MANAGING GROWTH IN SMALL AND FAMILY-OWNED MANUFACTURING COMPANIES

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An Empirical Study In Bahrain

By

Ismail Mohamed Alawi

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CHAPTER ONE

INTRODUCTION

1.1 Importance Of The Study:

There are about 201 companies classified by the Ministry of Industry and Development as industrial complexes in Bahrain. Out of these, 154 companies are classified as small companies. These small companies employ 4380 people or 46% out of 9606 labour force for the total industry. The small companies are therefore important for Bahrain economy despite their small capital investment of BD 32 million to total industrial investment of BD 338 million (MODI:1991).

Small companies make significant contribution to Bahrain, both financially and socially. If these small businesses have this much impact on the economy, then they deserve some attention to explore means of improving their growth, profitably and long existence.

This research is an attempt to understand the growth pattern in small manufacturing companies in Bahrain, and obstacles if any, that can slow the rate of growth in these companies after operating successfully in the initial stages.

1.2 Methodology:

A total of 45 manufacturing companies were selected for our research based on The Ministry of Industry and Development manual on Bahrain Industrial Company's Guide, issued in 1990 (MODI:1990).

Our selection of companies was based on three criteria:

1. The selected companies should be at least 5 years old .
2. Number of employees should be 100 or less in each selected company if possible.

3. This research will cover manufacturing companies from three sectors, i.e; Wood, Aluminium and Chemical Industries. These were selected because there was sufficient no. of companies with the right age to be included in the survey.

The research instrument that has been used is a personal interview using a structured questionnaire (Apendix A) to collect the primary data.

Microsoft Window is used for typing this research, and Microsoft Excel, which is an advanced Lotus based package is used for primary data entry from questionnaires and analysis. Mean and percentage are used to analyze the extent of use of management tools by the selected companies.

1.3 Limitations of the study:

Certain assumptions were made in our research because managing growth in small businesses is a new topic in Bahrain.

One of the assumption made is that all of the small companies in Bahrain are operating in high-growth industries situation, irrelevant of the type of industry we are in. This is because Bahrain, as with the GCC countries, is still developing and the industries are still growing at a good rate. There is no empirical evidence,however,to support our assumption. To find out the growth stage that each industry is in, by itself is a major project that should be carried out separately and therefore is not part of the scope of our research.

Certain other aspects will also not be covered by this research, such as the relationship between small companies growth and the entrepreneur's characteristics, and Bahrainization.

The amount of time wasted in chasing small business owners is unbelievably high. On average it took about two working hours to meet each entrepreneur. In about 20 cases it was just not possible to make any appointment by telephone because the entrepreneur is either not there, too busy, or any other excuses once you explain that you are doing a research. Persistence was required to meet these people, therefore visits were made to companies without prior notice.

It was assumed that many entrepreneurs would not care for answering a structured questionnaire if it was sent to them, because it will always be at the bottom of their priority list. Personal interview questionnaire was therefore the alternative to the structured questionnaire. In some cases the questions had to be translated into Arabic using the equivalent Arabic management jargon.

CHAPTER 2

MANAGING GROWTH: A LITERATURE REVIEW

2.1 Introduction

When an investor starts up a small business and survives the initial months it can be considered to have had a successful start. This will provide a sound basis for future growth. The dilemma is to grow at the appropriate rate.

The small business investor would be doing all : the management work, sales, maintaining debtors and creditors, salaries, in addition to the actual production work. As the business grows the investor will become busier and under greater pressure. It is at this stage that the investor will begin employing people to delegate the work to, i.e. paper work, the accounting etc.

In Bahrain and the Gulf States during the late sixties, the seventies, and the eighties the economies experienced a boom. The small business investor during this period will have experienced a rapid growth. When this happens he will have lots of opportunities which will in-turn attract aggressive competition from existing, as well as from new businesses in the industry. The investor should act fast to secure these opportunities or face a reduction in market share. In attempting to grow fast he should be fully equipped for the high growth stage.

If the owner is not fully equipped for the high growth then the business will grow at a slow rate or may shrink. This will be combined with rapidly increasing management problems that will cause the business to become out of control.

This research will concentrate on small and family owned manufacturing companies that are at least 5 years old that are somewhere along the line in the Growth Stage.

The idea here is to examine the stages that these companies are in, and see what problems they are facing that would prevent them from accelerating or growing rapidly.

Subsequent to that we would present the subject of managing for rapid growth which involves a management orientation not found in mature and stable environments. Before going into all of this, however, we would like to take a brief look at the owner or the entrepreneur, and entrepreneurship and its relationship to running small businesses. We would then look at the various stages of growth businesses normally go through in their life cycle and the available literature on growth models.

2.2 Small Business And The Entrepreneur

What is a Small Business?

Defining a small business is necessary to avoid misunderstanding of the term. Several attempts have been made at a definition. For the purpose of this research the definition of the American Committee for Economic Development for small businesses has been adopted and seems to be acceptable for the Bahrain Small Businesses. The definition concludes that a small business has the following features:

1. Management is independent. Usually the managers are also owners.

2. Capital is supplied and ownership is held by an individual or small group.

3. Area of operations is mainly local. Workers and owners are in one house community, but markets need not be local.

Although our concentration is on small businesses, we probably wouldn't be incorrect in assuming that the majority of these small businesses are owned by single owners and families We can therefore call these owners "entrepreneurs". We would therefore use entrepreneur and small business owner interchangeably in our research for simplicity until we confirm or negate this assumption from our findings.

2.3 The meaning of Entrepreneurship

Entrepreneurship has meant different things to different people for the last eight hundred years "since entreprendre (with the connotation to do something) was in use as early as the twelfth century and in the course of the fifteenth century the corresponding noun developed." The related English terms of adventurer or undertaker (i.e. Merchant Adventurers) were used from the fifteenth century. The first formal theoretical use of the concept of entrepreneurship appears in the work of Richard Cantillon around 1730. Over the last two hundred and fifty years, the concept of entrepreneurship has undergone some systematic development in the hands of a number of economic theorists, but we would not go over this evolution because it is out of scope of this research. In summary however, three themes: 1) uncertainty and risk; 2) complementary managerial competence; and 3) creative opportunism, have been interwoven in various combination and permutations in virtually all formal theories of entrepreneurship. (Long, W: 1983)

2.4 Maintaining Entrepreneurship Throughout As Companies Grow

Achieving rapid growth within a firm would probably not be successful if management was not able to maintain "entrepreneurship" throughout all the stages of the company's development and growth.

Entrepreneurship involves the ability and desire to recognize and pursue opportunity. We interpret opportunity here as a possible action, deemed to be feasible, that leads to a desirable future state that is different from the present state. The pursuit of opportunity is distinguished from administrative tasks that involve managing resources. Some of the practices that contribute to the successful management of resources inhibit the pursuit of opportunity. Management must learn to achieve a balance in the interest of long term survival.

2.4.1 The Requirement for an Entrepreneurial Organization

The individual entrepreneur is a person who:

1) perceives opportunity
2) finds the pursuit of opportunity desirable in the context of his life situation and
3) believes that success is possible.

The same three factors must be built into the organizational life if the entrepreneurial success of the founding individual is to be perpetuated.

2.4.2 Increasing the Perception of Opportunity

In order to make certain that the organization perceives opportunity, certain requirements must be met in structuring the jobs of individuals. The three most important of these are:

Creating jobs with real-time market input. This means that companies that are great seem to structure themselves so that each function and each level knows what the market is demanding and uses those market demands to structure its own sets of goals and objectives.

Recognizing that success will only come through balancing functional needs. This is because each stage of growth emphasises on a certain combination of functions e.g. in the early stages, R & D is most important, later marketing consumes the bulk of human resources, etc. Successful firms have maintained an ability to coordinate activities among the functions, to prevent the dominance of any individual function, and to assure that each will have strong, continuing role in order to ensure the flexiblility to meet the needs of the organization throughout all the stages of growth.

Institutionalizing change as an organizational goal, that is if a company wishes to continue to be entrepreneurial, it must convince everyone that change is the company's overriding goal.

2.5 Growth Models

Most of the literature on small business present them as going through stages of growth as they develop, with each stage having its own distinctive characteristics. There is also a very recent model, 1991, that presents growth in small businesses in a different way. This model is called the Market And Owner Limited Growth Model.. (Sexton & Bowman: 1991)

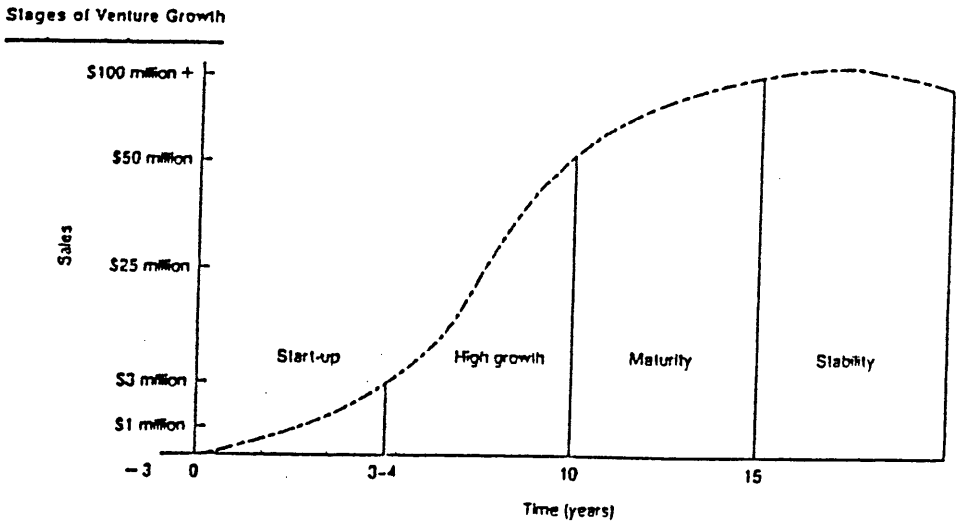
2.5.1 Stage Growth Models:

The Stage Growth Models basically have either four or five stages. Although the number of the stages and their names could differ from one growth model to the other, they all basically explain the same phases that any small company goes through in each period of its life cycle. The models discussed will be given the titles of their authors.

2.5.1.1 Timons Model

Introduction of the model:

This model distinguishes a four stage growth model that any small company can go through. These are the start-up, High Growth, Maturity and finally the Stability stage as presented graphically below:



The vertical axis of this model may represent company sales, size, and employee numbers as one dimension of growth against the horizontal axis which represent the stages that businesses could go through, i.e. Start-Up, High Growth, Maturity, or Stability Stages. (Ref: Timmons: 1990)

In real life the curve will not be such a smooth S shape curve, but with many unevenly distributed ripples, ups and downs, i.e. the company would experience some periods of rapid progress followed by setbacks and accompanying crises.

The transitions that occur at different boundaries between the stages in the process of growth can face certain issues in fields like sales, employees and core management mode. In the above graph this could be:

Crucial transitions:

Sales	0 - $ 3 million	$ 2 - $ 10 million	$ 7.5 million +
Employees	0 to 20	25 - 75	75 - 100+
Core Management Mode	Doing	Managing	Managing Manager

Thus, the graph shows the crucial transients during growth and the key management tasks of the chief executive officer or founder. Most important and challenging for the founding entrepreneur, or a chief executive officer, is coping with crucial transitions and the change in management tasks, from doing to managing to managing managers, as a firm grows to roughly 20 employees, to 50 to 75 employees and then to over 75employees.

The start-up stage, a stage that usually covers the first two or three years but perhaps as many as seven, is by far the most critical and dangerous stage, and is characterized by the direct and exhaustive drive, energy, and entrepreneurial talent of a lead entrepreneur and a key team member or two. Here the critical mass of people, market and financial results, and competitive flexibility are established, and investor, banker and customer confidence is earned. Lots of opportunites for building the infrastructure of Bahrain have appeared. This was because of the economic boom caused by the rapid increase in oil prices. Competition was non existent for the small businesses established in Bahrain during the economic boom. Anyone who was a little entrepreneurial and could manage to get some small amount of capital could start a business and in almost all cases would have passed this stage successfully. Things have changed since then with the increase in competition.

The high growth stage follows if the business owners have successfully managed and survived the start-up stage. In USA and Europe, 60 percent of the new ventures fail to make it through the high-growth stage. The most difficult challenge for the founding entrepreneur occurs during this stage, when he finds it necessary to let go of power and control over key decisions that he always had, and key responsibilities used to be delegated without giving up, ultimate leadership and responsibility for results. Other challenges in some cases could be the inability of the company to grow as rapidly as the market opportunities.

The third stage a company can move to is the maturity stage. In this stage the key issue for the company is no longer survival; rather, it is one of steady, profitable growth. Stability stage usually follow the maturity stage, with symptoms of old, stagnant or declining business sales.

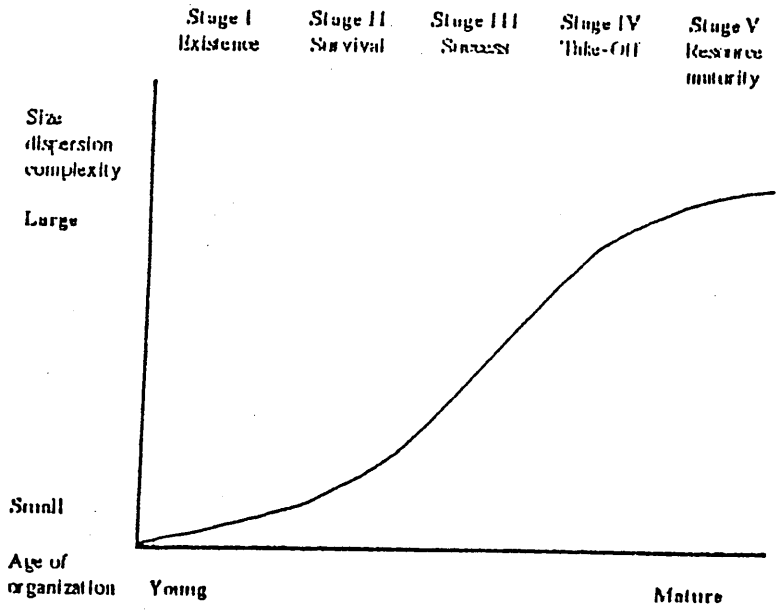
Managing for Rapid Growth

This study will focus on the High Growth Stage. The reason for concentrating on this area and not on the start up stage or stability stage is that it needs to be investigated in most of the small businesses in Bahrain. The investigation will come up with recommendation for improving the rate of growth of these businesses and with the required organizational changes to carry out the rapid growth of the business. This is because while an entrepreneur may have done a good job of assessing an opportunity, forming a new venture team and made a reasonable use of resources, and so forth, managing such a venture is, in the High Growth Stage simply put, a different managerial game.

2.5.1.2 Churchchill and Lewis Model

According to the authors, this is a more comprehensive model that looks at growth as more than just increase in sales and number of employee throughout the life of the company. (Churchchill and Lewis: 1983)

The model distinguishes five stages of growth that a small company can go through as shown below. These are the Existence stage, the Survival stage, the Success stage, the Take-Off stage and the Resource Maturity stage.



Each stage is characterised by an index of size, diversity and complexity and described by five management factors: managerial style, organizational structure, extent of formal systems, major strategic goals, and the owner's involvement in the business.

The main concerns in the Existence stage are obtaining customers and delivering the product or service contracted for. The organisation is a simple one with the owner doing everything and directly supervises subordinates, who should be of at least average competence. Systems and formal planning are minimal to nonexistent. The company strategy is simply to remain alive.

If the small business reaches Survival Stage successfully, then the business has demonstrated that it is a workable business entity.

The company at this stage has enough customers and satisfies them sufficiently with its products or services to keep them. The key issues thus shifts from mere existence to the relationship between revenues and expenses.

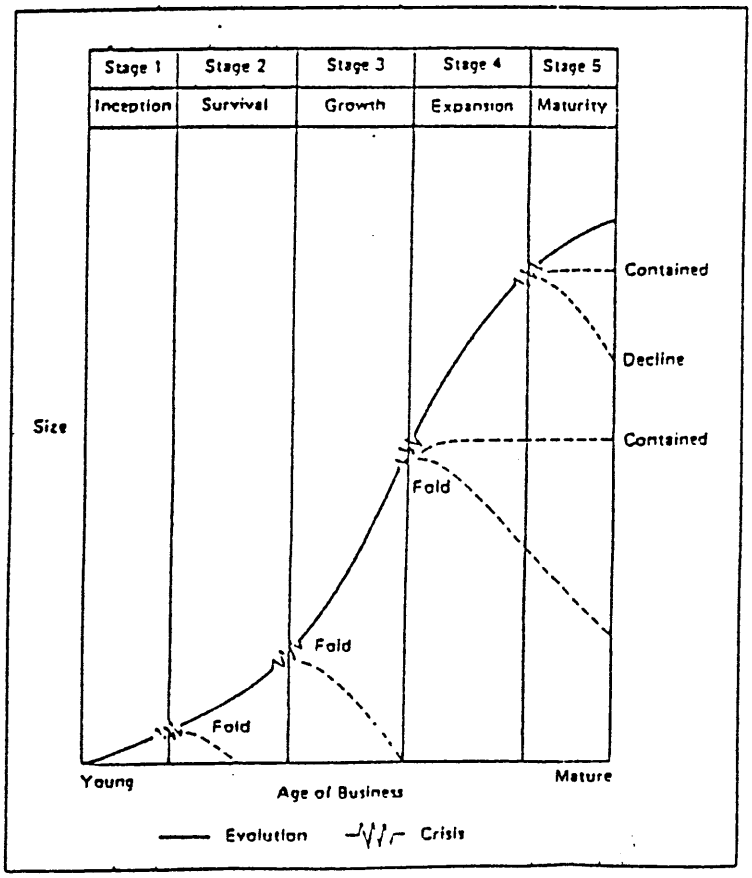
At the Success stage, the owners are faced with making a decision whether to use the company's success and expand or keep the company stable and profitable, providing a base for alternative owner activities. In other words, should this success of the company so far be used as a base for growth or as a means of support for the owners as they completely or partially disengage from the company.

