

# Chapter 12

## Balanced Maturity Framework

### ABSTRACT

*Entrepreneurs form businesses to be successful. To begin, a small business must make a profit. But then success may be measured in growth or longevity. In either case the small business will mature over time. The management processes will become more structured as decision making is formalized and the necessity for information expands beyond the boundary of the small business. To support this structured approach technology must be more sophisticated. More extensive E-commerce will facilitate improved interaction with customers via Customer Relationship management systems. Advanced E-business will promote more efficient and effective Supply Chain management and relations with suppliers. A balanced approach to maturity, as proposed in this chapter, will improve performance of the small business and contribute to competitive advantage.*

### INTRODUCTION

The presentation of the Balanced Maturity Framework represents the culmination of this book. The framework consists of three dimensions. Management Processes include functions such as planning, organizing, staffing, directing, and controlling. All management levels include these functions. Each level will consist of a different mix of these functions. As a small business matures the management processes become more structured and more outward looking. Information for decision making

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will be more formalized. In support of the more structured management processes will be more sophisticated technology. E-commerce will support interaction with customers. More advanced E-business will allow communication with suppliers.

This chapter is organized as follows. To begin, growth and longevity are presented in association with success. The stages of growth are reviewed which were initially presented in Chapter Four – Theories for Investigation. Then E-commerce is related to stages of maturity. E-business follows with a progression over time. The small business life cycle stages are then related to information processing. The chapter then provides a description of some models that show how small businesses evolve. All of the previous descriptions here and the earlier chapters have provided the context for the Balanced Maturity Framework which is presented at the end of the chapter.

## **GROWTH AND LONGEVITY**

Sustainable growth is considered important for small business (Laurence, 2001; O’Gorman, 2001; and Watson et al, 1998). Some consider growth to be a measure of success (O’Gorman, 2001). Others define success by including family aspects or personal life style consideration (Curran, 1986; and Stanworth & Curran, 1986). This suggests longevity as a measure of success (Hunter & Kazakoff, 2008).

Feindt et al (2002) suggested that very few small businesses grow beyond the first few years after start-up. While growth slows or becomes non-existent these small businesses consider themselves successful mainly due to their continued existence (Hunter & Kazakoff, 2008). Indeed, growth may not be pursued due to the owner/manager’s attitude (Feindt et al, 2002) or in consideration of the significant increase in costs resulting from even the smallest increase in production (Hunter & Kazakoff, 2008).

Thus, as proposed by Feindt et al (2002),

*“Successful SMEs place greater emphasis on soft issues (people) than hard issues (technology, structure). The management skills and concepts of the founders are deemed much more important than their technical skills. Employee skills are of crucial concern and can be most effectively developed in a nurturing working environment. Nevertheless the impact of business founders on organisational success remains a leading factor.” (Feindt et al, 2002, p. 53)*

Salojarvi et al (2005) investigated the relationship between knowledge management and growth in sales in small business. They determined a direct link between knowledge management and long-term sustained growth. They adopted the following definition for knowledge management, “...the art of creating value by leveraging

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