

Best Practice in Swiss KMUs

From a ‚Good‘ to a ‚Great‘ Swiss KMU

As stated in the previous LEADERS, our study conducted in 2009 was subject to intense statistical operations in search of alternate tools to manage a strategy absent KMU. Belief 1 to 5 and Path 1 to 5 was documented in Part 1 and Part 2 of the LEADER in April and May 2010. Now we will introduce further ‚Beliefs‘ and ‚Paths‘ in Part 3.

Belief 6: Great KMUs support outsourcing by job-enlargement and job-enrichment of internal competencies and services. Occasionally management theory expounds out-sourcing 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‘ KMUs 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. Statistics show clearly that ‚great‘ KMUs 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.

Belief 7: Great KMUs avoid becoming financially dependent by investing within their own resources. This attitude makes them different to all other sorted groups. ‚Great‘ KMUs 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‘ KMUs were sorted in our sample. So the high scores in this table are not a surprise. Yet we want to know, how ‚great‘ KMUs become financially ‚great‘ so that they can keep free from lo-

ans, free from pressure by stakeholders, etc. Their secret shows up indirectly – through all the other management beliefs mentioned above and below. ‚Great‘ KMUs are proud of being able to act within their own resources. Doing business in a frame of financial independence feels good.

Belief 8: Great KMUs 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‘ KMUs 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.

Belief 9: Great KMUs 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‘ KMUs 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‘ KMUs to continuously improve company internal processes in administration, production, and value creation. The aim is to increase business.

Belief 10: Great KMUs 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‘ KMUs are not at all anxious to engage in a few businesses with very large volumes. Statistics show cle-

arly that ‚great‘ KMUs 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.

Belief 11: Great KMUs benefit from professional relations within top management rather than close friends. They prefer to appoint co-workers to become business partners. ‚Great‘ KMUs 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 KMUs office. KMUs 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‘ KMUs. 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.”

Path 6: Guarding ‚great‘ management relations: Professional relationship building and succession activities with professionals. Because KMUs in Switzerland are mainly organization with 10 to 50 employees, staff members know each other well, often a bit too well. In some KMUs 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. KMUs in particular



Angelo Amonini, PhD cand., CEO Structures AG Herisau, www.structures.ch

do have to make efforts to balance closeness and maintaining professional relationships. In this situation ‚great‘ KMUs 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‘ KMUs. 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‘ KMUs. In particular, at the top management level professional communication is often found. And also professionalism when it comes to succession planning.

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.

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 KMUs – 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‘ KMUs (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‘ KMUs.

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‘ KMUs 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‘ KMUs. This is a remarkable ‘benefit, result and profit’ which is rarely heard in business in Switzerland.

Path 9: Increase presence on the marketplace and in the world. Compared to other selected groups, ‚great‘ KMUs are eager to increase their presence as a market player. Although being only a small or medium size enterprise, for ‚great‘ KMUs 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‘ KMUs like competing in the market and broadening their influence. ‘Great‘ KMUs 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‘ KMUs trust in the big community of international business. ■

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.