither the scientific community nor management theorists knew that these tools may compensate for a strategy absence. The six principles which turn out to be 'Absent-strategy-tools' are:

- a. Self-containing business units („Modularisierung der Organisationsstruktur“)
- b. In-house sourcing („In-sourcing“)
- c. Cooperation with similar business partners („Normative Fundierung externer Kooperationen“)
- d. Minimizing financial dependency („Reduktion der Abhängigkeit von externen Ressourcengebern“)
- e. Going for opportunity („Chancenorientierung“)
- f. Great friends among top management („Aufbau eines Führungsteams auf Basis langfristiger persönlicher Beziehungen“)

Enterprises lacking a management strategy must have secrets on how to deal with strategy absence. Below all six 'Absent-strategy-tools' are described in detail. According to Sablone's field-study several variations and applications of each absent-strategy-tool are presented. The variations and applications were reported by CEOs as well as by founders which currently are in leadership position.

Sablone's field-study also displays many of reasons for which an absent-strategy-tool is applied. It is the managers who tell about the benefits of a No-strategy-tool. All together the field study provides hands-on knowledge on managing small and medium sized companies in today's global markets. Sablone's six 'Absent-strategy-tools' are discussed below:

Self-containing business units: The given hypothesis introduces the idea that creating self-contained units responsible for their own business seems to be a management principle to become efficient and effective without having to submit to an elaborate management strategy. The usefulness of this management principle is known by concepts like Profit Centers, (Teilautonome Arbeitsgruppen, Modulare Organisations-Struktur). What are sensible implications for *self-sustained business units*? The interviews with non-strategists – i.e. founders and CEOs of strategy absent companies - report how they introduced independent units within their company (Sablone 2006, p. 239):

- We have several national trade centers within one organizational structure; Each business area of our 'Group' was founded as an independent enterprise with its own management team.
- To support growth within an engineering department, our board of directors plans to turn it into a self-containing business unit.
- Our organization and daily business is organized according to our ongoing projects.
- Our work units are not static but change periodically to meet the needs of business tasks.
- All our departments are viewed as independent units and managed accordingly.

The founders and CEOs of absent-strategy-SME also name the benefits of *self-containing units*. Self-containment is said to be the reason for several positive management results, for example:

- Increase of cohesion within a unit.
- Empowerment and thus more responsibility among all members of the unit, including top management.
- Providing a more distinct image on the market.
- Pushing up productivity due to specialization.
- Support of the firm's agility.
- Reducing conflicts by separating employees between the self-sustained units.
- Self-contained units are much more able to intensely focus on potentials for growth and business opportunities.

The criteria to split up a company into several self-containing units are manifold. Founders and CEOs report that they choose criteria which best suit the present business and

organizational needs. The criteria for dividing into self-contained business units can be: Division according to product and its technology, splitting into units according to business area, units according to project type, units according to competencies and units according to functions.

Can creating self-contained units responsible for their own business *be* a management principle to become efficient and effective SME without having to subdue to an elaborate management strategy?

In-house sourcing: The given hypothesis introduces the idea that “creating in-house competency and retaining important steps of the value chain within the company seems to be a management principle to become efficient and effective without having to submit to an elaborate management strategy”. And what are viable implications for *in-house sourcing*? Leaders, founders and CEOs of companies that lack a management strategy (Sablone 2006, p. 246) mention several options:

- We have incorporated all steps of our value chain within our own company – from draft and research & development of new instruments up to packing our instruments for delivery by mail
- An in-house IT-department was created for developing and testing the programming of our devices
- We incorporated additional parts of our value chain by founding another enterprise
- Accounting and controlling is done by ourself
- It is our plan to offer distributive activities and provide distribution channels by ourselves - and thus support our sales and marketing
- Certainly we produce our products - but also develop and assemble the machines for our production.

Interviews also evaluated the benefits of *In-house sourcing*. According to the invited leaders, founders and CEOs, a sample of the reasons for keeping as many steps of the value chain incorporated are:

- Speed up time-to-market.
- Guarantee set quality standards.
- More objectives for improving performance and quality.

- Protection of data.
- Know-how and equipment against unauthorized access.
- Effectiveness and efficiency while exploiting opportunities for innovation.
- More independence from business partners, from market and customers, from government and environment, and all stakeholders.
- Strengthening competitive advantage.
- Direct evaluation, surveillance and control of all important jobs belonging to an enterprise.

Several ways to support in-house sourcing. It may be accomplished by: Expansion of an existing internal service, creation of a new department, buy-in, founding another enterprise, etc.

Can creating in-house competency and keeping as much steps of the value chain within the company *be* a management principle to become efficient and effective SME without having to subdue to an elaborate management strategy?

Cooperation with similar business partners: If Enterprises want to do successful business they have to work together with organizations, administrations and other enterprises. Frequently, they are forced to cooperate with an un-beloved business partner. Often, however, the partner may be chosen. Main question that CEOs and founders have to ask themselves is: In choosing a partner, what does top management look for? Which features are wanted when searching for a company to cooperate with? Sablone (2006, p. 251) found out that firms without a management strategy look for *similarities* concerning management issues like business understanding, entrepreneurial concepts, leadership values, risk behavior, and organization. So the given hypothesis introduces the idea that cooperating with similar structures and processes seems to be a management principle to become efficient and effective without having to submit to an elaborate management strategy. A sample of comments on *cooperation with similar business partners* used by leaders, founders and CEOs of operating SMEs lacking a management strategy is given below:

- Together with a university we developed a great prototype.
- Our company supports long-lasting interchange and co-operation with people of similar frame of reference
- Partnership with consortium
- At present our top management is unhappy because of divergent opinions among them and their external agents – co-operating now is extremely difficult
- An action group with Enterprises of similar conduct was founded and we are members of it

Benefits of *co-operating with partners of similar frame of reference*:

- Due to merging of needed competencies, our company is able to complete innovative 'wow'-projects.
- We seek true exchange of experiences with our selected partners.
- Coping well with complex tasks because of cooperation with specialists from sympathetic companies.
- Our teamwork enables expansion of being present on global markets.
- Discussions, feedback and new impulses through cooperation with experts, creative people and retailers.
- Thanks to close relationship with selected shops, we can sell our product lines successfully, etc.

Can co-operating with similar structures and processes *be* a management principle to become efficient and effective SME without having to subdue to an elaborate management strategy?

Minimize financial dependency: The given hypothesis introduces the idea that becoming independent as much as possible seems to be a management principle to stay efficient and effective without having to submit to an elaborate management strategy. A sample of comments on *minimized financial dependency* used by leaders, founders and CEOs of operating companies that lack a management strategy (Sablone 2006, p. 257) are:

- Our company aims explicitly to become independent from external stakeholders, mainly independent from those who want to financially support our enterprise.
- We try hard to avoid people and policies that have power over us.

- Our company wants to keep financial freedom.
- We get rid of obligations.

Methods to *minimize financial dependencies* may be:

- Support from shareholders.
- We live mainly from own resources.
- Becoming and staying independent through good cash flow.
- Money i.e. financial dependencies play a minor role because our company avoids any extreme expenses.
- Innovations or expansion as well as refurbishing or modernization are paid by our own capital.
- Investments are mainly financed by own resources.
- Our management team omits loans from banks – they invest with own resources.
- We do not borrow money from financial institutions.

Can staying financially independent as much as possible *be* a management principle to stay an efficient and effective SME without having to submit to an elaborate management strategy?

Go for opportunity: The given hypothesis introduces the notion that taking advantage of a broad variety of business options seems to be a management principle to become efficient and effective without having to submit to an elaborate management strategy. A sample of *go-for-opportunities* used by founders and CEOs currently engaged in leading a company that lacks a management strategy (Sablone 2006, p. 258) is as follow: Going for opportunities means that the firm constantly monitors potential business chances and regularly starts up new entrepreneurial projects. These new business initiatives are, however, of medium size concerning yearly turn over. Profits and return on investment ROI are medium too.

Methods of how to search and find and *go for new business opportunities* may be:

- Introduce each year several new products to customers.
- Research & Development of services and devices which support existing products.

- Constantly looking out for new projects in which to take part, and which add to a product line or to the firm's competency or reputation.
- Ongoing improvement of company internal procedures and processes.
- Yearly scanning and reflection of ability and potential of the firm's work force – offer individual opportunities for personal growth.
- Investing not only in new but also in additional technology and infrastructure.
- Regular evaluation of additional business areas.
- Periodic foundation of new Enterprises; etc.

Can taking advantage of a broad variety of business options *be* a management principle to become efficient and effective SME without having to submit to an elaborate management strategy?

Great friends among top management: The given hypothesis introduces the notion of establishing good relationships at top management level to be a management principle providing efficiency and effectiveness without having to submit to an elaborate management strategy. A sample etc. as entered earlier on *great friends among top management* applied by founders and CEOs leading a SME that has no management strategy (Sablone 2006, p. 260f) are:

- Several members taking the leadership role
- Pluralistic structure within top management
- Teaming among the steering committee
- Personal relations between top management
- Leadership by relatives, family members, very close friends
- High level of trust among top team due to close relationships

Methods on how to establish great *friends among top management*:

- After several years of managing the firm alone, the founder may appoint members of his family (for example children) to the management team.
- The founder might invite one or two former colleagues onto the board of directors.
- After establishing the Incorporate (Aktiengesellschaft) the patron can choose an employee, who already worked for several years for the company, to be a business partner.

- All three founders are still around and all three are leading the company – a top management trio. Manage the Enterprise with your wife - or your husband, or your girl- or boyfriend.
- Spend time with our leading team, support personal relationships; etc.

Can establishing good relationships at top management level *be* a management principle providing an SME efficiency and effectiveness without having to subdue to an elaborate management strategy?

5.4 Managing SMEs successfully – additional Conditions and Principles

Looking at everyday business life, Sablone's six management principles (2006, p. 235) are not unknown. They are in practice! Self-containing units, In-house sourcing, Cooperation with similar business partners, Minimizing financial dependency, Go for opportunity, and Great friends among top management. But neither the scientific community nor management theorists has realized, that these 'Absent-strategy-tools' may compensate for a strategy absence. All six management principles seem to be obvious and sensible. The idea that companies *without a management strategy* may work well because they know how to *benefit* from the six alternate management principles mentioned above makes sense.

Additional conditions: It is Sablone (2006) who introduces six conditions that generally support strategy absence in companies. If we apply these six conditions to SMEs only, they make sense and have validity (original see Section above, our add-on "in a SME" see below):

Condition 1: The likelihood of an absence of a management strategy is high if the founder or CEO qualified in any other field than business or administration.

Condition 2: The absence of a management strategy is more likely in small and medium size enterprises.

Condition 3: The absence of a management strategy is more likely in companies with few resources and limited infrastructure.

Condition 4: The absence of a management strategy is more likely in firms conducting investment projects containing relatively small volumes.

Condition 5: In case the top management of a SME neglects growth rates as well as reaching self defined benchmarks within budget and time, the absence of a management strategy is more likely.

Condition 6: The higher the inclination for growth and for accomplishing expansion, the higher the chances of pursuing a managerial strategy.

All together the field-study results (Sablone 2006) introduce twelve traits of successfully managing strategy absent companies. According to our research questions we want to check whether they too apply to small and medium size enterprises:

Our study checks all six alternate management tools ('absent-strategy-tools') whether they are indeed a management principle providing SMEs efficiency and effectiveness without having to submit to an elaborate strategy.

Our study will also check whether the six conditions for strategy-absence are also valid for SMEs. Ongoing research now has to test which of these twelve traits apply singularly to strategy-absent SMEs.

Therefore from now on we are - according to our research questions - looking for significant *differences* between the management of SMEs with a strategy and SMEs without a management strategy.

Looking for significant *differences* also implies that we look for relations within SMEs between alternate management principles ('absent-strategy-tools') and strategy absence ('correlations')

Summary: Can the application of absent-strategy-tools in SMEs without a corporate strategy be rationally justified in terms of the non-existence of an implemented management strategy? To be more precise, we will test the random walk null against a class of alternative models in which the use in SMEs of strategy-absent-tools is predictable.

Additional Principles: Apart from the twelve traits of managing strategy-absent companies, overall conclusion of management literature is that – for successful business - it does not matter at all whether a company follows a management strategy or not. Prerequisite for successful business is, however, that all components of entrepreneurship match well and make a good fit (Sablone, 2006, p. 264: „Für eine Unternehmung ist nicht erfolgsrelevant, ob sie eine Strategie hat oder nicht. Wesentlich ist dagegen, dass alle Komponenten des unternehmerischen Ansatzes aufeinander abgestimmt sind“).

Consequently, a precondition for viable SME-business is that all components of entrepreneurship, e.g. leadership style, business goals, vision and policy, organizational structure, risk management principles, personnel development methods, match well within a SME. We will additionally have to test the significance of this overarching conclusion for small and medium size companies.

6 Research Methodology

Although a huge variety of work has been done on strategic management, we know very little about the successful implementation of a management strategy. There is also very little knowledge about the effects of the absence of management strategies on business. Researching the *absence* of a phenomenon is truly a greater challenge than doing research on its *presence*.

This Section has five elements. Firstly the research questions are presented and evaluated once more. Secondly the methodology employed in the study is examined. Upon that basis an appropriate research design will be discussed. Fourth, we introduce the core of our research, a newly constructed survey. The survey is discussed as a whole in order to make connections between different dimensions of the research enquiry. It enables us to either test the given twelve hypotheses or to generate new insights into managing SMEs. Finally, in sub-section 6.5, applied statistics, formulas and data processing are introduced.

Detailed findings of the statistical work are presented and summarized in Section 7 and 8.

6.1 Methodology Selection

The thesis intends to serve the need of bringing light into the management of successful small&mid-business. Our three research questions concerning Swiss SMEs are (see above):

- What kind of management concepts do founders, senior management or top executives apply to lead their Swiss SME towards a bright future?
- How are Swiss SME's - lacking a management strategy – managed successfully? Are they managed by the 'six principles'?
- Are there specific circumstances that favor 'strategy absence' in Swiss SMEs? How do they differ from the 'six conditions'?

As guideline to our research methodology we choose:

- Business Research (Collis & Hussey 2003)

- Analytical and Empirical Explorative Research (Wacker 1998)

Systems for verifying and falsifying hypotheses derive from:

- Introduction to econometrics: Properties of the regression coefficients and hypothesis testing etc. (Dougherty 2007)
- Theories on the Scrap Heap: Scientists and Philosophers on the Falsification, Rejection and Replacement of Theories (Losee 1999).

Concerning surveys *and questionnaires completed by managers* we choose:

- The effects of information order and hypothesis-testing strategies on auditor's (manager's) judgements (Butt & Campbell 1989)
- How top executives perception of the environment impacts on company performance (Analoui & Karami 2001)

To reach beyond the frame of chosen research methodology and expected results into new fields of research support comes from:

- The Cluster Approach and SME Competitiveness (Karaev, Koh & Szamosi 2007),

A field-study conducted in 2006 allows us to use a differences-in-differences (Dougherty 2007) approach to identify the effect of corporate strategy on small and medium size enterprises: We compare the differential effect of management behavior on the sensitivity of management strategies across different businesses (Losee 1999). We implement this testing on a large sample of small and medium size firms drawn from the largest business network in Switzerland www.kmuswiss.ch. Our tests allow for the expansion of the firm's strategic status, with management principles influencing whether a firm is classified as strategically steered or whether it is determined and driven by alternate means (Dougherty 2007). If the data do not strongly support the hypothesis given from the field-study (Sablone 2006) on the role of strategy absence in corporate business, our research design and gained data will allow for developing alternate management principles for SMEs without a strategy (Butt & Campbell 1989).

Within this research frame we seek an adequate methodology to test the relevance of six conditions, six principles, and other newly emerging management concepts for SMEs.

6.2 Adequate Methodology

There are numerous types of methodologies for conducting academic research, which vary depending on an array of factors. These factors include the level of development of research into the field in question ('low level' concerning strategy absence), the type of data available (in our case: high), the nature of the research question (in our study: threefold), the resources at the disposal of the researcher (efficient due to online-services), and the degree of control that a researcher can exert over the subject of study (in our study: none).

Similarly for a researcher considering a selection of research methodology, there is rarely only one suitable choice, but rather a range of options that are likely to shed a different light on the research question. In fact, 'good' theory will stand up to, and be strengthened by, examination under a range of different research methodologies (Wacker, 1998, p. 22)

That said, we can identify some methodologies that are more likely to be attractive for research into management strategies in small and medium size enterprises (SMEs). A key categorization for examination is that of analytical versus empirical research. Wacker (1998, p. 33) distinguishes between *analytical* methodologies that employ primarily logical and mathematical deductive techniques to derive new theory from existing relationships, and *empirical* methodologies that draw on observation and analysis of naturally occurring phenomenon to derive new theory inductively. *Analytical* methodologies are deductive since they start with fundamental laws and use them to derive a new theory that may have a more limited scope. *Empirical* methodologies are inductive since they draw on experience of naturally occurring phenomena to derive theories that can apply beyond the domains of the phenomenon observed. Given the low level of theory development in the area 'strategy absence' we decided that a combination of both analytical *and* empirical would be appropriate. The specific methods used are described in the following sections.

Exploratory empirical research is conducted into a research issue when there are very few or no earlier studies to which we can refer (Collis & Hussey, 2003). This is the case for research on strategy absence. The aim of this type of study is to look for new patterns or

ideas. Typical techniques used in exploratory empirical research, however, include observation or a survey which provide both quantitative and qualitative data. *Exploratory* empirical research tends to be high in the currency of results because they have contextual relevance across measures, methods, paradigms, settings and time (Butt & Campbell 1989).

Analytical research may test or confirm hypothesis. A hypothesis is a proposition which can be tested for association or causality by deducing logical consequences. They are tested against empirical evidence (Collis & Hussey, 2003). This approach will be chosen for testing the twelve hypotheses from management literature. Although statistics is not systematically treated, our research design will apply statistical concepts such as sampling, estimators for sorting and selecting, confidence intervals, and significance levels (Dougherty 2007). We use the formulas for testing the twelve hypotheses as well as the generation of correlations and clustering's providing new in-sights (Losee 1999). On a statistically designed basis alternate arguments can be developed as to how SMEs without an elaborate strategy do business successfully.

6.3 Research Plan & Sample

Our survey took place in small and medium size enterprises (SMEs) in the German speaking part of Switzerland. Top executives were invited to respond and to complete our online survey. In total, over 1000 addresses were available for a personal mailing requesting participation in the research project as an information agent. To increase the total number of respondents we chose the method of a visually attractive online survey. All sheets of the online survey are displayed as screen captures shown in the **Appendix**. Our invitation was sent to the email addresses of over 1000 founders and executives of small and medium size enterprises within the German speaking part of Switzerland. We do not know how many received the email as we do not know which email addresses are out of date. What we know is that 183 executives immediately responded. Their inputs are all valuable. For reasons of avoiding redundancy, we decided against the mailing of a reminder. As a result, our sample of 183 respondents is a good return on research investments.

6.4 Guideline to our Online Survey

The research questions afford to construct a new survey perfectly customized to the twelve hypotheses to be tested (Butt & Campbell 1989). The survey is designed in four sections: *Firstly* it must test all 'six principles of how to manage a SME successfully without a management strategy'. *Secondly* the survey will test the 'six conditions that support the absence of a management strategy within SMEs'. Then *thirdly*, the survey has to select the respondents leading a strategy-SME from respondents managing a absent-strategy-SME. The items of our survey will have to be able to scan the absence as well as the existence of a management strategy within the respondent's SME. The survey will also, *fourthly*, test the overall hypothesis given from management literature. We extensively analyzed the given piece of research - Sablone's elaborate interviews conducted in 2006 as well as detailed interpretations to the interview data - to derive the best wording to construct items which are close to the framework of the twelve hypothesis (Losee 1999).

Subsequently, item 13 to item 18 of our survey refers strictly to the 'six principles of how to manage a SME without a management strategy'. Each item is concerned with one of the six management principles mentioned above:

- Item 13: Self-containing business units
- Item 14: In-house sourcing
- Item 15: Cooperation with similar business partners
- Item 16: Minimize financial dependency
- Item 17: Go for opportunity
- Item 18: Great friends among top management

Each principle-testing item comprises three sub-questions and offers a variety of differing answers from which to choose. Testing the hypothesis concerning the 'management principles' is a central part of our hypothesis evaluation. Therefore each principle-testing item includes a sub-question asking for more in-depth information (Losee 1999). This sub-question thus forms a repetition of the first sub-question providing a controlling instrument. All wording is as identical to the given framework of 'management principles' as possible.

Additionally, items 8 to 12a of the survey refer to the 'six conditions that support the absence of a management strategy within a SME. The conditions being:

- Item 8: Manager's education
- Item 9: SMEs prosper without a management strategy
- Item 10: No problem, missing resources means missing strategy
- Item 11: Small projects – no strategy
- Item 12: Other goals than merely 'growth rates' make a strategy unnecessary
- Item 12a: No economic growth without intense effort

The survey also had to scan whether the company follows a self-set management strategy or not. So our sample had to be divided into two groups (Collis & Hussey 2003): The companies that create something like a management strategy and follow their set strategical path versus the companies that do not apply any management strategies. According to our strict definition of 'strategy absence' (see reference above to Igor Ansoff 1965 & 1987, Alfred Chandler 1962, Kenneth Andrews 1971 & 1987, MacCrimmon 1993 in Sub-section 4.4.2.), we had to compose items which check the existence of a management strategy. The items contain issues including short versus long term orientation, the style and intuition of the companies founder, analytical instruments and procedures versus management "from the gut", hands-on approach, dedication towards a management strategy versus inclination to omitting a strategy etc. Our survey presents seven items to scan the existence of a management strategy, i.e. find out whether a SME is a strategy-absent firm:

- Item 1: Do you focus on short term orientation, i.e. one year's goals?
- Item 2: Do you design a plan to reach your business goals?
- Item 3: Do you follow the intuition of the companies' founder?
- Item 4: Does your firm apply analytical instruments for managing the future?
- Item 5: Do you create and follow a long term vision? Do you work with scenarios?
- Item 6: Are you inclined to omit a strategy for the sake of staying flexible?

- Item 7: Can you afford the costs of developing and implementing a strategy?

We had to design all 18 items for German speaking SMEs in Switzerland. Initially, our survey was sent to five personally known SMEs. It provided valuable information to improve our newly constructed survey. For the final version please see all ten screen captures in the **Appendix**.

The survey also had to test the final conclusion of the given piece of research (Sablone 2006, p. 264). For that reason item 19 tests the significance of the given super-hypothesis (Wacker 1998) that “successful business does not necessarily need a management strategy. Prerequisite for successful business is, however, that all components of entrepreneurship match well and make a good fit”.

Details of the online survey follow below including arguments for deducting and constructing items containing viable questions and answers. “Each item will be explained in order to understand it’s meaning and relevance of the given 12 hypothesis (i.e. to test the six management principles and so called ‘absent-strategy-tools’ as well as to test the six conditions for strategy-absence). As mentioned above, each of the 19 items contain three to seven answering options for the CEOs and founders from which to choose. Each answering option, which is invisible for the responding CEOs and founders, is divided into two sections. For you, the reader, the two sections are colored in black and in red. The two colors show the bench mark between verification versus falsification of each of the 12 hypothesis. If a respondent chooses the red answering option, his/her management is in line with the given hypothesis. If a respondent chooses the black answering option, he/she manages the company different to the given hypothesis. Item 19 of our survey may discover, whether the management behavior of our respondents support findings given from management literature (Sablone 2006) or if they contradict the findings. The dividing line red-black is crucial for verification and falsification. They are set by consensus validity directly related to the given hypothesis. The answering options are deducted from management literature (Sablone 2006)”.

Part 1 of the survey checks the absence of a management strategy:

Seven items determine whether the SME follows a defined management strategy or not. The definition of ‘strategy absence’ is according to arguments of great management

theorists like Igor Ansoff (1965 & 1987), and according to definitions made by Alfred Chandler (1962) as well as in line with research conducted by Kenneth Andrews (1971 & 1987) and MacCrimmon (1993). Please also see Sub-section 4.4.2..

Note for the following items 1 to 7: If a respondent chose the options marked in **red**, he/she qualifies - according to our definition of strategy absence - as working in a strategy absent company.

Item 1: Scanning ‘short term orientation’: CEOs who go for quick profits and focus eagerly on everyday business support strategy absence within their company.

1. Legt Ihre Firma die Betriebs- & Organisations-Ziele *kurzfristig* (ca. 1 Jahr) fest?

- ☒ Ja, oft (yes, often)
- ☒ Ja, selten (yes, rarely)
- ☐ Kaum (seldom)
- ☐ Nein (no)

Item 2: Scanning the ability to make proper plans: CEOs who omit developing plans to reach their one-year goals also support the strategy absent enterprise. They argue that plans never work out according to plan and therefore expect planning as a nuisance and waste of time.

2. Braucht die Firma *ausformulierte* Pläne zur Erreichung dieser Ziele?

- ☐ Ja, oft
- ☐ Ja, selten
- ☒ Kaum
- ☒ Nein

Item 3: Scanning the power of intuition: In strategy absent companies management decisions are usually made quickly and easily. The top team considers no need to do much effort on in-depth analysis. Entrepreneurial actions are made ‘from the gut’. This works because the management team believes in the powerful guidance that only an entrepreneurial spirit can create. Even if the spirit of enterprise may be slightly vague it is better to follow it than to obey an elaborate long-term strategy.

3. *Vertraut die Mitarbeiterschaft auf den Spürsinn des Gründers bzw. der CEOs?*

- ☐ Ja, oft
- ☐ Ja, selten
- ☐ Kaum
- ☐ Nein

Item 4: Scanning the existence of analytical instruments: If our observations within a company tell us that there are indeed no long-term goals, and neither procedures to reach the set goals nor analytical instruments for planning and evaluation, we suggest that this firm operates without management strategy. Strategy-absent companies usually have no system of management and control.

4. Benutzt Ihre Firma *analytische* Instrumente zur Planung der Zukunft? (z.B. systematische Generierung von innovativen Ideen, Berechnung von Soll-Ist-Diskrepanzen, Extrapolation der eigenen Umsatzzahlen, Formeln zur Abschätzung der Marktentwicklung,)

- ☐ Ja, oft
- ☐ Ja, selten
- ☐ Kaum
- ☐ Nein

Item 5: Scanning a practical hands-on approach: Issues of concern to 'hands-on managers' are mainly the challenges of local and global business, be it actual business opportunities, an upcoming crisis in industry or financial markets, or newly arising competitors entering the market and encountering the company. 'Hands on'-top managers care about surfacing management problems right on the spot and at hand. It's the *present* business situation that needs precise analytics and tactics, not necessarily the past (in-depth evaluation and feedback) or the future (vision - and a long-term strategy leading to the vision). Strategy-absent companies usually have no elaborate long term vision.

5. Verwendet die Firma eine Vision? Arbeitet sie mit verschiedenen Szenarios?

- ☐ Ja, oft
- ☐ Ja, selten
- ☐ Kaum
- ☐ Nein

Item 6: Scanning Dedication towards omitting a strategy and being aware of the omission. According to MacCrimmon's definition of strategy absence a company has to consciously abandon a strategy for certain reasons, e.g. to stay flexible and alert towards the market and customers. MacCrimmon (1993, p. 122) says: „Not only does the actor i.e. the company need to intend its actions, it needs to be aware of these intentions“. Strategy absent companies are aware of the absence.

6. Vermeidet die Firma eine Management Strategie um *flexibel* zu sein?

- ☐ Ja, oft
- ☐ Ja, selten
- ☐ Kaum
- ☐ Nein

Item 7: Scanning Dedication towards neglecting a strategy because of economic reasons, e.g. because of limited time and money. As stated previously, the absence of a management strategy is an act of will of the management team as it considers the construction and implementation as a nuisance and waste of time.

7. Kann die Firma sich eine Strategie-Erstellung zeitlich & finanziell leisten?

- ☐ Ja, oft
- ☐ Ja, selten
- ☐ Kaum
- ☐ Nein

Part 2 of the survey tests the significance of the six conditions that favor a 'strategy absence':

For the following items 8 to 12a: If a respondent chose the options marked in **red**, he/she supports the *six conditions for strategy absence* given from management literature.

Item 8: Manager's education: Verifying/falsifying the given condition "The likelihood of an absence of a management strategy is high if the founder or CEO qualified in any other field than business or administration." This hypothesis can be strictly tested by the occupational qualifications of the founder or CEO. Our question focuses on whether he/she boasts professional levels (studies in technology, engineering, construction, and chemistry etc. including postgraduate courses) or whether he/she is inclined to managerial training (MBA,

studies in economics, courses at management schools, leadership training in the Swiss army). Our item 8 offers a variety of occupational qualifications to choose from:

8. Welche Ausbildungen haben Sie besuchen können?

- ☐ Fachausbildung
- ☐ fachspezifische Fortbildungs-Seminare
- ☐ Kaderschulung im Militär
- ☐ Management-Training
- ☐ betriebswirtschaftliches Studium
- ☐ MBA-Abschluss
- ☐ Anderes nämlich

Item 9: SMEs prosper without a management strategy: Verifying/falsifying the given condition “The absence of a management strategy is more likely in small and medium size enterprises”. Directly testing the hypothesis, our question asks for the size of the enterprise. For the purpose of this Thesis companies with 20 to 250 employees are categorized as a small and medium size enterprise. Our question picks out companies more than 20 but less than 200 employees. Our item 9 offers a selection of seven employee sizes:

9. Wie viele Mitarbeiter/innen arbeiten in Ihrer Firma?

- ☐ ca.10
- ☐ ca. 30
- ☐ ca. 50
- ☐ ca.100
- ☐ ca. 200
- ☐ ca. 300
- ☐ ca. 400

Item 10: No problem, missing resources means missing strategy: Verifying/falsifying the given condition “The absence of a management strategy is more likely in companies with few resources and limited infrastructure.” Working with this hypothesis is tricky since management theory does not provide a general formula for companies to determine ‘sufficient’ resources and ‘sufficient’ infrastructure. What percentage of employees is ‘sufficiency’ gained, if total turnover could be spent on creating new jobs with new staff and could be spent on acquisition of new sites, machines or external services? Is it 10%? Or is

it 15%? Does an enterprise have to regularly make at least 5% profits to have the chance of increasing staff, products and infrastructure? Management theorists recommend in this tricky case to interview founders and CEOs privately to collect personal opinions about their companies resources and infrastructure. Our question offers a nominal scale with five grades:

10. Verfügbare finanzielle Mittel der Firma: Erachten Sie diese als ...?

- ☐ grosszügig
- ☐ befriedigend
- ☐ ausreichend
- ☐ knapp
- ☐ sehr knapp

Item 11: Small projects – no strategy: Verifying/falsifying the given condition “The absence of a management strategy is more likely in firms conducting investment projects containing relatively small volumes”. This hypothesis deals with the average size of projects within a company. We have to find out what costs are spent on innovations, product developments or marketing projects. The most fitting formula to determine the average volume of investment projects is to compare the costs of a project with the total turnover. Projects containing 1 to 6 percent of a company’s total turnover are relatively small. Projects containing 13 to 15 percent of a firm’s total turnover are relatively large. Our question offers six categories of project volumes from which to choose:

11. Welches durchschnittliche Volumen hat eine Investition bzw. ein Projekt gegenüber dem Firmen-Umsatz?

- ☐ 1-3%
- ☐ 4-6%
- ☐ 7-9%
- ☐ 10-12%
- ☐ 13-15%
- ☐ >15%

Item 12: Other goals than merely ‘growth rates’ make a strategy unnecessary: Verifying/falsifying the given condition “In case the top management neglects growth rates as well as reaching self defined benchmarks within budget and time, the absence of a

management strategy is more likely.” This distinct hypothesis calls for analytical observation to find out the single motive that drives top management - be it founder or CEO of a company. Is the insulting driver called ‘innovation’ or ‘profits’ or ‘growth’ or ‘excellence’ or what else? The hypothesis predicts that enterprises, which mainly search for becoming bigger-better-brighter, usually create and implement a management strategy. Subsequently, our question to evaluate strategy absence has to look for founders and CEOs that aim at alternate goals to growth, i.e. focus on issues like turn over, profits, innovation, social responsibility etc. Our item presents six nominal options from which to choose:

12. Welche Ziele verfolgt Ihre Firma vorrangig?

- ☐ Wachstum
- ☒ Rendite
- ☒ Umsatz
- ☒ Innovation
- ☒ Konsolidierung
- ☒ nichts

Item 12a: No economic growth without intense effort: Verifying/falsifying the given condition “The higher the inclination for growth and for accomplishing expansion, the higher the chances of pursuing a managerial strategy”. This hypothesis adds more details to the hypothesis displayed previously. It evaluates the intensity of how strongly the business goal – in particular ‘growth’ – is searched for. Our item asks for three alternate options:

12.a Wie wird das Ziel verfolgt?

- ☐ ‘ehrgeizig’
- ☒ ‘moderat’
- ☒ ‘gar nicht’

Part 3 of the survey tests the six principles that successful firms apply although they have no management strategy (Absent-strategy-tools):

Our quantitative analysis of the given hypothesis is carefully constructed in line with the framework suggested by Sablone’s work (2006). The items are designed to make obvious that firms lacking an explicit management strategy do have secrets of how to succeed

without a defined management strategy. Strategy absence is not necessary a devastating situation.

The six principles are a core issue within the topic 'strategy absence' and the application of alternate management tools (so-called 'Absent-strategy-tools'). Therefore their significance has to be thoroughly tested. Consequently each item contains a further follow-up Item for in-depth analysis with several answers from which to choose (e.g. 13.b, 14.b, 15.b, etc.). They also include a 'no-no' answer directly negating the preceding question (e.g. see the selecting box "keine der genannten Massnahmen").

To open the given frame of reference (Sablone's elaborate field study from 2006) we added to each item a question to sense weak signals referring to alternative management tools of the given principles ('Absent-strategy-tools'). Please refer to, for example the 13.c, 14.c, 15.c, etc. The added variety of options reveals values and beliefs of the respondents. For the following item 13 to item 18: If a respondent chose the options marked in **red**, he/she uses the *six alternate management tools* for strategy absent companies given from management literature (Absent-strategy-tools).

Item 13: Verifying/falsifying the given management principle **Self-containing units** („Modularisierung der Organisations-Struktur“)

13.a Besteht Ihre Firma aus *mehreren* Firmen? (z.B. arbeiten einzelne Bereiche finanziell selbst-ständig? Oder habt Ihr dezentrale Einheiten? Oder modulare Organisations-Struktur?)

- Ja, so etwas kennen wir
- Nein, machen wir nicht

Follow-up Item for in-depth analysis including several answers from which to choose:

13.b Haben Sie eine oder zwei der folgenden Massnahmen ergriffen?

- Ständige Anpassung der Arbeitsgruppen an aktuelle betriebliche Bedürfnisse. („projekt-orientierte Firma“).
- Die verschiedenen Abteilungen werden als quasi-eigenständige Strukturen geführt.
- Einheitliche Struktur mit nationalen Handels-Filialen bzw. Produktions-Stätten.
- Jede Unternehmung der Gruppe wird als unabhängige Gesellschaft gegründet und w autonom gemanagt (sog. Profit Center).

- Um das Wachstum der Abteilung(en) zu fördern sollen diese selbständig werden.
- Keines der genannten Massnahmen.

Follow-up Item for monitoring management values:

13.c Welche Effekte hat diese Massnahme für Ihre Firma?

- Steigerung des internen Zusammenhalts einer Einheit.
- Erhöhung der Selbst-Verantwortung, z.B. des Führungs-Teams.
- Verbesserung des Markt-Images.
- Produktivitäts-Steigerung infolge höherer Spezialisierung.
- Erhöhung der Reaktions-Bereitschaft der Firma.
- Ausschöpfung von Wachstums-Möglichkeiten und Geschäfts-Chancen.

Item 14: Verifying/falsifying the given management principle **In-house sourcing** („In-sourcing“)

14.a Alle reden vom Out-Sourcing, also gewisse Teile der Arbeit und der Produktion auszulagern. Dabei hat das Beibehalten möglichst vieler Stufen der Wertschöpfungs-Kette wichtige Vorteile.

Frage: Hat Ihre Firma viele Tätigkeiten beibehalten?

- eher ja
- eher nein

Follow-up Item for in-depth analysis including several answers from which to choose:

14.b Hat Ihre Firma eine oder zwei der folgenden Aktivitäten gestartet?

- Verstärkung eines internen Dienstes (Service, Buchhaltung, Controlling usw.).
- Aufbau eines neuen eigenen Dienstes (z.B. für Herstellung eigener Software zur Steuerung eigener Produkte, usw.).
- Herstellen einer (oder mehrerer) strategischer Allianz(en).
- Kauf eines Teils eines anderen Betriebes.
- Gründung einer weiteren Firma bzw. Übernahme einer Firma.
- Keine der genannten Aktivitäten.

Follow-up Item for monitoring management values:

14.c *Welche Effekte hat diese Aktivität auf Ihre Firma?*

- *Beschleunigung des 'time to market'.*
- *Kontrolle über die Ausführung wichtiger Tätigkeiten.*
- *Nutzung der Chancen zur Qualitäts-Verbesserung.*
- *Erhöhte Sicherheit bezüglich sensible Informationen bzw. geheime Daten.*
- *Bessere Ausnutzung von Innovations-Chancen.*
- *Verstärkung der Wettbewerbs-Position.*
- *Steigerung der Unabhängigkeit, d.h. freier gegenüber Markt, Kunden, Mitbewerber.*

Item 15: Verifying/falsifying the given management principle **Cooperation with similar business partners** („Normative Fundierung externer Kooperationen“)

15.a Worauf achten Sie bei der Zusammenarbeit mit externen Partnern? Auf **Ähnlichkeiten zur besseren Verständigung?** Oder aber auf Unterschiede, die Ihre Firma bestens ergänzen?

Wir achten auf...

Follow-up Item for in-depth analysis including several answers from which to choose:

15.b Welche der folgenden Tätigkeiten praktiziert Ihre Firma?

- **Suche nach Partner-Firmen mit ähnlicher Organisations-Struktur, oder ähnlichem Firmen-Verständnis oder ähnlichem Geschäfts-Verhalten.**
- **Entwicklung eines Prototyps (z.B. Maschine) in Zusammenarbeit mit einem Institut.**
- **Mitarbeit an einer ERFA-Gruppe zwecks Austausch mit ähnlichen Firmen.**
- **Beteiligung an einem Konsortium (temporärer Zusammenschluss mehrerer Firmen).**
- **Gründung einer Interessen-Gemeinschaft.**
- **Keine der genannten Tätigkeiten.**

Follow-up Item for monitoring management values:

15.c *Welche Wirkung hat diese Tätigkeit auf Ihre Firma?*

- *Realisierung von innovativen Projekten dank der Ergänzung der eigenen Kompetenzen durch Spezialkenntnisse.*
- *Bewältigung von komplexen Aufgaben dank dem Zusammenschluss mit verschiedenen Experten.*

- *Ausweitung der geografischen Präsenz sowie der Markt-Präsenz.*
- *Förderung der Innovations-Kraft der eigenen Produktlinie durch die Zusammenarbeit mit Kreativen oder mit dem Fachhandel.*

Item 16: Verifying/falsifying the given management principle **Minimize financial dependency** („Reduktion der Abhängigkeit von externen Ressourcen-Gebern“)

16.a Manche Firmen versuchen bewusst, die Abhängigkeit von externen Akteuren zu verringern, die kritische Ressourcen – insbesondere Finanzen – bereitstellen.

Frage: Macht das Ihre Firma auch?

- Ja, oft
- Ja, selten
- Kaum
- Nein

Follow-up Item for in-depth analysis including several answers from which to choose:

16.b Pflegt Ihre Firma folgende Prinzipien?

- Finanzielle Ressourcen spielen eine geringe Rolle, da Investitionen begrenzt sind.
- Investitionen werden weitgehend/ausschliesslich mit Eigenkapital finanziert.
- Unsere Firma ist weitestgehend eigenfinanziert.
- Wir sind eine AG – und unsere Aktionäre unterstützen uns finanziell.
- Alle Mitglieder der Geschäftsleitung versuchen auf Bankkredite zu verzichten.
- Keine der genannten Prinzipien.

Item 17: Verifying/falsifying the given management principle **Go for opportunity** („Chancen-Orientierung“)

17.a Sucht Ihre Firma kontinuierlich nach neuen Geschäfts-Chancen und startet oft neue unternehmerische Initiativen?

- Ja, oft
- Ja, selten
- Kaum
- Nein

17.b Wie umfangreich sind diese Initiativen - gemessen am jährlichen Umsatz?

- eher klein

- eher gross

Follow-up Item for in-depth analysis including several answers from which to choose:

17.c Welche Innovations-Methoden wendet Ihre Firma an?

- Hohe Anzahl neuer Produkte – möglichst jedes Jahr.
- Entwicklung von unterstützenden Angeboten wie Neben-Produkte, Zusatz-Service, u.a.
- Kontinuierliche Suche nach neuen Projekten.
- Andauernde Verbesserung der internen Abläufe und Wertschöpfungs-Prozesse.
- Investitionen nicht nur in Innovationen sondern auch in zusätzliche Technologien oder zusätzliche Anlagen.
- Auslotung von neuen Geschäfts-Bereichen.
- Keines der genannten Methoden.

Item 18: Verifying/falsifying the given management principle **Great friends among top management** („Aufbau eines Führungsteams auf Basis langfristiger persönlicher Beziehungen“)

18.a Pfl egt Ihre Firma eine pluralistische Führungs-Struktur? Bestehen im Leitungs-Team langfristige persönliche Beziehungen?

- eher ja
- eher nein

Follow-up Item for in-depth analysis including several answers from which to choose:

18.b Welche der folgenden Entscheide wurden in Ihrer Firma gemacht?

- Der Gründer führte die Firma lange alleine, dann treten seine Kinder in die Geschäfts-Leitung ein.
- Der Gründer berief zur Leitung der neuen Geschäfte (bzw. neue Projekte) gute Kollegen, mit denen er schon in viel früheren Zeiten zusammen gearbeitet hatte.
- Kurz nach der Konstituierung der Aktiengesellschaft holte der Patron/Pionier einen Partner in die Geschäftsleitung, der schon einige Jahre im Büro tätig war.
- Die Firma wird heute immer noch vom Duo/Trio der Gründer geleitet.
- Der Patron/Pionier leitet den Betrieb zusammen mit seiner Frau (Freundin bzw. Freund).
- Keines der genannten Entscheide.

Part 4 of the survey: Verifying/falsifying a main reason to omit a management strategy:

The elaborate field-study's main finding (Sablone, 2006, p. 264) says that – for successful business - it does not matter at all whether a company follows a management strategy or not. Prerequisite for successful business is, however, that all components of entrepreneurship match well and make a good fit.

Item 19: Verifying/falsifying the given overall general management principle:

19. Stimmt für Ihre Firma folgende Aussage? „Für eine Unternehmung ist nicht erfolgsrelevant, ob sie eine Firmen-Strategie hat oder nicht. Wesentlich ist dagegen, dass alle Komponenten des unternehmerischen Ansatzes aufeinander abgestimmt sind. D.h. dass Führungs-Stil, Organisations-Struktur, Umgang mit Zielen, Markt-Verhalten usw. zueinander passen und ein schlüssiges Gebilde formen“.

- ☒ Ja, stimmt
- ☐ Weiss nicht
- ☐ Trifft eher nicht zu

By now it has become obvious that our survey aims at two goals: *Firstly*, to test the given twelve hypotheses including determination of their significance (Dougherty 2007; Butt & Campbell 1989). And *secondly*, to generate new insights into the success of absent-strategy SMEs. Our survey has a layout that reveals the implicit secrets of how to get along *without* a defined management strategy.

6.5 Statistics: Processing the Online Data

As mentioned previously, our research design applies statistical concepts such as sampling, significance levels, criteria for sorting and selecting, confidence intervals. We use the formulas for testing the twelve hypotheses as well as the generation of correlations and clustering providing new in-sights. On a statistically designed basis alternate arguments can be developed how SMEs without an elaborate strategy do business successfully. Our data processing formulas (Dougherty 2007):

Sampling: Sum within an item. Median and standard deviation.

Significance levels: Our statistical operations search for significant differences of median and standard deviation. The data provide significance levels of 1% and of 5%.

Criteria for Sorting and Selecting – power to divide into two or three groups: For example: Determine which respondents work in a company with an elaborate management strategy vs. which respondents are happy with a strategy absence. Items 1 to 7 monitor strategy absence. Our estimator: If a respondent marks are located in the **black field** of 5 out of 7 items, then we presume that their SME indeed follows a corporate strategy.

Correlations & Clusters: Monitoring relations among items, in our case between management features (Karaev, Koh & Szamosi (2007)).

Consents validity: Agreement and verification without statistically processing.

Controlling and feedback loops: Item 13 to 18 contain three questions each. The second of each triple is a question controlling the first question, including a no-no-option.

In the online survey all responses were processed by the program EXCELL applying spread sheets. The program also provides formulas for composing a variety of selected subgroups as well as defining correlations on a large scale. We generated more than a thousand correlations providing new in-sights into the topic of strategy absence in small and medium size companies. The data processing also helped to develop – necessary in case of a hypothesis being falsified - alternate arguments how companies without a strategy do business successfully (Losee 1999).

