Success factors of entrepreneurial small and medium sized enterprises in the Gnosjö municipality

Authors:
Johan Eriksson
Muyu Li

Supervisor:
Michaël Le Duc

Examiner:
Ole Liljefors

Västerås, Sweden
June 8th, 2012
ABSTRACT

Date of final Seminar: June 8th, 2012

Title: Success factors of entrepreneurial small and medium sized enterprises in Gnosjö municipality

Authors: Johan Eriksson and Muyu Li
Group Number: 2898

Supervisor: Michaël Le Duc
Examiner: Ole Liljefors

Research Question: What important factors affect the success of entrepreneurial SMEs in the Gnosjö municipality?

Background: With the economic crisis and recession, the world has begun to take notice of SMEs (small and medium sized enterprises). With an unemployment rate of just 1% and about 1500 companies - most of them successful by almost any definition and with a population of 9500, if there is such a thing as an SME region in Sweden, the Gnosjö municipality is it.

Purpose: The purpose of this thesis is to describe and analyze some of the factors that influence the success of companies with a special focus on entrepreneurial SMEs in the Gnosjö municipality.

Method: The main method of this study is to use primary data in the form of interviews with local company owners or executives, with the interview questions being based on theories generated from the critical literature review. The authors are able to distinguish successful SMEs with an entrepreneurial focus among companies located in the Gnosjö municipality. By utilizing the method of semi-structured interviews, the authors gathered data from a sample of 20 top performing companies. With the theory generated from literature, the authors analyze the primary data, thus being able to find the answer to the research question.

Conclusion: There is a relationship between general company success factors and factors driving success for companies in Gnosjö. However, compared to best-in-class, there is definite room for improvement, with regards to company operations as well as to the external factors that affect companies in Gnosjö.

Keywords: Gnosjö, definition of entrepreneur, definition of success, success factors.
ACKNOWLEDGEMENTS

The authors would like to thank our kind and dedicated supervisor Michaël Le Duc for his aid and assistance in the process of authoring this thesis.

The authors would also like to thank not only our thesis group colleagues who have provided us with valuable insights and good advice but also the participating companies in the Gnosjö municipality for their kind contributions to the interviews that form the basis of this thesis.

Finally, the authors would like to thank our beloved family members for their great support throughout the creation of this thesis.

Without all of you, this thesis could not have been done.

Thank you all very much!

Johan Eriksson and Muyu Li

June 20, 2012
# TABLE OF CONTENTS

1 Introduction .................................................................................................. 1  
  1.1 Background of entrepreneurship and its relationship with SMEs ........ 1  
  1.2 Background of the Gnosjö municipality ................................................ 2  
  1.3 Problem description .............................................................................. 3  
  1.4 Research question and strategic question ............................................. 3  
  1.5 Purpose of thesis .................................................................................... 3  

2 Critical literature review .............................................................................. 4  
  2.1 Method for the critical literature review ............................................... 4  
    2.1.1 Keywords ......................................................................................... 4  
    2.1.2 Databases ......................................................................................... 5  
  2.2 Mapping and describing the literature .................................................. 7  
    2.2.1 Literature map ................................................................................. 7  
    2.2.2 Reasoning for the selected literature .............................................. 7  
  2.3 Critical account of the chosen concepts and arguments, definition of SMEs ........................................................................................................... 8  
    2.3.1 Definition of success........................................................................ 8  
    2.3.2 Entrepreneurial traits...................................................................... 9  
    2.3.3 Internal success factors .................................................................. 11  
    2.3.4 External success factors ................................................................. 14  
    2.3.5 Shortlists of critical factors regarding entrepreneurial traits and success factors ................................................................. 15  
    2.3.6 Definition of SME ........................................................................... 18  

3 Conceptual Framework ............................................................................... 19  

4 Method ....................................................................................................... 20  
  4.1 Research method ................................................................................. 20  
  4.2 Data collection ..................................................................................... 20  
    4.2.1 Primary data ................................................................................... 21  
    4.2.2 Secondary data .............................................................................. 25  
  4.3 Validity and reliability ......................................................................... 25  
  4.4 Data analysis ........................................................................................ 26  
  4.5 Method critique ................................................................................... 26  

5 Findings and Analysis ................................................................................ 27  
  5.1 Entrepreneurial traits .......................................................................... 27  
  5.2 Success factors ..................................................................................... 33  
    5.2.1 Internal success factors .................................................................. 33  
    5.2.2 External success factors ................................................................. 52  

6 Conclusion .................................................................................................. 63  
  6.1 Brand strategy ...................................................................................... 63  
  6.2 IT system support ................................................................................ 63  
  6.3 Owner experience ................................................................................ 64  
  6.4 Owner education .................................................................................. 64  
  6.5 HR program ......................................................................................... 64
LIST OF TABLES

Table 1  Databases for literature findings ......................................................... 6
Table 2  Shortlist of entrepreneurial traits .....................................................16
Table 3  Shortlist of Success Factors .................................................................18
Table 4  Definition of SMEs .............................................................. 18
Table 5  Gnosjö company data ................................................................. 21
Table 6  Average growth in companies in five years ...................................... 24
Table 7  Number of brand-aware companies .................................................. 34
Table 8  Companies and their various brand strategies .................................... 35
Table 9  IT solutions implemented by companies ............................................. 37
Table 10 Owners’ experience ................................................................. 39
Table 11 Highest educational level of owners/executives .................................. 40
Table 12 Methods of human resource management ....................................... 42
Table 13 Quality management processes in companies .................................. 44
Table 14 Distribution of knowledge in network .............................................. 47
Table 15 General knowledge of employees ................................................... 49
Table 16 Knowledge loss and course of action ............................................. 52
Table 17 Companies’ attitude towards tax ..................................................... 54
Table 18 Opinions on local policies and attitudes ........................................ 56
Table 19 Opinions about skilled labor availability ......................................... 58
Table 20 Issues regarding external investment capital ................................... 60
Table 21 Opinions about local infrastructure ................................................ 62

LIST OF FIGURES

Figure 1  Map of Literature ................................................................. 7
Figure 2  Conceptual Framework ............................................................. 19
1 INTRODUCTION

This chapter includes a description of the background of the thesis. After having read this section, the reader should have obtained an overview of the thesis, including the background, the research question and the purpose of the thesis.

1.1 Background of entrepreneurship and its relationship with SMEs

In recent years, the term “entrepreneurship” or “entrepreneurial management/orientation” has become increasingly popular - not the least in the context of small and medium sized enterprises (SMEs). Steve Jobs, the founder of Apple, was perceived by many as a marketing genius and the person responsible for a number of highly innovative marketing approaches. For example, Handley (2012) discusses how Steve Jobs would focus on every aspect of Apple’s marketing plans, from the overall main strategy to specific sales ideas. According to Apple’s veteran advertising agency executive Ken Segall quoted by Handley (2012), “It is unusual for a CEO to care at all about marketing, certainly at that level...”.

However, Steve Jobs did not only focus on the marketing side of Apple’s business operations. According to Gobble (2012, p. 63), Steve Jobs was “a man who had come to stand for innovation, creativity, and technology tools...”. Steve Jobs himself agreed with this view in late 2008, when the economic crisis hit the world. He then issued a statement where he said “.....we are determined to continue to make Apple the most innovative company in the world..... We will overcome this challenging economic environment and remain a strong innovative company” (Finkle and Mallin, 2010). In fact, when given the opportunity in his autobiography to sum up his career at Apple, this aspect is what he emphasized. In the chapter “And One More Thing...”, Jobs attributed the success of his company to his focus on products and product development. The reason Apple could grow in the manner and relatively short time it did was making the company’s products the best that they could be, to the point of planning and launching new products and innovations that their customers did not yet know that they wanted (Isaacson, 2011).

Prominent researchers in the field of business have previously stated that some essential entrepreneurial traits are creativity and innovativeness of products as well as a focus on the production process (Schumpeter, 1934; Cunningham and Lischeron, 1991; Lepnurm and Bergh, 1995). When relating
Jobs’ statements to these theories, Steve Jobs can then be said to be a typical entrepreneur. Subsequently, Apple can be viewed as a company with an entrepreneurial orientation.

While Steve Jobs may have claimed the success of Apple to be attributable to his entrepreneurial focus (Isaacson, 2011) the fact that a company has an entrepreneurial orientation or exerts entrepreneurial traits does not necessarily equate a successful future. When searching for studies about small and medium sized enterprises (SMEs), the authors were not surprised to see that many have focused on the relationship between SME and entrepreneurship.

In fact, it turned out that some researchers had found a positive relationship between these two factors. Lepnurm and Bergh (1995, p.12) indicate that “entrepreneurship makes a great impact on the health of a small business”. Their research also demonstrates that some of the entrepreneurial traits like “seeking for opportunity and innovativeness, independence of mindset, necessity of taking risk” (Lepnurm and Bergh, 1995, p.14) are central factors that a small business owner needs to have in order to be successful. In recent years, other researchers have also shown that entrepreneurial characteristics can have a significantly positive effect on the business success of an SME (Islam et al., 2011).

However, not all studies have come to the same conclusions. Some researchers have encountered different results; the research of Smith and Gannon (1987) shows that the two entrepreneurial traits that have the least influence on small size businesses are in fact innovativeness and a willingness to take measured risks. Others have an inconclusive opinion about this relationship. Miller and Toulouse (1986) found that two entrepreneurial traits - control and need for achievement - have effects on the performance of small businesses; the former has a negative influence, the latter does not. Sandberg (1986) claims that, from a statistical point-of-view, he could not find any entrepreneurial characteristics having a major influence on small businesses.

1.2 Background of the Gnosjö municipality

To study success factors in small and medium sized enterprises having an entrepreneurial orientation, it would, naturally benefit the authors to find a location with a relatively large number of SMEs. Judging by the European Commission’s definition (outlined in chapter 2.4) if there is an “SME region” in Sweden, Gnosjö is it. In this municipality, the local production industries employ almost 100% of the working population and the unemployment rate in Gnosjö has historically been almost negligible. In 2003, for instance it was no more than about 1% (Wigren, 2003). Furthermore, with a population of 9546
(Gnosjö, 2012), the total number of companies in the municipality exceeds 1500, most of which can be characterized as small businesses (Retriever, 2012 March 7th). Adding to these statistics is an entrepreneurial tradition that dates back to the 17th century (Wigren, 2003).

1.3 Problem description

Although the relationship between entrepreneurship and SMEs has been the subject of extensive studies, a substantial variation among researchers demonstrates that it is difficult to find a universal definition of, or an equation describing this relationship. Furthermore, simply establishing an entrepreneurial orientation strategy within a company does not equate a successful company future. So the question emerges: what factors could have a positive influence on the success of entrepreneurial companies in Gnosjö? Is it the same factors that can also be described as entrepreneurial traits? This is what the problem at hand is and it is also what the authors strive to describe and analyze in the thesis.

1.4 Research question and strategic question

A large majority of the world's firms can be categorized as SMEs, playing a significant role in the world economy (Islam et al., 2011, p.289). Therefore, there is a definitive interest in understanding the factors that affect the success of companies, as well as to why some SMEs achieve success, while some files for bankruptcy, sooner rather than later.

Therefore the research question is:

What important factors affect the success of entrepreneurial SMEs in the Gnosjö municipality?

The strategic question is: what factors that positively affect the success of entrepreneurial companies, with regard to their external and internal environment can be useful for managers?

1.5 Purpose of thesis

The purpose of this thesis is to describe and analyze some of the factors which affect the success of companies with an entrepreneurial orientation, with a special focus on SMEs in the Gnosjö municipality.
2 CRITICAL LITERATURE REVIEW

Fisher (2007, p.78) indicates that a dissertation should include a chapter in which the literature relevant to the topic is critically reviewed. First in the chapter there is an introduction to the keywords utilized in the search for relevant literature, accompanied with a brief description and introduction about the databases utilized in this process. Then, a map of the literature and topics relevant to the topic for the thesis will be presented. Next, important terms and concepts essential to the thesis will be briefly discussed. Finally, the authors will present a critical discussion about key theories and concepts from the chosen literature.

2.1 Method for the critical literature review

Bryman and Bell (2011) state that it is important to understand what has already been written about the field of research - in other words, to perform a literature review.

Therefore, in order to find relevant and critical literature, a series of keywords as well as several databases were used.

2.1.1 Keywords

According to the research problem and field, the following keywords were utilized:

- Define OR Definition
- Entrepreneur*
- Entrepreneurial*
- Gnosjö*
- Measurement*
- Measuring company success
- Performance
- Performance measurement in small company AND entrepreneurial SMEs*
- Success
- Successful*
- Success factors

Based on the thesis topic, the main keywords were success, entrepreneur and measurement. While the combination of these resulted in a large number of articles, the authors assumed that all necessary data would be located in there within. To increase the relevance of the article sample while also narrowing it
down to a more specific and manageable range, the authors subsequently added the keywords successful (factors, aspects), entrepreneurial (oriented, orientation, management, style).

Furthermore, to answer the scientific question in this thesis, the priority was to understand on an academic level what success as well as entrepreneur is. Therefore, measurement was added to both success and entrepreneur*.

Finally, in order to find out if there were similar works within the same field and the same location the authors combined these words with SMEs and Gnosjö.

The resulting search strings were:

Success* AND Measurement OR Definition

Entrepreneur* AND Measurement OR Definition

Success* factors

In order to get a wider range of results, the authors repeated the article search with some keywords replaced - “successful*” instead of “success”; “entrepreneurial*” instead of “entrepreneur” and “define OR definition” instead of “measurement”. Finally, in order to obtain a critical definition of success factors, this search string was also used. The result was a well-sized and manageable number of relevant and interesting literatures.

2.1.2 Databases

The authors searched for literature in these databases:

<table>
<thead>
<tr>
<th>Database</th>
<th>Type of Findings</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABI/INFORM Global (ProQuest)</td>
<td>Business Topics</td>
<td><a href="http://www.proquest.co.uk/en-UK">http://www.proquest.co.uk/en-UK</a></td>
</tr>
<tr>
<td>Diva</td>
<td>Thesis; Dissertation</td>
<td><a href="http://www.mdh.se/library/services/electronicpublishing">http://www.mdh.se/library/services/electronicpublishing</a></td>
</tr>
<tr>
<td>Emerald</td>
<td>Journals; Articles</td>
<td><a href="http://www.emeraldinsight.com">http://www.emeraldinsight.com</a></td>
</tr>
<tr>
<td>EBSCO</td>
<td>Journals</td>
<td><a href="http://search.ebscohost.com">http://search.ebscohost.com</a></td>
</tr>
<tr>
<td>Google Scholar</td>
<td>Legal opinions; Journals</td>
<td><a href="http://www.scholar.google.com">http://www.scholar.google.com</a></td>
</tr>
<tr>
<td>The Academy of Management</td>
<td>Journals; Articles</td>
<td><a href="http://www.aom.pace.edu">http://www.aom.pace.edu</a></td>
</tr>
</tbody>
</table>
These databases all offer an advanced level of search functionality to further aid users in obtaining their desired data. Moreover, in order to enable users to gauge the scientific and academic merit of articles they not only provide the option to search for peer-reviewed articles but do also display other scientific records such as number of citations, rankings, et cetera.

Digitala Vetenskapliga Arkivet (the digital scholarly archive), also known as DiVA “is a finding tool and an institutional repository for research publications and student theses” (DiVA, 2012). This extensive database, which was set up in 2000 by Uppsala University contains research publications - with a special focus on student theses - from 30 Swedish universities. By utilizing this database, the authors were able to establish what had already been written in their field of interest by other students, enabling them to avoid contributions too similar, while also being able to learn from former students.

Google and Google Scholar were used for more general searches for concepts and other findings of interest. The availability of these search engines is of vital importance for anyone to find their desired data, with the advantage as well as the disadvantage being that they offer a wide range of results. This very fact may cause problems in finding data that is actually relevant. Furthermore, establishing the validity and reliability of data in these databases may be difficult; they were therefore utilized with discrimination.

Finally, the ISI Web of Science is, from a scientific point-of-view a very important database with a high level of validity and reliability, lending a high level of scientific esteem to its articles.
2.2 Mapping and describing the literature

Fisher (2007) states that mapping the literature is an important step in the literature review; when writers face a large amount of literature, narrowing down its range can aid in creating a more relevant and critical selection.

2.2.1 Literature map

As displayed in figure 1, the key focus of the authors is success factors; they are accompanied by the other key elements - definition of success, definition of SMEs and definition of entrepreneur.

![Image of literature map](image)

Based on the research purpose, the success factors are the central focus, surrounded by the other relevant aspects. With the “Definition of success”, “Definition of SMEs” and the “Definition of entrepreneur” bubbles the authors aimed to depict a focus on success factors of successful SMEs with an entrepreneurial orientation. Subsequently, the authors had to understand what SMEs are but also how success as well as how entrepreneurs could be defined.

2.2.2 Reasoning for the selected literature

In order to answer the research question of this paper, the authors had to define the two key concepts - “entrepreneur” and “success”. For this, a list of relevant literature was compiled with articles chosen to represent either - but not both - of these two aspects. The underlying notion was that articles with a focus on just one aspect would provide a more specific and scientific perspective. Moreover, with this approach a critical conceptual framework and
theory findings with a higher level of relevance could be established. Finally, in the article selection process the focus was not just the overall perspective of the paper or article, but also that the authors had been published in academic and scientific journals within the relevant areas.

2.3 Critical account of the chosen concepts and arguments, definition of SMEs

In this section, the authors will illustrate three separate critical accounts regarding articles about success definition, entrepreneurial traits and success factors.

2.3.1 Definition of success

Determining the success of firms can be a problematic and complex issue (Jenning and Beaver, 1997). In fact, many researchers are in agreement that “there is no single agreed-upon definition of business success” (Stefanovic et al., 2010, p.254) but also that “business success has been interpreted in many ways” (Islam et al., 2011, p.290), citing Foley and Green (1989).

Furthermore, according to Hussain and Yaqub (2010), Lussier and Pfeifer (2001) and Pasanen (2003) no common denominator for success exists. In fact, some researchers - such as Lussier and Pfeifer (2001) - even state that because of the differing study backgrounds and purposes of researchers, the determinants of success may be completely different depending on the context. This is why, according to Lussier and Pfeifer (2001, p.229) “in a study in the South Pacific (Yusuf, 1995), that determinants of success were different from those found in many U.S. studies”.

However, depending on their purpose and study background the definition of success can be set by the researchers themselves. Islam et al. (2011) argue that the measurement or definition of success can simply be viewed as different opinions by different researchers with different study purposes. In fact, the very terms of success - “financial vs. other success” and “short- vs. long-term success” (Islam et al., 2011, p.290) may be individually defined and are, according to Islam et al. (2011) the two most commonly used but also the most important dimensions to the definition of success. Pasanen (2003, p.421) indicates that the success of SMEs can be measured by five factors:

- age
- growth in terms of turnover
- the owner-manager's self-evaluation of business success
- the owner-manager's satisfaction with business success
Factor #2 - “growth in terms of turnover” is - if an SME is aiming for growth - an applicable factor to measure the outcome of its success. This is corroborated by Jenning and Beaver (1997, p.63) who state that “return on investment and growth in turnover, volume, profit and employment” are the most likely factors to define the success of smaller firms. To this they also state that a common way of defining success is “to build the criteria upon financial analyses and ratios such as sales growth, profitability, cash-flow, productivity”. Jenning and Beaver (1997, p.67) and Islam et al. (2011) utilize the same method in terms of business studies, namely to use a firm’s financial performance as the basic criteria to construct the concept of success.

There are also other methods to measure success; because of the pluralistic nature of business, there is a need to think imaginatively about the construction and application of success criteria (Jenning and Beaver 1997). Lussier and Pfeifer (2001, p.232) indicate that “to be considered a success; the business had to have made at least industry-average profits for the previous three years”. Simply put, it deals with “a firm's ability to survive” Hussain and Yaqub (2010, p.24). Stefanovic et al. (2010) agrees that survivability is a determinant of success, stating that “researchers generally use continued viability or longevity as a surrogate for business success”. (Stefanovic et al., 2010, p.254).

Finally, Lussier and Pfeifer (2001, p.233) state that in general, “small firms are more likely than large firms to fail, and new firms are more likely to fail than older ones”. By their definition, firms with a longer survival record are more successful than those having recently opened for business.

2.3.2 Entrepreneurial traits

According to Cunningham and Lischeron (1991) there is an entrepreneurial school called “great person”, defining entrepreneurs as those who are charismatic leaders. These people are endowed with certain traits or qualities that differentiate them from others. Demonstrated from an early age, this manifests itself as talent in corporate matters and is expressed as being creative and innovative (Garfield, 1986; Hughes, 1986; Silver, 1985). Not only do they have a feel or instinct for how to solve problems that arise, but also an ability to make decisions, where others cannot (Iacocca, 1984).

People who possess entrepreneurial characteristics will have a higher tendency or potential to perform entrepreneurial acts and can be identified by so-called traits of personalities or “psychological characteristics” (Cunningham and Lischeron, 1991; Lachman, 1980). Other personality traits
that belong to this school are risk-taking propensity and the need for achievement (Lepnurm and Bergh 1995).

Another key factor in distinguishing entrepreneurs from mere leaders is risk bearing (Mill, 1984), but also, as stated by Palmer (1971) risk measurement and risk-taking. These involve the potential for financial success and also - perhaps more importantly - career opportunities et cetera, but should not be confused with gambling. Furthermore, entrepreneurs do not in any way prefer situations involving either extreme risk or uncertainty (McClelland and Winter, 1969). That being said, an entrepreneur may indeed assume a certain degree of risk but is at the same time also able to provide firms with good management (Kilby, 1971).

Another very important indicator of personal value in present-day society is personal achievement, which may stimulate a desire or need for someone to be successful (Cunningham and Lischeron, 1991). There is wide belief that entrepreneurs demonstrate a higher need for achievement than others (McClelland, 1965).

Other key aspects of entrepreneurship are innovativeness and creativity - making new combinations of means of production (Schumpeter, 1934). These factors can, as well as “discoveries” also be traced to the classical body of thoughts and research. According to Cunningham and Lischeron (1991), this represents the “classical” school of entrepreneurship, with traits referring to the process of creating an opportunity or “the opportunity-seeking style of management that sparks innovation” (Lepnurm and Berg, 1995; Peterson, 1985, p.32).

Yet other theories about entrepreneurship suggest that other necessary components for an entrepreneur include management theory and skill. This is the “management” school of entrepreneurship. Managers are, according to Cunningham and Lischeron (1991, p.51), those who perform a set of functions such as planning, organizing, staffing, budgeting, coordinating, and controlling. An entrepreneur should also, according to Mill (1984), have the ability to not only take measured risks but also to provide direction, supervision and control for a firm. Other important abilities for a manager include establishing a business plan, analyzing opportunities, obtain necessary resources and working towards a set goal (Bird, 1988). According to this school, entrepreneurship can be taught, meaning that training courses would be an appropriate approach to avoid failure (Boberg, 1988).

Finally, an entrepreneur is often a leader who relies on others to accomplish certain objectives. Therefore, successful entrepreneurs must also be good “people managers” - leaders with the ability to motivate, direct and lead people (Cunningham and Lischeron, 1991). Two main categories of
entrepreneurial leadership can be identified. The first is based on a person’s natural traits, someone who is born with talent - a “genetic entrepreneur”. The second, and more common category (Hemphill, 1959) is concerned with how leaders are able to accomplish daily tasks and how they respond to the needs of their staff. The role of leaders can also serve as a key point for change, for inculcating company values and may involve the skills of setting clear goals and creating opportunities (Cunningham and Lischeron, 1991). A leader must also have the ability to empower people, to be able to preserve organizational intimacy, as well as developing a human resource system (Kao, 1989).

2.3.3 Internal success factors

Many researchers such as including Berthon, Ewing and Napoli (2008), Soriano and Castrogiovanni (2012), and Wong (2005) are in agreement that the attribution of success factors to various aspects of the operation of SMEs is not only a recent occurrence but also one that has been researched rather sparsely. However, two main distinct groups of SMEs’ success factors can be identified. The first is internal success factors, which include brand management and knowledge management and the second group comprises external success factors.

Brand management

Brand management is defined by Schultz and Barnes (as referenced by Berthon, Ewing and Napoli (2008, p.29) as “the process of creating, coordinating and monitoring interactions that occur between an organization and its stakeholders such that there is consistency between an organization’s vision and stakeholders’ beliefs about a brand”. Requirements include good planning, a well-thought out strategy and a concentrated effort. Also, having a focus on a corporate brand rather than individual product brands is preferable for SMEs (Berthon, Ewing and Napoli, 2008, Guiling and Xiaojuan 2006; Merrilees, 2007). At little or no cost, proper brand management can attract new customers/suppliers and create value (Guiling and Xiaojuan, 2006; Merrilees, 2007) but also support innovation and in the process also sharpen the business plan (Merrilees, 2007).

Knowledge management

Knowledge management is defined by Edvardsson (2009), Salojärvi, Furu and Sveiby (2005) and Valkokari and Helander (2007) as consisting of, on one hand, IT systems to manage knowledge and on the other as organizational traits both unique to SMEs as well as more common practices of enterprises. These could, properly applied, have a significant input on growth (Salojärvi, Furu and Sveiby, 2005).
Knowledge management in the context of IT systems

Examples of IT systems to share, spread, store and improve upon knowledge include ERP systems, CRM systems, intranets as well as e-business systems. Properly implemented and utilized, this could work favorably for SMEs to a great extent, providing them with better quality of services, higher efficiency and lower costs (Maguire, Koh and Magrys, 2007; Metaxiotis, 2011; Radzeviciene, 2008). The fact that these authors are in such agreement regarding this matter even though their investigations have been carried out in rather disparate ways enhances, the authors believe, the validity of this standpoint.

Knowledge management in the context of the entrepreneur

With the starting point of organizational knowledge management being the entrepreneur/manager, there is a direct link between experience/education and the performance of an SME (Nakhata, 2007; Omerzel and Antoncic, 2008; Soriano and Castrogiovanni, 2012). While Nakhata (2007) establishes a direct link between success on one hand and formal training and industry experience on the other, Omerzel and Antoncic (2008) see some disparities. While positive profitability and growth requires different skill sets (general skills, functional knowledge, self-confidence, education), entrepreneurial knowledge must be viewed as a sum of its parts.