The Take-Off Stage problems are how to grow rapidly and how to finance that growth. The most important questions are then how to delegate responsibility to others and how to manage cash that rapid growth will demand.

The last stage is the Resource maturity stage, in which the priority of the business becomes how to control the financial gains brought on by rapid growth and to retain the advantages of small size, including flexibility of response and the entrepreneurial spirit. The corporation must expand the management force fast enough to eliminate the inefficiencies that growth can produce and professionalize the company's operations by use of such tools as budgets, strategic planning, management by objectives, and standard cost systems and to do all this without stiffening its entrepreneurial qualities.

2.5.1.3 Scott and Bruce Model

This model is similar to the above two in that it is in the form of the classic product life cycle, as shown in the figure below. The model emphasizes that although the business may fail at any time it is most likely to happen at one of the crisis points. These crises are extremely important to the entrepreneur in terms of both his business and personal life. (: Scott and Bruce: 1987)



The "size" used to describe one of the axes includes such things as sales, total assets or number of employees. Change from one stage to the next of any firm is usually an effect of a combination of all the factors mentioned, i.e. sales, total assets, number of employees, accompanied by some external factors that forces a business into the next stage if it is to survive. The actual combination will vary from one business to the next

depending on both internal factors (such as condition of the plant or the aspirations of management) and external factors (such as the entry of a new competitor into the market or a change in technology). Size is not dealt with in absolute terms but rather as something which is unique to each business. It is the concept that is important here.

2.5.2 Sexton and Bowman - Upton Model or Market and Owner Limited Growth Model

A very recent book on small business growth has come up with a growth model that takes a different approach in analyzing small business growth. The authors claim that this model overcomes the limitation of previous models in that it explains why some new firms grow into large organizations whereas others experience only limited growth.

Sexton and Bowman have suggested a model called "A Market and Owner Limited Growth Model" that considers three major groups of factors as affecting the growth pattern of the firm. The three factors are:

1) the combined effects of the limitations imposed by the product life cycle, market niche, and opportunity "window".

2) the combined effects of the decision maker's propensity or tendency for growth and ability to manage the growth of the organization.

3) the ability of the decision maker to identify and convert subsequent opportunities successfully into implemented growth strategies.

Market Limitations

The limitation of the market niche can be viewed as the maximum sales that can be achieved within the specific niche assuming a given rate of sales growth. The window of opportunity can be considered as the time available to achieve the sales with a competitive advantage. The rate of sales within the window of opportunity is affected by the position of the product on the product-life-cycle curve. Consequently, every firm has a theoretical maximum market potential as defined by the market niche, the window opportunity, and the product life cycle.

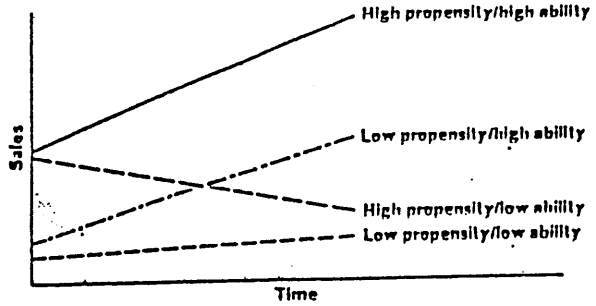
The market limitation on the growth of a firm may or may not be under the control of the management of the firm. Although the limits can be extended through various marketing techniques, each product or set of products has a theoretical sales limit. Few firms achieve high rates of sales and growth, while others, under similar market conditions, do not.

Management Limitations:

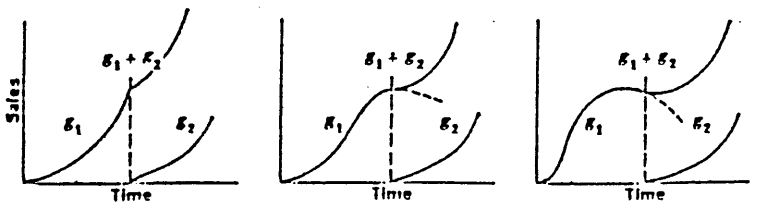
Growth in sales, profits and so on, for the initial stages of a new or emerging firm can be related to the decision maker's (owner, founder, CEO) propensity for growth and his or her ability to manage growth. Propensity for growth may be defined as a desire to build the organization from its current position into one that is substantially larger. The ability to manage growth may be defined as the degree to which a person can secure the funding and develop the organization to achieve the growth objectives of the firm. It should be noted that the propensity for growth establishes the desired limits or the growth objectives, while the ability to manage growth functions as a moderating variable. The ability to manage growth cannot raise the limits set by the propensity for growth. At a maximum it can allow the objectives to be achieved, or it can result in some level of accomplishment below the desired growth.

In conclusion therefore, the maximum growth of a firm can be described as the total of a number of growth stages or cycles. Beyond the initial growth stage there exist a number of other factors that can contribute to additional growth patterns. These factors are the recognition and conversion of additional opportunities into implemented strategies to exploit the opportunities. This in effect creates additional growth cycles for the firm. This can occur for any firm that has not reached the upper limits of the propensity for growth or the manager's ability to grow. In essence, growth beyond the initial period is the result of subsequent growth cycles for the firm.

The growth model of new venture development as discussed above suggests four different growth curves of new venture growth The growth curves as indicated below portray four different growth curves as a function of different combinations of propensity for growth and the ability to manage growth. The model in this context will ignore the market limitation on the growth of a firm since this may or may not be under the control of the management of the firm as said earlier.



Growth models of new ventures as a function of the CEO's propensity for growth and ability to manage growth. *Source:* Adapted from P. Reynolds and S. Freeman, *1986 Pennsylvania New Firm Study* (Washington, D. C.: Appalachian Regional Commission, 1987).



Effect of timing of initiation of additional growth on total growth cycle.

Although the model identifies new dimensions, as it suggests, that were not included in the previous growth models, it is too soon to accept this model. It is yet to be analysed and

criticized by others. This process will take a number of years. This, however, does not limit us from benefiting from the model's ideas and integrating it into our classical stage growth models discussed previously.

2.6 Growth In Small Businesses

Rapidly growing businesses have problems and needs that are very different from those encountered by mature or stable businesses and for which owners and managers are usually unprepared.

2.6.1 Problems of Rapid Growth

Probable crises that growing ventures will face, include forces that limit the creativity of founders and team; that cause confusion and unhappiness over roles, responsibilities and goals;that call for specification and therefore erode collaboration;that require operating mechanisms and controls, and conflict and separation among founders and members of team.

Among other important issues that confront managers in the high-growth stage are: (Timmons: 1990)

1) Compounding of Time and Change:

During rapid growth of companies things happen fast and change, ambiguity and uncertainty seem to be the only things that remain constant. Change, which is constant, creates higher levels of uncertainty, ambiguity and risk, which in turn, compound to shrink time, an already precious commodity. One result of change is a series of shock wave rolling through a new and growing venture by way of new customers, new technologies, new competitors, new markets and new people.

2) Management Experience:

Managers are usually relatively inexperienced in launching a new venture and yet face situations where time is a precious and shrinking element and change is rapid and where events are nonlinear and nonparametric; i.e. events do not follow a straight line, progress arithmetically, or even appear related, rather, they occur in bunches over time which form a step-wise rather than a smooth curve.

3) Fluid Structures and Procedures:

Organization charts become out of date very fast. They should be reviewed continuously as the business grow. The organizational structure is usually flat, i.e. has few management layers, and there is easy accessibility to the top decision makers.

4) Entrepreneurial Culture:

There exists, in growing new ventures, a common value system, which is difficult to describe, which is even more elusive to measure, and which is evident in behaviour and attitudes. There is a belief in and commitment to growth, achievement, improvement, and success and a sense among members of the team that they are "in this thing together". Goals and the market determine priorities, rather than whose territory is being challenged.

Some of the rapidly growing companies were facing very distinctive issues caused by rapid growth. Among these issues were:

5) Abundance Of Opportunities:

Rather than lacking enough sales or new market opportunities, a classic concern in mature companies, these firms faced an abundance. Choosing from among these was a problem.

6) Misalignment Of Cash Burn And Collection Rates:

These firms all pointed to problems of cash burn rates ahead of collection. They found that, unless effective integrated accounting, inventory, purchasing, shipping, and invoicing systems and controls are in place, this misalignment can lead to confusion and collapse

7) Surprises, etc.:

Expansion of space or facilities is a problem and one of the most disrupting events during the early explosive growth of a company. Management of many of these firms were not prepared for the surprises, delays, organizational difficulties, and system interruptions that are spawned by such expansion.

8) External Environment Industry Turbulence

The problems above are compounded by the amount of industry turbulence surrounding the venture. Firms with higher growth rates are found in industries that are also developing rapidly. In addition, there are often many new entrants, both with competing products or services and with substitutes. The effects of the above are many: Often prices fluctuate which causes disruption in marketing and sales projections, in financial planning and cash forecasting, etc. Often, there are rapid shifts in cost and experience curve also.

9) The Increased Complexity Of Exxpanded Distribution Channels

As the drive for sales growth increases so the existing customer base will need to be expanded. If this requires operating in new geographic areas or selling to a different type of customer some major changes in theway business is doneis likely, and probably will lead to requirement of more delegation of responsibility and authority.

10) Change In The Basis Of Competition:

If new competitors enter the market and the firm wishes to maintain market shares and relative strength, changes will be necessary. The increase in competition is likely to place greater emphasis on price at the expense of differentiation.

11) Pressures For Information:

All of the above crises will put huge demands on the firm's information systems. If this information system can be kept effective and dynamic it can be an excellent support to make business decisions, and can help release pressure on management as well as other functions.

12) Entry Of Larger Competitors:

As the industry moves through its life cycle and starts to consolidate or at least attract larger competitors, the basis of competition will once again change. The larger firms often use economics of scale as a major competitive weapon. The result-pressure on price.

13) The Expansion Into New Markets Or Products:

Both of these will stretch both managerial and financial resources. Key issue facing management will be financing the growth and maintaining control of operations.

14) The Distance Of Top Management From The "Action":

If growth is maintained, decentralization will continue fast and the entrepreneur/founder will find himself getting further and further from direct management and thrust more into the role of watchdog and planner.

15) The Need For External Focus:

Upto the point before rapid growth many firms would be internally focused with the product dominant. As the industry matures and consolidates so competition for sales grows and product differentiation,. although possible becomes more and more difficult. To maintain a competitive advantage through a differential product requires greater focus on customer needs and adapting the product offering (including promotion) to meet those needs.

The intensified competition often causes a more turbulent operating environment which in turn increases the need to be proactive and anticipatory. This again calls for greater external emphasis and an adaptation of management style.

2.6.2 Key Management Factors

There are several factors which change in importance as the business grows and develops and determine ultimate success or failures. We identify eight such factors of which four relate to the enterprise and four to the owner. (Churchill and Lewis: 1983). The four that relate to the company are as follows:

1) Financial resources, including cash and borrowing power.

2) Personnel resources, relating to number, depth and quality of people, particularly at the management and staff levels.

3) Systems resources, in terms of the degree of sophistication of both information and planning and control systems.

4) Business resources, including customer relations, market share, supplier relations, manufacturing and distribution process, technology and reputation, all of which gives the company a position in its industry and market.

The four factors that relate to the owner are as follows:

1) Owner's goals for himself or herself and for the business.

2) Owner's operational responsibilities in doing important jobs such as marketing, inventing, producing and managing distribution.

3) Owner's ability and willingness to delegate responsibility and manage activities of others.

4) Owner's strategic ability for looking beyond the present and matching the strengths and weaknesses of the company with his or her goals.

As a business moves from one stage to another, the importance of the above factors changes.

At the Take-off stage (i.e. the rapid growth) almost all the factors are crucial except the owner's "ability to do". This is the stage of action and potentially large rewards. Owners must ask themselves:

a) How to grow rapidly?

b) Can the owner delegate responsibility to others to improve the managerial effectiveness of a fast growing and increasingly complex enterprise and will the action be true delegation with controls on performance and a willingness to see mistakes made, i.e. will the owner be able to let go of centralized control and delegate it to his assigned managers?

c) Will there be enough cash to satisfy the great demands growth brings (which often requires a high debt-equity ratio) and a cash flow that is not eroded by inadequate expense controls or ill-advised investments brought about by owner impatience?

d) Is the manager competent to handle a growing and complex business environment with multi divisions (too often, those who bring the business to the Success stage are unsuccessful in Rapid Growth Stage)?

e) Are the systems capable of handling growth?

f) Are there efforts to perform Operational and Strategic planning, and are the concerned managers involved in this planning?

g) Are there adequate control systems (e.g. strategic plans implementation feedback, operational plans feedback)?

One of the major challenges in a small company is the fact that both the problems faced and the skills necessary to deal with them change as the company grows. Thus, owners must anticipate and manage the factors as they become important to the company.

A company's development stage determines the managerial factors that must be dealt with. Its plans help determine which factors will eventually have to be faced. Knowing its development stage and future plans enables managers, consultants and investors to make more informed choices and to prepare themselves and their companies for later challenges.

2.7 The Management Of Growth And Change:

Growth does not occur automatically. It must be planned, nurtured and directed. The vision, the opportunity, and the business plan all provide direction for the growth of a firm.

As the firm grows, the needs of the firm and the entrepreneur also grow. Managing the larger and more complex organization makes demands that may exceed the capabilities of the entrepreneur. There are two ways in which the entrepreneur can expand his or her management capabilities: through networking or by organizing a board of directors. But first let us see why organization that chose to grow need to change. (Sexton and Bowman: 1991)

2.7.1 Why Change:

For firms that choose growth and creativity pattern through changing to meet specific market demands, there are a number of long-term factors that force management to face a new order of things on a continuous basis. Gray and Smeltzer (1989) recognized that change is not an easy process and that the management of change requires managerial capabilities above and beyond those of an ongoing manager. They also identified six factors, or forces, that require the entrepreneur to find ways to manage change to meet the needs of the future:

1) Rapid obsolescence and technological improvements in products and processes.

2) Changing political and social climate.

3) Internationalization of the market place where international products are bound to compete with the firm's product in the domestic market.

4) Changes in organizational size and complexity.

5) Better-educated work force, which means that management style would have to match the intelligence of the workers and they would have to be convinced with the management ideas in order to internalise them and therefore perform effectively.

6) Employees growing concern over personal and social issues.

2.7.2 Reasons For Resistance To Change:

Managers must find ways to generate changes in their organizations to cope with these and other forces acting in the organization.
Growth always brings about change. Management may recognize the need for change, but most people are creatures of habits and tend to resist the process.

According to Gray and Smeltzer,(1989) there are six common reasons for resistance to change that tend to contribute to the difficulties associated with the management of change:

1) A sense of security associated with tradition, as exemplified by the "We have always done it this way" argument.

2) A programmed method of decision making based on knowledge of the job. Although unexciting, the "I can do it blindfolded" attitude requires little problem solving or rethinking of a process.

3) Concern of the employee about how the change will affect him or her.

4) Reluctance to change due to investment in plant and equipment.

5) Sunk costs on a personal level , or a don't upset the apple cart approach.

6) Undetected flaws in the proposed changes . Often there are potential problems with the changes that were not considered initially.

2.7.3 Overcoming Resistance To Change

Techniques that can assist in the implementation of change and in overcoming resistance to change include :

1) Education and communication of employee.

2) Participation and involvement which leads to commitment.

3) Facilitation and support which includes providing additional training and emotional support.

4) Negotiation and agreement ; another way to deal with resistance is to offer incentive to active or potential resisters.

5) Manipulation and co-optation ; giving an employee a desirable role in the design or implementation of the change.

6) Explicit and implicit coercion.

2.7.4 Organization Culture

Organization change is compounded by a number of interactions in the organization . It is usually brought about through attempts to implement individual and organizational change in order to achieve a firms' new objectives. However each aspect of change must consider the culture of the organization and the influence of the entrepreneur or founder of the firm in the establishment of its culture and its ethical standards . Corporate culture is the pattern of basic assumptions or actions that the group has developed in learning to cope with an organizations' problems.

2.8 Managing Growth Successfully

2.8.1 The Importance Of Culture And Organizational Climate

The organizational culture and climate , either of a new venture or of an existing organization , are critical in how well the organization will deal with growth.

