

Success and Performance: A UK SMES Perspective

Boran Li, Edinburgh University, UK
Jake Ansell, Edinburgh University, UK
Tina Harrison, Edinburgh University, UK

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Abstract

There is a growing need to understand of Small and Medium sized Enterprises (SMEs) goals so as to assess their performance and sustainability for SMEs, governments and funders. This qualitative research explores the views of SMEs about success and the factor which influence success. The paper reviews the relevant literature associated with success. It then using depth interviews with 25 SMEs in the service sector explores the SMEs views on success and performance. Success is defined broadly by SMEs covering financial and non-financial aspects, this is consisted with the literature. Yet financial success is primarily seen in terms of viability. In terms of factors affecting success the SMEs highlighted three aspects: employees' performance, customer relationships and networking to achieve sustainability. These were explored to indicate the specific features which may aid success.

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1 Introduction

Historically business success has tended to be viewed in terms of financial success, yet it is widely accepted that this is only one of many elements. This is especially true for Small and Medium sized Enterprises (SMEs) in how they view success, (Jennings and Beaver, 1997). Since there is growing need to understand SMEs' goals to access their performance and sustainability, the aim of the current paper is to explore through qualitative research how SMEs view the concepts of success and performance.

SMEs are a diverse set of businesses reflecting the goals and ambitions of the owners/managers. The concept of lifestyle SMEs and high growth SMEs are two terms that show fundamentally the external visions of SMEs. Lifestyle is seen perhaps in a negative light, assuming a retreat from economic contribution, whereas high growth is seen as a champion of the new economic high ground. Yet one has to remember that these are labels established by external people and not the attitude of SME owners. All governments wish to support SMEs because they represent a sizeable part of the economy and wish to encourage foundation and growth of SMEs. Many schemes have been devised to support SMEs, yet their effectiveness is limited because start-up businesses tend to be fragile, Timmons (1999). Often the reason for their fragility is cash flow or funding. Governments rarely produce schemes that overcome such issues.

It is this lack of understanding of the SME sector that underpins the current research and leads us to explore with SMEs themselves the issues of success and performance. Hence the contribution of this paper is acquiring further knowledge about SMEs for those best placed to supply it. Obviously we accept the challenge that the views expressed in this paper are likely to be idiosyncratic, but this is in line with most of the previous insights gained about SMEs. Too many authors have in the past looked towards the conditions for 'success', 'growth', 'born global' and 'innovatory' or tried to diagnose these features in SMEs. Most people, we assume, would acknowledge that business success is often characterised by chance. Hence give this chaotic behaviour, attaching concepts or building models would seem pointless. It is clearly better to look at the goals, ambitions and behaviours, and so establish the diversity of approaches that lead to viability.

The paper will initially review the relevant literature. The following section will describe the methodology. It will then examine SMEs views of success in their own words. It will then consider aspects of their behaviour which may make them more viable. The final section will discuss the issues raised.

2 Background

Friedman (1962) stressed that the only role of business is maximisation of profit. Yet such a view seems old fashion with the greater knowledge we have gained from studies of SMEs. Whilst success for a SME is seen as closely linked to SMEs performance and is

often described by financial status or economic survival (Hudson et al., 2001, Reid and Smith, 2000), other authors acknowledge businesses also have non-financial goals that will lead to alternative methods for defining business success, especially for small businesses (Walker and Brown, 2004). Koen and Mason (2005) use the Rhineland Model to suggest business management should pursue actions that are optimal for a broad class of stakeholders rather than those that serve only to maximise shareholder interests.

The motivations behind the setting up of businesses vary and these greatly affect how businesses assess SME success. New SMEs are primarily concerned with the struggle for survival, and so focus on funding and cash flow are major concerns, (Walker and Brown, 2004). Some authors argue firms should also consider a wide range of measures in assessing their success see (Wood, 2006, Koch and Strotmann, 2006).