Finally, the investigations of Soriano and Castrogiovanni (2012) reveal that profitability and productivity is positively affected when an entrepreneur has industry specific knowledge (education) before gaining ownership of a business and has general business knowledge acquired after said takeover, whereas the connections between experience affects productivity but not profitability. Soriano and Castrogiovanni (2012) also points to a direct link between knowledge/experience with close advisors but only negative experiences affect SME performance in a positive way.

Knowledge management in the context of organizations

Other organizational traits that exert a positive effect on SME success include human resource management, quality management and networked knowledge management (Radzeviciene, 2008; Thomas and Barton, 2005; Wong, 2005; Valkokari and Helander, 2007).

Human resource management is vital to ensure that an SME has the capacity to grow, because the base of knowledge in organizations is humans (Wong, 2005). Therefore, important factors in SME HR management is organizational learning in the form of regular and structured training
(including the owner/manager) and recruitment (Lacoursiere, Fabi and Raymond, 2008; Theriou and Chatzoglou, 2007; Wong, 2005) but also the presence of an HR manager in the company board (Lacoursiere, Fabi and Raymond, 2008).

An offshoot of HR management is quality management which is vital for SMEs geared toward growth (Lacoursiere, Fabi and Raymond, 2008; Thomas and Barton 2005). Also, says Thomas and Barton (2005), employing a quality management system such as Six Sigma or ISO 9000 serves well to instill a sense of continuous improvement in the organization.

Another key aspect of knowledge management is, says Valkokari and Helander (2007), the level of its distribution in company networks which ensures that knowledge is shared among participants. This can lead to new opportunities and innovation, but also increased performance in the companies themselves (Boschma, ter Wal, 2007; Desouza and Awazu, 2006; Valkokari and Helander, 2007). The importance here is not the actual geographical location but the fact that knowledge is actively spread in the network (Boschma, ter Wal, 2007). Therefore, state Thorpe, Holt, MacPherson and Pittaway (2005), and Valkokari and Helander, (2007) it is necessary for SMEs to make a conscious effort to handle the distribution of knowledge in the firm but also its immediate network (the closest parties). This can, state Desouza and Awazu (2006) entail utilizing technological solutions but should be done in such a manner that the informality of SMEs is not lost.

Finally, there are some unique challenges to SMEs in terms of knowledge management that, unless properly handled, can work against company success. These include “common knowledge” which is knowledge belonging to “everyone” in a smaller organization such as an SME (Desouza and Awazu, 2006, Valkokari and Helander, 2007) and knowledge loss - key employees leaving the company, taking important knowledge with them (Desouza and Awazu, 2006; Metaxiotis, 2009; Wong, 2005). Due to the inherent size of an SME, says Metaxiotis (2009), this is an ever-present risk. However, Desouza and Awazu (2006) point out that if the practice of common knowledge is employed, it is normally only a problem in case of the owner/entrepreneur leaving, at which point the whole existence of the SME is, more or less, moot.
2.3.4 External success factors

External success factors are suggested by the authors as outside factors affecting SMEs in particular but that cannot be affected by the company itself. This is also a field that, while generally heavily investigated, has been largely overlooked in an SME/entrepreneurial context (Davidsson and Henrekson, 2002).

Taxes

With Sweden being a country with a high level of taxation, as evidenced by Henrekson (2005), taxes in general is bound to play a vital role in the society and in particular in Swedish companies. While taxes (level of tax as well the efficiency of tax administration) in general can have a direct impact on the growth of businesses (Hashi and Krasniqi, 2011; Krasniqi, 2007), the Swedish tax system in particular affects smaller businesses negatively. This holds true for both the high taxation of executive salaries as well as the possibility to incentivize employees in order to stimulate company performance (Henrekson, 2005). A high tax level may also act towards business moving into the informal economic sector which can, potentially erode the tax base for municipalities (Henrekson, 2005, Krasniqi, 2007).

Local policies and attitudes

For enterprises to grow, it is necessary that local rules and regulations are introduced, implemented and applied in a consistent manner (Hashi and Krasniqi, 2011; Krasniqi, 2007). Another important aspect is that laws need to be applied in a trustful and service-minded way - municipality staff needs to communicate the laws properly to businesses but also carry out their duties in a timely fashion. Unnecessary delays may have a great impact on business establishment and expansion (Företagsklimat, 2012).

However, not just the legal system and local laws are important; attitudes, both from city officials and the local population also matter. For companies to prosper, local politicians need to display a positive and cooperative attitude. The same can be said for the local population which also needs to have an understanding for the conditions for entrepreneurs (Företagsklimat, 2012).

Availability of skilled labor

Having skilled labor available is one of the key factors behind companies' ability to grow but also present a definite challenge to companies as one in every five recruitments fail (Företagsklimat, 2012). The right kind of skill - education, on-site training and experience - has a severe influence on the start-up, survival, growth and overall market performance of firms. The same
holds true for employees and owners alike (Hashi and Krasniqi, 2011).

The availability of skilled labor is especially important for companies that are highly innovative and/or exploiting new technologies. In those cases, the availability of properly skilled labor facilitates growth in firms, creating spin-off enterprises which in their turn will stimulate growth and further development of the local knowledge base (Lindholm Dahlstrand, 2007).

**External investment capital**

Small firms, especially newly created businesses often rely on the owner’s own financial resources for their expansion, since funds are not readily available from other sources of finance, mainly banks (Hashi and Krasniqi, 2011). Another problem for small firms in terms of growth potential is that even if capital is available, the cost of acquiring it may be very high and/or come with unfavorable terms (Krasniqi, 2007).

If capital is only available at a high cost or, even worse, not available at all, the availability of other sources of capital may be important. One such source of capital that has come to play an important role in financing business growth is venture capitalists (Krasniqi, 2007). These can act as a catalyst or “matchmaker”, enabling investors and entrepreneurs to find each other more easily, while also diversifying risk (Henrekson, 2005).

**Local infrastructure**

The standard of the local infrastructure has a direct impact on the ability of companies to communicate with their customers (telecommunications and IT networks) but also on physical transportation options. Being able to swiftly travel to and from customers and to perform speedy deliveries is crucial for firms, as is the ability of staff to commute (Företagsklimat, 2012). However, having a good level of infrastructure is not just vital for moving people and goods but complements capital investments, in the process acting as a stimulant for growth (Coe and Moghadam, 1993; Hashimzade and Myles, 2010).

2.3.5 **Shortlists of critical factors regarding entrepreneurial traits and success factors**

As outlined in chapter 2.3.2., while there are many different opinions about traits or characteristics of entrepreneurs, six distinct schools of entrepreneurial traits can be identified (Cunningham and Liscsherlon, 1991). Since the main subject of the thesis is success and success factors rather than entrepreneurial traits, the authors chose to focus on five out of these six schools. For reasons of clarity, the shortlist of success factors was also
narrowed down to a more manageable range. To further the operability of the questionnaire and the conducted interviews, the entrepreneurial traits of each school were treated in the same way.

If - according to literature - a person demonstrates one or more of the aforementioned traits he or she can be categorized as an entrepreneur. The following table contains a shortlist of factors utilized by the authors to generate questions designed to indicate an entrepreneurial orientation by identifying different traits of entrepreneurship (for the interested reader, the original shortlists of entrepreneurial traits and success factors are available in the appendix).

<table>
<thead>
<tr>
<th>School</th>
<th>Traits</th>
<th>Mentioned by</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great person</td>
<td>Inborn capability</td>
<td>Cunningham and Lischeron (1991)</td>
</tr>
<tr>
<td></td>
<td>Signs of innovation and creativity at an early age</td>
<td>Garfield (1986)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hughes (1986)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Iacocca (1984)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Silver (1985)</td>
</tr>
<tr>
<td></td>
<td>Risk-taking</td>
<td>Cunningham and Lischeron, (1991)</td>
</tr>
<tr>
<td></td>
<td>Need for achievement</td>
<td>Kilby (1971)</td>
</tr>
<tr>
<td>Psychological</td>
<td>Taking measured risks</td>
<td>Lachman (1980)</td>
</tr>
<tr>
<td>characteristics</td>
<td></td>
<td>LePnurm and Bergh (1995)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>McClelland, (1965)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>McClelland and Winter (1969)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mill (1984)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Palmer (1971)</td>
</tr>
<tr>
<td>Classical</td>
<td>Innovation</td>
<td>Cunningham and Lischeron (1991)</td>
</tr>
<tr>
<td></td>
<td>Creativity</td>
<td>LePnurm and Bergh (1995)</td>
</tr>
<tr>
<td></td>
<td>Discovery</td>
<td>Peterson (1985)</td>
</tr>
<tr>
<td></td>
<td>Creating and seeking new opportunities</td>
<td>Schumpeter (1934)</td>
</tr>
<tr>
<td>Management</td>
<td>Supervision</td>
<td>Bird (1988)</td>
</tr>
<tr>
<td></td>
<td>Control</td>
<td>Bohberg (1988)</td>
</tr>
<tr>
<td></td>
<td>Providing direction</td>
<td>Cunningham and Lischeron (1991)</td>
</tr>
<tr>
<td></td>
<td>Strategizing</td>
<td>Mill (1984)</td>
</tr>
<tr>
<td>Leadership</td>
<td>Motivating, directing, empowering people</td>
<td>Cunningham and Lischeron (1991)</td>
</tr>
<tr>
<td></td>
<td>Developing a human resource system</td>
<td>Hemphill (1959)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kao (1989)</td>
</tr>
</tbody>
</table>

*Table 2 Shortlist of entrepreneurial traits (Authors’ design)*
To identify success factors, a shortlist based on the critical account of success factors affecting SME success was also constructed:

<table>
<thead>
<tr>
<th>Group</th>
<th>Success factor</th>
<th>Mentioned by</th>
</tr>
</thead>
</table>
| Brand management       | Conscious brand management   | Berthon, Ewing and Napoli (2008)  
                        |                                                            | Guiling and Xiaojian (2006)  
                        |                                                            | Merrilees (2007)  |
|                        | Brand strategy               | Berthon, Ewing and Napoli (2008)  
                        |                                                            | Guiling and Xiaojian (2006)  
                        |                                                            | Merrilees (2007)  |
|                        | Corporate brand              | Berthon, Ewing and Napoli (2008)  
                        |                                                            | Guiling and Xiaojian (2006)  
                        |                                                            | Merrilees (2007)  |
| Knowledge management   | ERP system                   | Maguire, Koh and Magrys (2007)  
                        |                                                            | Metaxiotis (2011)  
                        |                                                            | Radzeviciene (2008)  |
|                        | CRM system                   | Maguire, Koh and Magrys (2007)  
                        |                                                            | Metaxiotis (2011)  
                        |                                                            | Radzeviciene (2008)  |
|                        | Intranet                     | Maguire, Koh and Magrys (2007)  
                        |                                                            | Metaxiotis (2011)  
                        |                                                            | Radzeviciene (2008)  |
|                        | E-business system            | Maguire, Koh and Magrys (2007)  
                        |                                                            | Metaxiotis (2011)  
                        |                                                            | Radzeviciene (2008)  |
|                        | Owner experience             | Nakhata (2007)  
                        |                                                            | Omerzel and Antoncic (2008)  
                        |                                                            | Soriano and Castrogiovanni (2012)  |
|                        | Owner education              | Nakhata (2007)  
                        |                                                            | Omerzel and Antoncic (2008)  
                        |                                                            | Soriano and Castrogiovanni (2012)  |
|                        | Regular/structured job training | Lacoursiere, Fabi and Raymond (2008)  
                        |                                                            | Theriou and Chatzoglou (2007)  
                        |                                                            | Wong (2005)  |
|                        | Structured recruitment processes | Lacoursiere, Fabi and Raymond (2008)  
                        |                                                            | Theriou and Chatzoglou (2007)  
                        |                                                            | Wong (2005)  |
|                        | Dedicated HR manager         | Lacoursiere, Fabi and Raymond (2008)  |
|                        | Quality management           | Lacoursiere, Fabi and Raymond (2008)  
                        |                                                            | Thomas and Barton (2005)  |
2.3.6 Definition of SME

A central concept to the thesis is “SME”: small and medium sized enterprises, defined by the European Commission (2012) as companies with less than 250 employees and a turnover of less than 50 Million EUR per year or a balance sheet totaling less than 43 million EUR per year.

<table>
<thead>
<tr>
<th>Company category</th>
<th>Employees</th>
<th>Turnover</th>
<th>or</th>
<th>Balance sheet total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium</td>
<td>&lt; 250</td>
<td>≤ € 50M</td>
<td>≤</td>
<td>€ 43M</td>
</tr>
<tr>
<td>Small</td>
<td>&lt; 50</td>
<td>≤ € 10M</td>
<td>≤</td>
<td>€ 10M</td>
</tr>
<tr>
<td>Micro</td>
<td>&lt; 10</td>
<td>≤ € 2M</td>
<td>≤</td>
<td>€ 2M</td>
</tr>
</tbody>
</table>

Table 4 Definition of SMEs (European Commission, 2012)
3 CONCEPTUAL FRAMEWORK

In the following section, the authors will briefly describe the conceptual framework of successful SMEs with an entrepreneurial orientation. As established earlier, there are a large number of entrepreneurial traits as well as many conceivable success factors. By utilizing these to “filter” the SMEs in the data sample, the end result is a number of successful entrepreneurial oriented SMEs.

![Conceptual Framework](image)

*Figure 2  Conceptual Framework (Authors’ design)*

In the figure, the black circle represents all goods-producing companies in the Gnosjö municipality. After applying the SME definition, the resulting subset is found in the blue circle. Next, as illustrated by the red circle, the definition of entrepreneurial traits divides the sample further and leaves only entrepreneurial SMEs. Finally, by applying the chosen definition of success, the end result is successful SMEs in the Gnosjö municipality that has an entrepreneurial orientation - the green circle. A questionnaire is utilized to collect primary data which is then analyzed. The conclusion is the end result (found in the yellow circle): success factors of successful SMEs with entrepreneurial traits in the Gnosjö municipality.
4 METHOD

This chapter discusses the methods utilized in the data collection processes - a secondary data collection, the primary data collection as well as a summary of the questions within the questionnaire. Finally, the key research method - the analysis - will be discussed.

4.1 Research method

To analyze the findings, a structured approach was utilized. According to Fisher (2007), this entails imposing a structure on the research based on a preliminary theory, concept or hypothesis. This structure is then utilized to guide the research in general and the material collection process in particular. A person following a structured approach has the added security of knowing what the likely structure and shape of the dissertation will be before starting to collect the research material (Fisher, 2007).

Before work on the thesis commenced, the authors already had some notions regarding a preferable study process as well as what they wanted to research. This understanding of the basic premise was deemed to be both important and useful for the final outcome of the thesis and that it would lead the authors to the final purpose: analysis of the findings and a comparison of the results with theories generated from the critical literature review. The final outcome would then be to answer the research question.

4.2 Data collection

For the qualitative research of the thesis the authors collected both primary and secondary data. Primary data consisted of telephone interviews - a total of 9 responses from the target group of 20 companies located in the Gnosjö municipality. To conduct the interviews, the authors used a semi-structured approach which, according to Bryman and Bell (2011) allows the interviewer to change or add some new questions during the interview process. This approach also entails that the questions in the questionnaire may not exactly follow the way outlined by the interview guide, allowing a more flexible interviewing process. Because of the inherent differences between the target companies this was decidedly an advantage. Moreover, with the telephone interview comes that it is less expensive, faster and easier to supervise and has less influence on respondents’ replies than a conventional face-to-face interview (Bryman and Bell, 2011).
Secondary data was mostly gathered from Retriever, an official business database which is a provider in the Nordic region for a wide range of market information about clients, competitors, new markets or business areas (Retriever, 2011). Other secondary sources - articles, academic books and general internet sources were also utilized.

4.2.1 Primary data

In Retriever, a wide variety of data spanning the last 12 years of all Gnosjö companies can be found: income statements, balance sheets but also company addresses, number of employees, contact information and much more.

Moreover, because the fiscal year and registration date of companies vary, Retriever updates the records continuously throughout the business year. Since the data was retrieved and compiled in the early stages of 2012, the 2011 financial data was not yet available. Therefore, the authors chose to base their secondary data sample on the years 2006 to 2010.

Process of selecting target companies

First, the authors chose companies that were still doing business at the time of the data retrieval (April, 20th, 2012). However, it soon became evident that a large number of registered companies showed no turnover and zero employees. These were categorized as non-operating and thus excluded from the target list.

As the next step, the authors decided that based on the assumption that manufacturers are more likely to be entrepreneurs than those who provide services (housing services, banking, barbershops, grocery stores, restaurants, hotels et cetera) the target should be companies of this kind.

The table below shows details of companies in Gnosjö municipality for the year 2010:

<table>
<thead>
<tr>
<th>Total number of companies</th>
<th>1,543</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business main sectors</td>
<td>28</td>
</tr>
<tr>
<td>Business sub sectors</td>
<td>183</td>
</tr>
<tr>
<td>Companies with no employees</td>
<td>1,194</td>
</tr>
<tr>
<td>Companies with no turnover</td>
<td>1,198</td>
</tr>
<tr>
<td>SMEs with at least one employee and that have turnover</td>
<td>344</td>
</tr>
<tr>
<td>Manufacturing SMEs with at least one employee and that have turnover</td>
<td>156</td>
</tr>
</tbody>
</table>

Table 5 Gnosjö company data (Retriever, 2012 April 20th)
The end result after the initial selection process was 156 SMEs, and out of these the most successful were to be selected. While no single definition of success exists, perhaps the most common determinant is based on the time of survival. The longer a firm exists, the more successful it will appear compared with firms with a shorter operating history (Hussain and Yaqub, 2010; Stefanovic et al., 2010; Lussier and Pfeifer, 2001).

The second common determinant is to judge a firm by its financial records, most likely growth of revenue and profit margin (Pasanen, 2003; Jenning and Beaver, 1997; Islam et al., 2011). Moreover, as established in the critical literature review, the definition of success depends on the study background and research purpose. Therefore, the authors chose to set up the following determinants, according to the research purpose:

**Survival year**

The first step of “filtering” consisted of selecting companies with an operating history of at least 5 years counting backwards from the year 2010. Based on the previous delimitations, this meant companies that had been registered and that became operational before 2006. The result was 147 companies.

**Growth of total turnover over the last five-year period**

In the second step, the 50 companies displaying the highest five-year growth of turnover by arithmetic average were selected. This selection was based on the formula: \[ \frac{[(2010-2009) \text{ growth of total turnover } + (2009-2008) \text{ growth of total turnover} + \ldots + (2007-2006) \text{ growth of total turnover} ]}{4}. \]

**Growth of total profit margin over the last five-year period**

In the third and final step, the authors made a selection of the 20 companies that demonstrated the highest growth of profit margin over a five-year period by arithmetic average: \[ \frac{[(2010-2009) \text{ growth of total profit margin } + (2009-2008) \text{ growth of total profit margin} + \ldots + (2007-2006) \text{ growth of total profit margin} ]}{4}. \]

Based on this selection process, the 20 most successful manufacturing SMEs in the Gnosjö municipality were identified, forming the final data sample.

The first 10 of these companies were then contacted via e-mail containing a request for a telephone interview. Companies not responding were reminded after three days with a follow-up e-mail, netting in three positive replies. Since the authors aimed for a final result of 10 companies, seven more replies were necessary. So after the three days, seven more e-mails were sent, resulting in one more positive reply. The process was carried out in this manner (via
e-mails only) because of the time constraints for the thesis - the authors were not able to wait until all 20 companies had confirmed their participation.

On the other hand, the authors assumed that some of these SMEs may well refuse the interview requests altogether if they were approached directly via telephone, without a prior e-mail contact. However, with a total number of four positive responses so far, the authors were nevertheless forced to go forth with a direct approach (which was actually suggested and encouraged by one of the respondents). This yielded another three companies and with some additional persuasive assistance from the business association Made in Gnosjö a total of 9 companies accepted the interview request. The remaining 11 declined or were somehow unavailable. While nine respondents was one less than the planned ten, after some consultation with the thesis tutor this sample was decided by the authors to be of an adequate size.

The companies were:

Company A is a family business involved in the metal working sector, producing their own product lines as well as doing subcontracting work for other companies. Production is carried out in CNC turning and milling machines. The operating history of the company exceeds 20 years and it had a turnover of around 2 MSEK in 2010. Between 2006 and 2010 it enjoyed an average growth of profit margin of more than 50%, and an average growth of turnover exceeding 10%.

Company B is a family owned printing business, with an operating history of more than 20 years that had a turnover in excess of 8 MSEK in 2010. The average growth of profit margin from 2006 to 2010 was just over 17%, along with a five-year average growth of total turnover of more than 11%.

Company C develops, manufactures and sells machinery and warehouse accessories. This family owned company was registered nearly 30 years ago and had a total turnover of close to 25 MSEK in 2010. The average growth of profit margin from 2006 to 2010 was between 12 and 13%, along with a five-year average growth of total turnover of just over 7%.

Company D specializes in welded and cut steel products in a number of common dimensions. It is a family owned business started some 35 years ago and had in 2010 a total turnover of around 2 MSEK. The average growth of profit margin from 2006 to 2010 was around 11%, as well as a near 13% of average growth of total turnover from 2006 to 2010.
Company E is a family owned business in the garment industry registered 20 years ago, that in 2010 had a turnover in excess of 11 MSEK. It had an average profit margin growth from 2006 to 2010 of close to 10%, as well as a rather remarkable average growth of turnover during the same period of more than 40%.

Company F provides various metalworking services - bending, punching, laser cutting, et cetera. The company was registered some 20 years ago but stems from a previous company with a history of more than 50 years. Total turnover for 2010 was between 4 and 5 MSEK, the average profit margin growth from 2006 to 2010 was around 10%, and the average growth of total turnover during the same period was in excess of 20%.

Company G manufactures and invents home interior/exterior design products. The turnover of this company, 20+ years old, was in 2010 around 70 MSEK. From 2006 to 2010 it had an average profit margin growth in excess of 12%, and an average growth of turnover of more than 15%.

Company H was founded 10+ years ago and produces plastic products for various interior and exterior applications. In 2010, this firm had a turnover of around 13 MSEK. The average profit margin growth was, from 2006 to 2010, around 13%, during the same period, the average growth of total turnover was close to 40%.

Company I has a company history of around 20 years. This company manufactures a wide range of industry products including metal wire, metal tubular and sheet metal products. In 2010, the total turnover of this firm was in excess of 8 MSEK. It had an average profit margin growth of about 9% from 2006 to 2010, while achieving an average growth of turnover of nearly 45% over the same five-year period.

<table>
<thead>
<tr>
<th>No.</th>
<th>Average growth of profit margin in five years (±0.5%)</th>
<th>Average growth of total turnover in five years (±0.5%)</th>
<th>Registered number of employees in year 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>A (50%)</td>
<td>I (45%)</td>
<td>A: 3</td>
</tr>
<tr>
<td>2</td>
<td>B (17%)</td>
<td>E (40%)</td>
<td>B: 10</td>
</tr>
<tr>
<td>3</td>
<td>H (13%)</td>
<td>H (40%)</td>
<td>C: 62</td>
</tr>
<tr>
<td>4</td>
<td>C (13%)</td>
<td>F (20%)</td>
<td>D: 5</td>
</tr>
<tr>
<td>5</td>
<td>G (12%)</td>
<td>G (15%)</td>
<td>E: 17</td>
</tr>
<tr>
<td>6</td>
<td>D (11%)</td>
<td>D (13%)</td>
<td>F: 20</td>
</tr>
<tr>
<td>7</td>
<td>E (10%)</td>
<td>B (11%)</td>
<td>G: 4</td>
</tr>
<tr>
<td>8</td>
<td>F (10%)</td>
<td>A (10%)</td>
<td>H: 48</td>
</tr>
<tr>
<td>9</td>
<td>I (9%)</td>
<td>C (7%)</td>
<td>I: 5</td>
</tr>
</tbody>
</table>

*Table 6 Average growth in companies in five years (Authors’ design)*
Because Gnosjö is a fairly small municipality as well as a rather close-knit society, some of the nine interviewees wanted to remain anonymous. For reasons of fairness, the authors decided to omit the names of all companies, replacing them with a generic moniker - Company A, Company B, Company C..., et cetera, assigned in the order the companies responded to the interview request. To further ensure that the company identities were being kept anonymous, financial data and other key identification points such as their exact line of business were also slightly altered.

**Questionnaire, part 1 - Entrepreneurial traits**

From the critical literature review, the authors had established that there are different schools of entrepreneurial traits which could be utilized to define an entrepreneur. Therefore, the questions in this part were based on the basic principles of these “schools” of entrepreneurial traits. With no universal definition of what makes an entrepreneur and with the knowledge that businessmen do not have to match all traits to be considered an entrepreneur, the authors simply asked these questions in sequential order.

**Questionnaire, part 2 - Success factors**

In this second questionnaire, the main theme was about the success factors generated from the literature review, further divided into two main parts: internal success factors and external success factors.

*(The questionnaires can be found in Appendix A: Questionnaires and the complete interview notes in Appendix E: Original interviews)*

**4.2.2 Secondary data**

Secondary data represents data that has somehow been gathered or compiled by other researchers than those doing the study at hand. This data can be interpreted, compared and related to the research topic in question and can be collected by reviewing policy documents, analyzing statistical data, looking for patterns within national data, evaluating major research projects and initiatives, interpreting survey results and comparing national or international concerns (Winstanley, 2009, P.85-86).

**4.3 Validity and reliability**

One of the main concerns when conducting research is the validity and reliability of the method. Validity refers to the degree to which a measure of concept truly reflects that particular concept, and reliability refers to the degree to which a measure of a concept is stable (Bryman and Bell, 2011). This
means that the higher the reliability of the research, the stronger the evidence and validity of the conclusion of the investigation (Fisher, 2007). In order to ensure the reliability of both primary and secondary data as well as whether or not it was collected in an academic research approach, the authors put their main focus on the actual data collection process. This meant that the data from the interviews was interpretive, enabling them to stand behind the objectiveness of the study.