Organizational climate can be described along six basic dimensions : (Timmons: 1990)

1) Clarity:

   The degree of organizational clarity in terms of being well organized, concise, and efficient in the way tasks, procedures and assignments are made and accomplished.

2) Standards:

   The degree to which management expects and puts pressure on employees for high standards and excellent performance.

3) Commitment:

   The extent to which employees feel committed to the goals and objectives of the organization.

4) Responsibility:

   The extent to which members of the organization feel individual responsibility for accomplishing their goals without being constantly monitored.

5) Recognition

   The extent to which employees feel they are recognized and rewarded (non monetarily) for a job well done, instead of only being punished for mistakes or errors.

6) Spirit of Corporation or Esprit de Corps:

The extent to which employees feel a sense of cohesion and team spirit of working well together.

2.8.2 Expanding Management Capabilities:

As a venture develops, the entrepreneur may find himself in situations where he has no expertise, no advice, or no power to get things done. Even if he has developed an excellent management team, gaps may still exist in technical areas, source of innovation, strategic planning or relationships with powerful outsiders. For example, you know you could get the contract, the funding, or the people if only you knew someone who "knew someone." Two tools, if utilized effectively, can enhance an entrepreneur's management capabilities. The first is the development and maintenance of a network, the second is a board of directors.

2.8.2.1 Networking:

Networking is based on a social networking theory and operates on the principle that one is embedded in a structure of social relationship that affects his entrepreneurial endeavors. Networks may facilitate resource accumulation and opportunity identification.

The basic premise that underlies the concept of entrepreneurship through networking is the existence of a link between the opportunity structure and the needed resources. The purpose of a link is to provide information concerning either the opportunity or the needed resources. The questions are: Can the structure of social relationship affect entrepreneurial endeavors? How can they facilitate or inhibit opportunity recognition and resource accumulation?

Birley (1985) surveyed 160 founders concerning the extent to which formal networks (banks, accountants, lawyers, Small Business Administration) and informal networks (family friends, business contacts) were used during venture creation.

She concluded:

a) Informal contacts, mainly business contacts, are seen overall to be the most helpful in assembling the elements of the business.

b) Family and friends are, most powerful where local issues are concerned (seeking location, employees, sales).

c) Formal sources come to help when the elements of the firm are set and the entrepreneur is seeking to raise financing.

The entrepreneurs use their personal networks for advice on operating decisions as well as technical information for product innovation. Networks seem to be an important source for recruiting top technical employees from the accumulated information on resources.

2.8.2.2 Board of Directors

Another source available to entrepreneurs is the board of directors. Utilized effectively, a working board can be important source of technical assistance and guidance. The areas in which board members may help are

- strategic planning process
- budget process
- management succession process
- filling vacancies on the board.
- crisis management

- new venture development
- its role as source of expertise
- ability to assist in operating the firm in the event of temporary CEO disability.
- overall importance to success of the firm, and
- less users of outside advisors or consultants.
- help in external funding and networking.

2.8.3 Growth Consumes Cash

For firms that choose to grow fast they would most likely require outside funding beside the entrepreneur's own capital invested in the business, because rapid growth consumes a lot of cash. (Welsh and White: 1983)

The funding needs and the type of funding required change as the firm's growth strategies change.

There are five general funding categories for emerging firms

1) Pre-venture start-up funds: needed for concept development, market research, product development and /or testing, and the development of the business plan.

2) At start-up funds: needed for the development of a market-ready prototype of the product and the initial marketing effort.

3) Funding needed to fund growth to the break-even, positive cash flow, profitability, or survival stage.

4) Funding necessary for market expansion or capacity growth, often referred to as "funding to success".

5) Funding needed to sustain growth as the firm becomes a larger, successful organization with products approaching market saturation or maturity.

2.8.4 Necessary Ingredients For Growth

Small businesses stand a better chance of successful growth if the owners of the business could pay attention to the following questions:

a) Do you truly like (love) your product or enjoy providing your service?

As the saying goes" If you can't do what you like, learn to like what you do". You should be convinced that your product is the best in the market. You want your customers to feel better about themselves in some way just by having been in contact with your business.

b) Are you willing to be personally involved in the business and to commit yourself totally to making the product or service a success?

The owner needs to be present to set the example in terms of enthusiasm, not just for the employees but for the customers as well.

c) Are you willing to stick with it?

You should make every effort to make your business a success. You may need to spend longer hours in your small business compared with being employed by a public utility or private company. You may need to work during weekends/and adjust your holidays to other working days just to suit the convenience of your customers, e.g. restaurants peak business hours could be mainly in weekends and night time.

d) Do you have a clearly defined way to market your product or provide your service to your customers?

There are two keys to success in this regard. The first is to advertise to let people know that you exist, and make sure customers can tell what you do by the name of your business. The second is to concentrate on being good at one or two things only. Do not try to be all things to all people.

Having a narrow, well defined product line helps develop a clearly focused marketing and distribution plan that is suitable to your product.

e) Do you pay attention to detail? Would you buy your own product or service if you were a customer?

Take a good look at how you treat your customers. Do you take a phone order while a cash customer waits? Do you maintain regular hours? Do you service what you sell willingly? Do you offer money-back guarantees? Is your facility clean? Do you return phone calls? Are your employees as knowledgeable as you are about your product or service?

In conclusion we are talking about paying attention to detail, or basic competence in what you are doing. Without it you will lose customers. And without customers, you can't stay in business.

f) Do you motivate employees?

- by giving them benefits like health, life, and disability insurance; a schedule of social activities for employees; tuition assistance; and profit sharing?

- by letting small groups of employees meet with management and together establish goals, and when employees' suggested methods for improvement are implemented, and the changes improve profits, these profits are shared with employees?

- in times of profit decline, is the situation explained to employees as was the suggestions to improve operations to bring costs in line with the competition?

2.8.5 Indications Of Growth In Small Companies:

In addition to the above, there are indications of growth. It implies that the company has or is experiencing one or more of the following dynamic developments:

a) Has targeted and is part of a new or emerging market.

b) Has built a reputation that is expanding.

c) Is part of an economic boom.

d) Has initiated new marketing techniques i.e.,;
Gone into export.
Broadened sales effort geographically.
Hired an aggressive sales manager.
Added nationwide distribution.

e) Has referrals and repeat business that is beginning to pay off.

f) Is going,or have gone in the past,through an acquisition or merger.

g) Has improved its staff during the years.

h) Has improved its management practices.

i) Has initiated a strong advertising and public relations programme.

2.8.6 Qualities Of A Successful Entrepreneur In Growth Periods:

The qualities that the entrepreneur should have to maximize his chances of being successful in growth period in terms of company profits can be summarised in the following:

- Be persistent and outgoing.
- Be open to new ideas.
- Be unafraid of failure, but stable enough to understand its dangers.
- Have a working understanding of marketing and finance.
- Be knowledgeable of the technical idiosyncrasies of the industry and your company's products.
- Have a global perspective.
- Be able to cut through red tape.
- Genuinely care about his fellow employees.
- Be respected.
- Abide by work-measurement habits for him as well as others.
- Be a team player.

- Take or give criticism in an acceptable way.

- Surround himself with promotable people.

- Have good common sense.

- Have a history of successful work experience in dynamic companies.

- Be accepted as a leader both inside and outside the company.

- Have high "achievement motivation", making him a more active information seeker, which increases his awareness of his customers and employees.

2.8.7 Exporting: A Further Means To Enhancing Growth In Small Business (Edmunds: 1987)

Exporting is increasingly seen as an opportunity for company's growth and increased profitability among small-to-medium-sized firms in many industries.

Small companies in Bahrain should look to foreign markets because of intensified competition at home, or gradually maturing domestic markets, or limited domestic market opportunities.

Research on the small businesses in the United States showed that small firms choose not to export because of the following reasons:

1) Lack of knowledge about overseas market for their products.

2) Lack of interest.

3) Perceived complexity of exporting.

4) Lack of awareness of government assistance.

5) Financing difficulties for export sales.

2.8.7.1 Benefits Of Export:

Some of the reason however for choosing to export which will ultimately lead to increase growth opportunity limits of the firm are:

1) Risk Diversification: for example products that are seasonal could sell all year round if exported to overseas markets during of-season in the local market.
2) Showing Product Decay: Exports can, in addition, slow down the decay process of a product. An export program may help to prolong the marketability of products in the maturity and decline stages of the product life-cycle.

3) Increase profit

4) Long-run sales stability

2.8.7.2 Export Risks:

Although there are benefits in exporting overseas, there are risks associated with exports. Some of the risks can be summarized as follows:

Financial	International Business Environment	Political
Currency stability	Social/cultural factors	Internal political stability
Currency convertibility	Enforceability of laws	
Restrictions - Capital	Socioeconomic Infrastructure	
Inflation rates		
Price controls		
Taxation rates		
Interest rates		
Availability of local financing		

Overall however, well-motivated and enlightened small business people can export profitability. Various operating, marketing, and financially hedging tools can be used to reduce the risk inherent in any export program. Exports can expand markets diversify risk, and extend the product life cycle.

2.8.7.3. Export Strategy

A result of a study (Namiki: 1988) carried out in USA on 248 small companies, all exporting computer hardware to overseas,have identified four different patterns of competitive strategy were employed by small-sized firms in export markets. These are:

1) Competing through marketing differentiation, emphasizing activities such as competitive pricing, development of brand identification, strong control over distribution, advertising and innovation in marketing techniques. Competitive pricing implies a low cost leadership strategy. Therefore, this pattern of strategy can be seen as a combination of marketing differentiation and low cost leadership.

2) Differentiation focus strategy, in which new or special products are marketed to particular group of customers. This strategy emphasizes the ability to manufacture special products for particular groups of customers, providing a broad range of products, and/or new product development.

3) Innovation differentiation through technological superiority of products and new product development. It differs from focus strategy in that it does not focus on particular groups of customers.

4) A product oriented strategy, emphasizes high levels of customer service and high quality products.

2.8.7.4. Implications For Small Business Exporters:

In conclusion of the above study, all the strategies aimed at differentiating firms from their competitors through marketing, innovation, or product quality and service. Differentiation through innovative products had a focus dimensions, concentrating on serving certain groups of customers. Low cost leadership alone,however, is normally not used on its own for export competition, but was employed in combination with a marketing differentiation strategy. Small business exporters were found to follow multiple strategies for competition in export markets.

The study also showed that a majority of exporters (57 percent of the sample firms) followed a marketing differentiation strategy; 27 percent pursued innovative differentiation strategies; and 11 percent pursued used focus strategies. The latter two groups were found to achieve higher export performance than the majority group. Small business firms which aimed to manufacture technologically superior products or develop new products, and

produce special products for certain customers were more successful than those concentrating their efforts on marketing activities.

2.9.0. Summary of literature review:

In the literature review we have looked at models that explained the stages that all companies could go through and the main concern that they will be dealing with and problems at various stages of their life cycle. We have concentrated on the rapid growth stage, to explore the main problems that prevent the small businesses from accelerating or growing as fast as the economy is growing.

There are two main concerns or issues that we have concluded from this literature review. One is that entrepreneurs deal with different kind of problems when companies are facing rapid growth situations than in the early, stable or mature stages of the business.

These problems could be broadly classified into two categories. One is the problem that rapid growth brings with it and the other is the problem of the response of the entrepreneur to the dynamic situation or change that rapid growth brings along. Quite frequently we might find that entrepreneurs have a tendency to resist change that this dynamic situation brings along.

CHAPTER 3

ANALYSIS OF DATA

The analysis of data presents the results of the gathered data from the "personnel interview questionnaire", to reflect the extent of the use of key issue factors mentioned in the literature review. It is also meant to show what problems are particular to some of Bahrain small manufacturing firms and similarities or differences to problems mentioned in the literature review which basically represents issues more related to USA and European firms.

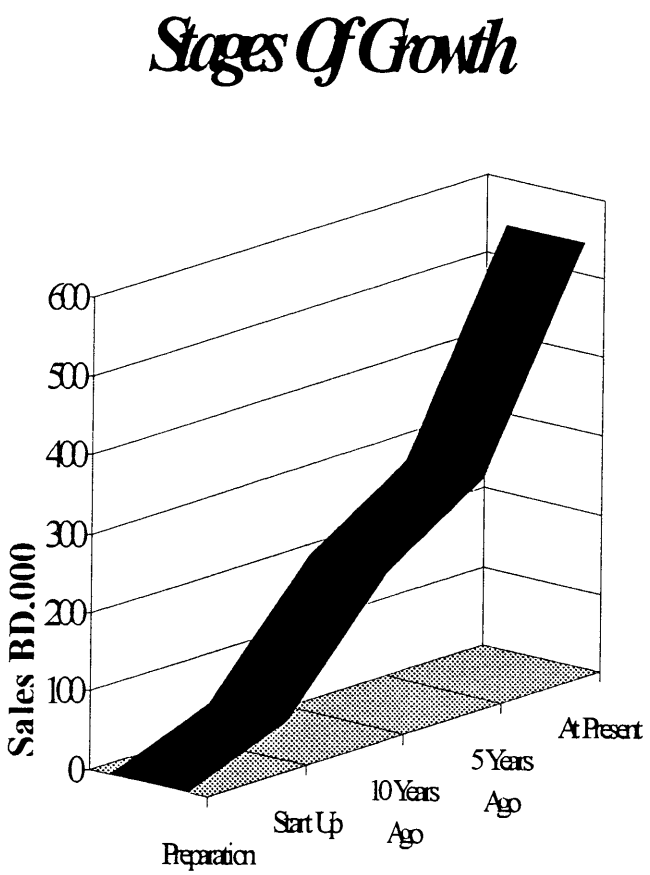
The data analysis is presented below at two formats. First is the descriptive format which focuses on basic information about the selected companies and their relevance to the scope of this research to see whether they fall into the right category required for our research. Second is the analytical format which focuses on measuring the degree of use of various management techniques and similarities or differences of problems relative to that which are mentioned in the literature review and whether there are problems that are specific to Bahrain.

3.1 Descriptive Analysis:

All of the 41 companies surveyed are at least 7 years old. We can therefore assume that all companies have survived the start up stage. This is evidenced in the sales growth rate of some of the younger companies that are between the age of 7 and 11. For example one of the companies that is 9 years old has sales increase of 600% over 9 years. Another has increased sales by 250% over 9 years and yet another 1400% increase over 11 years. Twenty out of the 41 companies, i.e. 49%, are between the age of 7 and 11, the rest are older than 11 years. Out of these 20 companies, 4 companies have not revealed their sales growth, but have assured sales increase in later questions. Details of the respondent answers are attached in Appendix A.

3.1.1 Growth Pattern in Companies

As indicated in the literature, growth patterns can be plotted for sales against the life of the company.



The figures shows a healthy overall growth rate per five years interval. At present the growth rate is about 18.6% per annum. If this growth pattern is compared with the earlier pattern on the literature, it will proof that small companies in Bahrain are still at the high growth stage. The table below shows the sales for those companies with a reasonable growth pattern. Due to the reluctance of many of the companies to reveal their true sales we have discarded those that where obviously incorrect.

Company #	Preparation Stage	Start Up	15 years ago	10 years ago	5 years ago	At present
1	0	100		125 *	150	250
2	0	65		93 *	120	200
3	0	60		150	150	110
4	0	2		2*	2	8
5	0	25		1,000	1,500	1,500
6	0	3		50	100	150
7	0	100		200	300	600
8	0	3		30	40	80
9	0	60		175	130	120
10	0	35		100	200	500
11	0	180		250	300	450
12	0	100		400	450	800
13	0	5		50	90	200
14	0	2		7	10	20
15	0	3		100	200	350
16	0	100		120	150	155
17	0	18		120	200	300
18	0	75		400	310	430
19	0	0.3		600	1,000	4,000
Average	0	50		200	280	540
Rate of increase	-	-		400%	40%	93%

* = estimated average of the periods before and after this period.

3.1.2 Actions by Companies to increase sales during economic boom:

In an open ended question investors were asked whether they have taken any steps to increase sales, therefore, increasing growth rate of their companies, during the economic boom in Bahrain. There was no consensus on the answer to this question. however the cumulative thoughts have been collected and categories under the following headings:

1. Marketing and target market actions:
   - a market plan to acquire a larger share of the market.
   - look for new market opportunities
   - concentrate on specific market.
   - increase marketing activities : sales people, go out to contact companies, use advertising in newspaper, and register the company in Ministry of Industry.

2. Human resources management actions:
   - increase manpower
   - replace some employee with better qualified ones.
   - more facilities to employees

3. Service to customer actions
   - increase trust to customer of quality.
   - improve response to customers.
   - go out for customers instead of relying on them to come to the company.
   - stick to highest quality of finished products.
   - good quality of raw material.

4. Innovation:

- Extra facilities to deliver products with intention to reduce customers, cost of handling products. For example bulk supply of liquified gas, instead of continuous gas cylinders supplies to customers, therefore reducing the customer's as well as the company's own handling cost.

5. Technology change:

- Planned growth expansion (with proper machinery, tool, back up machines).