7 Evaluation of the Survey conducted in Swiss companies

Herein, we present and summarize detailed findings of the statistical work. The findings are discussed as a whole in order to make connections between different dimensions of the research enquiry.

Having no expectations we were open to any features emerging on their own within the frame of the carefully constructed survey. Firstly we set out to verify/falsify the six absent-strategy tools. Secondly we tested all six conditions for strategy absence. Thirdly we expected valuable insight into the management of successful SMEs. Therefore, the data was subjected to several statistical operations: Correlations, sorting and clustering, reliability tests etc. We searched for any emergent feature. For example, we checked more than 1'000 correlations. Correlations point to significant *coherence*. In our survey *coherence* reveals an inherent method guiding all managing efforts. We analyzed all correlations higher than ± 0.6 . Furthermore, the results of the online survey provide even more valuable insights into managing SMEs.

The results of our survey contain valid responses from 183 Swiss companies. 87% responding companies (159 from 183) want to learn from our survey and request a management abstract. Therefore they had to submit their email address thus giving up personal anonymity. The interpretation may be that the CEOs and founders which took part in the online survey were attracted by our specific set of items? Maybe they became interested in the topic 'leadership in SMEs'. Maybe they were curious to learn about their peer companies relative to their own company?

7.1 Remarks on our Research Design

To be able to test the given hypothesis we had to construct a new survey according to the hypothesis predictions (full versions of the newly constructed questionnaire see **Appendix**). The reliability (Dougherty 2007) of the new measurement is estimated by a pre-test of a population of five as well as by six controlling items (included in item 13 to 18).

Talking about management beliefs reveal an inclination towards specific concepts, tools and results. When asking respondents to pick from a list of options they mainly selected the

one in which they personally most believe. Thus, the most, favored issue of each respondent becomes clear. That is the reason why our survey captures *personal beliefs* mirroring individual management values. According to findings of Analoui & Karami (2001, *How top executives perception of the environment impacts on company performance*) personal management practice can be deduced. As a result, all data from our survey is to be understood at the level of interpretations.

Data processing focuses on scanning significant differences between two subgroups to verify the given hypotheses (Butt & Campbell 1989). All twelve hypotheses predict specific management behavior, namely what companies without a strategy do and think, i.e. what their founders and CEOs do and believe. According to the hypothesis, strategy absence in companies is supported by six conditions. And according to hypothesis, strategy-absent companies use six alternate management tools which make a strategy un-necessary. These predictions are to be verified or falsified (Losee1999).

Our research design searched for significant *differences* between the behavior and beliefs of CEOs/founders of companies that lack a management strategy (so-called 'Absent-strategy-SME') and the behavior and beliefs of CEOs/founders leading a company with a corporate strategy (so-called 'strategy-SME'). As mentioned above, the criteria which determines and sorts 'absent-strategy-SME' versus 'strategy-SME' are according to definitions of Ansoff 1965, Chandler 1962, Andrews 1987, and MacCrimmon 1993. Items 1 to 7 are designed to separate 'Strategy-company' from 'Absent-strategy-company', and also designed to determine the 'Neither-nor', i.e. the respondents who, due to their answering profile on items 1 to 7, do *not* qualify as a 'strategy-SME' nor a 'absent-strategy-SME'. Here the data of respondents within each sorted group. Respondents are founders and CEOs.

	Strategy-company	Absent-strategy-company	Neither-nor
Number of respondents	59	49	75

Items 8 to 12b are designed to test all six conditions of strategy absence while items 13 to 18 test the proposed alternate management principles substituted for a management strategy (so-called 'absent-strategy-tool'). Item 19 scans an overall argument on 'Strategy absence'.

But before all details on testing the hypothesis are evaluated, general features of our population will be analyzed. Interesting trends set a frame within all results from the survey will be interpreted.

An overall analysis of trends within the survey reveals interesting basic information. Some of them are known in scientific literature on empirical research by questionnaires and surveys. For example, there is a trend in western society to answer items displayed in a questionnaire with a 'yes' rather than with a 'no'. Although the items of our newly constructed survey are designed in a way that equally favors both categories (yes and no), the respondents display a tendency towards 'yes'. The overall results of our online survey present three overarching trends characterizing the addressed population, i.e. features of CEOs, founders and leaders of Swiss enterprises: Yes-sayers, selectors, option-rejecters:

Trend 1: Yes-sayers - The reluctance to select a 'no'-box

In western society there is a general tendency to say yes rather than no. This trend is also found on top management level. The fact has a major impact on all interpretations of results within the survey.

	Yes	No
Yes / O.K.(item 1, 2, 3, 4, 5, 6, 7)	813 + 456	
No / No! (item 1, 2, 3, 4, 5, 6, 7)		218 + 156
Rather yes (Eher ja in item 14, 16, 17a, 18)	144	
Rather no (Eher nein in item 14, 16, 17a, 18)		40
Yes (green in item 19)	117	
No (red in item 19)		59
Sum of yes-sayers	1'530	
Sum of no-sayers		473
473 : 1530 = 310% more		
Ja, kennen wir (item 13)	78	
Nein, machen wir nicht (item 13)		107
Eher gross (item 17b)	65	
Eher klein (item 17b)		116
Ehrgeizig (item)	102	
Moderat (item)		84
Sum	245	307

Table 6: Comparison of yes and no responses

Trend 2: Box selectors

The second distinct trend is that one of the two subgroups 'Strategist/Non-strategist' seems to be more alert in selecting boxes. The sorting criteria for 'No-strategy - Strategy' are according to definitions of Ansoff 1987, Chandler 1962, Andrews 1987, and MacCrimmon 1993 (see chapter 4.4.2). The sum of all totals of responses reveal that the so called 'strategists' love to report about their actions made. Their inclination towards taking actions is 17% more than their peers, the non-strategists (see strategist's great 1367% versus non-strategist's mere 1136%). This is a significant difference between both groups that has an impact on the interpretation of all data of the survey.

	Absent-strategy-company	Strategy-company
Totals item 8 education	265%	291 %
Totals item 12 business goals	155 %	237 %
Totals item 13 self-contained units	83 %	125 %
Totals item14 in-sourcing	96 %	145 %
Totals item 15 co-option similar partners	70 %	88 %
Totals item 16 financial independence	186 %	151 %
Totals item17 new opportunities	207 %	274 %
Totals item 18 close relations	74 %	56 %
Sum of all totals of responses	1'136 %	1'367 %
	Absent-strategy-company	Strategy-company
1136% : 1367% = 17% more		

Table 7: Sum of frequencies to select a box

Trend 3: Option-rejecters

The research design incorporates control items providing feedback loops among issues of concern. Control items are included in item 13, 14, 15, 16, 17 and 18. For example: Question 13a asks "What do you think about ...?" while question 13b monitors the "What do you do?".

So the b-part follows up with offering a variety of management *actions* from which to choose – all relating and reflecting the *belief* mentioned in the a-part. Subsequently items 13 to 18 check whether the respondents "walk their talk".

In question 13a as well as in question 13b there is an option to select "no, that does not make sense to me" (13a: "nein", 13b: "Keine der genannten Massnahmen" etc.). The research design expects a significant correlation between the 'no's in the a-part and the 'no's in the b-part. The intensity of correlations shines some light on the reliability of our

newly constructed items. That is, correlations between the 'no's in the a-part and the 'no's in the b-part differ according to sorted groups.

The survey contains items with multi-answering options. So choosing one or two or three of the displayed management action means that the respondent believes in the usefulness more than one chosen actions. But selecting the box "We choose none of the actions" means that he/she cannot make sense of any of the actions displayed. But as mentioned above: The research design expects a significant correlation between the 'no's in the a-part and the 'no's in the b-part.

Respondents vary greatly in believing in the displayed management actions and thus being able to make sense of them. For example: The sum of all non-strategists selecting the box "We choose none of the actions" shows that the options offered make less sense to them - compared to the strategists. Non-strategists inclination towards rejecting options is 23% more than their peers, the strategists (see non-strategist's big 151% versus strategist's mere 117%). This is a significant difference between both sorted groups strategists versus non-strategists concerning rejecting taking management actions.

"We choose none of the actions"	Absent-strategy-company	Strategy-company
Keine der genannten Massnahmen (item 13)	30 %	8 %
Keine der genannten Aktivitäten (item 14)	28 %	16 %
Keine der genannten Tätigkeiten (item 15)	45 %	28 %
Keine der genannten Prinzipien (item 16)	10 %	11 %
Keines der genannten Methoden (item 17)	6 %	0 %
Keines der genannten Entscheide (item 18)	32 %	54 %
Sum of rejected management actions (see controlling items)	151 %	117 %
	Absent-strategy-company	Strategy-company
117% : 151% = 23% more		

Table 8: Sum of rejected management options

7.2 Interpretations valid for Swiss Companies in General

Our results of the survey contain responses from 183 Swiss companies. Interpretations in the following Section are valid for enterprises with 1 to 400 employees situated in Switzerland. This size of company was addressed by email invitation to over 1000 SMEs in

Switzerland. Here the percentages of responding companies according to number of employees:

Number of employees	Count	Percentage
ca. 10 (Micro enterprise)	78	44 %
ca. 30 (SME)	30	17 %
ca. 50 (SME)	21	12 %
ca. 100 (SME)	20	11 %
ca. 200 (SME)	11	6 %
ca. 300 (Large enterprise)	7	4 %
ca. 400 (Large enterprise)	12	7 %

Table 9: Number and percentages of responding companies according to size

The first step in our research plan is to test, by statistical means, the given twelve hypotheses derived from a field-study conducted in Europe. First results: The processed data verifies five hypotheses and supports five hypotheses partly. Two hypotheses are falsified as our results show the exact opposite. Here an overview – but all details see 20 pages in **Appendix**:

Overview: Conditions that favor strategy absence in Swiss companies

Verified: Hypothesis Manager's education

Partly verified: Hypothesis SMEs prosper without a management strategy

Partly verified: Hypothesis No problem, missing resources means missing strategy

Partly verified: Hypothesis Small projects – no strategy

Verified and broadened: Hypothesis other goals than merely 'growth' make a strategy unnecessary

Mainly verified: Hypothesis No economic growth without intense effort

Overview: Management tools applied by Swiss companies without a corporate strategy

Falsified – contrary findings: Hypothesis Self-containing business units

Partly verified – some contrary findings: Hypothesis In-house sourcing

Falsified – contrary findings: Hypothesis Cooperation with similar business partners

Mainly verified: Hypothesis Minimize financial dependency

Partly verified – some contrary findings: Hypothesis Go for opportunity

Verified: Hypothesis Great friends among top management

Above results concerning the twelve hypotheses are valid for enterprises with 1 to 400 employees situated in Switzerland. But testing the twelve hypotheses with singularly Swiss SMEs will produce slightly differing results, see below.

7.3 Surprising Results due to Correlation and Sorting

As mentioned above, having no expectations we were open to any features emerging on their own within the frame of the carefully constructed survey. We set out to verify/falsify the six absent-strategy tools as well as the six conditions for strategy absence, and we expect valuable insight into the management of successful SMEs. Therefore the data subjected to several statistical operations: Correlations, sorting and clustering, reliability tests, etc. We searched emergent feature. We checked more than 1'000 correlations. Correlations point to significant *coherence*. In our survey *coherence* reveals an inherent method guiding all managing efforts. They might show methods to gain successful management in SMEs. Below we analyse all correlations +/- 0.6.

First surprise: '*Large*' companies show up with a *large* number of high correlations. Interpretation is that CEOs of firms with 300 to 400 employees share a common concept of managing 'large' enterprises. Results suggest that the size of a company determines the way to respond to our survey and probably reveals unique management behavior according to company size. This finding suggests processing all data according to *company size*.

	Micro 10 employees	SME 20-250 employees	Large 300-400 employees
+/- 0.4	20	20	176
+/- 0.5	5	4	68
+/- 0.6	1	--	* 20
+/- 0.7	1	--	* 4
+/- 0.8	--	--	* 2
Total	27	24	270
Valid responses	78	82	19

Table 10: Number and intensity of correlations according to company size

High *coherence* among a sorted group reveals a strongly shared mind set. Also shows – according to Analoui & Karami (2001) *How top executives perception of the environment impacts on company performance* - an inherent method guiding all their management

efforts. Results of the table displayed above tell that Micro companies think and behave differently to SMEs and these differently to large enterprises. Our research questions and design focus on small and medium size companies (SMEs). So further processing of data will *only* take into account the data from SMEs.

7.4 Results valid for Swiss SMEs only

The following Sub-section evaluates a *selection* of all collected data useful to prove for (Swiss SMEs) several hypotheses given from management literature. Twelve hypotheses (Sablone 2006) are tested by our online survey. Each one is monitored by one item containing two to three questions each offering multiple answer options. Therefore we constructed Item 8, item 9, item 10, item 11, item 12 and 12a, as well as item 13, item 14, item 15, item 16, item 18 (original templates of the questionnaire: see **Appendix**).

According to the research design we are looking for significant *differences* between the answers given by CEOs/founders of SMEs that lack a management strategy (so-called 'SME non-strategists') and responses given by CEOs/founders leading a SME with a corporate strategy (so-called 'SME strategists'). As mentioned above the criteria which determines and sorts 'Non-strategists' versus 'Strategists' are according to definitions of Ansoff 1987, Chandler 1962, Andrews 1987, and MacCrimmon 1993. These criteria are: Short vs. long term orientation following founder's intuition; analytical instruments & procedures vs. management from the gut; hands-on approach; dedication for management strategy vs. inclination to omitting a strategy (see chapter 4.4.2). Items 1 to 7 are designed to separate 'strategists' from 'non-strategists', and also designed to determine the 'Neither-nor', i.e. the respondents who, due to their answering profile on items 1 to 7, do *not* qualify be a 'strategists' or a 'non-strategists'. Here the number of respondents of each sorted group:

	Strategy SME	Absent strategy SME	Neither-nor
Number of SMEs	35	21	30

Besides sampling within the sorted groups several preconditions in the field of statistics, i.e. confidence intervals and significance levels, are applied successfully. First results: The processed data concerning solely SMEs partly verify eight hypotheses, one hypothesis is

fully verified, one mainly verified, and two hypotheses are falsified as our results show the exact opposite. Here an overview of our results concerning Swiss SMEs - with all details following:

Overview: Conditions that favor strategy absence in Swiss SMEs:

Partly verified: Hypothesis Manager's education

Partly verified: Hypothesis SMEs prosper without a management strategy

Partly verified: Hypothesis No problem, missing resources means missing strategy

Partly verified: Hypothesis Small projects – no strategy

Mainly verified: Hypothesis other goals than merely 'growth' make a strategy unnecessary

Partly verified: Hypothesis No economic growth without intense effort

Overview: Management tools applied by Swiss SMEs without a corporate strategy

Falsified – contrary findings: Hypothesis Self-containing business units

Partly verified – some contrary findings: Hypothesis In-house sourcing

Partly verified: Hypothesis Cooperation with similar business partners

Verified: Hypothesis Minimize financial dependency

Falsified: Hypothesis Go for opportunity

Partly verified: Hypothesis Great friends among top management

Note: These results are particularly validated for Swiss SMEs, not for micro or large enterprises.

7.5 Evaluation of Conditions for Strategy Absence within SMEs

First we want to know whether there really are certain *conditions* within Swiss SMEs that support the absence of a management strategy? If so, strategy absence is an almost given fact that is connected to a set of circumstances. By the way: A very detailed description of each of the six conditions for strategy absence given from management literature is listed above in Sub-section 4.4.4.

Condition 1: Manager's education – checked in item 8. The given hypothesis argues: "The likelihood of an absence of a management strategy is high if the founder or CEO of the SME qualifies in any field other than business or administration". Subsequently our

question focuses on whether he/she boasts professional levels (studies in technology, engineering, construction, chemistry etc. including postgraduate courses), or whether he/she boasts managerial training (MBA, studies in economics, courses at management schools, leadership training at the Swiss army, etc.). Our item 8 offers an abundant variety of occupational qualifications from which to choose. Here are the percentages of responses from Swiss SMEs within each group of 'strategy SME' versus 'absent strategy SME'.

Managers' Education (item 8)	Absent-strategy-SME	Strategy SME
Fachausbildung	71 %	77 %
fachspezifische Fortbildungs-Seminare	62 %	63 %
Kaderschulung im Militär	19 %	23 %
Management-Training	** 47 %	** 54 %
betriebswirtschaftliches Studium	* 52 %	40 %
MBA-Abschluss	9 %	** 17 %
Anderes nämlich ...	14 %	** 32 %
Totals	276 %	306 %

Table 11: Qualifications in percentages within SMEs

Hypothesis partly verified: Results from our survey reveal that 'strategy-SME', i.e. founders and CEOs *applying* a management strategy within their SME, do take advantage of management training – more than their peers, the absent-strategy-SME (see **: 54%+17%+32% versus 47%+9%+14%). This training includes courses in sales, key account manager, marketing, corporate communication, IT or accountant. But at the same time 'Absent-strategy-SME', i.e. founders and CEOs of SMEs working *without* a management strategy, *also* qualify in studies in economics and even boast academic levels (see *: 52%). Subsequently there is *no* real difference between strategy-SME and absent-strategy-SME concerning managerial education. Founders or CEOs of Swiss SMEs – whether they follow a strategy or not – always qualify in the field of business and administration. Qualifications in professional areas (technology, engineering, biology, etc.) are given anyway.

Summary: There are rarely any founders or CEOs working in Swiss SMEs that *only* boast professional education. An *educational* condition for strategy absence in Swiss SMEs only partly exists.

Condition 2: SMEs prosper without a management strategy – checked in item 9. The given hypothesis says: "The absence of a management strategy is more likely in small and medium size enterprises (SMEs)" – the small and medium size is defined as a company with 20 to 250 employees. Our item 9 offers a metric scale containing seven sizes of enterprises, i.e. from five to 500 employees. Hypothesis partly verified: Right: Half of the Micro companies (around 10 employees) has *no* management strategy – as non-strategists confess (see* 51%). But – according to strategist's information - every fourth *small* size company (around 50 employees) already follows a management strategy (see*** 23%). And definitely every company larger than 400 employing staff members creates and implements a management strategy (see** 13%).

Size of the enterprise (item 9)	Absent-strategy-SME	Strategy SME
10 employees (Micro enterprise)	* 51 %	25 %
30 employees (Small SME)	18 %	15 %
50 employees (Small SME)	8 %	*** 23 %
100 employees (Medium SME)	6 %	11 %
200 employees (Medium SME)	8 %	6 %
300 employees (Large enterprise)	6 %	1 %
400 employees (Large enterprise)	0 %	** 13 %

Table 12: Percentages of responding SMEs

Details: Results from our 'All Data sheet' show that founders and CEOs creating and following a management strategy mainly take charge of a larger Swiss company (400 employees and more, see **) but also SMEs with around 50 employees apply a management strategy.

Summary: Subsequently several Swiss SMEs do come up with a corporate strategy. Being a SME is not necessarily a condition for strategy absence.

Condition 3: No problem, missing resources means missing strategy – checked in item 10. The given hypothesis argues: "The absence of a management strategy is more likely in companies with few resources and limited infrastructure". Hypothesis partly verified because 40% fully equipped SMEs indeed follow a management strategy (see **), while 24% fully equipped SMEs do not have a corporate strategy.

Resources & infrastructure (item 10)	Absent-strategy-SME	Strategy SME
Full stack (fully sufficient)	24 %	** 40 %
3/4 stack	28 %	20 %
Half stack	19 %	14 %
1/4 stack	24 %	* 20 %
Tiny stack (hardly sufficient)	5 %	* 3 %

Table 13: Percentages of financial capacity within SMEs

Working with this hypothesis is difficult because management theory does not provide a general formula for companies to determine ‘sufficient’ resources and ‘sufficient’ infrastructure. What percentage of employees is ‘sufficiency’ gained, if total turnover can be spent on creating new jobs with new staff and spent on acquisition of new sites, machines or external services? Is it 10%? Or is it 15%? Does an enterprise have to regularly make at least 5% profits to have a chance to increase staff, products and infrastructure and thus boasts ‘sufficient’ resources? Management theorists recommend in this case to interview founders and CEOs to collect personal opinions about their company’s resources and infrastructure. Our item 10 offers a nominal scale with five grades of sufficiency.

Companies whose CEOs and leaders estimate the firm’s financial potential as fully sufficient and well equipped (Full stack, see**), provide 40% which a corporate strategy while 24% have no strategy. This is a significant difference between strategy-SME and absent-strategy-SME. But there is no difference between both when it comes to companies lacking resources and infrastructure (Tiny stack to ¼ stacks, see*): 23% work with a strategy and 29% exist without a management strategy. So CEO’s personal opinion concerning “missing resources” does not go along with strategy absence. Solely the estimation of “plenty of resources” goes together with an implemented corporate strategy.

Summary: One fourth of founders or CEOs of Swiss SMEs feels that his/her company lacks resources and suffers few infrastructures. This feeling exists in both strategy absent as well as strategy implemented enterprises (absent-strategy-SME 29%, strategy-SME 23%). Missing resources does not really mean a missing management strategy.

Condition 4: Small projects – no strategy (checked in item 11). The given hypothesis says: “The absence of a management strategy is more likely in firms conducting investment projects containing relatively small volumes”. Now, unfortunately the difference between the

answers given by strategists compared to non-strategists in our SME-survey is *not* significant. So the hypothesis cannot be properly verified or falsified.

This hypothesis deals with the average size of projects within a company. So we have to find out what time and money is spent on innovations, product developments or marketing projects. The most fitting formula to determine the average volume of investment projects is to compare the costs of a project with the resources allocated; i.e., total turnover. Projects containing 1 to 6 percent of a company's total turnover are relatively small. Projects containing 10 to 20 percent of a firm's total turnover are relatively large. Our item 11 offers a metric scale of six categories of project volumes to pick from:

Volume of an average project (item 11)	Absent-strategy-SME	Strategy SME
1 - 3% of company's total turn over	28 %	22 %
4 - 6%	38 %	31 %
7 - 9%	24 %	23 %
10 - 12%	5 %	6 %
13 - 15%	0 %	3 %
> 15%	5 %	6 %

Table 14: Percentages of average project volume within SMEs

Our table provides no data which support a significant trend. According to the hypothesis we had expected that projects with large volume (10 % and more) are more often conducted in firms which create and implement a management strategy. But results from our survey do not produce any valuable information.

Summary: In Swiss SMEs average investment projects of small volume is not a condition for strategy absence.

Condition 5: Other goals than merely 'growth rates' make a strategy unnecessary – In item 12. The given hypothesis claims: "In case the top management neglects growth rates as well as reaching self defined benchmarks within budget and time, the absence of a management strategy is more likely." This hypothesis is mainly verified as two from three strategy-SMEs indeed follow growth (see **) while only one third of strategy-absent SMEs like bigger-better-brighter goals ('growth').

This distinct hypothesis calls for analytical observation to find out the single motive that drives the brains of top management - be it founder or CEO of a SMEs. The question is

whether the driver surfaced can be called ‘innovation’ or ‘profits’ or ‘growth’ or ‘excellence’ or what else? The hypothesis predicts that enterprises, which mainly search for becoming bigger-better-brighter, usually create and implement a management strategy. Our item to grasp a condition for strategy absence has to look for founders and CEOs who aim for goals different to ‘growth’, i.e. focus on issues like ‘turn over’, ‘innovation’, ‘excellence’ etc. Our item 12 presents six nominal options from which to choose:

Goals (item 12)	Absent-strategy-SME	Strategy SME
Growth	38 %	** 63 %
Yield	** 47 %	66 %
Turn over & profits	*** 33 %	20 %
Innovation	28 %	46 %
Consolidation	14 %	23 %
Totals	162 %	217 %
No goals	5 %	0 %

Table 15: Percentages of favoured business goals within SMEs

Hypothesis mainly verified: The difference between the answers given by strategy-SME compared to answers given by absent-strategy-SME is significant by a surprisingly strong 1% confidence interval. Strategy-SMEs choose indeed other goals than absent-strategy-SMEs. Our results show deviances throughout all six nominal options. In line with the expected trend introduced by the given hypothesis, the management of strategy-SME heavily favor the business goal ‘growth & expansion’ (see ** 63%). Absent-strategy-SME rather prefer ‘yield’ (see** 47%). Moreover, absent-strategy-SME – much more than strategy-SME – focus on business goals like ‘Turn over & profits’ (*** 33%), a goal that has nothing to do with growth and expansion. The hypothesis’ argument “other goals than merely ‘growth & expansion’ make a strategy unnecessary” is reality within Swiss SMEs. Omitting or abandoning ‘bigger-better-brighter’ is to some extent a condition for strategy absence.

Due to the option of multiple answering to the item 12, additional information concerning the group of strategy-SME is gained:

Summary: Above table shows that they tend to mention much more management goals than the absent-strategy-SME (see ‘Totals’ showing great 217% versus less 162%). The strategy-SME rate of selecting a box is definitely higher compared to absent-strategy-SME.

Strategy-SME seems to be aware of the importance to talk about goals and communicate them.

Condition 6: No economic growth without intense effort – checked by item 12.a. The given hypothesis says "the higher the inclination and determination for growth and for accomplishing expansion, the higher the chances of pursuing a managerial strategy". This hypothesis adds more details to the hypothesis displayed right beforehand. It evaluates the intensity of how strongly a business goal – in particular 'growth and expansion' – is aimed at. Our item 12a – referring to the item 12 mentioned right before – asks for three options to select. The threefold ordinate scale captures the grade of determination to accomplish the business goals chosen earlier.

Intensity of goal (item 12a)	Absent-strategy-SME	Strategy SME
strongly (Ehrgeizig)	48 %	52 %
moderately (Moderat)	52 %	48 %
None (gar nicht)	0 %	0 %

Table 16: Percentages of how strict SMEs follow their goals

The difference on this topic between the answers given by strategy-SME compared to responses given by absent-strategy-SME is hardly significant.

Summary: So the hypothesis can be neither verified nor falsified: Results from our survey reveal that to the *same* extent management strategy-SME *and* absent-strategy-SME both say that they aim with moderate as well as with strong intensity towards their business goals.

7.6 Six Conditions for Strategy Absence exists partly in Swiss SMEs

Summary up to now: All six conditions for strategy absence drawn from management literature (Sablone 2006) exist to some small extent within Swiss SMEs. As previously stated: Top management in Swiss SMEs usually has some managerial training, i.e. there are hardly any leaders with merely professional education so that this specific condition for strategy absence hardly applies. Company size is to some extent a necessary condition for strategy absence – but Micro enterprises often lack a management strategy, while Swiss

SMEs or Large enterprises usually have a corporate strategy. There *is* in Swiss SMEs a small trend towards strategy-minded companies estimating their resources and infrastructure as ‘plenty’ while strategy absent firms consider their resources as somewhat insufficient – but ‘few resources’ is no real condition for strategy absence within Swiss SMEs. Also the average volume of investment projects throughout all Swiss SMEs is fairly the same so that the ‘small volume = condition for absence’ does not occur. But in Switzerland there *is* a trend that SMEs aiming for ‘growth & expansion’ also follow a corporate strategy. But these strategy SMEs do not follow their big business goals more intensely than strategy-absent SMEs – so intensity of goal-mindedness is not a condition for strategy absence.

Overall results of our online survey (see ‘box-tickers’) also reveal a group of respondents trained in mainstream management issues like business goal orientation and strategic thinking. They like to talk about their managing practice, about great goals, about project volumes, etc. including creating and implementing a management strategy. But there is also a group of respondents that manage their business successfully in spite of mainstream management rhetoric. Our study will keep this observation in mind, particularly when it comes to define management excellence in SMEs, see Section 8.

7.7 Some more Remarks on Swiss SMEs

Now the next Section evaluates in detail a *selection* of all collected data useful to prove the given hypothesis concerning *management principles* which Swiss SMEs apply instead of a management strategy. The task is to verify or falsify the existence of so-called absent-strategy-tools. Each of the following six hypotheses is tested within our online survey by one item containing three questions offering multiple answer options. We now want to know whether there really are certain management principles which are applied by strategy-lacking Swiss SMEs? If so, there are viable business principles that support the absence of a management strategy. To test this idea we constructed Item 13a & 13b, item 14a & 14b, item 15a & 15b, item 16a & 16b, item 17a/17b/17c, and item 18a & 18b. According to the research design we are again looking for significant differences between the answers given by CEOs/founders of Swiss SMEs that lack a management strategy (so-called ‘Absent-strategy-SME’) and responses given by CEOs/founders leading a Swiss SME with a management strategy (so-called ‘strategy-SME’). As mentioned above the criteria which

determines and sorts 'Absent-strategy-SME' versus 'strategy-SME' are according to definitions of Ansoff 1987, Chandler 1962, Andrews 1987, and MacCrimmon 1993. These criteria are: Short vs. long term orientation following founder's intuition; analytical instruments & procedures vs. management from the guts; hands-on approach; dedication for management strategy vs. inclination to omitting a strategy (see Sub-section 4.4.2). Items 1 to 7 are designed to separate 'strategy-SME' from 'Absent-strategy-SME'.

Items 13c, 14c and 15c are constructed for further insight into the topic managing successfully strategy absent SMEs. They are useful for generating further arguments and their results will be subject to interpretation in Section below.

7.8 Evaluation of Principles alternate to Management Strategy for Swiss SMEs

The following Section checks the application and usefulness of six management principles supposed to be favored by CEOs, founders and leaders of Swiss SMEs managed without a management strategy (see management literature, f.i. Sablone 2006). For easy identification in our text we call the favored principles 'Absent-strategy-tools'. A very detailed description of all six Absent-strategy-tools given from management literature is precisely described in Section 5.4.

According to Analoui & Karami (2001) findings reported in *How top executives perception of the environment impacts on company performance* suggest that the answers given in the survey mirror to some extent the management behavior of the respondents.

Absent-strategy-tool 'Self-containing units' – checked in item 13a and 13b:

Creating self-contained units - each responsible for their own business – is supposed to be a management principle for Swiss SMEs to become efficient and effective without having to submit to an elaborate management strategy. Our items checks whether this 'self-containing unit' principle is merely applied within strategy-lacking companies. Results of our online survey say surprisingly 'no'. Self-contained business units are mainly used by SMEs working *with* a strategy:

Self-containing units (item 13a)	Absent-strategy-SME	Strategy SME
Ja, so etwas kennen wir	(a) 19 %	(aa) 49 %
Nein, machen wir nicht	(b) 80 %	51 %

Table 17: Percentages SMEs whether they are familiar with self contained units

As a result, totally contrary to the given hypothesis from management literature our results from the survey tell us something new. Our statistics point out that mainly the strategy-SME - not the absent-strategy-SME – are the ones who are strongly interested in increasing responsibility of each business unit. Half of management strategy-SMEs (49% see aa) say that his/her SME is familiar with self-containment – compared to (only) one fifth of absent-strategy-SMEs (19% see a). In parallel, with this finding, absent-strategy-SMEs seldom engaged with forming self-contained business units: Four out of five absent-strategy-SME 80% see b) say that he/she does *not* really care about self-contained business units within their SME. The difference between the answers given by strategy-SME compared to responses given by absent-strategy-SME is – within item 13a – significant by a 1% confidence interval supporting the opposite to what the hypothesis concerning ‘self-contained business units’ predicted.

Additionally, when it comes to presenting a variety of actions from which to choose our survey indicates that indirectly a creation of self-contained business units (see below: item 13b), provides results which are too seldom in line with the given hypothesis of self-contained units as a typical absent-strategy-tool. 29% absent-strategy-SME (see e) – compared to only 14% strategy-SME - cannot make sense of the management options offered to support self-contained business units. So there is hardly any evidence that support self-contained business units as a typical absent-strategy-tool.

Actions for becoming Self-containing units (item 13b)	Absent-strategy-SME	Strategy SME
Ständige Anpassung der Arbeitsgruppen an aktuelle	19 %	(d) 32 %
Die verschiedenen Abteilungen werden als quasi-eigenständige	(h) 38 %	(hh) 46 %
Einheitliche Struktur mit nationalen Handels-Filialen	5 %	14 %
Jede Unternehmung der Gruppe wird als unabhängige	10 %	(f) 23 %
Um das Wachstum der Abteilung(en) zu fördern solle	5 %	6 %
Totals	105 %	134 %
Keines der genannten Massnahmen (controlling item)	(e) 29 %	14%

Table 18: Which actions for self containment do SMEs prefer?

The table also show a strategy-SME inclination to choose from a variety of managerial actions. They select boxes (a variety of optional answers to question 13b) much more often than founders and CEOs from strategy absent companies (28% more actions see 'Totals' showing 134 % compared to 105 %). Subsequently, our statistics show that strategy-SME, undertake, in general, many more actions than absent-Strategy-SME. We do not know why. But strategy-SMEs give the impression of being extremely active getting things done and therefore implementing structures and processes, in this case empowering self-contained business units.

Among the variety of managerial actions from which to choose (see again item 13b), establishment and empowerment of departments as self-contained units is mostly supported in Swiss SMEs (see h and hh). Beyond that it's the strategy-SME who strongly prefer "the structure of our units continuously adapt to current demands", i.e. structures like business units exist and are flexibly managed (see d). Strategy-SME also strongly prefer "each business units is treated as a profit center" (see f).

Controlling item: There is a good coherence between 'tell what you think' in item 13a and 'actions taken' in item 13b. As stated previously: absent-strategy-SME score high in 13a that they do not strive for self-contained business units (80%, see b in table above). Similarly, they score high on the action 'no, we do not undertake any measures aiming for independent business units' (see e 29%). In other words: In item 13a as many as four out of five absent-strategy-SME say that his/her SME *not* focus on self-contained business units. Analogously in item 13b also one third of non-strategists make *no* use of actions the survey proposed to establish self-containment. Significantly, the good coherence among items 13a and 13b as it reveals consistency of the newly constructed survey, in particular among the two questions of item 13.

The difference between the responses given in item 13b by strategy-SMEs compared to answers given by absent-strategy-SMEs is significant by a 1% confidence interval – altogether contrary to the given hypothesis. Creating self-contained business units appears to be a management principle strongly applied by SMEs following a management strategy – not applied by strategy absent SMEs. This information is totally contrary to the predicted notion that self-containment is supposed to be a management principle *only* applied by strategy-lacking SMEs.

Absent-strategy-tool ‘In-house sourcing’ – checked by item 14a and 14b. The given hypothesis introduces the idea that “creating in-house competency and keeping as many as possible steps of the value chain within the company” is supposed to be a management principle for SMEs to become efficient and effective without having to submit to an elaborate management strategy. Results of our online survey say ‘yes, partly’, but also SMEs which follow a management strategy believe in in-sourcing.

Do you do in-sourcing? (item 14a)	Absent-strategy-SME	Strategy SME
Yes	(aa) 57 %	(a) 49 %
O.K.	(b) 19 %	(bb) 37 %
?!	5 %	3 %
No	5 %	0 %
Definitely No!	(c) 9 %	(c) 6 %

Table 19: Percentages of beliefs in avoiding out sourcing in SMEs

Details of our survey: Overall tendency in general supports the idea of keeping as many steps as possible of the value chain within the SME instead of delegating them to other companies or institutions. According to our results there is a general tendency among all SMEs to in-source business activities rather than not. i.e. ‘out-sourcing’ is not much favored in Swiss SMEs. This trend is shown by relatively high scores for ‘yes’ and ‘o.k.’ and similarly very low scores for ‘no’ and ‘definitely no’. Now, according to the given hypothesis, absent-strategy-SME should be very much more interested in in-sourcing activities than strategy-SME. And yes, the survey results do verify this prediction on the ‘totally yes’ dimension (see aa: absent-strategy-SME great 57% versus strategy-SME less 49% in a). The difference between the answers given in 14a by strategy-SME compared to answers given by absent-strategy-SME is significant by a 5% confidence interval. In item 14 an in-house sourcing seems to be an *absent-strategy-tool* mainly applied by SMEs without an elaborate management strategy. Yet, strategy-SME also apply in-sourcing gladly.

Although, when it comes to choosing from a variety of actions which indicate indirectly an in-house sourcing (see below: item 14b), strategy-SME implement 38% more structures which support in-sourcing than absent-strategy-SME (see ‘Totals’: $124 : 171 = 38\%$ more). So results of 14a support - but results of 14b question - ‘in-sourcing’ is a *mere* absent-strategy- tool:

Actions for In-house sourcing (item 14b)	Absent-strategy-SME	Strategy SME
Verstärkung eines internen Dienstes (Service, Buch	(f) 33 %	(ff) 42 %
Aufbau eines neuen eigenen Dienstes (z.B. für Hers	19 %	9 %
Herstellen einer (oder mehrerer) strategischer All	(e) 4 %	(ee) 57 %
Aufkauf eines Teils eines anderen Betriebes.	19 %	9 %
Gründung einer weiteren Firma bzw. Übernahme	19 %	37 %
<i>Totals</i>	<i>124 %</i>	<i>171 %</i>
Keine der genannten Aktivitäten (controlling item)	(cc) 29 %	(c) 17 %

Table 20: Percentages of actions for in sourcing in SMEs

The details: Again, the frequency of selecting boxes again shows that management strategy-SME undertake many more actions, at least they say so (see 'Totals ' strategy-SME great 171% versus absent-strategy-SME medium 124%). Now according to the given hypothesis, it is predicted that absent-strategy-SME should choose actions much more inclined to establish in-sourcing. But results from our survey reveal that again it's the strategy-SME that are eager to establish structures which make in-sourcing possible, for example searching for "alliances and joint ventures" (see strategy-SME great 57% in ee versus absent-strategy-SME very poor 4% in e). Or similar comment "improvement of competencies, as well as job enrichment and job enlargement for internal services like accounting, general services" (see strategy-SME great 42% in ff versus absent-strategy-SME lesser 33% in f). Thus item 14b shows clearly strategy-SME high inclination for in-sourcing activities – much higher than absent-strategy-SME.

So far, a high percentage of respondents do not seem to understand the offered actions for establishing in-sourcing. Maybe the 29% absent-strategy-SME (see c) and the 17% strategy-SME (see cc) would choose other means to support in-sourcing?

The difference between the answers given in item 14b by strategy-SME compared to answers given by absent-strategy-SME is significant by a 5% confidence interval.

Controlling item: There is some coherence between item 14a 'tell what you think' and 'actions taken' in item 14b. As previously stated: absent-strategy-SME as well as strategy-SME score high in 14a for in-sourcing. This means that they both do strive for keeping as many steps of the value chain within their company. Then, in item 14b, suddenly 29% of absent-strategy-SME (see cc) report that they do not undertake measures to establish in-sourcing. So there is unfortunately only some coherence between item 14a and item 14b.

The survey's statistics deliver information that is partly in line to the predicted notion. 'In-house sourcing' it is not a mere 'absent-strategy-tool', because keeping as many steps of the value chain is preferred by the majority of all Swiss SMEs, no matter whether they are managed by a strategy or not.

Absent-strategy-tool 'Cooperation with similar business partners' – checked in item 15a and 15b. The given hypothesis introduces the idea that 'cooperating with similar structures and processes' is a management principle for SMEs to become efficient and effective without having to submit to an elaborate management strategy. Results of our online survey say 'yes, partly', strategy absent SMEs believe to gain synergy through similarity rather than benefiting from complementary business partners.

The survey asked for a written comment on the preferred relating principle in everyday business life (item 15a). The summary of all open answers is listed in the table below. Results: Non-strategists search more often for similar business partners (see a: 59%). But strategists definitely prefer complementary business partners (see b: 60%) as they are convinced that complementary structures and processes – namely complementary competencies - create synergy and business success. The strategist's dedicated preference for 'complementary' is in line with the given hypothesis predicting that non-strategists prefer business partners with similar structures and similar processes. So results of item 15a in our survey deliver some good support for the existence of the absent-strategy-tool 'similarities' applied by mainly strategy lacking SMEs.

Co-option with similar business partners (item 15a)	Absent-strategy-SME	Strategy SME
Searching for similarities	(a) 59 %	40 %
Searching for complementary business partners	41 %	(b) 60 %

Table 21: Percentages for selecting business relations in SMEs

However, when it comes to choosing from a variety of management actions which indirectly indicate a search for similar structures and processes (see item 15b), there is some evidence against the given hypothesis. This is because absent-strategy-SME cannot really make sense of the offered cooperation in our survey, options which establish similarity among business partners and structures. As many as 38% do *not* choose from the offered options – compared to mere 29% strategy-SME (see dd and d). So the findings from item

15b – not 15a – are contrary to the given hypothesis. There is only little evidence that support similarity being a mere ‘absent-strategy-tool’ for SMEs.

Actions for co-option with <i>similar</i> partners (item 15b)	Absent-strategy-SME	Strategy SME
Suche nach Partner-Firmen mit ähnlicher Organisation	24 %	31 %
Entwicklung eines Prototyps (z.B. Maschine) in Zusammenarbeit	14 %	17 %
Mitarbeit an einer ERFA-Gruppe zwecks Austausch mi	29 %	23 %
Gründung einer Interessen-Gemeinschaft.	10 %	14 %
<i>Totals</i>	<i>114 %</i>	<i>114 %</i>
Keine der genannten Tätigkeiten (controlling item)	(dd) 38 %	(d) 29 %

Table 22: Percentages of actions for finding business partners in SMEs

The difference between the answers given in item 15b by strategy-SME compared to answers given by absent-strategy-SME is significant by a 5% confidence interval. Yet, the frequency of ticking a box is absolutely similar among both strategy-SME and absent-strategy-SME (see ‘Totals’ 114% and 114%). This information tells us that concerning ‘business relations’ rather of the groups feels a need to expend extra effort.

Controlling item: There is little coherence between item 15a ‘tell what you think’ and ‘actions taken’ in item 15b. As previously stated: strategy-SME prefer in item 15a ‘complementary’ partners while absent-strategy-SME admit that they are interested in searching for business partners that share ‘similarities’. And in item 15b, when it comes to taking actions for cooperation with similar business partners, it is definitely 38% absent-strategy-SME (see dd) that tells us that they do not undertake measures to establish *similar* partnerships. So both items show slightly differing results.

All this information is partly in line to the predicted notion that searching for similarities is a management principle *merely* applied by strategy-lacking SMEs. ‘Cooperation with similar business partners’ is partly a typical *absent-strategy-tool* for Swiss SMEs.

Absent-strategy-tool ‘Minimize financial dependency’ – checked by items 16a and 16b. The given hypothesis introduces the idea that becoming independent as much as possible from stakeholders – in particular those who grant financial support - is supposed to be a management principle for SMEs to stay efficient and effective without having to submit to an elaborate management strategy. Results of our online survey say clearly ‘yes’, Swiss

SMEs lacking a strategy believe strongly in avoiding any obligations including financial supporters:

Do you minimize financial dependency? (item 16a)	Absent-strategy-SME	Strategy SME
Yes	(aa) 49 %	(a) 26 %
O.K.	14 %	26 %
?!	5 %	8 %
No	10 %	20 %
Definitely no!	(bb) 19 %	(b) 14 %

Table 23: Percentages in staying financial independent in SMEs

The table presents two fine bi-polar profiles. Overall tendency supports both ideas of minimizing *and* accepting financial obligations as the ‘yes’ and the ‘definitely no!’ both score high for both strategy-SME and absent-strategy-SME. So neither strategy-SME nor absent-strategy-SME have determined whether ‘financial dependency’ or ‘independency’ is the best option for their business. Both groups of responding Swiss SMEs favor both ideas. Beyond that the absent-strategy-SME display a much more extreme profile: 49% strategy-absent SMEs reduce financial obligations (see aa) and at the same time 19% do *not* object to being financially dependent (see bb). So mainly SMEs with no management strategy make either efforts to accept becoming dependent *or* make efforts for staying independent from external stakeholders. Differences between the answers given in item 16a by strategy-SME compared to responses given by absent-strategy-SME are significant by a 1% confidence interval.

The bi-polar results among both strategy-SME and absent-strategy-SME concerning independence from stakeholders are difficult to understand and tricky to interpret. But clearly – as mentioned before - the big majority of absent-strategy-SME 49% see aa) agree on reducing financial obligations as much as possible, while only a small number of strategy-SME (26% see a) favor reducing obligations. Minimizing financial dependency seems to be an *absent-strategy-tool* for Swiss SMEs acting without an elaborate management strategy. Hypothesis verified.

Additionally: When choosing from a variety of actions which indirectly indicate minimizing financial dependency (item 16b), results show that strategy-SME and absent-strategy-SME have differing ideas how to cope with stakeholders (see c vs. cc, d vs. dd, e vs. ee). The

difference between the answers given in item 16b (b) by strategy-SME compared to answers given by absent-strategy-SME is significant by 5%.