As for the secondary data collection process, Retriever and other databases were utilized in a scientific manner. Also, all databases used for the thesis - Retriever, ABI/Inform, EBSCO, Google Scholar as well as the Mälardalen University Library catalog - are recommended and validated by Mälardalen University. The authors could therefore assume that the reliability and validity of secondary data was of a high standard.

4.4 Data analysis

After the data had been collected it was partitioned according to the question categories as well as the questions themselves. This process refers to what Bryman and Bell (2011) calls “coding”, which is the starting point for most forms of qualitative data analysis. The authors started to browse the collected primary data from the target group and, in accordance with the findings in the literature review, categories for entrepreneurial traits and the various established success factors were set up. In order to find similarities and differences, the analysis then connected the theories with the answers from the respondents, leading up to a conclusion.

4.5 Method critique

The method of a structured approach does have some disadvantages - having developed an initial framework, people are reluctant to change it even when the research findings may require it to be changed. This a major disadvantage of a structured approach (Fisher, 2010).

The chosen interview method also has some disadvantages. First, it may not work well with very long interviews. Second, body language and physical response in interviewees is impossible to monitor (Bryman and Bell, 2011, p. 206). Both these issues were considered when the authors decided what interview method to utilize but because of time and budgetary constrictions it was deemed suitable for the task.
5 FINDINGS AND ANALYSIS

In this section, the authors will discuss and analyze the interview findings. The analysis part consists of two main parts; the first is about entrepreneurial traits, the second about success factors.

5.1 Entrepreneurial traits

A sufficient amount of data was gathered to decide to what extent the owners of the companies in the study possessed the identified entrepreneurial traits. Based on the definition in the literature section, conclusions regarding the entrepreneurial traits of each respective company and its leader could then be made.

Company A

According to the owner of Company A, his (family-owned) company was founded more than 20 years ago, when he was still young. At that time, he was helping out in the family business, doing chores and such but did not think that this had not provided him with any particular measure of creativity.

However, the founder of the firm - an older family member of his - had created some new and innovative products (still being marketed by Company A) of a “unique design with certain particular features”. The firm is currently run and controlled solely by the owner having under his term streamlined company operations.

When it comes to risk, the owner stated in his own words that he is a bit of “coward” and that he likes to “play it safe”, rather than taking risks to further his career and added that he “would not spend much money and energy” on finding new business opportunities.

However, he did believe that a “most definite” reason as to why his company has been successful is because the way it has been run. He also emphasized that the company has a clear structure and goal that enables both him and his employees alike to find their way in everyday operations, both being able to easily identify their respective responsibilities. Finally, the owner added that “it is my overall philosophy to try and delegate responsibility as much as possible”. 
So, the present owner of company A is - in his own words - a bit of a “coward”; he has made no innovations on his own and did not possess any creativity in his early life. As such, this owner has no traits of the “great person” “psychological characteristics” or “classical” schools of entrepreneurship. However, according to his style of management as well as the clear structure and strategy of his company, his leadership philosophy entails delegating responsibility.

Based on these findings, the owner of company A can indeed be said to possess several entrepreneurial traits, more likely belonging to the “management” and “leadership” schools. Also, since the company does have products of their own - unique - design it is definitely an entrepreneurial company being run in accordance with the “innovation” or “creativity” traits of the “classical” school of entrepreneurship.

**Company B**

While this company’s owner acknowledged that a higher degree of risk-taking could have accelerated the development of company, he depicted himself as a moderate risk-taker. That being said, in recent years his propensity for risk as well as the company investment rate has increased, manifested by a recent expansion of company premises by almost 100% and increased expenditure and participation in trade fairs, such as Elmia in Jönköping.

Even though the interviewee stated that he is not running the company according to a certain strategy, he does employ some basic strategy principles:

- Innovation is carried out in the form of small but continuous steps with regards to product and manufacturing process improvement.
- As a personal principle, the owner has set out to work a maximum of 8 hours per day.
- The owner monitors every aspect of the company operations and has a clear view of where he wants to take the company in the future.

Overall, this owner displayed some characteristics of the “psychological characteristics” school (risk-taking) but also “innovation” and “creativity” of the “classical” school.

**Company C**

This was the first interviewee demonstrating entrepreneurial traits from an early age, stating in the interview that “.....something always happened around me, as a child. Not necessarily in a strict business sense but I always made sure there was something to do. Having grown up in a small village, one needed to come up with own activities, work on various things”.

28
This leader is not - according to him - a risk taker and prefers to have a plan before executing on a task or operation. While he is willing to spend time and money to create business opportunities he will not take unknown risks. The basic principle for him is to “combine 1+1 to a greater sum than 2”.

As for innovations, not only the three founders (of which the interviewee is one) but also company employees have contributed greatly.

Moreover, while “many factors have contributed to the success” the overall business strategy of this company is “one of the most important aspects” for leading the way into the future for the firm. This includes a “flat” organizational structure with a learning culture where “the employees are encouraged to solve problems and make decisions”, with the result being that “very few everyday concerns ends up with the CEO, most often these are solved on the shop floor before they reach the top organizational level”.

In summary, the top level of the management of this company demonstrates traits such as creativity from an early age, innovation, strategizing, motivating and empowering of employees from the “great person”, “classical”, “management” and “leadership” schools, meaning that they are a company with a strong entrepreneurial orientation.

**Company D**

Company D is a mature firm, started by the family of the current owner some 50 years ago. This meant that he was able to establish a connection with the business from an early age, enabling him to have “the courage to take risks” in terms of “career promotion”. If, by taking a risk the company could develop and grow the owner would be quite willing to do so, demonstrating that he is both experienced and courageous and displays entrepreneurial traits from the “psychological characteristics” school.

This is contrasted by a limited but still to a certain extent lack of ambition, answering the question “would you be willing to put a lot of time and money on finding new business opportunities” with a concise “no”. On the other hand, the fact that the company has made some innovations - even though they are “relatively simple products” - is still noteworthy because the company is so small. On a related note, because of its size, the owner actively delegates responsibility to his employees.

To conclude, the owner of company D displays some entrepreneurial traits. Because of his early involvement in the family business and the propensity for risk, his traits match well those in the “great person” and “psychological characteristics” schools. Because this company has several - albeit “relatively simple” - innovations, it can also be said to exert traits from the “classical”
school of entrepreneurship, namely creativity and innovation.

**Company E**

The second person to emphasize his creativity from an early age was the owner of Company E. The firm was set up by his family more than 20 years ago, something that has had a profound influence on him, coming along in the interview as ambitious and full of courage. Apart from being willing to take a certain degree of risk in order to be successful and to develop the company he is also prepared to “spend much time on tests to see if something sellable emerges” provided it is still “within the same industry”. The overall impression was that he is an ambitious and self-disciplined business person.

As for innovation and creativity, the company comes up with “many new sewing machine programs” and are always “trying to come up with new products or machinery”.

If a firm is mature, it should have a good system or structure in place. In Company E, this is evident in their “stringent requirements” “in terms of traceability” of their production. Finally, the firm is - according to the owner - run in such a way that responsibilities are delegated to the employees, with the outcome being “so far so good”.

To conclude, the firm and its present owner seem to both have a strong identity of entrepreneurship. The owner displays entrepreneurial traits from the “great person” school (creative from an early age), “psychological characteristics” school (willing to take risks), and “classical” school (innovations and creativity). There are also several traits from the “management” and “leadership” schools that match. The overall impression is that both company E and its owner come along as being truly entrepreneurial.

**Company F**

As a child, the owner of this company was very creative, staying busy handing out leaflets, selling seeds as well as his own items such as Easter decorations. While there is no standard measurement of creativity, the quotes “having made something” and “always willing to do something” point to the fact that this person could indeed be perceived as being creative. Demonstrating practical abilities even at an early age, he could definitely be considered to have traits from the “great person” school.

The owner has over time become less adverse to risk, especially if it may further his company or his personal career. Rather than to spend “too much” money and energy on finding new business niches he would rather find a profitable market sector and remain there. It can be said that with these
statements he expressed courage at the expense of ambition.

As for the reasons for the success of his company, the owner attributed this to a “certain discipline and...a good atmosphere” and the sharing of responsibilities among his employees and added that there must be “room for error”.

In summary, the owner of company F displays several traits from the “great person”, “psychological characteristics”, “management” and “leadership” schools.

**Company G**

Not being prepared to take too much risk in the daily operations of his company, this owner felt that his risk propensity “maybe too little, in relation to a ‘real’ entrepreneur”. In accordance with this view, he would rather spend more time and money to move forward safely instead of a less costly but riskier shortcut of some kind. Practicing what he preaches, the owner tends to spend much effort and resources in creating product samples or even new products within their field.

The present owner and his father are both talented and creative engineers, and have in the past applied for many patents and/or copyrights of their designs. However, with an abundance of new products being continuously introduced to market, the value of ideas depreciates so rapidly that the only way for the company to stay ahead of the competition is to instead focus on finding new ideas. According to the owner “one product idea is nothing; you need at least a hundred of them”.

To reduce the pressure on him while stimulating and empowering the employees, the owner tries to reduce some of his involvement in the company by delegating more tasks.

Thus, with a clear indication of innovation and creativity, Company G displayed traits from the “classical” school, - innovation and creativity - but also traits from the “management” and “leadership” schools, a definite entrepreneurial orientation.

**Company H**

At an early age, this owner would work with different things, albeit at a smaller scale. As for risk - while the company has spent a lot of time and money in the past on finding new business opportunities, with the growth of the company the opportunity for risk-taking has decreased over time.
Not only has the company made many innovations and exerted a lot of creativity, the owner has also made some innovations himself, which have now become part of the firm’s main product assets.

During the early years of the company, the management of the firm was impulse-based rather than adhering to some sort of conscious strategy, but as company operations have progressed and developed, guiding corporate principles and rules have become increasingly important. This has prompted the company to put a lot of effort into discussing and handling this issue.

The employees in company H enjoy, according to the owner, a great deal of personal freedom in their workplace but this is coupled with a great deal of personal responsibility for him, both of which he felt to be necessary to ensure a constant rate of growth.

In summary, this owner characterized himself as creative at an early age and described how not only he personally but also his company has produced several innovations. The company has in the past spent much time and money on finding new business opportunities and employs clear internal employee rules; employees enjoy a large degree of freedom but there is also a great deal of responsibility taken by the owner. Therefore, both Company H and its owner show several entrepreneurial traits from the “classical”, “management” and “leadership” schools.

**Company I**

This owner can - according to himself - sometimes be too much of a “playing-it-safe kind of person” who tends to “play it cool”, thinking things over several times before making investments. In the near future, he plans to take his company in new directions, exploring new business opportunities by launching a new product range which was developed internally during the last three years. While starting out as a small idea it has now “become something much bigger”.

Defining himself as a delegating person, the owner claimed to be always looking after “his” employees. Since his is a small firm he assumes most responsibilities but as the company has grown, he has had to recruit new staff and delegating tasks to them because “the right person in the right place will handle the business that I cannot”. In fact, the company is now “looking for people we can delegate to” and once employed, these people would be empowered on an as-needed basis.

To the authors, this owner demonstrates a relatively small amount of entrepreneurial traits, not being willing to take much risk and not (yet) having been actively finding new business opportunities. In fact, he even stated that
their achievements so far are more or less “coincidental”. However, the company has indeed created a new product range, developing it from mere idea to a full-blown concept. The owner also demonstrated an understanding of the need to delegate tasks; therefore, the authors find this owner to display a few entrepreneurial traits: creativity and innovation from the “classical” school and empowerment from the “leadership” school.

5.2 Success factors

This section contains factors discussed in the literature review chapter: internal factors (brand management, knowledge management) and external factors (infrastructure, local politics, taxes et cetera).

5.2.1 Internal success factors

Brand strategy

Several companies in the data sample stated that they have a clear brand strategy, in some cases including a well-defined brand slogan. Some examples: Company A has a slogan to communicate their company values. Company C employs an omnipresent brand element in their market communication, which, according to them “is the result of a long-time strategy spanning over the course of 15 years”.

Having designed a clear, easily identifiable logotype, company G applies their brand strategy in a similar way but they have also developed a simple shop-in-shop design concept to clearly mark “their” sections in stores.

By recently having begun to promote their brand in a more conscious fashion (on regional delivery trucks as well as on billboards along the E4 highway), Company F has noticed increased brand awareness, noting that “customers spontaneously refer to a good reputation” and also believed that their brand should become a best-in-class example, communicating a sense of reliability to their customers.

Companies having no specific or conscious brand strategy include company B; while agreeing that having a defined brand is important and thinking in terms of brand management (to act in a special way in order to attribute certain values to the brand), they do not focus on their own brand per se. Instead, they have chosen to focus a more indirect brand strategy involving sponsoring local sport teams, but did acknowledge that it “is not a part of a strategy or marketing plan”.

A similar strategy is being employed by Company D. Several “small”, “indirect”
and unrelated activities have been adapted to stimulate repeat purchases among their customers. One such activity includes sponsoring a motorsport team to promote the company in certain key geographical locations. Another activity that had been carried out over the course of the past six months entailed - in a bid to maintain and enhance customer relationships - packing all orders with a small gift. The company owner stated that so far, this idea seemed to have been working, promoting a “connection between our brand and our product” and noted that there had been “more calls from our customers, even overseas”.

Company I has not put much focus on the issue but is sponsoring local associations and sports teams and have a billboard at a local ski slope. They explained their reasoning behind this course of action as “95% of our customers are local firms, and they already know who we are”. While acknowledging that they do not currently communicate their brand well, they pointed out with their new product range potentially taking them outside the local market, a new brand strategy is needed.

As a subcontractor, Company E has three major customers keeping them more or less fully occupied and therefore expressed that “it is unnecessary to put much money on advertisement”. While they have spent a bit of money on promoting their brand by participating in trade shows and exhibitions, they have not done so in a planned or continuous manner.

Company H is a mixed proposition, having in the past invented a product that turned out to be quite successful and for which a clear brand strategy was created. It has since been spun off into a company completely separated from the main company operation. The bulk of the company production consists of subcontracting work for major industrial customers which “negate the need for a brand strategy”. However, having recently acquired their main competitor they will in the near future launch the combined companies under one, well-defined and communicated brand. In other words, they will soon again be employing a brand strategy.

<table>
<thead>
<tr>
<th>Companies that are aware of the fact that having a brand is important</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Companies that have a direct brand strategy</td>
<td>A, C, G, F</td>
</tr>
<tr>
<td>Companies that have an indirect brand strategy</td>
<td>B, D, E, I</td>
</tr>
</tbody>
</table>

Table 7 Number of brand-aware companies (Authors’ design)

Despite their different approaches to implement a brand strategy, all companies acknowledge it to be a core influence on their overall company
strategy, agreeing that a brand would act as the “face” of their companies and being the first connection between them and prospective customers. In the data sample, four companies (A, C, G, F) have applied more specific brand strategies while some (B, D, E, I) displays a more indirect approach. However, activities with an indirect impact on the reputation of a company could also be classified as brand strategies, positively affecting the company’s brand, its reputation and trust between it and its customers, both new and old.

The most common brand strategy among these companies is a clear and concise company logotype or a slogan of some kind - a rather conventional way to communicate a company name and its credo. Local sponsoring and billboard advertisements are also popular ways to establish a connection between the companies and their customers. Since most of these companies are almost exclusively in business with local customers, this method may be the best way to gain reputation or just to be noticed. Finally, direct customer contact is a strategy chosen by two companies, being already well acquainted with their customers and amplifying this direct contact (for instance, a gift with every order; attending an exhibition) could therefore be quite efficient.

Company H is something of a special case since their former subsidiary (now a separate company) was indeed equipped with a strong brand under a very conscious brand management strategy. This course of action was taken because the subsidiary produced unique products under its own name, completely different from those of their parent company. While this demonstrates that Company H is aware of the advantages of having a brand strategy they have not - albeit for good reasons - applied one to the current line of business. This kind of situation, where the former subsidiary has a more famous brand than its parent company could therefore be categorized as an indirect brand strategy.

<table>
<thead>
<tr>
<th>Clear logo or slogan</th>
<th>A, C, G, F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local sponsorship</td>
<td>B, D, I</td>
</tr>
<tr>
<td>Direct contact with customers</td>
<td>D, E</td>
</tr>
<tr>
<td>Strong brand of subsidiary</td>
<td>H</td>
</tr>
</tbody>
</table>

*Table 8 Companies and their various brand strategies (Authors’ design)*

**IT system support**

Because all of the companies in the data sample are SMEs and, as such of a small size some they have not had the resources to implement or even the need for elaborate and expensive IT support systems. That does not at all mean, however, that they are devoid of IT support; rather that they tend to find other ways more suited to their situation to maintain company data in a safe and secure manner.
To track and maintain their customers, Company A utilizes Microsoft Excel as their CRM (Customer Relationship Management) system and has implemented a cloud-based accounting service where they also maintain a digital record of their business transactions.

Company B has not implemented a regular MPS system “because the material comes in many different shapes and forms and because usage is erratic, a regular MPS system is difficult to implement”. But they are utilizing online services such as e-invoicing and online ordering in order to cut costs and to save time.

Company D has outsourced database services, bookkeeping, billing, ordering and CAD (Computer Aided Design) et cetera to a local company. According to the owner, while having become vital to the operation of his company, leaving handling and maintenance of these systems to professionals speeds up operations and in the process saves time and cost.

Because Company E only produces to order for their major customers, they are not need of an inventory management system but have implemented an electronic ordering and accounting system in order to streamline order management.

Company G has implemented an accounting system managed by an external partner but they also recently installed a company server where all company documents are stored. This facilitates easier access to and exchange of all company data among the employees and also enables them to work from home. To further aid efficient everyday operations, the company is utilizing webcams, Skype and other means of electronic communication.

As a small firm, Company I is not very computerized but have recently set up a new server solution to facilitate the replacement of their current ERP system in favor of another, more advanced system. They also utilize online booking of product shipping and handling.

On the other hand, companies in the data sample of a somewhat larger size need more advanced and integrated systems to properly support their operations. One example is Company C which has based their entire corporate strategy on a stable and efficient IT platform, comprised of an ERP system fully integrated with a product configuration tool and a CRM system. They have, in fact, made it a vital part of their brand: “The brand stands for agility, fast response times and this is based on two “pillars”, of which the company IT platform is one”. To ensure continuous development and availability of their software platform, Company C has taken the somewhat unconventional path of simply acquiring their main software supplier. However, while they have set up EDI integrations (considered by the company to be non-strategic) with
customers and partners, they have not implemented an e-business solution, wanting instead to focus on working closely and directly with customers.

While Company F may not yet be considered a large company, with their goal clearly defined as “to have 2-3 new clients every year” they definitely aspire to be one. This strategy drives the need for proper IT support to make their work more efficient by employing ERP, billing and procurement systems to run and maintain the company in a more efficient and less costly manner, a logistics system for more streamlined shipping processes as well as an intranet platform to improve internal communications.

To be able to efficiently maintain and utilize company records, Company H also relies on a high-quality IT platform and has implemented a fully integrated MPS-financial system as well as a customer portal. The latter system improves document handling and provides a good level of data security for both parties. Finally, to ensure efficient company operations overall they have also established CRM and CAD systems for efficient handling of customer data and product development and all external data transactions are carried out via EDI.

**Table 9 IT solutions implemented by companies (Authors’ design)**

<table>
<thead>
<tr>
<th>Company</th>
<th>Have they implemented an IT solution? If yes, what? If no, why not?</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Yes; Excel, and cloud-based accounting service provided by the bank</td>
</tr>
<tr>
<td>B</td>
<td>Yes; Online services: e-invoice, online ordering</td>
</tr>
<tr>
<td>C</td>
<td>Yes; ERP, CRM, EDI</td>
</tr>
<tr>
<td>D</td>
<td>Yes; hiring outside company to handle IT support</td>
</tr>
<tr>
<td>E</td>
<td>Yes; electronic ordering system and accounting system</td>
</tr>
<tr>
<td>F</td>
<td>Yes; ERP, logistics systems, intranet platform, e-accounting services</td>
</tr>
<tr>
<td>G</td>
<td>Yes; accounting system run by external partners, document server, webcam, Skype</td>
</tr>
<tr>
<td>H</td>
<td>Yes; EDI, CRM, CAD, MPS integrated with financial systems and customer portal</td>
</tr>
<tr>
<td>I</td>
<td>Yes; server solution, online freight booking</td>
</tr>
</tbody>
</table>

**Experience of the owner/executive**

Since most of the companies in the study are small and privately owned, they are more likely to display a high level of owner influence. Therefore, according to some researchers, the owner/executive experience level is one of the key factors to affect the success of a firm.
All in all, the founder of Company A has 25 years of experience from several different positions, including one as manufacturing manager at a similar company.

The original owner of Company B worked in the 1970’s in a separate company as operator of the same type of machinery as he would later do in his own company and later also held a position as purchaser. He then formed his company by buying “his” machine from his employer, staying on as a subcontractor but eventually taking over the customers and supplying them directly. The initial owner then operated the company for more than ten years at which time his son (the current owner) took over the company.

In family businesses it is common for family members to participate in the company from an early age, providing them with a broad corporate experience. A clear example of this practice is the owner of Company D who is now just over 40 years old and has “always” worked in the family business.

Company E’s owner had a few years of business experience prior to taking over his company but this was from a non-related industry.

The current owner of Company F started working in the industry when he was 14 years old. He then had 7 years of experience from the metal working industry, which is the core business of Company F. When he took ownership of the company after his father’s passing, his mother (who had 40 years of work experience from working in a bank) could tend to the bookkeeping. This meant that even though he was young and relatively inexperienced, he could focus on production, enabling him to more swiftly and easily gain necessary work experience.

Company G’s owner took over his firm in 2001, and had no direct experience of running a company other than what he had indirectly been able to acquire by growing up in a culture of small business enterprises.

The owner of Company H had obtained work experience from within “his” industry by working for another company which meant that the transition into the current company that he started with a partner 12 years ago was quite smooth.

In what was more or less a coincidence, the owner of Company I was approached by the former owner and appointed to take over the firm while he was still in high school which meant that he had no work experience from this or any other field of business.

For some of these companies, the influence from the current executives is more substantial than that of the founders. One example is the CEO of
Company C who has a broad work experience acquired from a career of more than 20 years working as both an engineer and a CIO for an elevator manufacturer followed by six years of business administration in a large trading company.

| Owners with business experience | A, B, C, D, E, F, H |
| Owners with business experience from related industry | C, D, E, F, H |
| Owners with no business experience | G, I |

*Table 10 Owners’ experience (Authors’ design)*

Except for the owner of Company I who entered the business world almost by coincidence, all owners in the data sample but one had at least some experience before taking over or starting their current companies. The exception is the owner of Company G. While he grew up in a culture of small enterprises, the authors think that this should be characterized more as a life experience than a business experience.

**Education of the owner/executive**

Based on the theory of some researchers, the educational level of the head of a firm has a direct impact on their professional abilities and as such, will affect the performance of their companies.

The founder of Company A had, according to the current owner, an educational background of primary school while he himself has a high school degree.

The founder of Company B had a primary school education, but also various internal courses in the companies he worked for, including some leadership training (as a foreman). The current owner is a high school graduate, holding two diplomas.

Company C’s owner has a high school engineering degree as well as a university degree in business administration.

Company D’s owner attended the compulsory nine years of primary school followed by a two-year high school distribution/office program. However, he gauges his 25 years of experience from the different walks of life his most important education.

The educational background of the owner of Company E is seven years of primary school, while his wife (co-founder and co-owner of the company) went to junior secondary school (equivalent to today’s high school).
The owner of Company F had a three-year practical high school education as a tool maker.

Company G’s owner had nine year of compulsory school followed by three years of high school “just like everyone else”, followed by a number individual courses in IT, business and technology (but no degree) at the University of Halmstad.

The owner of company H had nine years of primary school, then took night school to acquire a high school engineering diploma (which he did in half the normal time).

The owner of Company I had nine years of primary school followed by a two-year distribution/office high school diploma, to which he added that “perhaps it should have been something else, but it is what it is”.

<table>
<thead>
<tr>
<th>Company</th>
<th>Highest level of education</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>High school</td>
</tr>
<tr>
<td>B</td>
<td>High school</td>
</tr>
<tr>
<td>C</td>
<td>University, degree in business administration</td>
</tr>
<tr>
<td>D</td>
<td>Two year high school program</td>
</tr>
<tr>
<td>E</td>
<td>7 years of compulsory school</td>
</tr>
<tr>
<td>F</td>
<td>3 years of professional education (tool maker) on a high school level</td>
</tr>
<tr>
<td>G</td>
<td>Individual courses at university level</td>
</tr>
<tr>
<td>H</td>
<td>High school</td>
</tr>
<tr>
<td>I</td>
<td>Two year high school program</td>
</tr>
</tbody>
</table>

Table 11   Highest educational level of owners/executives (Authors’ design)

If university can be said to represent a baseline “high level education” then somewhat surprisingly, that the majority of these highly successful business people cannot be said to have acquired a very high level of education at all. Just two out of the nine respondents have even attended university with only one of these having actually obtained a degree. In fact, a majority of the business leaders in the data sample have no more than nine years of primary (compulsory) school combined with between two and four years of theoretical or practical high school.

The literature review shows that there is a link between higher education with the entrepreneur and firm performance in terms of profitability and productivity, especially if the education is related to the industry in question. But among these nine companies, less than half of the present leaders (D, F, G, H) have some sort of business or industrial related education while the other five have no related education at all.
**HR programs**

Company A does not recruit people very often and the majority of the employees have worked for the company “longer than the present owner’s own age”. Subsequently, they have not employed a specific HR process or routine and when interviewing potential candidates for employment, they “go by a ‘seat of the pants’ feeling” with the owner acting the HR manager.

Company B has no particular HR program in place. Because company work duties are quite specialized, with no external training available they base their recruitment on recommendations, trying to find “the right person”. This entails a person with not only an almost instinctive feeling for the various work duties but also the potential to fit in with the present company staff.

On the other hand, this field is a blind spot for some of the companies, such as Company D which has no particular HR program or system in place. While admitting that because staff recruitment is the sole choice of the owner, this is a weak point for them they pointed out that “it works anyway”.

