

KMU Swiss Infotable

Herzlich willkommen

Best Practice and Absence of Strategy in KMUs

Angelo Amonini

an der
HSO Zürich

How are Swiss KMUs managed

?

A study conducted in
2009 by KMU Swiss AG

Overview of the Presentation

1. Introduction of the study
2. Definition management strategy
3. Results of the online survey
4. Final research finding
5. Best practice and pathways in KMUs
6. Questions

Introduction of the study

“Does it matter whether a company follows a management strategy or not!”

...or is it enough if all components of leadership match well and make a good fit.

For example: Good coherence among leadership style, business goals, vision & policy, organizational structure, risk management, personal development methods” (Sablone 2006, p. 264)

Introduction of the study

What is your opinion on this issue?

and, how do you think?

How would CEOs, leaders & founders from Swiss companies would respond to this idea?

KMUs → 20 to 250 employees

Switzerland: Enterprises, employees and company size

Size/Classification	Companies in 1000	%	Employees in 1000	%
KMUs (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	KMU	89 %
Switzerland	240	11	KMU	77 %

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

Large Enterprise
 Medium-sized Enterprise
 Small Enterprise
 Micro Enterprise

>249 employees
 50-249 employees
 20-49 employees
 up to 9 employees

2. Definition Management Strategy

1. What is a management strategy
2. Definition of strategy absence
3. Implicit and explicit management strategies
4. Difficulties of implementing an explicit management strategy
5. Benefits and disadvantages of strategy absence
6. No management strategy – company doomed to fail?
7. Despite a missing strategy, how do KMUs survive?

What is a management strategy?

- Huge variety of work is done on management strategy
- There seems to be as many models as there are managers and theorist
- Vision: What and Why is a management responsibility
- Strategy: the way How to proceed is part of the daily business
- Misunderstanding the term strategy to a large number of managers

Definition of strategy absence by Mintzberg (1987)

- Henry Mintzberg introduces five aspects helping to understand the scope of the management tool „corporate strategy“ (Five P“s for Strategy): Plan, ploy, pattern, position and 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

Definition of strategy absence by Ansoff (1962, 1987)

- “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
- „Structure follows strategy!“ Therefore „„strategy“ can be defined as the determination of the basic long-term goal and objectives of an enterprise
- But only a top management balancing the companies“ structure according to the strategy will produce „economies of growth and size“

Definition of strategy absence by Andrews (1971)

- 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 develops a „structured process 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 for to tackle them smarter

Definition of strategy absence by McCrimmon (1993)

- A strategy is in place and working when a management team follows a corporate strategy and while doing so realizes that they are managing within their strategy
- There is a lack of corporate strategy if the management team is unaware that they are doing business according to a strategy

Definition of strategy absence by Inkpen & Choudhury (1995)

- 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
- “Nobody in this business can have a sophisticated technological vision” so rather don’t try to construct a vision or strategy because you aren’t got to get it right

Implicit and explicit management strategies

- Implicit known strategy is occasionally supported by an explicit written management strategy which is communicated
- Implicit: stuck in the head of the founder
- Explicit: consciously executed management strategy
- Explicit or implicit can be “good or right” or “bad and wrong”
- Implicit: coordinate actions, produce coherence with management and their everyday business
- Maybe in stable markets you don’t need an explicit strategy
- Explicit strategy under cover to prevent the competitors to copying

Difficulties in implementing an explicit management strategy

- Extremely complex projects and therefore a challenge to the entire management team
- Lacking corporate strategies is caused by insufficient managerial education as well as ambiguity or laziness when it comes to strategy creation and implementation

No management strategy, company doomed to fail?

- NO
- Managing directors often do daily business mainly *intuitively* – and their business outcome proves to be very successful
- Manager have an internal ‘intuitive’ process *how* to manage their company, to deal successfully with the what, why and how
- These enterprises intentionally submit to a strategy absence for increase of savings and flexibility
- They are determined to *not* suffer because of a ‘wrong’, rigid and costly ‘elaborate management strategy’
- But, lack of a management strategy provides more disadvantages than advantages

Benefits of a strategy absence

- 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' (by Ansoff)

Disadvantages of a strategy absence

- 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 (by Ansoff)

Despite a missing strategy, how do KMUs survive?