Birley and Westhead (1994) argued that motives, skills and ambition will influence the direction of a SME's business. The business owners' sense of achievement, enjoyment, job satisfaction and even continued survival will play a role (Greenbank, 2001, Walker and Brown, 2004). The past research has often focussed on a single measure and not the multidimensional scales which seem more appropriate Simpson et al. (2012). A richer description is required (Andersén, 2010, Tan and Peng, 2003) as solely using financial measures cannot capture the complexity of small businesses in different sectors (Jarvis et al., 2000). It is soon obvious that SME owners do not run their business only to achieve financial benefit, they run their businesses for other reasons, such as lifestyle, work-life balance (Jennings and Beaver, 1997), social impact or social responsibility or to operate a decent business model (Walker and Brown, 2004, Jarvis et al., 2000). Others will be take professional pride and status considerations into account. This is highlighted by (Simpson et al., 2012).

A common theme is that growth of the business as a measure of success. The form of growth becomes an issue, though, whether it is increasing the number of customers or expanding the geographic region, (O'Gorman (2001) and Perren (2000)). Sometimes it is interpreted as market share, sustained business expansion or even becoming more widely recognized (Feindt et al., 2002).

Having established the diversity of views of success from researchers exploring SMEs, one might consider what facilitates success. In previous research others have explored features which may aid the performance of SMEs. Whilst the current study has considered a wide range of factors in this paper the focus will be on three seen by SMEs as enabling success: employees' performance, relationship with customer and the networks that sustain SMEs.

Performance of a business is geared to its workforce, (De Jonge and Dormann, 2003). Xerri and Brunetto (2011) indicate that employees' behaviour and employee performance can bring significant competitive advantage to a SME. Employee performance has been widely used as an indicator to measure a firm's overall performance (Bain&Company

Guide, 2013). This is also true for SMEs (Wilkinson, 1999). Given the nature of SMEs they have expectations on employees in terms of commitment of time and effort. Yet it can lead to conflicts for employees over work-family balance. Hence SMEs environment may be more stressful leading to poor performance amongst employees which could lead to lower customer satisfaction (Netemeyer et al., 2005). Therefore, it is critical to be able to manage employees appropriately to achieve the goals of a SME (Wilkinson, 1999).

Given SMEs nature, size and flexibility, it is more likely that capable employees will be empowered to recognise a problem and create appropriate solutions (Ardts et al., 2010, Carmeli and Spreitzer, 2009, Carmelli et al., 2006). Loss of individual employee may be more damaging to SME than large companies. Investing in employee training not only enhance employees' capability and so firms' productivity, performance and profitability, but some authors argue it also increases the likelihood of retaining the employees (Chandler and McEvoy, 2000, Patton et al., 2000, Cosh et al., 1998, English, 2006, Lattimore et al., 1998). It also can enhance small firms' survival rate, and it is found that successful SMEs provide more employee training than less successful ones (Chrisman et al., 2003, Reid and Harris, 2002). However, small firms have limited resources and capital, the business owners are more likely to have a negative attitude towards employee training, especially those who only chase short-term profitability, they prefer to recruit more skilled employees rather than investing in any employee training (Matlay, 1999).

Customers/clients are the main stay of all businesses. Developing appropriate customer relationships is critical. Some argue that it allows businesses to identify the most valuable customers and provide customised service based on their various requirement to achieve long term profitable relationship with their customers (Lindgreen et al., 2006, Porter, 2011). In Ittner and Larcker (1998) research, they support that there is close relationship between customer satisfaction and a company's non-financial and financial performance. Similarly a series of authors (Davenport and Beers, 1995, Hammer, 1996, Reinartz et al., 2004, Ernst et al., 2011) regard CRM as a way of achieving a business's objective. For SMEs customer performance measurement can acts as one functional tool to measure their business performance.

Customer satisfaction can be achieved through providing higher customer value from a business' products or services. Simpson et al. (2001) propose customer value must be inclusive of all the benefits a firm provide direct and indirect. Some researchers regard customer value as the value creation process from a customer perspective that firms provided to customers such as entire products, services, personnel, post service, and image values (Armstrong et al., 2012). However, SMEs still face great challenges in acquiring and retaining customers. Sometimes the focus on survival means SMEs pay too much attention to short-term sales rather than developing the longer-term relationship with customers(Stonehouse and Pemberton, 2002).

Zumstein (2007) suggests customer satisfaction can be discussed from both consumer's perspective and company's perspective. In terms of consumer's perspective, customer

satisfaction can be considered as customer's attitude toward how the company fulfil their needs and requirement. SMEs often take individual client's needs and requirement more seriously and try to satisfy every individual client. In terms of company's point of view, customer satisfaction can be considered as the firms' capacity to reach consumers' needs and requirement economically, emotionally and psychologically (Zumstein, 2007). SMEs prefer to have more personal touch with their clients and often spend much effort in contacting with their clients and establish close relationship with individual client than large firms (McDougall and Levesque, 2000).