Company E considers the employees their most important asset but have no particular recruitment guidelines or principles. Recruiting is done on an as-needed basis and mostly by advertising.

Company C has a competence map for all employees as well as a well-defined recruitment process/policy. They also have a general HR manager acting as an HR resource for the company managers who are responsible for common HR-related activities such as salary negotiations and staff recruitment.

Company F, representing a medium sized company in this sample (20+ staff) has implemented dedicated and well-functioning HR processes and routines. To be able to better evaluate the skill and knowledge of all members of staff, the company has also implemented a competence matrix. Because some of the vital operation skills are very difficult to develop, they also have to handle quite a lot of internal training sessions.

Company G stated that because theirs is not a big company, all members of staff hold two or more roles and responsibilities, adding that “different positions call for different types of recruitment”. To ensure a proper fit of new recruitments, experienced members of staff assist in the recruitment process to help identifying the “right” person, someone who is “on fire” and somewhat of a go-getter.

Because Company H is a relatively large company they - perhaps not surprisingly - have a dedicated HR manager who is fully responsible for all HR-related matters. Their recruitment comprises a combination of “knowing
someone who knows someone and advertisements” but they have also directly hired people previously supplied by staffing companies to Company H.

While the owner of Company I and his wife both work in the firm and both act as the HR staff, the wife tends to assume more hands-on responsibility for the HR duties. The owner does not, however, like having to recruit to replace staff leaving the company, meaning that he goes to rather great lengths (including financial incentives) to keep his staff. There is no particular HR system or training program in place and when the company does recruit, it is on a well-defined need-only basis.

<table>
<thead>
<tr>
<th>Company</th>
<th>Recruiting</th>
<th>Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Depends on the sense of the owner</td>
<td>By owner</td>
</tr>
<tr>
<td>B</td>
<td>Recommendation</td>
<td>By owner</td>
</tr>
<tr>
<td>C</td>
<td>Fully functional HR processes</td>
<td>Fully functional HR process</td>
</tr>
<tr>
<td>D</td>
<td>Depends on owner</td>
<td>By owner</td>
</tr>
<tr>
<td>E</td>
<td>Advertisement</td>
<td>By owner</td>
</tr>
<tr>
<td>F</td>
<td>Fully functional HR process</td>
<td>Fully functional HR process</td>
</tr>
<tr>
<td>G</td>
<td>Based on input from staff and owner</td>
<td>By owner</td>
</tr>
<tr>
<td>H</td>
<td>Fully functional HR process, recruitment from staff supplied by external staffing companies</td>
<td>Fully functional HR process</td>
</tr>
<tr>
<td>I</td>
<td>Depends on owner</td>
<td>By owner</td>
</tr>
</tbody>
</table>

*Table 12  Methods of human resource management (Authors’ design)*

According to the literature review, employing proper HR procedures is a key factor for SMEs when it comes to recruitment and HR management. Three of the nine companies have a clearly defined HR process covering both fields and have also employed a dedicated HR manager. Since these represent the three largest companies in terms of staff size, they must be run in a well-structured and efficient manner, therefore requiring a well-functioning HR system that to provide proper organizational support.

Companies in the sample with a smaller staff (less than 20) have not implemented the same level of HR systems. However, because of their smaller size they are easier to control, which allows for a more direct management approach and input by the owners themselves. Moreover, implementing a full HR system would probably prove quite costly, overly complex and therefore possibly be counter-productive. The owners recruit new employees based on their personal business sense or combined with the recommendations of their employees and in the process remains lean and agile and able to properly
meet various external and internal demands.

**Quality management**

With product quality being directly linked to the reputation and performance of a firm, having a good quality management process is a key factor for any production-based company.

Company A does not have a specific quality scheme in place but does have a general philosophy of continuous improvement, stating that it is their “general principle”.

At one point, Company B did hire a consultant to set up a standardized quality scheme but nothing came out of this. They are not adverse to the notion of implementing a quality system, but would only do so by customer request. However, that does not at all mean that they have no quality practices already in place. Currently, all production anomalies and all production-related matters are documented: printing material/ink/color used, general production data, machine settings et cetera. All activities are signed at every step in the production process, which ensures full traceability of the production process. They also have a third-party certification via one of their customers, a multinational Fortune 500 company.

Company C management has adapted the company to the ISO9000 standard but has not applied for final certification because they feel that a full implementation would just add bureaucracy and hamper company operations. However, the CEO underlined that quality assurance is vital for their competitive advantage, and that for this reason, they employ an external auditor to perform regular quality audits.

Company D also does not have a quality certification, stating that as long as the production process is continuously measured and adjusted in its entirety and delivers good quality it is not important. By their own estimate, their customers agree with this view but did admit that some customers do inquire about quality certifications.

Company E has not implemented any standardized quality certification but is working on documenting their production processes for the sake of traceability.

Company F has obtained a full range of ISO certifications - ISO9000, 9001, 9002 and 14001, as well as a Soliditet Triple-A evaluation on their financial quality management. Currently, they have started the process of implementing a “5S” quality scheme but have postponed this for the time being.
While Company G does not have a quality management system in place, in reality they have very few quality complaints. They did, however, point out that for subcontracted products, quality is a bit more difficult to monitor.

Company H has gained both an ISOTS and an ISO9000 certification and are now progressively improving their production processes and aim to raise the bar on quality management even further by working towards obtaining more certifications.

Company I, finally, employs no particular quality management processes, admitting that even their own production documentation (for the traceability purposes) is, in their own words, “a bit lame”. To be able to more easily process repeat orders, they do keep some records of machine settings but noted that this is an area with much potential for improvement and that they have recently started working on just that.

<table>
<thead>
<tr>
<th>Company</th>
<th>Do they possess a quality certification of some kind? If yes, what kind of certification? If no, how do they manage their quality?</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>No</td>
</tr>
<tr>
<td>B</td>
<td>Yes</td>
</tr>
<tr>
<td>C</td>
<td>No</td>
</tr>
<tr>
<td>D</td>
<td>No</td>
</tr>
<tr>
<td>E</td>
<td>No</td>
</tr>
<tr>
<td>F</td>
<td>Yes</td>
</tr>
<tr>
<td>G</td>
<td>No</td>
</tr>
<tr>
<td>H</td>
<td>Yes</td>
</tr>
<tr>
<td>I</td>
<td>No</td>
</tr>
</tbody>
</table>

Table 13  Quality management processes in companies (Authors’ design)

To ensure that the competitive advantage of a company can be sustained over time, to gain but also maintain customer satisfaction, proper quality management is a vital part of the operation. Two companies in the study have adapted ISO certifications, which can be a good way to demonstrate product quality to potential customers.

Customers not familiar with a certain company may act according to the example from Company D who stated that it is common for new customers to inquire about the level of quality on the company’s products. In that situation, certifications from a neutral and renowned third party could have a positive impact on customers’ trust while also serving as a credibility indicator.
However, while certifications from international certifying bodies such as ISO may serve this purpose well, other types of proof of quality such as the presence of high-profile partners or customers could also be an important source of credibility. One example is Company B, holder of a certification from one of its main customers, a Fortune 500 company. Another is Company F with a triple-A credit certification from Soliditet, the leading Nordic credit ranking company (Soliditet, 2012). Customer uncertainty may, at least to some extent, be reduced by all of these.

Another problem concerning quality management was expressed by Company G, namely the quality control of its sub-contractors, stating that managing the product process in production facilities overseas has been and is still a problem.

Companies not in possession of a standardized quality management process need to instead control their production process by a combination of their own judgment and self-discipline. Since a certification based on a company’s self-image may not instill a very high level of trust, companies must utilize other means to convince the customer that they are trustworthy. A prime example is a third-party certification of some kind but in lieu of this, firms could instead, for instance, implement quality systems based on production traceability. If a firm is able to demonstrate to new and potential customers that every step of production is strictly controlled and monitored that may well be sufficient. Having the means of traceability could also act in the company’s own favor if, for example, a production anomaly occurred. This could then be dealt with and solved with a minimum amount of time and cost. Therefore, a quality process that can ensure stability in and control of all aspects of production is important to both parties.

Whether a certification from renowned organizations or a self-employed process like in the cases of Company C, D and E, it acts as a source of credibility as well as proof that a standardized production process is indeed in place. Even Company I, possessing a (in their own words) “lame” quality control, keeps track of various machine settings for its customers, ensuring production consistency and quality, while also simplifying operations for the company itself.

**Distribution of knowledge in networks**

Researchers believe that the exchange of knowledge can help several parties in a relationship of some sort - be it with customers or suppliers - to save time and money while being able to gather a higher amount of information in the process. To that extent, this may be a key factor in order to obtain and maintain success.
Company A exchanges knowledge to aid and assist their customers, even to the point that it may even be detrimental to their own business. When companies contact them with a purchasing intent to solve a problem of some kind, Company A sometimes shares knowledge on how to solve that problem without having to actually purchase their products. They also offer post-sale support to customers. They also take part in a different type of knowledge when they purchase services for operations which they themselves cannot perform efficiently enough, such as CAD services for producing new product drawings.

Company B utilizes a substantial amount of knowledge distribution in their networks, participating in development projects with large customers on an almost daily basis. They also provide product application support to customers regarding, for instance, what type of product to choose for a certain environment.

For Company C, the knowledge transfer process mainly takes place with suppliers but in accordance with their overall company strategy they also work in a close relationship with customers. They also regularly exchange information with other (non-competitor) Gnosjö companies. The owner noted that in his view, the Gnosjö municipality acts as a highly creative macro environment, adding the high level of support between company network participants work well towards furthering creativity. Many tasks are carried out in a short period of time, which to companies in Gnosjö and surrounding areas is a major advantage.

Company D always tries to “be involved early in the design of new products, preferably before the customer presents their products to the market” - making sure their customers understands what Company D can and cannot do in terms of manufacturing. A prime reason is that “Company D wants to ensure it is able to actually manufacture the product in question”.

Company E constantly exchanges knowledge and information in their extensive network. The first step in the design process of a new product is to make a test model for their customer’s designer. The product is then gradually finalized in an iterative and mutual process until both parties are satisfied. The company also regularly help and receive help from other companies, even competitors: “Since there are firms in the same industry, if a part is missing or broken, we borrow from each other”; “Obtaining assistance from electricians, metalworkers et cetera is not a problem”.

For Company F a close knowledge exchange process favors not only savings in both raw material and monetary resources but also that subcontractors in their network are able to provide services in a more timely fashion. Another advantage in this exchange is that it enables the company to receive direct
information and feedback from various external parties.

Company G has utilized the exchange of knowledge to improve their product development process. Instead of simply coming up with new products on their own, they have started to work with their customers in an open dialogue to co-develop mutually attractive products. This process change benefits all parties involved, be it themselves, their sales staff, corporate purchasers or end customers.

As a process specialist, Company H knows and understands how to produce a finalized product, whereas their customers are product specialists, knowing what product they require but not necessarily how to get there. To combine these perspectives, eventually arriving at a finalized, high-quality end-product they need to utilize a tight and active exchange of knowledge with their customers as well as their own sub-contracting partners.

For Company I the exchange of knowledge between them and their customers is a daily occurrence: “We get the product design drawings, we study them closely and then we try to improve upon them together with our customers”. Because they “are not good at everything” they need to share knowledge and experience with their customers as well as their suppliers and subcontractors which is why, by their own accord are “attractive”. In fact, according to the owner of Company I, the very practice of knowledge exchange embodies the Gnosjö spirit.

<table>
<thead>
<tr>
<th>Company</th>
<th>Does the company distribute knowledge in their networks? If yes, what are the means of distribution? If not, why?</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Yes; information exchange with other companies, requesting information from customers for improvement</td>
</tr>
<tr>
<td>B</td>
<td>Yes; participates in projects with their customers, giving advice</td>
</tr>
<tr>
<td>C</td>
<td>Yes; co-operates with suppliers and customers, exchanges information with non-competitors</td>
</tr>
<tr>
<td>D</td>
<td>Yes; involved in the production process as early as possible</td>
</tr>
<tr>
<td>E</td>
<td>Yes; continuously upgrades the product with customer, receives and offers help to and from other companies</td>
</tr>
<tr>
<td>F</td>
<td>Yes; offers service, exchange with feedback</td>
</tr>
<tr>
<td>G</td>
<td>Yes, open dialogue with customers, product co-development with them</td>
</tr>
<tr>
<td>H</td>
<td>Yes; works with and helps the partners</td>
</tr>
<tr>
<td>I</td>
<td>Yes; continuous update of products in cooperation with customers</td>
</tr>
</tbody>
</table>

*Table 14  Distribution of knowledge in network (Authors’ design)*
Summing up the findings, one thing is clear: these top-performing companies all believe in actively aiding and assisting each other, some even suggesting that this is what the “Gnosjö spirit” is all about: a highly creative macro environment where everyone does their best to help others while also receiving help from others. Also, all seem to embrace the fact that a main advantage of knowledge distribution in networks is that it fosters good relationships with both customers and suppliers. Even if they are not able to co-operate with a certain party, establishing an open dialogue with other parties is a way to gain overall trust and credibility and they can also offer assistance when such is needed.

If multiple parties can exchange the right information with each other, it can save both time and money, a practice employed by several of the companies in the study who continuously cooperate or co-develop with their suppliers and customers. This enables them to clearly demonstrate what products they are and are not capable of producing, which means that waste of their own or their partners’ time and money in development projects is kept to a minimum.

While the example of Company A demonstrates that there is no guarantee that a party actually gains from the exchange of information it must, however, be said that in a majority of situations, knowledge exchange has a positive impact.

**Common knowledge in the organization**

Some researchers state that certain aspects of knowledge management may pose challenges to an SME in particular, possibly even negating company success. One such aspect is “common knowledge”, which is knowledge shared by “everyone” in a smaller organization such as an SME.

While Company A claimed to not being familiar with the term and that it is not an issue to them, Company B acknowledged it as a well-known fact. Since very few work duties in their organization can, taken separately, make up an entire staff position, they must be divided among employees - so called task-sharing. Therefore, common knowledge is important factor in their case.

With a similar size and structure to Company B, Company D is in more or less the same situation. The owner claims that because theirs is a small firm, they have a flat organizational structure, meaning that “everyone does everything”, and staff duties vary throughout the working week.

Company E has a similar background to Company D - a family business, where a small staff has to deal with a number of tasks both great and small. However, they also find this situation to be stimulating, helping them to deal with a number of business-related aspects inside or outside of the company.
At Company C, all employees are expected to take part where they are best needed and support each other not the least because the company philosophy of “all products that are sold today also go out today” has necessitated a highly flexible organization.

To deal with common knowledge, Company F has implemented a clear strategy where, at all times, there must be staff in place knowing how to operate all different types of machinery in the company and be able to act as backup for each other.

In the interview, the owner of Company G claimed not to be aware of this term but believed that over time, staff tends to find their own roles. To this he added: “Some production staff has acted travelling constructors/builders of shop-in-shop solutions. These select few are selected by me, based on previous performance as well as general skills”. Said staff is, however, more skilled and knowledgeable of common tasks within the company.

In the beginning, when Company H employed a substantially smaller staff, some people would start out as being responsible for several tasks but over time and because of rapid company growth soon specialize in one task. When this occurred, the company would then split duties and, to fill these hire new staff. Everyone inside the company should stay well occupied, but when one has reached their limit, employing specialists to share some of the duties is the preferred course of action for them.

For now, Company I only has a small number of employees that all have their own job to do. On the other hand, they have a substantial assembly of machinery which is currently maintained and operated by the owner himself. He is, however, at the moment considering delegating these responsibilities to his employees, enabling him to tend more to office duties.

<table>
<thead>
<tr>
<th>Company</th>
<th>Do employees possess general knowledge? Why?</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>No, not familiar with this term</td>
</tr>
<tr>
<td>B</td>
<td>Yes, small firm, everyone needs to know how to help others</td>
</tr>
<tr>
<td>C</td>
<td>Yes, everyone must support each other to get things done</td>
</tr>
<tr>
<td>D</td>
<td>Yes, small firm, lack of manpower so everyone does everything</td>
</tr>
<tr>
<td>E</td>
<td>Yes, small firm, few people has to take care of everything</td>
</tr>
<tr>
<td>F</td>
<td>Yes, people who know how to do several tasks can be backup</td>
</tr>
<tr>
<td>G</td>
<td>Yes, staff finds their own position and gains wide knowledge over time</td>
</tr>
<tr>
<td>H</td>
<td>Yes, a few people has to take care of everything</td>
</tr>
<tr>
<td>I</td>
<td>Yes, few people has to do everything</td>
</tr>
</tbody>
</table>

*Table 15  General knowledge of employees (Authors’ design)*
With general knowledge in the organization and without organizational barriers, company staff is able to freely assist one another and in the process saving time and costs. This means, as in the example of Company C, all staff can work together as one. Except for the owner of Company A, claiming to not be familiar this term, all company owners/managers in the data sample state that they employ common knowledge inside their company. At the very least, employees are able perform a number of different duties with one clear example being Company G where “select staff” is able to carry out production duties as well as serving as sales persons.

However, the prime reason why employees from a majority of these firms obtain general knowledge seems to be a staff small in size with the sole exception being Company C, a relatively large company. Their purpose is different from other small firms in that they share tasks not out of necessity but because it actually supports their corporate strategy.

Another reason for employing general knowledge can be found in the interview with Company F: employees who are able to perform different duties can act as backup for each other. When an employee quits, another employee can take assume work duties with little or no effort, minimizing the negative effect on company operations.

**Knowledge loss**

Knowledge loss occurs when key employees leave the company, taking important operational knowledge with them. Being one of the potential reasons for an SME to fail, proper management of knowledge loss is vital if it is to achieve success.

The owners of Company A and Company B both agreed that the occurrence of knowledge loss would be a problem for them. While Company A pointed out that this is very difficult to avoid, Company B had in fact experienced this when a key employee left, which turned out to be a real challenge for them. After this incident, they have made sure to be prepared for future events of this kind by ensuring the company has a good level of replacement training.

For Company C, as a relatively large SME, having an employee leaving the company is not an uncommon event although many tend to remain with them for long periods of time. However, in order to avoid problems of this sort they are constantly working on “soft issues” - benefits such as health services, education and job training for employees.

Company D is in agreement with the basic assumption by Company C: to avoid this kind of “tragedy”, a manager has to cater to his employees with “insurances, and good salary”. The company has previously experienced
knowledge loss but even though they were able to resolve the situation they are paying attention to this issue.

Company E has had this happening to them in the past and agreed that when an important person resigns, it can indeed pose a real problem. They have, however, no defined strategies to counter this issue but to simply hope that this will not occur again.

Company F was at the time of the interview actually in the process of having a key employee resigning and expected that it could take quite a while to find a replacement by advertising. They did, however, not see this as a major issue; instead, they felt that such situations may instead provide a fresh perspective and enable them to explore the potential of another employee.

Because the owner of Company G is involved in his business on several levels he considers knowledge loss to be a personal problem to the extent that it would be impossible for him to even be away on sick leave for longer periods of time. Because he is responsible for product design, production as well as sales, if anything serious happened to him the company could be in trouble.

Company H has been through one occasion of severe knowledge loss but was able to resolve the matter in a satisfactory way. They pointed out that while there are important tasks in their company for everyone, it is vital to “keep track of key employees and always be prepared to give them a bit of special treatment; in this case, there is no room for collective thinking”.

The owner of Company I admitted this to be a true weakness in their organization. With complicated production processes and no training programs readily available, training replacement employees could take a long time. So far, they have not encountered this situation, but if someone in the firm was injured or would unexpectedly quit their job it would definitely cause a problem.

<table>
<thead>
<tr>
<th>Company</th>
<th>Experiences of knowledge loss? If Yes, how would they handle it?</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Yes, but difficult to avoid</td>
</tr>
<tr>
<td>B</td>
<td>Yes, by ensuring a good environment for employees, and by continuous replacement training</td>
</tr>
<tr>
<td>C</td>
<td>Yes, constantly focus on the well-being of employees, employee education and training programs</td>
</tr>
<tr>
<td>D</td>
<td>Yes, focus on employee benefits like “health insurance, salary”</td>
</tr>
<tr>
<td>E</td>
<td>Yes, but doesn’t do anything particular</td>
</tr>
<tr>
<td>F</td>
<td>Yes, but it’s not a problem, it’s an opportunity to gain new experience</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>G</td>
<td>Yes, the owner is an almost invaluable asset, but no solution</td>
</tr>
<tr>
<td>H</td>
<td>Yes, keep track of key staff and offer them special treatment</td>
</tr>
<tr>
<td>I</td>
<td>No, so far. But they are concerned with and aware of the issue</td>
</tr>
</tbody>
</table>

Table 16 Knowledge loss and course of action (Authors’ design)

Key staff with a particular knowledge/skill set leaving a company for whatever reason will cause a problem which cannot be mended in a short period of time and eight out of the nine companies have actually experienced this kind of problem. For most of them, this resulted in a crisis of some kind, the sole exception being the owner of Company F who instead views this as an opportunity for a new beginning while in the process furthering the company. While such a positive outlook is commendable, the truth is that for most small firms, key employees leaving spell trouble. Therefore, working diligently towards avoiding this kind of situation altogether should definitely be a priority. In this study, companies have come up with several potential solutions; most of them consider the well-being of their employees a key factor to prevent them leaving the company. Such “factors of well-being” include insurances, higher salary, preferential treatment et cetera.

While these measures may well reduce the propensity for employees to resign, a company can of course not stop employees from retiring, taking the job experience of a full working life with them. Nor can they stop illnesses or accidents to occur. So when these situations emerge, how can a small company ensure that operations continue to run smoothly? From the interviews, it is evident that a key countermeasure is continuous training programs, within the various positions (to develop and motivate employees to remain) as well as between them (to ensure that staff can fill in for each other). In the latter case, experienced staff can re-train new recruits, which is a less costly way for a small company than continuous training programs. The disadvantage is, however, that it may take longer to recover the gap.

5.2.2 External success factors

Taxes

While Company A has no issues with the actual payment of taxes, a lower tax they would indeed leave them with more money to invest. That being said, since the Swedish tax code mandates company profit to be taxed before investments, the owner felt that not that much money would be left for investments anyway.

The view that lower taxes would provide more opportunity for investments is shared by the owner of Company D, adding that while this would also potentially mean more personal gain, it is inconsequential for him because
“one must take responsibility for the common good”.

For Company B, with several competitors being based in countries with a lower tax rate and with major customers doing business on a global scale, the Swedish tax rate is a definite disadvantage.

Company C claimed to be quite satisfied with the Swedish tax levels and stated that they pay what they have to pay, adding that this amount is by no means extreme but instead rather fairly balanced.

The owner of Company E sometimes feels that his personal tax burden is quite high. Sometimes, for instance before a deadline, he and the co-owners may need to work very long hours to deliver customer orders. If compensation is then taken out in the form of paid overtime it will inevitably result in back tax, in a way acting as punishment of a good deed. The result is that the motivation to “go the extra mile” suffers.

The owner of Company F thinks that the Swedish corporate tax levels are acceptable but also that total employee tax is quite high - in Sweden, there are many “hidden” taxes like payroll tax, health insurance, et cetera.

The owner of Company G stated while he felt that the tax level is fair in comparison with salaries he did admit that part of the reason for them to outsource production to foreign countries is to lower overall tax payments.

The owner of Company H had much to say about the tax issue. “It is a giant obstacle, and the way the system works - that tax is paid on the overall profit and not profit after investments - is unproductive”. He further suggested that investments should be made tax-free because with the current system, more investments mean higher expenditures. Finally, he made a comparison with the taxation of tobacco and alcohol, partially of which is to reduce the consumption. In view of that he felt that taxing labor heavily “is just weird”.

The owner of Company I, finally, does not worry too much about the tax issue: “we have the tax level we have, you live with it; it is what it is” and added that while some colleagues of his are quite active in seeking and exploiting tax loopholes, he has chosen to instead focus his energy on his company.

<table>
<thead>
<tr>
<th>Company</th>
<th>Attitude towards taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Tax rate is high but paying tax is OK. However, with lower taxes they would have more money to invest</td>
</tr>
<tr>
<td>B</td>
<td>Faces a great challenge when dealing with foreign competitors from countries with a lower tax rate</td>
</tr>
<tr>
<td>C</td>
<td>Tax level is well balanced, they pay what they owe</td>
</tr>
<tr>
<td>D</td>
<td>“One must take responsibility”; but if it was lower, they would</td>
</tr>
</tbody>
</table>
have more money to invest

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>E</td>
<td>Tax burden is heavy; have to work hard to live up to their promises, with the “reward” being back tax</td>
</tr>
<tr>
<td>F</td>
<td>Corporate taxation is acceptable, but employee taxation is too high; there many invisible fees, like payroll tax, and health insurance</td>
</tr>
<tr>
<td>G</td>
<td>Satisfied with the tax level, because it’s in proportion to the salary level</td>
</tr>
<tr>
<td>H</td>
<td>It is a giant obstacle, and it dampens investments; state should make investments tax-free. As it is now, the more you invest, the more you are taxed</td>
</tr>
<tr>
<td>I</td>
<td>The tax burden is what it is, they simply live with it; could otherwise exploit loopholes but not too concerned about this</td>
</tr>
</tbody>
</table>

**Table 17** Companies’ attitude towards tax (Author’s design)

Even though all companies in the study are in agreement that one has to take public responsibility by paying their taxes; several of them are not satisfied with the tax levels and to all it represents a burden of some kind. A clear example was made by Company H, stating that more investments mean more expenditure.

While being a difficult enough barrier for small firms with a lower level of investments, it may be an increasingly tougher challenge for growing companies with an increased level of investment and on top of high employee taxation. Therefore, a high tax rate may give companies second thoughts about investments which will then have a negative impact on their ability for company development. This may also drive production down or, in order to bypass the high tax rates altogether, move production (and investments) abroad to the detriment of not only the companies themselves, but also for the entire municipality.

**Local policies and attitudes**

In the opinion of Company A, the level of commitment from the municipality officials and local policymakers could definitely be improved upon, and cited several examples about their low level of commitment and general lack of aid.