- Modernize equipment for faster and better quality products.

- Increase automation and consequently reduce labour cost, which leads to more competitive pricing.

3.1.3 Problems specific to Bahrain work environment:

1. Labour concerns:

Cheap labour is not available in the local market. It is however looked at as an essential ingredient for success of small businesses. The alternative therefore is to employ cheap labour from overseas. There are problems associated with employment of cheap labour.

1. Entrepreneurs have no real incentive of making the business more efficient by mechanization because saving in labour cost due to reduction in labour does not offset the investment cost.

2. The gradual enforcement of the Bahrainization in the private sector, to reduce unemployment rate, will disturb the flow of business improvements, because at a point in time experienced expatriates will be replaced by lesser experienced locals.

3. Enforcement of Bahrainization will also increase the cost of labour charges therefore increase the price of products.

In conclusion, companies should plan ahead, in anticipation of the enforcement of Bahrainization law. They should look at means of increasing efficiency, including use of modern equipment as mentioned earlier.

3.2 Quantitative Analysis:

The table below shows the development of management functional areas from start up to present for the 41 companies surveyed.

Out of the 41 companies the following are the number of companies that are run by professionals in the various functions of the business , during start up and at present.

NO. OF COMPANIES, OUT OF 41 COMPANIES, WITH PROFESSIONALS IN THE VARIOUS FUNCTIONS.

	No of Companies		% of Samples		
Function	Start - up	At present	Start up	At present	% Increase
Managing	5	10	12%	24%	100%
Accounting	22	35	54%	85%	60%
Sales	7	13	17%	32%	86%
Production	13	19	32%	46%	46%
Administration	9	17	22%	41%	89%
Marketing	6	9	15%	22%	50%
Planning	7	13	17%	32%	86%
External Audit	13	25	32%	61%	92%

The above table shows that only 5 out of 41 companies or 12% have started with professional managers who have academic qualifications in management. The rest of the companies have started by either the entrepreneur himself or with the help of an experienced but unqualified manager. The majority of these companies age are between 10 and 20 years. At present, and after 10 or 20 years only 10 companies are run by professional managers. This makes only one quarter of the total surveyed companies.

Twenty two companies i.e 54% of the total companies have started with a proper accounting system. At present, 35 companies, i.e 85% of the total companies have professional accountants. Therefore a good number of the investors seems to be aware of the importance of good accounting system to manage their scarce financial resources.

The above conclusion is also true, but to a lesser extent about employing professionals for the production section.

At start up 13 out of 41 companies have professionals looking after production. At present the awareness for a better qualified employees has increased to 19 out of 41 companies. This is an increase from 32% at start up to 46% at present. Some investors seem to have settled for lower quality employees for production by selecting unqualified but experienced employee.

This supports the literature in concluding that the majority of the small companies were started by their owner, and that he performs most of the functional activities from managing to bookkeeping, sales etc., during start up.

The table below show a break down, by the 3 categories, of the development of professionals from start up to the present in the wood work, aluminium fabrication, and chemicals manufacturing industries.

The table below shows that chemical companies have started with the greastest number of professional staff compared to aluminium fabrication and wood work. At present, this is still the case.

Number of Companies with Professionals								
Function	**n=14 Wood Work**		**n=14 Aluminium**		**n=13 Chemicals**		**n=41 Total**	
	Start Up	At Present	Start Up	At Present	Start Up	At Present	Start Up	At Present
Managing	0	0	1	3	4	7	5	10
Accounting	4	11	9	11	9	13	22	35
Sales	1	1	3	6	3	6	7	13
Production	1	4	7	8	5	7	13	19
Admin.	1	1	4	8	4	8	9	17
Marketing	1	1	2	3	3	5	6	9
Planning	0	0	3	6	4	7	7	13
Ext. Audit	2	4	6	10	5	11	13	25

On this basis we can conclude that, in manufacturing, as the industry becomes more technology based and complex, the greater the level of professional staff employed. However, the lower level of professional staff in wood work may not be caused by the actual complexity of the manufacturing process but rather the managements belief that the process is simple. This is supported when a comparison of the complexity of the aluminium fabrication and the wood work manufacturing reveals that they are similar, whilst aluminium has a greater number of professional staff.

A relatively large number of chemical companies use marketing techniques, almost half, compared to the other two categories. This is also evident to a greater extent for the planning function.

Investors are a lot less aware of the importance of function of marketing. Out of the 41 surveyed companies only 6 companies (15%) had professional marketing people at start up. At present this figures have increased to 9 companies or 22%. In another 3 companies the owner claims to be doing some marketing function and yet another 5 companies, marketing was done by unqualified but claimed to have experience in the field. However, 24 companies or 59% are not utilizing any marketing function in their firms, which is alarming.

The employment of external auditors can indicate that companies will be borrowing money and making international deals. This results in the need to disclose their accounting records hence the need for external auditors. In addition, the presence of an external auditor will usually indicate that the business is transacting in larger amounts, will have greater sales,and will have more assets. The chemicals industry has the largest volume of sales, as indicated earlier, and 11 out of 13 companies have external auditors at present.

The table below gives a comparison of the number of companies that are run by professionals against the number that of the companies that are run by owners in the various functions or duties for the 41 companies.

	Professionally Based		**Owner Managed**	
	Start	At present	Start	At present
Managing	5 12%	10 24%	34 83%	30 73%
Accounting	22 54%	35 85%	9 22%	0 0%
Sales	7 17%	13 32%	24 59%	15 37%
Production	13 32%	19 46%	4 10%	0 0%
Office Admin.	9 22%	17 41%	14 34%	6 15%
Marketing	6 15%	9 22%	6 15%	3 7%
Planning	7 17%	13 32%	7 17%	7 17%
External Auditor	13 32%	25 61%	N/A N/A	N/A N/A

The table also shows how many investors were doing the various functions at the start up and at present. Twenty four investors were doing the sales function at the start up themselves. This is a 59% of the sample size. At present, 15 investors remained doing the sales function while 13 investors have assigned it to professionals and 13 other investors have assigned it to unqualified but experienced employee. In conclusion, at present sales is handled by qualified experienced employee, i.e. professionals in only 13 of out the surveyed companies, i.e. 32%.

This is a low figure, if compared either with the 35 out of the 41 companies that employ professsional accountants, or with the 19 out of the 41 companies with professional production personnel. This gives an indication that sales function is not given the same importance as either the accounting or the production functions.

In many cases it was found that the concept of a sales person is someone who sat behind a desk in a shop waiting for customers to approach him. That is why he does not have to be a talented person, because the product quality will speak for itself.

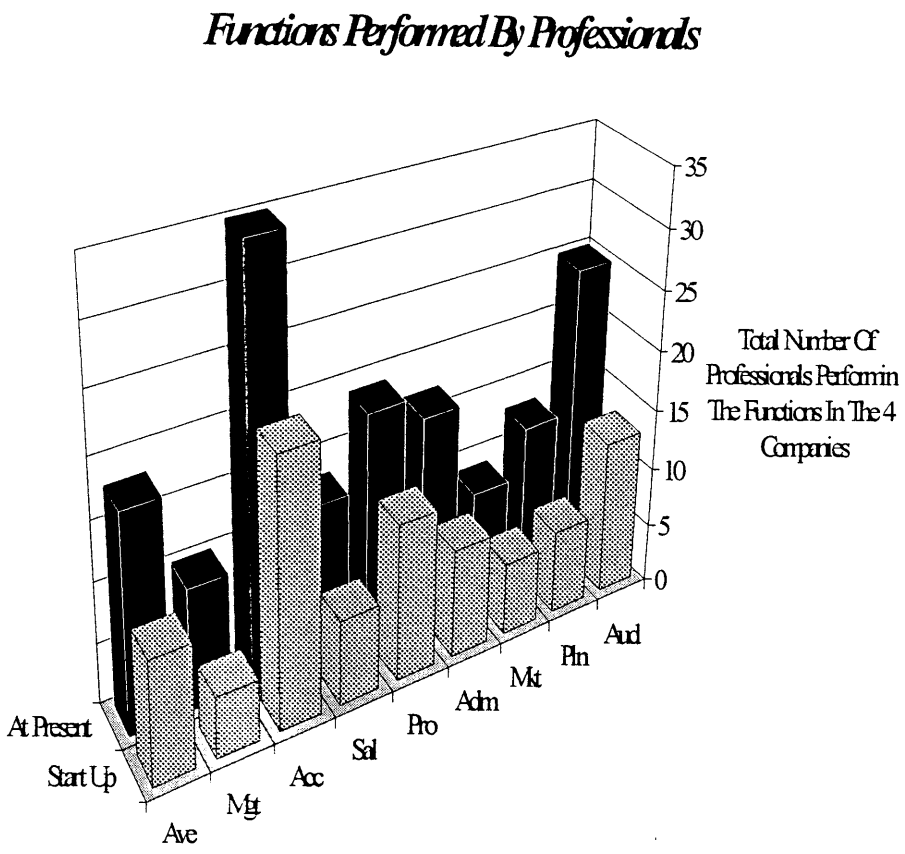
This perception of the lesser importance of sales and marketing functions leads us to conclude that most of the companies are production oriented rather than marketing oriented. This means that the investor is concerned more with selling what he produces, rather than producing what the customer needs. Customer needs can be determined by doing a market research, which is one of the functions of the marketing department.

Planning is another function that is ignored by most of the companies. The number of companies that are doing some planning had increased from 7 companies at start up to 13 companies at present, i.e. from 17% to 32%. Seven out of the rest of the companies carry out planning by the owner. At present 21 companies or 51% do not carry any kind of planning. This figure is a reduction from 27 companies, 66% at start up of the companies.

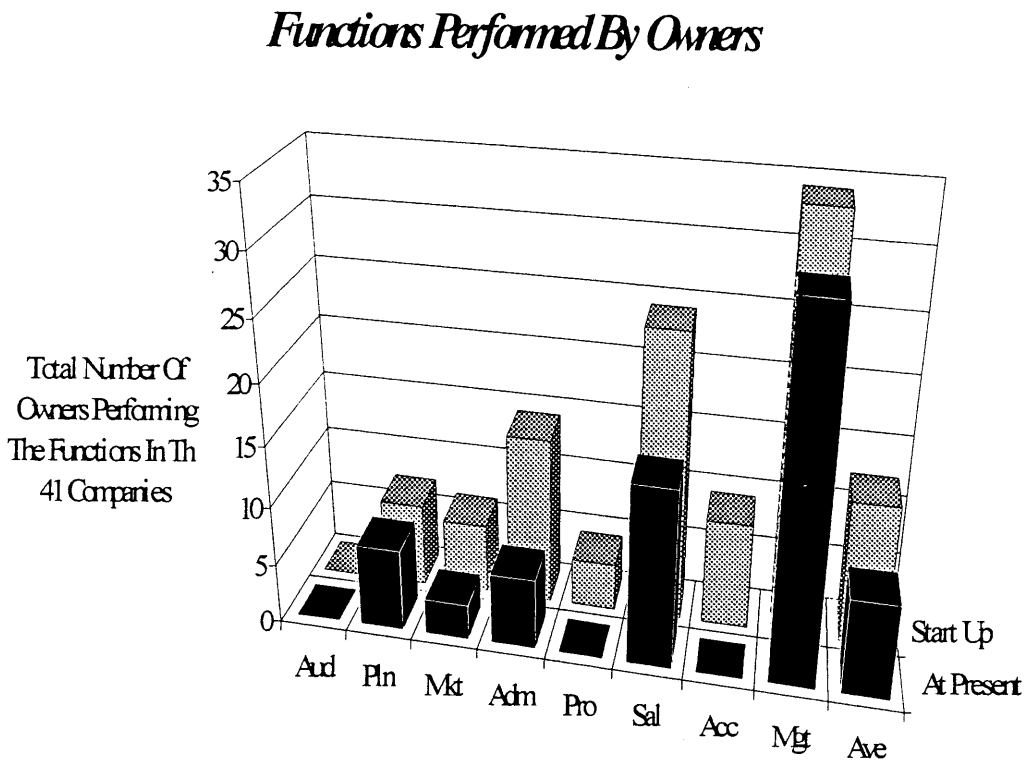
Twenty five companies, 61% have external auditors. These companies therefore have extended their borrowing capabilities and international dealings.

Managerial Experience:

Many of the companies have realized the importance of professionals in handling of the various functions of the business like Managing, Administration and Finance, Production and. Marketing, and Planning. This is illustrated in the bar charts presented below, where it shows a growing number of companies are assigning the various functions to professional staff.



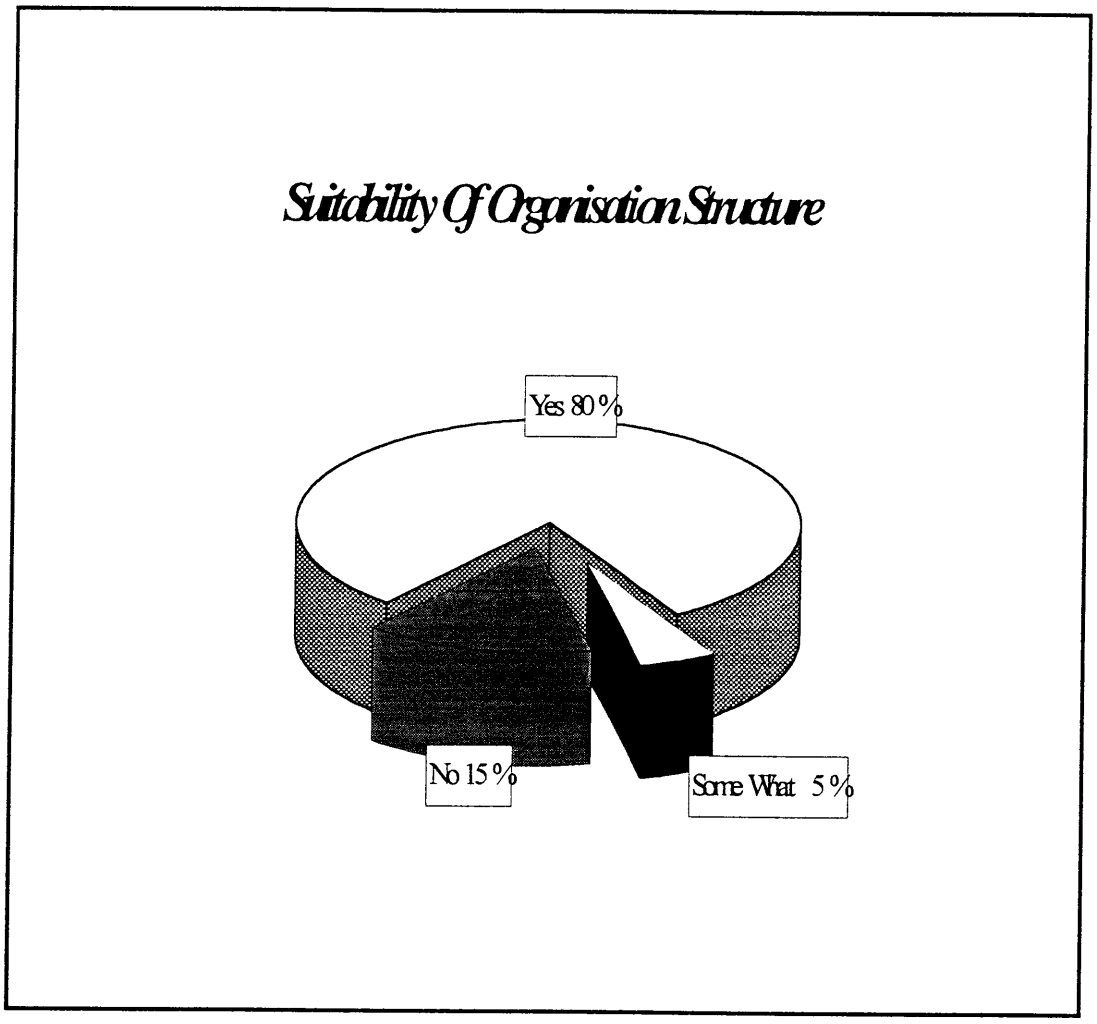
In the same time the picture from the entrepreneur's end look just the opposite. The owners duties have almost disappeared in some functions especially in production and accounting but the entrepreneur is still managing and doing the sales function.



Fluid Structures and Procedures

The respondents were asked about the frequency of review of their organization chart and over half (56%) of them said that they review their structure either annually or every two years. These respondents will therefore have companies with dynamic or fluid structures and can handle business environmental change with more confidence. The rest of the companies would be expected to face problems in future if their structure does not change and respond to external environmental change.

Respondents were also asked about the suitability of their organization structure for running their companies. Eighty percent think their chart or structure is suitable, 5% felt it is somewhat suitable, and 15% felt it is not suitable, as illustrated in the pie chart below.



Entrepreneurial Culture

Entrepreneurial culture as mentioned earlier in the literature, requires an existence of a belief in and commitment to growth, achievement, improvement, and success and a sense among members of the team spirit.

In Bahrain's case, respondents have exhibited in their replies to a set of questions that entrepreneurial culture exists to a good extent. This is evidenced in the high mean that is calculated for their response in the table below.

