
The Bridging the Gap: A Study of Strategic Change and Thinking within Small Firms

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ABSTRACT:

This paper outlines the findings from a longitudinal study of small business owners engaged in a management development program designed to assist them to review their management practices and strategic thinking. Over a period of 5 months these owner-managers were engaged with individual and peer group mentoring as well as the need to undertake a series of action learning tasks designed to enhance the business management systems within their companies. As part of the data collection process pre and post program diagnostic assessments were undertaken, along with mentor reports, owner-manager feedback and video case studies. The findings suggest that this combination of education and mentoring assisted the owner-managers to become more strategic in their orientation and personal management behaviours. The study seeks to answer a series of research questions initially posited by Robinson and Pearce in the mid-1980s but so far not fully addressed within the literature.

KEY FINDINGS:

- Formal planning can be of benefit to all firms regardless of industry or stage of development although smaller, less developed firms may find the complexity of planning required is less than for larger firms;
- Within the small firm the separation of strategic and operational issues is not well defined and all these things meet essentially within the mind of the owner-manager. This study suggests that owner-managers can successfully couple operations and strategy issues.
- Good benchmarking and systems management are required to ensure that the firm is operating profitably and efficiently. Once the business is set up with appropriate systems, the owner-manager can follow an intuitive and opportunistic or emergent strategy with more confidence than they might have done;
- A firm's location does not matter, but the education and general orientation of the owner-manager does. Mentoring support programs should be coordinated with education programs to achieve maximum benefit;
- Small businesses have three strategic options: i) growth; ii) lifestyle and iii) exit. Growth firms need visionary leadership, willing to accept risk and with the creative drive to pursue innovation. Lifestyle and exit strategies require the owner to possess management skills and the ability to administer systems

IMPLICATIONS FOR MANAGERS:

- The study highlights the importance of benchmarking business performance and applying quality management systems to improve efficiency and control. However, it also shows the need for owner-managers to develop a strategic vision for their business and to free up their time to allow such strategic thinking to occur, to seek help and engaged in self-education to boost their management skills and competencies.