- Many KMUs operate successfully without a 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
 - intuition and
 - hands on approach

3. Results of the online survey

1. Surprising results due to correlations and sorting
2. Evaluation of conditions for strategy absence
3. Evaluation of principles (tools) alternate to management strategy

Introduction of the online survey

1. 183 companies responded to our survey
2. 159 want to learn from our survey
3. Item 1-7 are designed to separate strategist from non strategist and also neither nor
4. Item 8 – 12b are designed to test all six conditions of strategy absence
5. Item 13 – 18 are designed to test all six alternate management principles compensating a management strategy
6. Item 19 scans an overall argument on strategy absence

Respondent by company size

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

-0.17729	-0.167	-0.11	0.2327	0.286	-0.1	-0.1	0.00633	-0	-0	-0.2	-0.2	-0.21	####	-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	0.1118	0.094	-0.1	0.09	#DIV/0!	0.09	-0.2	0.15	-0.1	0.08	-0.03	####	-0.12512
0.18977	#####	0.0653	0.0603	0.093	0.09	-0.09	0.2145	0.09	-0.1	-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	0.2215	0.16	0	0.023	#####	-0.08	-0.03	####	-0.11673
-0.02774	0.196	0.1068	#DIV/0!	0.192	###	0.22	0.1241	0.14	0	0.3	-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!

We checked >1'000 correlations

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
--------------------------------	------------------------------	---	---	---------------------	--	---	--------	---	----------------------------	-----------------------	------------------------------------	-----------------	-------------------	-------------	----------------------------

Surprising results due to correlations and sorting

	Micro 10 employees	KMU 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

Managers education

Managers' Education (item 8)	Strategy Absence	Management Strategy
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 %
<i>Totals</i>	<i>276 %</i>	<i>306 %</i>

4. Final research findings

1. Surprises from data processing
2. In search of the great KMU

Surprises from data processing

- So far our research could *not* find the secrets yet which KMUs 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 means alternate to a corporate strategy to manage a KMU successfully?
- Since our study 'Strategy absence in KMUs found out that only one from six absent-strategy-tool exists, research on potentially other absent-strategy-tools has to go on

From 'good' to 'great'



Search for great KMUs

- 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 KMUs*

-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	-0.044	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

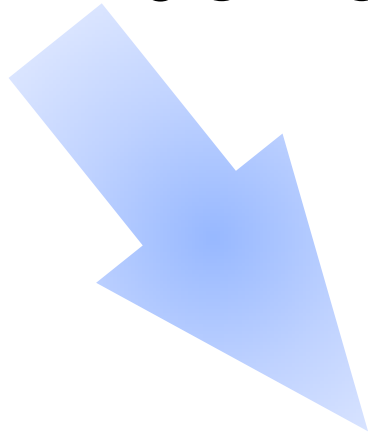
13.c_ Verbesserung des Markt-Images.	13.c_ Produktivitäts-Steigerung infolge höherer Spezialisierung.	13.c_ Erhöhung der Reaktions-Bereitschaft der Firma.	13.c_ Ausschöpfung von Wachstums-Möglichkeiten und Geschäfts-Chancen.	14.A In-Sourcing Tätigkeiten	14b_ Verstärkung eines internen Dienstes _Service, Buchhaltung, Controlling	14b_ Aufbau eines neuen 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_ Erhöhte Sicherheit bezüglich sensible Informationen bzw.	14c_ Bessere Ausnutzung von Innovations-Chancen
--------------------------------------	--	--	---	------------------------------	---	---	---	---	---	---------------------------------------	--	--	---	---	---

Selection criteria good to great

	MS- Absence in SME	SME with strategy	Great KMUs	Good KMUs	Foun- ders	MBA	Micro 10	SME 20-250	Large 300+
Full stack (fully sufficient)	24	40*	100	.-	35*	56*	33*	41*	31
¾ stack	29*	20	.-	42	15	31	15	23	37*
Half stack	19	14	.-	19	12	0	14	12	10
¼ stack	24	20	.-	33	21	6	22	18	5
tiny stack (hardly sufficient)	5	3	.-	6	5	0	5	3	5

Item 10 indirectly scans the success of a company: CEOs are asked to estimate the company's financial capacity

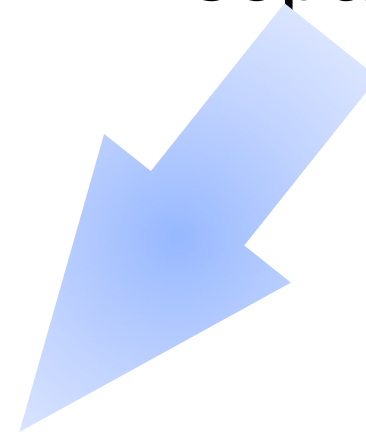
Item 10's metric scale



„great“ KMU

grosszügig

separates:



„good“ KMU

befriedigend, ausreichend,
knapp, sehr knapp

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



grosszügig
befriedigend
ausreichend
knapp
sehr knapp

11. Welches Volumen hat eine Investition
in Ihre Firma vorrangig?

1 - 3%

4 - 6%

7 - 10%

12. Wie wird das Ziel ver...

12 a. Wie wird das Ziel ver...