RANK	ENTREPRENEURIAL CULTURE ELEMENT	MEAN
1	Pressure on employee for high standard	4.805
2	Employee sense of cohesion and team spirit	4.683
3	Employee feeling for recognition	4.171
4	Employee commitment to goals and objectives of org.	4.122
5	Company efficiency in task assignments and accomplishment	4.098
6	The level that companies are organized	3.683
7	Feel for individual responsibility without supervision	3.683
	Mean response on a scale of 5 = High 4 = Good 3 = Average 2 = Low 1 = None	

Respondents revealed that high pressure is exerted on employees for high standard and excellent performance. They rank this element highest (4.8) in the group. They exert this high pressure through a sense of cohesion and team spirit among employees, which is ranked second with a mean score of 4.683.

The next three elements are the employees feeling for recognition, employee commitment to goals and objectives of the organization, and the level of company efficiency in the way tasks and assignments are made and accomplished. These three elements are close to each other in their ranking. They exist in the organisation to a good extent although not excellent or high. Some extra work can be done on these areas to improve employee feel for recognition which will hopefully reflect in their commitment to the goals and objectives of the organization. Individual responsibility without supervision is ranked 7 with its mean at 3.683, i.e. above average, but below good. This is lower if compared with the mean of 4.171 found for employee feeling for recognition. It may indicate that respondents are not fully aware of their employees feeling for recognition.

The above average for employees feeling of individual responsibility without supervision also contradict with the high mean of 4.683 for employee sense of cohesion and team spirit. This may also indicate that respondents have overestimated their expectation of their employee.

The extent to which the company is organized and efficient in the way tasks, procedures and assignments are made and accomplished, determines the clarity of objectives and the smooth running of the organization. The above table shows that the companies are organized to above the average level, with a mean of 3.683. This element should be examined carefully by the companies to bring the companies to a better and highly organized standard. This improvement together with improving efficiency should again enhance the successful growth of the companies.

Pressure for Information:

Respondents were asked to describe their information system. Only 3 respondents felt they had excellent information systems. 14 respondents think they have good information systems. Over half of the respondents feel they have an average, weak or no system.

Information System	No. of Respondents	% of total respondents
Excellent	3	7.3%
Good	14	34.1%
Average	13	31.7%
Weak	10	24.9%
Non Existent	1	2.4%

During the interviews it was necessary to explain what was meant by information system for more than three quarters of the respondents. Also from personal observation to their place of work it was felt that in many cases information system was simply non existent. In conclusion, therefore the obtained results may be considered as inaccurate.

3.2.1 Necessary Ingredients For Growth:

The existence of some of the necessary ingredients for a healthy growth of the sample companies was examined. Respondents were asked whether they love their products and enjoy providing their services, and the extent of their personal involvement in the business, and their commitment to make it a success. Results are presented below to examine to what level do these ingredients exist in these companies.

RANK	NECESSARY INGREDIENTS FOR GROWTH	MEAN
1	Love and care about your business	3
2	Buying and support your own product	3
3	Personally involved in the business	2.8
4	Employee motivation (benefits and bonuses)	2.78
5	Stick to your business even long hours and weekends	2.66
6	Employee encouragement in participating in management suggestions	2.59
7	Explaining companies difficulties to employee	1.83
Scale	Yes = 3 Somewhat = 2	No = 1

To gain a more complete understanding, we have included questions on the employees motivation. This will provide us with information on the perspective of the respondents to their employees.

The ranking shows that respondents feel they are supporting their business 100% and are determined to make it a success. About 85% of the respondents are personally involved in the business on a daily basis. However only 80% of the respondents stick to their business when it comes to working for long hours and weekends. Well above 3/4 of the respondents do motivate employees monetarily with bonuses and other benefits. Employee are encouraged to participate in management suggestions, but to a lesser extent.

Over half of the respondent do not care to explain the situation in cases of companies facing difficult time, which might effect employees pay. One of the companies have indicated that they make employees be aware of the existence of late delivery order penalty clauses payable to customers to encourage employee to be sincere at work.

3.2.2 Indications Of Growth In Companies

Questions were asked to get a feel for indications of growth in the sample companies. The table below shows the range of these indications from the strongest to the weakest indication.

RANK	INDICATION SOF GROWTH IN COMPANIES	MEAN	COMMENTS
1	Built a reputation that is expanding	2.9	Strongest
2	Improved management practices during the year	2.66	
3	Broadened sales efforts geographically	2.27	
4	Nationwide distribution	2.22	
5	Initiated public relations media	2.02	
6	Gone into exporting	1.88	
7	Hired aggressive sales manager	1.78	
8	Initiated strong advertising techniques	1.66	Weakest
Scale	Yes = 3	Somewhat = 2	No = 1

Results demonstrate that the majority of the respondents, i.e well above 3/4's, think they have built a good reputation that is dynamic and expanding. This is in agreement with the nature of entrepreneurial behaviour for maintaining a good name for his business all along the business life. Entrepreneurs have therefore expressed their concern if they let go of management role.

Over 2/3rds of the respondents have improved their managerial practices throughout the life of their business. However, not all of these have courses in management practices. In fact more than half have said that they have no courses in management practices.

More than half of the respondents have broadened sales geographically to cover at least Bahrain. However about 1/3 believe they can exert some more effort to broaden their sales to cover the whole of Bahrain. This result explains the shortage in the nationwide distribution by a 1/3 of the companies not able to cover Bahrain in distribution..

The absence of the proper marketing section in many companies, as indicated earlier, meant that the level of activities in both public relation and advertising are not maintained upto a proper standard. This is evidenced in that about 1/3 of the respondents have not initiated a proper public relations and more than half have not initiated a proper advertising system or technique.

Only 1/3 of the companies have aggressive sales managers. Again the role of marketing section is to ensure a stronger emphasis on employing such aggressive sales people.

In conclusion, sales figures presented earlier have shown than many companies have so far had a good rate of growth. The past picture seems to be changing at present. Looking at the previous table in an overall sense, it indicates that future growth rate is not very promising for more than half of the companies unless they re-inforce the existing weaknesses especially in marketing and sales section.

This in turn is hoped to strengthen:

- Distribution network
- Initiate public relations
- Hire aggressive sales people
- Initiate strong advertising techniques
- Explore exporting for overseas markets.

3.2.3 Exporting:

Realising the limited market size of Bahrain, meant that it will not be long before market gets saturated for many manufactured products. The alternative for manufacturers is therefore to export part of their products to maintain good growth.

The table below shows that over half of the companies do not use exporting as a means of market growth, although 3/4 are interested in exporting as shown in the table below:

	Yes	Somewhat	No
Interested exporting	31	3	7
Product good for exporting	37	2	2
Government assistance to exporters	5	1	34
Ability to finance exporting	33	3	4

The literature review mention that US companies are not aware of government assistance for exporting. For Bahrain however, over 3/4 of the sampled feel there is no government assistance for exporting.

For Bahrain however, the feeling is that

1. Over 3/4 of the sampled companies feel there is no government assistance for exporting including custom delays and paperwork.

2. In the Aluminium Fabrication field, similar products, if not better, are available all over GCC countries with more competitive prices.

3. Custom made, whether Aluminium or Wood products cannot compete with the similar custom made overseas products, because of handling and transportation charges difference.

4. Lack of reliable information on GCC countries and other neighbouring countries market size of similar products, market potential, customer buying behaviour etc.

CHAPTER FOUR

SUMMARY, CONCLUSION AND RECOMMENDATION

4.1. Summary of literature review:

In the literature review we have looked at few models that explained the stages that all companies could go through and the main concern that they will be dealing with and problems at various stages of their life cycle. We have concentrated on the rapid growth stage, to explore the main problems that prevent the small businesses from accelerating or growing as fast as the economy is growing.

There are two main concerns or issues that we have concluded from this literature review. One is that entrepreneurs deal with different kind of problems when companies are facing rapid growth situations than in the early, stable or mature stages of the business.

These problems could be broadly classified into two categories. One is the problem that rapid growth brings with it and the other is the problem of the response of the entrepreneur to the dynamic situation or change that rapid growth brings along. Quite frequently we might find that entrepreneurs have a tendency to resist change that this dynamic situation brings along.

4.2. Conclusion and Recommendations:

In general, most of the findings do support the literature, and there are signs of problems in the high growth stage which most of the surveyed companies are suffering from.

Comparing the growth pattern obtained from this research to the ideal or theoretical pattern mentioned in the literature, the surveyed companies are still in the high growth stage. In general, the majority have not reached the maturity stage yet, and there is plenty of room for more growth for at least the next 5 years. Forecasting of each industries pattern for the next 5 to 10 years could be a topic for research, with sensivity analysis for further forecasts if professionals where increased in the various functions.

Analysis of the number of professionals in the various functions of the business in the surveyed companies has revealed the following:

a. Only one quarter of the companies have professional managers. The majority are run by their owners, which is expected for small businesses.

b. The majority of the companies have professional accountants. Therefore a good number of investors seem to be aware of the importance of good accounting system to manage their scarce financial resources. But they nevertheless do not seems to have good information system.

c. Half of the companies have professionals in the production section.

d. Our findings supports the literature in concluding that the majority of the small companies were started by their owners, and that he performs most of the functional activites from managing to book keeping, sales, etc., during start up.

e. In manufactucturing, as the industry becomes more technology based and complex, the greater the level of professional staff employed.

f. Almost 2/3 of the companies have no marketing sections. The remaining 1/3rd have a marketing function with professionals.

The absence of proper marketing in many companies meant that the level of activities of marketing are not maintained up to a proper standard. Strengthening the marketing section can strengthen:

- Distribution network
- Initiate public relation media
- Hire aggresive sales people
- Initiate strong advertising techniques
- Explore exporting in overseas markets.

g. The perception of the lesser importance of sales and marketing functions leads to conclude that most of the companies are production oriented rather than marketing oriented. This means that the investor is concerned more with selling what he produces, rather than producing what the customer needs.

h. Planning is another function that is ignored by most of the companies.

i. Over half of the sample companies have dynamic or fluid structures, and can handle the business environmental change with more confidence. The rest of the companies would be expected to face problems in future.

j. High pressure is put on employees for high standard and excellent performance.

k. Entrepreneurs feel that employee motivation is good. However, entrepreneurs can improve the situation and reward them non monetarily for a job well done, to further boost their morale, which will reflect positively in their commitment to the goals and objectives of the organization.

l. The research supports the literature reivew, in that small business firms concentrate on producing special products for certain customers for achieving success, rather than concentrating their efforts on marketing activities.

m. The extent to which the company is organized and efficient in the way tasks, procedure and assignment are made and accomplished, determines the clarity of objectives and the smooth running of the organization. In general, the sample companies were organized and efficient to an average level, and companies should examine their organization more closely to achieve better results.

n. Over half of the respondents feel they either have an average, or weak information system.

o. Companies should plan ahead in anticipation for their enforcement of Bahrainization law. They should look at means of increasing efficiency, including use of modern equipment.

p. It is recommended that there should be an educational centre to render the following services for small companies:

. help owners better understand their businesses and give guidance and help to whoever needs it.

. consultancy and advisory serviceses to individual companies throughout the business life.

The government should strongly support such an educational centre, because it will improve the efficiency, and hence product quality and speed of production will improve . This in turn increases sales revenue which would consequently boost up the economy of the country.

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APPENDIX A

MANAGING GROWTH IN SMALL AND FAMILY OWNED MANUFACTURING COMPANIES

PERSONAL INTERVIEW QUESTIONNAIRE

1. Name of Company.
2. Business Activities.
3. Year of Establishment.

4. Ownership : ---- Sole propritor ---- Family ---- Partnership ---- Private Company.
5. What was your approximate yearly production (in units) during:

1) start up 2) 5 years 3) 10 years 4) 15 years 5) now

--- --- --- --- ---

6. What was your approximate yearly sales (BD 000) during:

1) start up 2) 5 years 3) 10 years 4) 15 years 5) now

--- --- --- --- ---

7. What was the number of your employees during:

1) start up 2) 5 years 3) 10 years 4) 15 years 5) now

--- --- --- --- ---

8. Who was doing the following duties during start-up, after 5 years, 10 years, 15 years and now? Please use the scale shown:

SCALE **1 = None 2 = Owner**
3 = Semi skilled employee
4 = Experienced employee
5 = Experienced employee with academic qualification

Duties	start up	5 years	10 years	15 years	now
Managing	---	---	---	---	---
Accounting	---	---	---	---	---
Sales	---	---	---	---	---
Production	---	---	---	---	---
Office Administration	---	---	---	---	---
Marketing	---	---	---	---	---
Planning	---	---	---	---	---
External Audit	---	---	---	---	---

9. How do you manage your firm now?
   1) I do the major functions (doing) ------
   2) I manage the firm (managing) ------
   3) I manage the managers ------

10. Who makes the major decision? 1) Myself ---------- 2) Managers ----------
11. Do you like to delegate some authority and responsibility to your suboridinates
    1) Yes --------- 2) No ---------
    If yes

Market

12. During the last 3 years, what has been the position of your sales?
    1) Increased ---------- 2) Decreased ---------- 3) Stagnant ----------
13. During the last 3 years what has been the position of industry sales?
    1) Increased ---------- 2) Decreased ---------- 3) Stagnant ----------
14. Do you have a marketing plan? 1) Yes ---------- 2) No ----------
15. Below are some of the elements of a marketing plan, please indicate which element do you use (You may select more than one):
    1) determine customer needs and wants through market research.
    2) pinpoint the specific target markets the small company will serve
    3) analyze the firm's competitive advantages and build a marketing strategy around them.
    4) create a marketing mix (Product, Place (or method of distribution), Price, Promotion)
    5) do not use any of the elements mentioned below.

16. If yes, please tell us why do they buy your product? (You may tick more than one item mentioned below)
    ----------1) quality ----------2) design ----------3) price
    ----------4) distribution ----------5) after sales service
    ----------6) promotion ----------7) others (specify)

17. How is the market competitive situation? 1) High ---------- 2) Low ---------- 3) No ---------

18. Below are some of the major elements of competition in the market, please indicate which element do you use (you may select more than one):
    1) low cost producer
    2) product differentiation (product quality, customer service)
    3) focus on a narrow portion of the market (i.e market niche)
    4) new product innovation.
    5) none

19. During the growth stage, please tell us what did you do to achieve increased sales?

SCALE 1 = Yes 2 = Somewhat Yes
3 = No

Accounting

20. Are accounting, information systems,and control (purchasing orders, inventory, billing, collections, cost and profit analysis, cash management, etc.) keeping pace with growth and being there when they are needed? 1 2 3

Contacts:

21. Did you make outside contacts with companies and people to market your products? 1 2 3

Compounding of Time and Change:

22. In the last few years, the customer needs:
    1) Increased ---------- 2) Decreased ---------- 3) Stagnant ----------

Management Experience:

23. Have you had courses in management practices? 1 2 3
    If yes,
24. When? Explain

Fluid Structures and Procedures:

25. Do you think your organization chart is best suited for running your company? 1 2 3

26. How often do you review it?

1) Every year ---------- 2) Every 2 years ---------- 3) Others---------

Misalignment Of Cash Burn And Collection Rates:

27. Do you have a problem in consuming cash at a faster rate than your collections? 1 2 3

28. What are the reasons for that?

External Environment Industry Turbulence:

29. Do you monitor entrance of new competitors? 1 2 3

30. Is your sales growing? 1 2 3

If yes,

Change In The Basis Of Competition

31. Does competiton force you to reduce your price? 1 2 3

If yes

32. How does that affect product differentiation?

.....(1) increases product differentiation

.....(2) reduces product differentiation

.....(3) no effect

The Expansion Into New Markets or Products:

33. Do you have plans for entering into new markets? 1 2 3

If yes

34. How would you finance entering into new markets?

(1) internally (2) borrowing

Pressures For Information:

35. How does your company's information system look like?

.....(1) Non Existent

.....(2) Weak

.....(3) Average

.....(4) Good

.....(5) Excellent

The Management Of Growth And Change

Reasons For Resistance To Change

Managing larger and more complex organizations makes demands that may exceed the capabilities of the entrepreneur, and the need will arise for organizational change, managerial change etc.