The networks a business is associated with can be a determinant of its success. Walter et al. (2006) defines network capability as a firm's ability to develop and utilise inter-organisational relationships in order to gain access to various resources held by other actors. Network capability has long been regarded as a special type of resource belongs to firms that is non-transferable to enhance firms' efficiency and effectiveness, it is more important to SMEs who rely their business mostly on referrals and word of mouth, (Eisenhardt and Martin, 2000, Makadok, 2001). Under this circumstance, many scholars view network capability through theoretical viewpoints such as resource based theory (Barney, 1996, Barney, 1991), dynamic capability theory (Eisenhardt and Martin, 2000), and organisational knowledge based theory (Grant, 1996, Conner and Prahalad, 1996). Kale et al. (2000) describes the quality of a network as relational capital, and this may be more important for SMEs than others. Well-established SMEs tend to build more business to business network and customer relationship network.

Recent arguments claim the increasing degree of network capability can have great effect on improving firms' performance especially for start-up SMEs and achieving long-term success. Entrepreneurial orientation affects the firms' operation and further development, but it is not capable to compete in the current market due to the complex market environment without taking account of the networks it belongs to. Many researchers claims the importance of entrepreneurial orientation for firms to be competitive, but empirical studies show that there is no straightforward relationship between entrepreneurial orientation and firms' desired outcomes (Lumpkin and Dess, 1996, Covin and Slevin, 1990, Dess et al., 1997). Since firms' value creation could be derived from the collaboration relationship with their network partners, SMEs are encouraged to be capable to develop their social networks, professional networks, exchange relationship networks and other networks that can profit SMEs business (Dyer and Singh, 1998, Gulati and Gargiulo, 1999). A vast of research has proved a developed network of strong relationships with various partners or collaborators can bring firms' much competitive advantage because firms' network capability enable them gather various resources from others such as market information, problem solving, collaboration support, venture funding, investment et al. (Klofsten and Jones-Evans, 2000, Hoang and Antoncic, 2003, Clarysse and Moray, 2004). Therefore, entrepreneurs should embed their ambition in more networks and develop their network capability to meet more opportunities to create more value and competitive advantage (Walter et al., 2006).

The literature acknowledges the diverse view of success within SMEs, accepting the major determinant are the owner's goals. Growth seems to underpin many of the attitudes towards success, but this is not solely in terms of finance and includes opening up new markets and view of personal development. It is also clear that the factors for success do include the quality of employees, maintaining customer satisfaction and having broad supportive networks. The current research goals are to explore in more depth the views of SMEs of success and establish the factors that affects. Hence it explores the issues raised in the literature to confirm or refute assertions made.

3 Methodology

This study is based on a pragmatic base and has employed both a survey of SMEs and depth interviews with a range of SMEs. 24 UK firms were involved in the interviews and 82 survey responses were collected. Table 1 below are the SMEs involved in this research. The focus has generally been on service sector that most widely connect to people's ordinary life such as education service, management consultancy firms, marketing agencies, software firms, catering service, law firm etc. though, a few businesses would not fit into this category. Most of interviewees are CEOs, managing directors, founders, business partners participated in the interview, and three of the interviewees were with employees. The semi-structured interview was last for around 1 hour and the questions mainly focus on the nature of their business, their definition of SMEs, their view of success, the measures they use to assess their performance, their business performance influencing factors, their potential business risk and how they maintain their business sustainability etc. While the survey focuses on questions similar to interview questions that are more selectable to improve the fulfilment rate of survey. The interview responses were recorded and the transcripts were used for coding analysis and direct quotes. The survey response was used to triangulate quantitative responses.