Company B expressed an opinion totally the opposite of this view, stating that there is indeed a certain type of “closeness” between Gnosjö companies and local politicians, adding that even municipality policies mandated by law are executed in a flexible and service-minded way.

Overall, the owner of Company C concurred with this latter view, adding that he felt that local authorities really go out of their way to accommodate the
needs of companies in Gnosjö. As an example he mentioned that at the very same day of the interview, he himself had had a meeting with the town mayor to simply exchange ideas and thoughts.

The owner of Company D stated that while they are not much involved with the municipality, their overall relationship is “rather good”. However, he noted that with his being a small company he felt a bit overlooked by business- and trade associations who tend to, in his view, to focus on larger companies.

The owner of Company E stated that if what you want in life is to work hard and pursue a career of some kind, Gnosjö is the place to live but added that besides work, there isn’t much else to do there. However, from an entrepreneurial standpoint, Gnosjö is virtually perfect - the municipality stays company focused, always at hand to provide help for and assistance to local businesses.

The overall attitude from both the local authorities and the local population towards companies is, to the owner of Company F, positive. He suggested that this is due to the fact that the municipality truly understands that local businesses represent the backbone of the local economy and that their overall status involves most, if not all inhabitants.

The owner of Company G felt that because there is a very old pro-company culture in Gnosjö he as a business person is met with an overall positive attitude. The municipality is centered on entrepreneurship - those not interested in such matters will not remain there, while those who enjoy the atmosphere will stay and prosper.

To the owner of Company H (who was not born and raised in Gnosjö) the old “spirit” of Gnosjö is a thing of the past; because work has always been readily available, the locals have become spoiled and even a bit lazy - with “a sense of satiety”. Now, however youngsters attend higher education in larger cities such as Gothenburg and tend to remain there indefinitely. This situation is made even more serious by the fact that the establishment rate of new firms has in the later years slowed down.

The owner of Company I claimed not to have that close a relationship with the local municipality simply because the need for such hasn’t yet been there. While the local residents are generally positive, some also express a negative attitude, mainly depending on whether or not they have a personal entrepreneurial experience. Those who don’t seem to focus on the positive aspects, believing that small business owners have an abundance of money but tend to look past the challenges and sacrifices that comes with the role. However, he felt that such attitudes may to a large extent depend on whether
or not entrepreneurs choose to flaunt their success, with his preference being to simply avoid being flamboyant and show excess signs of wealth.

<table>
<thead>
<tr>
<th>Company</th>
<th>Local Policies and Attitude</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Idle local authority that does not try very hard to help, do not like the local authority and their attitude</td>
</tr>
<tr>
<td>B</td>
<td>Certain level of “closeness” between the enterprises and local policymakers, despite sometimes strict laws, they are applied in a rather flexible and service-minded way</td>
</tr>
<tr>
<td>C</td>
<td>Enjoys a very good communication with the municipality with a minimum of trouble, local authority really try to help</td>
</tr>
<tr>
<td>D</td>
<td>Not bad for them, but business associations and similar organizations favor big companies</td>
</tr>
<tr>
<td>E</td>
<td>Perfect society in which to have a career, municipality is always company focused and help is readily available</td>
</tr>
<tr>
<td>F</td>
<td>The attitude in Gnosjö is positive, everyone understands the importance of business</td>
</tr>
<tr>
<td>G</td>
<td>Feels rather welcome, but only people who are interested in entrepreneurship and business stays</td>
</tr>
<tr>
<td>H</td>
<td>Spirit of Gnosjö no longer exists, the locals have become spoilt and lazy because of the comfortable work life, and young people leave this city</td>
</tr>
<tr>
<td>I</td>
<td>Does not think too much of this issue, does not have more relationships with the local authority than they absolutely need. Both positive and negative attitudes have been observed</td>
</tr>
</tbody>
</table>

**Table 18 Opinions on local policies and attitudes (Author’s design)**

Most companies agree that the authorities do appreciate the local business and its meaning for the local community. For some of the companies - all among the smallest in the sample - this seems to be a case of “more talk and less actual commitment”, while larger firms like Company D seemingly gets preferential treatment from the municipality.

It also seems that the municipality is perhaps taking company presence in Gnosjö a bit for granted, which is made more serious when related to the statement by Company H that not that many new businesses are started anymore.

The attitude from the municipality inhabitants is generally favorable, but several companies point out that this may also be related to the attitude presented by the respective entrepreneurs. Also, several companies point out that overall attitude has lately become noticeably less positive, possibly because locals have been spoilt by the previous abundance of work opportunities.
**Availability of skilled labor**

Company A has not experienced any problems to find skilled personnel when needed and stated that if this would ever be an issue it would likely be a shortcoming of the company itself rather than the de facto availability of staff.

The owner of Company B has experienced some staff availability problems: “What is mostly missing is IT staff or staff with an academic background able to operate more complicated systems”. While people could previously get a job regardless of education level it is no longer so, which is all the more strange when considering the owner's statement that “Gnosjö is perceived by some to have an overall low level of education”.

While Company C has not experienced any problems for themselves in this respect, the owner noted that “the municipality as a whole is probably affected”. Their overall strategy in this respect is to always try to be a good employer so that prospective employees will find them, rather than the opposite.

The owner of Company D simply stated that they had no labor availability problems, which due to their relatively small size (total number of staff in the company is four) is quite reasonable.

The owner of Company E stated that since no education within their field of business is currently available anywhere in Sweden, finding people with proper skills and knowledge is a definite challenge. Their focus is instead to find the “right” person/persons and then provide them with the necessary education, carried out internally.

Because the average wage in Gnosjö is relatively low, Company F has experienced an increasing difficulty in finding skilled labor, especially since the economic crisis of 2008. Unskilled labor has been easier to find but regardless, this situation has not caused them any major issues so far.

While having no such issues for the time being, the owner of Company G stated that since they are in the process of insourcing production and in the process adding new, more complex machines, finding additional skilled staff may be a problem in the near future.

For company H, this is an ongoing and actually increasing problem. As with most of the firms in Gnosjö they are a manufacturing company, with a rather noisy and harsh working environment and as such, considered less attractive. Subsequently they have had great difficulty in finding good production staff, a problem that is compounded by the fact that these are the recruit base for qualified production staff such as machinery operators and foremen. Finding
“general” qualified labor (regular office staff) is actually easier for them - basically just a matter of offering the right people a good enough level of compensation.

The owner of Company I had yet to experience major issues in this respect, but pointed out that they had noted that some other firms had been less fortunate. Unfortunately, they felt that since theirs is not a very “glamorous” company, future prospects of attracting young people looks a bit bleak.

<table>
<thead>
<tr>
<th>Company</th>
<th>Is there a shortage in skilled labor? If yes, in what way?</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>No, but may become a problem since the company is not actively looking for skilled people</td>
</tr>
<tr>
<td>B</td>
<td>Yes; shortage of IT staff/staff with an academic knowledge able to operate advanced systems</td>
</tr>
<tr>
<td>C</td>
<td>No; but the municipality as a whole is probably affected</td>
</tr>
<tr>
<td>D</td>
<td>No</td>
</tr>
<tr>
<td>E</td>
<td>Yes; there is no related education in Sweden today, very hard to find staff with right skills and knowledge</td>
</tr>
<tr>
<td>F</td>
<td>Yes and no; easy to find normal labor, hard to find skilled young labor, because the average wage in Gnosjö municipality is low</td>
</tr>
<tr>
<td>G</td>
<td>Yes; in the near future they will increase production volume, need younger skilled labor</td>
</tr>
<tr>
<td>H</td>
<td>Yes; the working environment is not the best; noisy, harsh, thus not attractive. Also issues with acquiring skilled production staff</td>
</tr>
<tr>
<td>I</td>
<td>Not at present, might have a difficult time in the future</td>
</tr>
</tbody>
</table>

Table 19  Opinions about skilled labor availability (Author’s design)

Most companies in the sample have little problems finding staff and - rather unsurprisingly in a network environment such as Gnosjö - mostly recruit via informal channels - “someone who knows someone”. What seems to be missing is on one hand, young people, who for various reasons tend to not want to remain in Gnosjö. On the other hand, it would also seem that skilled labor - while still available - is becoming more difficult to attract. One potential reason for this was hinted at by one owner/manager who stated that while companies in Gnosjö are keen to attract this category, when such labor is indeed available, they are unwilling to offer competitive levels of compensation and unable to offer an attractive work environment. Another, more company-specific problem was raised by Company E where the required skill set of new staff necessitates education not currently available anywhere in Sweden. Rather ominously, a majority of the firms believe that the availability of skilled labor may be a real problem in the future, especially if this is true for all companies in the municipality.

External investment capital
While not being directly familiar with investment capital availability, the owner of Company A stated that to them, capital is not an issue simply because any foreseeable investments could and would be self-financed.

When it comes to financial matters, the owner of Company B is very conservative; while being fully aware that this may be a detriment to company growth he considers being financially independent as absolutely vital. A recent expansion of the size of their premises by almost 100% was completely self-financed, underlining the fact that funding is for them not much of an issue.

The financial situation of Company C is solid, but if there ever was any need for capital they have sufficient access to it.

For Company D, availability of capital is not an issue; they have a very good connection with their bank which is highly knowledgeable about corporate matters and fully understands the various challenges that companies have to face.

The owner of Company E did not elaborate on the issue, simply stating that that for them, money is not an issue and that even if it was, they would have no trouble raising necessary capital.

Company F has yet to experience any problems of this sort. Should this be an issue in the future, they have real estate to use as collateral.

While having no present issues with capital, Company G has in the past experienced funding issues. On several occasions when they had a need to invest but had no available capital, they struggled to get a loan but when internal funds have been available, the banks have been virtually throwing money their way. The owner noted that “banks are rather risk-adverse”.

The owner of Company H stated that since his firm has earned a profit since day one, they have never had a problem to raise money for necessary investments. Obtaining additional loans are therefore a non-issue to them.

Even though Company I has been investing heavily in recent years the owner has never had any problems with obtaining capital. He added that a recent bank review of their company in preparation for the surge in investments they left them with a clean record. They currently have sufficient machinery for their operations and space to spare in their facility so in the short-to-medium term they have no need for further investments.
<table>
<thead>
<tr>
<th>Company</th>
<th>Do companies lack means of external investment?</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Capital is not an issue</td>
</tr>
<tr>
<td>B</td>
<td>Conservative about this, want to remain in control of their own company, not willing to take in external investment, can self-finance</td>
</tr>
<tr>
<td>C</td>
<td>If needed, they have access to capital</td>
</tr>
<tr>
<td>D</td>
<td>Funds have always been available, so it is not a problem</td>
</tr>
<tr>
<td>E</td>
<td>They can secure investment if they need to</td>
</tr>
<tr>
<td>F</td>
<td>Not a problem now, and will with all certainty not be a problem in future</td>
</tr>
<tr>
<td>G</td>
<td>No real problem but has had some issues with banks</td>
</tr>
<tr>
<td>H</td>
<td>Earned profit since day one, so no there has never been any problems, have good connection with bank</td>
</tr>
<tr>
<td>I</td>
<td>Not a problem</td>
</tr>
</tbody>
</table>

**Table 20  Issues regarding external investment capital (Author’s design)**

One thing is absolutely clear: in the Gnosjö municipality, investment capital is simply not an issue. Funding is readily available, be it from own capital or from a bank. Judging from the data sample, this is the preferred way of raising capital in Gnosjö - no venture capitalists. In the interviews, one company owner provided some insight into why: this type of funding comes at a price - external influence and control, something they are not willing to accept.

**Local infrastructure**

Infrastructure - tangible assets such as streets, roads, HVAC, broadband connections, telecommunications et cetera is a basic aspect of society that could have a major impact on businesses.

Company A had some complaints about the mail but overall considered the Gnosjö municipality to have a good infrastructure: “We have good access to roads; very good west/east to Borås/Jönköping respectively and OK roads to the south (Halmstad)”.

Company B had some complaints with regards to their telecom company but found the infrastructure to meet their demands and added that whenever problems occur, local authorities normally usually deal with them in a swift manner.

The owner of Company C pointed out that Gnosjö is indeed situated a bit far from the nearest major airports (Landvetter outside of Göteborg and Copenhagen), adding that public transport to Landvetter is very bad. Any improvements thereof would definitely be welcome. They also had some minor complaints about their telecommunications (bad cellphone coverage in
some areas), but nothing of any real consequence to the company.

The owner of Company D had no complaints about the infrastructure and noted that the municipality has several regional bus lines. Moreover, the large number of businesses in Gnosjö means that freight options are readily available in the area so overall, it is a good place to do business in.

The owner of Company E did not elaborate on this issue, simply stating that that as a whole, Gnosjö has a well-functioning infrastructure.

The owner of Company F finds the local infrastructure - more specifically roads, telecommunications and public transportation - to be quite good and had no complaints about these. However, planning for new expansion areas in the municipality is lacking and in the fast developing business world of today, this is by no means acceptable. To him, local authorities seem to lack a clear corporate strategy for the future, and would more specifically like to see plans for a proper industrial park being laid out.

Company G has no problems per se with the infrastructure in Gnosjö but because they operate on relatively slim margins, they need to regularly request new shipping quotes in order to keep shipping costs as low as possible. However, due to the fact that a decent number of transportation options are readily available in the municipality, this is more of a challenge than an actual problem.

The owner of Company H stated that because Gnosjö is a rather small and relatively old community, the roads are also a bit old and oddly placed. Moreover, since rail connections are quite bad they are dependent on road transport for their operations, something they would prefer to avoid. They would instead like their customers to be able to visit them directly and more easily, not having to pick them up at the railway station in the neighboring city.

Company I has no issues at all with the infrastructure, “they have good transportation” and have “no problem with communications”.

<table>
<thead>
<tr>
<th>Company</th>
<th>Satisfied with the local infrastructure? If not, why?</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Some issues with the mail, other aspects all OK or good</td>
</tr>
<tr>
<td>B</td>
<td>Some complaints about their communication service provider</td>
</tr>
<tr>
<td>C</td>
<td>Relatively far from the airport, public transport to nearest major airport very bad, some telecommunication issues</td>
</tr>
<tr>
<td>D</td>
<td>Everything is good</td>
</tr>
<tr>
<td>E</td>
<td>Everything is good, they are very satisfied</td>
</tr>
<tr>
<td>F</td>
<td>The local authority has no strategy or plan for a “real” industrial</td>
</tr>
</tbody>
</table>
Table 21   Opinions about local infrastructure (Author’s design)

Gnosjö is a relatively small municipality and, as such, its infrastructure will never be a match for larger cities. That being said, it seems to be quite sufficient for most firms. Although some of the companies have minor complaints, the local street network is good. A good selection of telecommunications options is readily available and there are railway services as well, although Company C and Company H had some complaints about this.

An issue raised by most companies that no one can do much about is the fact that Gnosjö is situated in a relatively remote area, which is the root of two main problems: 1. There is some distance between the city and the nearest airport; 2. Overseas shipping is an issue because the roads are relatively old and narrow, and Gnosjö is situated quite far away from waterways. Overall though, the local infrastructure does not seem to be a negative issue. However, it all depends on how the local authorities will handle this issue in the future.
6 CONCLUSION

6.1 Brand strategy

The results show that all companies in the sample at least to a certain extent recognize the importance of brand and reputation. They are also in agreement that in order to create and properly maintain a brand, a suitable brand strategy is necessary. The implementations include: employing a distinct company logotype or slogan; local sponsoring; establishing direct customer contact. Even in the case of the main company not being in need of a brand strategy, a strong brand was in fact for the product range produced in their subsidiary. All these activities should provide the companies with a positively “charged” brand. Therefore, a brand strategy is a factor that could have a positive influence on the performance of the SMEs in the data sample.

6.2 IT system support

All companies in the study regardless of size are to a varying degree dependent on information technology (IT). Unsurprisingly, this is most evident when it comes to ordering and accounting with various online accounting solutions, electronic order management, online freight booking et cetera. These services represent a great help not only for the companies themselves but also for their customers, saving time and money for both parties. External as well as internal services and systems - EDI, file sharing servers and intranet solutions - are common.

The level of adoption of online information exchange services vary greatly, with larger companies showing a higher level of IT support (CRM, EDI and ERP systems) while smaller companies display a more scattered approach. It also seems that outsourcing IT services is common among the companies in the study, for example CAD services, which are in infrequent and irregular demand. Therefore, leaving such tasks to experts focusing on them full-time will save time and money.

Even Company I, once founded on “coincidence”, is planning new server solutions and other IT investments. Therefore, the authors can say with confidence that the availability of suitable IT support is an important factor to influence the success of entrepreneurial SMEs in Gnosjö.
6.3 Owner experience

A majority of the owners/executives in the study have relevant industry and/or business experience (7 out of 9 have business experience, 5 out of 9 have relevant industry experience). Most of the companies are family owned and are situated in a region thoroughly infused with a small business culture. This has enabled the owners to gain extensive professional experience from their early age within either their family business or other firms in their vicinity. For those that started out in the business world by taking over the family business, this form of on-site training represents an obvious advantage. If nothing else, the historically high employment rate meant that these owners would have had a rather easy entry into the professional world, further facilitating the opportunity to gain necessary business experience.

The results point quite clearly to the fact that owner experience is one factor that can help people to start or develop their business, especially when considering their relatively low level of education. It is therefore a decisive factor to influence their potential success.

6.4 Owner education

Looking at the education level of the owners/executives in the data sample, they almost all have one thing in common: it is generally low or even very low. Even so, they are all in charge of some of the most successful companies in a region ripe with success. Only two executives have any university education and of these only one, the owner of Company C has obtained a (business) degree. While there are some variations in education levels among executives the authors can only say with certainty that this displays neither a positive nor a negative effect on the success of these companies. Therefore, the data clearly points to the fact that the degree of success is not linked to the level of education for company owners/executives in the Gnosjö municipality.

6.5 HR program

All companies have an - for their needs - adequate HR system of some kind. Larger firms in the sample have employed dedicated HR managers, experts in their field familiar with how to properly manage employees to maximize their work efficiency. A majority of the smaller businesses in the data sample are family owned and most of the owners in the data sample have run their firms for a long time. Having in some cases been raised in a business environment - their own or belonging to someone close to their family - they have acquired an intuitive understanding of how to manage employees. Knowing their
businesses from the inside and out they can still compete with their key staff in terms of skill and performance, which may serve to explain how they can make do without a sophisticated HR system and/or a dedicated HR manager.

In summary, even though the companies are utilizing different recruitment and HR management methods, they are all in possession of a well-functioning HR system suitable to the requirements of their respective companies. A well-functioning and suitable HR program is therefore one factor that can affect the success of entrepreneurial SMEs in the Gnosjö municipality.

6.6 Quality management

Product quality is - quite obviously - something that customers tend to be quite particular about. According to one of the owners it is common for customers to inquire about quality certifications, because these serve as a clear and uniform way to illustrate a company’s overall quality while also facilitating competitor comparisons. All of the companies in the data sample have - to a varying degree - implemented some sort of routines to maintain and further good production quality and in the process gain trust from their customers. However, the majority of the nine companies lack standardized certifications, meaning they cannot in an easy way demonstrate their level of quality management to new customers.

But the fact remains: they still represent some of the top performing SMEs in Gnosjö, something that can be attributed to product quality which apparently is not just sufficient for current customers but actually good enough to also gain new ones. Therefore, it seems that even in lieu of certifications or common quality standards, the quality management with these SMEs seems to hold up quite well to scrutiny. Therefore, the authors believe that while possessing a good level of quality management is a factor that can influence the success of entrepreneurial SMEs in Gnosjö, having a de facto certification of quality or adhering to a quality management standard is not.

6.7 Distribution of knowledge in networks

All the owners/executives in the study stated that they are contributing to some form knowledge networks, a practice which to some even epitomizes the very spirit of Gnosjö. Provide and receive assistance to and from others facilitates the saving of both time and cost for either party, which may be the reason as to why some also actively maintain relationships with one another, building even stronger networks and in the process furthering creativity.

While there are some negative effects caused by these network activities, only
a small number of the SMEs had experienced this. Not getting a favor in return for a provided one seems to be the most common example. This may, however, be considered an event of low probability and acceptable cost and does not offset the overall advantage gained from these distributed activities. This is underlined by the fact that all companies admit that these activities represent a general help at least to a certain extent. Therefore, the authors believe that the distribution of knowledge in networks is a core factor to affect the success of entrepreneurial SMEs in Gnosjö.

### 6.8 General knowledge in the organization

Even though some of them were not familiar with the actual term, all nine companies claim that their employees indeed have general knowledge of their companies. This is probably mostly because they are small firms, but another reason is that some companies believe that this is a good way to maintain and promote teamwork. Furthermore, all owners/managers agree that general knowledge is important for them to properly operate their companies, especially when unexpected problems occur.

Thus, encouraging employees to obtain and share general knowledge of the organization, is a factor that will influence the success of entrepreneurial SMEs in Gnosjö.

### 6.9 Knowledge loss

8 out of 9 firms in the study have experienced knowledge loss, and all of them agree that losing key competence could have the potential to cause serious problem. The absolute majority of the companies have implemented some sort of routine to recover from such a situation, and almost all think that taking measures towards avoiding this altogether is the best solution. As a result, most of the owners favor the well-being of their employees and to this effect has implemented various perks. They do however expect the unexpected and have implemented some sort of training program for employees - without preparation, knowledge loss may have severe consequences. Therefore, the authors believe that proper prevention and handling of knowledge loss is a factor that can affect the success of entrepreneurial SMEs.

### 6.10 Taxes

Being a municipality situated in Sweden, Gnosjö has a relatively high tax level, although it does seem that this is something that the companies in the study are able to successfully navigate around. While they do point out that taxation
on investments could be implemented in a way more favorable to them, they are by no means unable to invest.

Local authorities would, however, probably be wise to be attentive to another aspect of taxation levels. Because these are companies enjoying a high level of growth, there are basically only two possible courses of action to take in order to avoid high taxation levels: moving production overseas or lowering the risk by reducing investments. Both may have a direct or indirect effect on the number of employees within a company, which in its turn would have a direct impact on municipality tax revenue. However, companies are taxed by the state so any change of the tax code would need to be done on a national level - a difficult task, especially in the short term. All in all, taxation levels may have a direct or indirect - albeit somewhat limited - effect on the success of entrepreneurial SMEs in Gnosjö.

6.11 Local policy and attitudes

While Gnosjö has a reputation of being very company-friendly - for the most part confirmed by the companies in the study - there are some potential issues. First, the municipality and business organizations in the region seem to pay little or no attention to smaller companies. Second, while the locals are generally friendly towards entrepreneurs, this is only true to a certain extent and has taken a turn for the worse over the last decade. Third, the overall attitude towards work in general has deteriorated, possibly because the locals in the past haven’t had to be much concerned about finding work.

All in all, local firm owners/managers are satisfied with the local authorities, but even though only one of them actually voiced a complaint about their overall attitude, it only takes a spark to start a flame. It is a factor that could affect the attitude and confidence of local entrepreneurs and as a result their willingness to invest. While the authors believe that this is a factor that could influence the success of entrepreneurial SMEs in the municipality; depending on the attitude of local authorities it could be either positive or negative.

6.12 Availability of skilled labor

While the companies in the study claim that they are able to find required labor, skilled labor is, for some, difficult to attract and it also seems that labor is located mostly through informal channels. This could work favorably towards finding reliable persons (that are well-known within the network) but also act as a limiting factor. “Outsiders”, possibly even better suited for a certain position and able to bring outside experience to Gnosjö may face difficulties to get their proverbial foot in the door. Also, since it has become
common that people leave Gnosjö for good once they have reached adulthood there is room for concern about future labor availability but also that succession in family companies in Gnosjö may suffer greatly.

In the municipality as a whole, the combined lack of skilled labor and suitable education not being locally available may well cause problems in the long run. However, while these issues may cause problems for the community in the future, up and until now, labor has been readily available and efficient recruitment has been possible through company networks. This is likely to have had a positive effect on the success of companies in the data sample.

6.13 External investment capital

To put it bluntly: in the Gnosjö municipality, money is no object. With few exceptions, there seems to be very few issues when it comes to raising necessary capital. Companies are either able to self-finance growth, or raise capital from one of the local banks which, being a part of the local, close-knit network have few issues with approving loans. This environment is therefore likely to instill confidence and a willingness to invest compared to those where funding is more of an issue. Therefore, the authors believe that the availability of capital is a factor that affects the success of the companies in the study in a very positive manner.

6.14 Local infrastructure

Gnosjö is a small community situated in an area in Sweden with a low population density. Therefore, the traffic volume can never be high enough to support the construction of any large transportation channels. With that in mind, it seems the Gnosjö municipality as a whole is still well accessible and offers a sufficient set of transportation options. There are, however, several issues raised by the company owners for local authorities to pay attention to.

While some complain about the quality and availability of communication services, alternatives are indeed available but there is always room for improvement so local authorities should stay informed and be prepared to take action. Quoting one company owner: if you want to keep people you have to stay attractive. If local authorities are keen to keep local businesses - and of course they would be - they need to ensure that company satisfaction stays as high as possible also in this aspect.

The fact that companies do indeed have some complaints could cause the Gnosjö municipality to lose some of its attraction in the future. The state of the local infrastructure relative to other municipalities is an important
influence of the prosperity of a society. Thus, to entrepreneurial SMEs operating in Gnosjö, this is also a factor that may influence their future success but for now, neither positive nor negative effects on the state of the local infrastructure can be connected to the success of local firms.

6.15 Summary

Many factors - internal as well as external - have been analyzed and discussed in this thesis. While there are obviously many potential success factors not analyzed, with those identified it should be possible to map an outline of important success factors.

They are, in the internal environment: brand strategy, suitable IT support, professional experience with the owner, a well-functioning HR strategy, quality management (possibly with a certification), distribution of knowledge in networks and proper management of general knowledge of the organization. Close attention to the concept of knowledge loss may also be an important factor for all companies wanting to succeed because if this should ever occur, its influence is with all certainty negative and may even cause the entire company to fail. Finally, the factor of proper education is a mixed issue - the type but not the level of education seems to be a factor in Gnosjö.