36. If change is needed, are you willing to change the way you do things if necessary? 1 2 3

37. What would be your main worries if you decide to change?

Towards Managing Growth Successfully:

The Importance Of Culture And Organizational Climate:

SCALE **1 = High** **2 = Good**
3 = Average **4 = Low**
5 = None

Clarity:

38. To what level do you think the company is organized and concise? 1 2 3 4 5

39. To what level do you think the company is effecient in the way tasks, procedures, and assignments are made and accomplished? 1 2 3 4 5

Standard:

40. How much pressure does the entrepreneur put on employees for high standards and excellent performance? 1 2 3 4 5

Commitment:

41. To what level do you think employees feel committed to the goals and objectives of the organization? 1 2 3 4 5

Responsibility:

42. To what level do you think members of the organization feel individual responsibility for accomplishing their goals without being constantly monitored? 1 2 3 4 5

Recognition:

43. To what level do you think employees feel they are recognized and rewarded (nonmomentarily) for a job well done, instead of only being punished for mistakes or errors? 1 2 3 4 5

Spirit of Co-operation:

44. To what level you think employees feel a sense of cohesion and team spirit of working well together? 1 2 3 4 5

SCALE 1 = Yes, 2 = Somewhat Yes
3 = No

NECESSARY INGREDIENTS FOR GROWTH

45. Do you truly like (love) your product or enjoy providing your service? 1 2 3
46. Are you personally involved in the business and commited yourself totally to making the product or service a success 1 2 3
47. Do you stick with your business even if it means working long hours, weekends if necessary etc? 1 2 3
48. Would you buy your own product or service if you were a customer? 1 2 3
49. Do you motivate employees (eg. benefits, bonuses, health, life disability insurance)? 1 2 3
50. Do you encourage employees participation in management suggestions? 1 2 3
51. In times of company facing difficult times which might affect your employees pay temporarily do you explain your difficulties to them? 1 2 3

52. Have you built a reputation that is expanding? 1 2 3
53. Have you initiated new marketing techniques? i.e:
    - Gone into export? 1 2 3
    - Broadened sales effort geographically? 1 2 3
    - Hired an aggressive sales manager? 1 2 3
    - Added nationwide distributors? 1 2 3
54. Have you improved your management practices during the years? 1 2 3
55. Have you initiated a strong advertising techniques during the years? 1 2 3
56. Have you initiated a public relations media during the years 1 2 3

EXPORTING:

A Further Means To Enhancing Growth In Small Business

57. Are you interested in exporting? 1 2 3
58. Do you think your product is good enough for exporting? 1 2 3
59. If yes /no Why?

60. Is there any government assistance to exporters? 1 2 3
61. Can you finance exporting? 1 2 3
62. How complex is it to export? Explain

63. In your opinion what are the problems of not being able to grow as fast as growth in the industry in general in the Gulf area?

Thanking you for your coorperation.

Ismail M. Alawi
MBA Student University of Bahrain

MANAGING GROWTH IN SMALL AND FAMILY OWNED MANUFACTURING COMPANIES

PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY

2	Activity Wood Work		1,2,3,4,5,6,7,8,9,10,11,12,13,14,					
3	Years of Establishment.		Upto 196	61 to 70	71 to 80	81 to 86		
		1	3,12	4,7,9,13,1	2,5,6,8,10,11			
4	Ownership		Sole	Family	Ptrship	Pte Coy.		
			1,3,4,6,7,	2,5	8,10			
	start up		before	before	before	at present		
			15years	10years	5years			
6	What was your approximate yearly sales (BD 000) :							
	company	no.						
		2						
		3						
		4		80	100	100		
		5	100	200*	300	600		
		6	3	30*	40	80		
		7						
		8						
		9	60	175	130	120		
		10	35	100*	200	500		
		11	180	250*	300	450		
		12	100	400	450	800		
		13	5	50	90	200		
		14	2	7	10	20		

MANAGING GROWTH IN SMALL AND FAMILY OWNED MANUFACTURING COMPANIES

PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY

7	What was the number of your employees during:										
		Company	no.	3	10	20	30	30			
			2	5			10	10			
			3	3				60			
			4	5		10	15	15			
			5	5			20	30			
			6	2			13	25			
			7	15		20	25	10			
			8								
			9	8		35	26	22			
			10	8			17	52			
			11	40			45	70			
			12	5		15	23	75			
			13	2	5		15	50			
			14	2		6	6	11			
8	Who was doing the following duties										
	Duties										
	Managing	Company	no.	2	2	2	2	2			
			2	2			2	2			
			3	2	2	2	2	2			
			4	2		2	2	2			
			5	2			2	2			
			6	2			2	2			

			MANAGING GROWTH IN SMALL AND FAMILY OWNED										
			MANUFACTURING COMPANIES										
			PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY										
			7	4	4	4	4	4					
			8	2			2	2					
			9	2		2	2	2					
			10	2			2	2					
			11	2			2	2					
			12	2	2	2	2	2					
			13	2	2	2	2	2					
			14	2		2	2	2					
	Accounti	Company	no.	2	3	3	3	5					
			2	5			5	5					
			3	2	4	4	5	5					
			4	2		4	4	4					
			5	4			5	5					
			6	3			5	5					
			7	5	5	5	5	5					
			8	4			4	4					
			9	3		3	3	3					
			10	2			5	5					
			11	5			5	5					
			12	5	5	5	5	5					
			13	2	2	4	4	5					
			14	2		2	2	5					
	Sales	Company	no.	2	2	2	2	2					
			2	2			2	2					
			3	2	4	4	4	4					

			MANAGING GROWTH IN SMALL AND FAMILY OWNED										
			MANUFACTURING COMPANIES										
			PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY										
			4	2		2	2	2					
			5	2			4	4					
			6	2			2	2					
			7	4	4	4	4	4					
			8	4			4	4					
			9	2		2	2	2					
			10	2			2	2					
			11	5			5	5					
			12	4	4	4	4	4					
			13	2	2	2	2	2					
			14	2		2	2	2					
	Productio	Company	no.	2	4	4	4	4					
			2	4			4	4					
			3	2	4	4	4	4					
			4	4		4	4	4					
			5	4			4	4					
			6	4			4	4					
			7	4	4	4	4	4					
			8	4			4	4					
			9	4		4	4	4					
			10	4			5	5					
			11	5			5	5					
			12	4	4	4	5	5					
			13	4	4	4	4	5					
			14	4		4	4	4					
	Office A	Company	no.	2	3	3	3	3					
			2	4			4	4					

			MANAGING GROWTH IN SMALL AND FAMILY OWNED									
			MANUFACTURING COMPANIES									
			PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY									
			3	2	4	4	4	4				
			4	2		4	4	4				
			5	2			3	4				
			6	3			3	3				
			7	4	4	4	4	4				
			8	5			5	5				
			9	3		3	3	3				
			10	4			4	4				
			11	4			4	4				
			12	4	4	4	4	4				
			13	2	2	4	4	4				
			14	2		2	2	2				
	Marketin	Company	no.	1	1	1	1	1				
			2	1			1	1				
			3	1	1	1	1	1				
			4	1		1	1	1				
			5	2			4	4				
			6	1			1	1				
			7	1	1	1	1	1				
			8	4			4	4				
			9	1		1	1	1				
			10	1			1	1				
			11	5			5	5				
			12	1	1	1	1	1				
			13	1	1	1	1	1				
			14	1		1	1	1				

			MANAGING GROWTH IN SMALL AND FAMILY OWNED								
			MANUFACTURING COMPANIES								
			PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY								
	Planning	Company	no.	1	1	1	1	1			
			2	1		1	1	1			
			3	1	1	1	1	1			
			4	1		1	1	1			
			5	2			2	2			
			6	1			2	2			
			7	1	1	1	1	1			
			8	1			1	1			
			9	1		1	1	1			
			10	2			2	2			
			11	1			1	1			
			12	1	1	1	1	1			
			13	1	1	1	1	1			
			14	1		1	1	1			
	External	Company	no.	1	1	1	1	1			
			2	1		1	1	1			
			3	1	1	1	1	1			
			4	1		1	1	1			
			5	1			5	5			
			6	1			5	5			
			7	1	1	1	1	1			
			8	5			5	5			
			9	1		1	1	1			
			10	1			1	1			
			11	5			5	5			
			12	1	1	1	1	1			
			13	1	1	1	1	1			
			14	1		1	1	1			

MANAGING GROWTH IN SMALL AND FAMILY OWNED

MANUFACTURING COMPANIES

PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY

9	How do you manage the firm now?		
	I do the major functions		none
	I manage the firm		2,6,9,10,12,13,14
	I manage the managers		1,3,4,5,7,8,11
10	Who makes major decision?		
	Myself		1,2,3,4,5,6,8,9,10,11,12,13,14
	Mgrs		7
11	Do you like to delegate some authority and responsibility to your suboridinates		
	Yes		7,8,10,11,12
	No		1,2,3,4,5,6,9,13,14
12	During the last 3 years, what has been the position of your sales?		
	Increased		2,3,4,5,6,7,8,10,11,12,13,14
	Decreased		none
	Stagnant		1,9
13	During the last 3 years what has been the position of industry sales?		
	Increased		1,2,3,5,6,7,8,10,11,13,14
	Decreased		non
	Stagnant		9,12
14	Do you have a marketing plan?		
	Yes		5,6,8,11,12
	No		1,2,3,4,7,9,10,13,14
15	Below are some of the elements of a marketing plan, please indicate which element do you use:		
	1) determine customer needs and wants through market research.		5,6,7,10,11,12
	2) pinpoint the specific target markets the small company will serve		2,5,9

			MANAGING GROWTH IN SMALL AND FAMILY OWNED									
			MANUFACTURING COMPANIES									
			PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY									
	3) analyze the firm's competitive advantages and build a marketing strategy								5,6,7,8,10,11,12,13			
	4) create a marketing mix (Product, Place, Price,Promotion)								2,5,6,7,8,9,10,12,13,14			
	5) do not use any of the elements mentioned below.								1,3,4			
16	Why do they buy your product? (You may tick more than one item mentioned below)											
						quality			1,2,3,4,5,6,7,8,10,11,12,13,14			
						distribution			1,4,7,11,14			
						price			6,7,8,9,12,13,14			
						design			2,3,5,6,7,8,10,11			
						after sales serv			1,3,4,5,6,10,11,12			
						promotion			none			
						other			none			
17	How is the market competitive situation?						High		1,2,3,4,6,7,8,9,10,13,14			
							Low		5,11,12			
							None		none			
18	Below are some of the elements of competition in the market, indicate which element do you use :											
	1) low cost producer								7,9,12,13,14			
	2) product differentiation								2,3,4,5,6,7,8,10,11,13			
	3) focus on a narrow portion of the market								1,2,4			
	4) new product innovation.								4,5,6,10,11,14			
	5) none											
						One	Two	Three				
20	Are accounting, information systems,and control											

			MANAGING GROWTH IN SMALL AND FAMILY OWNED									
			MANUFACTURING COMPANIES									
			PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY									
	(purchasing orders, inventory, billing, collections,					5,6,8,10,	1,2,3,4,7,	9				
	cost and profit analysis, cash management, etc.)					11,12	13,14					
	keeping pace with growth and being there when they											
	are needed?											
21	Did you make outside contacts with companies and					1,2,3,5,6,	none	4,14				
	people to market your products?					7,8,9,10,11						
						12,13						
22	In the last few years, the customer needs:											
						Increased	1,2,3,4,5,6,7,8,10,11,12,13,14					
						Decreased	none					
						Stagnant	9					
						One	Two	Three				
23	Have you had courses in management practices?					5,8,11,12	10,14	1,2,3,4,6,7,				
								9,13				
25	Do you think your organization chart is best suited					2,3,5,6,7,	12	1,4				
	running your company?					9,10,11,13						
						14						
26	How often do you review it?											
						Every year		5,6,10,11,12,13,14				
						Every 2 years		none				
						Others		1,4,7,8,9				
						One	Two	Three				

MANAGING GROWTH IN SMALL AND FAMILY OWNED MANUFACTURING COMPANIES

PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY

27	Do you have a problem in consuming cash at a fast rate than your collections?	1,3,9,12	14	2,4,5,6,7,8 10,11,13
29	Do you monitor entrance of new competitors?	11,12	none	1,2,3,4,5,6, 7,8,9,10,13 14
30	Is your sales growing?	2,3,4,5,6, 8,10,11,12 13,14	none	1,9
31	Does competiton force you to reduce your price?	1,2,3,7,8, 10,12,13,14	none	4,5,6,11
32	How does that affect product differentiation?			
	(1) increases product differentiation	none		
	(2) reduces product differentiation	8,12		
	(3) no effect	1,2,3,5,7,9,10,13,14		
		One	Two	Three
33	Do you have plans for entering into new markets?	1,3,4,5,6, 10,13,14	none	2,7,9,11,12
34	How would you finance entering into new markets?			
		(1) internally		1,3,5,8,10,13
		(2) borrowing		4,9,14

MANAGING GROWTH IN SMALL AND FAMILY OWNED MANUFACTURING COMPANIES

PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY

						(3) both		6			
35	How does your company's information system look like?										
						(1) Non Existent		none			
						(2) Weak		1,2,3,4,6,9,14			
						(3) Average		7,8,13			
						(4) Good		5,10,11,12			
						(5) Excellent		none			
						One	Two	Three			
36	If change is needed, are you willing to change the					1,3,4,5,6,	none	2,9			
	you do things if necessary?					8,10,11,12					
						13,14					
						One	Two	Three	Four	Five	
38	To what level do you think the company is organiz					7	5,10,11,1	2,3,4,6,8,	1	none	
	and concise?							9,13,14			
39	To what level do you think the company is effecie					7,10,11,1	4,5,8,14	2,3,6,9,13	1	none	
	way tasks, procedures, and assignments are made and										
	accomplished?										
40	How much pressure does the entrepreneur put on e					1,2,3,4,5,	none	none	none	none	
	for high standards and excellent performance?					7,8,9,10,11					
						12,13,14					

MANAGING GROWTH IN SMALL AND FAMILY OWNED MANUFACTURING COMPANIES

PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY

41	To what level do you think employees feel committ goals and objectives of the organization?	3,5,7,10,12	2,6,8,9,14	1,13	4	none
42	To what level do you think members of the organiz individual responsibility for accomplishing their goals without being constantly monitored?	2,7,10	5,6,14	1,11	3,4,9,12,1	8
43	To what level do you think employees feel they are and rewarded (nonmomentarily) for a job well don of only being punished for mistakes or errors?	3,5,7,11,14	2,6,9,10,1	1,4	8	none
44	To what level you think employees feel a sense of and team spirit of working well together?	5,6,7,10,1 13,14	2,4,8	1,3,9	12	none
		One	Two	Three		
45	Do you truly like (love) your product or enjoy pro your service?	1,2,3,4,5, 7,8,9,10,11 12,13,14	none	none		
46	Are you personally involved in the business and commited totally to making the product or service a success	1,2,3,4,5, 7,8,9,10,11 12,13	14	none		
47	Do you stick with your business even if it means working long hours, weekends if necessary etc?	1,2,3,4,5, 7,8,9,10,11 12,13,14	none	none		

			MANAGING GROWTH IN SMALL AND FAMILY OWNED										
			MANUFACTURING COMPANIES										
			PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY										
48	Would you buy your own product or service if you					1,2,3,4,5,	none	none					
	a customer?					7,8,9,10,11							
						12,13,14							
49	Do you motivate employees (eg. benefits, bonuses,					1,2,3,4,5,	8,9	13					
	life disability insurance)?					7,10,11,12							
						14							
50	Do you encourage employees participation in mana					5,6,7,8,9,	2	1,3,4					
	suggestions?					10,11,12,							
						13,14							
51	In times of company facing difficult times which					4,5,6,7,8,	1	none					
	affect your employees pay temporarily do you expl					11,14							
	difficulties to them?												
52	Have you built a reputation that is expanding?					2,3,4,5,6,	1,9	none					
						7,8,10,11,							
						12,13,14							
53	Have you initiated new marketing techniques? i.e:												
	. Gone into export?					3,6,8	none	1,2,4,5,7,9,10,11,12,13,14					
	. Broadened sales effort geographically?					5,7,10,11	none	1,2,3,4,8					
						12,13							
	. Hired an aggressive sales manager?					11,12,14	7,8,10	1,2,3,4,5,6,9,13,14					
	. Added nationwide distributors?					5,7,8,10,	none	1,2,3,4,6,9,14					
						11,12,13							

MANAGING GROWTH IN SMALL AND FAMILY OWNED MANUFACTURING COMPANIES

PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY

54	Have you improved your management practices during the years?	4,5,6,8,10,11,12,13,14	1,2,3,7,9	none
55	Have you initiated a strong advertising techniques during the years?	7,11	none	1,2,3,4,5,6,8,9,10,12,13,14
56	Have you initiated a public relations media during the years	9,10,12,1	7,8	1,2,3,4,5,6,11,14
57	Are you interested in exporting?	3,5,6,7,8,9,10,12,13,14	1	2,4,11
58	Do you think your product is good enough for exp	1,3,4,5,6,8,10,11,12,13,14	9	2
60	Is there any government assistance to exporters?	5,6	none	1,2,3,4,7,8,9,10,11,12,13,14
61	Can you finance exporting?	3,4,5,6,7,8,9,10,11,12,13	1	14

			MANAGING GROWTH IN SMALL AND FAMILY OWNED								
			MANUFACTURING COMPANIES								
			PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY								
2	Activity Alaminium				1,2,3,4,5,6,7,8,9,10,11,12,13,14,						
3	Years of Establishment.				Upto 196	61 to 70	71 to 80	81 to 86			
					none	none	1,2,4,6,7,	3,5,8,9,11,			
							10	12,13,14			
4	Ownership				Sole	Family	Ptrship	Pte Coy.			
					3,6,8	4,7,8,10,1	1,2,5,11,	none			
							13,14				
				start up	5 years	10 years	15 years	at present			
6	What was your approximate yearly sales (BD 000) :										
		company	no.					140			
			2	90		1800	2000	2000			
			3	30				50			
			4			240		300			
			5	100		125*	150	250			
			6	65		93*	120	200			
			7								
			8	200				250			
			9	60				96			
			10	350				150			
			11	60		150	150	110			
			12	2		2*	2	8			