Actions for Minimizing financial dependency (item 16b)	Absent-strategy-SME	Strategy SME
Finanzielle Ressourcen spielen eine geringe Rolle,	10 %	12 %
Investitionen werden weitgehend/ausschliesslich mi	(c) 43 %	(cc) 52 %
Unsere Firma ist weitestgehend eigenfinanziert.	43 %	46 %
Wir sind eine AG – und unsere Aktionäre unterstütz	38 %	43 %
Alle Mitglieder der Geschäftsleitung versuchen auf	(d) 24 %	(dd) 12 %
Totals	176 %	171 %
Keine der genannten Prinzipien (controlling item)	(ee) 19 %	(e) 9 %

Table 24: Percentages of actions to stay financial independent in SMEs

According to hypothesis absent-strategy-SME should introduce many more structures which support financial independence than strategy-SME. But that is not the case. Rather, efforts for gaining independence are similarly high in both groups (176% : 171%). Additionally - contrary to prediction – as many a 19% of absent-strategy-SME (see ee).cannot make sense of - and probably would omit - the various actions offered in our survey which indirectly indicate minimizing financial dependency

Controlling item: There is good coherence between item 16a ‘tell what you think’ and ‘actions taken’ in item 16b. As previously stated: In item 16c 19% of absent-strategy-SME and 14% of strategist do *not* minimize financial dependency. In parallel: Follow-up item 16b shows 19% of absent-strategy-SME and 9% of strategy-SME that do not take actions to reduce financial dependency.

Summary: Results of item 16a and 16b show that minimizing financial dependency is, to some extent, an *absent-strategy-tool* for Swiss SMEs.

Absent-strategy-tool ‘Go for opportunity’ – checked by item 17a, 17b and 17c: The given hypothesis introduces the notion that actively taking advantage of a broad variety of business opportunities is supposed to be a management principle to become efficient and effective without having to submit to an elaborate management strategy. Results of our online survey say ‘no, not really’:

Do you go for opportunity? (item 17a)	Absent-strategy-SME	Strategy SME
Yes	(a) 38 %	(aa) 54 %
O.K.	33 %	29 %
?!	10 %	3 %
No	(bb) 19 %	(b) 11 %
Definitely no!	0 %	0 %

Table 25: Percentages of beliefs in being pro active in SMEs

The overall tendency indicates that the majority of Swiss SMEs believe in searching constantly for chances for new business a good idea: 54% strategy-SME and 38% absent-strategy-SME look actively for opportunities in business life, technology and market. Yet, as many as 19% non-strategist reports (see bb) that his/her SME does *not* make extra efforts to find additional business. In detail: It's the strategy-SME that seem to be very happy to select the box 'yes, we go for business opportunities' (see great 54% in a). Results show that strategy-SME prefer to benefit from this management principle as much as possible – over reading the absent-strategy-SME in making good use of new business opportunities. Subsequently, there is no sufficient evidence that 'going for opportunities' is a mere *absent-strategy-tool* especially for SMEs without a management strategy. Rather all Swiss SMEs believe in searching actively for new business opportunities.

Nevertheless, the given hypothesis saying that absent-strategy-SME prefer to go for business opportunities of *medium* rather than opportunities of *big* size, is verified by the results of item 17b of our survey (absent-strategy-SME great 76% in cc versus strategy-SME lesser 60% in c):

Size of opportunity project (item 17b)	Absent-strategy-SME	Strategy SME
Medium size (eher klein)	(cc) 76 %	(c) 60 %
Big size (eher gross)	(d) 23 %	(dd) 29 %

Table 26: Percentages of starting projects in SMEs

In the c part of item 17 (see below item 17c) CEOs, founders and leaders of Swiss SMEs are invited to choose from a variety of actions indirectly indicating a drive in going for opportunities. The results of our survey again do *not* support the given hypothesis that 'going for opportunities' be a mere absent-strategy-tool. Rather both strategy-SME *and* absent-strategy-SME prefer a broad mix of activities providing business opportunity. Strategy-SME readily chose, on average, as many as three options while absent-strategy-

SME also on average choose two options (see ‘Totals’: Strategy-SME great 287% and also absent-strategy-SME big 210%).

Actions for going for opportunity (item 17c)	Absent-strategy-SME	Strategy SME
Hohe Anzahl neuer Produkte – möglichst jedes Jahr.	(f) 14 %	(ff) 23 %
Entwicklung von unterstützenden Angeboten wie Nebe	33 %	66 %
Kontinuierliche Suche nach neuen Projekten.	(gg) 67 %	(g) 43 %
Andauernde Verbesserung der internen Abläufe und W	(h) 47 %	(hh) 80 %
Investitionen nicht nur in Innovationen sondern au	19 %	25 %
Auslotung von neuen Geschäfts-Bereichen.	(i) 24 %	(ii) 48 %
Totals	210 %	287 %
Keines der genannten Methoden (controlling item)	(bbb) 5 %	0 %

Table 27: Percentages of actions for taking chances in SMEs

As we are evaluating the function ability of an *absent-strategy-tool* we have to look for differences between strategy-SME and absent-strategy-SME. Results of our survey results in several significant differences (the difference between the answers for item 17c given by strategy-SME compared to responses by absent-strategy-SME is significant by a 1% confidence interval). Indeed, absent-strategy-SME prefer many other ways to find new business chances than strategy-SME. For example, absent-strategy-SME “constantly searches for new projects” and very eagerly look for new enterprises much more than strategy-SME do (see absent-strategy-SME big 67% (gg) versus strategy-SME less 43% (g)). On the other hand strategy-SME prefer to make many more efforts for “constantly improving internal processes and structures” compared to absent-strategy-SME (see strategy-SME big 80% (hh) versus absent-strategy-SME lesser 47% (h)). Strategy-SME also prefer to researching new areas for furthering their business much more than absent-strategy-SME do (see strategy-SME big 48% (ii) versus absent-strategy-SME lesser 24% (i)). All this shows that SMEs-strategy-SME distinctly prefer other ways of generating new business opportunities than absent-strategy-SME – yet *both* intensely strive for benefitting from new business opportunities.

Subsequently, results of our survey provide no real support for the given hypothesis: Going for opportunities is *not* an *absent-strategy-tool* for strategy-lacking SMEs but rather a distinct preference of Swiss SMEs following a management strategy.

Controlling item: There is some coherence between item 17a ‘tell what you think’ and ‘actions taken’ in item 17c. As previously stated: On the one hand, in item 17a mainly absent-strategy-SME admit that they seldom strive for searching new opportunities (see

absent-strategy-SME 19% (bb) and strategy-SME 12% (b)). On the other hand, in follow-up item 17c again *only* absent-strategy-SME tell us that they do *not* undertake measures to go for opportunities (see Absent-strategy-SME 5% in bbb) while strategy-SME tell they never do nothing (see 0%). We are happy for this coherence among our newly constructed item 17.

Absent-strategy-tool ‘Great friends among top management’ – checked by item 18a and 18b. The given hypothesis introduces the notion that establishing good relationships at top management level is a management principle to become efficient and effective without having to submit to an elaborate management strategy. Results of our online survey say ‘yes, partly’:

Overall tendency is a shared belief within Swiss SMEs that establishing friendship within the top management team is a good idea. Results of item 18a in our survey score very high on “yes, we want to be friends within our top team”. Strategy-SME more than absent-strategy-SME like this notion (77% versus 67%). In parallel 33% absent-strategy-SME do not believe that good friends among top management are an important issue in Swiss SMEs: This is why item 18a does *not* point to an *absent-strategy-tool* for strategy-absent SMEs. The difference between the answers given in item 18a by strategy-SME compared to answers given by absent-strategy-SME is significant by a 1% confidence interval.

Great friends among top management (item 18a)	Absent-strategy-SME	Strategy SME
eher ja	(a) 67 %	(aa) 77 %
eher nein	33 %	20 %

Table 28: Percentages of beliefs in close relations at top management level

When it comes to choosing from a variety of actions which indirectly indicate some aspects of close relationship among the top team, some minor evidence for verifying the given hypothesis arises. Strategy-SME and absent-strategy-SME now act slightly more in line to the given hypothesis: Absent-strategy-SME introduce 9% more structures which support great friends among top management than strategy-SME ($114 : 124 = 9\%$ more).

Actions for Great friends among top management (item 18b)	Absent-strategy-SME	Strategy SME
Der Gründer führte die Firma lange alleine, dann t	(cc) 29 %	(c) 9 %
Der Gründer berief zur Leitung der neuen Geschäfte	14 %	20 %
Kurz nach der Konstituierung der Aktiengesellschaft	0 %	6 %
Die Firma wird heute immer noch vom Duo/Trio der G	(dd) 24 %	(d) 11 %
Der Patron/Pionier leitet den Betrieb zusammen mit	(ee) 9 %	(e) 9 %
<i>Totals</i>	<i>(bb) 124 %</i>	<i>(b) 114 %</i>
Keines der genannten Entscheide (controlling item)	(c) 48 %	(cc) 60 %

Table 29: Percentages of actions to establish close relations in SMEs

Indeed, results from item 18b reveal a picture that deviates from the intuitive impression that ‘everybody likes great friends among the top team’. Data now distinctly point to a significant trend of absent-strategy-SME establishing structures within their SME mirroring ‘great friends’ at top level: While strategy-SME are hardly able to make sense of the offered management actions indirectly supporting good friends, i.e. a huge majority of 60% opposes (see cc), it is only 48% of absent-strategy-SME that object to the ‘good friends-options’ offered. Thus, SMEs without a management strategy, indeed, take a little more advantage from close relationships among top management. The difference between the answers given by strategy-SME compared to responses by absent-strategy-SME is significant by a 5% confidence interval. Finally there is some evidence supporting the given hypothesis that ‘great friends at top management level’ is an *absent-strategy-tool* mainly applied by strategy-lacking SMEs.

Controlling item: There is no coherence between item 18a ‘tell what you think’ and ‘actions taken’ in 18b. As previously stated: Item 18a first told us that a big *majority* of CEOs, leaders and founders of Swiss SMEs consider close relations at top management level as important (see absent-strategy-SME high 67% (a) and similarly strategy-SME high 77% (aa). Later on in follow-up item 18b, also a big *majority* (48% absent-strategy-SME and 60% strategy-SME) reject management actions which are based on good relationships among the top team.

Nevertheless, it’s the absent-strategy-SME that strongly prefer the options supporting ‘great friends among top management’. Consequently, results are partly in line to the predicted notion that establishing good relationships at top management level is a management

principle applied by strategy-lacking SMEs. Close managerial relations is to some extent an 'absent-strategy- tool'.

7.9 The One of Six Principles which exists for Strategy Absent in Swiss SMEs

According to Analoui & Karami (2001) research findings published in *How top executives perception of the environment impacts on company performance* we suggest that the answers given in the survey mirror to a good extent the management behavior of the respondents.

The results of our online survey partly support some suggested absent-strategy-tools. Processing all data relevant for Swiss SMEs indicates the following state of affairs:

- Both management principles *Self-containing business units* as well as *Go for opportunity* are falsified due to contrary findings:
- Three management principles, i.e. *In-house sourcing*, *Cooperation with similar business partners*, and *Great friends among top management* are partly verified.
- Only the management principles *Minimize financial dependency* is well verified.

As a result, one from six *absent-strategy-tools* are mainly in practice in small and medium size enterprises. All other alternate management principles are more or less used in both companies with a strategy and without a strategy. Therefore they can no longer be named *absent-strategy-tools*.

7.10 Super Hypothesis: Are there Alternatives to a Management Strategy?

This Section evaluated the final conclusion provided by management theory (Sablone 2006) encompassing the given twelve hypothesis on managing strategy absent companies. The given super-hypothesis argues that – concerning successful business - it does not

matter at all whether a company follows a management strategy or not. A prerequisite for successful business is, however, that all components of entrepreneurship match well and make a good fit (Sablone, 2006, p. 264). Components of entrepreneurship include leadership style, business goals, vision and policy, organizational structure, risk management principles, personal development methods. To be able to test this encompassing argument we constructed item 19. Our survey checks this super-hypothesis:

Results of our online survey both strongly support *and* negate the argument: Absent-strategy-SME believe strongly in this argument (57%). But strategy-SME are not quite sure how to vote on this issue: On the one hand 40% believe in the argument and favor a 'good fit', on the other hand 46% do not believe and therefore reject any alternative to a management strategy. So strategy-SME have not made up their mind how to think about the encompassing argument.

	Absent-strategy-SME	Strategy SME
Yes – Green	57 %	40 %
Yes and no – Yellow	5 %	8 %
No – Red	24 %	46 %

Table 30: Percentages of beliefs in a management strategy instead of a good fit

It is highly interesting that CEOs, founders and leaders of Swiss SMEs respond diversely to this overall conclusion. It seems that strategy-SME are not at all sure whether their management strategy is sufficient for business success. We have to leave the question open as to why there is no shared agreement among strategy-SME on this issue.

Finally, there is a topic which divides strategy-SME and absent-strategy-SME clearly into two parties. The difference between the responses given by strategy-SME compared to answers given by absent-strategy-SME is significant by a 1% confidence interval. The 'super' hypothesis has a strong common sense ('consent validity'). Our results being in-line with common sense monitors also the grade of appropriateness of our newly constructed online-survey – in particular separating the respondents into two subgroups according to their profile given in item 1 to item 7 of our survey. As mentioned above the seven criteria which determines and sorts 'absent-strategy-SME' versus 'strategy-SME' are according to definitions of Ansoff 1987, Chandler 1962, Andrews 1987, and MacCrimmon 1993. These

criteria are: Short vs. long term orientation following founder's intuition; analytical instruments & procedures vs. management from the guts; hands-on approach; dedication for management strategy vs. inclination to omitting a strategy (see Sub-section 4.4.2).

Summary: Strategy absence in Swiss SME is not significant because alternate management tools exist. According to our research fully one - and partially three - *absent-strategy-tools* are successfully in use. So far our research could *not* find the secrets yet which SMEs without a strategy apply for successful business. Our study has to continue to search for those secrets. The research question is still open: Are there alternate means to a corporate strategy to manage a SME successfully?

8 New Findings

As mentioned previously, our data was subject to intense statistical operations in search of alternate tools to manage a strategy absent SME: Correlations, sorting and clustering, reliability tests etc. Having no particular expectations in mind we were open to any information emerging on its own. Being without intension means to be prepared to encounter unanticipated results. Lacking a pre-fabricated concept science also requires vast efforts in the method of systematic error and trial. This method affords long periods of evaluating large volume of data until a scheme of sense-making information arises. Finding a piece of sense-making information leads to an intensive check and re-evaluation of this 'emerging feature'.

In order to test the given hypothesis, *all* SMEs had to be sorted out and submitted to the group of strategy-SME, absent-strategy-SME and neither-nor. Our reference for the systems to verify and falsify hypothesis derived from "Introduction to econometrics: Properties of the regression coefficients and hypothesis testing etc. (Dougherty 2007) and "Theories on the Scrap Heap: Scientists and Philosophers on the Falsification, Rejection and Replacement of Theories" (Losee 1999). Up to now standard statistical processing includes sampling, percentage of totals within the group of strategy-SMEs versus absent-strategy-SMEs. Furthermore reliability tests are applied. Through our survey the two sorted groups reveal significant differences concerning the application of *absent-strategy-tools*. The vast pool of collected data from our survey, however, has the potential to provide additional information on managing SMEs. According to statistical design further data processing is twofold: The generation of a variety of *other* alternate tools for successful management of SMEs.

8.1 Surprises from Data Processing

Early findings of our study where (see Section 7.4.): High correlations within each group of Large, Micro and Small & Medium size enterprises affords sorting all data according to size. As a result, our study focuses on the evaluation of all respondents working in a Swiss SME.

Correlations	Size	Micro 10 employees	SME 20-250 employees	Large 300+ employees
+/- 0.4		20	20	176
+/- 0.5		5	4	68
+/- 0.6		1	-.-	20
+/- 0.7		1	-.-	4
+/- 0.8		-.-	-.-	2

Table 31: Number and intensity of correlations according to company size

Since our study 'Strategy absence in SMEs' found out that only one from six *absent-strategy-tool* exists, research on potentially other *absent-strategy-tools* is necessary. We started to search for groups alternate to strategy-SME and absent-strategy-SME. Several selected groups are of interest:

We have to somehow find out the secrets of *successful* Swiss SMEs.

There is a need to get to know the secrets of *successful* SMEs regardless to whether they apply a management strategy or not.

'Strategy' is not relevant to any issue for our further research.

According to our studies research questions, our research design should be in search of successful and ,great' SMEs.

Knowing the ,great' SMEs may provide ideas of how to management SMEs well.

Will the sorted data provide ideas how to transform ,good' into ,great' SMEs?

If so, our research has to determine how 'great' can be defined.

We are now looking for a definition of 'great' SMEs taking the specifics of SMEs into account.

Maybe 'great' is a group which reveals many correlations and therefore impressive coherence?

Or maybe 'great' is a selection of SMEs that is financially well off?

Maybe a group of SMEs that believes strongly in its potential?

Maybe 'great' are all those SMEs which believe highly in their business capacity and therefore *become* successful and *are* great?

Table 32: Next steps of our research plan: In search for 'great' SMEs

Hence, further standard statistical implications on all data focus strongly on selection and sorting according to *as many criteria as possible* in order to search and find sorting criteria for 'great'. The following Sub-section shows results of this statistical procedure with further surprises:

8.2 Picking selected groups: In search of the 'great' SMEs

We have to somehow find out the secrets of *successful* Swiss SMEs. We are looking for a definition of 'great' SMEs taking the specifics of SMEs into account.

From the vast pool of data we are able to select the following sorted characteristics. Does one or more of them qualify to be a most successful SME, *the* 'great'?

- companies led by founders vs. managed by CEOs with an MBA
- financially successful vs. poor enterprises
- firms with vs. without management competence gained from the Swiss army
- the no-sayers vs. the yes-sayers
- companies conducting very large vs. very small investment projects
- successful vs. very successful SMEs

How do we select groups? Here is an example showing the data processing to evaluate 'companies led by founders vs. managed by CEOs with an MBA':

Item 8, option 'MBA' illustrated below picks out all data which make the sorted group 'MBA' while Item 18, option four and five ("at present our firm is led by the founder" and "our firm is led by the founder and his wife") picks out all data which make the sorted group 'founder'.

KMU Umfrage

6. Vermeidet die Firma eine 'Management Strategie' um flexibel zu sein?

7. Kann die Firma sich eine Strategie-Erstellung zeitlich & finanziell leisten?

8. Welche Ausbildungen haben Sie besuchen können?

9. Wie viele Mitarbeiter/innen arbeiten in Ihrer Firma?

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KMU Umfrage

18 a. Pflegt Ihre Firma eine pluralistische Führungs-Struktur? Bestehen im Leitungs-Team langfristige persönliche Beziehungen?

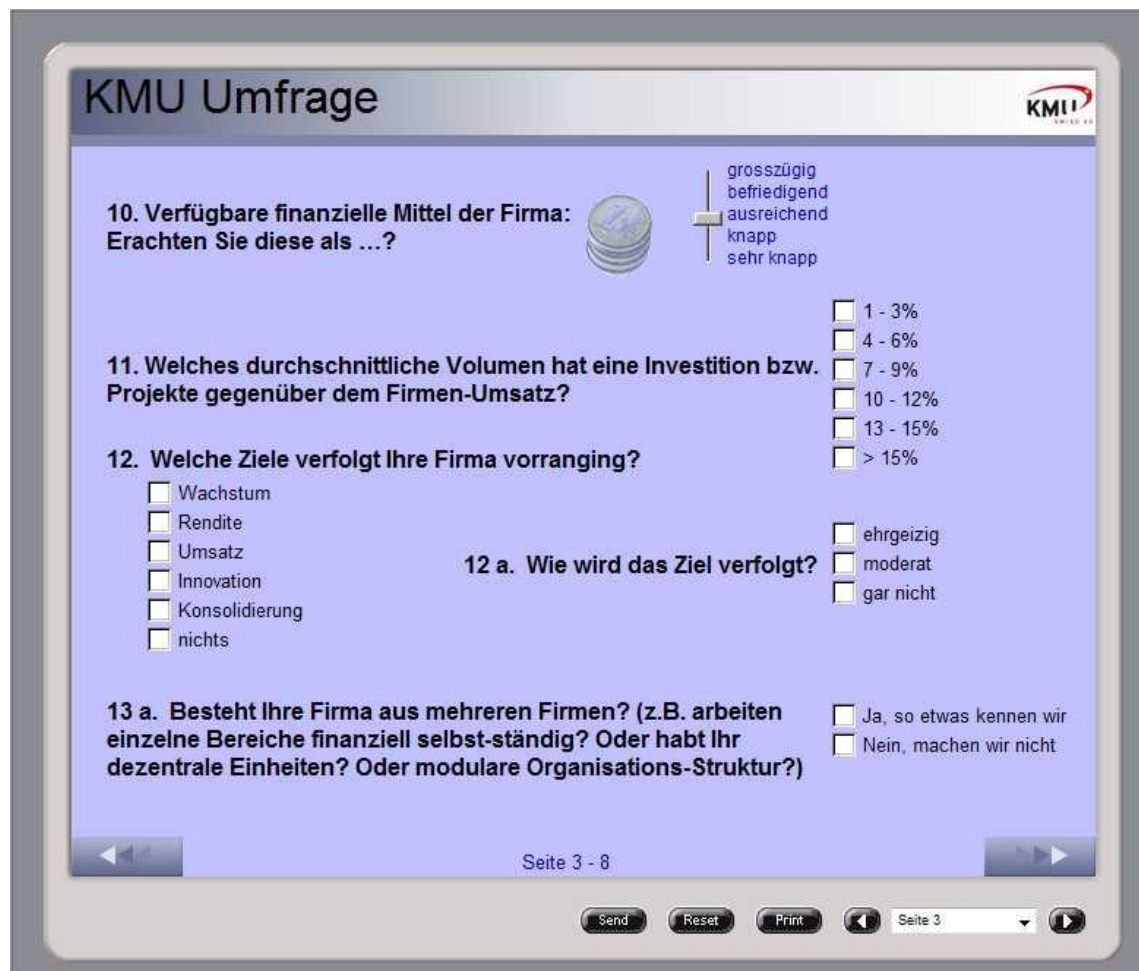
18 b. Welche der folgenden Entscheide wurden in Ihrer Firma gemacht?

19. Stimmt für Ihre Firma folgende Aussage...

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That is a way of how to select groups. Here another example showing the data processing to gain 'financially successful' and 'financially very successful' SMEs:

A special emergent feature is constructed by the results of item 10 of our survey. In-depth interpretation of item 10 indicates that it *indirectly* scans the *success* of a company. This is because founders and CEOs are asked to estimate the company's financial capacity. In item 10 all respondents are able to report their personal view of their enterprises monetary potential and abundance of infrastructure. Estimators may be chosen from very poor, meagre up to sufficient and abundant. Item 10's five point metric scales can be used to separate two subgroups with significant differences: The companies with abundant monetary potential (full stack) versus the companies with meagre financial capacity ($\frac{3}{4}$ stack, half stack, $\frac{1}{4}$ stacks, tiny stack).



KMU Umfrage

10. Verfügbare finanzielle Mittel der Firma: Erachten Sie diese als ...?

grosszügig
befriedigend
ausreichend
knapp
sehr knapp

11. Welches durchschnittliche Volumen hat eine Investition bzw. Projekte gegenüber dem Firmen-Umsatz?

1 - 3%
4 - 6%
7 - 9%
10 - 12%
13 - 15%
> 15%

12. Welche Ziele verfolgt Ihre Firma vorrangig?

Wachstum
Rendite
Umsatz
Innovation
Konsolidierung
nichts

12 a. Wie wird das Ziel verfolgt?

ehrgeizig
moderat
gar nicht

13 a. Besteht Ihre Firma aus mehreren Firmen? (z.B. arbeiten einzelne Bereiche finanziell selbst-ständig? Oder habt Ihr dezentrale Einheiten? Oder modulare Organisations-Struktur?)

Ja, so etwas kennen wir
Nein, machen wir nicht

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Table 33: Item 10 that divides 'good' versus 'great' SMEs

Table 33: Item 10 that divides into 'good' versus 'great' SMEs: Question: "How do you estimate the financial capacity of your company? Full stack, $\frac{3}{4}$ stack, half stack, medium stack, tiny stack?"

An overall analysis of fourteen sorted groups (see table below) reveal significant similarities as well as significant differences. Surprisingly all selected groups vary strongly concerning number and intensity of correlations.

But which of these fourteen sorted groups will make the 'great' SME? Let us have a look at number and intensity of correlations:

All	All SMEs	MS-Absence	MS-Absence in SME	Strategy	SME with strategy	Fin. very well company	Fin. very well SMEs	Fin. good company	Fin. good SMEs	Founders	Founders of SME	MBAs	SME with MBA	CORREL
8	19	24	179	19	74	16	74	8	33	16	216	160	201	+/- 0.4
3	4	9	45	2	10	6	18	2	6	1	94	63	164	+/- 0.5
..	..	..	21	..	3	..	5	..	1	2	30	29	74	+/- 0.6
..	..	..	4	..	..	..	1	..	..	1	4	5	60	+/- 0.7
..	..	..	1	..	..	..	..	..	..	..	4	1	22	+/- 0.8
182	82	49	20	59	34	66	35	104	46	66	20	20	9	Valid responses

Table 34: Correlations among fourteen selected groups
(Sorted from All Data. SME: Blue figures)

Before deciding which selected group will be the 'great' here are some remarks deriving from comparison of all sorted groups available at this point of research:

- Sorted groups have many more and much higher correlations than overarching populations, i.e. unsorted groups.
- Our survey provides a huge variety of criteria to undertake sorting. Besides 'Strategy – No-strategy' and 'Micro–SME–Large' there are:
 - companies led by founders vs. managed by CEOs with an MBA
 - financially successful vs. poor enterprises
 - firms with vs. without management competence gained from the Swiss army
 - the no-sayers vs. the yes-sayers
 - companies conducting very large vs. very small investment projects,
 - financially successful vs. financially very successful SMEs
- Compared to sorting and ranking by size 'Micro - SME - Large', the sorted 'No-strategy - Strategy' has poor correlations. This is due although the sorting criteria for 'No-strategy -

Strategy' are according to definitions of Ansoff 1987, Chandler 1962, Andrews 1987, MacCrimmon 1993 (see chapter 4.4.2).

- d. All selected SMEs (see *blue* figures below) boast even more and even higher correlations than the data from all sizes of companies (see *black* figures below). This is due although the subgroups of sorted SMEs contain less respondents than the unsorted.
- e. Looking at the correlations displayed in the table below great significant differences among sorted groups concerning number and intensity of correlations that can be recognized.
- f. Each sorted group has its own set of correlations. The specific set of correlations shows a unique pattern of close relations among features captures by our newly constructed survey. The unique pattern provides information about the management behavior of the sorted group.
- g. Finally: A new question arises: What effect on management behavior has a sorted group with a very large number of intense correlations? As mentioned before, the shared mind set is vast, the 'unite de doctrine' in this selected group is remarkable. Yet, we do not know whether it is a benefit for management excellence or not. Argument is that a 'unite de doctrine' can become a 'doctrine' locking up minds and hearts.

Overall analyses of six sorted groups of SMEs (strategy/no-strategy, great/good, and founders/MBAs) reveal significant differences. Surprisingly all correlations among *sorted* SMEs are higher and more often versus an unsorted SME. Here the table of a ranking of number and intensity of correlations among sorted SMEs:

SMEs with most high correlations

SMEs with less high correlations

	Ran- king	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th
Sorted Group		SMEs led by MBAs	Founders of SMEs	Non-strategy SMEs	Financially very well off SMEs	SME with Strategy	Financially good SMEs	All SMEs
Valid responses		9	20	20	35	34	46	82

Table 35: SMEs ranked by number & intensity of correlations revealing coherence

Summary: Each newly found and sorted group of Swiss SMEs has its own set of correlations i.e. pattern of management behavior. The analysis of patterns tells us something about the beliefs and behavior of the particular sorted SME. The group of ‘great’ SMEs is well balanced concerning number and intensity of correlations. For reasons of good balance we will name them *the ‘great’ SMEs*.

In the following the two newly found subgroups are analyzed. For easy recognition they are called ‘good’ and ‘great’ SMEs. Hopefully the analysis will lead to management methods that make small & mid-size business successful? The title of ‘good’ and ‘great’ are inspired by the highly motivating book title “Good to Great, Why Some Companies Make the Leap and Others Don’t” (Collins 2001).

Realizing that there are no real *absent-strategy-tools* proposed by management literature, our research question still is: What are viable alternative management tools to a corporate strategy? Strategy absence in small and medium size enterprises is still an issue and the secret which makes SMEs ‘successful’ is not found yet. Maybe evaluating ‘great’ SMEs will reveal management tools helping to transform ‘good’ into ‘great’ SMEs? The results of our research could lead to best practice in small and medium size enterprise.

Note: To be able to learn about the management of ‘great’ SMEs our study now focuses on singularly small and medium size enterprises. Subsequently ‘Micro’ enterprises (less than 9 employees) and ‘Large’ firms (more than 250 employees) are excluded from the statistical operations which follow. Our standard statistical processing includes sampling, percentage of totals within each subgroup, estimators, reliability tests, and additional correlations.

First surprise: The subgroup of ‘great’ SMEs provide more coherence among them than the ‘good’ SMEs. Statistics from ‘great’ SMEs come up with 70% more correlations than the ‘good’ SMEs:

Correlations	‘good’ SME	‘great’ SME
+/- 0.4	33	74
+/- 0.5	6	18 *
+/- 0.6	1	5 *
+/- 0.7	- . -	1 *
+/- 0.8	- . -	- . -

Table 36: ‘Great’ SMEs pride many more correlations than ‘good’ SMEs

Results of our online-survey describe ‘great’ SMEs being distinctly a more coherent group than the ‘good’ SMEs. High *coherence* among great SMEs reveals a strongly shared mind set guiding all their management efforts. But the coherence is not high. This finding calls for further research into this area. Our study will follow this path:

8.3 Distinct Features of SMEs

SMEs want to know how well they work. Information presented by our online survey shows a variety of ideas how ‘great’ SMEs are managed. The data processing reveals a number of significant differences in management excellence between ‘good’ versus ‘great’ SMEs. So Swiss ‘great’ SMEs have the chance to show their prominent profile via our survey. They have, however, some management concepts in common with ‘strategy-SME’, e.g. they are used to thinking strategically and reach set benchmarks. They similarly share attitudes with absent-strategy-SME, e.g. flexible use of a corporate strategy. Also they connect with values and leadership attitudes of ‘founders’, e.g. follow the intuition of founders. And they make sense of ideas which mainly ‘MBAs’ incorporate, e.g. very strong goal mindedness.

So far, ‘great’ SMEs present their own distinct way to manage SMEs. According to Analoui & Karami (2001) *How top executives perception of the environment impacts on company performance*, we suggest that the answers given in the survey mirror to good extent the management behavior of the respondents. Taking our survey results seriously management beliefs of ‘great’ SMEs and practice differ significantly from other groups. Some details:

As stated previously: Selection criteria for sorting ‘great’ versus ‘good’ is the CEOs’ or founders’ ranking of the SMEs financial capacity. The ranking is a result of a personal estimation. CEOs and founders who consider their SME as fully sufficient equipped make the group of ‘great’ SMEs. CEOs and founders who consider their SME as fairly or partially sufficient equipped ($\frac{3}{4}$ stack, half stack, $\frac{1}{4}$ stack, and tiny stack) make the group of ‘good’ SMEs. A documentation of all sorted groups on the sorting criteria shows the following opinions concerning ‘financial capacity’:

Resources & infrastructure, financial capacity

	MS-Absence in SME	SME with strategy	Great SMEs	Good SMEs	Founders	MBA	Micro 10	SME 20-250	Large 300+
Full stack (fully sufficient)	24	40*	100	--	35*	56*	33*	41*	31
$\frac{3}{4}$ stack	29*	20	--	42	15	31	15	23	37*
Half stack	19	14	--	19	12	0	14	12	10
$\frac{1}{4}$ stack	24	20	--	33	21	6	22	18	5
tiny stack (hardly sufficient)	5	3	--	6	5	0	5	3	5

Table 37: CEOs estimating their SMEs capacity

(“Full stack” make ,great‘; CEOs considering their SME “ $\frac{3}{4}$ stack” or “tiny stack” make ,good‘)

Reflection on the sorting criteria ‘financial capacity’ (item 10) comes up with three interesting conclusions:

MBAs also care about financial prosperity: SMEs led by MBAs also tend to label their enterprise as very well equipped. Absent-strategy-SME, as well as large enterprises, are happy to estimate their company as mainly $\frac{3}{4}$ equipped.

Outstanding coherence among sorted groups: Comparing the sorted groups, item ‘financial capacity’ also provides similar medians, regular means, and focused standard deviation (see: Introduction to econometrics: Properties of the regression coefficients and hypothesis testing etc. Dougherty 2007). Across all selected groups, founders and CEOs feel pretty much the same concerning financial prosperity of their SME.

Strong coherence among respondents: The sorting criteria 'financial capacity' ask respondents to choose from a five-point metric scale which they – mysteriously – answered in a well distributed manner. In terms of statistics this 'item 10' features similar medians, regular means, and focused standard deviation.

Summary: We have to somehow find out the secrets of *successful* Swiss SMEs. We are looking for a definition of 'great' SMEs taking the specifics of SMEs into account. From the vast pool of data we selected the sorted group 'abundant financial capacity - financially well off'. This qualifies to be a most successful SME, *the* 'great'.

8.4 New Findings: Eleven Features of 'great' SMEs

According to our research questions the main interest is what 'great' SMEs do *differently*. A Pre-condition is that the *differing* management approach contributes to the success of 'great' SMEs. Our survey monitors and evaluates *twenty four* optional features captured as management beliefs (full version of the survey: see **Appendix**). Statistics and data processing now show exactly which management beliefs the 'great' SMEs share with other selected groups. But statistics also reveal on which management issues 'great' SMEs significantly *differ* from all other sorted groups. Results of our questionnaire results with *ten* cases where 'great' SMEs think and act *totally* different to other SMEs. Nevertheless, 'great' SMEs believe on *thirteen* items *similarly*. The *thirteen* cases are listed in the **Appendix**.

A description of ten features describing management beliefs and behavior of 'great' successful SMEs follows. The wording of the features is related to several topics which were introduced earlier in this study. For better understanding the interpretations are added to illustrate the attitude of 'great' SMEs. Thus the atmosphere of managing people in 'great' SMEs and doing business in 'great' SMEs should become alive. The added interpretations come from out of mainstream management theorists who are successful and well known like Michel Robert, Tom Peters, Gareis R. & Huemann M., Glasl F. & Lievegood B., Jaques Horowitz IMD Lausanne.

How to read the tables: Each column displays the percentage of agreement towards the management issue at hand within a selected group.

Note: If the *total sum* of a column is less than 100, some respondents chose the neither-nor option, which is not listed to enhance reading the figures in the table.

Note: If the total sum is more than 100, this item contains multiple answering options. Here respondents are invited to select two or three boxes if they agree to several management beliefs.

(1) Great SMEs take short term planning seriously. Besides long term visions they are alert to monitoring their business on a one year basis. This attitude makes great SMEs different from all other selected groups. ‚Great‘ SMEs know that planning introduces and exercises *consciousness* and *control* into a business life full of ambiguity. The year-to-year plans encompass mainly organizational, business and administrative issues. Being well aware of the 12-month span of productive work and business relations helps great SMEs to reach their goals.

Item 2	MS-Absence in SME	SME with strategy	Great SMEs	Good SMEs	Founders	MBAs	Micro 10	SME 20-250	Large 300+
Yes	62	63	++ 85	50	66	81	64	63	73
O.K.	19	14	9	28	20	19	25	22	21
No	5	12	3	9	9	0	4	6	5
No!	0	7	1	5	1	0	1	3	0

Table 38: Administrative and organizational goals for a year-to-year planning

Statistics show clearly that ‚great‘ SMEs like to develop and adjust yearly plans, agendas, deadlines, log books, etc. They do not avoid efforts to keep track with their self set plans. They are not afraid of feedback when being delayed or deviant to their benchmarks. They are not anxious to face reality of plans which miss their goals - as other SMEs might be who do not like year-to-year plans? They prefer year-to-year planning for gaining awareness in and control of their enterprise in their day-to-day business life.

(2) Great SMEs make distinct efforts to develop and implement a smart flexible strategy, not necessarily an elaborate one. Each SME has to decide how much time and money they want to spend to create a management strategy including implementation and

improvement. ,Great' SMEs are definitely determined to spend quality time on it and take its development process and improvement seriously.

	MS-Absence in SME	SME with strategy	Great SMEs	Good SMEs	Founders	MBAAs	Micro 10	SME 20-250	Large 300+
Yes	29	63	++ 74	39	29	69	27	54	53
O.K.	24	34	18	37	39	25	40	29	26
No	19	3	6	13	14	6	14	10	5
No!	4	0	0	4	2	0	3	2	1

Table 39: SME spending brain power on implement a management strategy

Statistics show clearly that ,great' SMEs like to spend effort on creation and realization of a lean management strategy. These efforts include dedicating brain power and intellectual capital to the reasoning behind the strategy in practice. Creation, implementation and adaptation of a corporate strategy is an ongoing job fully integrated within the entire management team and within the year-to-year periodical evaluation. ,Great' SMEs focus on simplifying management life, reducing window dressing, show effects and not merely rhetoric. Efforts defining a management strategy are welcome in great SMEs and not covered marginally in everyday business, management team or organizational development. Utmost efficiency in designing and realizing a corporate strategy is a pre-requisite in addition to avoiding elaborate management strategy definition or appointing an expensive consulting company for strategy-designing. Following a model of a smart lean strategy developed by Martin Luther King in a speech in D.C. 1963 (Vision, Strategy and Behavior):

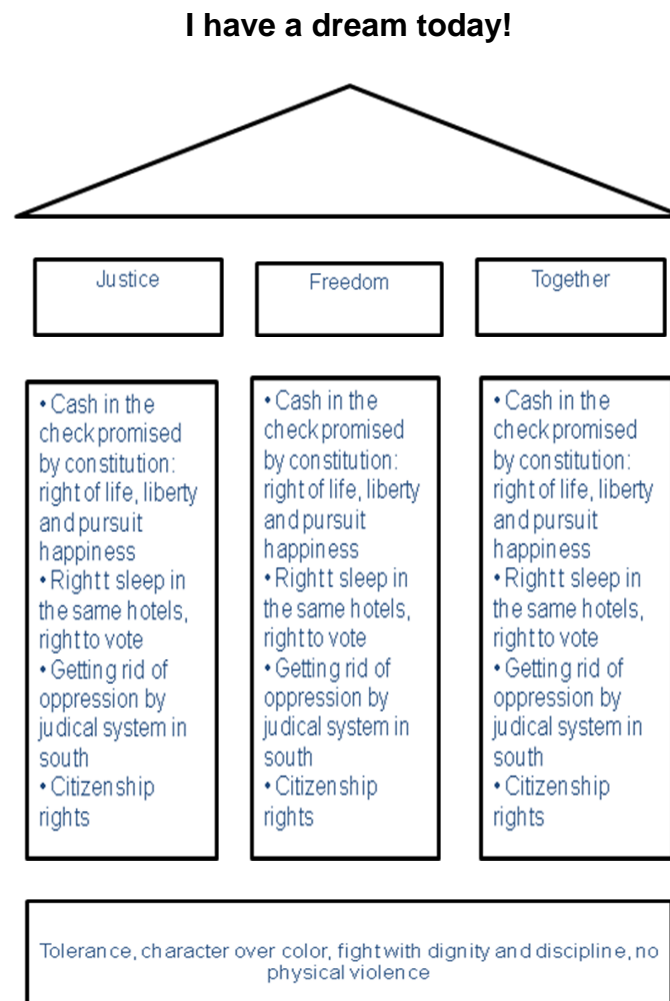


Table 40: Jaques Horowitz, IMD Lausanne

(Martin Luther King, Lincoln Memorial, Washington, 1963, Vision, Strategy and Behavior)

(3) Great SMEs are flexible in adapting a management strategy for the sake of keeping flexibility. This attitude makes great SMEs different in particular to ‚strategists‘, the selected group of enterprises that follow a corporate strategy according to definition of Ansoff 1987, Chandler 1962, Andrews 1987, and MacCrimmon 1993 (see Sub-section 4.4.2). Great SMEs know the dangers of the management-strategy-hype leading to rigid structures in business, brains and bodies. A strategy is then helpful for SMEs if strategy-adaption and improvement is part of it. Better no strategy than a ‚wrong‘ corporate strategy harming the company’s success. It is not easy to detect and thus avoid a ‚false‘ strategy, so it is well advised not to follow a strategy blindly but handle all ‚management by strategies‘ with great care.

	MS-Absence in SME	SME with strategy	Great SMEs	Good SMEs	Founders	MBAs	Micro 10	SME 20-250	Large 300+
Yes	43*	3	+ 21	20	15	12	13	19	32
O.K.	19	6	+ 24	11	20	19	19	17	5
No	0	46*	+ 21	28	24	31	22	24	21
No!	3	16	10	12	8	3	13	10	3

Table 41: Flexible vs. rigid management strategy: Re-designing or even omitting?

Statistics show clearly that ‚great‘ SMEs conduct a management strategy that is open to constant re-evaluation. They do not get inundated in elaborate paperwork, colored brochures or endless strategy discussion, which occasionally accompany the implementation of a main-stream management strategy. ‚Great‘ SMEs are determined to achieve the balance between sticking close to their management strategy and abandoning the restrictions of a toughly designed elaborate strategy. This is a chance to avoid suffering a ‚wrong‘ management strategy.

(4) Great SMEs focus strongly on the business and organizational goals they developed for their enterprise. This includes inviting all 20-250 employees to work jointly on goals: ‚Great‘ SMEs set goals – see above: year-to-year planning – and reach them on time, in budget and with the estimated resources. This only works because the goals make sense to all staff and management team. The trick is to call all internal opinion leaders to contribute to the development of business goals and organizational aims - and even call in as many employees as possible. This procedure is indeed possible in particular within small and medium size enterprises. ‚Great‘ SMEs streamline the enterprise towards effectiveness and efficient processes. They bundle all objectives of business and organization.

	MS-Absence in SME	SME with strategy	Great SMEs	Good SMEs	Founders	MBAs	Micro 10	SME 20-250	Large 300+
Strongly	57	51	++ 65	48	48	50	55	55	53
Moderate	52	48	35	52	48	44	45	45	37
Not at all	0	0	0	0	0	0	0	0	0

Table 42: Intensity of following self set management goals

Statistics show clearly that ‚great‘ SMEs like alignment towards precisely defined objectives. The result is concentration and dedication to the companies success.

A SME is well advised to position itself on the concept of organizational development to better grasp at any time the relevant goals for its unique mission. Example:

**Table 43:** Phases of development of organizations by Glasl & Lievegoed, 2000

‚Great‘ SMEs are informed about the life cycle of organizational development, for instance the model displayed above. Knowing your SMEs organizational steps provides insight to finding the most appropriate goals and issues on which to intensely focus. Thus the ‚great‘ SME which prefer to focus strongly on goals avoids focusing on the ‚wrong‘ goals.

(5) Great SMEs support self-containment by granting profit-loss responsibility to their business units. While companies grow and mature they install structures and procedures which should support business. Often, however, the firm becomes caught in strains of hierarchy, i.e. vast management levels, covert kingdoms, scapegoat mentality and overlapping departments and responsibilities resulting in slowing down all business activities. Crucial turnaround is then refused to re-invent the idea of alert and entrepreneurial units of the kind the SME was when it initially started its business.

Re-inventing includes establishing small business units, granting all responsibilities for both profits and losses to each unit. The idea is to support entrepreneurship throughout the company. Self-containment within an enterprise affords a mind shift towards entrepreneurial thinking and acting. (++) “Jede Unternehmung der Gruppe wird als unabhängige Gesellschaft gegründet und autonom gemanagt (sog. Profit Center“)

Actions for becoming Self-containing units Item 13 b	MS-Absence in SME	SME with strategy	Great SMEs	Good SMEs	Founders	MBAs	Micro 10	SME 20-250	Large 300+
Ständige Anpassung der Arbeitsgruppen an aktuelle	19	31	50	33	53	37	60	39	42
Verschiedene Abteilungen werden als quasi-eigenständige	38	45	24	43	14	38	9	36	26
Einheitliche Struktur mit nationalen Handels-Filialen	5	14	9	15	8	12	1	12	26
Jede Unternehmung der Gruppe wird als unabhängige	10	23	++ 27	9	15	12	14	16	21
Um das Wachstum der Abteilung(en) zu fördern solle	5	6	12	4	12	12	14	7	21
Keines der genannten Massnahmen	28	14	21	20	29	19	28	19	11

Table 44: Optional management actions

Statistics show clearly that ‚great‘ SMEs are familiar with the benefits of self-contained business units. For better understanding the atmosphere of managing people in self-sustained business units within ‚great‘ SMEs, we introduce ideas from outsiders in management theory who are successful and well known. Self-contained business units of ‚great‘ SMEs are close to the concept of the project-oriented company (Gareis R. & Huemann M., Project Management Competences in the Project-oriented Company). A project-oriented company (POC) is more than a profit center or self-sustained business unit. This is because of following features:

Self-contained business units of ‚great‘ SMEs mirror the project-oriented company. Project-oriented enterprises split rigid organization charts into dynamic projects. Projects have three special features: Specific assigned tasks, defined budgets and limited time frame, carefully selected team members - this all enhances employee empowerment and commitment, learning and knowledge management, and as a result enhances productivity. A POC is like a village made of flexible temporary tents - compared to the hierarchical organization charts looking like a rigid castle. Any work – and any business unit - within an enterprise can be transformed to a *project that matters*. What are the benefits? Every-day work turns into many *projects* which are long or short, internal or external, simple or complex. Each project needs a project manager. Because project managers are a species of managers who all act in an entrepreneurial, efficient and customer focused manner, a company with many projects and project managers automatically makes an entrepreneurial, efficient and customer focused company. Pre-requisites for a POC: Establish an *Office of Projects* for co-ordination of all ongoing projects; frequent meetings for reports on various projects; extensive training in multi-project management; a shift from thinking in units & departments towards processes and value creation. This helps to transform every task – and every business unit - into a *project that matters*.

