

Best Practice in Swiss KMUs

From a ‚Good‘ to a ‚Great‘ Swiss KMU

As stated in the previous LEADER, our study conducted in 2009 was subject to intense statistical operations in search of alternate tools to manage a strategy absent KMU. Belief 1 and Path 1 was documented in Part 1 of the LEADER in April 2010. Now we will introduce further ‚Beliefs‘ and ‚Paths‘ in Part 2.

Belief 2: Great KMUs 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 KMUs different from all other selected groups. ‚Great‘ KMUs 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 KMUs to reach their goals. They prefer year-to-year planning for gaining awareness in and control of their enterprise in their day-to-day business life.

Belief 3: Great KMUs are flexible in adapting a management strategy for the sake of keeping flexibility. This attitude makes great KMUs different in particular to ‚strategists‘, the selected group of enterprises that follow a corporate strategy according to definition of Ansoff, Chandler, Andrews and MacCrimmon. Great KMUs know the dangers of the management-strategy-hype leading to rigid structures in business, brains and bodies. A strategy is then helpful for KMUs 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. ‚Great‘ KMUs 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.

Belief 4: Great KMUs focus strongly on the business and organizational goals they developed for their enterprise. ‚Great‘ KMUs 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‘ KMUs streamline the enterprise towards effectiveness and efficient processes. They bundle all objectives of business and organization. ‚Great‘ KMUs are informed about the life cycle of organizational development. Knowing your KMUs organizational steps provides insight to finding the most appropriate goals and issues on which to intensely focus. Thus the ‚great‘ KMU which prefer to focus strongly on goals avoids focusing on the ‚wrong‘ goals.

Belief 5: Great KMUs 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 KMU 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. Self-contained business units of ‚great‘ KMUs mirror the project-oriented company. Project-oriented enterprises split rigid organization charts into dynamic projects.

Path 2: Managing a ‚great‘ future: Sophisticated scenarios and econometric planning tools. There are several ways to cope with present and up-coming issues within an enterprise. When dealing with the future, ‚great‘ KMUs 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), computer based knowledge, management for innovations, balanced scorecard, or process monitoring derived from management quality systems like ISO 9001:2008, EFQM European Foundation for Quality Management, etc. ‚Great‘ KMUs like to combine both approaches, the creative mind-set and the econometric approach.

Path 3: Seeking ‚great‘ managerial competence: Basic and ongoing advanced professional training. How much management knowledge does a leader of a Swiss KMU need? How much does he/she have to know about the professional disciplines underlying the products and services of the KMU? And how much business and administrative competence is necessary to manage a KMU in Switzerland successfully? ‚Great‘ KMUs 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



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main topics are business, controlling, marketing, innovation and risk management. ‚Great‘ KMUs like to spend time and money on a diversified portfolio of basic and ongoing advanced education.

Path 4: Growing a ‚great‘ KMU: 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‘ KMUs 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‘ KMUs, definitely yes. But granting independence is a two sided sword if you are the KMUs founder and still in a leadership position. In this situation support comes from a ‚great‘ KMUs 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 KMU. Top management teams consisting of two or three business partners with equal rights and duties is the preferred organizational structure of ‚great‘ KMUs in Switzerland.

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‘ KMUs. Aim is to enhance the KMUs core competence and thus implement innovative products and services with the added know-how of other companies. ‚Great‘ KMUs like this way of creating synergy. Cooperating complementary knowledge from other enterpri-

ses is gained by alliances, joint ventures, consortium, research projects, etc. Establishing fruitful business relations to add value to your KMU 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 KMU is looking. Finding dearly needed core competence from other companies is a key issue for small and medium size enterprises. Great KMUs actively exploit Industrial relations for establishing appropriate alliances, joint ventures, research projects, etc.

Further beliefs and pathways will be exposed in Part 3 to follow in the next LEADER. ■

A study of alternative tools to a management strategy and the evaluation of our survey make obsolete the question of whether a Swiss KMU ‚has‘ a management strategy or not. The fundamental question rather is: Are you aware of the eleven management beliefs of ‚great‘ Swiss KMUs – or not? And: Do you know the nine pathways from ‚good‘ to ‚great‘ Swiss KMUs – or not? Findings from 183 Swiss companies avoid the pitfalls of an elaborate ‚wrong‘ corporate strategy deriving from the present management strategy-hype.

Angelo Amonini (2010). Best Practice and Absence of Strategy in Small & Medium Size Enterprises. The study on German speaking Swiss small and medium size enterprises (KMU) was conducted in cooperation with the www.kmuswiss.ch

This empirical and analytical research will be published as a book by 2011/2012.