			MANAGING GROWTH IN SMALL AND FAMILY OWNED									
			MANUFACTURING COMPANIES									
			PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY									
			13	35				65				
			14	25		1000	1500	1500				
7	What was the number of your employees during:											
		company	no.	5			15	26				
			2	10		20	30	50				
			3	12			15	25				
			4			22		30				
			5	6		9*	13	20				
			6	4		6*	8	14				
			7			155	120	62				
			8	25				30				
			9	15				10				
			10	35				20				
			11	4		8	12	15				
			12	2			4	7				
			13	9				15				
			14	5		120	135	131				
8	Who was doing the following duties											
	Duties											
	Managing	company	no.	2		2	2	2				
			2	2		2	2	2				
			3	2			2	2				
			4	5		5	5	5				
			5	2			2	2				

			MANAGING GROWTH IN SMALL AND FAMILY OWNED										
			MANUFACTURING COMPANIES										
			PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY										
			6	2			5	5					
			7	2	2	2	2	2					
			8	2				2					
			9	2				2					
			10	2				2					
			11	2		2	2	2					
			12	2			2	2					
			13	2				2					
			14	2		5	5	5					
	Accounti	company	no.	5		5	5	5					
			2	5		5	5	5					
			3	5			5	5					
			4	4		5	5	5					
			5	5			5	5					
			6	4			4	4					
			7	5	5	5	5	5					
			8	5				5					
			9	5				5					
			10	5				5					
			11	5		5	5	5					
			12	3			3	3					
			13	4				4					
			14	2		5	5	5					
	Sales	company	no.	2		4	4	4					
			2	2		2	2	2					
			3	4			4	4					

			MANAGING GROWTH IN SMALL AND FAMILY OWNED									
			MANUFACTURING COMPANIES									
			PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY									
			4	4		5	5	5				
			5	2			2	2				
			6	2			4	4				
			7	5	5	5	5	5				
			8	5				5				
			9	5				5				
			10	2				2				
			11	2		2	2	5				
			12	2			2	2				
			13	2				2				
			14	2		5	5	5				
	Productio	company	no.	5		5	5	5				
			2	5		5	5	5				
			3	4			4	4				
			4	5		5	5	5				
			5	4			4	4				
			6	4			4	4				
			7	5	5	5	5	5				
			8	5				5				
			9	5				5				
			10	4				4				
			11	4		4	4	4				
			12	4			4	4				
			13	5				5				
			14	2		5	5	5				
	Office A	company	no.	4	5	5	5	5				
			2	4		4	4	4				
			3	4			4	4				

			MANAGING GROWTH IN SMALL AND FAMILY OWNED										
			MANUFACTURING COMPANIES										
			PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY										
			4	4		4	5	5					
			5	5			5	5					
			6	2			2	2					
			7	5	5	5	5	5					
			8	5				5					
			9	5				5					
			10	2				2					
			11	4		4	4	4					
			12	2			2	2					
			13	4		5	5	5					
			14	2		5	5	5					
	Marketin	company	no.	1		4	4	4					
			2	2		2	2	2					
			3	4			4	4					
			4	1		1	1	1					
			5	1			1	1					
			6	1			1	1					
			7	5	5	5	5	5					
			8	5				5					
			9	1				1					
			10	1				1					
			11	1		1	1	1					
			12	1			1	1					
			13	1				1					
			14	2		5	5	5					
	Planning	company	no.	1		1	1	1					
			2	1		1	1	1					

			MANAGING GROWTH IN SMALL AND FAMILY OWNED									
			MANUFACTURING COMPANIES									
			PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY									
			3	1			1	1				
			4	1		1	5	5				
			5	1			1	1				
			6	5			5	5				
			7	2	2	2	2	2				
			8	5				5				
			9	5				5				
			10	1				1				
			11	1			1	1				
			12	1				2				
			13	2		5	5	5				
			14	2		5	5	5				
	External	company	no.	1		5	5	5				
			2	5		5	5	5				
			3	1			1	1				
			4	1		1	5	5				
			5	1			1	5				
			6	1			1	1				
			7	5	5	5	5	5				
			8	5				5				
			9	5				5				
			10	1				1				
			11	5		5	5	5				
			12	1			1	1				
			13	5				5				
			14	1		5	5	5				
9	How do you manage the firm now?											
					I do the major functions			12				

MANAGING GROWTH IN SMALL AND FAMILY OWNED MANUFACTURING COMPANIES

PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY

I manage the firm		3,5,10,11,13	
I manage the managers		1,2,4,6,7,8,9,14	
10 Who makes major decision?	Myself	1,2,3,5,7,8,10,11,12,13	
	Mgrs	4,6,9,14	
11 Do you like to delegate some authority and responsibility to your suboridinates			
	Yes	3,4,6,7,8,9,14	
	No	1,2,5,10,11,12,13	
12 During the last 3 years, what has been the position of your sales?			
	Increased	2,3,4,5,6,7,8,9,12,13	
	Decreased	1,10,11	
	Stagnant	14	
13 During the last 3 years what has been the position of industry sales?			
	Increased	2,3,5,6,7,8,9,10,11,12,13,14,	
	Decreased	1,4	
	Stagnant	none	
14 Do you have a marketing plan?	Yes	4,7,8,9,13,14,	
	No	1,2,3,5,6,10,11,12	
15 Below are some of the elements of a marketing plan, please indicate which element do you use:			
1) determine customer needs and wants through market research.		7,8,13	
2) pinpoint the specific target markets the small company will serve		1,4,9	
3) analyze the firm's competitive advantages and build a marketing stra		1,2,3,4,5,6,7,8,10,14	
4) create a marketing mix (Product, Place, Price,Promotion)		1,2,3,4,5,6,8,9,10,11,12,13,14	
5) do not use any of the elements mentioned below.		none	
6) all of the above			

MANAGING GROWTH IN SMALL AND FAMILY OWNED MANUFACTURING COMPANIES

PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY

16	Why do they buy your product? (You may tick more than one item mentioned below)				
		quality		1,2,3,4,5,6,7,8,9,10,11,12,13,14	
		distribution		2,3,6,7,8,14	
		price		3,4,6,8,9,10,12,13	
		design		2,3,4,6,7,9,10,12,13	
		after sales serv		1,2,4,6,7,8,9,10,11,14	
		promotion		none	
		other		5	
17	How is the market competitive situation?		High	1,2,3,4,5,6,7,8,9,10,11,12,13,14	
			Low	none	
			None	none	
18	Below are some of the elements of competition in the market, indicate which element do you use :				
	1) low cost producer			3,4,5,6,7,8,9,10,11,12,13,14	
	2) product differentiation			1,2,3,4,6,7,8,9,10,11,12,13,14	
	3) focus on a narrow portion of the market			1,2,3,9	
	4) new product innovation.			1,2,3,4,5,6,7,8,9,13,14	
	5) none			none	
		One	Two	Three	
20	Are accounting, information systems,and control	1,2,3,4,6,	5,10	12	
	(purchasing orders, inventory, billing, collections,	7,8,9,11,			
	cost and profit analysis, cash management, etc.)	13,14			
	keeping pace with growth and being there when they				
	are needed?				

MANAGING GROWTH IN SMALL AND FAMILY OWNED MANUFACTURING COMPANIES

PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY

21	Did you make outside contacts with companies and people to market your products?	1,2,3,4,5,7,8,9,10,11,13	14	12
22	In the last few years, the customer needs:			
		Increased		1,2,3,4,5,6,7,8,9,10,13
		Decreased		11
		Stagnant		12,14
		One	Two	Three
23	Have you had courses in management practices?	1,4,7,13,1	8	2,3,5,6,9,10,11,12
25	Do you think your organization chart is best suited running your company?	1,2,3,4,5,8,9,11,13,14	10	6,12
26	How often do you review it?			
		Every year		3,4,8,9,11,13,14
		Every 2 years		none
		Others		1,2,5,6,7,12
		One	Two	Three
27	Do you have a problem in consuming cash at a faster rate than your collections?	2,3,5,6,7,9,10,11,12,13	14	1,4,8

MANAGING GROWTH IN SMALL AND FAMILY OWNED MANUFACTURING COMPANIES

PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY

29	Do you monitor entrance of new competitors?	1,2,3,4,6, 9,11,14	none	5,7,10,12,13
30	Is your sales growing?	2,3,4,5,6, 7,8,9,13,14	12	1,10,11
31	Does competiton force you to reduce your price?	1,2,3,4,5, 7,8,9,10,11 12,13,14	none	none
32	How does that affect product differentiation?			
	(1) increases product differentiation	none		
	(2) reduces product differentiation	14		
	(3) no effect	1,2,4,5,6,7,8,9,10,11,12,13		
		One	Two	Three
33	Do you have plans for entering into new markets?	1,3,4,5,6, 8,9,10,13 14	none	2,11,12
34	How would you finance entering into new markets?			
		(1) internally		1,3,4,5,6,7,8,9,13,14
		(2) borrowing		6,8,10,13,14,
		(3) both		none
35	How does your company's information system look like?			

MANAGING GROWTH IN SMALL AND FAMILY OWNED MANUFACTURING COMPANIES

PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY

						(1) Non Existent	12			
						(2) Weak	none			
						(3) Average	1,2,3,4,5,6,10			
						(4) Good	7,8,9,11,13,14			
						(5) Excellent	none			
						One	Two	Three		
36	If change is needed, are you willing to change the					1,2,3,4,5,	none	none		
	you do things if necessary?					7,8,9,10,1				
						13,14				
						One	Two	Three	Four	Five
38	To what level do you think the company is organiz					3,5,7,11,1	4,8	1,2,6,9,10	12	none
	and concise?							14		
39	To what level do you think the company is effecie					1,4,5,7,8,	3,9,10	2,6,12,14	none	none
	way tasks, procedures, and assignments are made a					11,13				
	accomplished?									
40	How much pressure does the entrepreneur put on e					1,2,3,4,5,	12,14	none	none	none
	for high standards and excellent performance?					7,8,9,10,11				
						13				
41	To what level do you think employees feel committ					1,2,3,7,8,	4,6,12	7*,10,14	5	none
	goals and objectives of the organization?					11,13				

MANAGING GROWTH IN SMALL AND FAMILY OWNED MANUFACTURING COMPANIES

PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY

42	To what level do you think members of the organiz individual responsibility for accomplishing their go without being constantly monitored?	2,3,5,7,9, 13	11,12	1,14	4,6,8,10	none	
43	To what level do you think employees feel they are and rewarded (nonmomentarily) for a job well don of only being punished for mistakes or errors?	2,3,4,5,7, 8,9,11,13	12	1,6,10,14	none	none	
44	To what level you think employees feel a sense of and team spirit of working well together?	1,2,3,4,5, 7,8,9,10, 11,13	12	6,14	none	none	
		One	Two	Three			
45	Do you truly like (love) your product or enjoy pro your service?	1,2,3,4,5, 7,8,9,10,11 12,13,14	none	none			
46	Are you personally involved in the business and commited totally to making the product or service a success	1,2,3,5,7, 10,11,12, 13,14	6,9	4			
47	Do you stick with your business even if it means working long hours, weekends if necessary etc?	1,2,3,5,7, 10,11,13, 14	12	4,6,9			
48	Would you buy your own product or service if you a customer?	1,2,3,4,5, 7,8,9,10,11 12,13,14	none	none			

MANAGING GROWTH IN SMALL AND FAMILY OWNED MANUFACTURING COMPANIES

PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY

49	Do you motivate employees (eg. benefits, bonuses, life disability insurance)?	1,2,3,4,5,7,8,9,11,13,14	12	10
50	Do you encourage employees participation in mana suggestions?	2,3,4,5,6,8,9,11,13,14	1,12	10
51	In times of company facing difficult times which affect your employees pay temporarily do you expl difficulties to them?	7,8,10,14	none	2
52	Have you built a reputation that is expanding?	1,2,3,4,5,7,8,9,10,11,12,13,14	1,9	none
53	Have you initiated new marketing techniques? i.e:			
	. Gone into export?	7,8	3,4,13	1,2,5,6,9,10,11,12,14
	. Broadened sales effort geographically?	3,4,6,7,8,13	5,12	1,2,10,11,14
	. Hired an aggressive sales manager?	3,4,7,8,9	none	1,2,5,6,10,11,12,13,14
	. Added nationwide distributors?	3,4,5,7,8,11,13	12,14	1,2,6,10

MANAGING GROWTH IN SMALL AND FAMILY OWNED MANUFACTURING COMPANIES

PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY

54	Have you improved your management practices during the years?	2,3,4,5,6, 7,8,9,10,13	1,11,12	14
55	Have you initiated a strong advertising techniques during the years?	3,4,7,13	6,10,11,1	1,2,5,8,9,12
56	Have you initiated a public relations media during the years	3,4,5,7,8, 10,13	6,9,11	1,2,12,14
57	Are you interested in exporting?	2,3,4,5,7, 11,13,14	10	1,6,9,12
58	Do you think your product is good enough for exp	1,2,3,4,5, 7,8,9,10,11, 13,14		12
60	Is there any government assistance to exporters?	11	14	1,2,3,4,5,6,8,9,10,12
61	Can you finance exporting?	1,3,4,5,6, 7,8,9,10,11	2,13	12,14

			MANAGING GROWTH IN SMALL AND FAMILY OWNED								
			MANUFACTURING COMPANIES								
			PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY								
2	Activity	Chemicals		1,2,3,4,5,6,7,8,9,10,11,12,13,							
3	Years of Establishment.				Upto 196	61 to 70	71 to 80	81 to 86			
					3,13	5	2,4,6,8	1,7,9,10,11,12			
4	Ownership				Sole	Family	Ptrship	Pte Coy.			
					4,5,7,8,9, 13	1,2,3,6,10	11,12	none			
				start up	before	before	before	at present			
6	What was your approximate yearly sales				15 years	10 years	5 years				
		Company	no.	30			200	350			
			2	not available							
			3	not available							
			4	not available							
			5				500	500			
			6	1000		1000	1000	1000			
			7	100			150	155			
			8	80		120	200	300			
			9	not available							
			10	not available							
			11	1600	1600	1600	1600	1600			
			12	75			310	430			
			13	0.3	3	600	1000	4000			

MANAGING GROWTH IN SMALL AND FAMILY OWNED MANUFACTURING COMPANIES

PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY

7	What was the number of your employees during:										
		Company	no.	not available							
			2	13		15	25	25			
			3			55		90			
			4	10			100	144			
			5			35	35	49			
			6	50		50	50	50			
			7	45			25	36			
			8	10		10	15	22			
			9	55				40			
			10	4			23	37			
			11	30	30	30	30	30			
			12	33			33	33			
			13	3	41	64	189	356			
8	Who was doing the following duties										
	Duties										
	Managing	Company	no.	2			2	2			
			2	2	2	2	2	2			
			3	2	2	2	2	5			
			4	5	5	5	5	5			
			5	4	5	5	5	5			
			6	2		2	2	2			
			7	2			2	2			
			8	2		2	2	2			
			9	5			5	5			
			10	2			5	5			
			11	5			5	5			

			MANAGING GROWTH IN SMALL AND FAMILY OWNED								
			MANUFACTURING COMPANIES								
			PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY								
			12	5			5	5			
			13	2	2	2	2	2			
	Accounti	Company	no.	5			5	5			
			2	2	2	2	2	5			
			3	4	5	5	5	5			
			4	4	5	5	5	5			
			5	5	5	5	5	5			
			6	5		5	5	5			
			7	5			5	5			
			8	5		5	5	5			
			9	5			5	5			
			10	5			5	5			
			11	5			5	5			
			12	5			5	5			
			13	2	4	5	5	5			
	Sales	Company	no.	2			2	5			
			2	2	2	2	2	2			
			3	2	5	5	5	5			
			4	4	4	4	4	5			
			5	4	4	4	4	4			
			6	5		5	5	5			
			7	2			5	2			
			8	4		4	4	4			
			9	5			5	5			
			10	4			4	4			

			MANAGING GROWTH IN SMALL AND FAMILY OWNED									
			MANUFACTURING COMPANIES									
			PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY									
			11	5			5	5				
			12	4			4	4				
			13	2	4	4	4	4				
	Productio	Company	no.	4			4	4				
			2	2	2	5	5	5				
			3	4	5	5	5	5				
			4	4	4	4	4	5				
			5	4	4	4	4	4				
			6	5		5	5	5				
			7	5			5	4				
			8	4		4	4	4				
			9	5			5	5				
			10	5			5	5				
			11	4			4	4				
			12	5			5	5				
			13	3	4	4	4	4				
	Office A	Company	no.	4			4	4				
			2	2	2	2	2	2				
			3	4	4	4	4	5				
			4	4	4	4	4	5				
			5	4	4	4	4	4				
			6	5		5	5	5				
			7	2			2	5				
			8	2		2	2	2				
			9	5			5	5				