(6) Great SMEs support in-sourcing by job-enlargement and job-enrichment of internal competencies and services. Occasionally management theory expounds outsourcing as a wonderful tool to improve efficiency and effectiveness. Aim of this belief is to focus on core competencies by transferring certain steps of the value chain to other companies. ‚Great‘ SMEs do *not* follow this trend in management theory. They keep as many phases of the value chain as possible within their enterprise. They prefer job-enrichment and job-enlargement in order to increase company internal skills, services and

value creation. (++) “Verstärkung eines internen Dienstes wie z.B. Service, Buchhaltung, Controlling usw.”)

Actions for In-house insourcing Item 14 b	MS Absence in SME	SME with strategy	Great SMEs	Good SMEs	Founders	MBAAs	Micro 10	SME 20-250	Large 300+
Verstärkung eines internen Dienstes (Service, Buch)	33	43	++ 53	43	28	37	22	47	10
Aufbau eines neuen eigenen Dienstes (z.B. für Hers	19	9	24	20	22	25	22	21	26
Herstellen einer (oder mehrerer) strategischer All	5	57	44	39	45	31	45	41	26
Aufkauf eines Teils eines anderen Betriebes.	19	9	18	17	3	13	4	17	21
Gründung einer weiteren Firma bzw. Übernahme einer	19	37	24	28	20	31	20	27	52
Keine der genannten Aktivitäten	28	17	21	13	26	19	22	16	26

Table 45: Optional management actions

Statistics show clearly that ,great' SMEs like to be self-sustained providing all competencies they need within their in-house team. This affords intense internal education and enabling of work force within the enterprise. Empowered employees benefit the enterprise and themselves.

(7) Great SMEs avoid becoming financially dependent by investing within their own resources. This attitude makes them different to *all* other sorted groups. ,Great' SMEs have a strong notion of staying free from external obligations, mainly financial support. This trend is totally in line with their sound financial capacity by which the ,great' SMEs were

sorted in our sample. So the high scores in this table are not a surprise. Yet, we want to know, how ‚great‘ SMEs become financially ‚great‘ so that they can keep free from loans, free from pressure by stakeholders, etc.. Their secret shows up indirectly – through all the other management beliefs mentioned above and below.

Actions for Minimizing financial dependency (item 16b)	MS-Absence in SME	SME with strategy	Great SMEs	Good SMEs	Founders	MBA	Micro 10	SME 20-250	Large 300+
Finanzielle Ressourcen spielen eine geringe Rolle,	9	11	3	6	14	0	12	6.	0
Investitionen werden weitgehend	43	51	71	43	38	75	65	54	52
Unsere Firma ist weitestgehend eigen finanziert.	43	45	++ 74	35	64	63	60	51	47
Wir sind eine AG – und unsere Aktionäre unterstützen	38	42	26	41	35	19	20	34	37
Alle Mitglieder der Geschäftsleitung versuchen auf	24	11	23	24	35	6	29	23	26
<i>Keine der genannten Prinzipien</i>	19	9	9	13	3	12	4	12	10

Table 46: Optional management actions

Statistics show clearly that ‚great‘ SMEs are proud of being able to act within their own resources. Doing business in a frame of financial independence feels good.

(8) Great SMEs are highly pro active and even adventurous. Constantly they monitor new ideas and potential new opportunities concerning customers, products, business, technology, values, etc. This attitude affords a lively mind, an interest in ‘what is going on?’ beyond the boundaries of the company i.e. in the outer world, a curiosity for searching and finding, a good sense of what could be of some use to the company and what is not. ‚Great‘ SMEs are aware of weak signals of the market place and customers and staff. They do not wait for other market players to act. They act – if possible – first, because they know about the advantage of moving early.

Do you go for opportunity?	MS-Absence in SME	SME with strategy	Great SMEs	Good SMEs	Founders	MBA	Micro 10	SME 20-250	Large 300+
Yes	38	54	+ 59	43	50	50	52	50	26
O.K.	33	29	21	35	30	31	32	28	63
No	19	12	15	9	9	12	8	11	0
Definitely no!	0	0	0	2	2	0	1	1	0

Table 47: Go for opportunity

Statistics show clearly that ,great‘ SMEs like to search for chances and trials. To illustrate the flair of the *pro active* and *adventurous* atmosphere of ,great‘ SMEs ideas on *Re-inventing work* are helpful (Peters 2000, p. 25, 53, 88):

Be pro-active to yourself and when starting-up a job reframe. Never accept a project (job, business, etc.) as given. Focus on results. Will results be our memorable? Concentrate on deadlines. Our project delivers”. What do these slogans mean? It is about: “Treat the project like small business. Keep rethinking it until you fall in love with it. Ask: Will our project/job/business be efficiently? Designed perfectly. Ask: Is our project revolutionary? Make it rave. Create a secret place for your creative mixed team.” Furthermore be pro-active when finalizing a project (job, business, etc.)”. We must put our project into mainstream if we want lasting impact. Write up your success. Celebrate. Move on”. The wording shows the spell of Going for opportunities within ,great‘ SMEs.

(9) Great SMEs focus on exploring new business areas. Create and support all top managements’ creative efforts. That is the high duty of entrepreneurs - and their core competence. There are several options of how to create and support business. Compared to other selected groups, ,great‘ SMEs mainly choose to explore *new* business options. They are dedicated to the exploration of additional chances on the market place.

In addition, there is strong agreement among ,great‘ SMEs to continuously improve company internal processes in administration, production, and value creation. The aim is to increase business.

Actions for going for opportunity Item 17 b	MS-Absence in SME	SME with strategy	Great SMEs	Good SMEs	Founders	MBA	Micro 10	SME 20-250	Large 300+
Hohe Anzahl neuer Produkte – möglichst jedes Jahr.	14	23	24	19	12	12	10	18	5
Entwicklung von unterstützenden Angeboten wie Nebe	33	67	47	57	43	56	46	52	37
Kontinuierliche Suche nach neuen Projekten.	66	43	52	57	51	62	56	55	47
Andauernde Verbesserung der internen Abläufe und W	47	80	*76	63	51	75	52	69	63
Investitionen nicht nur in Innovationen sondern au	19	26	33	28	24	43	20	29	52
Auslotung von neuen Geschäfts-Bereichen.	24	48	++ 61	43	47	31	44	50	42
Keines der genannten Methoden	5	0	0	2	6	0	5	1	5

Table 48: Optional management actions in-sourcing

Statistics show clearly that ‚great‘ SMEs believe an explorative attitude, mainly the exploration of alternate and new business areas. To illustrate an explorative mind here are some quotations from *Re-inventing work* (Peters 2000, p. 103, 106, 145, 150, 153, 173):

“Develop a sales plan for your new project, new job, new task. You need a compelling image for your project. Always ask for a fast prototype. Teach prototyping. Speed up feedback loops. Get fast feedback from users. Blow it up. (you’ve gotta have the guts to destroy-and-start-all-over). Celebrate failures. Only fast failure foreshadows fast success.”

The slogans show – briefly but impressively – what is important to ‚great‘ SMEs.

(10) Great SMEs prefer projects with small volume. But they are also open to conduct very large single projects. This feature is not easy to interpret or understand. But some ‚great‘ SMEs are not at all anxious to engage in a few businesses with very large volumes.

% of company's total turn over	MS-Absence in SME	SME with strategy	Great SMEs	Good SMEs	Founders	MBAs	Micro 10	SME 20-250	Large 300+
1 – 3	29	23	32	28	29	25	26	30	31
4 – 6	38	32	36	35	30	25	29	32	26
7 – 9	24	23	18	20	14	31	14	18	10
10 – 12	5	6	6	7	14	12	14	6	16
13 – 15	0	3	0	4	3	6	4	3	5
> 15	5	6	++ 15	2	5	0	9	7	0

Table 49: Size of investment projects

(small projects with small financial volumes, large projects with large financial volumes)

Statistics show clearly that ,great' SMEs are determined to think big, and to be fearless. They do not submit to the Swiss principle 'management by mushroom', i.e. get their heads cut off in case ideas or projects become great.

(11) Great SMEs benefit from professional relations within top management rather than close friends. They prefer to appoint co-workers to become business partners. ,Great' SMEs tell us that they tend to apply for becoming an Incorporate (AG Aktiengesellschaft), rather than a GmbH, Genossenschaft or a Co. KG. Next step is internal recruitment of a *AG-partner* from the SMEs office (++ „Kurz nach der Konstituierung der Aktiengesellschaft holte der Patron/Pionier einen Partner in die Geschäftsleitung, der schon einige Jahre im Büro tätig war“). So small and medium size enterprises are not too small to be able to provide qualified CEO for top management duties for internal company succession. Even 'inherited' CEOs, i.e. a son or a daughter of the founder takes over full top management, is common within ,great' SMEs.

Actions for Great friends among top management Item 18 b	MS-Absence in SME	SME with strategy	Great SMEs	Good SMEs	Founders	MBA	Micro 10	SME 20-250	Large 300+
Der Gründer führte die Firma lange alleine, dann t	28	9	+24	20	13	6	9	20	21
Der Gründer berief zur Leitung der neuen Geschäfte	14	20	6	26	15	25	13	17	10
Kurz nach der Konstituierung der Aktiengesellschaft	0	6	++ 12	3	3	6	5	7	0
Die Firma wird heute immer noch vom Duo/Trio der G	24	12	21	17	66	0	31	18	21
Der Patron/Pionier leitet den Betrieb zusammen mit	10	8	0	9	47	0	32	5	5
Keines der genannten Entscheide	47	60	56	48	2	62	24	51	57

Table 50: Optional management actions

Statistics show clearly that ,great' SMEs are skilled in relationship management: Easy going communication, fair conflict management, implementation of task forces. The mentality of growing professional relationships among top management is illustrated by *Re-inventing work* (Peters 2000, p.111, 120, 123, 92, 94, 193):

“Work on buzz all the time. Don't waste time on your enemies (you ain't gonna convince them) Create an A-Advisory Board (your project is as cool as the cool people who are seen to be supporting you). Find co-conspirators. Start networking now. Find customers. Think as users - from start. Recruit Mr./Mrs.Follow-Up. Take succession planning seriously.”

Summary of New findings - eleven features of 'great' SMEs: Each of the eleven tables surprisingly shows significant differences in management concepts vs. all other selected groups. The newly found and sorted group ,great' SMEs comes up with very distinct management beliefs revealing their prominent profile. This is a unique result of our newly constructed survey. Our study will have to think more about the profile of Swiss SME.

8.5 Best Practice for Swiss SMEs

The field study from management literature which described six conditions for strategy absence and also proposed six alternate tools to an elaborate management strategy, highlighted *one* management principle which strategy absent SMEs apply to gain successful business. As previously stated: The one 'absent-strategy-tool' is 'Minimize financial dependency'. But also In-house sourcing, Cooperation with similar business partners, and Great friends among top management are tools that partly substitute for an elaborate management strategy. These other management principles, however, are also used by Swiss SMEs following a corporate strategy. So the findings from the given field-study do not make any real difference and are therefore scarcely of any help to founders and CEOs of small & mid-business.

Fortunately results from evaluating ,great' SMEs provide many more ideas and tools:

According to survey results displayed in eleven tables, ,great' SMEs management beliefs and practice *differ* significantly from other groups. Therefore these beliefs offer *best practice* for Swiss SMEs.

According to Analoui & Karami (2001) *How top executives perception of the environment impacts on company performance*, we suggest that the management beliefs given in the survey mirror to some good extent the management behavior of the responding CEOs and founders from Swiss SMEs. Here a summary of beliefs constituting *best practice*:

1. Design yearly plans to reach their goals
2. Make distinct efforts to develop and implement a smart flexible strategy
3. Keep flexibility in the management strategy
4. Focus strongly on the business and organization
5. Are well-versed in the benefit of self- contained business units although their enterprise is small or medium
6. Support in-sourcing by job-enlargement and job enrichment of internal services
7. Invest within their own resources
8. Be highly pro-active & adventurous
9. Explore new business areas

10. Prefer projects with small volume. But also be open to conduct very large single projects
11. Benefit from professional relations within top management & prefer to appoint co-workers to become partners

Eleven features of ,great' SMEs also provide many more ideas and tools than mainstream slogans in management theory. For instance: "Our organization, our processes, our daily executor and thinking focus on customer requirements and customer expectations. Highest effort for quality, reliability & productivity within the whole organization. Requirement to do the things right the first time. Focus towards Business Excellence; European Foundation for Quality Management (EFQM) Model as Management System. Total Quality Management, process oriented continuous improvement & continuous training of all our employees. Achievement of ISO 9001:2008 and environment conscious ISO 14001." Comparing the wording of mainstream slogans with the wording of the specific eleven beliefs reveals the strength of the newly found features.

It is not over emphasized that qualifying the newly found eleven beliefs is a *best practice* for SMEs in Switzerland.

Results of our survey *move* management beliefs of 'great' Swiss SMEs *into* the center of management excellence in Swiss small & mid-business. Strategic thinking and creation and implementation of a corporate strategy is ranked in *second* place. But certainly guidelines of management strategy theory have not become totally obsolete. Recommendations of theorists like Ansoff, Andrews, Chandler, Mintzberg, MacCrimmon, Rumelt, Porter etc. (see Section 3.6), apply to *all* companies of *all* sizes in *all* local and global economy. For *specifics* on managing Swiss small & mid-business, however, our new findings may lead to a bright SME-future.

Additionally, to finding eleven features, a huge variety of information about ,great' SMEs is also now available. Results of our online-survey produced even more grounded insights into the management of successful small & mid-business in Switzerland. The following processed data is interpreted on the level of management beliefs. Knowing the management beliefs of ,great' SMEs provides ideas how to transform ,good' SMEs into ,great' SMEs

8.6 Pathways from ,good' to ,great' SMEs

To reach beyond the frame of our studies' research methodology and beyond expected results into new fields, support comes from the book: The Cluster Approach and SME Competitiveness (Karaev, Koh & Szamosi 2007). Our findings from statistical processing show that Swiss ,great' SMEs boast a prominent profile. The sample including totals, means, and standard deviation (Dougherty 2007), *differs* significantly among all seventeen groups which we selected and sorted. Although ,great' SMEs share management concepts with ,strategy-SME', ,absent-strategy-SME', ,founders', as well as with ,MBAs' and other selected groups, they have their own unique way to manage their SME introduced above by eleven features.

In parallel our statistical processing provides a unique profile of correlations for every sorted group, i.e. each of our fourteen selected groups comes up with a specific number and intensity of correlations. Here once more the tables already introduced in a Section earlier:

All	All SMEs	MS-Absence	MS-Absence in SME	Strategy	SME with strategy	Great company	Great SMEs *	Good company	Good SMEs	Founders	Founders of SME	MBAs	SME with MBA	CORREL
8	19	24	179	19	74	16	74	8	33	16	216	160	201	+/-0.4
3	4	9	45	2	10	6	18*	2	6	1	94	63	164	+/-0.5
.-	.-	.-	21	.-	3	.-	5*	.-	1	2	30	29	74	+/-0.6
.-	.-	.-	4	.-	.-	.-	1*	.-	.-	1	4	5	60	+/-0.7
.-	.-	.-	1	.-	.-	.-	.-*	.-	.-	.-	4	1	22	+/-0.8
182	82	49	20	59	34	66	35*	104	46	66	20	20	9	Valid responses

Table 51: Number and intensity of correlations among fourteen selected groups

Figures of the table above show that ,great' Swiss SMEs pride 98 significant correlations:

74 x +/- 0.4

18 x +/- 0.5

5 x +/- 0.6

1 x +/- 0.7

0 x +/- 0.8

Compare to other selected groups the power of coherence of ,great' SME is in the middle field: Five times +/- 0,6 and one time + 0,7.

Groups with a very large number and high correlations are difficult to understand and interpret. A distinct intensity of correlations point to the fact that the sorted group shares a huge number of management concepts of which we do not know whether they are appropriate for managing SMEs or not. This applies to SMEs led by MBAs, Large enterprises 300+, SMEs led by founders, and also companies led by MBAs as well as strategy absent SMEs.

Note: The selected group of Swiss 'great' SMEs displays a good number and intensity of correlations, but not too many which indicate down turning effects.

Up to now our standard statistical processing includes sampling, percentage of totals within each subgroup, estimators, reliability tests, and correlations. The next step in statistical processing is ,clustering'.

Clusters are mathematically gained combinations of features which are related to each other. Scientific research based on questionnaires and surveys, statistics and data processing knows that for some reason certain items are connected to other items. In our newly constructed survey results also point to management beliefs which are related to other management beliefs. The interrelation is captured in high correlations among several items. Subsequently further statistical operations of all data of our survey provide clusters of 2 to 3 combined issues. In our study clusters show a path from ,good' to ,great' SMEs. The pathways mirror management excellence for Swiss SME: The following pathways are another unique result of our newly constructed survey.

8.7 New findings: Pathways and Directions

'Great' SMEs differ in *all* pathways from other selected groups, except in path 2 (managerial education). This information is gained from the comparison of seventeen EXCELL sheets full of correlations belonging to each of the seventeen sorted group. Once more the newly found group ,great' SMEs presents very distinct beliefs showing prominent ways of how to manage a successful business. But now knowledge is available from the data processing which provide guidance on how to proceed from 'good' to 'great'. All pathways and directions are exploit and show a way how to get into the mood of ,great' SMEs.

Path 1: Managing a ,great' future: Sophisticated scenarios *and* econometric planning tools

Future business is an issue in Swiss SMEs. There are several ways to cope with present and up-coming issues within an enterprise. When dealing with the future, ,great' SMEs create visions and develop several scenarios. They do not hesitate to go beyond limits and develop sophisticated or even wild scenarios. At the same time they apply analytic planning and controlling tools like Enterprise Resources planning (ERP), Abacus, computer based knowledge management for innovations, BSC Balanced scorecard, SWOT Analysis, or process monitoring derived from management quality systems like ISO 9001:2008, EFQM European Foundation for Quality Management, etc.

,Great' SMEs like to combine both approaches, the creative mind-set *and* the econometric approach. The validity of combining is distinct because statistical correlation is high. The pathway to a ,great' SME through "managing a ,great' future: Sophisticated scenarios *and* econometric planning tools" is directed by a very high correlation of: + 0.7031 („Firma hat eine Vision *und* benutzt analytische Instrumente zur Planung der Zukunft“).

Path 2: Seeking ,great' managerial competence: Basic *and* ongoing advanced professional training

How much management knowledge does a leader of a Swiss SME need? How much does he/she have to know about the professional disciplines underlying the products and services of the SME? And how much business and administrative competence is necessary to manage a SME in Switzerland successfully? ,Great' SMEs are determined to obtain very good educational training, both professional *and* managerial. They are eager to benefit from

basic *and* ongoing advanced training in topics related to their business. In fact, Switzerland's managers boast completion of a large number of courses and seminars. The main topics are business, controlling, marketing, innovation and risk management. 'Great' SMEs know, for example, concepts like the following diagnose tool for potential crisis management:

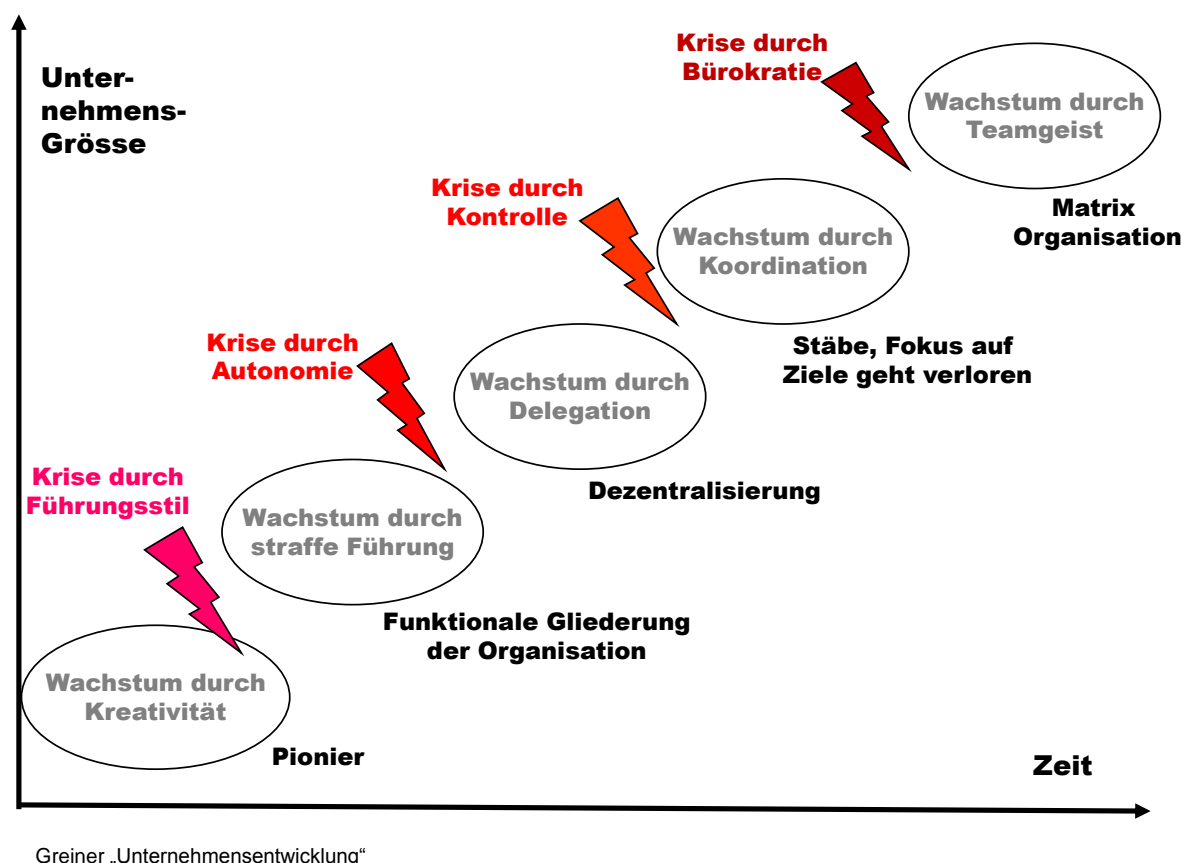


Table 52: Enterprise Life Cycle & Management Crisis

'Great' SMEs like to spend time and money on a diversified portfolio of basic and ongoing advanced education. The pathway to a 'great' SME by "Seeking 'great' managerial competence: Basic *and* advanced professional training" is directed by a high correlation of + 0.6768 ("Fachausbildung *und* fachliche Fortbildung")

Path 3: Becoming a mature 'great' enterprise: Do-it-yourself *and* accepting full responsibility

A company is not static but more like a living organism: After founding, it is subject to ongoing internal changes and varying demands from the market place. In this situation management literature offers concepts for getting along well, thus becoming a *mature*

organization that knows how to cope with employee expectations, customer needs, economic crisis or governmental restrictions. ‚Great‘ SMEs broaden their competencies by doing as much as possible by themselves (‘Do-it-yourself approach’) thus avoiding the hazards of out-sourcing. This, although out-sourcing is so popular. The management goal ‘Do-it-yourself’ is realized by granting as much responsibility as possible to particularly the CEOs - but also to department heads, specialists, staff members etc. Granting full responsibility means accepting full responsibility. This enhances employees’ dedication towards the companies demands. ‚Great‘ SMEs know well that granting responsibility empowers people to take on broad extra tasks and additional jobs. ‘Great’ SMEs replace hierarchical thinking with self-managed teams. With this species of staff, any enterprise can become *mature* and well prepared to cope with ongoing internal changes and varying demands of the market place.

The pathway to a ‚great‘ SME through “becoming a mature ‚great‘ enterprise: Do-it-yourself *and* expecting full responsibility” is directed by a high vice-versa correlation: - 0.632 (keine → eine! “Definitiv eines der genannten In-sourcing Massnahmen ergreifen *und* Erhöhung der Selbst-Verantwortung, z.B. auch des Führungs-Teams“).

Path 4: Growing a ‚great‘ SME: Business partners in top team *and* independence for departments

Becoming a mature enterprise is a pre-requisite to the survival of an enterprise. Maturation may include growing and becoming larger with more employees, more organizational structures and maybe more products and more services. But ‘growth’ is not necessarily a precondition for survival. ‚Great‘ SMEs believe that departments or units have to be allowed to be independent to be able to grow and prosper. Is independence, a key issue for prospering companies? For ‚great‘ SMEs, definitely yes. But granting independence is a two sided sword if you are the SMEs founder and still in a leadership position. In this situation support comes from a ‚great‘ SMEs management principle: Stop being a ‘lone rider’, the single top manager, and invite a member from your staff to become a business partner for your SME. Top management teams consisting of two or three business partners with equal rights and duties is the preferred organizational structure of ‚great‘ SMEs in Switzerland.

This pathway to a ‚great‘ SME by „growing a ‚great‘ SME: Business partners in top team *and* independence for departments“ is directed by a high correlation of + 0.632 („Um das Wachstum der Abteilungen zu fördern sollen diese selbständig werden *und* kurz nach der Konstituierung der Aktiengesellschaft holte der Patron/ Pionier einen Partner den er/sie von früher kannte in die Geschäftsleitung“).

Path 5: Enhancing ‚great‘ synergy: Add complementary know-how *and* realize innovative products & services

Partnership with other companies for joint business is a great issue for ‚great‘ SMEs. Aim is to enhance the SMEs core competence and thus implement innovative products and services with the added know-how of other companies. ‚Great‘ SMEs like this way of creating synergy. Cooperating complementary knowledge from other enterprises is gained by alliances, joint ventures, consortium, research projects, etc.

Establishing fruitful business relations to add value to your SME is not an easy job. You have to seek opportunities to find suitable partners. More and more mainstream match makers in business life, i.e. Swiss military exercise, golf clubs or service clubs, business fairs or conferences do not offer sufficient occasions for meeting potential specialists who sell the know-how for which your SME is looking. Finding dearly needed core competence from other companies is a key issue for small and medium size enterprises. Great SMEs actively exploit Industrial relations for establishing appropriate alliances, joint ventures, research projects, etc..

This pathway to a ‚great‘ SME with “enhancing ‚great‘ synergy: Add complementary know-how *and* realize innovative products & services” is directed by a high vice-versa correlation of - 0.6657 (keine → eine. "Realisierung von innovativen Projekten dank der Ergänzung der eigenen Kompetenzen durch Spezialkenntnisse *und* definitiv eine der genannten Tätigkeiten zur Etablierung von Kooperationen mit Partnern“)

Path 6: Guarding ‚great‘ management relations: Professional relationship building *and* succession activities with professionals

Because SMEs in Switzerland are mainly organization with 10 to 50 employees, staff members know each other well, often a bit too well. In some SMEs having up to 250 employees then there is more anonymity. Knowing your colleagues well is definitely both a benefit and a disadvantage. Many tasks are more easily accomplished but also much more

interpersonal drama arises which has to be solved. The crucial question is how to deal with relations in the office in a way that avoids becoming too personal. SMEs in particular do have to make efforts to balance closeness and maintaining professional relationships. In this situation ,great' SMEs prefer office relations which are conducted with great professionalism. The atmosphere is as if all staff has undergone a self-awareness and interpersonal communication training. Intra-organizational communication is a crucial issue for ,great' SMEs. Close relationships, however, are not sought after. Yet, a family company, where a daughter or a son takes over the top management role, are well known among ,great' SMEs. In particular, at the top management level professional communication is often found. And also professionalism when it comes to succession planning.

This pathway to a ,great' SME by "Guarding ,great' management relations: Professional relationship building and succession activities with professionals" is directed by a high vice-versa correlation of - 0.6285 (keine → eine! „Der Gründer führte die Firma lange alleine, dann treten seine Kinder in die Geschäfts-Leitung ein. Eines der genannten Entscheide zur Etablierung guter Beziehungen im Führungsteam wurde gefällt“).

Summary: New findings - pathways directed by correlations: Our newly constructed survey presents values of founders and CEOs from Swiss SMEs. Six main management beliefs are favored: "Managing a ,great' future: Sophisticated scenarios *and* econometric planning tools", "Seeking ,great' managerial competence: Basic *and* advanced professional training", "Becoming a mature ,great' enterprise: Do-it-yourself *and* expecting full responsibility", "Growing a ,great' SME: Business partners in top team *and* independence for departments", "enhancing ,great' synergy: Add complementary know-how *and* realize innovative products & services", "Guarding ,great' management relations: Professional relationship building *and* succession activities with professionals".

But data processing provides even more information how to get into the profile of a ,great' SMEs. Findings from Butt & Campbell (1989) "The effects of information order and hypothesis-testing strategies on auditor's (manager's) judgements" and Analoui & Karami (2001) "How top executives perception of the environment impacts on company performance" show a way how to get the most out of our questionnaire completed by founders and CEOs of small & mid-business. Once more: Further results from our survey show a practical way:

In item 13 c, item 14 c, and item 15 c respondents were invited to choose from a variety of “benefits, results and profits”. Discussing benefits and results reveals an inclination towards specific benefits and results. When asking respondents to pick from a list of options they mainly select the one they personally in which they most believe. Thus the well favored issue of each respondent becomes clear. That is the reason why a survey also captures personal beliefs mirroring individual management values and leadership practice.

Our newly constructed online-survey mainly provides information about the beliefs and values of the people who answered the items. Once more it is the selected group of ,great‘ SMEs which surprises with distinct results. The following pathways are directed by a comparatively high percentage of agreement from ,great‘ SMEs.

Path 7: Broaden personal responsibility – also within top management team

Throughout all selected groups there is one single management issue that scores very high: It is the value of good relations among top management team. The second ranked issue is the idea of enlarging the responsibility of each member of the top team. This idea gained a very high agreement within the entire survey. Although the respondents – founders, CEOs and leaders of Swiss SMEs - are top management themselves, they all seek increasing personal responsibility. They pledge more individual trust in managers. Among all selected groups the grade of agreement on this issue is highest and distinctly in the group of ,great‘ SMEs (71%). Benefits from increasing the sense of being responsible for the company and its people, policy, partners and products, are a great value for ,great‘ SMEs.

Item 13 c benefits, results and profits	MS- Absen- ce in SME	SME with strateg y	Great SMEs	Good SMEs	Foun ders	MBA s	Micro 10	SME 20- 250	Large 300+
Steigerung des internen Zusammenhalts einer Einheit.	19	37	21	30	21	50	19	28	31
Erhöhung der Selbst-Verantwor- tung z.B. des Führungs-Teams.	38	57	71***	52	42	56	46	30	58
Verbesserung des Markt-Images.	5	17	26	11	18	25	23	18	26
Produktivitäts- Steigerung infolge höherer Spezialisierung.	28	17	29	26	21	31	24	27	26
Erhöhung der Reaktions- Bereitschaft der Firma.	33	25	44	26	36	50	41	33	31
Ausschöpfung von Wachstums-Möglich- keiten, Geschäfts- Chancen.	19	23	26	26	26	12	27	27	37

Table 53: Benefits, management beliefs (item 13c)

This pathway to a ‚great‘ SME by “Broaden personal responsibility – also within top management team” is directed by a comparatively very high percentage of agreement from ‚great‘ SMEs.

Path 8: Don't be terrified to reveal business information to competitors

Trainers in management and marketing consultants constantly teach the idea of hiding your companies ‘family jewels’ away from public. To be successful, they say, top management should protect business data, know-how and equipment from loss and unauthorized access.

But being too anxious might hinder freewheeling communication within top management. Focusing strongly on data protection binds energy and blocks brains. Anxious top teams may not even realize that they surrender on a nuisance. Management by ‘secret mission’ is not the way how ‚great‘ SMEs operate. Play business openly, you have no real secrets that other companies could benefit from. So keeping secrets is not at all an issue in ‚great‘ SMEs. This is a remarkable ‘benefit, result and profit’ which is rarely heard in business in Switzerland.

Item 14 c	MS-Absen- ce in SME	SME with strategy	Great SMEs	Good SMEs	Found- ers	MBA	Micro 10	SME 20- 250	Large 300+
Beschleunigung des 'time to market'.	14	25	24	30	27	19	24	27	31
Kontrolle über die Ausführung wichtiger Tätigkeiten.	38	25	33	30	20	31	19	33	21
Nutzung der Chancen zur Qualitäts- Verbesserung.	24	14	26	24	32	44	31	24	42
Erhöhte Sicher- heit bezüglich sensible Infor- mationen bzw. geheime Daten.	5**	12	3***	9	3***	19	4**	7*	0***
Bessere Ausnutzung von Innovations- Chancen.	10	34	32	32	26	50	28	27	26
Verstärkung der Wettbewerbs- Position.	43	54	56	56	51	37	51	55	53
Steigerung der Unabhängigkeit, d.h. freier gegenüber Markt, Kunden, Mitbewerber.	19	23	21	28	15	19	18	24	16

Table 54: Benefits, management beliefs (item 14c)

This pathway to a ‚great‘ SME by “Don’t be scared to reveal business information to competitors” is directed by a distinct percentage of agreement from ‚great‘ SMEs as well as the majority of the subgroups.

Path 9: Increase presence on the marketplace and in the world

Compared to other selected groups, ‚great‘ SMEs are eager to increase their presence as a market player. Although being only a small or medium size enterprise, for ‚great‘ SMEs it is important to act on the market place, to be seen by customers, and to be recognized by competitors. There is no need to play ‘low profile’ as Swiss companies usually do. ‚Great‘ SMEs like competing in the market and broadening their influence.

‘Great‘ SMEs also think globally. They never forget to try to enlarge geographical boundaries. They are interested in markets and customers from other countries. The word ‘international’ is a term that does not make them feel uneasy. ‚Great‘ SMEs trust in the big community of international business.

Item 15 c	MS-Absence in SME	SME with strategy	Great SMEs	Good SMEs	Founders	MBA	Micro 10	SME 20-250	Large 300+
Realisierung von innovativen Projekten dank der Ergänzung der eigenen Kompetenzen durch Spezialkenntnisse.	33	37	41	43	33	69	38	42	31
Bewältigung von komplexen Aufgaben dank dem Zusammenschluss mit verschiedenen Experten.	19	28	26	30	36	37	32	30	26
Ausweitung der geografischen Präsenz sowie der Markt-Präsenz.	10	17	28***	9	16	19	20	16	42*
Förderung der Innovations-Kraft der Produktlinie durch die Zusammenarbeit mit Kreativen oder mit dem Fachhandel.	19	20	18	24	23	25	28	21	26

Table 55: Benefits, management beliefs (item 15c)

This pathway to a ,great' SME by "Increase presence on the marketplace and in the world." is directed by a comparatively high percentage of agreement from ,great' SMEs.

Summary: New findings - pathways directed by sampling: Our newly constructed survey provides additional information concerning values of founders and leaders of Swiss small & mid-business. Favored management beliefs which get you into the mood of becoming a 'great' SMEs: "Broaden personal responsibility – also within top management team", "Don't be terrified to reveal business information to competitors", "Increase presence on the market place and in the world". The beliefs give path to transform a ,good' to a ,great' SME, in particular for Swiss small & mid-business.

8.8 Summary: Nine Pathways from ,good' to ,great' Swiss SMEs

According to Analoui & Karami (2001) findings captured in *How top executives perception of the environment impacts on company performance*, we suggest that the pathways extracted from the survey mirror to some good extent the management behavior of the responding CEOs and founders from great Swiss SMEs:

Path 1 Managing a ,great' future: Sophisticated scenarios *and* econometric planning tools.

Path 2 Seeking ,great' managerial competence: Basic *and* advanced professional training.

Path 3 Becoming a mature ,great' enterprise: Do-it-yourself *and* accept full responsibility.

Path 4 Growing a ,great' SME: Business partners in top team *and* independence for departments.

Path 5 Enhancing ,great' synergy: Add complementary know-how *and* realize innovative products & services.

Path 6 Guarding ,great' management relations: Professional relationship building *and* succession activities with professionals.

Path 7 Broaden personal responsibility – also within top management team.

Path 8 Don't be terrified to reveal business information to competitors.

Path 9 Increase presence on the market place and in the world.

9 Final Comments on our Research

Creating a management strategy in Small & Medium Size Enterprises (SME) is a topic that has so far only been covered marginally in business education, management theory, leadership training and organizational development. Additionally, the specifics of Small & Medium Size Enterprises (SMEs) versus large companies are often not taken into account fully when it comes to the design and implementation of a managing tool called 'management strategy'. Because many small and medium sized companies (SMEs) lack vast hierarchical management levels including top executive's traditional behavior, and lack an explicit management strategy containing extended policy and decision making, SMEs have developed several other means to manage their business successfully. What are these other means?

The thesis intends to search for other means to manage small & mid-sized business. As a first step we tested a set of twelve hypotheses given from management literature concerning potential 'alternate management tools'. As a guideline to our research methodology we chose: Business Research (Collis & Hussey 2003), Analytical and Empirical Explorative Research (Wacker 1998). Systems for verifying and falsifying hypothesis derive from: Introduction to econometrics: Properties of the regression coefficients and hypothesis testing etc. (Dougherty 2007), Theories on the Scrap Heap: Scientists and Philosophers on the Falsification, Rejection and Replacement of Theories (Losee 1999). Concerning *surveys and questionnaires completed by managers* we chose: The effects of information order and hypothesis-testing strategies on auditor's (manager's) judgements (Butt & Campbell 1989).

As a second step we searched for further and additional alternate 'other means' for managing SMEs. How does a top executives' perception of the environment impact on company performance (Analoui & Karami 2001). To reach beyond the frame of our chosen research methodology, support comes from: The Cluster Approach and SME Competitiveness (Karaev, Koh & Szamosi 2007).

The following section 'Final comments on our research' describes some general comments about our research 'Best Practice and Absence of Strategy in Small & Medium Size Enterprises':

9.1 Management Abstract

The study of management literature on 'strategy absence' and the evaluation of all data of our survey remove the question whether "a company has a management strategy - or not" out of the center of management excellence in small & mid-business in Switzerland. Instead results of our study introduce new fundamental issues:

Is the Swiss SME aware of the eleven management beliefs of 'great' Swiss SMEs - or not?

And: Does the SME know the nine pathways from 'good' to 'great' Swiss SMEs - or not?

Taking serious the newly found eleven management beliefs and the nine pathways may help Swiss SMEs to avoid the pitfalls of an elaborate 'wrong' management strategy.

Results of our survey move *management beliefs* and *pathways* into the center of management excellence in Swiss small & mid-sized business. The creation and implementation of a corporate strategy is subsequently ranked *second* place. But guidelines for designing a management strategy have not become totally obsolete. Referring to theorists like Ansoff, Andrews, Chandler, Mintzberg, MacCrimmon, Rumelt, Porter etc. (see section 4), we agree to their recommendations. They apply to *all* companies of *all* sizes in *both* a local and global economy. For *specifics* on managing Swiss small & mid-business, however, the new findings may lead into a bright SME-future in Switzerland.

As previously stated, the *general* guidelines for management strategies are useful for all enterprises, all economies and all countries:

A management strategy incorporates and defines *long term* entrepreneurial goals for a company. This includes a *set of actions* which lead to reaching the goals. It also includes *providing* needed competencies, alliances, resources and infrastructures.

The long term entrepreneurial goals continuously move into the future. They are like a guiding star and should keep the company on track and in continuous *development*, so that the organization stays healthy and wise.

Designing a strategy focuses on both *realizing business opportunities* as well as exploiting and *improving* the companies' competencies, alliances, resources and infrastructure.

Creating a management strategy affords an *analysis* of the economic and political environment. Additionally an evaluation of the companies' *potentials* concerning competencies, alliances, resources and infrastructure is needed.

Continuous evaluation and monitoring of ongoing developments in business, technology, markets and social life is essential.

Strategy creation must work with excellent tools for analysis and evaluation. The importance of consciousness and transparency while creating the management strategy is primary. Strategy creators should be aware of what they are doing and producing.

In addition to these general guidelines for strategic management our study produces a variety of valuable but unexpected issues. These important issues emerge from our data by systematic trial and error of statistical processing. The knowledge discovered is introduced in the following section. We call some of them 'management beliefs' of great Swiss SMEs because they derive from distinct statistical differences. The other are called 'pathways' from good to great Swiss SMEs because they are deducted from statistical correlations and clusters. This newly found knowledge contributes substantially to the management excellence of Swiss small & mid-business.

Management beliefs of 'great' Swiss SMEs

- Design yearly plans to reach their goals
- Make distinct efforts to develop and implement a smart flexible strategy
- Keep flexibility in the management strategy
- Focus strongly on the business and organization
- Are well-versed in the benefit of self- contained business units although their enterprise is small or medium
- Support in-sourcing by job-enlargement and job enrichment of internal services
- Invest within their own resources
- Be highly pro-active & adventurous
- Explore new business areas
- Prefer projects of small scope. But also be open to conduct very large single projects

- Benefit from professional relations within top management & prefer to appoint co-workers to become partners

Pathways from a 'good' to 'great' Swiss SME

- Managing a ,great' future: Sophisticated scenarios *and* econometric planning tools.
- Seeking ,great' managerial competence: Basic *and* advanced professional training.
- Becoming a mature ,great' enterprise: Do-it-yourself *and* accept full responsibility.
- Growing a ,great' SME: Business partners in top team *and* independence for departments.
- Enhancing ,great' synergy: Add complementary know-how *and* realize innovative products & services.
- Guarding ,great' management relations: Professional relationship building *and* succession activities with professionals.
- Broaden personal responsibility – also within top management team.
- Don't be adverse to reveal business information to competitors.
- Increase presence on the market place and in the world

These are unexpected *specifics* of how to manage small and medium size enterprises successfully, particularly in Switzerland. The new findings help to overcome some boundaries hindering the small & mid-business in Switzerland.

9.2 Results of the Research Questions

Following the brief management abstract, this section will thoroughly reflect our research questions as well as reflect other newly surfaced issues of concern.

As previously stated, our three research questions:

- Research question “What kind of management concepts do founders and top executives apply to lead their Swiss SME towards a bright future?” Findings of our research based

on processed statistics of the newly constructed survey provides several unexpected management beliefs and values applied by Swiss SMEs. Details see below.

- Research question “How are Swiss SME lacking a management strategy managed successfully? Are they managed by the ‘six principles’ given from management literature? Quick answer: Almost all Swiss SMEs benefit from the so-called ‘alternate management principles’. In other words: Only one from six principles is used by Swiss SMEs, the other five management principles are *also* in use by SMEs working with a management strategy.
- Research question “Are there specific circumstances that favor ‘strategy absence’ in Swiss SMEs? How do they differ to the ‘six conditions’ given from management literature?” Quick answer: To a small extent all six conditions indicate *strategy absence* in Swiss SMEs. So knowledge is available to predict a strategy absence. But is a missing management strategy a fundamental issue anymore? According to results of our survey: No, not really.

After processing all data derived from the newly constructed survey, answers can be given to all issues of concern raised in the introduction of this study:

9.3 Conclusions own thinking and judgement

Following the saying “managers get things done through other people”, how do founders and top executives of SMEs in Switzerland get things done in their small and medium size company?

Small and medium size enterprises (SMEs) are an under-researched area worldwide. This is the case also in Switzerland. This fact is amazing because SMEs employ 67.5% of all Swiss workforces and contribute 77% to Switzerland’s NGP Net Gross Product (Contribution to National Productivity). The survey invites companies (Micro enterprises, SMEs, Large firms, i.e. with 1 to 500 employees) from Switzerland to fill out an online survey. The statistical processing focuses neither on Micro nor on Large firms but specifically on SMEs with 20-249 employees – because we want to know how founders and CEOs from small & mid-business do their managing job.

We want to know, which tools and hands-on techniques that founders and top executives of SMEs use to accomplish their management job.

The survey was constructed to test six 'alternate management principles' ('absent-strategy-tools') found in a field study from 2006. Our survey, however, delivered another awesome output: A set of management beliefs and values guiding the distinctly successful Swiss SMEs. So the study intended to trace management tools and monitor hands-on techniques. Yet, it found management beliefs and pathways, which founders and top executives of successful Swiss SMEs use to accomplish their management job.

Do leaders of small and medium sized companies (SMEs) believe in the concept that any kind of leadership automatically contains a strategically oriented management?

The study cannot really answer this question on behalf of leaders of Swiss small and medium size companies. But the research can definitely respond that the scientific community does believe in the concept that any kind of leadership automatically contains a strategically oriented management. Taking the definition of 'strategy existence' and 'strategy absence' seriously as Ansoff, Andrews, MacCrimmon, Mintzberg and Chandler, more is needed to be able to act strategically. A top management has to present at least five features (details see below) to be assessed as strategy-minded. By the way, the misunderstanding 'any kind of leadership contains automatically strategic elements' produces the vast lack of scientific research on the phenomenon 'strategy absence in companies'.