When it comes to external factors, the picture is less clear. The level of taxation can be of importance for success in terms of labor taxation but for profit taxation, while exerting a negative influence it is also indirect and mainly influential on the attitude of business owners towards investment. The attitude and policy of local authorities is also a factor that could have an influence on success, with an impact on company attitude, both negatively and positively. The availability of skilled labor has so far been a positive factor, but it appears to become a major source of negative influence in the future, that is, unless something is done to alleviate this fact. The availability of external investment capital is one obviously positive factor of success, because companies in this region have few concerns about investing. The local infrastructure is at this point not a success factor, because it shows neither positive nor negative influence on the success of SMEs. However, depending on whether or not local authorities are attentive to the needs of local companies it could go either way in this respect.
7 RECOMMENDATIONS

In terms of success within SMEs in the Gnosjö municipality, these are some factors that may positively affect businesses.

A well-executed and consistent brand strategy will indeed help in gaining customers’ attention and to positively affect company reputation.

With the fast pace of development in the business climate of today, the implementation of cost-efficient and reliable IT systems such as ERP/MPS, CRM, online ordering and e-invoicing is vital. IT services properly aligned with company size and purpose will help the company communicate more easily and efficiently, both internally and externally.

Having a high level of education does not equate success. However, with a growing business, having suitable professional knowledge is a definite advantage. Therefore, the authors suggest that having a suitable education is more important than a higher level but less suitable of education.

In order to further their business, companies have to coordinate and manage their employees in an efficient way. Therefore, an HR system combined with a skilled HR manager well familiar with the company and its employees can be a good help. However, the cost and usefulness of such practices must always be weighed against the size, purpose and financial situation of the firm.

Quality is of a great concern for customers, and maintaining good product quality is a key factor for any business. Even though current customers may approve of the product quality, it will not automatically gain trust with new customers. Therefore, to possess a quality certification of some sort may add to the trustworthiness of a firm and simplify the adoption of new clients.

In the Gnosjö municipality, local networks are not just regular business relationships but also a testament to the local spirit and an indicator of the level of trust between the different parties. Therefore, participating in local networks and properly supporting suppliers and customers will not only gain mutual trust and gratitude, it will also be a good long-term investment to gain reputation as well as new partners and customers.

However dutiful employees may be, unexpected things will always occur. There may be a sudden influx of orders or maybe an employee is taken ill. In any case, there should be another employee ready to assume alternative or additional duties, allowing the business process to continue unhindered. Training an employee and enabling them to gain knowledge about tasks other than their own is a also good investment to avoid knowledge loss.
Knowledge loss is a major issue for all small companies. In order to avoid negative consequences, owners should prepare a backup plan, such as increasing general knowledge in the organization. Adding company benefits to increase the well-being of employees and preventing them to leave in the first place is another way. Regardless, owners/leaders should always try their best to avoid knowledge loss, and try to be prepared when - not if - it occurs.

The state taxation scheme is what it is. Gnosjö and its companies can do very little about this fact. However, judging from the companies in the study, it seems that the level of labor taxation could perhaps do with an overview.

The overall entrepreneurial attitude - while generally being very good - seems to be developing in a less positive manner, meaning that the municipality may have some work to do in this field. Two main issues are that the creation of new businesses seems to have slowed down but also that “old” companies are turned over to external investors because the youth in Gnosjö are not willing to go back after having completed their education.

If indeed there is a problem with local attitude, then the once so favorable business climate in Gnosjö may be under threat in the near future. This is evidenced by one of the company owners who even goes so far as stating that it seems to have taken a turn for the worse just during the past ten years. The municipality should also make sure to recognize small companies as well because the large companies of today were obviously once small too. The expansion need not be a slow process either - one company in the study has in fact grown from just two to 150 employees in less than 15 years.

The “regular” way of finding skilled labor (“someone who knows someone” does seem to work for now, but perhaps this will be a problem in the future. If companies in Gnosjö will mainly recruit people they know, or know about, they must subsequently come from the local “pool” of labor. But if that pool is draining, with young people moving, then what will happen? It would seem that companies in Gnosjö are also a bit spoilt in this respect - labor has always been there. However, if this is or in the near future no longer will be the case, they would probably need to rethink their HR strategies.

The local infrastructure is what it is. State roads are a matter for the state and basically all that the municipality can to do about it is a bit of lobbying. The local streets are sufficient but perhaps the municipality needs to think more to the future and rezone parts of Gnosjö to create a proper industrial area, with room for expansion.
REFERENCES

Books


Winstanley C, 2009. Writing a Dissertation: For Dummies, John Wiley and Sons Ltd.

Articles


Bird B., 1988, Implementing Entrepreneurial Ideas: The Case for Intention,


**Internet Sources**


APPENDIX A: QUESTIONNAIRE PART 1 - ENTREPRENEURIAL TRAITS

The “great person” school of entrepreneurship

Q1: Do you think you were creative as a child?

The psychological characteristics school of entrepreneurship

Q2: How much are you willing to take a risk to further your career?

The classical school of entrepreneurship

Q3: Usually how much time and money are you willing to spend on seeking for new opportunities?

Q4: Do you, personally, have some inventions or innovations?

The management school of entrepreneurship

Q5: Do you think your company has a good internal management system or overall strategy?

The leadership school of entrepreneurship

Q6: How much would you be willing to empower your employees and delegate responsibility to your employees?
APPENDIX B: QUESTIONNAIRE PART 2 - SUCCESS FACTORS

Internal success factors

1. Do you have a brand strategy? If yes, could you please describe it? If no, why not?
2. What IT systems (ERP, CRM, e-business) do you have in place?
3. Prior to taking over/starting this business, what was the experience of the owner/manager? Type/length?
4. Prior to taking over/starting this business, what was the education of the owner/manager? Type/length?
5. Do you have an HR program of some sort in place (structured and regular job training, job recruitment process, dedicated HR manager et cetera)? If no, why not?
6. Do you have a quality management program (Six Sigma, ISO 9000) in place? If no, why not?
7. Do you share knowledge with your partners/customers? If yes, how? If no, why not?
8. Are you familiar with the term common knowledge? If yes, what is your strategy regarding it?
9. Are you familiar with the term knowledge loss? If yes, is this an issue to you? If yes, how? If no, why not?

External success factors

1. What are the most important effects of taxes on you?
2. What is your opinion regarding the business policies of the local municipality?
3. Are you affected by the availability of skilled labor? If yes, how?
4. Do you have a need for external investment capital? If yes, is this readily available to you?
5. What is your opinion about the local attitudes towards entrepreneurship?
6. Do you find the local infrastructure adequate for your needs? If no, what are you missing?
APPENDIX C: ENTREPRENEURIAL TRAITS

Joseph A. Schumpeter (1934) defines the entrepreneur as a founder of a new firm as well as an innovator, who breaks up old established routines, who opens possibilities formerly unknown. This is, according to Schumpeter, what an entrepreneur should do. An entrepreneur should also have five so-called entrepreneurial behaviors: (1) the introduction of a new good; (2) the introduction of a new method of production; (3) the opening of a new market; (4) the conquest of a new source of supply of raw material; and (5) the creation of a new organization of an industry. Gartner (1985) claimed that an entrepreneur should be someone “who started a new business where there was none before”. Peterson (1985) sees this term as identification and exploitation of an opportunity. Also, those who develop a niche in the market or develop a strategy to satisfy some need are also, by some, called entrepreneurs (Garfield, 1986) even though there is no single discipline that provides the tools for managing an entrepreneurial venture. (Stevenson, 1988)

Cunningham and Lischeron (1991) indicate that it is not surprising that a consensus has not been reached about what entrepreneurship is, simply because of the vast amount of definitions and different theories from different authors. They believe that “entrepreneur” is a term that could be used to define a wide range of activities such as the creation, founding, adapting and managing of a venture. In their article “Defining Entrepreneurship”, Cunningham and Lischeron (1991) believes that all the different definitions of “entrepreneur” could be included within six schools of thought, each with its own underlying set of beliefs. Furthermore, that these can all be categorized according to its interest in studying personal characteristics, opportunities, management or the need for adapting an existing venture. (Cunningham and Lischeron, 1991)

Cunningham and Lischeron’s (1991) theory about different schools of entrepreneurship consists of:

Assessing personal qualities

1. The “great person” school of entrepreneurship
2. The “psychological characteristics” school of entrepreneurship

Recognizing opportunities

3. The classical school of entrepreneurship

Acting and managing
4. The management school of entrepreneurship
5. The leadership school of entrepreneurship

Reassessing and adapting

6. The intrapreneurship school of entrepreneurship

The “great person” school of entrepreneurship

Some theories regarding entrepreneurs are that they are born as entrepreneurs, that they have genes or inborn natural capacity to perform entrepreneurial activities. Cunningham and Lischeron (1991) believe this school is the definition of those who are charismatic leaders. These people, representing the “great person” are powerful, successful, and wealthy; they are the perfect example of the world’s successful business elite. These examples must be able to present interesting, intriguing, or stimulating ideas, concepts, and beliefs that others cannot. Cunningham and Lischeron (1991) quoted (Garfield, 1986; Hughes, 1986; Silver, 1985) that this suggests they are endowed with certain traits or qualities that differentiate them from others. Iacocca (1984) also believes that these people have a feel or instinct for the problem as well as the decisive ability to make decisions, which others cannot. Successful entrepreneurs are also having strong drives about their independence and success, with high levels of vigor, persistence, and self-esteem. (Cunningham and Lischeron, 1991) Roscoe (1973) in his article Can Entrepreneurship Be Taught suggests, these individuals “is what he/she is” and significant change may not be possible.

The psychological characteristics school of entrepreneurship

It is widely thought that one’s needs, drives, attitudes, beliefs, and values are primary determinants of behavior (Cunningham and Lischeron, 1991). This school focuses on different characteristics of personalities, which suggests that entrepreneurs have unique attitudes and values either in life or at work. Lachman (1980) indicates that people who possess the same characteristics as entrepreneurs do will have a higher tendency (or potential) to perform entrepreneurial acts than people who do not. Therefore, non-entrepreneurs can be distinguished from entrepreneurs by these so-called traits of personalities. Cunningham and Lischeron (1991) generate three traits of personalities that have received considerable attention: (1) personal values such as honesty, duty, responsibility, and ethical behavior; (2) risk-taking propensity; and (3) the need for achievement. Some researchers suggested that risk-bearing is the key factor in distinguishing entrepreneurs from managers (Mill, 1984). Others indicate that the entrepreneurial function primarily involves risk measurement and risk-taking (Palmer, 1971) and that the risks involve financial success, but perhaps more
importantly, career opportunities, family relations, and psychic well-being, as cited by Cunningham and Lischeron (1991). Risk-taking does not, however, equate gambling. Instead, entrepreneurs prefer to take moderate risks in situations where they have some degree of control or skill in realizing profit. They do not prefer situations which involve either extremes of risk or certainty (McClelland and Winter, 1969), because entrepreneurs must be someone “who assumes the risk and provides the management of the firm” (Kilby, 1971). Cunningham and Lischeron (1991) cite that in present society, especially in certain areas and cultures, personal achievement is a very important factor with which to judge one person’s value. This fact can stimulate one’s desire to be successful, or the need for achievement. Furthermore, there is a widespread belief that entrepreneurs have a noticeably higher need for achievement than others (McClelland, 1965).

The classical school of entrepreneurship

One of the critical aspects of entrepreneurship has been shown to be the process of “doing” rather than “owning” a venture or business (Hebert and Link, 1982). According to Schumpeter, (1934) one of the key aspects of entrepreneurship is the innovativeness of the individual, which may not necessarily involve ownership. By Schumpeter’s definition, one of the principal functions of the entrepreneur is to have new combinations of means of production; however, there is no need that these “combiners” also be owners. Underlying the classical body of thought, research, innovation, creativity, or discovery are key factors. (Cunningham and Lischeron, 1991) Therefore, entrepreneurial traits are, according to this school’s thoughts, referring to the process of creating an opportunity or “the opportunity-seeking style of management that sparks innovation”. (Peterson, 1985) When talking about innovativeness and creativity, Cunningham and Lischeron (1991) come up with two interesting points: 1. Many innovative people, in describing their creative process, have emphasized its subjectivity and individualistic nature. 2. The innovator is often motivated to satisfy personal needs, and sometimes has little regard for the interests of society or organization.

The management school of entrepreneurship

Some theories of entrepreneurship suggest that management theory and skill is also somehow necessary. Cunningham and Lischeron (1991) indicate that a number of researchers suggest that managers perform a set of functions such as planning, organizing, staffing, budgeting, coordinating, and controlling. John Stuart Mill (1984), in describing the entrepreneur, noted that in addition to risk-taking, the functions of an entrepreneur include supervision, control, and providing direction to a firm. Some textbooks (Good, 1989;
Kao, 1989) on entrepreneurship deal with functions relating to **strategizing**, **developing the business plan**, **getting started**, and **managing development** and **growth**. Activities like developing formal business plans, analyzing opportunities, acquiring resources and working toward goals, (Bird, 1988) might be also be included. Therefore, in this school, entrepreneurship traits are series of learned activities which focus on the central functions of how to manage a firm in the best possible way. Finally, according to this school, entrepreneurship can be taught in a class; therefore, training courses are likely to be an appropriate approach to avoid failure. (Boberg, 1988)

**The leadership school of entrepreneurship**

Cunningham and Lischeron (1991) indicate that an entrepreneur is often a leader who relies on people to accomplish purpose and objectives. Additionally, they believe that successful entrepreneurs must also be good “people managers” or at least effective leaders, able to play a major role in **motivating**, **directing** and **leading people**. Therefore, entrepreneurs must, at least to some degree be leaders and should be able to define a vision of what is attainable and being able to attract people to rally around that vision and transform it into reality (Kao, 1989). There are two main categories of entrepreneurial leadership; the first is included in the first school which is called “great person”. This kind of entrepreneur is “born” - since they are almost a genetic entrepreneur, it has more to do with a person’s natural traits than anything else. The second is concerned with how a leader gets tasks accomplished and responds to the needs of people (Hemphill, 1959). Fiedler (1966) suggests that leaders should **adjust their leadership style** based on the situations facing them because, according to Cunningham and Lischeron (1991), entrepreneurial leadership involves more than personal traits or style in relating to others. They say that the role of leaders can be the focal point for change and inculcating values, and that it can involve the skills of setting clear goals and creating opportunities. These include the skills of **empowering people**, **preserving organizational intimacy**, and **developing a human resource system** (Kao, 1989) Entrepreneurs are embedded in a complicated network that can inhibit or enhance venture development. This network can provide ideas, access to necessary resources, the commitment and assistance to carry out a task, and the skills of involved employees. (Cunningham and Lischeron, 1991) Therefore, this school describes leaders as the “**social architects**” (Bennis and Nanus, 1985), or “primarily an expert in the promotion and protection of values” (Peters and Waterman, Jr, 1982). Moreover, these values can be different according to different thoughts. This school also implies that leaders must be effective in **developing** and **mentoring people**. (Levinson et al. 1978)
The intrapreneurship school of entrepreneurship

Intrapreneurs, to the limited extent that they possess discretionary freedom of action, are able to act as entrepreneurs and implement their ideas without themselves becoming owners (Cunningham and Lischeron, 1991). Being attentive and open to opportunities is one dimension of intrapreneurial activities. Such strategic behavior provides the means for extending the organization’s activities and discovering opportunities (Ellis and Taylor, 1987), allowing existing organizations to develop and diversify their activities in other areas (Burgelman, 1983). Intrapreneurship involves the development of independent units designed to create, market, and expand innovative services, technologies, or methods within the organization (Nielsen et al., 1985). The intrapreneurial school generally assumes that innovation can be achieved in existing organizations by encouraging people to work as entrepreneurs in semi-autonomous units (Cunningham and Lischeron, 1991). However, that does not mean to give employees freedom and let them do whatever they want to. Cunningham and Lischeron (1991) suggest that intrapreneurship is a “team” model whereby individuals are asked to work together in solving problems and creating opportunities. In order to build a balanced “team”, it requires the ability to use people effectively in groups where tasks require different input from team members (Echert et al., 1987). Therefore, intrapreneurial activities can focus on strategic redirection, organizational duplication, product development, and operational efficiency (Charantimath, 2011).

These six schools of entrepreneurship can be used to define a variety of characteristics of entrepreneurs or a company with an entrepreneurial orientation. It is, however, unlikely that any one of these schools can fully define all different aspects of entrepreneurial behavior. So in order to have a template of sorts, which could literally define entrepreneurship or entrepreneurial orientation, to sum all these different traits up in one list is an evident option. Lepnurm and Bergh (1995) draw a modern definition of entrepreneurship according to the original six schools as well as more recent literature. They state that an entrepreneur is most likely to possess the need for achievement; be independence-oriented; desire personal control; seek opportunity; be innovative; and assume calculated risk. Even though they have abandoned the entire “great person” school, along with several personal values of the psychological characteristics school like honesty, duty, responsibility, and ethical; as well as management, leadership, intrapreneurship school, there are enough traits available to define an entrepreneur or an entrepreneurial orientation. If a person or, to be more specific, a business person or a business group has or displays one of these traits of an entrepreneur, that person or that group can be defined as an entrepreneur or has entrepreneurial orientation.
<table>
<thead>
<tr>
<th>School</th>
<th>Traits</th>
<th>Mentioned by</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Classical</strong></td>
<td>Research&lt;br&gt;Innovation&lt;br&gt;Creativity&lt;br&gt;Discovery&lt;br&gt;Creating opportunities&lt;br&gt;Subjectivity&lt;br&gt;Individualistic nature&lt;br&gt;Often motivated to satisfy personal needs</td>
<td>Cunningham and Lischeron (1991)&lt;br&gt;Hebert and Link (1982)&lt;br&gt;Lepnurm and Bergh (1995)&lt;br&gt;Peterson (1985)&lt;br&gt;Schumpeter, (1934)</td>
</tr>
</tbody>
</table>
### Intrapreneurship

|--------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| Extending organizational activities  
Development of independent units designed to create, market, and expand innovative services, technologies, or methods within the organization  
Encouraging people to work as entrepreneurs in semi-autonomous units | Burgelman (1983)  
Charantimath (2011)  
Cunningham and Lischeron  
Echert et al. (1987)  
(1991)  
Ellis and Taylor, (1987)  
Lepnurm and Bergh (1995)  
Nielsen et al. (1985) |

*Appendix table 1 Shortlist of Entrepreneurial Traits (Authors’ design)*
APPENDIX D: ORIGINAL LITERATURE REVIEW OF BRAND MANAGEMENT AND KNOWLEDGE MANAGEMENT

Brand management, definition

A brand is “an identifiable product, service, person or place, augmented in such a way that the buyer or user perceives relevant, unique added values which match their needs most closely”. (Chernatony and McDonald, as referenced by Ghauri and Cateora, p.286). Brand management is defined by Schultz and Barnes (as referenced by Berthon et al. (2008, p. 29) as “the process of creating, coordinating and monitoring interactions that occur between an organization and its stakeholders such that there is consistency between an organization’s vision and stakeholders’ beliefs about a brand”.

Knowledge management, definition

Salojärv et al. (2005) note that the concept of knowledge management is a contested one. When it first emerged, it represented computer applications dedicated to the storage and retrieval of information. It has later come to represent a perspective on strategy, management and innovation. Edvardsson (2008, p. 91) underlines that there is not one simple definition of knowledge management but notes that most definitions do share one characteristic feature - a rather practical approach to knowledge - how knowledge may contribute to organizational effectiveness by “generating, capturing and disseminating knowledge relevant to the organization’s business”. Valkokari and Helander (2007. P. 599) state that it represents “the systematic and conscious treatment of knowledge related processes in organizations” and further suggests that knowledge management is divided into people- and technology oriented categorizations. However, they also point out that organizational effectiveness is affected in a positive manner by knowledge management in company networks. According to Thorpe et al. (2005, p. 274), research on KM in the context of SMEs can be broken down into three distinct fields: “the knowledgeable SME manager or entrepreneur, the knowledge systems and routines embedded within the context of the firm and their immediate networks, the institutional and policy framework that is intended to support knowledge production within SMEs”.

To summarize, knowledge management can be said to be based on three key areas - entrepreneur/manager knowledge management, organizational knowledge management and network knowledge management. These will be the main categories of knowledge management.

Organizational knowledge management, definition

x
As mentioned earlier, this includes, according to Valkokari and Helander (2007) people-oriented and technology oriented knowledge management. So what are these then? A study by Wong (2005) about critical success factors when implementing knowledge management in SMEs shows that these are management leadership and support (manager/entrepreneur knowledge management, as defined earlier), culture (people-oriented), IT (technology-oriented), strategy and purpose (people-oriented), measurement (implementation specific), organizational infrastructure (people-oriented), processes and activities (people-oriented), motivational aids (implementation specific), resources (implementation specific), training and education (people-oriented), human resources management (people-oriented).

**Brand management, definition**

Normally, this discipline may be more related to large corporations, says Guiling & Xiaojuan (2006) and Merrilees (2007), but argues further that this practice is rapidly becoming of high importance to SMEs as well.

Both Guiling & Xiaojuan (2006) and Merrilees (2007) note that a common misconception is that brand management is expensive but both point out that this is not true. Guiling and Xiaojuan (2006) suggest a carefully planned advertisement strategy to maximize output from reallocated budget, while Merrilees (2007) points out that even very small, well thought-out strategies at very little or no cost can replace more expensive approaches.

Guiling and Xiaojuan (2006) outlines these general principles regarding SME brand management:

- Entrepreneurs need training in brand management principles.
- Investigate market, and then develop a small set of fitting brands.
- Capital management is necessary for optimal support of brand strategy - development speed is of the essence.
- Utilize Internet media to support and build brands.
- Proper brand introduction requires dedicated and concentrated effort.
- Government support is necessary
- For SMEs, enterprise brand is more effective than individual product brands
- Brand value important component in intangible assets - when products are equal, brand determines preferred product, meaning that product quality alone is inadequate.
- Brand is important to make inroads into new markets.

Merrilees (2007) outlines these key aspects of SME brand management:

- Corporate branding gives the result is that limited funds for marketing
are utilized more efficiently - all products produced by the SME share into the corporate brand.

- The founder/owner is key for the SME corporate branding scheme to work properly.
- Branding brings focus and discipline to the innovative and creative process.
- Branding could be seen as a filter to the opportunity recognition process.
- By having a clear picture of what the corporate brand is, branding sharpens the business model formulation
- Branding increases access to new venture capital - utilizing the brand to sharpen also sharpens the business plan, thus making the company a more attractive proposition overall.

As evident, the findings are overlapping to a rather high degree:

- Enterprise/corporate brands are preferable for SMEs.
- A proper implementation requires a dedicated effort but also brings dedication and discipline in itself.
- There is a good match when it comes to the importance of the owner/entrepreneur in terms of brand management.
- Brands have values in themselves, not the least to gain new customers.

One difference is that Guiling and Xiaojian (2006) emphasizes the necessity for government support - this suggestion is probably more or less unique to the Chinese market.

Furthermore, Guiling&Ziaojian (2006) note that another common misconception is that brand management is long-term work that will not result in short-term benefits. They argue that properly planned brand management employed in conjunction with sales will promote sales growth continuously, right from the start, something that Merrilees (2007) agrees with; pointing out that better branding will increase the acquisition of both customers and suppliers in the early as well as later stages of the venture.

In another article about brand management, Berthon, et al. (2008) confirms the view of Guiling and Xiaojian (2006) and Merrilees (2007) that brand management is indeed seen as something much more fitting and related to large corporations but suggests that with a correct approach, the same gains as those in large corporations can be utilized in an SME. They conclude that their findings show that while SMEs actually are generally conscious of the fact that brand management is a vital component in business operations, what's lacking is the understanding of customer needs and measurements of past actions, i.e. the basic requirements for proper brand management. However, they note that high-performing SMEs - with the performance
measurement based on subjective measures undertaken by the participants in the study carried out by Berthon, et al. (2008) - do indeed achieve better performance over their rivals by employing the same methods as those pointed out by Guiling and Xiaojian (2006) and Merrilees (2007) - do proper research regarding customers’ needs and perceptions of brands, create relevant/valuable brands, support the brands consistently over time, effectively communicate the brand identity to internal and external stakeholders and create a brand architecture.

Two of the three articles are based on the Australian market, whereas the third is based on findings from the Chinese market. This can be viewed as a weakness in terms of generality. However, the share of SMEs in relation to all companies is more than 90 percent in all Asia-Pacific countries (to which region both China and Australia belong) and more than half the workforce is employed by SMEs (APEC, 2012). According to OECD (as referenced by Desouza and Awazu, 2006), SMEs in the OECD as a whole, are attributable for about 95 percent of enterprises in a nation and 60-70 percent of the workforce; in other words, while there is a difference, it is rather small. Also, there seems to be a good, or very good match between the findings in the three articles, even though two were case studies (with the Chinese study being rather brief) and one (Berthon, et al., 2008) comprised a quantitative survey as well as between the two case studies themselves.

Knowledge management

Knowledge management is characterized by Wong (2005) as one of the critical driving forces for business success, and further notices that because organizations are becoming more knowledge intensive - “hiring ‘minds’ more than ‘hands’” (Wong, 2005, p. 261), the need to utilize the inherent value of knowledge is ever increasing. Valkokari and Helander (2007, p. 597) agrees with this view and notes that the current theories in the field that “the key role of firms is to create, store and apply knowledge to ensure long-term survival”. Desouza and Awazu (2006) further adds to the definition that because most SMEs have limited financial resources, knowledge management is of particular importance to them, especially since knowledge is SMEs an abundant, or even an unlimited resource.

Entrepreneurial knowledge management

Omerzel and Antoncic (2008) state that the knowledge level of the entrepreneur is what gives their companies a competitive advantage and enhances the growth and profitability of their company. They name these main categories (sub-categories) as vital:

- Education level (in years, in this study also regarded as experience)
- Knowledge (functional disciplines, marketing, QA, HR et cetera)
- Skills (leadership, analytical, communication, presentations et cetera)
- Self-confidence (willing to face new challenges, efficient problem-solver, successful planner et cetera)

Soriano and Castrogiovanni (2012) state that while there is substantial research done regarding how various resources affect the performance of larger enterprises, there is still research to be done in this field on SMEs. In their study, they suggest that there is an impact of education, experience and “inner circle advisors” on profitability (calculated as return on assets) and productivity (as revenue per employee). Education is defined as industry-specific and general business knowledge, while experience is defined as the owner/entrepreneur’s number of years of experience in the same industry. Inner-circle advisors are experts in the close network of the owner.