			MANAGING GROWTH IN SMALL AND FAMILY OWNED									
			MANUFACTURING COMPANIES									
			PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY									
			10	4			4	4				
			11	5			5	5				
			12	5			5	5				
			13	2	3	4	5	5				
	Marketin	Company	no.	1			1	5				
			2	1	1	1	1	1				
			3	2	5	5	5	5				
			4	1	1	1	1	5				
			5	1	1	1	1	1				
			6	5		5	5	5				
			7	2			2	2				
			8	1		1	1	1				
			9	1			1	1				
			10	5			4	4				
			11	5			5	5				
			12	1			1	1				
			13	2	2	2	2	2				
	Planning	Company	no.	1			1	1				
			2	1	1	1	1	1				
			3	2	5	5	5	5				
			4	1	1	1	1	5				
			5	1	1	1	5	5				
			6	5		5	5	5				
			7	1			1	1				
			8	1		1	1	2				

MANAGING GROWTH IN SMALL AND FAMILY OWNED MANUFACTURING COMPANIES

PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY

			9	5			5	5			
			10	5			5	5			
			11	5			5	5			
			12	1			1	1			
			13	2	2	2	2	2			
	External	Company	no.	1			1	5			
			2	1	1	1	1	1			
			3	1	5	5	5	5			
			4	1	1	5	5	5			
			5	1	1	1	5	5			
			6	5		5	5	5			
			7	1			1	1			
			8	1		1	1	5			
			9	5			5	5			
			10	5			5	5			
			11	5			5	5			
			12	5			5	5			
			13	1	5	5	5	5			

9	How do you manage the firm now?											
					I do the major functions			none				
					I manage the firm			1,2,8				
					I manage the managers			3,4,5,6,7,9,10,11, 12,13				
10	Who makes major decision?											
							Myself	1,2,3,6,7,8,9,10,13				
							Mgrs	3,4,5,9,10,11,12				

MANAGING GROWTH IN SMALL AND FAMILY OWNED MANUFACTURING COMPANIES

PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY

11	Do you like to delegate some authority and responsibility to your suboridinates		
	Yes	3,4,5,8,9,10,11,12,13	
	No	1,2,6,7	
12	During the last 3 years, what has been the position of your sales?		
	Increased	1,2,4,5,7,8,9,10,13	
	Decreased	none	
	Stagnant	3,6,11,12	
13	During the last 3 years what has been the position of industry sales?		
	Increased	1,2,4,5,7,8,9,10,11,13	
	Decreased	none	
	Stagnant	3,6,12	
14	Do you have a marketing plan?		
	Yes	3,4,5,6,8,9,10,11,13	
	No	1,2,7,12	
15	Below are some of the elements of a marketing plan, please indicate which element do you use:		
	1) determine customer needs and wants through market research.	1,4,5,6,7,8,9,10,12,13	
	2) pinpoint the specific target markets the small company will serve	1,2,4,7,12	
	3) analyze the firm's competitive advantages and build a marketing stra	1,4,5,6,8,9,10,11,13	
	4) create a marketing mix (Product, Place, Price,Promotion)	2,3,4,6,8,9,10,13	
	5) do not use any of the elements mentioned below.	none	
16	Why do they buy your product? (You may tick more than one item mentioned below)		
	quality	1,2,3,4,5,6,7,8,9,10,11,12,13	
	distribution	none	

MANAGING GROWTH IN SMALL AND FAMILY OWNED MANUFACTURING COMPANIES

PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY

	price		1,2,3,4,6,7,8,9,10,12,13		
	design		1,2,3,4,5,8,9,		
	after sales serv		3,5,6		
	promotion		none		
	other		none		

17	How is the market competitive situation?		High	1,2,3,5,6,7,8,9,10,11,13	
			Low	4,12	
			None	12	

18	Below are some of the elements of competition in the market, indicate which element do you use :				
	1) low cost producer			1,2,3,4,5,7,8,9,12	
	2) product differentiation			1,3,5,6,10,12,13	
	3) focus on a narrow portion of the market			1	
	4) new product innovation.			1,4,6,10,13	
	5) none			11	

	One	Two	Three		
20	Are accounting, information systems,and control (purchasing orders, inventory, billing, collections, cost and profit analysis, cash management, etc.) keeping pace with growth and being there when they are needed?	1,3,4,5,6, 8,9,10,11 12,13	none	2	

21	Did you make outside contacts with companies and people to market your products?	1,2,3,4,5, 7,8,9,10,11 12,13	none	none	

MANAGING GROWTH IN SMALL AND FAMILY OWNED MANUFACTURING COMPANIES

PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY

22	In the last few years, the customer needs:			
		Increased		1,3,4,5,7,8,9,10,11,12,13
		Decreased		none
		Stagnant		2,6
		One	Two	Three
23	Have you had courses in management practices?	3,5,6,9,10 12,13	none	1,2,4,7,8, 11
25	Do you think your organization chart is best suited running your company?	1,3,4,5,6, 8,9,10,11, 12	none	2,13
26	How often do you review it?			
		Every year		1,4,6,10
		Every 2 years		3,7,9,12,13
		Others		2,8
		One	Two	Three
27	Do you have a problem in consuming cash at a fast rate than your collections?	2,5,6,7,8	none	1,3,4,9,10, 11,12,13
29	Do you monitor entrance of new competitors?	1,2,3,4,7, 9,10,11,12 13	none	5,6
30	Is your sales growing?	1,2,4,5,7,	none	3,6,11

MANAGING GROWTH IN SMALL AND FAMILY OWNED MANUFACTURING COMPANIES

PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY

		9,10,12,13		
31	Does competiton force you to reduce your price?	1,2,3,4,5, 8,10,11,12	none	6,9
		13		
32	How does that affect product differentiation?			
	(1) increases product differentiation	13		
	(2) reduces product differentiation	7		
	(3) no effect	1,2,3,4,5,6,8, 9,10,11,12		
33	Do you have plans for entering into new markets?	1,2,4,5,7, 9,10,11,13	none	3,6,12
34	How would you finance entering into new markets?			
		(1) internally		1,10,11
		(2) borrowing		7
		(3) both		2,4,5,8,9,13
35	How does your company's information system look like?			
		(1) Non Existent		none
		(2) Weak		2,8,12
		(3) Average		3,7,13
		(4) Good		1,5,6,11
		(5) Excellent		4,9,10

MANAGING GROWTH IN SMALL AND FAMILY OWNED MANUFACTURING COMPANIES

PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY

		One	Two	Three	Four	Five
36	If change is needed, are you willing to change the you do things if necessary?	1,2,3,4,5, 8,9,10,11, 12,13	none	7		
38	To what level do you think the company is organiz and concise?	5,9,11	3,4,6,8,10 12,13	1,7	2	none
39	To what level do you think the company is effecie way tasks, procedures, and assignments are made a accomplished?	5,6,9,10 11,12,13	1,3,4	2,7,8	none	none
40	How much pressure does the entrepreneur put on e for high standards and excellent performance?	1,2,3,4,5, 9,10,11,13	7,8	none	none	12
41	To what level do you think employees feel committ goals and objectives of the organization?	1,4,6,10, 11,12	5,7,9	2,3,8,13	12	none
42	To what level do you think members of the organiz individual responsibility for accomplishing their go without being constantly monitored?	1,6,9,10, 11,12	5,7,8,13	2,3,4,12	none	none

MANAGING GROWTH IN SMALL AND FAMILY OWNED MANUFACTURING COMPANIES

PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY

43	To what level do you think employees feel they are and rewarded (nonmomentarily) for a job well don of only being punished for mistakes or errors?	5,6,9,11, 12	1,2,3,10, 13	4,8	none	7
44	To what level you think employees feel a sense of and team spirit of working well together?	5,6,7,10, 11	1,8,9,13	3,4,12	2	
		One	Two	Three		
45	Do you truly like (love) your product or enjoy pro your service?	1,2,3,4,5, 7,8,9,10,11 12,13	none	none		
46	Are you personally involved in the business and commited totally to making the product or service a success	1,2,3,4,6, 8,9,10,12, 13	5	11		
47	Do you stick with your business even if it means working long hours, weekends if necessary etc?	1,2,3,4,6, 9,12,13	10	5,7,11		
48	Would you buy your own product or service if you a customer?	1,2,3,4,5, 7,8,9,10,11 12,13	none	none		

MANAGING GROWTH IN SMALL AND FAMILY OWNED MANUFACTURING COMPANIES

PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY

49	Do you motivate employees (eg. benefits, bonuses, life disability insurance)?	1,2,3,4,5, 8,9,11,12, 13	7,10	none	
50	Do you encourage employees participation in mana suggestions?	1,4,5,6,9, 10,11,12,	2,3,8,13	7	
51	In times of company facing difficult times which affect your employees pay temporarily do you expl difficulties to them?	1,3,7,9	13	none	
52	Have you built a reputation that is expanding?	1,2,3,4,5, 6,7,8,9,10 11,12,13	none	none	
53	Have you initiated new marketing techniques? i.e:	1,4,5,6,7,	3	2	
	. Gone into export?	9,10,11,12 13			
	. Broadened sales effort geographically?	1,2,4,5,6, 9,10,11,12 13	3,8	none	
	. Hired an aggressive sales manager?	1,4,5,6,8 10	13	2,3,7,9,11,12	

MANAGING GROWTH IN SMALL AND FAMILY OWNED MANUFACTURING COMPANIES

PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY

.	Added nationwide distributors?	1,2,5,7,8, 10,12	4,13	3,6,11	
54	Have you improved your management practices during the years?	1,4,5,6,7, 10,11,12,13	3,8	2	
55	Have you initiated a strong advertising techniques during the years?	1,5,6,10	4,8,13	2,3,7,9,11,12	
56	Have you initiated a public relations media during the years	1,5,6,9,10 12	4,7,13	2,3,8,11	
57	Are you interested in exporting?	1,2,4,5,6, 8,9,10,11, 12,13	3	none	
58	Do you think your product is good enough for exp	1,2,4,5,6, 8,9,10,11, 12,13	3	none	
60	Is there any government assistance to exporters?	1,5	none	2,3,4,6,7,8,9,10,11,12,13	
61	Can you finance exporting?	1,3,4,5,6, 7,8,9,10, 11,12,13	none	2	

			MANAGING GROWTH IN SMALL AND FAMILY OWNED							
			MANUFACTURING COMPANIES							
			PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY							
			No. of responses for each option from the 41 companies							
2	Activity	All			41					
3	Years of Establishment.				Upto 196	61 to 70	71 to 80	81 to 86		
					3	3	15	20		
4	Ownership				Sole	Family	Ptrship	Pte Coy.		
					19	12	10	none		
9	How do you manage the firm now?									
					I do the major functions			1		
					I manage the firm			15		
					I manage the managers			25		
10	Who makes major decision?						Myself	32		
							Mgrs	12		
11	Do you like to delegate some authority and responsibility to your suboridinates									
							Yes	21		
							No	20		
12	During the last 3 years, what has been the position of your sales?									
						Increased		31		

			MANAGING GROWTH IN SMALL AND FAMILY OWNED								
			MANUFACTURING COMPANIES								
			PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY								
			No. of responses for each option from the 41 companies								
						Decreased		3			
						Stagnant		7			
13	During the last 3 years what has been the position of industry sales?										
						Increased		33			
						Decreased		2			
						Stagnant		5			
14	Do you have a marketing plan?						Yes	20			
							No	21			
15	Below are some of the elements of a marketing plan, please indicate which element do you use:										
	1) determine customer needs and wants through market research.							19			
	2) pinpoint the specific target markets the small company will serve							11			
	3) analyze the firm's competitive advantages and build a marketing stra							27			
	4) create a marketing mix (Product, Place, Price,Promotion)							31			
	5) do not use any of the elements mentioned below.							3			
16	Why do they buy your product? (You may tick more than one item mentioned below)										
						quality		40			
						distribution		11			
						price		26			
						design		24			
						after sales serv		21			
						promotion		none			
						other		1			

MANAGING GROWTH IN SMALL AND FAMILY OWNED MANUFACTURING COMPANIES

PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY

No. of responses for each option from the 41 companies

17	How is the market competitive situation?		
		High	36
		Low	5
		None	1
18	Below are some of the elements of competition in the market, indicate		26
	1) low cost producer		30
	2) product differentiation		8
	3) focus on a narrow portion of the market		22
	4) new product innovation.		1
	5) none		

	One	Two	Three
20 Are accounting, information systems,and control			
(purchasing orders, inventory, billing, collections,	29	9	3
cost and profit analysis, cash management, etc.)			
keeping pace with growth and being there when they			
are needed?			
21 Did you make outside contacts with companies and	37	1	3
people to market your products?			

MANAGING GROWTH IN SMALL AND FAMILY OWNED MANUFACTURING COMPANIES

PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY

No. of responses for each option from the 41 companies

22	In the last few years, the customer needs:			
	Increased		35	
	Decreased		1	
	Stagnant		5	
	One	Two	Three	
23	Have you had courses in management practices?	16	3	22
25	Do you think your organization chart is best suited running your company?	33	2	6
26	How often do you review it?			
	Every year		18	
	Every 2 years		5	
	Others		13	
	One	Two	Three	
27	Do you have a problem in consuming cash at a faster rate than your collections?	19	2	20
29	Do you monitor entrance of new competitors?	22	none	19

MANAGING GROWTH IN SMALL AND FAMILY OWNED MANUFACTURING COMPANIES

PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY

No. of responses for each option from the 41 companies

		One	Two	Three
30	Is your sales growing?	32	1	8
31	Does competiton force you to reduce your price?	35	none	6
32	How does that affect product differentiation?			
	(1) increases product differentiation			1
	(2) reduces product differentiation			4
	(3) no effect			32
		One	Two	Three
33	Do you have plans for entering into new markets?	30	none	11

MANAGING GROWTH IN SMALL AND FAMILY OWNED MANUFACTURING COMPANIES

PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY

No. of responses for each option from the 41 companies

34	How would you finance entering into new markets?					
		(1) internally		15		
		(2) borrowing		5		
		(3) both		11		
35	How does your company's information system look like?					
		(1) Non Existent		1		
		(2) Weak		10		
		(3) Average		13		
		(4) Good		14		
		(5) Excellent		3		
		One	Two	Three		
36	If change is needed, are you willing to change the	38	none	3		
	you do things if necessary?					
		One	Two	Three	Four	Five
38	To what level do you think the company is organiz	9	13	16	3	0
	and concise?					
39	To what level do you think the company is effecien	18	10	12	1	0

			MANAGING GROWTH IN SMALL AND FAMILY OWNED							
			MANUFACTURING COMPANIES							
			PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY							
			No. of responses for each option from the 41 companies							
	way tasks, procedures, and assignments are made a									
	accomplished?									
40	How much pressure does the entrepreneur put on e					36	4	none	none	1
	for high standards and excellent performance?									
41	To what level do you think employees feel committ					20	11	9	3	0
	goals and objectives of the organization?									
42	To what level do you think members of the organiz					15	9	8	9	11
	individual responsibility for accomplishing their go									
	without being constantly monitored?									
43	To what level do you think employees feel they are					20	11	8	1	1
	and rewarded (nonmomentarily) for a job well done									
	of only being punished for mistakes or errors?									
44	To what level you think employees feel a sense of c					23	8	8	2	0
	and team spirit of working well together?									
						One	Two	Three		

MANAGING GROWTH IN SMALL AND FAMILY OWNED MANUFACTURING COMPANIES

PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY

No. of responses for each option from the 41 companies

45	Do you truly like (love) your product or enjoy prov your service?	41	none	none
46	Are you personally involved in the business and commited totally to making the product or service a success	37	4	2
47	Do you stick with your business even if it means working long hours, weekends if necessary etc?	33	2	6
48	Would you buy your own product or service if you a customer?	41	none	none
		One	Two	Three
49	Do you motivate employees (eg. benefits, bonuses, life disability insurance)?	34	5	2
		One	Two	Three
50	Do you encourage employees participation in mana	29	7	5

	MANAGING GROWTH IN SMALL AND FAMILY OWNED MANUFACTURING COMPANIES			
	PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY			
	No. of responses for each option from the 41 companies			
	suggestions?			
51	In times of company facing difficult times which m affect your employees pay temporarily do you expl difficulties to them?	16	2	1
52	Have you built a reputation that is expanding?	39	4	none
53	Have you initiated new marketing techniques? i.e:			
	. Gone into export?	16	4	21
	. Broadened sales effort geographically?	24	4	10
	. Hired an aggressive sales manager?	14	4	24
	. Added nationwide distributors?	23	4	14
54	Have you improved your management practices during the years?	29	10	3
		One	Two	Three
55	Have you initiated a strong advertising techniques during the years?	10	7	24

MANAGING GROWTH IN SMALL AND FAMILY OWNED MANUFACTURING COMPANIES

PERSONAL INTERVIEW QUESTIONNAIRE SUMMARY

No. of responses for each option from the 41 companies

56	Have you initiated a public relations media during the years	17	8	16
57	Are you interested in exporting?	31	3	7
58	Do you think your product is good enough for exp	37	2	2
60	Is there any government assistance to exporters?	5	1	34
61	Can you finance exporting?	33	3	4