Some management theorists claim that an enterprise lacking a defined management strategy is *not* doomed to fail. We are curious whether and how businesses in specifically small and medium size companies (SMEs) prosper without a 'properly' created corporate strategy.

Indeed, a Swiss SMEs lacking a defined management strategy is also *not* doomed to fail. According to results of our survey approximately 50% of mid-business with 50 employees said they have a corporate strategy anyway. But SMEs with less or more employees rarely create a management strategy. So these may be the ones who are doomed to fail? No, not necessarily, because they do well due to other reasons which will be mentioned below. So, none of the Swiss SMEs are doomed to fail.

There is a need to find out what management theorists think about the absence of a management strategy.

It is possible to define and scan 'strategy absence' – also in Swiss SMEs. The five criteria which determine and sort 'absent-strategy-SME' versus 'strategy-SME' are according to definitions of Ansoff, Andrews, Chandler, and MacCrimmon:

- a. Dedication towards omitting a strategy and being aware of the omitting (MacCrimmon 1993, p. 122).
- b. Observable absence of management strategy tools: No long term corporate goals, no procedures to reach the goals, and no analytical instruments for planning and evaluation can be observed (MacCrimmon 1993, p. 122).
- c. Short term orientation: CEOs go for Quick profits and care eagerly about successful everyday business (Chandler 1962, Andrews 1987, Ansoff 1991).
- d. Intuition: Management actions are made 'from the guts' (Chandler 1962, Andrews 1987, Ansoff 1991).
- e. Hands-on approach: Focus on present business demands, no focus on the past i.e. no in-depth evaluation and feedback, and no focus on the future i.e. no visions with no ideas or paths making the vision alive (Chandler 1962, Andrews 1987, Ansoff 1991).

There is a need to check leadership styles in Swiss SMEs to find out whether these SMEs, in general, abandon strategic thinking.

According to the features a.–e. of a definition of 'strategy absence' mentioned above, our survey is designed to contain 19 items to include precisely *seven* items with 4 answering options each to scan strategically oriented management behavior. Results of our survey in Swiss companies: Strategic thinking & discussion is observable definitely in 'large enterprises', but seldom in 'micro enterprises'. Also SMEs with around 50 employees do *not* abandon strategic thinking.

The set of 7 items separates the sample of respondents into two groups: The strategically minded small & mid-business ('strategy-SMEs') and the SMEs without an elaborate management strategy ('absent-strategy SMEs'). The management behavior of both groups is compared thoroughly to trace and highlight the specifics of Absent-strategy-SMEs.

There is a need to identify management tools applied by founders and top executives of SMEs lacking a corporate strategy.

There could be some management tools that are applied by CEOs and founders of SMEs instead of creating and implementing a well designed management strategy. These alternate management tools we call 'absent-strategy-tools'. Management literature show a few alternate management principles to a corporate strategy. A European-Italian field study conducted in 2006 found six 'absent-strategy-tools'. So we designed in our survey containing 19 items in total six items with 5 to 7 answering options each to monitor leadership behavior as well as to capture the practice of management tools in Swiss SMEs. The six items search specifically for the six 'absent-strategy-tools'.

There is a need to surface some conditions that favor the absence of a management strategy – particularly in small and medium size enterprises (SMEs).

There could be some conditions that constitute the absence of a management strategy. Indeed, management literature introduces likelihoods for strategy absence. For example the European-Italian field-study found in 2006 some six conditions for strategy-absence. So in our 19-item-survey we also designed precisely six items with 5 to 7 answering options each to measure circumstances, conditions and likelihoods in Swiss SMEs that disregard a corporate strategy.

Do the 'six principles' ('absent-strategy-tools') provide a viable management tool for Swiss SMEs?

No, not really: Because according to results of our survey in Swiss SMEs: Only one from six *absent-strategy-tools* are in practice mainly in absent-strategy SMEs. Five other alternate management principles are more or less applied in companies both with a strategy and without a strategy. The 'six management principles' therefore cannot be named *absent-strategy-tools* anymore since almost all companies in Switzerland say they make use of them. Swiss strategy-lacking SMEs do not need to benefit from alternate management tools.

Both management principles *Self-containing business units* as well as *Go for opportunity* do not qualify to be an absent-strategy-tool due to contrary research findings. But three management principles like *In-house sourcing*, *Cooperation with similar business partners* and *Great friends among top management* qualify to some small extent to be an absent-

strategy-tool. Only the management principle *Minimize financial dependency* turns out to be a real absent-strategy-tool in its unique sense as it is applied by mainly companies without a management strategy. Survey results show clearly that Swiss SMEs without a corporate strategy prefer to minimize all financial dependencies and reduce other obligations.

Does current management practice of founders and top executives in Swiss SMEs differ from the ‘six principles’? In case of considerable difference, it may be of importance to anticipate what impact the deviation may have concerning the performance of Swiss SMEs.

The management of founders and top executives of Swiss SMEs lacking an elaborate management strategy does *not* differ substantially to SMEs following a corporate strategy. There are no real specifics featuring strategy-absent enterprises. It seems not to matter whether a Swiss SME invests and follows a management strategy - or not. A corporate strategy is no unique selling position for Swiss mid-business.

The ‘six management principles’, i.e. so called absent-strategy-tools, are applied by Swiss companies no matter whether they have a corporate strategy or not. Five from the six management principles are favored anyway by the entire small & mid-business community in Switzerland. So there is no considerable difference in management behavior - neither between current Swiss management practice and the five/six so-called absent-strategy-tools from literature, nor between SMEs with or without a corporate strategy.

Having no elaborate corporate strategy is not an issue for managing small & mid-business. It does not really matter whether a Swiss SME ignores, or is deficient in creating and implements an elaborate management strategy.

The leadership style of *financially* Swiss SMEs (‘great’ SMEs) differs distinctly in twenty aspects to financially less SMEs (‘good’ SEMs). These differences in management behavior appear in twenty of forty management and leadership issues monitored by our survey.

What kind of management concepts do founders, senior management or top executives apply to lead their Swiss SME towards a bright future?

Swiss SMEs with large financial capacity (‘great’ SMEs) boast a unique profile of how to do things compared to Swiss SMEs with less financial capacity (‘good’ SEMs). Our survey is

capable of scanning the unique profile of management beliefs and values of the financially strong small & mid-business (‘great’ SMEs).

How are Swiss SME’s - lacking a management strategy – managed successfully? Are they managed by the ‘six principles’ introduced by the European-Italian field-study?

Yes. But as mentioned above, almost all Swiss small & mid-business – with or without a corporate strategy – favors five from the six so-called alternate management principles anyway. Besides that, the financially Swiss SMEs come up with some distinct specifics. Twenty aspects are described by results from our survey. They include ‘eleven features’ and ‘nine pathways’ capturing a unique style of successful Swiss mid-business:

Belief 1 Design yearly plans to reach their goals

Belief 2 Make distinct efforts to develop and implement a smart flexible strategy

Belief 3 Keep flexibility in the management strategy

Belief 4 Focus strongly on the business and organization

Belief 5 Be well-versed in the benefit of self- contained business units although their enterprise is small or medium

Belief 6 Support in-sourcing by job-enlargement and job enrichment of internal services

Belief 7 Invest within their own resources

Belief 8 Be highly pro-active & adventurous

Belief 9 Explore new business areas

Belief 10 Prefer projects with small scope. But also be open to conduct very large single projects

Belief 11 Benefit from professional relations within top management & prefer to appoint co-workers to become partners

Path 1 Managing a ,great’ future: Sophisticated scenarios *and* econometric planning tools

Path 2 Seeking ,great’ managerial competence: Basic *and* advanced professional training

Path 3 Becoming a mature ,great’ enterprise: Do-it-yourself *and* accept full responsibility

Path 4 Growing a ,great’ SME: Business partners in top team *and* independence for

departments

Path 5 Enhancing ‚great‘ synergy: Add complementary know-how *and* realize innovative products & services

Path 6 Guarding ‚great‘ management relations: Professional relationship building *and* succession activities with professionals

Path 7 Broaden personal responsibility – also within top management team

Path 8 Don’t be adverse to reveal business information to competitors

Path 9 Increase presence on the market place and in the world

Are there specific circumstances that favor ‘strategy absence’ in Swiss SMEs? How do they differ from the ‘six conditions’ mentioned in the European-Italian field-study?

There are some conditions that favor the absence of a management strategy in a Swiss SME. But having no elaborate corporate strategy is not an issue for managing small & mid-business in Switzerland successfully.

Some details: All six conditions for strategy absence drawn from management literature (Sablone 2006) work to some *very small* extent within Swiss SMEs.

a. Top management in Swiss SMEs usually gained managerial training, mainly by ‘further education’ typical for Switzerland’s educational system. That means that there are hardly any SME-leaders with just professional education and thus lacking management knowledge, so that this condition for strategy absence hardly applies.

b. ‘Company size’ is to some extent a necessary condition for strategy absence: Mainly Swiss micro enterprises regularly lack a management strategy, while Swiss SMEs occasionally have a corporate strategy and Swiss large enterprises almost always do.

c. There *is* in Swiss SMEs a small trend towards strategy-minded companies estimating their resources and infrastructure as ‘plenty’ while strategy absent firms consider their resources as somewhat insufficient – but ‘few resources’ is no real condition for strategy absence within Swiss SMEs.

d. The average scope of investment projects throughout all Swiss SMEs is roughly the same so that the formula ‘small volume = condition for absence’ does not occur.

e. But in Switzerland there *is* a trend that SMEs aiming for ‘growth & expansion’ also follow a corporate strategy.

f. These strategy-SMEs do not follow their big business goals more intensely than strategy-absent-SMEs. So intensity of goal-mindedness is not a condition for strategy absence. All together, these issues are only of minor importance to Swiss small & mid-business.

There is a need to bring light into the management practice of Swiss SMEs.

Results of our survey come up with a variety of management beliefs and values, particularly in successful Swiss mid-business ('great' SMEs). Knowledge of how to transform a 'good' mid-business into 'great' mid-business is now available in Switzerland. The 'eleven features' and the 'nine pathways' capture a sophisticated management style of financially Swiss SMEs.

Additionally there is also other knowledge available of how Swiss small & mid-business is managed. For example the differences between the leadership styles of a SMEs' founder versus the founder's successor, and the differences between the leadership of managers leading the SME with a MBA or without a MBA degree. As a result MBA-SMEs boast a different set of management beliefs than the 'great' SMEs. For example: It is not a surprise that CEOs with a MBA degree usually create and follow a management strategy. But designing and implementing a corporate strategy does not necessarily contribute to the SMEs success.

There is a need to verify or falsify existing preliminary research findings concerning 'managing SMEs successfully *without* an elaborate management strategy'.

We construct a survey with 19 items: All 19 items are derived from management literature: Seven items scan the phenomenon 'strategy absence' referring to management gurus like Ansoff, Andrews, Chandler, MacCrimmon, Mintzberg, Inkpen&Choudhury. Six items test the existence of six conditions for strategy absence referring to management practitioners like Sablone. And six items test the existence of six management tools substituting a management strategy – with reference to a European-Italian field study conducted in 2006. Furthermore, one item scans the CEO's and founder's overall opinion concerning the role and function of a corporate strategy.

Statistical processing provides standard formulas: Median, Mean, Standard deviation, Percentage, Percentages-within-a-selected-group, Confidence intervals of 1% and 5%.

More than a thousand CEOs and founders of Swiss companies were invited by email to submit to our online-survey www.meetingsupport.com/kmu.ch.html. The online survey provided 183 valid responses within 2 weeks. No reminder was sent out.

Of the responding companies 87% want to learn from our survey and request a management abstract. Therefore they had to submit their email address thus giving up personal anonymity.

The data sheet was also object to several statistical operations: Correlations, sorting, clustering and reliability tests.

Due to the extent of data further analysis of other research questions is possible, e.g. the management behavior of Swiss companies in general, or the leadership behavior of managers trained by institutions belonging to the Swiss military, etc.

These are the answers produced by statistical processing of all data derived from the newly constructed survey. The following table summarizes the issues of concern raised in the introduction of this study and the results of our research questions:

Summary and results of the research questions

Issues of concern	Answers from our survey	Section
How do leaders of SMEs in Switzerland “get things done”?	Our survey invites companies with 1 to 500 employees (Micro enterprises, SMEs, Large firms) to fill out an online survey. Our statistical processing focuses specifically on Swiss SMEs with 20-249 employees.	10.4
Which management tools do leaders of SMEs use?	Our survey tests six management tools ('absent-strategy-tool'). Also the study traces management beliefs of leaders from successful Swiss SMEs.	8 & 10.3
Do leaders of SMEs believe that 'any kind of leadership automatically contains a strategy'?	Our survey cannot answer this question on behalf of SME-leaders. Our study rather shows the scientific community believing that 'any kind of leadership automatically contains strategy'. But taking the definition of 'strategy existence' and 'strategy absence' seriously, a leader has to present five features to be called strategy-minded.	4.3.6
Is an enterprise lacking a strategy doomed to fail?	Swiss SMEs lacking a defined management strategy are not doomed to fail, because they prosper well due to other reasons which will be mentioned below.	7.
What do management theorists think about 'strategy absence'?	Due to a misunderstanding in the scientific community, only a few theorists bother about 'strategy absence': H. Igor Ansoff, Alfred Chandler, Kenneth Andrews, Kenneth MacCrimmon, Andrew Inkpen & Nanjan Chourdury, Leopoldo Sablone.	4.1.
A definition of 'strategy absence' – a sophisticated but under-researched phenomenon?	Our 'strategy-absence' is according Ansoff, Andrews, Chandler, MacCrimmon. a. Dedication towards omitting a strategy and being aware of the omitting. b. Observable absence of strategy tools: No long term corporate goals, no procedures to reach the goals, no analytical instruments for planning and evaluation. c. Short term orientation: CEOs go for Quick profits. d. Intuition: Management actions are made 'from the guts'. e. Hands-on approach: Focus on present business demands, no focus on the past, no focus on the future, no vision.	3.6. & 4.4.

We describe leadership styles in SMEs to find out whether SMEs in general neglect strategic thinking	According to a.–e. of 'strategy absence' we designed 7 items to scan a strategy. Results: Strategy is observable in Large enterprises, seldom in Micro enterprises. SMEs employing 50 staff members do not neglect a strategy. Our 7 items separate respondents into 'Strategy-SME' vs. 'Absent-strategy SME'. The management behavior of both groups is compared to highlight the specifics of Absent-strategy-SMEs.	7.7.
What management tools do SME-leaders lacking a corporate strategy apply?	A European-Italian field study conducted in 2006 found six principles alternate to a corporate strategy ('absent-strategy-tools'). We designed 6 items to search for the six 'absent-strategy-tools'.	7.8.
What conditions favor strategy absence?	The European-Italian field study found 6 conditions for strategy-absence. We designed 6 items to monitor conditions and likelihoods that support neglecting a corporate strategy.	7.6.
Do Swiss SMEs benefit from the six 'Absent-strategy-tools'?	Answer: No, not really: Because 5 from 6 Absent-strategy-tools are used in companies both with a strategy and without a strategy. Exception: Absent-strategy-SMEs prefer to minimize all financial dependencies and reduce other obligations.	7.9
Do SMEs' management' differ from the 'six principles'?	The six management principles are favored by all Swiss mid-business. Having no elaborate corporate strategy does not incline to use 'absent-strategy-tools'. Yet the leadership style of financially Swiss SMEs ('great' SMEs) differs distinctly in twenty aspects to financially less SMEs ('good' SEMs).	8.3. to 8.5.
What kind of management concepts do SMEs apply to lead towards a bright future?	Swiss SMEs with large financial capacity ('great' SMEs) boast a unique profile of how to do things compared to Swiss SMEs with less financial capacity ('good' SEMs). Our survey is capable to scan the unique profile of management beliefs and values of the financially well to do small & mid-business ('great' SMEs).	8.6 to 8.9
How are Swiss SME's managed successfully?	The financially Swiss SMEs come up with distinct specifics. These specifics appear in twenty from forty management issues monitored by our survey ('eleven features' and 'nine pathways' of successful Swiss mid-business.	7.6 7.9
What conditions favor 'strategy absence'? The 'six conditions' (European-Italian field-study)?	All six conditions for 'strategy absence' drawn from management literature (Sablone 2006) exist to some small extent within Swiss SMEs. But these issues all together are only of minor importance to Swiss small & mid-business.	7.6
We bring light into the management practice of Swiss SMEs	Knowledge how to transform a 'good' mid-business into 'great mid-business' is now available: 'Eleven beliefs' and 'nine pathways' capturing a unique management style of financially Swiss SMEs. Additional info available for mid-business: Specifics of SMEs' founder vs. the founder's successor, specifics of CEOs leading with vs. without a MBA degree. No surprise that MBA-CEOs create strategy. But implementing a strategy does not contribute to the SMEs' success in Switzerland.	10.3.
We verify or falsify existing 'tools for managing SMEs without an elaborate strategy'	We falsify the 'six absent-strategy tools' and partly verify the 'six conditions for strategy absence', and we search for successful SMEs. Having no expectations we were open to any features emerging on their own. We checked 1'000 correlations revealing coherence i.e. inherent methods guiding all managing efforts. CORR +/- 0.6.	7.6, & 8.9
We apply statistically based methods and data processing.	We construct a survey with 19 items: All 19 items are derived from management literature: 7 items scan the phenomenon 'strategy absence' referring to management gurus like Ansoff, Andrews, Chandler, MacCrimmon. 6 items test the existence of 6 conditions for strategy absence referring to management practitioners like Sablone. And 6 items test the existence of 6 management tools substituting a management strategy – with reference to a European-Italian field study conducted in 2006. One item scans the CEO's and founder's overall opinion concerning the role and function of a corporate strategy. Statistical processing provides standard formulas: Median, Mean, Standard deviation, Percentage, Percentages-within-a-selected-group, Confidence intervals of 1% and 5%. More than one thousand CEOs and founders of Swiss companies were invited by email to submit to our online-survey www.meetingsupport.com/kmu.ch.html . The online survey provided 183 valid responses within 2 weeks. No reminder was sent out.	6.2 to 6.5

	87% of the respondents reveal their email address to receive a management abstract of our survey. The data sheet was also object to several statistical operations: Correlations, sorting and clustering, reliability tests.	
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Table 56: Summary of research questions and statistically gained answers

9.4 Benefits of this Research

Finalizing the attainment of the research questions this section will reflect more on in-depth topics of interest which arise while doing research: Methodology, construction of the online survey, features of the population of founders and CEOs of Swiss companies, data and statistical results, value of the outcome for Swiss small & mid-business, meaning for the community of SMEs today and tomorrow, and relevance for the scientific community.

Methodology & Construction of the online survey

Why couldn't we find substitutions for a missing corporate strategy? We had strongly expected that according to management literature there are several management tools around in Swiss small & mid-business which are capable to substitute for a missing corporate strategy. The 'six principles' ('absent-strategy-tools') found by a field-study in 2006 made very much sense to us and seemed to have high consensus validity. The results from our survey in 2009 told us something different. It is more than amazing that the six 'absent-strategy-tools' are not applied exclusively by absent-strategy-SMEs. Instead they are in use by almost all of our total population of respondents which are SMEs equally with and without a strategy. We are surprised that almost all, i.e. five from six 'absent-strategy-tools' are also used by companies working with a corporate strategy. We wonder of the high predicted outcome. Our questions now are:

a. What went wrong with the field-study from 2006? Maybe the population of just six interview partners is not enough to show differences of any kind? Maybe founders and CEOs in interviews answer differently when completing an online-survey? Maybe all six interview partners were fully 'strategy-absent companies' so that the comparison with companies following a management strategy was missing? Now, which might be the most sensible reason that the field study from 2006 produced knowledge which applies to all companies instead of only the absent-strategy-SMEs? It is probably the ignored comparison with relevant other groups.

b. How could an idea – the existence of specific absent-strategy-tools for specifically absent-strategy companies – which made sense, be so misleading? How can this hypothesis be so mistaken?

c. What other tools in Swiss small & mid-business could qualify to substitute for a missing strategy? A substitution is needed. We assume, that maybe the management tools to lead companies without a strategy look totally different to the suggested 'six principles' (absent-strategy tools) presented by the European-Italian field study. If so, the six items carefully constructed to search for the six absent-strategy-tools are of no use because they search for something that does not exist in the way we thought that they are. We should rather design some other survey-items to get hold of absent-strategy-tools as they might look pretty different.

In addition, we feel a bit uncomfortable that the results of our survey forces us to remove the issue of whether "a company has a management strategy - or not" out of the center of management excellence in small & mid-business. Instead statistically processed results of our online survey point to two new issues of concern: Is the SME aware of the eleven management beliefs of 'great' SMEs - or not? And: Does the SME know the nine pathways from a 'good' SME transforming to a 'great' SME - or not? Looking deeply into the statistics and data of our study we have to take the newly found eleven management beliefs and the nine pathways seriously, although they seem in some way reasonable and make common sense. Still, remembering the eleven management beliefs and the nine pathways when doing small & mid-business in Switzerland may help an SME to avoid the pitfalls of the management-strategy-hype and thus avoid the disasters of an elaborate 'wrong' management strategy.

Looking beyond the limitation of company size, i.e. referring to enterprises from 1 to 500 employees instead of just SMEs, does not show results which are more in-line with the predicted 'absent-strategy tools' (see 10.4.6). The six 'conditions for strategy absence', however, are slightly more according to prediction (10.4.3).

Role, function and relevance of a missing corporate strategy in SMEs

Information from the field-study in 2006 show, that there are likelihoods and circumstances that are responsible for ignoring efforts to create and implement a corporate strategy. Results from the statistically based study in 2009 report that there is one factor producing

strategy absence (i.e. Company size is to some extent a necessary condition for strategy absence – but only Swiss Micro enterprises often lack a management strategy, while Swiss SMEs occasionally have a corporate strategy, but Swiss Large enterprises almost always do). Yet, five factors are hardly responsible for strategy absence (i.e. Top management in Swiss SMEs usually has some managerial training, so there are barely any leaders with only professional education so that this specific condition for strategy absence almost never applies. There *is* in Swiss SMEs a small trend towards strategy-minded companies estimating their resources and infrastructure as ‘plenty’ while strategy absent firms consider their resources as somewhat insufficient – but ‘few resources’ is no real condition for strategy absence within Swiss SMEs. Also the average scope of investment projects throughout all Swiss SMEs is fairly the same so that the formula ‘small scope = condition for absence’ does not occur. In Switzerland there *is* a trend that SMEs aiming for ‘growth & expansion’ also follow a corporate strategy. But these strategy-SMEs do not follow their big business goals more intensely than strategy-absent-SMEs. So intensity of goal-mindedness is not a condition for strategy absence).

The remaining question is similar to the question listed above:

- a. What went wrong with the field-study from 2006 concerning reasons for ‘strategy absence’? Finally, the population of only six interview partners is not enough to show differences of any kind concerning likelihoods? Founders and CEOs, in interviews, may answer differently than when completing an online-survey? Finally, all six interview partners were fully ‘absent-strategy companies’ so that the comparison with companies following a management strategy was missing fully in the field-study? The most sensible reason that the field-study from 2006 produced conditions which – due to statistical results – are no real conditions and probably the comparison with relevant other groups is ignored.
- b. How could an idea – the existence of specific conditions for specifically ‘strategy absence’ – which makes sense, be so misleading? How can this hypothesis be mistaken? It occurs by chance?
- c. What other likelihoods in Swiss small & mid-business could qualify to be a ‘condition’ for strategy absence if still ‘conditions’ are needed? Maybe the ‘conditions’ for strategy absence look totally different to the suggested ‘six conditions’ presented by the European-Italian field study? If so, the six items carefully constructed to search for the six likelihoods for strategy absence are of no use because they search for something that does not exist.

We had rather to design some other items to get hold of circumstances for 'strategy absence' that look totally different to the six conditions suggested from management literature.

Besides that, we have to reflect the role, function and relevance of a missing corporate strategy in SMEs? A few management theorists published several thoughts. If we take the statistically based results of our online survey seriously, strategy absence as well as strategy existence is an issue of minor importance in a successful Swiss SME. We did not expect this outcome at all. So we had to develop new ways to approach the topic 'managing SMEs successfully'.

Features of the population of founders and CEOs of Swiss companies

Why do well Swiss SMEs make a difference? Swiss SMEs in general do *not* abandon strategically thinking. The management behavior of founders and top executives of Swiss SMEs lacking an elaborate management strategy does *not* differ substantially from SMEs following a corporate strategy. But according to the statistically based results of our online survey, the leadership style of particularly *financial* Swiss SMEs ('great' SMEs) differs in twenty aspects to poorly financial SMEs ('good' SEMs), no matter whether they create and implement a management strategy or not. We did not expect this outcome and we had to develop new ways to approach the topic 'managing SMEs successfully'. First: We underestimated the relevance of financial capacity within Swiss SMEs. Otherwise we would have included this issue much more into the 19 items of our online survey. Second: We are surprised about the high number of twenty differing aspects (composed by eleven management beliefs and nine pathways from good to great) as our online survey presents the possibility of forty differing aspects.

The survey surfaced the unique management profile of Swiss SMEs with large financial capacity compared to Swiss SMEs with less financial capacity. We did not expect the effects of management beliefs and values to influence small & mid-business in Switzerland. An overall analysis of the twenty aspects including the 'eleven features' and 'nine pathways' reveals some new information about business in Switzerland.

Value of the outcome for Swiss small & mid-business

There is a strong interest in Switzerland for our survey: 87% respondents want to learn from our results and request a management abstract. Therefore 87% refused anonymity and submitted their business email address to the agency hosting the website of the online survey. After academic acceptance of this study a management abstract will be posted to all founders and CEOs from Swiss companies who request a briefing on the surveys' results. There is evidence that this study contributes not only to the scientific community, which oversaw most important research topics 'management of small & mid-business' as well a 'strategy absence', but also to the management practitioner. This study will introduce a **'New management toolbox for Swiss SMEs'**. Besides the six proposed alternate management tools (see Sablone 2006), which are according to our findings applied by almost *all* companies, we offer a toolbox of eleven management beliefs of ,great' SMEs and nine pathways to ,great' SME management excellence. Results of our survey recognize the management-strategy-hype and prevent creating and following a ,wrong' strategy (see "Beyond the hype": Eccles, Nohria & Berkley 1992).

Meaning for the community of SMEs today and tomorrow

Issues of minor relevance vs. issues of major relevance. Which are the "Wow-results" of our statistically based research? Our study did intense statistical research on the existence of absent-strategy-tools. But results show that these tools are of minor importance for SMEs lacking a corporate strategy. The management principles introduced by the field study in 2006 are somewhat attractive but not specific for any kind of management. For instance, the management tools *Self-containing business units* as well as *Go for opportunities* are used by mainly SMEs with a strategy (prediction falsified due to contrary findings). And the three management principles, *In-house sourcing*, *Cooperation with similar business partners*, and *Great friends among top management*, which are mainly applied by all SMEs (prediction partly verified by our findings), do not make any difference either. Only the management principle *Minimize financial dependency* is a specific tool for a specific kind of SMEs: Survey results show that Swiss SMEs without a corporate strategy prefer to minimize all financial dependencies and reduce other obligations (prediction well verified). This final issue is of important relevance, an interesting "wow-result". Where are all the other "wow-results"?

The existence of six weak conditions for 'strategy-absence'? The eleven management beliefs? The nine pathways from 'good' to 'great'? Or what other issue?

Relevance for the scientific community

Mistaken scientific community? After analyzing all results and reporting management theory we still wonder how the following misunderstanding in the scientific community could arise. Only very few management theorists bother about the phenomenon 'strategy absence' because they presume that any kind of strategic thinking already implies a management strategy. But if – according to results of our study – strategy 'absence' as well as strategy 'existence' is an issue of minor importance for at least Swiss SMEs, so why bother about a corporate strategy at all? Why do management schools and books on leadership make such efforts to be heard on what they have to say about an excellent 'management strategy'?

We also wonder why small & mid-business is of barely any interest to the scientific community. Why do they avoid deep research and theory on small and medium size enterprises, although small & mid-business contributes substantially to the Net Gross Product of most countries of the globe? And: Why do the scientific community as well as management schools and books on leadership ignore micro enterprises which also contribute to the National Productivity?

The question arises: What are the reasons for such blindness towards the main contributors to NGP? And being blind and ignorant to the main contributors, what are the effects on national economy and national wealth as well as global productivity and international industrial relationships?

Both under-researched areas 'Strategy Absence' as well as 'Small and Medium sized enterprises' forced us to do an enormous search in management literature throughout a period of one hundred years. We were thankful for any management guru or strategy theorist giving a hint on issues like 'lack of strategy', 'strategy absence', 'management-strategy-hype' and 'managing mid business', 'small and medium size enterprises'. We started to search for reasons for ignoring these two research areas. We found no benefits for ignoring them. There seems to be a general tendency, that the most important issues in life, also in economy, are neither discussed in main stream science, nor in public or politics.

And the huge economic contribution of small & mid-business to the Net Gross Product *is* indeed an important issue. SMEs are very significant for the economic growth; therefore they have to be discussed in main stream science, in public and in politics.

Great management theorists

Researching the *absence* of a phenomenon is a greater challenge than doing research on its *presence*. Findings on 'strategy absence' benefit from a variety of management theorists and management practitioners. We were able to construct a broad definition of 'strategy absence'. Alfred Chandler 1962, Kenneth Andrews 1971 & 1987, H. Igor Ansoff 1965 & 1991, Kenneth MacCrimmon (1993, p. 122) contributed to our definition of 'strategy absence'. Interesting information were cleared from Andrew Inkpen & Nanjan Chourdury, and Leopoldo Sablone. We were surprised that in defining 'strategy absence' several great strategy gurus spent only a few words on this relevant topic, e.g. Henry Minzberg, Micheal Porter, Tom Peters or Peter Drucker.

9.5 Suggestions for Future Research

Our study 'Best Practice and Absence of Strategy in Small and Medium Size Enterprises' does research on three research questions. While doing so, other questions arise of which a few could be answered. Yet, the study leaves open at least the following six topics worth further study. We suggest to the scientific community to take notice of following six issues:

9.5.1 Suggestion I (high correlation among certain groups, why?)

Nineteen items compared our new survey. This number of questions made possible a very large number of procedures of data processing. Also a very large number of correlations could be gained, more than a thousand. Below two screen shots give an impression about the sum of correlations per sorted group: Screen shot 1: A selected group with few correlations revealing few shared management concepts. Screen shot 2: Many correlations revealing a highly coherent mind set within that sorted group.

-0.17729	-0.167	-0.11	0.2327	0.286	-0.1	-0.1	0.00633	-0	-0	-0.03	-0.2	-0.21	-0.11	####	-0.07034
0.10919	-0.036	0.1068	-0.221	0.034	0.07	-0.01	0.21651	0.07	-0.2	-0.05	0.02	0.049	0.041	####	0.43835
-0.41379	-0.057	-0.167	0.0643	-0.11	-0.2	0.09	-0.1299	0.25	-0	-0.12	-0.2	-0.05	-0.05	####	0.07633
0.222763	-0.073	0.1144	0.0057	0.159	-0.1	0.16	0.12332	-0	0.1	0.1	0.02	-0.12	0.027	####	-0.02994
0.124112	0.003	0.0323	0.1236	0.223	0.32	-0.07	-0.18388	0.07	-0.2	0.171	0.01	-0.17	-0.03	####	-0.01706
0.054911	0.143	0.2394	0.0129	-0.07	-0	-0.1	-0.12076	-0	-0	-0.09	-0.13	0.222	-0.08	####	-0.36648
#DIV/0!	0.228	-0.265	0.1459	-0.12	-0	-0.02	0.22743	-0	0	-0.2	-0.02	0.029	-0.19	####	-0.13337
0.128037	#####	-0.077	0.2103	0.165	0.01	0.11	0.06809	0.17	0	-0.12	0.09	0.032	0.029	####	0.09008
0.101047	0.002	#DIV/0!	0.0172	0.334	0.09	0.01	-0.12076	-0	0.1	0.241	0.09	-0.01	0.032	####	-0.03041
0.158472	0.003	0.1218	#DIV/0!	0.133	-0.2	-0.04	0.23908	0.04	0.1	-0.01	-0.05	0.294	-0.01	####	-0.01309
-0.06327	0.051	-0.023	0.1732	#####	0.05	0.13	-0.09387	0.04	-0.2	-0.09	0.22	0.038	-0.08	####	0.19955
-0.08594	-0.041	-0.008	0.2539	0.086	#####	-0.22	0.18565	-0	0.3	-0.1	0.05	0.083	0.038	####	-0.00677
0.073654	0.123	0.0917	-0.005	0.111	-0.2	#####	0.04865	0.2	-0.1	0.081	-0.22	-0.13	-0.04	####	0.19587
#DIV/0!	0.224	0.0709	0.1186	-0.24	-0.1	0.13	#DIV/0!	-0.1	-0.2	-0.15	-0.11	-0.08	-0.03	####	-0.12512
0.18977	#####	0.0653	0.0667	0.063	0.05	-0.02	-0.12442	#####	-0	-0.09	0.08	0.075	0.151	####	0.11683
#DIV/0!	0.079	#DIV/0!	0.1723	0.377	-0.1	0.01	-0.19255	0.04	###	0.217	-0.09	-0.05	-0.1	####	0.1406
0.115575	#####	-0.361	#DIV/0!	0.298	0.06	-0.07	0.06944	-0.2	0.1	#####	-0.08	0.054	0.192	####	0.26196
0.115575	0.086	#DIV/0!	0.2149	#####	0.02	0.18	0.22315	0.16	0	0.023	#####	-0.08	-0.03	####	-0.11673
-0.02774	0.196	0.1068	#DIV/0!	0.192	#####	-0.22	-0.11264	0.15	0.1	-0.03	-0.22	#####	0.04	####	-0.0295
-0.11634	-0.012	-0.287	0.1409	#####	-0.1	#####	0.05233	0.02	0	-0.02	0.02	0.187	#####	####	0.41627
-0.05516	-0.033	0.2563	0.0195	0.072	#####	0.16	#DIV/0!	0.04	-0.1	0.305	-0.01	0	0.29	####	0.09739
0.08742	0.033	0.1487	-0.219	0.056	-0	#####	-0.15109	#####	-0.1	0.026	0.15	0.091	-0.16	####	#DIV/0!
-0.01541	-0.198	0.1218	0.1678	-0.01	-0.1	-0.05	#DIV/0!	-0	###	0.011	0.23	0.014	0.183	####	-0.01868
-0.06897	-0.171	-0.042	-0.26	0.073	0.02	-0.05	-0.09129	#####	-0.3	#####	0.01	-0.11	-0.07	####	0.19427
0.137491	-0.084	-0.003	0.1551	-0.17	-0.1	-0.16	-0.18257	-0.1	###	-0.14	#####	0.163	-0.11	####	0.19264
-0.10292	-0.28	-0.066	0.0053	0.009	-0	-0.12	0.14907	-0	0.1	#####	-0.21	#####	-0.08	####	-0.15982
-0.13277	0.307	0.1635	0.2021	-0.14	0.2	-0.07	0.29086	-0	0.1	-0.14	#####	0.228	#####	####	-0.13899
-0.07273	-0.04	-0.098	-0.17	0.154	0.12	0.08	1.4E-16	0.37	0.1	-0.05	-0.24	#####	-0.07	####	0.04878
0.259205	-0.113	-0.134	0.4901	-0.25	-0.3	-0.16	0.62311	0.07	0.2	-0.09	-0	0.018	#####	####	#DIV/0!
1 Betriebs-Organisations-Ziele	2 Firma Ausformulierte Pläne	3 Vertraut Spürsinn des Gründers-Pioniers	4 Analytische Instrumente zur Planung der Zukunft	5 Firma Eine Vision	6 Vermeidet die Firma Strategie yes=2, no=1, 0=?/!/leer	7 Firma Strategie - Erstellung Zeitlich	8 Fach	8 fachspezifische Fortbildungs-Seminare	8 Kaderschulung im Militär	8 Management-Training	8 betriebswirtschaftliches Studium	8 MBA-Abschluss	8 Anderes nämlich	8.a Anderes	9 MA 30/50/100/200/300/400

Table 57: Screen shot of a sorted group with few correlations

-0.168	0.0229	-0.2182	0.375	0.17982	-0.1683	-0.1048	-0.1502	-0.21	#DIV/0!	-1E-17	0.3267	-0	-0.231	####	
0.5461	-0.2516	0.02288	7E-18	-0.17303	0.30261	-0.1147	-0.1683	-0.055	-0.21	#DIV/0!	0.14	0.068	7E-18	0.13	#DIV/0!
0.1147	0.3361	-0.0229	0.1048	0.17303	0.15724	1.6E-17	-0.0526	0.157	-0.055	0.0808	#DIV/0!	0.357	0.25	0.23	-0.325
0.3838	0.0546	0.64169	-0.1048	-0.12697	0.10483	0.375	-0.1325	-0.115	0.1572	0.126	-0.176	#####	0.063	-0.1	-0.333
-0.115	0.1345	-0.491	0.4901	-0.09069	0.31868	-0.25	0.4588	0.289	-0.115	-0.424	-0.275	-0.06	#####	-0.1	-0.111
-0.115	-0.0546	0.03843	-0.375	-0.21806	-0.3187	0.10483	0.2294	-0.25	0	0.3974	-0.015	-0.09	-0.21	####	-0.167
-0.168	-0.0546	-0.3273	-0.044	0.25955	-0.0147	0.41931	-0.3126	0.25	-0.25	-0.333	-0.096	0.471	-0.055	-0.1	#DIV/0!
-0.187	0.2059	-0.0546	-0.25	-0.47227	-0.1572	0.14003	-0.1683	0.105	0.25	-0.289	0.4042	-0.19	0.157	-0.2	0.3267
0.281	-0.0891	-0.0229	0.0625	0.43258	-0.0646	-0.0625	-0.0964	-0.105	-0.157	-0.115	0.14	0.236	-0.115	-0.2	0.1455
-0.053	0.1336	0.35635	0.1572	-0.08652	-0.1048	-0.1572	0.1147	-0.21	0.1572	-0.303	0.4201	0.612	0.577	-0.1	-0.245
-0.146	-0.1502	0.80178	0.1021	0.12697	0.41931	-0.25	-0.0202	-0.063	-0.21	-0.182	0.3083	-0	0.375	-0.1	-0.076
0.5461	-0.1502	-0.0546	-0.0289	-0.11909	0.0428	-0.4082	-0.1683	0.063	0.375	0.2542	-0.14	0.229	-0.105	-0.3	-0.333
0.3126	0.0306	-0.1502	0.0625	-0.01001	-0.1683	0.10206	-0.1873	0.157	-0.25	2E-17	-0.284	-0.1	0.14	-0.2	0.2446
-0.168	0.2059	0.03056	-0.1147	0.08652	0.13943	0.45883	-0.1873	-0.408	-0.105	-0.289	-0.21	0.108	-0.063	-0.1	0.4543
-0.076	-0.0229	0.20588	0.4901	-0.11909	-0.1048	-0.2458	-0.0526	-0.408	-0.153	0.0605	-0.21	-0.15	0.176	0.11	-0.14
0.3504	0.1455	-0.0229	0.1572	-0.12115	-0.1683	0.375	0.3848	-0.115	-0.408	0.4714	0.5725	0.357	-0.25	-0	-0.25
-0.096	0.0476	0.14548	-0.1048	-0.30836	0.2789	-0.1147	-0.1147	-0.246	-0.115	0.2357	-0.057	0.043	-0.25	0.46	-0.176
0.3974	0.3361	0.28571	0.6667	0.34464	0.12088	0.14003	-0.0526	0.063	-0.246	-0.132	0.2287	-0.04	0.157	-0.1	-0.167
#DIV/0!	-0.126	-0.275	0.2182	-0.17303	-0.0989	0.15724	0.5461	0.459	0.0625	0.3005	-0.096	-0.04	0.102	-0.2	0.25
-0.115	#DIV/0!	0.12599	-0.21	-0.33983	0.45426	-0.1048	0.3126	-0.21	0.4588	-0.289	-0.024	0.281	0.357	-0.2	-0.245
-0.187	0.2182	#DIV/0!	-1E-17	0.16961	-0.2516	-0.1667	-0.1683	-0.367	-0.21	-0.132	-0.21	-0.11	-0.115	-0.2	-0.272
-0.076	0.1336	-0.0546	#DIV/0!	-0.05994	0.2789	0.21822	-0.0765	0.157	-0.367	-0.243	-0.096	0.102	-0.101	-0.1	0.068
-0.053	-0.2182	-0.0891	0.0625	#DIV/0!	-0.1816	-0.21	-0.1502	-0.167	0.1572	0.0605	0.2157	-0.19	0.375	0.38	-0.076
0.4588	-0.1502	0.14548	0.1021	0.08652	#DIV/0!	0.28868	-0.0964	-0.327	-0.167	0.0605	-0.015	0.229	-0.115	-0.1	-0.116
0.281	0.2182	-0.1502	-0.1667	0.14128	0.15724	#DIV/0!	0.3974	0.14	-0.327	-0.192	-0.015	0.257	0.49	-0.1	-0.167
-0.096	0.1336	0.21822	-0.1147	-0.05768	0.0428	-0.25	#DIV/0!	5E-17	0.14	0.378	0.7935	0.043	0.157	0.55	-0.076
-0.132	0.3361	0.13363	0.6875	0.0397	-0.2446	-0.1531	-0.1147	#####	5E-17	-0.243	0.0306	0.068	-0.367	0.31	-0.14
-0.115	-0.126	0.03056	0.3572	-0.17303	0.31264	0.66667	-0.1873	0.688	#DIV/0!	-0.067	-0.176	0.134	0.667	-0.2	0.1048
-0.115	0.2182	0.12599	0.4901	-0.28256	0.41931	-0.1147	-0.0765	0.357	0.375	#DIV/0!	-0.243	-0.06	0.218	-0.1	0.1048
-0.053	0.2182	-0.3273	-0.2887	0.16961	0.47076	0.0625	1	-0.167	0.6124	-0.289	#DIV/0!	-0	0.14	-0.2	-0.111
0.4588	-0.1502	-0.3273	-0.25	0.01998	0.2789	0.10206	-0.1147	-0.115	-0.167	-0.471	0.14	#####	-3E-17	-0.1	-0.218
-0.168	-0.0546	-0.1502	-0.25	0.34606	-0.4237	-0.21	0.281	-0.25	-0.115	-0.192	0.5145	0.102	#####	0.4	-0.14
-0.119	-0.0229	0.21822	-0.1147	0.43258	-0.3669	-0.2887	-0.0964	-0.153	-0.25	-0.132	-0.14	-0.25	0.063	####	0.1925
0.4588	0.1888	-0.0229	0.0625	0.0397	-0.1048	-0.25	-0.1325	0.14	-0.153	-0.289	-0.096	-0.27	0.357	-0.1	#DIV/0!
0.3504	0.2182	-0.3398	0.4193	-0.17303	0.31264	-0.25	-0.1147	-0.289	0.14	-0.471	0.4901	0.281	-0.167	-0.2	-0.167
0.3504	0.2857	0.49099	-0.2595	-0.16325	-0.3669	-0.1147	-0.1147	0.688	-0.289	-0.243	-0.057	0.102	-0.115	-0.1	0.068

13.c_ Verbesserung des Markt-Images.	13.c_ Produktivitäts-Steigerung infolge höherer Spezialisierung.	13.c_ Erhöhung der Reaktions-Bereitschaft der Firma.	13.c_ Ausschöpfung von Wachstums-Möglichkeiten und Geschäfts-Chancen.	14.A In-Sourcing Tätigkeiten	14b_ Verstärkung eines neuen internen Dienstes Service, Buchhaltung, Controlling	14b_ Aufbau eines neuen eigenen Dienstes z.B. für Herstellung eigener Software zur	14b_ Herstellen einer oder mehrerer strategischer Allianzen	14b_ Aufkauf eines Teils eines anderen Betriebes.	14b_ Gründung einer weiteren Firma bzw. Übernahme einer Firma	14b_ Keine der genannten Aktivitäten.	14c_ Beschleunigung des time to market	14c_ Kontrolle über die Ausführung wichtiger Tätigkeiten	14c_ Nutzung der Chancen zur Qualitäts-Verbesserung	14c_ Erhöhung der Sicherheit bezüglich sensiblen Informationen bzw.	14c_ Bessere Ausnutzung von Innovationen-Chancen
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Table 58: Screen shot of a sorted group with many correlations

Below are also two tables with sampled correlations of seventeen sorted groups. The table shows that, for instance, the group of 'Large enterprises 300+' and the group of companies 'led by managers with a MBA degree' both boast very high correlations (see blue figures). The shared mind set, the unite de doctrine, is high within each of both sorted groups, and even higher in the selected group of SMEs led by MBA-managers'. In other words: Managers of Large enterprises tend to select the same boxes, meaning that they chose very similar answers. It looks as if they think nearly the same way because they react to our survey in the same way. Also SMEs conducted by CEOs with a MBA almost the same set of boxes. We do not know why.