Omerzel and Antoncic (2008) list these connections between knowledge and performance: profitability is positively connected with skills and functional knowledge and negatively connected with self-confidence and education. Growth is positively connected with self-confidence and education and negatively connected with skills and functional knowledge.

Soriano and Castrogiovanni (2012) found that experience is negatively connected with profitability and that skills (general business as well as industry specific) are positively connected with profitability if acquired after starting the company.
REFERENCES FOR APPENDIX C AND D


Roscoe, 1973, Can Entrepreneurship Be Taught, MBA Magazine (June-July)

APPENDIX E: ORIGINAL INTERVIEWS

Company A

About entrepreneur:

Q1: Do you think you were creative as a child?

We had the business at home in our basement and the entire family worked in the business including myself. I have two older siblings who also have worked in the business; one is left in the business.

Q2: How much are you willing to take a risk to further your career?

No, I am a bit of a coward, I play it safe.

Q3: Usually how much time and money are you willing to spend on seeking for new opportunities?

No, if anything, we have narrowed down the business. We used to also incorporate sheet metal working but have focused on two “legs”. One leg is metalworking of “round” items - turning. We also manufacture our own range of MRO products (MRO = Maintenance, Repair and Operations), currently representing 50% of the company turnover.

Q4: Do you, personally, have some inventions or innovations?

Not me personally, but the founder of the company (the interviewee’s father) designed the welding-related product which features a unique design in this product niche - there are many similar products but not with this particular feature.

Q5: Do you think your company has a good internal management system or overall strategy?

Yes, most definitely!

Q6: How much would you be willing to empower your employees and delegate responsibility to your employees?

At the end of the day, I run the company. However, it is my overall philosophy to try and delegate responsibility as much as possible.

About the Success
Internal Factors

Q1: Do you have a brand strategy? If yes, could you please describe it? If no, why not?

Yes - we do have a brand policy (“purchasing from Company A should always be a pleasant experience” - as problem-free as possible!)

Q2: What IT systems (ERP, CRM, e-business) do you have in place?

We do not have an ERP system (for business transactions/stock control), nor do we have an MPS system (for manufacturing). We do need some CAD work done occasionally but in those cases we outsource that work because we do it so seldom that someone more proficient does it much better than we could anyway. We utilize Excel to keep track of clients (CRM system, author’s note) and use a cloud-based accounting system/service with our bank, <Bank X>, for the general ledger.

Q3: Prior to taking over/starting this business, what was the experience of the owner/manager? Type/length?

The founder of the company had 25 years’ experience in a number of positions, with the final position being manufacturing manager, at a similar company.

Q4: Prior to taking over/starting this business, what was the education of the owner/manager? Type/length?

The education of the founder was primary school, the current owner/operator (son) is high school (“gymnasium”)

Q5: Do you have an HR program of some sort in place (structured and regular job training, job recruitment process, dedicated HR manager et cetera)? If no, why not?

We do not recruit people very often (last time was around two years ago). Most employees have worked for the company “longer than the owner’s own age” (at any rate: for a very long time). We do not have a specific process or set of principles, when we employ someone we go by “seat of the pants” feeling. The owner also acts as the HR manager. No unions.

Q6: Do you have a quality management program (Six Sigma, ISO 9000) in place? If no, why not?

We do not have a specific quality scheme in place but we do have a philosophy of continuous improvement in the company (overall attitude/principle).
Q7: Do you share knowledge with your partners/customers? If yes, how? If no, why not?

Unfortunately, sometimes. Some companies may opt to purchase products to solve a problem but <Company A> may instead share knowledge on how to solve the problem in an alternative way (without buying products from them). The company also sometimes buys services for those operations that they themselves cannot perform. They also give product support to customers, and find problem areas by enquiring customers at purchase how they plan to utilize the products.

Q8: Are you familiar with the term common knowledge? If yes, what is your strategy regarding it?

No, we are not familiar with the term.

Q9: Are you familiar with the term knowledge loss? If yes, is this an issue to you? If yes, how? If no, why not?

We try to eliminate this but in reality, this is difficult.

**External Factors**

Q1: What are the most important effects of taxes on you?

Taxes represent the number one spend in the company - about 50% of the total. It is not an obstacle per se - the company can obviously be run even with the high tax level. However, with lower taxes, the company would have used the extra money to invest more. This is currently not possible, since even investments are taxed, leading to a stalemate of sorts.

Q2: What is your opinion regarding the business policies of the local municipality?

We do not think overly fondly of the municipality and their attitudes towards entrepreneurship. One simple example: the company owns several buildings which are separate pieces of real estate. However, the municipality refuses/is unable to send just one water/sewage bill. Instead, one invoice per building is the result - lots of unnecessary administration for the company. All in all - what is the municipality for, what good is it? Where is it at? While the municipality does have general services, a communal pool for instance, such a simple task as building a tunnel under the railroad tracks is left unattended (leading to unnecessary waiting times at the railroad crossing). More words than action - just about the only time we hear from the municipality is the infrequent ventilation inspection (at a mandatory fee of course).
Q3: Are you affected by the availability of skilled labor? If yes, how?

We do have access to skilled labor, when we have needed it, people have come knocking on our door. This is more of a problem with the company itself for not actively looking for talent.

Q4: Do you have a need for external investment capital? If yes, is this readily available to you?

No. Not familiar with the availability of it. And if we were in need of external venture capitalists, the business knowledge would be the interesting bit anyway - capital is not an issue here.

Q5: Do you find the local infrastructure adequate for your needs? If no, what are you missing?

No. <Town X> (where the company is situated) was recently downgraded by the Swedish post as a rural mail area. This means that Swedish mail parcels takes an extra day. The company has solved the problem by actively denying this shipping mode, and is favoring BTL/Schenker and DHL instead - they ship parcels to us under the same conditions as everywhere else. Compared to Gnosjö, <Town X> is better situated - we have good access to roads; very good west/east respectively to Borås/Jönköping, OK roads south (to Halmstad). We do have access to railroads but this is of no consequence to the company (it does not utilize rail transport).

Overall success factor (own estimation): Do not give the customer what he/she says he/she wants, but instead what he/she really/actually needs.
Company B

About the entrepreneur

Q1: Do you think you were creative as a child?

The owner joined the company in 198x when it was still a merchant company (HB). I was 20 years old and was responsible for the machines. The owner also included the sister “in case the company would take off”. The company was started by the father, based on a buy-out of equipment from a larger company. It was reformed into a stock company (AB) in 198x+5. The current owner has been in charge since 19x+8.

Q2: How much are you willing to take a risk to further your career?

The owner depicts himself as a moderate risk-taker. With more risk-taking, the company could possibly have developed more and faster but it’s been a conscious strategy not to take risks. However, over the course of the past 1.5 years, the risk-taking has been increased somewhat - the company has expanded its premises by YYY sq.m., effectively almost doubling the estate (which was previously at XXX sq.m). This represents a substantial investment for the company.

Q3: Usually how much time and money are you willing to spend on seeking for new opportunities?

No, not really. However, the past 2-3 years the expenditure has increased somewhat, with participation in two large food trade fairs at Elmia in Jönköping. This resulted in partially new market opportunities - <Product X> for <Type Y> SMEs, whereas previous <Product X> customers have mostly been large companies.

Q4: Do you, personally, have some inventions or innovations?

Smaller product innovations, for instance manufacturing/handling procedures. Generally speaking, customers drive innovations by ordering solutions, with Company B figuring out how to solve these. The company has done some changes in the manufacturing machines to create a competitive advantage over competitors.

Q5: Do you think your company has a good internal management system or overall strategy?

In smaller companies, work is not done in a targeted manner, no strategies as such, no controlling board et cetera. Work is based on ideas (from the owner
plus potentially a second party) and/or suggestions/orders from customers. The work can be considered to be more organic than structured.

Q6: How much would you be willing to empower your employees and delegate responsibility to your employees?

Yes, always strive to. The goal is 8 (maximum) hour working days. This is one of the driving forces behind decentralizing responsibilities. The owner has controlled the majority of the company operations and knows what he wants. However, he states that he feels he may have not always been successful in communicating what this entail. Always attempts for staff to assume responsibility for parts of the operations, but experiences that it is difficult to get employees to make decisions, mostly because they do not want to be accountable for mistakes. However, to attempt this is a priority for the owner. The owner will only interfere in daily operations when it is required.

About the Success

Internal Factors

Q1: Do you have a brand strategy? If yes, could you please describe it? If no, why not?

No conscious brand strategy. The company has some local sports sponsoring, more for goodwill purposes than anything else. This is not a part of a strategy or marketing plan et cetera. However, the owner has a philosophy for the company operations: to maintain what’s been achieved and do it well, always strive after meeting delivery demands, towards maintaining the product quality and do all this at a fair price. This will, says the company, ensure repeat purchases. The company does not have a sales organization but has many old relations with customers - very few customers “jump ship”. Customers go from the very large (<Fortune 500 company>) to very small (lifestyle companies such as <Type Y>). Large customers perform continuous delivery measurements and <Company B> suggests that as long as they stay at the upper part of the measurement rankings, they will remain a supplier. The company always strives after being an asset rather than a liability for its customers.

Q2: What IT systems (ERP, CRM, e-business) do you have in place?

No stock control, no time to actively manage “just-in-time” ordering of material. Have printing material in stock to at least cover partial deliveries. A certain basic assortment is always kept in stock. Because the material comes in many different shapes and forms and because usage is erratic, a regular MPS system is difficult to implement. Partially computer aided manufacturing,
print clichés, layout et cetera. No electronic ordering system, but has digital printing equipment. E-invoicing, Picks up suborders online from large customers (<Fortune 500 company> et cetera).

Q3: Prior to taking over/starting this business, what was the experience of the owner/manager? Type/length?

The original owner worked as a printer in the 70’s (screen print machines), in the evenings. Also worked as a purchaser. Formed company by buying one machine from original employer, then acted as subcontractor for previous employer. After a few years, that company went bankrupt, Company B then took over their <Product range X> customers and supplied them directly. Approx. 10 years’ experience.

Q4: Prior to taking over/starting this business, what was the education of the owner/manager? Type/length?

Basic school, various internal courses, leadership training (as foreman). Current owner high school (two diplomas, tool maker, high school engineer.

Q5: Do you have an HR program of some sort in place (structured and regular job training, job recruitment process, dedicated HR manager et cetera)? If no, why not?

No particular HR program. Does not advertise when staff is required, prefers to make direct inquiries. Bases recruitment on recommendation - job duties are quite specialized and there is no external training. Therefore, the “right person” is the basic criteria, when this is met (and person is hired), internal training (2-3 years) is offered.

Q6: Do you have a quality management program (Six Sigma, ISO 9000) in place? If no, why not?

No standardized quality scheme. Did employ a consultant to set one up but nothing came out of this (difficult for external parties). Third-party certified via <Major Customer> (as partner). If and when a request from a customer is received, a quality system may be implemented (reactive approach). However, all anomalies/errors are documented. All articles regardless of customer are documented (manufacturing specifications) - material, colors, technical data, machine settings et cetera. Signed at every production run, which ensures traceability.

Q7: Do you share knowledge with your partners/customers? If yes, how? If no, why not?
Yes, substantially. A lot of problem solving, some customers are quite set on what they require - drawings, specifications et cetera. Also participates in development projects with large customers such as XXX, XXXXXX et cetera, almost daily. Gives advice et cetera. Some products are very specialized, high-spec, some print applications may require a longevity of 15-20 years.

Q8: Are you familiar with the term common knowledge? If yes, what is your strategy regarding it?

Very common. Very few work duties can fill up one whole employment, divides work duties among employees. Task sharing.

Q9: Are you familiar with the term knowledge loss? If yes, is this an issue to you? If yes, how? If no, why not?

Quitting is not that common but yes. Last year, a key staff member quit and moved to another location. At the time, this had been foreseen and a replacement had been trained in time, and properly. However, very soon after he took over, the replacement got a new job and quit, which caused a big problem. The replacement for the replacement had to become fully trained in one month. However, the company was, in a sense, saved by the bell when the first employee quit his new job and came back. He could then assume his old work duties but also had to be given some additional tasks and an increase in pay. The fact that job training is so time-consuming makes replacement training difficult, but this is partially countered by knowledge sharing.

External Factors

Q1: What are the most important effects of taxes on you?

Indirect foreign competition (from countries with more beneficial taxation). Taxation has a great influence - what affects large corporations also affect Company B. But SMEs has to grow “at home”, cannot move production abroad so easily. Is indirectly stumped with regards to growth - partners are also unable to expand, leading to a lower order volume. Although, while Company B is a small company, this also enables them to be flexible and adaptive. If the company was to grow too much, or in the “wrong” way, this flexibility that allows Company B to achieve a great service level could be affected, so perhaps growth is not all good. However, the company would like to grow a bit, even though it may be difficult.

Q2: What is your opinion regarding the business policies of the local municipality?

Company was founded in <Town X> (in the Gnosjö municipality) but moved
to <Town Y> (in the Gislaved municipality), in 1985 and remained there until 1991, when the company moved to <Town Y> (in the Gnosjö municipality yet again). Even though Gislaved is the neighboring municipality and is geographically very close, there is a (by Company B’s owner) a perception that the understanding of the entrepreneurial conditions/requirements is noticeably higher, not so set in their ways. While certain aspects of the municipality are mandated by law (environmental regulations for instance), the execution of these are done in a rather flexible and service-minded way. A municipality building inspector is readily available, is willingly participating, there is a certain level of “closeness”.

Q3: Are you affected by the availability of skilled labor? If yes, how?

Somewhat. What’s mostly missing is IT staff/staff with a mathematical knowledge that can operate, for instance, Microsoft Excel and other software applications. While Gnosjö is perceived by some to have an overall low level of education, many young people today has a higher education than many of the older generation (who would normally start working right after primary school), partially contributing is probably the newly built local high school. In the old days, everyone could get a job regardless of education level, but now, this is no longer possible - a certain level of education is required.

Q4: Do you have a need for external investment capital? If yes, is this readily available to you?

No, not exactly. Finances everything with own, spare capital. Conservative in financial matters. No leasing agreements et cetera. This does hinder growth but the owner feels that being independent of financial institutions is important.

Q5: Do you find the local infrastructure adequate for your needs? If no, what are you missing?

Yes, has access to fiber-based broadband, thanks to an initiative by the municipality which, when connecting all schools and other official facilities also offered space for enterprises (at basic cost). Streets/roads - nothing to complain about. Only problem is with the Telia phone company which is not very service minded and has had a low level of available services. All data traffic is being shifted onto fiber - without it, handling large the large graphics files used in production would have been very difficult and time-consuming. Will also move phone services to fiber, which with negate the need for Telia completely.
Company C

About the entrepreneur

Q1: Do you think you were creative as a child?

The CEO has been with <Company C> for <XX> years (company was founded by two cousins <YY> years ago, they are still with the company). Yes, something always happened around me, as a child. Not necessarily in a strict business sense but I always made sure these was something to do. Having grown up in a small village, one needed to come up with own activities; work on various things et cetera.

Q2: How much are you willing to take a risk to further your career?

As a person I am not a risk-taker but I always make sure to have plans A, B and C at hand. I am not a risk-taker in the sense that I am prepared to run people over but I want to keep several options open to be able to act on one if it turns out to be the preferable way forward. By focusing on what turns out right and tone down that which does not work out, the overall risk is reduced.

Q3: Usually how much time and money are you willing to spend on seeking for new opportunities?

Yes. Much more focused on developing the company rather than the personal fortune. The basic principle is to make 1+1 equal more than 2. I am therefore constantly working on business opportunities that may further the business as a whole.

Q4: Do you, personally, have some inventions or innovations?

No, not personally but the three owners have done so as a group. Innovations/inventions have also been created together with some of the employees.

Q5: Do you think your company has a good internal management system or overall strategy?

Many factors have contributed to the success but this is one of the most important. While not being directly connected per se, it is vital how the company teamwork plays out.

Q6: How much would you be willing to empower your employees and delegate
responsibility to your employees?

A lot. We have a very flat organizational structure with a learning culture. We are allowed to make mistakes, with the only proviso that one learns from the mistakes. This also furthers a working environment/organization where the employees are motivated to assume responsibility. Very few everyday concerns/matters ends up with the CEO, most often these are solved on the “shop floor” and/or before they reach the top organizational level.

About the Success

Internal Factors

Q1: Do you have a brand strategy? If yes, could you please describe it? If no, why not?

Yes, absolutely. We have worked very hard on defining said strategy. We have a brand logo (generate from its name) that permeates the products/product names/brands. This is the result of a 10+ year-long strategy. It is always referenced in the company marketing communication.

Q2: What IT systems (ERP, CRM, e-business) do you have in place?

A lot is focused round a stable and efficient IT platform with an ERP (<XXXXX>) which is fully integrated with an interactive product configuration tool (<YYYYY>) and a CRM system (<ZZZZZ>). The brand stands for agility, fast response times and this is based on two “pillars”, of which the company IT platform is one (the other being a fully stocked warehouse). To ensure the availability of the Company C IT platform, Company C has acquired the company behind the product - it was imperative that this did not get out of <Company C>’s control. The company does not employ an e-business solution but does offer EDI integration (although said integration is not considered strategic) since the company is focused on working closely with customers.

Q3: Prior to taking over/starting this business, what was the experience of the owner/manager? Type/length?

The CEO has worked both as an engineer and a business administrator, has a wide knowledge scope. 2x years’ experience from elevator manufacturing as an engineer and CIO, six years business administration experience from a large trading company. Also knowledgeable in organization and finance. Business/management partners (cousins) have grown up as a part of the family business.
Q4: Prior to taking over/starting this business, what was the education of the owner/manager? Type/length?

CEO: High school engineer/university degree in business administration. Management partners are high school trained.

Q5: Do you have an HR program of some sort in place (structured and regular job training, job recruitment process, dedicated HR manager et cetera)? If no, why not?

Yes, a competence map for all employees. Yes, a defined recruitment process/policy. We have a general HR manager which acts as an HR resource for the company managers. These have responsibilities in everyday HR activities - salaries/recruitment et cetera.

Q6: Do you have a quality management program (Six Sigma, ISO 9000) in place? If no, why not?

Yes and no. The company applies the ISO9000 standard but will not apply for certification. The company is regularly performing internal quality standard audits, done by a dedicated auditor. The quality assurance process is vital for the company’s competitive advantage. The reason for not the company to not apply for ISO9000 certification is that such programs more often than not tend to focus on pleasing the auditor rather than doing what’s best for the company. No business has been lost over the fact that the company is not ISO9000 certified.

Q7: Do you share knowledge with your partners/customers? If yes, how? If no, why not?

Yes, primarily with suppliers but does also work very closely with customers. Wants to create a close relationship/bond with customers. This is also why the company has not implemented an e-business solution since this may easily result in anonymous customer relationships. In both cases there is a very tight exchange of information. Also has an exchange of information with other Gnosjö companies (non-competitors); Gnosjö acts as a highly creative macro environment. Between company network participants there is a high level of support, which furthers creativity. A lot gets done in a short period of time.

Q8: Are you familiar with the term common knowledge? If yes, what is your strategy regarding it?

If things are to get done, everyone must support each other. All products that’s sold today also goes out today (company motto) which has resulted in a very flexible organization where all employees work together as a team. Employees
Q9: Are you familiar with the term knowledge loss? If yes, is this an issue to you? If yes, how? If no, why not?

The company is not so small that this is a real problem. Some employees do quit but many stay. Staff turnover is very low. Not a great concern but company is constantly working on the “soft issues” - employee health, education, training et cetera.

External Factors

Q1: What are the most important effects of taxes on you?

The company is paying the amount of tax it is supposed to (no tax planning et cetera). The company does get a lot for its tax money. Tax is by no means extreme. Fairly balanced.

Q2: What is your opinion regarding the business policies of the local municipality?

The company enjoys a very good communication with the municipality. The municipality does suffer though, in that the tax base is relatively small (municipality is also small), which results in a rather bad economical state. Many tend to live in the neighboring communities (Gislaved/Värnamo) and just work in Gnosjö. But the level of involvement by the municipality is great, with a minimum of fuss/trouble. They really go out of their way to accommodate the needs of the companies. In fact, at the day of the interview, the CEO had a meeting with the town mayor, with a good conversation.

Q3: Are you affected by the availability of skilled labor? If yes, how?

The municipality as a whole is probably affected but Company C is not, the company does not have a hard time finding the right staff, with one probable reason being that the company works very hard at being perceived as an attractive employer, so prospective staff tends to find the company rather than the opposite. This is overall not a great concern.

Q4: Do you have a need for external investment capital? If yes, is this readily available to you?

Does not have such a need. Should the need arise, there is access to capital.
Q5: Do you find the local infrastructure adequate for your needs? If no, what are you missing?

Yes, looking at the infrastructure in close proximity of the company there are no problems. One great concern, however, is that Gnosjö is situated relatively far from an airport (Landvetter-Göteborg and Copenhagen, respectively). Said airports are a two hours' drive away, which is too far, especially with the majority of customers being situated in Germany. Company C does suffer from being situated “on the edge of Europe”. Also, Gnosjö is located “far away” from most of Sweden. Good railway service to Copenhagen Airport, direct connection to the airport. Railway services to Landvetter very bad. A better railway connection to Landvetter would be advantageous. Other than that, the cellphone network in Gnosjö municipality is a bit erratic but this is not something the company loses business over.

What’s positive with being situated in Gnosjö? Much competence, knowledge, close relationship are all factors which are very positive for the company.
**Company D**

**About the entrepreneur**

Q1: Do you think you were creative as a child?

Yes, this goes without saying. The family has run businesses for 50 years, and sold the family business XX years ago. The current company was bought as a bankruptcy estate about ten years ago. I was raised within the industry, with running companies.

Q2: How much are you willing to take a risk to further your career?

Yes, within the company but no external risks - will not risk capital for diversification, moving into other areas of business. To expand/develop the company (with investments such as manufacturing equipment), an element of risk is OK.

Q3: Usually how much time and money are you willing to spend on seeking for new opportunities?

No.

Q4: Do you, personally, have some inventions or innovations?

To a certain extent, however, the company manufactures relatively simple/non-complex products. The owner has started a new company, to obtain an outlet for creativity.

Q5: Do you think your company has a good internal management system or overall strategy?

Yes, at least to a certain extent with a combination of a “crazy” leader and having found/obtained the “right” customer base. Not that many customers, but they are faithful.

Q6: How much would you be willing to empower your employees and delegate responsibility to your employees?

The company is relatively small (four employees), so yes.

**About the Success**

**Internal Factors**

Q1: Do you have a brand strategy? If yes, could you please describe it? If no,
why not?

Has given this issue much thought. I hope this is so, can see that the name <Company D> is being associated more and more over time with <Company D’s product assortment>. More and more new customers are calling in, also international customers. Because of this, the company is sponsoring a speedway team, to communicate the brand name internationally. The company is normally very careful when it comes to marketing/advertising channels, performs substantial exposure tests, marketing budget is about <five-figure amount> kr annually. Since Christmas 2011, a new strategy has been into operation – a gift is included with all outgoing orders and this has so far netted a large surplus of orders, both return orders and new orders. More often than not, the customer’s warehouse manager is responsible for purchases so he/she can be directly addressed with this rather small gesture. Has also made it easier to raise prices and made customers less prone to demand price reductions. Total annual cost for this program is <four-figure amount> kr. New behavioral patterns have emerged as a result of this. One customer that previously consistently ordered x pcs recently placed two orders of 10x pcs each. Another customer which normally places orders of x pcs now places two orders of x/2 pcs each. An obvious explanation could be because this nets two pieces of <Gift> every time, which would show that even such small gestures matter when it comes to attracting business.

Q2: What IT systems (ERP, CRM, e-business) do you have in place?

Not many. A small invoicing/order/accounting system (<System X>). Normal operations consist of registering an order which generates three material requisitions, a few manufacturing operations, then turning the order around as soon as possible. No CRM, no e-business. Does require some minor CAD services but buys that from subcontractors.

Q3: Prior to taking over/starting this business, what was the experience of the owner/manager? Type/length?

Current age is XX, has worked since “forever” in the family business, somewhat similar business (metal working).

Q4: Prior to taking over/starting this business, what was the education of the owner/manager? Type/length?

Nine year compulsory school. Two-year high school program (distribution/office). 25 years of “University of Life”.

xxxi
Q5: Do you have an HR program of some sort in place (structured and regular job training, job recruitment process, dedicated HR manager et cetera)? If no, why not?

Nothing particular. A blind spot of the owner (self-assessment). Has worked out anyway.

Q6: Do you have a quality management program (Six Sigma, ISO 9000) in place? If no, why not?

None of the sort. Lots of inquiries from customers regarding these issues but has, so far, not implemented one. Customers provide the company with their drawings which are checked and follows the products throughout the production process and which are adjusted continuously. This is generally deemed sufficient by the customers. Does deliver with good quality, only one bad production run in ten years of operation (six months ago).

Q7: Do you share knowledge with your partners/customers? If yes, how? If no, why not?

The company employs a policy of constructive criticism with customers and is keen to join in early in the planning and preparation of new products so that the customer takes into account what Company D can and cannot do in terms of production, preferably before the customer takes its products to market. The secondary reason is that Company D wants to make sure it is actually able to produce the items in question. Also shares information with partners since some aspects of production (sheet metal and wire manufacturing) is subcontracted. Painting is another operation that’s subcontracted.

Q8: Are you familiar with the term common knowledge? If yes, what is your strategy regarding it?

No. However, in a flat organization consisting of four people, work duties are all-round by nature. Everyone does everything, varying week by week.

Q9: Are you familiar with the term knowledge loss? If yes, is this an issue to you? If yes, how? If no, why not?

No. Whether or not this may pose a problem is difficult to say. Once in that situation, it is solved there and then. To guard against staff leaving the company, the company takes out endowment insurances on all staff instead of excessive wages. These have a five-year policy, so after five years, the individual employees gets a payout, provided they remain with the company for the entire period. The issue itself is given constant attention by the owner.
External Factors

Q1: What are the most important effects of taxes on you?