Company	Size	Stage	Industry
QL	Small	Stage I (Existence)	Software
MTL	Small	Stage I (Existence)	Digital Music
PJ	Small	Stage I (Existence)	Jeweler Retailing
INML	Small	Stage II (Survival)	Digital Marketing
ML	Small	Stage II (Survival)	Management Consulting
AL	Small	Stage II (Survival)	Training Software
RN	Small	Stage II (Survival)	Consultancy Service
XE	Small	Stage II (Survival)	Biotechnology
TPT	Small	Stage II (Survival)	Training Service
4G	Small	Stage II (Survival)	Telecommunication
POY	Small	Stage III-D (Disengagement)	Entrepreneur Membership
MCC	Small to Medium	Stage III-G (Success Growth)	Education Service
IRRI	Small to Medium	Stage III-G (Success Growth)	Environmental Project
TCMO	Small	Stage III-G (Success Growth)	HRM
GC	Small	Stage III-G (Success Growth)	Content Writing Service
HLCL	Small	Stage III-G (Success Growth)	Accounting Service
MCS	Small to Medium	Stage IV (Take-Off)	Media Marketing
GR	Small to Medium	Stage IV (Take-Off)	Catering Service
APR	Small	Stage IV (Take-Off)	PR
CCW	Small to Medium	Stage IV (Take-Off)	Legal Advices
TS	Small	Stage V (Resource Mature)	Catering Service
LB	Medium	Stage V (Resource Mature)	Retailing
WMP	Medium to Large	Stage V (Resource Mature)	Semiconductor Audio
CSE	Small	Stage V (Resource Mature)	English Education

Table 1 Research UK SMEs

4 Research Findings

This section of the paper will primarily report the findings of the interviews. The first step is considering the concept of success held by the SMEs. This will be followed by exploration of the three factors highlighted in the literature review: employees' performance, relationship with customer and the networks that sustain SMEs.

4.1 Defining Success

Whilst Friedman's view (Friedman, 1962) that the only role of business is maximisation of profit has been in the past prevalent, there is now a wider acceptance that success covers both financial and non-financial elements.. The more recent behaviour has been to characterise businesses into specific classes which have over-tones about their desire for financial success. High growth innovatory businesses are viewed as ultimately deriving high profits, but it is not clear that this is always the case and often there needs to be substantial investment to achieve such a goal. Other business type described as life-style

implies that the goal is to break-even. From the interviews it is clear that all the businesses interviewed wished to be viable and many saw a positive financial outcome as important. Hence the paper looks firstly at views of SMEs on Financial Success and then on the wider concept of Non-Financial Success.

As stressed earlier there is an element of chance about success. The following illustrates many aspects such as importance of networking as well as the luck of the draw that was from a survive mobile phone network service firm:

“First and foremost, a lot of B2B always is relationship, communication and networks and a lot of luck I would say. Luck in being in the right place with the right people. Meeting the right people, for example, if you go to a networking event, who is sitting next to. It is all about finding the right people at the right time. If you meet that person, your ability to influence that person, to get a good impression and knowledgeable about your products, and understand your business.”

Hence ultimately one should not over emphasise aspects for success without bearing this chaotic behaviour in mind.

4.1.1 Financial Success

Finance is always an issue for SMEs but it does not mean it is the only goal. It is more often seen as being viable rather than making millions. *“We get to reach full financial sustainability as an organisation. And that's ultimately a measure of its success.”* These sentiments were common across all SMEs interviewed. The concept of viability can be seen as the ability to effectively manage. It stems from managing the cash flow well *“We've got quite good cost controls. We don't waste money. We're quite efficient. It's quite well managed financially”*. This can be either be because of skills developed *“we are very experienced in what we do so that kind of counts for a lot, Our cash flow is good, our clients pay us on time we have no bad debts”* or alternatively because of the nature of the business: *“But it could be very successful because (of) very low amount of money need to be used and the running cost is very low. Potential risk is very rare”*. This partially reflects the day to day management of survival which was encountered in many of those in the early stages.

4.1.2 Non-Financial Measures of Success

There are many elements that make owners/managers feel that they are successful. Generally they are elements that all would acknowledge such as business growth, more clients, increase their employees, others are more about their contribution to society or their own personal environment.

As found in the literature growth is important as is illustrated by a respondent who represents a consultancy service, *“And the company has grown, it has grown quite a lot, internationally, and that is very attractive.”* It is, however possible to find other

respondents who think they have achieved the right size *“I think we have the right size of business, and this would be our aim, not to let it grow to become too big”*. Yet the type of growth is varied it might include businesses that are entering new international markets *“China’s a huge market for us. Brazil is a huge market for us. Yeah, any of these developing – you know, China’s more developed, but even Africa is a big market for us, starting to become”*. For others it may be developing the range of products *“we’ve developed a secondary business, a spin off business, the first spin out business is already looking to be a great success.”* Being able to develop the business is also a measure of success amongst some SMEs *“The main part of the long term strategy of success business is to bring in an accounts manager. Somebody can look after my clients.”* and *“Because of the staffs and the standard we have and keep trying new products things like that. I think it is a success business”*.