CORREL (correlations)	Size	Micro 10 employees	SME 20-250 employees	** Large 300+ employees
+/- 0.4		20	20	176
+/- 0.5		5	4	68
+/- 0.6		1	-.-	20
+/- 0.7		1	-.-	4
+/- 0.8		-.-	-.-	2

Table 59: Number and intensity of correlations according to company size

All	All SMEs	MS-Absence	Absence in SME	Strategy	SME with strategy	Great company	Great SMEs	Good company	Good SMEs	Founders	** Founders of SME	** MBAs	** SME with MBA	CORREL
8	19	24	179	19	74	16	74	8	33	16	216	160	201	+/- 0.4
3	4	9	45	2	10	6	18	2	6	1	94	63	164	+/- 0.5
-.-	-.-	-.-	21	-.-	3	-.-	5	-.-	1	2	30	29	74	+/- 0.6
-.-	-.-	-.-	4	-.-	-.-	-.-	1	-.-	-.-	1	4	5	60	+/- 0.7
-.-	-.-	-.-	1	-.-	-.-	-.-	-.-	-.-	-.-	-.-	4	1	22	+/- 0.8
182	82	49	20	59	34	66	35	104	46	66	20	20	9	Valid responses

Table 60: Number and intensity of correlations according to sorted group

Groups with a very large number and high correlations are difficult to understand and interpret. This applies to SMEs led by MBAs, Large enterprises 300+, SMEs led by founders, and also companies led by MBAs as well as strategy absent SMEs.

A distinct intensity of correlations point to the fact that the sorted group shares a huge number of management concepts of which management theory and practice does not know whether they are appropriate for managing SMEs or not. A shared frame of management reference might become too narrow and a 'unite de doctrine' transforms into a 'doctrine' that restricts the minds of managers.

The findings of extremely numerous and high correlations within certain selected groups are significant. Therefore we suggest the following question for future research: Why are correlations among certain selected groups extremely high? What are the reasons? Do

specific groups benefit or suffer from the 'unite de doctrine'? Is the 'unite de doctrine' in the mind or in the behavior?

9.5.2 Suggestion II (further online survey with Swiss SMEs)

Our invitation to take part in the online survey was sent to about 1000 email addresses of various Swiss CEOs & founders. 183 companies responded. For reasons of information overflow we decided *not* to send a reminder. We chose this way because the respondents showed strong interest in the survey: 87% of the partaking Swiss CEOs and founders want to learn from our survey and request a management abstract. Therefore 87% surrendered anonymity and posted their email address for in order to a summary of results.

Nevertheless we suggest sending the invitation to all >1000 email addresses of Swiss CEOs and founders except the 183 companies who have responded already to our mailing. There is no need to fear information overflow now. So our on-line survey could be made accessible once more to all Swiss companies: Here our reasoning behind this project which we strongly suggest:

The number of respondents which had to be excluded because they did not qualify to the sorting criteria 'strategy-SME' vs. 'Absent-strategy-SME' is high. Our sorting criteria is tough (e.g. respondents had to qualify in 5 from 7 items to be sorted as 'strategy-SME' or 'Absent-strategy-SME'). Subsequently the sorted groups decrease in number (see table below). Yet, the population of each sorted group is representated according to statistical requirements. Also the number and intensity of internal correlations among sorted groups is high, supporting demands of representative populations. But we are curious whether some more surprises emerge on their own due to a larger population? There is at present *no* hint that something could turn up, yet, we never stop expecting the unthinkable.

Number of respondents from Swiss companies	Strategy company 59	Absent-strategy-company 49	Neither-nor 75
Number or respondents from SMEs only	Strategy SME 35	Absent strategy SME 21	Neither-nor 30

Table 61: Tough sorting criteria produce large number of ‘Neither-Nor’

(These automatically reduce the size of each selected group)

Therefore, we suggest inviting *all* Swiss companies to take part in our online survey on www.meetingsupport.com/kmu-ch.html to be able to check their support of our newly found results and eager to possibly find another surprise concerning the management of successful SMEs.

9.5.3 Suggestion III (engage other countries in our survey)

We also suggest inviting *all* sizes of companies – not only the Swiss SMEs - to submit to the online survey. This because data from Micro or Large companies substantially differ from SME data. Thus management knowledge for companies smaller than 10 employees will be available as well as for large companies with more than 300 employees. These sizes of enterprises are definitely also under-researched. And as our data already shows significant differences in management beliefs and practice between the three selected groups of Micro, SME and Large enterprises, a broadened data base will enhance knowledge of managing companies in Switzerland.

Data from enterprises located in other countries would also be interesting. Right now our interpretations of the collected data are singularly valid for Swiss SMEs. Learning from the surprising differences between sorted groups, we presume that data from European, American or Australian enterprises will also differ to some extent, revealing helpful information how to management SMEs well. We suggest inviting companies from other selected countries to become engaged in our survey.

Due to the easy access to the online survey www.meetingsupport.com/kmu.ch.html both research projects are installed fast.

9.5.4 Suggestion IV (diagnose before implementation)

Although the idea of a management strategy can be described in one single sentence (“Strategy is the direction and scope of an organization over the long term, which achieves advantages in a changing environment through its configuration of resources and competences with the aim to fulfill the stakeholder expectation”, Johnson, Scholes & Whittington, 2004, p. 9), the notion of ‘changing environment’ points to the need of changing structures within the company, i.e. adapting a management strategy to changing times. According to Glasl & Lievegood (1995) enterprises are not static units but ‘living’ organisms, which develop step by step as they try to achieve advantages in values and business while gaining customers, suppliers, reputation, market share etc. The start up of any company refers to the ‘phase one’ when any company is a Micro or maybe already a small size enterprise in its entire sense.

Lievegood found out that enterprises moving from a phase to the next might suffer a crisis, particularly when they are not informed about the phases of development of a company. To help companies proceed phase by phase with a minimum of internal friction, a minimum profit-loss and a minimum layoff, he introduces a development concept: From the point of developing enterprises the founder or CEO is very well advised to cope properly with the crisis and therefore create - at least one part of - a management strategy. According to management theorists like Lievegood (and his ‘disciples’ Hans Ulrich, Knut Bleicher or Rüegg-Sturm, ‘Das neue St.Galler Management Konzept’) the implementation of any management tool - be it a corporate strategy, a human resources or marketing tool – should take into account the current phase of the enterprises’ development. Ignoring a present development phase may lead to total failure of the implementation of a management tool.

This need for ‘diagnose before implementation’ also applies for the newly gained findings from our study: Before introducing management tools according to the prominent profile of ‘great’ Swiss SMEs with eleven management beliefs and nine pathways from ‘good’ to ‘great’ SMEs, a CEO or founder has to find out the position of your companies development status. Positioning the enterprise on the timeline of developmental phases avoids the pitfalls of implementing an elaborate ‘wrong’ management strategy or any other management tool.

We suggest further research on the under-researched topic of SMEs to pay attention to developmental management concepts. There *are* management authors engaged in theory for development who realize that companies expand in space and evolve in time, and therefore introduce new aspects to management strategy. Their innovative management concepts include inter-relative connections of Systems Theory, the cyclic phases of Evolutionary Approach and Relational Theory.

9.5.5 Suggestion V (more exploration into the gained data)

Overviews of all results available at present from our data processing results in some surprises. There are issues which raise diverse opinions among the sorted groups. Diversity in management beliefs call for more in-depth analyses delivering more management knowledge. For example: Management theorists and practitioners would not expect the Swiss business community to incorporate such differing ideas when it comes to choosing business goals and economic aims. This is the case if you take a close look at the data presented below from our survey. Each sorted group prefers its own unique profile of management objectives. The differences have a significance level of 1%:

Item 12	MS-Absence in SME	SME with strategy	Great SMEs	Good SMEs	Founders	MBAs	Micro 10	SME 20-250	Large 300+
Growth	38	63	*71	48	30	44	33	56	42
Yield	47	66	*71	51	54	62	54	61	58
Turn over & profits	33	20	24	20	27	37	27	22	*42
Innovation	28	46	38	39	41	50	*55	40	47
Consolidation	14	23	18	20	15	*25	13	18	16
No goals	*5	0	0	0	2	0	0	0	0

Table 62: Preferred management goals of managers of Swiss companies

Another example: Again you would not expect such a variety of differing opinions across all selected groups concerning the creation of a long term vision including working with several scenarios. There are some leaders who consider long term thinking and the technique of anticipating the future via scenarios as unpopular. What a surprise finding.

Item 6	MS-Absence in SME	SME with strategy	Great SMEs	Good SMEs	Founders	MBAAs	Micro 10	SME 20-250	Large 300+
Yes	19	74*	59	39	48	62	53	47	68
O.K.	10	20	24	*30	20	19	20	28	16
No	*38	0	9	13	12	12	9	6	5
No!	5	0	0	5	3	0	2	*11	*11

Table 63: Creation and implication of long term visions

More exploration into the data already gained including additional processing and interpretation of sampling could deliver more insight into beliefs and strategies within companies.

Additionally, research on un-reflected habits in SME-management possibly mirroring inappropriate beliefs makes sense because the management strategy-hype is still around (Eccles, Nohria & Berkley1992).

9.5.6 Suggestion VI (additional research on a great strategy)

We suggest additional research on leading edge SMEs based on ‚great‘ management. Because our study of management literature on ‘strategy absence’ and the evaluation of all data of our survey make obsolete the question whether a company has a management strategy or not (rather ask: Is the SME aware of the eleven management beliefs of ‘great’ Swiss SMEs - or not? And: does the SME know the nine pathways from ‘good’ to Swiss ‘great’ SMEs - or not?), the concept of both ‘strategy absence’ and ‘strategy’ gain a new understanding.

Comparing descriptions of management strategies: „A damn good idea for *knocking the socks off* the competition” (Peters & Waterman 1982, p. 30) or “objectives set the goals, and *strategy* sets the path to the goals” (Ansoff 1965, p. 24), findings of our survey describe a special atmosphere of *being* great. Being great cannot be put into quick fixes.

Indeed, our findings of eleven features and nine pathways from good to great are not meant to be recipes of a cook book. They are supposed to conjure up a notion of how to get into the mood of *becoming* a great SME. Subsequently, the research on Swiss great SMEs is

definitely not yet completed. At present we do not exactly know how and where to continue. That is why we suggest further research on leading edge SMEs revealing more knowledge on ,great‘ management in small & mid business.

10 Assessment and Vision for future SMEs in Switzerland

10.1 Review of the study (part I)

Worldwide research on SMEs is extremely rare. Furthermore, there is considerable vagueness in international management literature and in local practice concerning the development of a viable management strategy in SMEs. Subsequently, the research of the study intends to educate the management practice of SMEs. Our research method was to construct an online survey referencing to 'strategy absence' as given by management literature. In the first eight sections all empirical results of the study are based on the questions answered in the survey. The study took place for small and medium size enterprises in the German speaking part of Switzerland, in which 183 executives of the SMEs immediately responded to the online questionnaire. The survey was designed in four sections so as to be able to scan the absence as well as the existence of a management strategy. The first step in our research plan was to test the twelve hypotheses given by management literature on SMEs, in particular six distinct management tools (so called 'absent strategy tools') which successful SMEs were supposed to apply. We checked more than a thousand correlations. The first surprise: Large companies show up with a large number of high correlations, i.e. CEOs of firms with over 250 employees share a common concept of managing large companies. The size of companies tended to determine to respond to our survey and revealed unique management behavior. Micro companies (under 10) think and behave differently to SMEs and these differently then large enterprises. A result of our survey points out that strategy absence in Swiss SMEs is not significant because alternate management tools exist. According to our research, only one out of six absent-strategy-tools presented by management literature is in use ('Minimize financial dependency') in Swiss SMEs – and only three – absent-strategy-tools are partially successful in use ('In-house sourcing', 'Cooperation's with similar business partners' and 'Great friends among top management'). This is an unexpected result and - since management literature seemed to be inefficient – we had to search for alternate management tools absent in management literature. In the beginning it was difficult to determine the secrets for successful business which SMEs without a corporate strategy or without an 'absent-strategy-tool' apply. Realizing that there are no real absent-strategy-tools as proposed by management literature, the research question still was: What are viable alternative management tools to a corporate strategy? Section 8 focuses on all

respondents working in Swiss SMEs, i.e. companies between 20 to 250 employees. Surprisingly all correlations among sorted SMEs are higher than unsorted SMEs. 'Micro' enterprises and 'large' firms were excluded from our in-depth statistical operations searching for management tools alternate to a corporate strategy and alternate to the distinct absent–strategy-tool.

In-depth interpretation of item 10 ('Company's financial capacity') indicates that it affects the success of a company. This item separates the 'great' SMEs from the 'good'. Additional correlations among the subgroup of 'great' SMEs distinctly showed more coherence than the group of 'good' SMEs. The high coherence among 'great' SMEs reveals a strongly shared mind set guiding all their management efforts. Therefore, the two newly found subgroups ('good' and 'great' SMEs) were analyzed closely. Evaluation of the 'great' SMEs point to management tools helping to transform 'good' into 'great' SMEs. The results of our research lead to best practice in small and medium size enterprises in Switzerland. The eleven features, presented in section 9 of 'great' SMEs, provided many more ideas and tools than just slogans in management theory. Results of our survey provide management beliefs of 'great' Swiss SMEs which are central to management excellence in Swiss small & mid-size business. Strategic thinking, creation and implementation of a corporate strategy are secondary. The online-survey produces even more insights into the management of successful small & mid-business in Switzerland. Knowing the management beliefs of 'great' SMEs provided even further ideas of how to transform 'good' SMEs into 'great' SMEs. The so called pathways mirror management excellence for a Swiss SME. The nine pathways are further unique results, next to the eleven beliefs, of the empirical study.

For the past 20 years I have been grappling with the corporate strategy in SMEs. I was directly involved in top management of SMEs (company producing fiber optics, cables, antennas and in academic organizations) and in the past four years involved on a theoretical basis due to research for this thesis. I concentrated my research on SMEs, not so much to provide a unique management strategy, but to help owners and managers to get information on how to manage their small & mid business – making the small enterprise successful for the future. For the first time since I started with this challenging topic I can say, that for the 21st century, small and medium size enterprises should be built much more on the human part and culture of the organization, soft skills, rather than just on the strategy, structure and processes, hard skills. Together, hard and soft skills, build long term

company success, as well as a professional and efficient procedure to deal with ongoing global pressure.

10.2 Review of the study (part II)

As previously stated, nobody knows why literature on managing small and mid business (SMEs, i.e. companies with 20 to 250 employees) is extremely rare. There is a negligible amount of viable management theory which could be applied by CEOs from SMEs to make their business more successful. Only a few books on managing SMEs are available, some books on marketing or organizational development in SMEs, and almost no books on corporate strategy for SMEs. Finally, we found a part of a research conducted in 2006 (interviews with five SMEs). The researchers claim that “it does *not* matter whether small and mid business follows a management strategy or not”. Subsequently, neither ‘strategy’ nor ‘strategy absence’ is an issue for SMEs? Is that true? “Pre-requisite for successful business, however, is that all components of entrepreneurship match well and make a good fit.” For example: A good match among leadership style, business goals, vision and policy, organizational structure, risk management, employee’s empowerment (Sablone 2006, p. 264). So for successful small and mid business a ‘good match’ is more important than a management strategy? We wonder about your opinion concerning neglecting a corporate strategy in SMEs. And, we want to know how all other CEOs from Swiss small and mid business respond to the claim mentioned above.

We had plenty to do to analyze the claim. First, we checked general management literature. Contrary to the claim introduced earlier, general management research proposes that a corporate strategy is extremely important. A ‘strategy hype’ is reality. Management literature insists that nothing goes without a strategy. But we neither found a scientific definition of a ‘great’ nor a definition of a ‘bad’ corporate strategy. But to define ‘strategy-absence’ versus ‘strategy-in-use’ five criteria are introduced by management theorists like Ansoff 1987, Chandler 1962, or Andrews 1987. These criteria apply for large as well as small/mid size companies:

- short term orientation versus long term orientation
- following the founder’s intuition versus following other directions
- management from the gut versus analytical instruments and procedures
- hands-on approach versus academic based methods

- inclination to omitting a strategy versus dedication for management strategy

So we did find some management literature on strategy and strategy-absence, but no literature on 'good' or 'great' strategy.

However, magazines for CEOs report about 'wonderful' management strategies in practice (HSBC, Rabo Bank, ALDI, IKEA) and about 'bad' and 'wrong' corporate strategies (Daimler-Chrysler, Swissair, UBS AG). But the magazines forget to report about 'no-strategy' companies which are working quite well ('strategy absence' at the start up of Google, Toyota entering the USA market). 'Wonderful', 'wrong' or 'no' strategy also exist in SMEs. In Switzerland you find a few examples: 'Wonderful' management strategies at Goba AG, Stagelight AG, or Haug AG, 'wrong' strategies are around too, for instance in Zollgarage AG, Stitchit GmbH or Roshard AG. Strategy-absence exists in successful Swiss SMEs like 'Möbelwerkstatt an der Töss', Stahlprofile AG, Medacta International S.A. which are performing very well.

Subsequently, it is no surprise that *creating* and *implementing* a management strategy in particularly small and mid business, again, is an issue totally neglected in management theory or leadership training. Additionally, the specifics of 'SMEs' compared to 'large companies' are seldom taken into account while designing a management strategy.

This seems to be no problem for small and mid business in Switzerland because SMEs have developed – instead of an elaborate management strategy - several other means of how to manage their company successfully. According to criteria mentioned above (Ansoff 1987, Chandler 1962, or Andrews 1987) our survey found out that there are as many Swiss SMEs that boast a management strategy as there are SMEs which happily omit a corporate strategy (32% with a strategy, 27% without a strategy, and 41% of SMEs do not qualify to be classified according to the criteria). Reviewing this situation we want to know what management tools strategy-minded CEOs apply and from which 'alternate' means strategy-absent CEOs make use. First of all: Some of Swiss management literature introduces six management tools 'alternate' to an elaborate corporate strategy. The literature claims that following six management concepts are applied by strategy-absent companies in Switzerland (Sablone 2006): "Self-containing units, In-sourcing, Cooperation with similar business partners, Minimize financial dependency, Go for opportunities, Great friends among top management". These six concepts are supposed to compensate for a missing

corporate strategy. But – according to our online-survey in Switzerland conducted in 2009 – it's mainly the Swiss SMEs boasting a corporate strategy, which benefit from all six tools mentioned above, in particular 'Self-containing units' and 'Go for opportunities'. Only one of these tools is applied distinctly and solely by Swiss companies omitting a strategy ('Minimize financial dependency'). We have no hints why Swiss SMEs omitting a corporate strategy uniquely choose „Minimize financial dependency” from the six suggested 'alternate' management tools. But we wonder greatly which secret success factors Swiss SMEs bear, when omitting a strategy. Unfortunately, we have to say that the part of Swiss management literature introducing six tools 'alternate' to an elaborate corporate strategy is no real help for small and mid business in Switzerland. Additionally, there is a question why our results from 2009 contradict the part of management literature from 2006? Is the difference in results due to differences in sample? Is the sample in 2006 (interviews partners from five SMEs) less representative than our online-survey conducted in 2009, comprising 183 responding SMEs? Intuitively it would seem so.

CEOs from Swiss small and mid business seem to prefer to omit a management strategy rather than implement a 'possibly wrong' corporate strategy. According to our survey (again: 32% with a strategy, 27% without a strategy, and 41% of SMEs do not qualify to be classified) there are as many strategy-SMEs in Switzerland as there are SMEs which have no explicit corporate strategy. Obviously nobody seems to suffer from a missing strategy. So, do our results support a contradiction of the management strategy hype? Yes, but, besides a *single* 'alternate' tool to a management strategy there are *other* means to manage strategy-absent SMEs successfully. Our online survey conducted in Swiss small and mid business in 2009 comes up with more information. Studies on 'strategy-absence in SMEs' encompass research on leading edge SMEs with a management strategy as well as research on 'wrong/bad' strategies. Our statistical results deriving from 183 Swiss SMEs reveal new insights about managing small and mid business successfully. Our data sheet comprises several statistical operations: Mean & Median, Correlations, Sorting & Clustering, Reliability tests, etc. We are excited about any new issue deriving from statistical operations because it tells something about Swiss SMEs. First we analyzed only the sorted group of SMEs with a strategy versus the sorted group of SMEs omitting a strategy. As this comparative analysis did not deliver the expected results according to the part of Swiss management research (Sablone 2006), we started to compare a variety of other sorted groups of SMEs. We sorted and analyzed companies led by founders versus

managed by CEOs with an MBA; we sorted and analyzed financially successful compared to poor enterprises; we sorted and analyzed firms with versus without management competence gained from the Swiss army; we compared the no-sayers versus the yes-sayers; we compared companies conducting very large compared to very small investment projects, etc.. Each comparison reveals some significant differences in managing SMEs. Among and between sorted groups we checked all possible correlations. Because correlations point to powerful coherence they present meaningful information. In our survey *coherence* reveals an implicit principle ('management belief ') streamlining all management efforts. Each sorted group of SME has its own set of correlations. We are surprised that 'SMEs led by MBAs' show strong coherence while 'all SMEs together' (not sorted SMEs) show less coherence. In between the ranking concerning coherence in sharing management beliefs is as follows: Founders of SMEs, SMEs with no management strategy, financially very sound ,great' SMEs, SMEs with a corporate strategy, and 'good' SMEs performing moderately. This means that in Switzerland for instance the financially very sound 'great' SMEs share many more mind sets than the moderate 'good' SMEs.

The group of financially very sound small and mid business is of crucial interest. Studying these ,great' SMEs could provide management tools adding excellence to all SMEs – no matter whether they boast a strategy or not. In our online survey all CEOs are asked to estimate the company's financial capacity. Results present *significant* differences between the sorted groups 'good' (moderate financial success) compared to 'great' (high financial success) SMEs.

Due to our survey, Swiss ,great' SMEs took the opportunity to reveal their prominent profile in managing. We all can now learn from the profile and how 'great' SMEs are led to success. Although 'great' Swiss SMEs share a few management beliefs with ,SMEs led by their founders', ,MBA-SMEs' or other sorted groups, they have their distinct own way to manage their SME, granting them vast financial reward. Are we now in reach of a best practice for all Swiss SMEs? Yes.

It was the phenomenon of strategy-absence in Swiss small and mid business that initiated our study. We were concerned – even worried - about the need of designing and implementing corporate strategies in Switzerland. But CEOs from financially successful Swiss SMEs teach us a totally different lesson (see results of our online survey revealing

eleven management beliefs from 'great' SMEs and their nine pathways). However, we want to know whether strategy-oriented CEOs have something in common with 'great' SMEs? Similarly we are interested to know how much strategy-absent CEOs think the same as 'great' SMEs do?

Reviewing our results we ask: Which management beliefs do 'great' Swiss small and mid business share with companies omitting a corporate strategy? And in parallel: What do 'great' Swiss SMEs have in common with 'strategists'? We compared the management profile of 'great' SMEs with the profile of CEOs dedicated to a corporate strategy. And we also analyzed the management mind set of 'great' SMEs with the mind set of CEOs consciously neglecting a corporate strategy. In brief, 'Strategy-SMEs' as well as 'No-strategy-SMEs' have amazingly very little in common with 'great' SMEs. Here some details:

'Great' SMEs in Switzerland ...

... focus on short term planning. Besides long term visions, 'great' SMEs are alert monitoring business on a year-to-year basis. They know that planning exercises introduce consciousness and control into a business life full of ambiguity.

But neither strategy-CEOs nor non-strategy CEOs share this management belief with the 'great' SMEs. (See tables in Section 8.4. „New Findings“) Thus, merely business in Swiss SMEs, unfortunately, seems not to be conscious of short *and* long term goals?

'Great' SMEs in Switzerland ...

... make distinct efforts to develop and implement a smart simple strategy, not an elaborate one. They like to spend efforts on creation and realization of compact corporate strategy. Again neither strategy-CEOs nor non-strategy CEOs share this management belief with the 'great' SMEs. So we recommend Swiss business to make distinction between 'large and stiff' versus 'smart simple' management strategies – but are easily able to abandon.

'Great' SMEs in Switzerland ...

... develop and implement their smart little management strategy and *are* extremely easy in abandoning the strategy for the sake of keeping flexibility. Their strategy is open to continuous re-evaluation. No need to say that particularly strategy-CEOs think differently of this 'great' management belief. They say in our online-survey that in their small and mid business they stick to their strategy and rarely abandon it. Additionally, there is no need to

report that non-strategy CEOs love 'abandoning a strategy for the sake of keeping flexibility' – even more than 'great' SMEs do. Their attitude towards a corporate strategy is extremely flexible, maybe too flexible? We recommend both strategist and non-strategists to re-evaluate their attitude towards strategy flexibility.

'Great' SMEs in Switzerland ...

... focus strongly on business and organizational goals they developed for their enterprise. This includes inviting all 20-250 employees to work jointly on corporate goals. But CEOs from both strategy-companies and strategy-absent firms seem to be much less focused on business and organizational goals than CEOs from 'great' SMEs. This is a shame for the majority of SMEs in Switzerland, as they have not yet systematically developed enough competence to focus and streamline all their business activities.

'Great' SMEs in Switzerland ...

... support in-sourcing by job-enlargement of staff's skills and value creation (i.e. services, accounting, controlling). They prefer job-enrichment instead of out-sourcing. But both strategy-companies and strategy-absent firms seem ignorant of this management belief, although it's an excellent way to utilize existing resources among SME-staff. Actually, the Swiss are eager to learn more and therefore frequently attend courses and educational programs. Yet, the idea of job-enlargement to enable in-sourcing - and thus avoid the costs, complications and efforts of out-sourcing - is not familiar to most Swiss small and mid enterprises.

'Great' SMEs in Switzerland ...

... are not afraid of financial dependency if it provides opportunity to improve business. They maintain their budget by investing within their internal resources. Financial dependency seems to be a major issue in small and mid business in Switzerland. Financial issues dominate all business issues. But also this management belief is not valid for other SMEs except the 'great' ones. Swiss SMEs omitting a strategy minimize financial dependencies – as we stated earlier (see above 'alternate management tool'). And strategy-SMEs do not care about it.

'Great' SMEs in Switzerland ...

... support self-containment by granting profit-loss-responsibility to their business units. This is an issue which CEOs in strategy-companies share with CEOs from 'great' SMEs. We recommend very much the management tool 'profit-loss-responsibility' to all Swiss small and mid business. It is – according to organizational research – the most efficient and effective incentive to high performance and business excellence.

'Great' SMEs in Switzerland ...

... are highly pro-active and even adventurous. Continuously, they monitor potential *new* opportunities - be it customers, products, business, technology, values, etc. This is also a management belief which CEOs from strategy-companies have in common with CEOs from 'great' SMEs. Again, we recommend the attitudes of pro-activeness and adventurousness to our Swiss colleagues at any management level.

'Great' SMEs in Switzerland ...

... focus on exploring *new* business areas. This includes research in the market place. But again, strategy-companies are less interested in this management belief and strategy-absent firms even less. Not only we – based on the results of our online-survey – stress the importance of being open to new areas of business, but also international management consultants stress the benefits of constantly exploring new business areas. Particularly for Swiss enterprises.

'Great' SMEs in Switzerland ...

... benefit from professional relations within top management rather than close friends. They prefer to appoint co-workers to become partners. Neither strategy-CEOs nor non-strategy CEOs share this management belief with the 'great' SMEs.

But in any nation and culture, where the personal pronoun 'you' ("das DU") is quickly applied, expecting good understanding and easy interaction, the building of a professional relationship is still of great importance. Switzerland is a nation with a quickly applied 'you'. So we strongly recommend each Swiss SME to professionalize all relations and interactions among top management. Being 'good friends' does not at all guarantee good business, even if the company is small.

The data shows how Swiss ‚great‘ SMEs manage their business. Their mind set is distinctly different from Swiss CEOs leading a company with an elaborate corporate strategy. Their mind set is also different to Swiss CEOs managing a SME without a strategy. Following a strategy and also strategy-absence has hardly anything to do with ‚great‘ SMEs. The profile in management beliefs adds more know how to manage small and mid business, no matter whether the SME designed and follows a management strategy - or not. Talks with CEOs about the beliefs of ‚great‘ Swiss SMEs show that they come along in a way that is highly acceptable for any Swiss SMEs seeking business excellence. Now a Swiss toolbox for successful management of small and mid business in Switzerland can be offered.

Additionally, results from our survey suggest pathways that make a ‚great‘ SME in Switzerland - but also avoid the pitfalls of a ‚wrong‘ strategy. Our online survey delivers several viable pathways – but again neither strategy-CEOs nor non-strategy CEOs share these pathways with the ‚great‘ SMEs. Therefore, we highly recommend all Swiss SMEs to take advantage of the pathways:

The emotional drive of a vision and the reliability of well proven analytical instruments; Professional education and yet ongoing application of specialists courses; Increase of personal responsibility within top management; Placement of a partner into management; Alliances with complementary expertise; Absent of hereditary leadership; More speed in responding; Play openly; Be visible to customers and market, and trash geographical boundaries. For details see tables in Section 8.7. ‚New Findings‘.

All in all, our survey from 2009 adds a very new aspect to the claim mentioned in 2006: „It does *not* matter whether small and mid business follows a management strategy or not. A pre-requisite for successful ‚great‘ business, however, is that the CEOs know about the management beliefs and pathways of ‚great‘ SMEs. It is their responsibility to practice the beliefs of ‚great‘ SMEs as listed above. And it’s their responsibility to exploit the pathways which may lead their small and mid business to a ‚great‘ success.” According to our online results nothing else matters when success should accompany small and mid business. So finally there is a toolbox providing beliefs and pathways helping you to avoid applying ‚wrong‘ or ‚bad‘ strategies deriving from management-strategy hype.

The results of the online survey make available a Swiss tool box for successful management of small and mid business. Because the results from 2006 and 2009 are

scarcely known by Swiss small and mid business we have created one presentation for SME-CEOs as well as three publications. We also promised to supply the 183 Swiss SMEs which responded to our online-survey with our stunning results. Additional research on leading edge 'great' SMEs would be useful. We are thankful that 'Strategy absence' does not lead to a breakdown of a SME.

Based on the stunning results of our study future research goals are:

1. Invite *all* Swiss SMEs to take part, enlarge the sample of 183 SMEs to 2000 responding SMEs. Doing so we expect further information about the management beliefs of successful small and mid business.
2. Invite companies from other countries to become engaged in our survey. This would enable meaningful comparisons between Swiss SMEs and the small and mid biz in other countries. Thus, even more specifics for successful SME-management in Switzerland would be deriving.

10.3 Future Vision for SMEs in Switzerland

Results from our survey provide a variety of hands-on recommendations that help manage specific SMEs in Switzerland. 'Great' SMEs present their own distinct way to manage small & mid-business. The eleven beliefs and nine pathways supply ideas and tools for best practice and contribute substantially to the excellence of Swiss SMEs. Additionally, below some further knowledge concerning the beliefs and pathways of future small & mid-business.

Vision, Strategy and Leadership

This section is based on the following beliefs and pathways:

Belief 1 Design yearly plans to reach their goals

Belief 2 Make distinct efforts to develop and implement a smart flexible strategy

Path 7 Broaden personal responsibility – also within top management team

What kind of management concepts do founders, senior management or top executives apply to lead their Swiss SME towards a bright future? How are Swiss SMEs – lacking a management strategy – managed successfully? Are there specific circumstances that favor strategy absence in Swiss SMEs? These are the questions I posed at the beginning of this research. In this new century, as in the previous one, the greatest success factor for

companies remains the role of the management leader, who develops new rules of management for a new age. According to the results of our survey the main question should be: Is there a consensus among the employees of a firm concerning the ways in which the technology of management will need to be reinvented in the years to come? A broad vision is important for many reasons: - It gives innovation a clear view and it serves notice to those who would automatically defend the status quo. In addition to long term visions, they are alert to monitoring their business on a one year basis. The year-to-year plans encompass mainly organizational, business and administrative issues. The management staff is part of the new future. Use them to kick off staff meetings and then mine (brainstorm) all the conversations for new ideas and shared dreams. The foremost responsibility of any CEO of a successful small & mid size business is to formulate, to develop and implement a smart simple flexible strategy, definitely not an elaborate one. Enterprises have to spend quality time on it and take its development process and improvement seriously. The smart simple flexible strategy for the organization will give its employees a sense of direction and energy towards the goals of advantage over its competitors. In addition, the slogan in successful SMEs is: "Be operationally more effective than your competitor in your sourcing and supply-chain management. Don't just do as well as they do – be much better and more different. Be competitively advantaged. Top down for targets and bottom up for results". People don't implement what they don't understand. I believe according to the results of our survey that team thinking, rather than the hierarchical thinking; will be the success in SMEs in the future in Switzerland. In other words, replace hierarchical with self-managed teams. With this category of staff, any SME can become mature and well prepared to cope with ongoing internal changes and varying demands of the 21st century.

Empowerment and Culture

This section is based on the following beliefs and pathways:

Belief 4 Focus strongly on the business and organization

Belief 6 Support in-sourcing by job-enlargement and job enrichment of internal services

Belief 11 Benefit from professional relations within top management & prefer to appoint co-workers to become partners

Path 3 Becoming a mature ,great' enterprise: Do-it-yourself *and* accept full responsibility

The way a team functions is often directly related to the culture of the organization, but challenges in teams can also come about as a result of national and international cultural differences, especially in Switzerland. A company is 'about' the people that work there. Before you can start your achievement, you need to understand the culture that is there, so you can look for ways to strengthen and improve the shared uniqueness. There may also be differences in management and leadership styles across SME. Consequently there is loads of investment in improving the effectiveness of the commonly agreed on critical success factors needed for team success. Highly effective team leaders are mentors and exhibit a high degree of understanding towards their team members. At the same time, they are able to assert their authority without being perceived as inflexible. The mentors do not control others, rather, they coach, motivate, coordinate individuals and empower them and develop their team constantly. Engaged employees have a stronger emotional connection to the company. They are more likely to recommend the firm to others, to put in time and effort to help it succeed and to come up with their own innovative ideas and solution to problems. Empowerment is clearly a function of leadership. I believe that where there is empowerment, work becomes more stimulating, more exciting and more fun. Employees become wrapped up in their work, doing it not because they have to, but because they want to. Motivation by identification, rather through rewards and punishments.

Leaders have to mobilize others to want to get extraordinary things done in an organization. Leadership in SMEs is important and we need more 'Intrapreneurs' than ever. There is so much work on this issue that needs to be done, particularly in SMEs. With this leadership concept SMEs support in-sourcing by job-enlargement and job-enrichment in order to increase company internal skills and service. Results will be motivation and loyalty of staff members.

Structure and Business Units

This section is based on the following beliefs and pathways:

Belief 5 Be well-versed in the benefit of self- contained business units although their enterprise is small or medium

Path 2 Seeking ,great' managerial competence: Basic *and* advanced professional training

Path 4 Growing a ,great' SME: Business partners in top team *and* independence for departments

On the other hand, Swiss SMEs have to reduce minimum production order quantities and reduce cycle times in their entire supply value chain as quickly and as much as possible. Therefore, SMEs need an efficient structure and effective processes throughout all business units, because the resources available are limited. I believe that business units have to be allowed to be independent to enable growth and to develop further. Many organizational structures destroy bureaucracy and encourage speed and innovation in their processes. Besides having more team relationships, managers are likely to have more people reporting to them. They themselves will also be reporting to two or even three different superiors. The SME will have less organizational layers, all of which can free the CEOs to take initiative, be creative, and assume responsibility. And so, in a continuing effort to keep all employees informed and aligned with company goals, coordination and communication have become the major tasks of management in SME. This form of performance management is light years removed from traditional supervision and the exercise of hierarchical control. The objective is to change the way our resources are deployed and controlled. Under this approach, we change the orientation of our resources so that they are better able to decide, act and work among all business units in an SME. The intent is to develop a fit and efficient SME organization.

Innovation and Product Development

This section is based on the following beliefs and pathways:

Belief 8 Be highly pro-active & adventurous

Belief 9 Explore new business areas

Path 5 Enhancing ,great' synergy: Add complementary know-how *and* realize innovative products & services

Trade liberalization, rapid technological change and globalization create additional pressure for SMEs to specialize and to concentrate on their core competencies, but their survival also depends on their capacity to innovate. The success of companies is bringing new products to the marketplace. The review of new products is normally in the hands of the pioneer or high ranking functional managers who listen to progress reports and decide whether further money should be assigned to the projects. I believe that marketing and R&D should work closer to establish clear, mutually agreed project priorities to reduce the chance of vast projects. Marketing, R&D and top management should hold regular joint

project review meetings. Managing the process of new products development is an important factor in reducing cost, time and risk. In particular with limited resources in SMEs.

Product planning is just as significant for SMEs. Small and mid- size business need to replace old products with new products. A company with all of its products in the mature stage may be generating profits today but as they enter the decline stage, profits may fall and the company becomes unprofitable. A nicely balanced product display would see the company marketing some products in the mature stage, a number in the growth stage, with the prospect of new product launches in the near future. The growth products would replace the mature products as they enter final decline, and the new product success would eventually become the growth product of the future. The duration of the stages is unpredictable. The four stages (product lifecycle) that a product passes through without defining their duration is a huge challenge in SMEs. New product development is a rewarding but risky venture. Most new products fail, but without them competitive and market dynamics will eventually wear away a company's position in the marketplace. Therefore, new product development activity should be placed high on the agenda of SMEs.

Marketing Plan

This section is based on the following pathways:

Path 6 Guarding ,great' management relations: Professional relationship building *and* succession activities with professionals

Path 8 Don't be adverse to reveal business information to competitors

Path 9 Increase presence on the market place and in the world

In general, Marketing has little attention in SMEs. Successful firms and also SMEs rely on customers returning to purchase – the goal of marketing is long-term satisfaction, not short-term profit. The management of SMEs must think of itself not as producing products, but as providing customer satisfaction. It needs a clear marketing concept and has to do this continuously with a comprehensive plan. Another problem in SMEs that can arise when setting up a marketing planning system is that the management team does not have the knowledge and skills to perform such a task. Top management must be committed and be seen by middle management to give it total support. Some of personnel should be trained in the necessary marketing knowledge and skills to perform the marketing job. Great SMEs

recognize the importance of listening to their close customers as part of their strategy. The marketing plan also needs to be put in place to manage customer complaints, comments and questions. It is not only a task of the leader or pioneer. The system needs to be set up that feedback on products and service quality is communicated to the appropriate employees. This process facilitates the collection of the correct information and its communication so that corrective action can be taken. The focus is on giving extra value rather than general cost cutting.

Although being only a small or medium size enterprise, for 'great' SMEs it is important to act on the market place, to be seen by customers, and to be recognized by competitors. There is no need to play 'low profile' as Swiss companies usually do. 'Great' SMEs like competing in the market and broadening their influence. 'Great' SMEs also think globally. They never forget to try to enlarge geographical boundaries. How can a SME increase presence on the marketplace? The marketing mix with sales promotion, public relations, direct marketing, sponsorship and exhibitions could be the solution. While on-line marketing offers a new promotional medium and an alternative channel through which product purchase and delivery process may be helpful in small & mid business. On-line marketing provides an important example of how the resource view of the business will provide the basis for determining whether a SME will achieve market success or not. The choice of marketing mix concept may be controlled by the financial resources of the enterprise. Implementing the marketing concept in SME organizations can be difficult but studies have shown that the reward in terms of better business performance can be expected.

The Project Orientated Company

This section is based on the following beliefs:

Belief 3 Keep flexibility in the management strategy

Belief 10 Prefer projects with small scope. But also be open to conduct very large single projects

Further development of companies projects are today's key issues. Successful Swiss small & mid business is steered more and more through projects. The truly important factors in innovative organizations play less a role in the operative activity. In the center of successful companies stands the strategic leadership, the search of innovation, reorientation and the permanent optimization of products, service and processes. These are all parts of project

work. For this reason attempting to talk as a project orientated company with a new understanding of company leadership, is required. Management by project is a term which will be more frequently associated and used in the future. The control of project management is consequently a key qualification, which is increasingly asked for. Project management has the same and may even have higher importance in some enterprises than the daily business.

As mentioned previously: Enterprises are challenged due to the fact of global dynamics and complexity. Therefore leadership and steering systems are not only an issue in large enterprises, but also necessary in SME. The times of a steady environment, where companies rely on past figures for planning fundamentals, are gone. In addition to this is long term planning with extrapolation of historical trends, which are more difficult to calculate. SME are challenged with discontinuity, trend breaks and surprises. The building of core competencies and skills of employees, as well as strength and weakness analysis becomes more important. These trends in the different fields must be anticipated. At the same time it is inevitable to define a simple vision and smart flexible strategy of ones own company. To implement the strategy, is therefore one of the highest challenges for top management and pioneers, in SME. As a result, an interactive strategic planning, to ensure a long time protection and further development of the company, becomes a necessity.

With project management we refer to single projects, which are being found in all departments of a company. These should be structured in project types. These types could be divided between organizational-, investment-, informatics-, innovation- and marketing projects. In addition we have external projects from customers. The assignment with the entire projects will be, to secure the long term existence of the company and to guide and steer them efficiently. In SME this is a necessity, because the human- and financial resources are available only in limited extent. The total amount of currently running projects will secure further development of enterprises. The efficiency will be held by a professional project management system (PMS). The effectiveness will be reached with the implementation of a project portfolio management (PPM). This objective will be attained, when a PMS and PPM is developed with the companies needs, trained, implemented and carried out.

With the PMS a company establishes, how projects are initiated, planned, structured, organized, controlled and steered. In addition how methods, techniques and instruments are formulated. Also essential are the defined roles from all the involved parties in project management. Therefore the PMS contains a leadership instrument, which helps companies, to process projects more efficiently.

- **Do projects right**

With the PPM the company goals are to pattern, steer and design the entire project landscape, so that an optimized profit/expense relation results in the company. With this system an important contribution to secure the long term company success is achieved.

- **Do the right projects**

In other words: SME should be efficiently guided through projects, how else? With this management system an SME will be more efficient and effective with a minimum of resources.

Costs and Value Chain Analysis

This section is based on the following beliefs and pathways:

Belief 7 Invest within their own resources

Path 1 Managing a ‚great‘ future: Sophisticated scenarios *and* econometric planning tools

The more complex a business becomes, the higher its costs. Added complexity may come from many different directions, often associated with expanding the business in some ways. It may arise as a result of innovation, extending the product line, or adding new customers. Adapting new technologies and skills adds complexity almost by definition. The suggestion is, keep it simple and this is not a new thought. The cost of complexity depends on the ability to locate where the expenses arise. Traditional accounting methods are not much help, because they allocate indirect costs to each product in proportion to its direct labor and material cost. Activity based costing is tracing indirect costs back to individual products, and can be used in service firms as well as manufacturing. It identifies cost drivers and assigns costs to them, based on the number of activities they involve and the time they take. With this system costs are more accurately allocated to the products or services which are relevant. The firm's most and least profitable customers can be traced, and gives management a more realistic picture of where to improve. SMEs can gain competitive

advantage by carrying a value chain analysis. Value chain analysis is useful in pursuing cost advantage or differentiation. It also helps the company to decide which activities it can perform better than its competitors, suggesting opportunities for differentiation. The firm creates a cost advantage by reducing the cost of individual activities in the value chain, or by restructuring its value chain.

Conclusion

Large companies have always been in the forefront of adopting many advanced management systems and concepts. Smaller businesses are mostly left behind and are not given the attention they deserve. SMEs have been found to differ in many ways from large and must not be treated the same. A pre-requisite for successful small & mid business is, however, that the above described components of hard and soft skills match well and make a great fit. Start SMEs small and build them up continuously with a smart flexible strategy. Remember, as the staff members grow, the profit per employee shrinks. This is fact, because overheads costs increase with size of the enterprise. Efficiencies for a SME are crucial. If a business does not have these costs in control, this will eventually kill the business.

Finally, I hope that this study with the eleven beliefs and nine pathways provide some new insights in such a crucial sector of Switzerland, the SME sector.

Thank you for accompanying us through the study and taking interest in our arguments.

11 Appendix

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11.2 Screen shots from our online survey

Results of our survey *move* management beliefs of 'great' Swiss SMEs and the pathways from a 'good' to 'great' *into* the centre of management excellence in Swiss small & mid-business. Strategic thinking and creation and implementation of a corporate strategy is ranked *second* place. But certainly guidelines of management strategy theory have not become totally obsolete. Recommendations of theorists like Ansoff, Andrews, Chandler, Mintzberg, MacCrimmon, Rumelt, Porter etc. (see Chapter 3.6), apply to *all* companies of *all* sizes in *all* local and global economy. For *specifics* on managing Swiss small & mid-business, however, our new findings may lead into a bright SME-future. Therefore a new survey had to be constructed.

Results of our online-survey produce grounded insights into the management of all sizes of Swiss companies. All data is to be interpreted on the level of management beliefs and leadership behaviour. Our research approach presumes that "top executives perception of the environment has an impact on company performance" (Analoui & Karami 2001).

Knowing the management beliefs of successful enterprises provides ideas how to transform 'good' firms into 'great' firms.


Furthermore the results of our survey provide additional valuable insights into managing Swiss companies which will be analysed in further research.

Here our online survey www.meetingsupport.com/kmu-ch.htm containing 19 items including multiple answering options. Guideline for formulating all 19 items are twelve hypotheses from management literature (Sablone 2006). The reliability of the newly designed survey is estimated by a pre-test as well as by six controlling items (included in item 13 to 18).

