

Best Practice in Swiss KMUs (Klein & Mittelunternehmungen)

Theory on strategic management applies to be good for all companies of all sizes in both local and global economy. Recent studies on Swiss KMUs, however, move these theories on company strategy to second place. For specifics on managing Swiss mid-business our new findings may lead into a bright future of a KMU.

In 2009 we asked questions such as: Following the saying 'managers get things done through other people', how do founders and CEOs of Swiss KMUs get things done in their business? We want to know which tools and techniques they use to accomplish their management tasks. Do leaders of Swiss KMUs believe in the concept that any kind of leadership automatically contains strategic management? Besides that, some management theorists claim that a company without a management strategy is not doomed to fail. We are curious whether and how Swiss KMUs prosper without a properly created corporate strategy.

Companies without a strategy are not necessarily doomed to fail but may flourish. The reasons: Improving corporate performance is a fundamental 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?

And in a company without a strategy there is no analysis of strategic issues, so much time and costs are saved. As there are no fixed directives that might work like boundaries within the mind, CEOs are not limited concerning innovations and potential investments. Furthermore, 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. Companies without a strategy have no stress to reach toughly defined objectives. The directive is 'Go with the flow'.

Certainly there are some disadvantages for a company that has no management strategy. For instance: No strategy means no focus, no aligning of efforts and valued resources (people, competencies, money). 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 cus-

tomers 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.

From a 'good' to a 'great' Swiss KMU

Results of our survey conducted in 2009 in 183 Swiss KMUs move management beliefs of 'great' Swiss KMUs and the pathways from a 'good' to a 'great' KMU into the center of management excellence in small & mid-business in Switzerland. Strategic thinking and implementation of a corporate strategy is ranked in second place. For specifics on managing Swiss small & mid-business, however, following new findings may lead into a bright future for KMU in Switzerland. The study reveals eleven management beliefs of 'great' Swiss KMUs. It also describes nine pathways how to become a 'great' company going beyond a simply 'good' firm.

Belief 1: 'Great' Swiss KMUs make distinct efforts to develop and implement a smart flexible strategy, not necessarily an elaborate one. Each KMU has to decide how much time and money they want to spend to create a management strat-



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egy including implementation and improvement. 'Great' Swiss KMUs are definitely determined to spend quality time on it and take its development process and improvement seriously. Statistics show clearly that 'great' KMUs 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

A study of tools alternate to a management strategy and the evaluation of our survey make obsolete the question 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.

strategy is an ongoing job fully integrated within the entire management team and within the year-to-year periodical evaluation. 'Great' KMUs focus on simplifying management life, reducing window dressing, show effects and not merely rhetoric. Efforts defining a management strategy are welcome in great KMUs 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.

Path 1: Becoming a mature 'great' enterprise: Do-it-yourself and expecting 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' KMUs 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' KMUs know well that granting responsibility empowers people to take on broad extra tasks and additional jobs. 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.

Further beliefs and pathways will be exposed in Part 2 and Part 3 to follow in the next LEADERS. ■

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.