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

Ja,

Nein,



Seite 3 - 8



Send

Reset

Print



Seite 3



In search of the great KMUs

First surprise: The subgroup of 'great' KMUs pride more coherence among them than the 'good' KMUs. Statistics from 'great' KMUs come up with 70% more correlations than their peers, the 'good' KMUs:

Correlations	'good' KMU	'great' KMU
+/- 0.4	33	74
+/- 0.5	6	18 *
+/- 0.6	1	5 *
+/- 0.7	- . -	1 *
+/- 0.8	- . -	- . -

Great KMUs take short term planning serious

Item 2	MS- Absen- ce in SME	SME with strate- gy	Great KMUs	Good KMUs	Foun- ders	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

5. Best practice and pathway in KMUs

1. Best practice and the eleven features of great KMUs
2. Nine pathway from good to great KMUs
3. Answering the research question
4. Final comments

Best practice (beliefs) and the eleven features of great KMUs

- 1. Great KMUs take short term planning seriously
- 2. Great KMUs are flexible in adapting a management strategy for the sake of keeping flexibility
- 3. Great KMUs make distinct efforts to develop and implement a smart flexible strategy, not necessarily an elaborate one
- 4. Great KMUs focus strongly on the business and organizational goals they develop for their enterprise
- 5. Great KMUs support self- containment by granting profit-loss responsibility to their business units

Best practice (beliefs) and the eleven features of great KMUs

- 6. Great KMUs support in-sourcing by job-enlargement and job enrichment of internal competencies and services
- 7. Great KMUs avoid becoming financially dependent by investing within their own resources
- 8. Great KMUs are highly pro-active and even adventurous
- 9. Great KMUs focus on exploring new business areas
- 10. Great KMUs prefer projects with small volume. But also be open to conduct very large single projects
- 11. Great KMUs benefit from professional relations within top management rather than close friends

Nine pathways from good to great KMUs

- Path 1: Managing a ,great' future: Sophisticated scenarios *and* econometric planning tools
- Path 2: Seeking ,great' managerial competence: Basic *and* ongoing advanced professional training
- Path 3: Becoming a mature ,great' enterprise: Do-it-yourself *and* expecting full responsibility
- Path 4: Growing a ,great' KMU: Business partners in top team *and* independence for departments

Nine pathways from good to great KMUs

- 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

Research question

Research question: What kind of management concepts do founders and top executives apply to lead their Swiss KMU towards a bright future?

Findings of our research based on processed statistics of a newly constructed survey: See eleven singular features of 'great' KMUs and nine pathways from 'good' to 'great' KMUs.

Research question

Research question: How are Swiss KMUs lacking a management strategy managed successfully? Are they too managed by the 'six principles'?

Findings of our research based on processed statistics of a newly constructed survey: Only one from six principles applies solely to Swiss SMEs, the other five principles are *also* in use by KMUs working with a management strategy (from Sablone's research)

Research question

Research question: Are there specific circumstances that favour 'strategy absence' in Swiss KMUs? How do they differ to the 'six conditions'?

Findings of our research based on statistically processed data from a newly constructed survey: To a small extent all six conditions produce strategy absence within Swiss KMUs. So knowledge is available to predict strategy absence. But is a missing management strategy a crucial issue anymore?

Final comments

- Creating a management strategy in KMU 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 KMUs versus large companies are often not taken into account fully when it comes to design and implement a managing tool called 'management strategy'
- KMUs have develop several other means how to manage their business successfully

Final comments

- The 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 Swiss KMU aware of the eleven management beliefs of ‘great’ Swiss KMUs - or not?
- And: does the KMU know the nine pathways from ‘good’ to ‘great’ Swiss KMUs - or not?
- Taking into account the eleven management beliefs and the nine pathways help Swiss KMUs to avoid the pitfalls of an elaborate ‘wrong’ management strategy

6. Questions

Thank you for accompanying us through the study