Additionally to testing twelve hypotheses a large variety of information about companies in Switzerland is now available.

KMU Umfrage

zu Führungsgrundsätzen und -methoden



Wir danken Ihnen, wenn Sie sich bereit erklären, an dieser online-Umfrage teilzunehmen. Ihre Meinung ist für die Zukunft der Schweizer kleinere- und mittlere Unternehmen (KMUs) sehr wichtig.

Bitte beachten Sie beim Ausfüllen folgende Punkte:

Lesen Sie zu jeder Frage alle Antwort-Möglichkeiten durch.


Bitte kreuzen Sie immer diejenige Antwort an, welche Ihre Erfahrung am besten beschreibt – und zwar Ihre Erfahrung in derjenigen Firma, in der Sie derzeit aktiv sind.

Die Beantwortung der 19 Fragen dauert 9 Minuten.


Es handelt sich um betriebswirtschaftliche Fragen - sie helfen, die Firma deutlich besser zu verstehen.

Send Reset Print Willkommen

KMU Umfrage



1. Legt Ihre Firma die Betriebs- & Organisations-Ziele kurzfristig (ca. 1 Jahr) fest?




Ja, oft

Ja, selten

☐

Kaum

Nein
2. Braucht die Firma ausformulierte Pläne zur Erreichung dieser Ziele?




Ja, oft

Ja, selten

☐

Kaum

Nein
3. Vertraut die Mitarbeiterschaft auf des Spürsinn des Gründers bzw. der CEOs?




Ja, oft

Ja, selten

☐

Kaum

Nein
4. Benutzt Ihre Firma analytische Instrumente zur Planung der Zukunft? (z.B. systematische Generierung von innovativen Ideen, Berechnung von Soll-Ist- Diskrepan: Extrapolation der eigenen Umsatzzahlen, Formeln zur Abschätzung der Marktentwicklung.)




Ja, oft

Ja, selten

☐

Kaum

Nein
5. Verwendet die Firma eine Vision? Arbeitet sie mit verschiedenen Szenarios?



Ja, oft

Ja, selten

☐


Kaum

Nein


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KMU Umfrage



6. Vermeidet die Firma eine 'Management Strategie' um flexibel zu sein?




Ja, oft
Ja, selten

☐ Kaum

☐ Nein

7. Kann die Firma sich eine Strategie-Erstellung zeitlich & finanziell leisten?



Ja, oft
Ja, selten

☐ Kaum

☐ Nein

8. Welche Ausbildungen haben Sie besuchen können?

- ☐ Fachausbildung
- ☐ fachspezifische Fortbildungs-Seminare
- ☐ Kaderschulung im Militär
- ☐ Management-Training
- ☐ betriebswirtschaftliches Studium
- ☐ MBA-Abschluss
- ☐ Anderes nämlich


9. Wie viele Mitarbeiter/innen arbeiten in Ihrer Firma?

- ☐ ca. 10
- ☐ ca. 30
- ☐ ca. 50
- ☐ ca. 100
- ☐ ca. 200
- ☐ ca. 300
- ☐ ca. 400


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Seite 2

KMU Umfrage



10. Verfügbare finanzielle Mittel der Firma: Erachten Sie diese als ...?



grosszügig
befriedigend
ausreichend
knapp
sehr knapp

11. Welches durchschnittliche Volumen hat eine Investition bzw. Projekte gegenüber dem Firmen-Umsatz?

- ☐ 1 - 3%
- ☐ 4 - 6%
- ☐ 7 - 9%
- ☐ 10 - 12%
- ☐ 13 - 15%
- ☐ > 15%

12. Welche Ziele verfolgt Ihre Firma vorrangig?

- ☐ Wachstum
- ☐ Rendite
- ☐ Umsatz
- ☐ Innovation
- ☐ Konsolidierung
- ☐ nichts

12 a. Wie wird das Ziel verfolgt?

- ☐ ehrgeizig
- ☐ moderat
- ☐ gar nicht

13 a. Besteht Ihre Firma aus mehreren Firmen? (z.B. arbeiten einzelne Bereiche finanziell selbst-ständig? Oder habt Ihr dezentrale Einheiten? Oder modulare Organisations-Struktur?)


☐ Ja, so etwas kennen wir

☐ Nein, machen wir nicht

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KMU Umfrage



13 b. Haben Sie eine oder zwei der folgenden Massnahmen ergriffen?


- ☐ Ständige Anpassung der Arbeitsgruppen an aktuelle betriebliche Bedürfnisse. ("projekt-orientierte Firma").
- ☐ Die verschiedenen Abteilungen werden als quasi-eigenständige Strukturen geführt.
- ☐ Einheitliche Struktur mit nationalen Handels-Filialen bzw. Produktions-Stätten.
- ☐ Jede Unternehmung der Gruppe wird als unabhängige Gesellschaft gegründet und wird autonom gemanagt (sog. Profit Center).
- ☐ Um das Wachstum der Abteilung(en) zu fördern sollen diese selbständig werden.
- ☐ Keines der genannten Massnahmen.

13 c. Welche Effekte hat diese Massnahme für Ihre Firma?

- ☐ Steigerung des internen Zusammenhalts einer Einheit.
- ☐ Erhöhung der Selbst-Verantwortung, z.B. des Führungs-Teams.
- ☐ Verbesserung des Markt-Images.
- ☐ Produktivitäts-Steigerung infolge höherer Spezialisierung.
- ☐ Erhöhung der Reaktions-Bereitschaft der Firma.
- ☐ Ausschöpfung von Wachstums-Möglichkeiten und Geschäfts-Chancen.

14 a. Alle reden vom Out-Sourcing, also gewisse Teile der Arbeit und der Produktion auszulagern. Dabei hat das Beibehalten möglichst vieler Stufen der Wertschöpfungs-Kette wichtige Vorteile.

Frage: Hat Ihre Firma viele Tätigkeiten beibehalten?




eher ja

eher nein

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KMU Umfrage



14 b. Hat Ihre Firma eine oder zwei der folgenden Aktivitäten gestartet?

- ☐ Verstärkung eines internen Dienstes (Service, Buchhaltung, Controlling usw.).
- ☐ Aufbau eines neuen eigenen Dienstes (z.B. für Herstellung eigener Software zur Steuerung eigener Produkte, usw.).
- ☐ Herstellen einer (oder mehrerer) strategischer Allianz(en).
- ☐ Aufkauf eines Teils eines anderen Betriebes.
- ☐ Gründung einer weiteren Firma bzw. Übernahme einer Firma.
- ☐ Keine der genannten Aktivitäten.

14 c. Welche Effekte hat diese Aktivität auf Ihre Firma?

- ☐ Beschleunigung des 'time to market'
- ☐ Kontrolle über die Ausführung wichtiger Tätigkeiten
- ☐ Nutzung der Chancen zur Qualitäts-Verbesserung
- ☐ Erhöhte Sicherheit bezüglich sensible Informationen bzw. geheime Daten
- ☐ Bessere Ausnutzung von Innovations-Chancen
- ☐ Verstärkung der Wettbewerbs-Position
- ☐ Steigerung der Unabhängigkeit, d.h. freier gegenüber Markt, Kunden, Mitbewerber

15 a. Worauf achten Sie bei der Zusammenarbeit mit externen Partnern?

Auf Ähnlichkeiten zur besseren Verständigung? Oder aber auf Unterschiede, die Ihre Firma bestens ergänzen?

Wir achten auf

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KMU Umfrage

15 b. Welche der folgenden Tätigkeiten praktiziert Ihre Firma?

- ☐ Suche nach Partner-Firmen mit ähnlicher Organisations-Struktur, oder ähnlichem Firmen-Verständnis oder ähnliches Geschäfts-Verhalten.
- ☐ Entwicklung eines Prototyps (z.B. Maschine) in Zusammenarbeit mit einem Institut.
- ☐ Mitarbeit an einer ERFA-Gruppe zwecks Austausch mit ähnlichen Firmen.
- ☐ Gründung einer Interessen-Gemeinschaft.
- ☐ Keine der genannten Tätigkeiten.

15 c. Welche Wirkung hat diese Tätigkeit auf Ihre Firma?

- ☐ Realisierung von innovativen Projekten dank der Ergänzung der eigenen Kompetenzen durch Spezialkenntnisse.
- ☐ Bewältigung von komplexen Aufgaben dank dem Zusammenschluss mit verschiedenen Experten.
- ☐ Ausweitung der geografischen Präsenz sowie der Markt-Präsenz.
- ☐ Förderung der Innovations-Kraft der eigenen Produktlinie durch die Zusammenarbeit mit Kreativen oder mit dem Fachhandel.

16 a. Manche Firmen versuchen bewusst, die Abhängigkeit von externen Akteuren zu verringern, die kritische Ressourcen – insbesondere Finanzen – bereitstellen.
Frage: Macht das Ihre Firma auch?

Ja, oft

Ja, selten

Kaum

Nein

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16 b. Pflegt Ihre Firma folgende Prinzipien?

- ☐ Finanzielle Ressourcen spielen eine geringe Rolle, da Investitionen begrenzt sind.
- ☐ Investitionen werden weitgehend/ausschliesslich mit Eigenkapital finanziert.
- ☐ Unsere Firma ist weitestgehend eigenfinanziert.
- ☐ Wir sind eine AG – und unsere Aktionäre unterstützen uns finanziell.
- ☐ Alle Mitglieder der Geschäftsleitung versuchen auf Bankkredite zu verzichten.
- ☐ Keine der genannten Prinzipien.

17 a. Sucht Ihre Firma kontinuierlich nach neuen Geschäfts-Chancen und startet oft neue unternehmerische Initiativen?

Ja, oft

Ja, selten

Kaum

Nein

17 b. Wie umfangreich sind diese Initiativen - ☐ eher klein ☐ eher gross
gemessen am jährlichen Umsatz?


17 c. Welche Methoden wendet Ihre Firma an?

- ☐ Hohe Anzahl neuer Produkte – möglichst jedes Jahr.
- ☐ Entwicklung von unterstützenden Angeboten wie Neben-Produkte, Zusatz-Service, u.a.
- ☐ Kontinuierliche Suche nach neuen Projekten.
- ☐ Andauernde Verbesserung der internen Abläufe und Wertschöpfungs-Prozesse.
- ☐ Investitionen nicht nur in Innovationen sondern auch in zusätzliche Technologien oder zusätzliche Anlagen.
- ☐ Auslotung von neuen Geschäfts-Bereichen.
- ☐ Keines der genannten Methoden.

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18 a. Pflegt Ihre Firma eine pluralistische Führungs-Struktur? ☐ eher ja


Bestehen im Leitungs-Team langfristige persönliche Beziehungen? ☐ eher nein

18 b. Welche der folgenden Entscheide wurden in Ihrer Firma gemacht?

- ☐ Der Gründer führte die Firma lange alleine, dann treten seine Kinder in die Geschäfts-Leitung ein.
- ☐ Der Gründer berief zur Leitung der neuen Geschäfte (bzw. neue Projekte) gute Kollegen, mit denen er schon in viel früheren Zeiten zusammen gearbeitet hatte.
- ☐ Kurz nach der Konstituierung der Aktiengesellschaft holte der Patron/Pionier einen Partner in die Geschäftsleitung, der schon einige Jahre im Büro tätig war.
- ☐ Die Firma wird heute immer noch vom Duo/Trio der Gründer geleitet.
- ☐ Der Patron/Pionier leitet den Betrieb zusammen mit seiner Frau (Freundin bzw. Freund).
- ☐ Keines der genannten Entscheide.

19. Stimmt für Ihre Firma folgende Aussage...

"Für eine Unternehmung ist nicht erfolgsrelevant, ob sie eine Firmen-Strategie hat oder nicht. Wesentlich ist dagegen, dass alle Komponenten des unternehmerischen Ansatzes aufeinander abgestimmt sind. D.h. dass Führungs-Stil, Organisations-Struktur, Umgang mit Zielen, Markt-Verhalten usw. zueinander passen und ein schlüssiges Gebilde formen"



Trifft eher nicht zu

Weiss nicht

Ja, stimmt

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KMU Umfrage

zu Führungsgrundsätzen und -methoden



Wir danken Ihnen, dass Sie sich Zeit genommen haben, diesen Fragebogen auszufüllen. Ihre Angaben sind für uns sehr wertvoll. Alle Angaben werden streng vertraulich und anonym behandelt.

Wenn Sie möchten, können Sie eine kostenlose Kopie der Ergebnisse dieser Umfrage erhalten. Bitte geben Sie Ihre E-Mail-Adresse an.

Danke.

E-Mail:

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11.3 Hypothesis from Leopoldo Sablone (2006)

Hp. 1 Strategieabwesenheit ist dann wahrscheinlicher, wenn der Gründer/Geschäftsleiter einer Unternehmung keine formale Ausbildung im strategischen Management – z.B. im Rahmen eines betriebswirtschaftlichen Studiums oder MBAs – absolviert hat.

Hp. 1a Der familiäre Hintergrund, im Sinne einer unternehmerischen Tradition, hat keinen Einfluss auf die Abwesenheit von Strategie.

Hp. 2 Die Abwesenheit von Strategie ist in kleineren und mittleren Unternehmungen Wahrscheinlicher.

Hp. 3 Die Abwesenheit von Strategie ist bei Unternehmungen mit geringer Ressourcenausstattung wahrscheinlicher.

Hp. 4 Die Abwesenheit von Strategie ist dann wahrscheinlicher, wenn die Investitionsprojekte einer Unternehmung ein niedriges relatives Investitionsvolumen aufweisen.

Hp. 5 Die Abwesenheit von Strategie ist dann wahrscheinlicher, wenn die Geschäftsleitung einer Unternehmung keine **Wachstumsziele** setzt, die sie innerhalb einer gewissen Zeit erreichen will.

Hp. 5a Je **ehrgeiziger** die Wachstumsziele sind, desto grösser ist die Wahrscheinlichkeit, dass die Unternehmung eine Strategie haben wird.

Hp. 6 Eine erfolgreiche Unternehmung ohne Strategie kann ihr gesamtes Wachstumspotenzial nur in einer dezentralen Organisationsstruktur mit semiautonomen (modularen) Einheiten völlig ausschöpfen.

Hp. 7 Eine erfolgreiche Unternehmung ohne Strategie tendiert dazu, alle Stufen ihrer Wertschöpfungskette zu internalisieren.

Hp. 8 Eine erfolgreiche Unternehmung ohne Strategie legt den Schwerpunkt bei der Auswahl von und der Zusammenarbeit mit externen Partnern auf die kulturelle Passung im Sinne von kompatiblen Selbst- und Geschäftsverständnissen („Seelenverwandtschaft“).

Hp. 9 Eine erfolgreiche Unternehmung ohne Strategie versucht bewusst, ihre Abhängigkeit von externen Akteuren, die kritische Ressourcen – insbesondere finanzieller Art – bereitstellen, zu verringern.

Hp. 10 Eine erfolgreiche Unternehmung ohne Strategie sucht kontinuierlich nach neuen Geschäftschancen und startet oft unternehmerische Initiativen, die gemessen an ihrem jährlichen Umsatz eher klein sind.

Hp. 11 Eine erfolgreiche Unternehmung ohne Strategie verfügt über eine pluralistische Führungsstruktur. Unter den Mitgliedern Letzterer bestehen langfristige persönliche Beziehungen.

Schlussfolgerung

Für eine Unternehmung ist nicht erfolgsrelevant, ob sie eine Strategie hat oder nicht. Wesentlich ist dagegen, dass alle Komponenten des unternehmerischen Ansatzes aufeinander abgestimmt sind.

11.4 Questionnaire on KMU (SME)

KMU Umfrage

zu Führungs-Grundsätzen und -Methoden

Wir *bitten* den Firmengründer (Pionier) bzw. die Geschäftsleitung (CEOs, Topmanagement) die Fragen zu beantworten.

Wir danken Ihnen, wenn Sie sich bereit erklären, an dieser Umfrage teilzunehmen. Ihre Meinung ist für die Zukunft der Schweizer Klein- und Mittlere Unternehmen (KMUs) sehr wichtig.

Als neutrale Stelle garantiert Ihnen die KMU SWISS AG, Täfernstrasse 11, 5404 Baden-Dättwil (www.kmuswiss.ch) absolute Anonymität im Umgang mit den Daten. Rückschlüsse auf die Unternehmung und Einzelpersonen sind nicht möglich.

Bitte beachten Sie beim Ausfüllen folgende Punkte:

Lesen Sie zu jeder Frage *alle* Antwort-Möglichkeiten durch.

Bitte *kreuzen* Sie immer diejenige Antwort an, welche *Ihre* Erfahrung am besten beschreibt – und zwar Ihre Erfahrung in *derjenigen* Firma, in der Sie derzeit aktiv sind.

Die Beantwortung der 19 Fragen dauert ca. 10 Minuten.

Es handelt sich um betriebswirtschaftliche Fragen - sie helfen, die Firma deutlich besser zu verstehen.

Wir bitten Sie freundlich, diesen Fragebogen gleich jetzt auszufüllen. Absoluter Einsendeschluss ist 15. Juli 2009. Danach können keine Antworten mehr berücksichtigt werden. Vielen Dank.

Gene schicken wir Ihnen die Ergebnisse dieser Studie zu. So können Sie erfahren, wie Schweizer KMUs heute organisiert sind. Bitte Ergebnisse anfordern indem Sie dies am Ende des Fragebogens angeben.

1. Legt Ihre Firma die Betriebs- & Organisations-Ziele *kurzfristig* (ca. 1 Jahr) fest?

- ☐ Ja, oft
- ☐ Ja, selten
- ☐ Kaum
- ☐ Nein

2. Braucht die Firma *ausformulierte* Pläne zur Erreichung dieser Ziele?

- ☐ Ja, oft
- ☐ Ja, selten
- ☐ Kaum
- ☐ Nein

3. *Vertraut die Mitarbeiterschaft* auf den Spürsinn des Gründers bzw. der CEOs?

- ☐ Ja, oft
- ☐ Ja, selten
- ☐ Kaum
- ☐ Nein

4. Benutzt Ihre Firma *analytische* Instrumente zur Planung der Zukunft? (z.B. systematische Generierung von innovativen Ideen, Berechnung von Soll-Ist-Diskrepanzen, Extrapolation der eigenen Umsatzzahlen, Formeln zur Abschätzung der Marktentwicklung,)

- ☐ Ja, oft
- ☐ Ja, selten
- ☐ Kaum

- Nein

5. Verwendet die Firma eine Vision? Arbeitet sie mit verschiedenen Scenarios?

- Ja, oft
- Ja, selten
- Kaum
- Nein

6. Vermeidet die Firma eine Management Strategie um *flexibel* zu sein?

- Ja, oft
- Ja, selten
- Kaum
- Nein

7. Kann die Firma sich eine Strategie-Erstellung zeitlich & finanziell leisten?

- Ja, oft
- Ja, selten
- Kaum
- Nein

8. Welche Ausbildungen haben Sie besuchen können?

- Fachausbildung
- fachspezifische Fortbildungs-Seminare
- Kaderschulung im Militär
- Management-Training
- betriebswirtschaftliches Studium
- MBA-Abschluss
- Anderes nämlich

9. Wie viele Mitarbeiter/innen arbeiten in Ihrer Firma?

- ca.10
- ca. 30
- ca. 50
- ca.100
- ca. 200
- ca. 300
- ca. 400

In welcher Branche ist Ihre Firma tätig?

10. Verfügbare finanzielle Mittel der Firma: Erachten Sie diese als ...?

- grosszügig
- befriedigend

- ausreichend
- knapp
- sehr knapp

11. Welches durchschnittliche Volumen hat eine Investition bzw. ein Projekt gegenüber dem Firmen-Umsatz?

- 1-3%
- 4-6%
- 7-9%
- 10-12%
- 13-15%
- >15%

12.a Welche Ziele verfolgt Ihre Firma vorrangig?

- Wachstum
- Rendite
- Umsatz
- Innovation
- Konsolidierung
- nichts

12.b Wie wird das Ziel verfolgt?

- 'ehrgeizig'
- 'moderat'
- 'gar nicht'

13.a Besteht Ihre Firma aus *mehreren* Firmen? (z.B. arbeiten einzelne Bereiche finanziell selbst-ständig? Oder habt Ihr dezentrale Einheiten? Oder modulare Organisations-Struktur?)

- Ja, so etwas kennen wir
- Nein, machen wir nicht

13.b Haben Sie eine oder zwei der folgenden Massnahmen ergriffen?

- Ständige Anpassung der Arbeitsgruppen an aktuelle betriebliche Bedürfnisse. („projekt-orientierte Firma“).
- Die verschiedenen Abteilungen werden als quasi-eigenständige Strukturen geführt.
- Einheitliche Struktur mit nationalen Handels-Filialen bzw. Produktions-Stätten.
- Jede Unternehmung der Gruppe wird als unabhängige Gesellschaft gegründet und w autonom gemanagt (sog. Profit Center).
- Um das Wachstum der Abteilung(en) zu fördern sollen diese selbständig werden.
- Keines der genannten Massnahmen.

13.c Welche Effekte hat diese Massnahme für Ihre Firma?

- Steigerung des internen Zusammenhalts einer Einheit.
- Erhöhung der Selbst-Verantwortung, z.B. des Führungs-Teams.
- Verbesserung des Markt-Images.
- Produktivitäts-Steigerung infolge höherer Spezialisierung.
- Erhöhung der Reaktions-Bereitschaft der Firma.
- Ausschöpfung von Wachstums-Möglichkeiten und Geschäfts-Chancen.

14.a Alle reden vom Out-Sourcing, also gewisse Teile der Arbeit und der Produktion auszulagern. Dabei hat das Beibehalten möglichst vieler Stufen der Wertschöpfungs-Kette wichtige Vorteile. Frage: Hat Ihre Firma viele Tätigkeiten beibehalten?

- eher ja
- eher nein

14.b Hat Ihre Firma eine oder zwei der folgenden Aktivitäten gestartet?

- Verstärkung eines internen Dienstes (Service, Buchhaltung, Controlling usw.).
- Aufbau eines neuen eigenen Dienstes (z.B. für Herstellung eigener Software zur Steuerung eigener Produkte, usw.).
- Herstellen einer (oder mehrerer) strategischer Allianz(en).
- Aufkauf eines Teils eines anderen Betriebes.
- Gründung einer weiteren Firma bzw. Übernahme einer Firma.
- Keine der genannten Aktivitäten.

14.c Welche Effekte hat diese Aktivität auf Ihre Firma?

- Beschleunigung des 'time to market'.
- Kontrolle über die Ausführung wichtiger Tätigkeiten.
- Nutzung der Chancen zur Qualitäts-Verbesserung.
- Erhöhte Sicherheit bezüglich sensible Informationen bzw. geheime Daten.
- Bessere Ausnutzung von Innovations-Chancen.
- Verstärkung der Wettbewerbs-Position.
- Steigerung der Unabhängigkeit, d.h. freier gegenüber Markt, Kunden, Mitbewerber.

15.a Worauf achten Sie bei der Zusammenarbeit mit externen Partnern? Auf Ähnlichkeiten zur besseren Verständigung? Oder aber auf Unterschiede, die Ihre Firma bestens ergänzen?

Wir achten auf

15.b Welche der folgenden Tätigkeiten praktiziert Ihre Firma?

- Suche nach Partner-Firmen mit ähnlicher Organisations-Struktur, oder ähnlichem Firmen-Verständnis oder ähnlichem Geschäfts-Verhalten.

- Entwicklung eines Prototyps (z.B. Maschine) in Zusammenarbeit mit einem Institut.
- Mitarbeit an einer ERFA-Gruppe zwecks Austausch mit ähnlichen Firmen.
- Beteiligung an einem Konsortium (temporärer Zusammenschluss mehrerer Firmen).
- Gründung einer Interessen-Gemeinschaft.
- Keine der genannten Tätigkeiten.

15.c Welche Wirkung hat diese Tätigkeit auf Ihre Firma?

- Realisierung von innovativen Projekten dank der Ergänzung der eigenen Kompetenzen durch Spezialkenntnisse.
- Bewältigung von komplexen Aufgaben dank dem Zusammenschluss mit verschiedenen Experten.
- Ausweitung der geografischen Präsenz sowie der Markt-Präsenz.
- Förderung der Innovations-Kraft der eigenen Produktlinie durch die Zusammenarbeit mit Kreativen oder mit dem Fachhandel.

16.a Manche Firmen versuchen bewusst, die Abhängigkeit von externen Akteuren zu verringern, die kritische Ressourcen – insbesondere Finanzen – bereitstellen.

Frage: Macht das Ihre Firma auch?

- Ja, oft
- Ja, selten
- Kaum
- Nein

16.b Pfl egt Ihre Firma folgende Prinzipien?

- Finanzielle Ressourcen spielen eine geringe Rolle, da Investitionen begrenzt sind.
- Investitionen werden weitgehend/ausschliesslich mit Eigenkapital finanziert.
- Unsere Firma ist weitestgehend eigenfinanziert.
- Wir sind eine AG – und unsere Aktionäre unterstützen uns finanziell.
- Alle Mitglieder der Geschäftsleitung versuchen auf Bankkredite zu verzichten.
- Keine der genannten Prinzipien.

17.a Sucht Ihre Firma kontinuierlich nach neuen Geschäfts-Chancen und startet oft neue unternehmerische Initiativen?

- Ja, oft
- Ja, selten
- Kaum
- Nein

17. b Wie umfangreich sind diese Initiativen - gemessen am jährlichen Umsatz?

- eher klein

- eher gross

17.c Welche Innovations-Methoden wendet Ihre Firma an?

- Hohe Anzahl neuer Produkte – möglichst jedes Jahr.
- Entwicklung von unterstützenden Angeboten wie Neben-Produkte, Zusatz-Service, u.a.
- Kontinuierliche Suche nach neuen Projekten.
- Andauernde Verbesserung der internen Abläufe und Wertschöpfungs-Prozesse.
- Investitionen nicht nur in Innovationen sondern auch in zusätzliche Technologien oder zusätzliche Anlagen.
- Auslotung von neuen Geschäfts-Bereichen.
- Keines der genannten Methoden.

18.a Pflegt Ihre Firma eine pluralistische Führungs-Struktur? Bestehen im Leitungs-Team langfristige persönliche Beziehungen?

- eher ja
- eher nein

18.b Welche der folgenden Entscheide wurden in Ihrer Firma gemacht?

- Der Gründer führte die Firma lange alleine, dann treten seine Kinder in die Geschäfts-Leitung ein.
- Der Gründer berief zur Leitung der neuen Geschäfte (bzw. neue Projekte) gute Kollegen, mit denen er schon in viel früheren Zeiten zusammen gearbeitet hatte.
- Kurz nach der Konstituierung der Aktiengesellschaft holte der Patron/Pionier einen Partner in die Geschäftsleitung, der schon einige Jahre im Büro tätig war.
- Die Firma wird heute immer noch vom Duo/Trio der Gründer geleitet.
- Der Patron/Pionier leitet den Betrieb zusammen mit seiner Frau (Freundin bzw. Freund).
- Keines der genannten Entscheide.

19. Stimmt für Ihre Firma folgende Aussage? „Für eine Unternehmung ist nicht erfolgsrelevant, ob sie eine Firmen-Strategie hat oder nicht. Wesentlich ist dagegen, dass alle Komponenten des unternehmerischen Ansatzes aufeinander abgestimmt sind. D.h. dass Führungs-Stil, Organisations-Struktur, Umgang mit Zielen, Markt-Verhalten usw. zueinander passen und ein schlüssiges Gebilde formen“.

- Ja, stimmt
- Weiss nicht
- Trifft eher nicht zu

Wir danken Ihnen, dass Sie sich Zeit genommen haben, diesen Fragebogen auszufüllen. Ihre Angaben sind für die Zukunft der Schweizer KMUs sehr wertvoll.

Sobald Sie mit dem Ausfüllen fertig sind, schicken Sie bitte dieses Email weiter an
KMU SWISS AG, Täfernstrasse 11, 5404 Baden-Dättwil.

Die Verarbeitung der Antworten geschieht über eine Datenverarbeitungs-Agentur.
So sind alle Angaben streng vertraulich und anonym behandelt.

Wenn Sie möchten, können Sie eine kostenlose Kopie der Ergebnisse dieser
Umfrage erhalten. Bitte geben Sie Ihre E-Mail-Adresse an:

Thank you for accompanying us through the study
Strategy Absence in Small and Medium size Enterprises.

11.5 Common ground for great SMEs and with other SMEs

According to our studies' research questions main interest is what ,great' SMEs do *differently* to all other SMEs. Underlying pre-condition is that the differing management approach contributes to the success of ,great' SMEs.

Our survey monitors and evaluates twenty four optional features captured as management beliefs (full version of the survey: see screen captures above). Statistics and data processing now show exactly in which management issues ,great' SMEs significantly *differ* from all other sorted groups; this is the case with eleven features.

Additionally, results of our questionnaire come up with knowledge about what ,great' SMEs have in common with all other selected groups; this is the case with *thirteen* features.

Also information is now available *which* sorted group acts totally *differently* to *all* other ones, including differently to the ,great' SMEs.

Following *thirteen* tables reveal where ,great' SMEs think similarly to their peers, including similar to the 'good' SMEs. Common ground of ,great' SMEs with other selected groups is the topic of following findings. But – curious about the un-expected – we are also interested which other selection is now the 'Do-it-differently-group' instead of the ,great' SMEs?

(1) Professional education, academic degrees, business related training: Common ground for 'great' SME with other selected groups. But strategists do it differently! *SMEs with a management strategy have managers that boast threefold educational excellence:* For example a solid

occupational education, *and* an academic level in economics, *and* a degree in business related issues, f.i. sales manager, law, accountant, marketing, etc. (see **).

Also managers of a **Absent-strategy SMEs** do something differently: They vastly benefit from an academic degree in business & economics (see *).

Item 8	Absent-strategy SME	Strategy -SME	Great SMEs	Good SMEs	SME Founders	SME with MBA	Micro 10	SME 20-250	Large 300+
Fach-ausbildung	71	**77	74	76	74	50	72	76	58
fachspezifische Fortbildungs-Seminare	62	63	65	71	64	56	59	68	63
Kaderschulung im Militär	19	23	15	20	26	25	22	17	10
Management-Training	47	**54	45	54	57	50	56	52	42
Betriebswirtschaftliches Studium	*52	40	50	43	41	50	36	45	31
MBA-Abschluss	9	17	15	7	6	100	9	11	21
Anderes nämlich ...	14	**32	14	17	24	12	20	19	26

Table: Common ground for 'great' SME with other selected groups: Professional education, academic degrees, business related training. But SME-strategists do it differently.

(2) Detailed plans for reaching self set benchmarks: Common ground for 'great' SME with other selected groups. But SMEs led by managers with a MBA degree do it differently (see **). **SMEs with a management strategy like to design detailed plans to reach the self set business goals.** They know that having fun with good planning introduces consciousness and control into a stress- and playful business life that is full of uncertainty and ambiguity. Their concept of detailed plans has nothing to do with dead lines which are feared. It rather keeps the mind of all staff alert and vivid. Thinking the future and reflecting the past helps SME-strategists to focus on what is important to be an enterprise serving customer needs, valuing employees and contributing to the community.

Micro enterprises think differently too. They often go without detailed plans (see *). We do not know why. It would be probably wrong to deduct that being tiny (a 'Micro' enterprise with 1 to 10 employees) means no details necessary.

Item 2	Absent-strategy SME	Strategy-SME	Great SMEs	Good SMEs	SME-Founders	SME with MBA	Micro 10	SME 20-250	Large 300+
Yes	14	**60	56	39	24	50	24	46	53
O.K.	19	26	24	19	29	37	27	22	32
No	19	9	9	17	17	0	14	13	5
No!	6	1	3	8	8	1	*10	5	0

Table: Common ground for 'great' SME with other selected groups: Detailed plans for reaching self set benchmarks. But SME-strategists do it differently,

(3) Common ground for 'great' SME with other selected groups: Following the intuition of the companies' founder and CEO. But Micro firms do it differently. **Micro enterprises follow the intuition of the companies' founder.** In case that he/she has handed over the company to a successor - great SMEs take serious the CEOs intuition. Managers of Micro enterprises value the weak signals and secrets an intuitive mind can provide: Intuition includes some good basic instinct, but mainly vivid imagination and definitely creative inspiration. Intuitive management has to be trained well and liberated from all preoccupations and pit falls by which an untrained mind is haunted. Intuitive management is critical towards its own products of intuition, inspiration and imagination. Intuition helps to act rapidly and on the spot in an environment with competitors which are larger and benefit from larger resources.

Large enterprises do it differently too: They are not used to follow the founders' intuition (see *) but rather accept other management tools.

Item 3	Absent-strategy SME	Strategy-SME	Great SMEs	Good SMEs	SME Founders	SME with MBA	Micro 10	SME 20-250	Large 300+
Yes	66	48	62	54	70	37	**72	57	26
O.K.	14	25	29	22	23	25	22	25	32
No	0	14	3	11	2	13	0	7	*16
No!	0	0	0	1	1	0	1	0	1

Table: Common ground for 'great' SME with other selected groups: Following the intuition of the companies' founder and CEO. But Micro enterprises do it differently.

(4) Common ground for 'great' SME with other selected groups: Application of analytical instruments for managing the future. But Absent-strategy-SMEs do it differently. **Absent-strategy-SMEs bypass analytical management systems** like BCS Balanced Scorecard, ERP Enterprise Resource Planning, quality EFQM European Foundation Quality Management, econometric management tools like Abacus, SAP, etc.

Micro enterprises do it differently too: They apply - additionally to following the leaders' intuition – several analytical instruments for managing future business. Their business is guided by both intuition, inspiration, imagination of the founder *and* leading edge analysis including econometric managing tools (see both *)

Item 4	Absent-strategy SME	Strategy-SME	Great SMEs	Good SMEs	SME Founders	SME with MBA	Micro 10	SME 20-250	Large 300+
Yes	5	57	53	24	29	50	*27	37	58
O.K.	19	34	24	39	17	25	13	32	16
No	33	9	12	24	24	12	*27	19	5
No!	**43	0	4	8	6	1	8	5	0

Table: Common ground for 'great' SME with other selected groups: Application of analytical instruments for managing the future. But Absent-strategy SMEs do it differently.

(5) Creation and implication of long term visions. Common ground for 'great' SME with other selected groups. But companies designing and following a management strategy do it differently. **Strategy-SMEs create a long term vision although they 'only' have 20 to 250 employees** (see**). They also appreciate their vision, support, enlighten and follow it: Common for Strategy-SMEs is working with scenarios, i.e. conjured-up pictures of the companies' future as well as the future customer. A variety of scenarios helps to understand where to go and help to determine the path.

SMEs in general, large enterprises and Absent-strategy-SMEs do it differently too (see all three *): For some of them long term goals and working with scenarios does not appeal.

Item 5	Absent-strategy SME	Strategy-SME	Great SMEs	Good SMEs	SEM Founders	SME with MBA	Micro 10	SME 20-250	Large 300+
Yes	19	**74	59	39	48	62	53	47	68
O.K.	10	20	24	30	20	19	20	28	16
No	*38	0	9	13	12	12	9	6	5
No!	5	0	0	5	3	0	2	*11	*11

Table: Common ground for 'great' SME with other selected groups: Creation and implication of long term visions. But Strategy-SMEs do it differently.

(6) Common ground for 'great' SME with other selected groups: Preferred management goals for business. Several goals exist: Turn over, profits, innovation, social responsibility, profits, yield,

excellence, consolidation. Main driver of all selected groups is 'growth & expansion'. Yet large as well as Micro enterprises, Strategy-SMEs as well as Absent-strategy-SME do it all differently. They proclaim also other business goals (see all **). **Strategy-SMEs favour yield, Large enterprises focus on turn over & profits, Micro firms aim for innovation**, and some Absent-strategy SMEs confess that they have not business goals.

Item 12	Absent-strategy SME	Strategy-SME	Great SMEs	Good SMEs	SME Founders	SME with MBA	Micro 10	SME 20-250	Large 300+
Growth	38	63	71	48	30	44	33	56	42
Yield	47	**66	71	51	54	62	54	61	58
Turn over & profits	33	20	24	20	27	37	27	22	**42
Innovation	28	46	38	39	41	50	**55	40	47
Consolidation	14	23	18	20	15	**25	13	18	16
No goals	**5	0	0	0	2	0	0	0	0

Table: Common ground for 'great' SME with other selected groups: Preferred management goals for business. But Large as well as Micro enterprises, Strategy-SMEs as well as Absent-strategy-SME do it differently.

(7) Common ground for 'great' SME with other selected groups: Self-containing business units with profit-loss responsibility. But Large enterprises and Absent-strategy-SMEs do it differently (see**). **Large enterprises know very well about the benefit of self-contained business units.** This makes sense because these firms have several departments, many employees and a bunch of large projects. Self-containment supports entrepreneurial thinking, loyalty, empowerment of staff, exploitation of resources, customer-focus, etc.

Contrary to management principle, Absent-strategy-SMEs are not used to self-sustained business units. We do not know why. Maybe they are unfamiliar with the term connected to 'self-contained business units' („Besteht Ihre Firma aus *mehreren* Firmen? Arbeiten z.B. einzelne Bereiche finanziell selbst-ständig? Oder habt Ihr dezentrale Einheiten? Oder modulare Organisations-Struktur?“).

Item 13a	Absent - strategy SME	Strategy-SME	Great SMEs	Good SMEs	SME Founders	SME with MBA	Micro 10	SME 20-250	Large 300+
Ja, so etwas kennen wir	19	48	47	41	34	56	37	43	**64
Nein, machen wir nicht	**80	51	53	59	65	43	61	57	34

Table: Common ground for 'great' SME with other selected groups: Self-containing business units with profit-loss responsibility. But Large enterprises and Absent-strategy-SEMs do it differently.

(8) Common ground for 'great' SME with other selected groups: They say that *in-sourcing* provides very good opportunity for innovation and improves competitive advantage. But SMEs with MBA-managers do it differently. **It's MBA-SMEs who are not keen to keep steps of the value chain within their company.** What are the reasons? They rather focus on other topics. Besides that they are not scared to out-source. They believe that a firm cannot be excellent in all issues related to business, production and service. Therefore MBA-SMEs tend to exploit external competencies.

Item 14a	Absent-strategy SME	Strategy-SME	Great SMEs	Good SMEs	SME Founders	SME with MBA	Micro 10	SME 20-250	Large 300+
Yes	57	48	56	48	58	19	50	50	53
O.K.	19	37	21	39	18	**43	24	32	16
No	5	0	3	4	11	6	9	4	10
No!	3	3	3	4	3	0	4	3	1

Table: Common ground for 'great' SME with other selected groups: In-sourcing. But SMEs with MBA-managers do it differently.

(9) Common ground for 'great' SME with other selected groups: The optional management actions indicating & enabling co-option with similar business partners are not much sought after. But SMEs management by a CEO/Founder owning a degree in MBA do it differently (see ***). **MBA-SMEs know extremely well how to benefit from networks such as Exchange of Experience** (ERFA-Gruppe). Partnering with the core competence of other individuals, regular meetings with a variety of company-external specialists, enrolling into interest groups, engagement in networks etc., is familiar to MBA-SMEs.

Compared to these MBA-SMEs, all other sorted groups hesitate to enter networks. They seldom invest into co-option with *similar* in partners (see all four **). Mainly Large enterprises are not at all interested in the option offered indicating and enabling co-operation with similar business partners.

Item 15b	Absent-strategy SME	Strategy-SME	Great SMEs	Good SMEs	SME Founders	SME with MBA	Micro 10	SME 20-250	Large 300+
Suche nach Partner-Firmen mit ähnlicher Organisation	24	31	29	30	23	18	27	29	21
Entwicklung eines Prototyps (z.B. Maschine) in Zusammenarbeit	14	17	12	24	14	31	14	19	16
Mitarbeit an einer ERFA-Gruppe zwecks Austausch mit	28	23	29	20	32	***50	31	24	21
Gründung einer Interessen-Gemeinschaft.	10	14	15	11	18	19	19	12	16
Keine der genannten Tätigkeiten (controlling item)	**38	28	*38	28	**38	12	33	32	**47

Table: Common ground for 'great' SME with other selected groups: the optional management actions indicating & enabling co-option with similar business partners are not much sought after. But MBA-SMEs do it differently.

(10) Common ground for 'great' SME with other selected groups: They 'Minimize financial dependency' to a certain extent. But Good SMEs do it differently (see **). **Good SMEs are not afraid of financial dependency as they provide potential to start new projects.** They accept financial obligations or obligations deriving from supportive relations.

Item 16a	Absent-strategy SME	Strategy-SME	Great SMEs	Good SMEs	SME Founders	SME with MBA	Micro 10	SME 20-250	Large 300+
Yes	47	25	41	37	44	12	45	39	37
O.K.	14	25	18	22	15	25	20	21	10
No	10	20	6	**29	11	19	10	13	16
Definitely no!	19	14	21	11	15	12	15	15	*5

Table: Common ground for 'great' SME with other selected groups: 'Minimize financial dependency'. But Good SMEs do it differently.

(11) Common ground for 'great' SME with other selected groups: They all go for business opportunities of *medium* rather than opportunities of *big* size. Preferred size project volume is

medium. This rule is followed by mainly absent-strategy SME (see *). But large firms do it differently. **Large enterprises choose business opportunities of big size**. Big firms = big opportunities = big investments = big chance?

Item 17b	Absent - strategy SME	Strategy-SME	Great SMEs	Good SMEs	SME Founders	SME with MBA	Micro 10	SME 20-250	Large 300+
Medium size	*76	60	68	63	59	44	61	66	42
Big size	24	29	24	30	38	54	36	27	**58

Table: Common ground for 'great' SME with other selected groups: Size of business opportunity. But Large enterprises do it differently.

(12) Common ground for 'great' SME with other selected groups: Great friends among top management. But absent-strategy-SMEs do it differently. **SMEs managed without an elaborate strategy** (see **) appreciate respect and professional good relationships among top management, but they do *not* expect close friendship.

Item 18a	Absent-strategy SME	Strategy-SME	Great SMEs	Good SMEs	SME Founders	SME with MBA	Micro 10	SME 20-250	Large 300+
Yes	66	77	79	72	81	81	**83	74	74
No	**33	20	18	26	18	12	14	22	26

Table: Common ground for 'great' SME with other selected groups: Great friends among top management. But absent-strategy-SMEs do it differently.

(13) Common ground for 'great' SME with other selected groups: A need vs. no need for a management strategy. All selected groups can not really make up their mind whether to agree or to reject this management belief. This can be interpreted that all selected groups are well balanced when estimating the pros and contras of an elaborate management strategy. They know the pitfalls of a rigid management strategy as well as the misty clouds of strategy absence. All sorted groups strongly care about that leadership style, business goals, vision & policy, organizational structure, risk management principles, personal development methods etc. match well and make a good fit. This includes strategic thinking and the application of elements of a management strategy.

But MBA-SMEs and Micro enterprises do it differently. **Companies with top managers owning a MBA** (see **). **are sure that creation and implementation of an elaborate management strategy is absolutely crucial**. Contrary to the MBA-SMEs, the Micro enterprises (see ***) are

determined that all components of entrepreneurship match well and make a good fit, making a corporate strategy obsolete.

Item 19	Absent-strategy SME	Strategy-SME	Great SMEs	Good SMEs	SME Founders	SME with MBA	Micro 10	SME 20-250	Large 300+
Yes, that is my opinion	57	40	38	59	60	37	***60	49	31
I don't really know	5	6	9	7	9	0	9	7	5
No, I do not believe	24	46	41	33	26	**56	23	37	53

Table: Common ground for 'great' SME with other selected groups: A need vs. no need for a management strategy. But MBA-SEMs do it differently and Micro firms too.

11.6 Results from Swiss Companies in general

To be able to test the given hypothesis we had to construct a new survey according to the hypothesis' predictions. The reliability of the new measurement is estimated by a pre-test as well as by six controlling items (included in item 13 to 18).

Data processing focuses on scanning significant differences between two sub groups to verify the given hypothesis. All twelve hypotheses predict specific management behavior, namely what companies without a strategy do and think, i.e. what their founders and CEOs do and believe. According to the twelve hypotheses strategy absence in companies is supported by six conditions. And according to hypotheses strategy-absent companies use six alternate management tools which make a strategy un-necessary. Subsequently predictions are to be verified or falsified.

Data from Swiss companies with 1 to 400+ employees

Our research design searches for significant *differences* between the behavior and beliefs of CEOs/founders of Swiss companies with 1 to 400+ employees that lack a management strategy (so-called 'non-strategists') and the behavior and beliefs of CEOs/founders leading a company with a corporate strategy (so-called 'strategists'). As mentioned above the criteria which determines and sorts 'Non-strategists' versus 'Strategists' are according to definitions of Ansoff 1987, Chandler 1962, Andrews 1987, MacCrimmon 1993. These criteria are: Short vs. long term orientation following founder's intuition; analytical instruments & procedures vs. management from the guts; hands-on approach; dedication for management strategy vs. inclination to omitting a strategy (see Chapter 4.4.2).

Items 1 to 7 are designed to separate 'Strategists' from 'Non-strategists', and also designed to determine the 'Neither-nor', i.e. the respondents who due to their answering profile on items 1 to 7 do *not* qualify be a 'Strategists' or a 'Non-strategists'.