Businesses have become more concerned with their societal influence as a measure of success. The two following quotes highlight this: *“We are the main sponsor that international (science) festival ... the school children to the festival ensures that science can be seen as fine and can be interesting”* or positively supporting social responsibility *“In terms of social culture, social responsibility is a big thing for us... integrated in the local community, we help charities in the local community. We make sure we don’t do anything detrimental to the environment.”*

A small proportion, though, see success in terms of moving on by selling their current business *“So I make an exit plan prediction...we make it (business) successful then Mr Google and Facebook, they will be very happy and will come and buy us...”* These are potentially serial entrepreneurs, as is indicated by the following quote *“for long term running, at the end the day, we want to sell the project to somebody or license to somebody”*.

Obviously there are a number of owners who feel success is achieving the lifestyle they want *“Well, I want to achieve a happy life. My business gives me sufficient life style. I do not want to become a millionaire, I want to make something I am proud of that has dignity”*. It also highlights the pride that owners have in their businesses. Another owner demonstrated that it is something that fits in with their family commitments and has succeeded: *“What I want to do is to create a business that did not need to run it all... I can spend all the time with my daughter... what I want to do is until my little girl went to school just run the business like that way as lifestyle business. And now it is ready and set up, and running smoothly”*

4.2 Enhancing Success

In the research three main features arose which were seen as particularly significant in ensuring success: relationship with customer and the networks that sustain SMEs.

4.2.1 Employees' Performance

The size of SMEs frequently means that team work is important to achieve their goals. Two quotes emphasize this *"We are a small business, we depend on each other, it is very supportive environment"* and *"But then we rely on our employees and our team members to come back with how we're going to achieve those goals"*. Others perceived that there are dangers from not being a team *"Because if they start doing things themselves, it does not all work together. You have to make sure everybody works together."* Some of the SMEs evidenced the nature of the relationships as collaborator within the team: *"he has got a lot to share, also, I think it is a very strong learning environment in the company. There is very flat hierarchy, the manager will listen to everybody. Everybody learns from everybody, it is very open to new ideas"*. It also has, though, to be an atmosphere that is tolerant *"I try to let them make their own mistakes. Let us try it, if it does not work we will take a different course of actions... We do not want to make a culture that people are afraid to make mistake"*. Building the team needs action and some SMEs feel that comes through socialising *"So we have social club events... one is cocktail master class. You can learn how to make cocktail... We pay for the drinks Friday night every month. We have company BBQ every year... We do that for keep our employees happy; The fact is that quite often we get personal relationship with each other"*.

The positive aspects of small enterprises arise from their flexibility and perhaps their fertility: *"...constantly innovation, lots of new ideas, perhaps the problem is that there are too many... choose the good ones (ideas) and have the time to invest the ideas and pursue it"* and *"Innovation performance, I mean especially for employees suggestions. We always take this on board."*

An aspect of being successful, though, is having people with sufficient experience. Hence they will tend to hire those with track records rather than those that need training: *"if they do take a new person in, and the new person is incapable to work independently and ask a lot of questions, they end up just losing money. Because we spend more time on training them. Being a small business, it (training) is not the priority. It is always growing their business."* Essentially they do not feel that they can use up valuable resource in training.