	Strategy-company	Absent-strategy-company	Neither-nor
Number of respondents	59	49	75

Items 8 to 12b are designed to test all six conditions of strategy absence while items 13 to 18 test the proposed alternate management principles compensating a management strategy. Item 19 scans an overall argument on our topic 'Strategy absence'.

Here the data of respondents within each sorted group. Respondents are founders and CEOs from all sizes of Swiss companies, i.e. from 1 to 400+ employees.

Evaluation of Conditions for Strategy absence in Swiss Companies

Items 8 to 12b test six conditions of strategy absence in Swiss companies:

Condition 1: Manager's education – checked in item 8. The given hypothesis argues: "The likelihood of an absence of a management strategy is high if the founder or CEO qualified in any other field than business or administration". Subsequently our question focuses on whether he/she boasts professional levels (studies in technology, engineering, construction, chemistry etc. including postgraduate courses, leadership training at the Swiss army), or whether he/she is inclined to managerial training (MBA, studies in economics, courses at management schools etc.). Our item 8 offers a variety of occupational qualifications to choose abundantly from. Here are the percentages of responses within each group of 'strategists' versus 'non-strategists'.

Managers' Education (item 8)	Strategy Absence	Management Strategy	Neither-Nor
Fachausbildung	75 %	69 %	72 %
fachspezifische Fortbildungs-Seminare	*63 %	54 %	70 %
Kaderschulung im Militär	18 %	22 %	16 %
Management-Training	55 %	54 %	49 %
betriebswirtschaftliches Studium	32 %	**42 %	41 %
MBA-Abschluss	8 %	**18 %	6 %
Anderes nämlich ...	14 %	***32 %	17 %
Totals	265 %	291 %	

Table: All firms: Strategists vs. non-strategists vs. neither-nor.

Hypotheses verified: Results from our online-survey reveal that indeed founders and CEOs applying a management strategy within their Swiss company take advantage – much more than their peers,

the non-strategists – of several management trainings (see both ** → strong strategist's 42% versus weak non-strategist's 32% as well as strong strategist's 18% versus weak non-strategist's 8%) including courses in sales, key account manager, marketing, corporate communication, or IT (see *** → strong strategist's 32% versus weak non-strategists 14%). In parallel, founders and CEOs working without a management strategy are inclined to qualify in doing ongoing professional courses (see * → non-strategist's strong 63% versus weak strategist's 54%). The overall difference between the answers given in item 8 by strategists compared to answers given by non-strategists is significant by a 5 % confidence interval.

We are happy that results of our online survey confirm the hypothesis as condition 1 makes very much sense. CEOs and founders that are trained in management related topics (MBA. studies in business administration etc.) naturally apply their management knowledge and creating and implementing a management strategy is part (!) of the taught management issues. The hypotheses have a strong validity of common sense. Our results being in-line with common sense monitors also the grade of appropriateness of our newly constructed online-survey. Particularly the separating of the 183 respondents into two sub groups according to their profile given in item 1 to item 7 of our online survey seems to be appropriate.

Condition 2: SMEs prosper without a management strategy – checked in item 9. The given hypothesis say: "The absence of a management strategy is more likely in small and medium size enterprises". Hypotheses mainly verified: Every second *small* company (around 10 employees) has no management strategy – as non-strategists confess (see*). But – according to strategist's information - every fourth *medium* size company (around 50 employees) already follows a management strategy (see***). And definitely every company larger than 400 employees creates and implements a management strategy (see**).

Size of the enterprise (item 9)	Strategy Absence	Management Strategy	Neither-Nor
ca. 10 employees	*51 %	25 %	50 %
ca. 30 employees	18 %	15 %	16 %
ca. 50 employees	8 %	***23 %	4 %
ca. 100 employees	6 %	11 %	13 %
ca. 200 employees	8 %	6 %	0 %
ca. 300 employees	6 %	1 %	0 %
ca. 400 employees	0 %	**13 %	0 %

Table: All firms: Strategists vs. non-strategists vs. neither-nor.

Details: Results from our online-survey show that founders and CEOs creating and following a management strategy mainly take charge of a larger Swiss company (more than 400 employees,

see ** → strategists strong 13% versus weak non-strategists 0%) than their colleagues managing - without a management strategy - a firm of *small* size (less than 30 employees, see *), The overall difference between the answers given by strategists in item 9 compared to responses given by non-strategists is almost significant by a 5 % confidence interval. Only companies with approximately 50 employees – the firms of *medium* size - seem to be a special subgroup (see***). They claim vividly to follow a management strategy. Although this subgroup is a single trend it questions the given hypothesis heavily. All other trends are in some weak support to the given hypothesis (see again * and **).

Condition 3: No problem, missing resources means missing strategy – checked in item 10. The given hypothesis argues: “The absence of a management strategy is more likely in companies with few resources and limited infrastructure”. Hypotheses partly verified as more than every third fully equipped company follows a management strategy (see **). Analog more than every fifth company with lacking resources and infrastructure has indeed no (!) strategy (see *).

Working with this hypothesis is tricky as management theory does not provide a general formula for companies to determine ‘sufficient’ resources and ‘sufficient’ infrastructure. Is “sufficiency” gained if 10% of total turnover could be spent on creating new jobs with new staff and spent on acquisition of new sites, machines or external services? Or is it at 15% of total turn over? Or does an enterprise has to regularly make at least 5% profits to have the chance of increasing staff, products and infrastructure and thus woe sufficient resources? Management theorists recommend in this tricky case to interview founders and CEOs to collect personal opinions about their company’s resources and infrastructure. Our question offers a nominal scale with five grades of sufficiency:

Resources & infrastructure (item 10)	Strategy Absence	Management Strategy	Neither- Nor
Full stack (fully sufficient)	26 %	**37 %	41 %
3/4 stack	22 %	22 %	20 %
Half stack	14 %	13 %	11 %
1/4 stack	*22 %	16 %	18 %
Tiny stack (hardly sufficient)	6 %	3 %	3 %

Table: All firms: Strategists vs. non-strategists vs. neither-nor.

Details: Results point to that founders and CEOs of strategy-lacking Swiss firms tend to estimate their resources as insufficient (see the poor 1/4 stack, especially * (strong 22%=non-strategists versus weak 16%=strategists)). Swiss companies with founders and CEOs considering their company’s resources and infrastructure as plenty, usually subdue to a management strategy (see the plenty at full stack, especially ** (strong 37%=strategists versus weak 26%=non-strategists)). The overall difference between the answers given by strategists compared to responses given by

non-strategists is significant by almost a 5 % confidence interval. So there is a trend that companies with few resources and limited infrastructure omit a management strategy.

Condition 4: Small projects – no strategy (checked in item 11). The given hypothesis says: "The absence of a management strategy is more likely in firms conducting investment projects containing relatively small volumes". Hypotheses partly verified as more than every third company with projects of *small* volume has no strategy (see *). But every fourth company with a management strategy conducts investment projects with a *large* volume (see **, *** and ****).

This hypothesis deals with the average size of projects within a company. So we have to find out what costs are spent on innovations, product developments or marketing projects. The most fitting formula to determine the average volume of investment projects is to compare the costs of a project with the total turnover. Project containing 1 to 6 percent of a company's total turn over are relatively small. Projects containing 10 to 20 percent of a firm's total turn over are relatively large. Our question offers a metric scale of six categories of project volumes for to pick from:

Volume of an average project (item 11)	Strategy Absence	Management Strategy	Neither-Nor
1 - 3% of company's total turn over	*34 %	22 %	28 %
4 - 6%	32 %	28 %	33 %
7 - 9%	18 %	18 %	11 %
10 - 12%	8 %	**10 %	12 %
13 - 15%	2 %	***3 %	4 %
> 15%	2 %	****8 %	9 %

Table: All firms: Strategists vs. non-strategists vs. neither-nor.

Details: Results from our online-survey confirm the argument that companies with projects containing relatively small volumes (only 1 - 3 % of the firm's total turn over) are significantly more often conducted within strategy-lacking companies (see *34% at non-strategists) than in strategy-firms (see 22% at strategists). On the other hand our table provides no further data which support this significant trend. According to the hypothesis we expected that projects with large volume (10 % and more!) are more often conducted in firms which create and implement a management strategy. But there are no differences between no-strategy-firms on the one hand and strategy-firms on the other hand concerning the volume of their medium, large and very large investment projects (see **, ***, and ****). The difference between the answers given by strategists compared to responses given by non-strategists is significant by hardly a 5 % confidence interval.

Condition 5: Other goals than merely 'growth rates' make a strategy unnecessary – checked in item 12. The given hypothesis says: "In case the top management neglects growth rates as well

as reaching self defined benchmarks within budget and time, the absence of a management strategy is more likely.” This hypothesis is partly verified as more than every *second* strategy-company indeed hallows growth (see **) while *hardly every third* strategy-absent enterprise likes bigger-better-brighter goals.

This distinct hypothesis calls for analytical observation to find out the single motive that drives the brains of top management - be it founder or CEO of a company. The question is whether the driver surfaced can be called ‘innovation’ or ‘profits’ or ‘growth’ or ‘excellence’ or what else? The hypothesis predicts that enterprises, which mainly search for becoming bigger-better-brighter, usually create and implement a management strategy. Subsequently our question to grasp a strategy absence has to look for founders and CEOs that aim to goals different to growth, i.e. focus on issues like turn over, innovation, excellence etc. Our item presents six nominal options to choose abundantly from:

Goals (item 12)	Strategy Absence	Management Strategy	Neither-Nor
Growth	30 %	**57 %	41 %
Yield	53 %	62 %	55 %
Turn over & profits	26 %	28 %	25 %
Innovation	36 %	*** 55 %	48 %
Consolidation	10 %	*** 25 %	13 %
Totals	*155 %	*237 %	
No goals	2 %	0 %	1 %

Table: All firms: Strategists vs. non-strategists vs. neither-nor.

Hypotheses verified and broadened: The difference between the answers given by strategists compared to answers given by non-strategists is significant by a surprisingly strong 1 % confidence interval. Strategists choose indeed other goals than non-strategists. Our online survey shows deviances almost throughout all six nominal dimensions. Fine, management strategists favor heavily the business goal ‘growth’ (see ** showing big 57% for strategists compared to meager 30% for non-strategists). So management strategists count on the business goal ‘growth’ twice as often than non-strategists do - right in line with the expected trend introduced by the given hypothesis.

Due to the option of multiple answering to the item, we now know that strategists seem to be aware of the importance to talk about goals and communicate them. The table shows that they tend to mention much more management goals than the non-strategists. You can see from the percentage of responses (see both * showing great 237% versus less 155%) that the strategist’s rate of ticking a box is definitely higher that compared to non-strategists. CEOs, founders and leaders of companies that follow a management strategy take the chance to confess a strong orientation towards typical classical management goals.

Subsequently, CEOs, founders and leaders of strategy-companies present themselves also as very much more fond of ‘innovation’ and much more concerned about ‘consolidation’ (see both ***) then their peers from the strategy-lacking companies.

Condition 6: No economic growth without a plan – checked by item 12.a. The given hypothesis claims: “The higher the inclination and determination for growth and for accomplishing expansion, the higher the chances of pursuing a managerial strategy”. Also this hypothesis is partly verified as more than every *second* strategy-company sais that it intensively aims at its business goals (see **) while more than every *second* no-strategy enterprise reports that it moderately follows business goals (see *).

This hypothesis adds more details to the hypothesis displayed right beforehand. It evaluates the intensity of how strongly the business goal – in particular ‘growth and expansion’ – is aimed at. Our item 12a – referring to the item 12 mentioned right before – asks for three options to tick. The threefold ordinate scale captures the grade of determination wanting to accomplish the business goals ticked before.

Intensity of goal (item 12a)	Strategy Absence	Management Strategy	Neither-Nor
strongly (Ehrgeizig)	42 %	**54 %	61 %
moderate (Moderat)	*57 %	45 %	35 %
gar nicht	0 %	0 %	0 %

Table: All firms: Strategists vs. non-strategists vs. neither-nor.

Hypotheses partly verified: Results form our online-survey reveal that management strategists in general say that they aim with great intensity towards a business goal (see ** 54%= strategists versus 42%= non-strategists). They tell us that they intend to reach their business goals strongly. Comparatively, non-strategists confirm the given hypothesis saying that they in general choose to moderately aim at goals. The difference between the answers given by strategists compared to responses given by non-strategists is significant by a strong 1 % confidence interval. Our results may additionally be interpreted as a matter of impression management: There seems to be a breed of managers who want to give the impression of that they are very much goal oriented (‘strongly’). The other breed of managers rather communicates that they are not rigidly goal-minded (‘moderate’).

Mainly the given hypothesis predicts, that “the higher the inclination for growth and for accomplishing expansion, the higher the chances of persuading a managerial strategy”. But results from our online-survey do not support this general trend. It shows that there is no connection between weak intensity of ‘growth’-orientation and strategy-absence. In concrete terms: A correlation by statistical means between ‘growth and intensity’ reveals that there is no (!) evidence

for strategists following a single business goal strongly named 'growth', rather that they follow strongly at least two to three goals.

11.7 All six conditions for strategy absence exist in Swiss Companies

Management literature proposes six conditions for strategy absence (Sablone 2006). Our online survey conducted in Swiss companies mainly verifies all six conditions:

Company size *is* to some extent a necessary condition for the existence of a management strategy – but definitely the professional training of top management has an impact on the phenomenon 'strategy absence'.

In line with the given hypothesis there *is* a trend towards strategy-minded companies estimating their resources and infrastructure as 'plenty' while strategy absent firms consider their resources as rather insufficient.

Also the average volume of innovation projects are in some accordance with the given hypothesis: Strategy-companies conduct larger investment projects than strategy-absent enterprises.

There *is* a definite trend that top management teams following a corporate strategy eagerly tell that they are able to intensively follow three (!) big business goals.

The results show that there is a sub group of respondents trained in mainstream management issues like business goal orientation and strategic thinking. They like to talk about their managing practice including creating and implementing a management strategy. But there is also a sub group respondents manage their business successfully besides mainstream management rhetoric.

11.8 Management beliefs in Swiss Companies in general

This chapter evaluates in detail a selection of all collected data useful to prove the given hypothesis concerning management principles which companies apply instead (!) of a management strategy. Each of the following hypotheses is tested within our online survey by one item containing three questions offering multiple answering options. We want to know whether there really are certain management principles which are applied by strategy-lacking firms, i.e. are there business principles that support the absence of a management strategy. Therefore we constructed Item 13a

and 13b, item 14a and 14b, item 15a and 15b, item 16a and 16b, item 17a/17b/17c, item 18a and 18b, and finally item 19. According to the research design we are again looking for significant differences between the answers given by CEOs/founders of Swiss companies that lack a management strategy (so-called 'non-strategists') and responses given by CEOs/founders leading a Swiss company with a management strategy (so-called 'strategists'). Items 13c, 14c, 15c, 16c and 18c are constructed for further insight into the topic managing successfully strategy absent companies. They are useful for generating further information on managing Swiss companies.

Swiss Companies: Evaluation of principles alternate to a management strategy

The following data check the application and usefulness of six management principles supposed to be favored by CEOs, founders and leaders of enterprises managed without a management strategy. We call the favored principles 'no-strategy' tools.

No-strategy tool 'Self-containing units' – checked in item 13a and 13b:

Creating self-contained units responsible for their own business seems to be a management principle to become efficient and effective without having to subdue to an elaborate management strategy. Our items checks whether this 'self-containing unit' principle is merely applied within strategy-lacking companies. Results of our online survey say surprisingly 'no':

Self-containing units (item 13a)	Strategy Absence	Management Strategy	Neither-Nor
Ja, so etwas kennen wir	(a) 27 %	(aa) 54%	44 %
Nein, machen wir nicht	(bb) (c) 71 %	(b) 46 %	56 %

Table: All firms: Strategists vs. non-strategists vs. neither-nor.

So totally contrary to the given hypothesis are our results from the online survey. Our statistics point out that it is the strategists who are strongly interested in increasing independency of each business unit. Every second management strategists (54% see aa) says he/she is familiar with self-containment of the company's department - compared to (only) every fourth non-strategists (27% see a). In parallel with this finding, non-strategists are hardly engaged with forming self-contained business units: Three from four non-strategists (71% see b) say that he/she does not (!) really care about self-contained business units. The difference between the answers given by strategists compared to responses given by non-strategists is – within item 13a - significant by a 1 % confidence interval supporting the opposite to what the hypothesis concerning 'self-contained business units' predicted.

Additionally, when it comes to presenting a variety of actions to choose from which indicate indirectly a creation of self-contained business units (see below: item 13b), the online survey provides results which are also not (!) line with the given hypothesis of self-contained units as a typical no-strategy tool. Strategists implement 51% more structures which support self-contained units than non-strategists do ($83 : 125 = 51\%$ increase). So there is hardly any evidence that support self-contained units being a typical no-strategy management tool.

Actions for becoming Self-containing units (item 13b)	Strategy Absence	Management Strategy	Neither-Nor
Ständige Anpassung der Arbeitsgruppen an aktuelle	37 %	(d) 52 %	53 %
Die verschiedenen Abteilungen werden als quasi-eigenständige	24 %	32 %	14 %
Einheitliche Struktur mit nationalen Handels-Filialen	4 %	13 %	8 %
Jede Unternehmung der Gruppe wird als unabhängige	10 %	(f) 22 %	14 %
Um das Wachstum der Abteilung(en) zu fördern solle	8 %	6 %	17 %
<i>Totals</i>	(e) 83 %	(ee) 125 %	28 %
Keines der genannten Massnahmen (controlling item)	(g) 30 %	8 %	

Table: All firms: Strategists vs. non-strategists vs. neither-nor.

First on all the table shows: The inclination to choose from a variety of managerial actions is stunningly high among leaders, CEOs and founders who work with a management strategy. They tick boxes (a variety of optional answers to question 13b) much more often than founders and CEOs from strategy absent companies (see 'Totals' with ee and e showing 125 % compared to 83 %). Subsequently our statistics show that strategists undertake in general many more actions than non-strategists. We do not know why. But strategists give the impression of being extremely active getting things done and therefore implementing structures and processes, in this case empowering self-contained business units.

Among the variety of managerial actions to choose (see again item 13b), all support the establishment and empowerment of self-contained units. Our online survey presents results showing that strategists are very much more active supporting self-containment - compared to the non-strategists. In detail: Most strategists prefer strongly 'the structure of our units continuously adapt to current demands ...' (see d) and also prefer strongly 'each business units is treated as a profit center' (see f).

Controlling item: There is a good coherence between item 13a and 'actions taken' in item 13b. We recollect: Non-strategists score high in 13a telling that they do not (!) strive for self-contained business units (see c in table above). Similarly they score high on the 'no, we do not undertake any measures aiming for independent business units' (see g). In other words: In item 13a as many as three from four non-strategists (71% see bb) say that he/she does not (!) focus on self-contained business units. Analog in item 13b still every third (30% see g) non-strategist makes no (!) use of

actions establishing self-containment. We are happy about the good coherence among items 13a and 13b as it reveals consistency of the newly constructed survey, in particular within item 13.

The difference between the responses given in item 13b by strategists compared to answers given by non-strategists is significant by a 1 % confidence interval – altogether supporting the contrary of the given hypothesis. Creating self-contained business units appears to be a management principle strongly applied by companies following a management strategy – not by strategy absent enterprises. This information is totally contrary to the predicted notion that self-containment seems to be a management principle *only* applied by strategy-lacking enterprises.

No-strategy tool ‘In-house in-sourcing’ – checked in item 14a and 14b. The given hypothesis introduces the idea that “creating in-house competency and keeping many steps of the value chain within the company” seems to be a management principle to become efficient and effective without having to subdue to an elaborate management strategy.

Do you do in-sourcing? (item 14a)	Strategy Absence	Management Strategy	Neither-Nor
Yes	(a) 59 %	(aa) 49 %	45 %
O.K.	(bb) 22 %	(b) 34 %	24 %
?!	4 %	3 %	2 %
No	4 %	2 %	13 %
Definitely No!	(c) 2 %	(c) 3 %	3 %

Table: All firms: Strategists vs. non-strategists vs. neither-nor.

Overall tendency strongly supports in general the idea of keeping as many steps as possible of the value chain within the firm instead of delegating them to other companies, i.e. there is – according to our online survey results - a big general tendency towards in-sourcing rather than out-sourcing activities. This is shown by very high scores for ‘yes’ and ‘o.k.’ and similarly very low scores for ‘no’ and definitely ‘no!’. Almost each (!) respondent of our online survey – no matter whether strategist or non-strategist - is clearly convinced that in-sourcing is a good management principle to implement. But we are not looking for general information but rather for significant differences *between* strategists and non-strategists answering our item number 14a. Differences only show up on the ‘yes’ and ‘o.k.’ option. There are not at all differences among strategists and non-strategists within the ‘no’ or ‘definitely no!’ option (see both c). Now, according to the given hypothesis, non-strategists should be very much more interested in in-sourcing activities than strategists. And yes, the survey results do verify this prediction on the ‘totally yes’ dimension (see a: non-strategists great 59% versus strategists less 48% in aa). But we have to realize that the hypothesis is not verified on the dimension ‘partly yes’ (i.e. option ‘o.k.’), the dimension neighboring the ‘yes’ (see strategist’s great 34% in b versus non-strategist’s poor 22% in bb). So statistics rather verify *and* falsify at the

same time the given hypothesis as the results show information which is in-line as well as contrary to the hypothesis' predictions. This divers and ambiguous results would be harmonized if the 'no' and 'definitely no!' option would come up with significant differences between strategists und non-strategists, but there aren't any (see above. both c). The difference between the answers given in 14a by strategists compared to answers given by non-strategists is significant by a 5 % confidence interval.

When it comes to choosing from a variety of actions which indicate indirectly an in-house in-sourcing (see below: item 14b), strategists and non-strategists seem to now act contrary to the given hypothesis. Results of our online survey point in item 14b no more to verification *and* falsification but rather towards falsification and we have to strongly doubt whether the 'no-strategy tool' in-sourcing serves mainly the non-strategists. Strategists implement 51 % more structures which support in-sourcing than non-strategists do (96 : 145 = 51% increase). So again there is hardly any evidence that support in-sourcing being a mere no-strategy management tool.

Actions for In-house in-sourcing (item 14b)	Strategy Absence	Management Strategy	Neither-Nor
Verstärkung eines internen Dienstes (Service, Buch	(f) 22 %	(ff) 35 %	34 %
Aufbau eines neuen eigenen Dienstes (z.B. für Hers	16 %	17 %	28 %
Herstellen einer (oder mehrerer) strategischer All	(e) 24 %	(ee) 52 %	42 %
Aufkauf eines Teils eines anderen Betriebes.	10 %	10 %	13 %
Gründung einer weiteren Firma bzw. Übernahme einer	24 %	32 %	22 %
Totals	(d) 96 %	(dd) 145 %	17 %
Keine der genannten Aktivitäten (controlling item)	(cc) 28 %	17 %	

Table: All firms: Strategists vs. non-strategists vs. neither-nor.

The details: Again, the frequency of ticking boxes to freely choose shows that management strategists undertake many more actions, at least they say so (see dd: strategists great 146% versus d: non-strategists medium 96%). Now according to the given hypothesis, it is predicted that non-strategists should much more choose actions aiming to establish in-sourcing. But our results from our online survey reveal that again it's the strategists that are eager to establish structures which make in-sourcing possible, for example searching for 'alliances and joint ventures' (see strategists great 52% in ee versus non-strategists poor 24% in e). Or similarly

'improve the competencies and work load of internal services, like accounting, human resources, R&D, etc.' (see strategists great 35% in ff versus non-strategists poor 22% in f). Item 14b shows clearly strategist's high inclination for in-sourcing activities – much higher than non-strategists. The difference between the answers given in item 14b by strategists compared to answers given by non-strategists is significant by a 5 % confidence interval.

Controlling item: There is little coherence between item 14a and 'actions taken' in item 14b. We recollect: Non-strategists as well as strategists score very high in 14a for in-sourcing. This means that they both do (!) strive for keeping as many steps of the value chain within their company (see c in table much above). Than in item 14b suddenly the non-strategists report that they do not (!) undertake measures to establish in-sourcing (see cc 28%: non-strategists frequent 'no actions taken'). In other words: Almost every strategist as well as non-strategist is interested in in-sourcing - but still every fourth non-strategist avoids actions to implement in-sourcing. So there is only some coherence between item 14a and item 14b. We do know why.

All these results are contrary to the predicted eagerness of non-strategists concerning keeping as many steps of the value chain as possible within the company. The survey's statistics deliver information that is not at all in line to the predicted notion that in-sourcing seems to be a management principle applied by mainly strategy-lacking enterprises.

No-strategy tool 'Co-option with similar business partners' – checked in item 15a and 15b. The given hypothesis introduces the idea that co-operating with similar structures and processes seems to be a management principle to become efficient and effective without having to subdue to an elaborate management strategy. Synergy through similar instead of complementary structures. This hypothesis is partly verified.

The online survey asked for a written comment on the preferred relating principle (item 15a). The summary of all open answers is listed in the table below. Non-strategists search slightly more often for complementary than for similar business partners. Whereas strategists search definitely look twice as often for complementary than for similar business partners. So strategists – compared to non-strategists – have distinct preferences: They are convinced that complementary structures, competencies and processes create synergy and business success. The strategist's dedicated preference for complementary is in line with the given hypothesis predicting that non-strategists rather prefer business partners with similar competencies, similar structures and similar processes. So results of item 15a in our online survey deliver some support for the existence of the no-strategy tool 'similarities'.

Item 15a	Strategy Absence	Management Strategy	Neither-Nor
Ahnliche Kultur	(a) 9 36 %	(aa) 10 30 %	
Ergänzung, z.T. durch Unterschiede	(b) 14 64 %	(bb) 22 70 %	

Table: All firms: Strategists vs. non-strategists vs. neither-nor.

Only when it comes to choosing from a variety of actions which indicate indirectly a search for similar structures and processes (see item 15b), there is some evidence against the given

hypothesis. Strategists search 26 % more co-operation with similar structures than non-strategists do (70 : 88 = 26% increase). So again there is no real evidence that support similarity being a mere no-strategy management tool.

Actions for co-option with <i>similar</i> partners (item 15b)	Strategy Absence	Management Strategy	Neither-Nor
Suche nach Partner-Firmen mit ähnlicher Organisation	(c) 16 %	(cc) 34 %	29 %
Entwicklung eines Prototyps (z.B. Maschine) in Zusammenarbeit	14 %	15 %	18 %
Mitarbeit an einer ERFA-Gruppe zwecks Austausch mi	24 %	24 %	30 %
Gründung einer Interessen-Gemeinschaft.	16 %	15 %	14 %
Totals	70 %	88 %	
Keine der genannten Tätigkeiten (controlling item)	(dd) 45 %	(d) 28 %	32 %

Table: All firms: Strategists vs. non-strategists vs. neither-nor.

First of all the frequency of ticking a box is similar among both strategists and non-strategists (see 'Totals' 115% and 116%). This information tells us that nobody thinks he/she has to show extra activity.

The overall results of this item number 15b come up with two significant differences among strategists versus non-strategists. 1st It shows that strategists seek for co-option with similar business partners much more than non-strategists do (see strategist's great 34% in cc versus non-strategists poor 16% in c). And 2nd it shows that non-strategists – compared to strategists - undertake less management actions that support establishing homogenous business relations with peer companies (see non-strategists huge 45% in dd versus strategists less 28% in d). The results displayed in this table form a nicely bi-polar trend - i.e. two dimensional tendencies - coherent in its self. The difference between the answers given in item 15b by strategists compared to answers given by non-strategists is significant by a 5 % confidence interval. So only the findings from item 15b – not 15a – are contrary to the given hypothesis.

Controlling item: There is no coherence between item 15a and 'actions taken' in item 15b. We recollect: Strategists prefer in item 15a complementary partners (see strategists strong 34% in bb) while non-strategists admit that they are interested in searching for business partners that share similarities. And in item 15b, when it comes to taking actions for searching for similar business partners, it is mainly the non-strategists that tell us that they do not (!) undertake measures to establish *similar* partnerships (see dd). So both items show slightly differing results.

All this information is partly in line to the predicted notion that searching for similarities is a management principle *merely* applied by strategy-lacking enterprises. So 'co-option with similar

business partners' is not (!) a typical no-strategy tool. Contrary to the given hypothesis, looking for similar business structures is gladly implemented by mainly the strategist.

No-strategy tool 'Minimize financial dependency' – checked by item 16a and 16b. The given hypothesis introduces the idea that becoming independent as much as possible from stakeholders is a management principle to stay efficient and effective without having to subdue to an elaborate management strategy.

Do you minimize financial dependency? (item 16a)	Strategy Absence	Management Strategy	Neither-Nor
Yes	(a) 47 %	(aa) 25 %	48 %
O.K.	(bb) 12 %	(b) 25 %	18 %
?!	2 %	12 %	4 %
No	14 %	15 %	10 %
Definitely no!	(cc) 21 %	(c) 11 %	10 %

Table: All firms: Strategists vs. non-strategists vs. neither-nor.

Overall tendency supports in general the idea of minimizing financial dependencies as the 'yes' together with the 'o.k.' score relatively high. There is also an overall trend that supports the opposite, i.e. there are some CEOs, founders and leaders saying 'definitely no – we do not try to avoid being financially dependent'! The difference between the answers given in item 16a by strategists compared to answers given by non-strategists is only significant by almost a 5 % confidence interval.

We will have to look more closely the comment 'definitely no! We want to be financially dependent – we have to be financially dependent'. This comment applies to strategists and in particular to non-strategists (see cc: strong 21% non-strategists versus 11% of strategists in c). In other words: Every fifth non-strategist - compared to every tenth strategist - does not minimize financial dependency. So mainly companies with no management strategy make either efforts for becoming dependent or make efforts for staying independent from external actors. These divers and bi-polar results concerning the preferences of non-strategists searching either independency or financial freedom are difficult to understand and tricky to interpret. So we will have to look for more facts and figures from our online survey to get better insight into the heterogeneous topic financial freedom.

When it comes to choosing from a variety of actions which indicate indirectly minimizing financial dependency (item 16b), results from our online survey show that again both strategists and non-strategists act almost in the same (!) way as both columns are fairly identical. The difference between the answers given in item 16b by strategists compared to answers given by non-strategists is hardly significant. Still, non-strategists introduce 23 % more structures which support financial

independence than strategists do (151 : 186 = 23% increase). Here is indeed evidence that support financial freedom to be a no-strategy management tool. More details:

Actions for Minimizing financial dependency (item 16b)	Strategy Absence	Management Strategy	Neither-Nor
Finanzielle Ressourcen spielen eine geringe Rolle,	12 %	6 %	10 %
Investitionen werden weitgehend/ausschliesslich mi	55 %	50 %	68 %
Unsere Firma ist weitestgehend eigenfinanziert.	51 %	45 %	62 %
Wir sind eine AG – und unsere Aktionäre unterstütz	34 %	32 %	21 %
Alle Mitglieder der Geschäftsleitung versuchen auf	(d) 34 %	(dd) 18 %	28 %
Totals	186 %	151 %	
Keine der genannten Prinzipien (controlling item)	(e) 10 %	(ee) 11 %	4 %

Table: All firms: Strategists vs. non-strategists vs. neither-nor.

Our statistics on actions taken to minimize financial dependencies reveal – as mentioned before - a very homogenous picture with almost no (!) significant differences between the ideas which drive the strategists compared to the non-strategists. Subsequently leaders, founders and CEOs of Swiss enterprises – no matter whether they manage with a management strategy or not – are cautious to stay free from monetary obligations. This is a surprising result. More over, both strategists and non-strategists choose a large variety of actions guaranteeing financial independence, i.e. both subgroups ticked several boxes (see in 'Totals' huge non-strategists 186% and strategists great 151%). Minimizing financial dependency is a most important issue for both subgroups. We have, however, to clearly realize that mainly the non-strategists make very intensive use of several actions to organize financial independence. In average each non-strategist chooses at least two actions (see again non-strategists huge 186%) for reducing external monetary obligations.

Although strategists as well as non-strategists think very similar about the financial freedom issue, there is one minor but significant difference between both subgroups: Results of our online survey show that strategy-absent companies strongly care about that all (!) members of the top management team help to avoid relations and obligations which might tighten (see column: non-strategists big 34% in d versus strategists little 18% in dd).

Controlling item: There is good coherence between item 16a and 'actions taken' in item 16b. We recollect: Every fifth non-strategist - compared to every tenth strategist - does not minimize financial dependency (see non-strategists great 21% in cc versus strategists less 11% in c). And in item 16b, when it comes to taking actions for financial independence, every tenth non-strategist - compared to every tenth strategist - does not minimize financial dependency (see non-strategist's medium 10% in e and similarly strategist's medium 11% in ee). By the way, it's the strategist's comments which greatly contribute to the good coherence of item number 16.

All this information differs to some extent from the predicted eagerness of solely the non-strategists being concerned about financial independency. Nevertheless results of our online survey are partly

in line to the predicted notion that minimizing financial dependency is a management principle applied *merely* by strategy-lacking enterprises. More over, the results support the notion that all respondents search for monetary freedom. Subsequently minimizing financial dependency is to some extent (!) a no-strategy tool.

No-strategy tool 'Go for opportunity' – checked by item 17a, 17b and 17c: The given hypothesis introduces the notion that taking advantage of a board variety of business options seems to be a management principle to become efficient and effective without having to subdue to an elaborate management strategy.

Do you go for opportunity? (item 17a)	Strategy Absence	Management Strategy	Neither-Nor
Yes	(a) 40 %	(aa) 52 %	49 %
O.K.	38 %	35 %	30 %
?!	4 %	3 %	5 %
No	(bb) 14 %	(b) 6 %	5 %
Definitely no!	0 %	0 %	3 %

Table: All firms: Strategists vs. non-strategists vs. neither-nor.

Overall tendency supports in general greatly the idea of searching constantly for new business opportunities instead of avoiding additional efforts that might lead towards innovation and profits. Every second respondent – no matter whether strategist or non-strategist – claims for opportunities in business life and market. But it's every seventh non-strategist who reports that he/she will not necessarily search for extra business. In detail: It's the strategists that seem to be very happy to tick eagerly the box 'yes, we go for business opportunities' (see 52% of strategists aa and 40% of non-strategists in a).

Now, according to the given hypothesis non-strategists are supposed to frequently and steadily make efforts to find new business opportunities – in particular new innovation projects of medium size. Results of our online survey partly support the hypothesis, however it's the strategists who even make more efforts finding business opportunities (see again strategists big 52% in aa versus non-strategists only 40% in a). And it's the non-strategists that freely admit that they do not (!) constantly look for new opportunities (see non-strategists 14% in bb compared to only 6% admittance of strategists in b). So we will have to question the given hypothesis arguing that going for opportunities is a merely no-strategy tool. Results show that strategists like to benefit from this management principle as much as possible – overflying the non-strategists in making good use of new business opportunities.

At least the given hypothesis, that non-strategist's prefer to go for opportunities of medium size, is verified by the results of our online survey (non-strategist's great 71% in cc versus strategist's lesser

52% in c). This Information showing a significant difference between non-strategists and strategists can be broadened by further results (see table below): Non-strategists really avoid big size (see non-strategists little 28% in d) while strategists prefer large size (see strategists big 40% in dd). The difference between the answers in item 17b given by strategists compared to answers given by non-strategists is significant by a 5 % confidence interval. The given hypothesis herein is nicely verified by our online survey.

Size of opportunity project (item 17b)	Strategy Absence	Strategists	Neither-Nor
Medium size (eher klein)	(cc) 71 %	(c) 52 %	62 %
Big size (eher gross)	(d) 28 %	(dd) 40 %	32 %

Table: All firms: Strategists vs. non-strategists vs. neither-nor.

In the c part of item 17 (see item 17c) CEOs, founders and leaders of Swiss companies are invited to choose from a variety of actions indicating indirectly an urge for going for opportunities. The results of our online survey are again contrary to the given hypothesis. Strategists and non-strategists both prefer activities a colorful mix of going for business opportunities. The details: Strategists as well as non-strategists made heavily use of picking several business opportunities - strategists choose at least 3 options and non-strategists at least two options (see 'Totals': Strategists great 274% (ee) and also non-strategists big 207% (e)). Both subgroups agree in not necessarily having to develop a new product every year – a shared notion which seems pretty sensible (see non-strategists low 8% (f) and strategists 18% (ff)).

Actions for going for opportunity (item 17c)	Strategy Absence	Management Strategy	Neither-Nor
Hohe Anzahl neuer Produkte – möglichst jedes Jahr.	(f) 8 %	(ff) 18 %	12 %
Entwicklung von unterstützenden Angeboten wie Nebe	40 %	49 %	50 %
Kontinuierliche Suche nach neuen Projekten.	(gg) 59 %	(g) 49 %	57 %
Andauernde Verbesserung der internen Abläufe und W	(h) 48 %	(hh) 74 %	57 %
Investitionen nicht nur in Innovationen sondern au	(i) 22 %	(ii) 35 %	24 %
Auslotung von neuen Geschäfts-Bereichen.	(j) 30 %	(jj) 49 %	57 %
Totals	(e) 207 %	(ee) 274 %	
Keines der genannten Methoden (controlling item)	(bbb) 6 %	0 %	4 %

Table: All firms: Strategists vs. non-strategists vs. neither-nor.

As we are evaluating the functioning of a no-strategy-tool we have to look for differences between strategists and non-strategists. Results of our online study come up with several significant differences (the difference between the answers for item 17c given by strategists compared to answers given by non-strategists is significant by a 1 % confidence interval): For example non-strategists even more eagerly 'constantly search for new projects' than strategists do (see non-

strategist's big 59% (gg) versus strategist's less 49% (g). On the other hand strategists boast to make more efforts for 'constantly improving internal processes and' compared to non-strategists (see strategist's big 74% (hh) versus non-strategist's lesser 48% (h). Strategists also boast that they more often 'investing in infrastructure' while non-strategists take that option more easily (see strategist's big 35% (ii) versus non-strategists less 22% (i)). Strategists also have more fun searching for new areas for further their business than non-strategists do (see strategist's big 49% (jj) versus non-strategist's lesser 30% (j)). This information shows that strategists distinctly prefer other business opportunities than non-strategists – but both strive intensely for benefitting from new business opportunities. But results of our online survey provide no support for the given hypothesis: Strategists implement 24% more structures which support going for new businesses than non-strategists do ($274 : 207 = 24\%$ increase). Going for new business opportunities is not a management principle merely applied by CEOs, founders or leader of enterprises that follow no management strategy. Going for opportunities is not (!) a typical no-strategy tool.

Controlling item: There is some coherence between item 17a and 'actions taken' in item 17c. We recollect: On the one hand, in item 17a mainly non-strategists admit that they hardly (!) strive for searching new opportunities (see non-strategist's 14% (b) and strategist's 6% (bb) in table very much above). On the other hand, in item 17c again mainly non-strategists tell us that they do not undertake measures to go for opportunities (see non-strategist's 6% (bbb) and strategist's 0% besides bbb). We are happy for this coherence among our newly constructed item 17. But it too contributes to the need to falsify the given hypothesis because it shows that non-strategists search less for new business opportunities than strategists do.

All this information is only partly in line to the predicted management principles: Enterprises following a strategy take more advantage of a board variety of new business opportunities than strategy-lacking enterprises do. The given hypothesis is right in predicting that non-strategists rather prefer new business projects with medium size while strategists strive for new business projects with large size,

No-strategy tool 'Great friends among top management' – checked by item 18a and 18b. The given hypothesis introduces the notion that establishing good relationships at top management level seems to be a management principle to become efficient and effective without having to subdue to an elaborate management strategy.

Overall tendency support the general idea of establishing friendship within the top management team. This because results of item 18a of our online survey score very high on 'yes, we want to be friends within our top team'. As many as three from four (!) CEOs, leaders and founders – not matter whether they follow a management strategy or not – consider close relations at top management

level as important. On this topic both non-strategists and strategists think perfectly the same way, see non-strategist's high 75% (a) and also strategist's high 79% (aa). The coherence (!) between the answers given in item 18a by strategists compared to answers given by non-strategists is significant by a 1 % confidence interval. So there is some evidence that 'great friends among top management' may not merely applied by companies without a management strategy?

Great friends among top management (item 18a)	Strategy Absence	Management Strategy	Neither-Nor
eher ja	(a) 75 %	(aa) 79 %	76 %
eher nein	22 %	18 %	20 %

Table: All firms: Strategists vs. non-strategists vs. neither-nor.

Well, when it comes to choosing from a variety of actions which indicate indirectly some aspects of close relationship among top management, evidence for verifying the given hypothesis arises. Strategists and non-strategists act now perfectly in line to the given hypothesis: Non-strategists introduce 22 % more structures which support great friends among top management than strategists do ($74 : 58 = 22\%$ increase).

Actions for Great friends among top management (item 18b)	Strategy Absence	Management Strategy	Neither-Nor
Der Gründer führte die Firma lange alleine, dann t	(cc) 22 %	(c) 8 %	16 %
Der Gründer berief zur Leitung der neuen Geschäfte	10 %	17 %	14 %
Kurz nach der Konstituierung der Aktiengesellschaft	2 %	5 %	8 %
Die Firma wird heute immer noch vom Duo/Trio der G	(dd) 26 %	(d) 15 %	29 %
Der Patron/Pionier leitet den Betrieb zusammen mit	(ee) 24 %	(e) 11 %	16 %
Totals	(bb) 74 %	(b) 56 %	
Keines der genannten Entscheide (controlling item)	(c) 32 %	(cc) 54 %	34 %

Table: All firms: Strategists vs. non-strategists vs. neither-nor.

Results from item 18b show that CEOs, leaders and founders report about management actions revealing a picture that is deviant to the first impression of 'everywhere great friends among the top team' - no matter whether you are a strategist or a non-strategist. Our results in item 18b now indeed point to a significant trend within the non-strategists towards 'becoming great friends' (see no-strategist's great 74% (bb) compared to strategist's few 56% (b) and similarly relevant differences among cc versus c, among dd versus d, and among ee versus e). So companies without a management strategy take advantage much more from close relationships among top management than strategy-companies do. Finally there is in item 18b a discrepancy between strategists and non-strategists supporting the given hypothesis. The difference between the answers given by strategists compared to answers given by non-strategists is significant by a 5 % confidence interval. Indeed, strategists do not take many actions for indirectly establishing close ties among the top team.

Controlling item: There is no coherence between item 18a and 'actions taken' in 18b. We recollect: Item 18a first told us that as many as four from five (!) CEOs, leaders and founders consider close relations at top management level as important (see non-strategist's high 75% (a) and similarly strategist's high 79% (aa). Later on, three from four non-strategists and only two from four strategists build on good relationships among top management (see non-strategist's small objection towards 32% (c) versus strategist's great objection towards 56% (c)).

All this information is well in line to the predicted notion that establishing good relationships at top management level is a management principle applied by strategy-lacking enterprises. Close managerial relations is a no-strategy tool.

11.9 Four from six principles exist - for Swiss companies in general

The results of our online survey strongly support two or almost four management principles providing business success making a vast management strategy un-necessary.

Both management principles Self-containing units as well as Co-option with similar business partners are falsified due to contrary (!) findings:

Both management principles In-house in-sourcing as well as Go for opportunity are partly verified and partly falsified.

Both management principles Minimize financial dependency as well as Great friends among top management are verified. These two are management tools that compensate for strategy absence.

11.10 What do Swiss firms think? Are there alternatives to a management strategy?

We evaluate the final conclusion of the given twelve hypotheses on managing strategy absent companies. Overall argument of the field study analyses the necessity of a management strategy. It is checked by item 19. The given 'super' hypothesis argues that – concerning successful business - it does not matter at all whether a company follows a management strategy or not! Prerequisite for

successful business is, however, that all components of entrepreneurship match well and make a good fit (Sablone, 2006, p. 264). Components of entrepreneurship include leadership style, business goals, vision and policy, organizational structure, risk management principles, personal development methods.

Results of our online survey both support *and* negate the argument strongly: As many as two from three (see aa) CEOs, leaders and founders of no-strategy companies consider the 'good fit' as definitely more important than a management strategy. Strategists are not quite sure how to vote on this issue: There are two from five (see a) that favor a 'good fit' but there are also two from five (see bb) that reject to any alternative to a management strategy.

	Strategy Absence	Management Strategy	Neither-Nor
Yes – Green	(aa) 61 %	(a) 42 %	53 %
Yes and no – Yellow	4 %	5 %	12 %
No – Red	(b) 24 %	(bb) 42 %	29 %

Table: All firms: Strategists vs. non-strategists vs. neither-nor.

CEOs, founders and leaders of Swiss companies think very divers about this overall conclusion. Most of them agree (see non-strategist's strong 61% and strategist' great 42%). But there is also vivid opposition towards the overall conclusion, mainly from the strategists (see strategists great 42% and non-strategists less 24%). If you seek differences in opinions between strategists and non-strategists, there are some significant statistics: It's CEOs, leaders and founders managing a company without a strategy that accept the overall conclusion. Thrilling is the finding that among the strategists there are both supporters as well as contradictors to the 'super-hypothesis'.

It seems that strategists are not at all sure whether their management strategy is sufficient for business success. We have to leave the question open why there is no shared agreement among strategists on this issue.