Obviously SMEs need to manage their staff and take appropriate action if things go wrong. *"I need to work on my employees measures and place sometimes different places to make them happy to feel loved"*, the manager continues *"In terms of the employee's performance, if people are needed to be told they are very slow and not working correctly. It is my job to do that. If people are doing a good job like tonight, I will always thank them. I think saying thank you can hold a lot more than anything else."* Others realise that the business needs build structures to work as one SME owner indicates: *"In terms of employee performance, what we do is we set ourselves as I said with the third director, goals at the beginning of every month. That's reviewed by the third director, everybody's performance is measured by the third director, every month, then we set the new goals. And it's kind of a pace setting and it works incredibly well."* It is reassuring

that business realise the key element as the following quote illustrates: *“Because at the end the day, the organisation capability will manage what your people can do and how your people are. And you also have employee capability.”* SMEs also accept the use of appraisal to achieve goals: *“I think we know and work alongside employees which means we have got the advantage of having very good knowledge of what they are doing. We do have an appraisal system for staff but I would have to say most of it is done day to day. Knowing what training requirements they need, of what areas they should be working in, of how you share knowledge on a day to day basis”.*

Also the employees themselves see the benefit of being aligned to the goals of the business: *“I really like my work, I can be really honest with my bosses about what I want to do and what I want to achieve and they know what my personal goals are and those line up with our company goals”.* SME do have many advantages over other business informality and flexibility, with often flay organisational structures: *“I would say there is a lot of freedom. No really strict rules, there has been a lot of trust and individual respect between people; The managing director... Yes, he has got a lot to share, also, I think it is a very strong learning environment in the company. There is very flat hierarchy, the manager will listen to everybody. Everybody learns from everybody, it is very open to new ideas”.*

4.2.2 Customers

Obviously clients/customers are the lifeblood of business and SMEs acknowledge this and they realise the most important aspect is customer satisfaction: *“So the customer satisfaction measure should be number one”.* It ensures survival but also generates business: *“Customer satisfaction measures, we got a lot of referrals from customer satisfaction”.* This desire drives many of those interviewed through the perception of customer value: *“I would say Customer Value yes, because if it wasn't for that we wouldn't be in business. Because the product we sold to them is what they want”.* For some it is a basic tenant of business *“If we do not value customer, we will not have our product sell or service provided. It has meaning to what we do. We are service industry, we should have value. We have to see the result of what we do. Otherwise, I will not do what I meant to do.”* It can, though, be taken to the extreme for some SMEs with laudable but may be not plausible goals: *“you have to make sure every single job and every single customer is 100% happy”.*

Some SMEs, though, are concerned with over all lifetime value of the customer. Perhaps to the level of being too mechanistic in the view of their customers: *“So on a company level we measure our performance based on customer attrition: ... Customer wins: how many customers are we winning? ... so what is the average amount that each customer pays us per month...Cost of customer acquisition: ... And we want to make sure that our cost to customer acquisition is always less than the average lifetime value of our customer.”* It renders customers more to an accounting activity rather than viewing role to provide that desired service to all customers.

Getting feedback on customers' satisfaction is not straight forward, as the following quote highlights that those in the service sector perceive it easier to get feedback in the production sector *"So if you were operating making widgets or such like it is actually much easier to get relevant customer feedback. If you have got a limited operation you can get quite good customer performance feedback."* Its criticality is expressed in terms of retention: *"if we pleased the customers they can come to us and be loyalty to us, If somebody is not happy, they will go to your competitors. You need sure you provide better services"*. They are aware of follow up through a variety of forms: *"After sales, what we want to do is sending email to them and let them respond to it and talk about their experience and upload into our website and social medial."* Their smaller size allows them to become more orientated to the customer and gain more customer satisfaction.

4.2.3 Network

Networks were a recurrent theme in the research. SMEs regard networks as informal structures with opportunities to meet people and present their ideas. It is a wider definition that as a formal structure. Many reflected the desire to find customers. Using events are a typical approach as indicated by the following quote *"We have seriously strategies to gradually increasing the visibility. You have to keep pushing it...promoting in conferences...Every time there is a big exhibition, they will have an exhibition centre ... So I can go and sit in their stand, in their place"*. *"the number of conferences we are asked to address"*, *"I can say through our networking, for example we tend to talk or join some events"* and *"Trade shows, so we go to a couple of trade shows every year. Like trade shows, so you have a bunch of companies come together and they like an exhibition."*

Visibility is an important issues and use of social media is seen as a useful tool to achieve this *"For instance, I put something in Facebook, so people can see it and it brings people in. Well, people like the stuff as well. ..."* and *"And I think that around the 15,000 likes in Facebook; We've got about 2,000 Twitter followers I think roughly, I think for us LinkedIn has really been the number one driver of growth,"* Yet this may be illusory without it turning such into customers/clients.

Seeking customer engagements is critical and again several SMEs mentioned how they developed their business with such interaction *"Rather than produce parts, we now go to and work with our customer. We share ideas with our customers. We come to them with our solutions."* Yet also network with other businesses can aid such as referrals *"I suppose we've been in the fortunate position of most things are introduced to us. So most business we get is coming from either other lawyers, or other surveyors, providing work to us ... I know it seems quite odd, but if I had to estimate I would say ninety five percent of work we get comes from recommendation"*. Another expresses the same view of referrals from their network *"we do not go to speak to them (Clients) directly. Quite often we get references from people who work in London....it is word of mouth"*, *"...So it was a referral system for each other"* and *"Referrals, I know where the referrals come from, I have a system to target that area"*.

It is not all collaboration but that does not necessary we that treated as opponents for example “*we keep an eye on our competitors but we do not have any – we meet them and we get on great with them. It is just we do not – we do not attack them in any shape or form. We work together with many of our competitors*”. It might be described as symbiotic “*we keep an eye on our competitors but we do not have any – we meet them and we get on great with them. it is just we do not – we do not attack them in any shape or form. We work together with many of our competitors*”. Partially this might be driven by lack of capacity or in order to gain from a competitors’ skill base.

An aspect is the use of networks to gain information from trade fairs and events “*we are able to get a lot of qualitative feedback from them and the information they give is usually very good*”. Yet SMEs appreciate a “*Your surround with the right people. You believe in yourself...and surround with support people*”.

5 Discussion

SMEs are diverse but they do have some commonality. The literature did highlight that there was a diversity of measures of success and this was also found in the current research (Simpson et al., 2012, Lussier and Pfeifer, 2001). Many of those interviewed perceived it as important to achieve success across a broad range of measures. The measures of success appear to be related to the owners’ ambitions.

As found in the literature SMEs are concerned about financial success (Walker and Brown, 2004, Simpson et al., 2012, Smith and Amoako-Adu, 1999), but often this is in terms of viability. For those in early stages often the emphasis is on day to day management whilst others do have longer term views as SME matures. Two SMEs, though, saw the potential for gain by selling on their businesses once fully established, these tended to be in the software domain.

In terms of factors that aid success the research found that employees’ performance, relationship with customer and the networks that sustain SMEs were elements brought up by the SMEs. The literature supports these elements. It was found that the advantage SMEs have is the size and flexibility. This allowed them to innovate by using their employees where it might be more problematical for larger businesses. Yet it does mean that the SME has to operate as a team, without which it will have greater difficulty in succeeding. It was also emphasised that SMEs require employees to be capable and tend not to wish to hire people requiring training. They seemed less interested in investing in employee training. This seems to be in contradiction some of the past research (Kotey and Folker, 2007, Patton et al., 2000).

Customers are important and growth of customer base or spread of customers was seen as measures of success. The SMEs appreciated that customer satisfaction was important to business. Hence they were keen to retain their customers. There were a number of

SMEs, though, who clearly saw customers as part of an account exercise and wished to evaluate their cost benefit to the business.

The importance of networks is crucial to many SMEs. The network is viewed as any opportunity to develop contacts and is informal. It might be a trade event or network with collaborators or competitors, but also social media. These networks provide information and also customers. As Kale et al. (2000) suggest they are an asset of the SME and relates to Bourdieu (2011) concept.

6 Conclusion

This paper has focussed on success and performance of SMEs and is part of large piece of work being carried out. It is clear just from those interviewed from the service sector that diversity is a major issue when discussing SMEs. It is also clear that some of the terms used colloquially such as life-style, high growth and innovatory provide false insights into SMEs. These businesses are more idiosyncratic dependent on the owner than can be easily pigeon holed into specific group.

Both the review of the literature and then findings of the research offer issues which provide some insight into SMEs and their views on success and their goals. Financial viability is a critical issue but beyond that the diversity begins. Their goals are determined by their personalities. There are, though, commonalities. The importance in small organisations of teamwork is seen as critical to success. Their *raison d'être* for existence is satisfying customers. The need for good networking across a range of networks is also a major key to success. Hence networks can be seen as an asset to an SME, both formal and informal networks.

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Contact Emails:

Boran Li

S1145561@ed.ac.uk

Jake Ansell

J.Ansell@ed.ac.uk

Tina Harrison

Tina.Harrison@ed.ac.uk