No problems, really - it is what it is. The less tax, the better, obviously; less tax could provide the company with more available capital for investments and salary for the owner but there is also the matter of social responsibility to take into account. The company has benefited from the lowered payroll taxes (for young persons).

Q2: What is your opinion regarding the business policies of the local municipality?

When it comes to the inhabitants of Gnosjö, the attitude has changed for the worse compared with earlier years. Even though Mr. and Mrs. Smith have a better financial status than the average entrepreneur, there is an element of envy. A company may have perks (to the public) such as company cars but there is little understanding of the negative things that comes with these. Also, if the entrepreneur deviates from the norm in terms of, for instance, choice of company car, this is frowned upon. A Volvo V70 is OK even though it may be the top-of-the-line model but a (in reality) much less expensive <Upscale Car Brand> invokes envy. This aspect has changed a lot during the last ten years.

The municipality is OK, but the company is not so involved with or dependent of them.

One issue is with entrepreneurial organizations where there is a definite attitude issue towards small companies. Larger companies (15-20 employees and up) is met by an altogether much more positive attitude. There is little understanding for the challenges of small companies.

Q3: Are you affected by the availability of skilled labor? If yes, how?

No, not at all.

Q4: Do you have a need for external investment capital? If yes, is this readily available to you?

No. Money is not an issue. If needed be, this is solved with the bank (they are well oriented in the conditions of companies) or is solved in other ways.
Q5: Do you find the local infrastructure adequate for your needs? If no, what are you missing?

Yes, absolutely. We can get to work every day without any problems. No shipping/transport problems, <Town X> has a lot of companies so DHL/Schenker has a lot of shipments to and from the area anyway. Telecommunications not an issue and public transport connections are excellent.

Nothing else to add other than to run a small business takes hard work and a bit of stubbornness!
Company E

About the entrepreneur

Q1: Do you think you were creative as a child?

The company was started in 1988, recently taken over by the son. The (former) owner/founder states that he is creative. Did not work in a family business, parents didn’t have a company but has, as a person, always been creative, inquisitive, curious as to how things work.

Q2: How much are you willing to take a risk to further your career?

Yes, as an entrepreneur it is a given, it is a must in order to develop, to succeed.

Q3: Usually how much time and money are you willing to spend on seeking for new opportunities?

Yes, puts a lot of time in doing test runs/producing samples to gain new business, although these take place in the same field of business. No diversification.

Q4: Do you, personally, have some inventions or innovations?

Lots. New sewing machine programs, tries to continuously find new options - new products, new production machines et cetera.

Q5: Do you think your company has a good internal management system or overall strategy?

Has initially had a bit of luck in gaining <Very large company> as a customer. The company has followed along with the development of <Very large company>. However, this comes with strict demands with regards to traceability and a great deal of responsibility on the company to live up to this commitment, with continuous testing et cetera.

Q6: How much would you be willing to empower your employees and delegate responsibility to your employees?

Yes, I think so. We have staff taking care of the various tasks autonomously; as long as everything works it is all good. Otherwise, the problem is brought to the attention of the management; there is a great deal of leeway for the staff in this respect.
About the Success

Internal Factors

Q1: Do you have a brand strategy? If yes, could you please describe it? If no, why not?

No, not really. Not much advertising is done by the company. Has a steady line of work with <Very large company> and two more large customers in Sweden, plus some smaller customers. Participates in trade fairs occasionally, not regularly. Participates in many trade fairs in Italy, as a customer.

Q2: What IT systems (ERP, CRM, e-business) do you have in place?

No stock management system, only produces on order. Invoicing system, no production management system (craftsman oriented company). Utilizes electronic ordering.

Q3: Prior to taking over/starting this business, what was the experience of the owner/manager? Type/length?

A bit of experience within the business for a few years. Worked for a company that went bankrupt and bought the bankruptcy estate. Prior to this worked for 12 years in a small family business (three employees) with sheet metal work and welding. Too stressful, needed to change into a different line of work. The choice of industry was random - just happened.

Q4: Prior to taking over/starting this business, what was the education of the owner/manager? Type/length?

Seven years of elementary school. Other than that, “University of Life”. Wife (business partner) also went to junior secondary school.

Q5: Do you have an HR program of some sort in place (structured and regular job training, job recruitment process, dedicated HR manager et cetera)? If no, why not?

The staff is the most important asset of the company so takes great case of it. Hiring of new staff is carried out in conjunction with retainers who join in into the process and that may veto new hires. The company has employed a large portion of immigrants, due to their skill and dexterity. But cutting-out demands a feel for the work and material as well as language skills. Recruits via advertisements, but does not utilize any structured hiring principles.
Q6: Do you have a quality management program (Six Sigma, ISO 9000) in place? If no, why not?

Does not employ any common standards but (large) customers has a high level of demand on the product quality. To meet these, the company documents the production runs and ensures that there is a high level of traceability.

Q7: Do you share knowledge with your partners/customers? If yes, how? If no, why not?

We have a continuous and extensive exchange of knowledge. When there is a new production run with, for instance, <Very large company>, the company does the first sample and then there is a continuous cooperation until both parties are satisfied with the outcome. There is one more local company within the same line of business so if needed be it is possible to borrow equipment and spare parts from each other. Also, all parties (sub-contractors such as electricians, service staff, metal working) within the company’s operating sphere work closely together and employ an open-door policy without any problems.

Q8: Are you familiar with the term common knowledge? If yes, what is your strategy regarding it?

Not aware of this term. No strategy - wife/partner manages the phones, salaries, import documents et cetera. Husband/partner handles production; son (current, recent owner) is more focused on purchasing/sales. Have two employees that are skilled in most aspects of production-related operations and these share work duties. Other employees join in with them.

Q9: Are you familiar with the term knowledge loss? If yes, is this an issue to you? If yes, how? If no, why not?

We are not aware of the term. That being said, only one (1) person has actually resigned since company was taken over/restated in 1988 so in reality, this is not a problem. On the other hand, that person was a key member of staff and the resignation did cause problems for the company. But, these things happen. Moreover, the company cannot/does not want to count on it happening ever again.

External Factors

Q1: What are the most important effects of taxes on you?

The taxation - on a personal level - sometimes feels a bit high. Commitments
to customers must be met and orders filled. This may sometime require working overtime but if this is taken out from the company as salary, it is taxed heavily so one cannot be paid appropriately, which obviously is a bit problematic.

Q2: What is your opinion regarding the business policies of the local municipality?

For an entrepreneur, Gnosjö is perfect. The municipality board truly is entrepreneurial oriented, which is a must. One example is if the company requires a building extension permit - this is solved within a few weeks. The inhabitants of Gnosjö represent a special kind of people - if you are interested in, for instance, the theatre you do not live in Gnosjö. But if you want to work, that’s the place to be, not the least because there is not much else to do.

Q3: Are you affected by the availability of skilled labor? If yes, how?

We are in the “wrong” business - properly skilled staff is simply not available, at least not locally. The company is therefore required to find people with the right mindset and then provide them with on-the-job training. There is no dedicated, proper educational institution in all of Sweden. There is some design education in Borås so we may recruit from there. This approach has worked OK so far but it is not easy. Right now the company needs to hire a cutter but to even locate one to hire is proving difficult.

Q4: Do you have a need for external investment capital? If yes, is this readily available to you?

No need but no problem to obtain if need arises.

Q5: Do you find the local infrastructure adequate for your needs? If no, what are you missing?

In Gnosjö: local infrastructure is satisfactory. Outside of Gnosjö: also good, Landvetter International Airport is 1.5 hours away by car which is OK.

“Own factors”: the key to success: good and faithful staff.
Company F

About the entrepreneur

Q1: Do you think you were creative as a child?

Worked from an early age with delivering advertising leaflets, delivering flowers, sold various things, made and sold Easter decorations et cetera.

Q2: How much are you willing to take a risk to further your career?

Yes. That being said, the risk propensity has diminished, family responsibilities also play a part. Current age is XX, took over the business in 199x from my father. At that time the company turnover was SEK <six-figure number>, with very little activity in terms of company operations.

Q3: Usually how much time and money are you willing to spend on seeking for new opportunities?

Not a lot. Has found a good niche in the market and is content with staying there. That being said, when equipment is replaced, it is normally substituted with equipment with higher specifications to allow for production increases/improvements of some kind. It is a general strategy to not replace equipment on a like for like basis.

Q4: Do you, personally, have some inventions or innovations?

No.

Q5: Do you think your company has a good internal management system or overall strategy?

I believe in a successful mix of choosing the “right” customers (that the company can develop together with) and running the company according to certain principles. I also believe that it is important to create a good work atmosphere.

Q6: How much would you be willing to empower your employees and delegate responsibility to your employees?

Yes, the responsibility is shared and there is room for error. I have, throughout the company history had all professional roles in the company. Previously, I didn’t think the CEO position was that much fun because I had the responsibility for “everything” - production, purchasing et cetera. The CEO responsibilities had to take a back seat and felt like a necessary evil. But when
those other roles could be shifted to others and I could focus on the company strategies, that job became more fun. But because I’ve been there myself, I know what it entails to hold those other positions so I am glad that I can delegate those responsibilities.

**About the Success**

**Internal Factors**

Q1: Do you have a brand strategy? If yes, could you please describe it? If no, why not?

Yes, over the past this has become a focus. Generally speaking, both the business and the community is lacking in this respect. However, no matter how Company F is represented, it IS represented somehow. Advertises along the E4 highway and on regional delivery trucks. The brand should represent “best in class”, a reliable resource. After starting this work, I have noticed a certain (positive) difference - suppliers of equipment and material is referring to the positive company reputation.

Q2: What IT systems (ERP, CRM, e-business) do you have in place?

Has implemented the <System X> ERP system, <System Y> logistics system. No CRM system, has very little in terms of active sales, more or less a pure subcontractor. The CEO acts as salesman, aims for 2-3 new customers per year. <System Z> intranet platform, no e-business.

Q3: Prior to taking over/starting this business, what was the experience of the owner/manager? Type/length?

Has worked in the industry since age 14 (not in the family business) so had 5-7 years of experience of the metal working industry. Took over ownership of the company when the owner’s father passed away, had one week to get familiarized with the business. Staff at the time consisted of one retainer in the company to ease the transition, plus the owner’s mother. She had worked in a bank for 40 years so took over the accounting duties. This meant that the owner could focus on the manufacturing side.

Q4: Prior to taking over/starting this business, what was the education of the owner/manager? Type/length?

Nine year compulsory school, three-year metal working high school education (tool maker).
Q5: Do you have an HR program of some sort in place (structured and regular job training, job recruitment process, dedicated HR manager et cetera)? If no, why not?

Competence matrix according to the ISO9000 quality certification, education is provided in accordance with this. Personal career development discussions where individual education plans are made. Some competencies (less complex) within the company are difficult develop but all employees have a personal competence development plan as well as a classification of the personal education level/competence. The company currently has 24 staff, over the last four year period, 15 have been recruited. Two recruited from job advertisements, the rest through networks. A majority of the company staff plays in the local football teams and these relationships have netted some recruitment. Other than that, hearsay is utilized - a person is then called into an interview where the company can get a feel for the candidate whether or not it is the “right” person. Has considered to utilize <Large staffing company> to recruit but so far, this has not been done. Has consciously kept the average age of staff as low as possible, average age is 32, most recruitments have been young. Company is run with a minimum of staff, which keeps the pressure on staff up. If needed be staffing companies deal with peak production.

Q6: Do you have a quality management program (Six Sigma, ISO 9000) in place? If no, why not?

ISO9000. Planned an implementation of the 5S methodology this past spring but needed more preparation first.

Q7: Do you share knowledge with your partners/customers? If yes, how? If no, why not?

Yes, always tries to. A work piece can perhaps be reduced somewhat in size which may enable more work pieces per metal sheet, which saves material and costs for the customer. This is appreciated by customers and almost works as a sales argument - feedback, offering the company know-how ensures that the company is viewed as a more attractive supplier. Also employs subcontractors with an exchange of knowledge. Cutting, punching, bending is done in-house, welding, surface treatment, metal cutting is done by external partners.

Q8: Are you familiar with the term common knowledge? If yes, what is your strategy regarding it?

Is not familiar with the term but has a conscious strategy to ensure that more than one person can perform any one duty, has a backup on all positions.
Q9: Are you familiar with the term knowledge loss? If yes, is this an issue to you? If yes, how? If no, why not?

I am not familiar with the term. However, this is not a major issue, staff turnover is low. One key staff (production manager) recently quit and is being replaced (by use of advertisement) but regardless, it will be a tall order for the new recruit to fill the position, at least initially. However, all work duties are well documented and these things normally work out well. When someone does quit, it takes perhaps a month, after that, things are back to normal. Staff turnover is not just a problem, but an opportunity as well.

**External Factors**

Q1: What are the most important effects of taxes on you?

Company taxation in Sweden is OK (26%). However, staff is expensive (payroll taxes, sickness benefits et cetera). If anything, the latter is the real problem.

Q2: What is your opinion regarding the business policies of the local municipality?

The municipality: very good. Sometimes have dealings with the environmental/construction administration, no problems with them what so ever. On the contrary, they employ a “we can do it” mentality. The municipality understands the importance of having local companies; they understand the importance of working with rather than against the companies.

The inhabitants: much of the same thing. I think that this may be more of a problem “up north”, in Gnosjö so many people either are entrepreneurs themselves or are somehow involved with entrepreneurs a positive attitude comes naturally. The company in question does not separate blue- and white collar staff, everyone has lunch together et cetera. All in all, the attitude in Gnosjö is positive.

Q3: Are you affected by the availability of skilled labor? If yes, how?

Yes, but not just qualified labor, also labor in general. The last in, first out policy especially affected younger people at the 2008 crisis, who subsequently moved from Gnosjö. True to this theory, it has indeed become more difficult since to recruit staff, most of all younger staff. Also, companies in Gnosjö tend to complain about the lack of qualified labor but when such comes along and demanded a fitting salary level, the companies have shunned from going through with the recruitment. Salaries in general have been rather low in
Gnosjö but this is starting to change for the better. For the current recruitment, there are so far five applicants (relatively little). But unskilled labor is available on a decent level. Overall, there are not that many job applicants with the local employment office.

Q4: Do you have a need for external investment capital? If yes, is this readily available to you?

Not right now but has been in need of such. When this has been the case, there has not been any problems with obtaining it. Performed a company SWOT analysis a few years ago and identified three major threats: 1. Available expansion space (bought a large plot of land in 199x, 7700 sqm and built 1000 sq.m. in 200x and 1000 sq.m. more in 200x+7, space is now virtually filled up), 2. Staff availability, 3. Funding. However, as mentioned earlier, the bank is keen to lend money and the company leases some of its equipment (which lowers the need for investment capital).

Q5: Do you find the local infrastructure adequate for your needs? If no, what are you missing?

New expansion areas in the municipality is lacking. There is no expansion strategy in the municipality administration with regards to developing a “real” industrial area. The company is located by the exit towards Värnamo (main city in the region) so the location works well. Remaining local roads are in good condition. Svenska stadsnät supplies fiber cables for broadband and provides internet connection and IP telephony. One potential complication is that this company has recently been acquired by Telia (which are not known for excellent customer service) but the local presence will be carried out by a local company so this will probably work out well in the end.

Key success factors according to the company themselves: The CEO has a keen interest in the production equipment, is well versed in the production processes, has put a lot of funding into proper production equipment and has subsequently wanted to but also dared put some effort into it all. Took some risks in the beginning and also had some luck. However, luck must be earned - one must position the company properly and keep an eye out to actually be able to spot the opportunities.
Company G

About the entrepreneur

Q1: Do you think you were creative as a child?

Always interested in creative things such as music. The owner takes an active part in being the driving factor of the business. Finding strategic windows of opportunity, new products not available in the market. The owner was introduced into the field of media by a previous girlfriend, which opened the owner’s eyes for the creative realm.

Q2: How much are you willing to take a risk to further your career?

Is not keen on risk at all, perhaps too little compared to “real” entrepreneurs. Prefers to spend more time on preparation to move along in a secure and controlled manner rather than taking risks to move along at a higher pace.

Q3: Usually how much time and money are you willing to spend on seeking for new opportunities?

I spend a lot of time on this. Lots of time on the products themselves, has spent many nights on designing new products. A lot of time is also spent on samples, both in the company’s own production and with subcontractors (China, for instance). Even more time is spent at the beginning of a project and/or a new product line. Coming up with just one or two product ideas is nothing, many more, perhaps as much as a hundred ideas are necessary.

Q4: Do you, personally, have some inventions or innovations?

Yes, the owner is the creative “engine” behind the company but this is also true for the owner’s father (who is close to 70 years old but still takes an active part into the business). Even more innovations/inventions a few years ago, at which time the company regularly patented and registered designs. This is not the case anymore, because new products only sell well for a year or so, so there is no need. Therefore, there is a need for constant product innovations.

Q5: Do you think your company has a good internal management system or overall strategy?

Yes, had an idea in the beginning, cornered a well-defined niche in the market where nothing much had happened in terms of product development. I consciously geared the company towards product areas where nothing much had happened. I have constantly evolved the company and employed a salesman a few years ago, I have worked hard at obtaining contracts with store
chains, have participated in many trade fairs with the strategy of having a small booth but a large participation to create a name for oneself, to establish the company in the marketplace.

Q6: How much would you be willing to empower your employees and delegate responsibility to your employees?

Yes, more and more. In the beginning I kept close control of everything but has let go to a certain extent and wants to let go even more. Cannot delegate the creative duties but does attempt to delegate more, generally speaking, with one example being sales to smaller stores (too time-consuming).

**About the Success**

**Internal Factors**

Q1: Do you have a brand strategy? If yes, could you please describe it? If no, why not?

Yes, tries to be as visible as possible, has designed a clearly identifiable logotype so that Company G can be easily recognized. Also employs entire sections in stores (shop-in-shop), banners et cetera.

Q2: What IT systems (ERP, CRM, e-business) do you have in place?

Accounting system (<System X>), managed by external partner. As for company documents, everything has been put on a company server that all employees have access to, to enable everyone to work from home (including salesmen), including being able to access images, check orders et cetera. Strives to employ recent technologies - Skype, webcams et cetera. Designs a bit in <3D software package> but also regular paint/imaging software. Has invested in new production equipment, will insource production from <Far East country>, partially because wood products are becoming more fashionable and not much suitable wood can be produced locally. These items are produced in <CEE country>, Sweden manufactures metal products.

Q3: Prior to taking over/starting this business, what was the experience of the owner/manager? Type/length?

Took over the business in 2001, at the time the business was very small, had no production. Has grown up in a small business culture but had not run a company prior to this.
Q4: Prior to taking over/starting this business, what was the education of the owner/manager? Type/length?

Nine year compulsory school, three years of high school, individual courses in IT, business, technology at the University of Halmstad.

Q5: Do you have an HR program of some sort in place (structured and regular job training, job recruitment process, dedicated HR manager et cetera)? If no, why not?

The company is small so all members of staff hold two or more roles. The production owner has many roles, as do the owner. Different positions call for different recruitments. One example: when recruiting a sales person, experience from the same business is a plus. Overall, it is important to find staff that is “on fire”, age is less important. One observation is that women tend to fit in better with the company, with the suggested explanation being that women go better with/are more interested in design items.

Q6: Do you have a quality management program (Six Sigma, ISO 9000) in place? If no, why not?

Not as such. But when the manufacturing is in house (or is brought back “home”), it enables more thorough and regular quality control. More difficult with subcontracted production, where random sampling is utilized. Overall, the company has very few product complaints.

Q7: Do you share knowledge with your partners/customers? If yes, how? If no, why not?

Tries to more and more employ an open dialogue, strives to, together with customers, co-develop products that both parties are pleased with. Just delivering “some products” is difficult, simply because there are so many different products in the market. Therefore, the strategy of co-development is so important. This is helpful for the company sales staff but also for the purchasers with the customers. Store chains have more of regular orders where they want production runs according to their own, rather clear, specifications. Have subcontractors in Gnosjö but new production equipment investments are planned to take effect next year. These will lessen the dependency of subcontractors.

Q8: Are you familiar with the term common knowledge? If yes, what is your strategy regarding it?
Not aware of the term. However, over time, staff tends to find their own role/roles. Product requests/challenges demand and result in common solutions. Some production staff has, for instance, acted as travelling constructors/erectors of shop-in-shop solutions. These are selected by the owner, based on previous performance but also general skills. This involves, however, only a select few staff.

Q9: Are you familiar with the term knowledge loss? If yes, is this an issue to you? If yes, how? If no, why not?

Not familiar with the term but has previously had problems with this. The owner does not have time to be on sick leave, a longer sick leave period (six months as an example) is simply impossible. The owner has previously had even more professional roles, so overall tries to delegate duties, including production but also the aforementioned small store sales.

**External Factors**

Q1: What are the most important effects of taxes on you?

The taxation levels are best indicated by salary taxation. The first few years of company operation, rather small paychecks could be drawn upon the company; instead, it was important to keep the funds within the company. Now, however, a higher salary can be taken out, but this is prohibited by the subsequent rise in taxes. Has outsourced some production to <Far East country> simply to escape some of the taxation.

Q2: What is your opinion regarding the business policies of the local municipality?

Running a business in Gnosjö one feels rather welcome, there is a very old pro-company culture in the municipality. Gnosjö is based on entrepreneurship - those not interested in these matters are keen to move from the city, not the least because there is not much to do in the city.

Q3: Are you affected by the availability of skilled labor? If yes, how?

Not really, the company manufactures rather non-complex products. The ideas are the real company “product”. However, the availability of skilled labor may be an issue in the future, as the company brings more and more work “home” by investing in new production equipment, which will require more qualified staff. This may be an issue.
Q4: Do you have a need for external investment capital? If yes, is this readily available to you?

For the time being: no. In the beginning, it was necessary. Difficult to obtain funding from banks et cetera, does not pay out. When external funding is necessary it is difficult to get it. When the company has funds, it is OK to borrow money from banks. Banks are rather risk-adverse.

Q5: Do you find the local infrastructure adequate for your needs? If no, what are you missing?

Yes. The company has a couple of different shipping companies running the container freight operations et cetera. However, the company is constantly on the lookout for new shipping options and regularly requests shipping quotes. Keeping shipping costs down is important, so this is a constant struggle.

Company’s self-assessment of success factors: the niche approach was important, also always open to new ideas, to find new opportunities. “See” new functionality, variants of previous products, when this is achieved, success comes naturally. The market for outdoor lamps and garden products has been static and in this, there were opportunities to do something new. Company had a little bit of luck in that it was launched before the big product boom broke out.
Company H

About the entrepreneur

Q1: Do you think you were creative as a child?

I guess I was. Worked with different things, made small profits.

Q2: How much are you willing to take a risk to further your career?

Within reason but the available “risk window” has shrunk as the company has grown. Over the course of the last three years the turnover has risen from xx (two-digit MSEK) to <eight times xx> MSEK which means that these days, there is not that much room for risk.

Q3: Usually how much time and money are you willing to spend on seeking for new opportunities?

Yes, historically speaking this is characteristic for the company.

Q4: Do you, personally, have some inventions or innovations?

Yes. One example being <Product X>, a product that’s been spun off into a separate company, since acquired by some of the employees. Another being a full range of <Y products> currently being marketed towards large Scandinavian <business area Y> manufacturers.

Q5: Do you think your company has a good internal management system or overall strategy?

The initial success was managed in a more impulse-driven manner. We made a budget for year 1 but have never made one since then because the turnover rate has increased as such a pace that this has simply been rather futile. That being said, because of the current size and operation of the company, this will now be necessary.

Q6: How much would you be willing to empower your employees and delegate responsibility to your employees?

Yes, this has simply been a must because of the high increase in turnover, a lot of freedom but with responsibility.

About the Success

Internal Factors
Q1: Do you have a brand strategy? If yes, could you please describe it? If no, why not?

The <Product X> having been turned into the <Company Y> was developed with a conscious brand strategy. The remaining production is to a large extent subcontracted work for <Very large manufacturer X>/Very large manufacturer Y>, negating the need for a brand strategy. Recently, the largest competitor was acquired and the two companies merged. The new, merged company will be marketed under one brand so brand strategies will be applied in the near future.

Q2: What IT systems (ERP, CRM, e-business) do you have in place?

We have an integrated MPS/ERP system (System X) with a customer portal. We employ paperless operations towards large customers - EDI. We also utilize both CRM and CAD systems and we have an internal intranet type solution for the MPS/ERP system that all employees have access to.

Q3: Prior to taking over/starting this business, what was the experience of the owner/manager? Type/length?

I was employed in another company in the same line of business. This company was acquired by a large company and me and a partner decided to leave and start our own company - Company H. This was 10+x years ago and I am currently XX years old.

Q4: Prior to taking over/starting this business, what was the education of the owner/manager? Type/length?

Nine years of compulsory school, two years of high-school, motor mechanics. I then worked within the process industry but decided to attend high school and get a high school degree in engineering, which I completed in two years (four-year program).

Q5: Do you have an HR program of some sort in place (structured and regular job training, job recruitment process, dedicated HR manager et cetera)? If no, why not?

This is currently undergoing a great deal of change. Three years ago the company still consisted of no more than 15 employees. Back then, HR efforts mainly entailed keeping in contact with one another, do fun things, inspire each other. Now (including the recent acquisition) the company has a total of 120 employees so we have now employed a dedicated HR manager. Recruitments are done with a combination of “someone who knows someone” and advertisements but also recruitment of staff from staffing companies, all
depending on what position is to be filled.

Q6: Do you have a quality management program (Six Sigma, ISO 9000) in place? If no, why not?

We employ ISOTS and ISO9000 and the continuous improvements that come with these standards.

Q7: Do you share knowledge with your partners/customers? If yes, how? If no, why not?

We are process specialists, the customers are product specialists. To achieve the desired level of functionality the product must be adapted to the Company H production processes. In this work, Company H always contributes the last effort required to achieve cost efficiency and functionality. We have the same type of exchange with our own sub-contractors.

Q8: Are you familiar with the term common knowledge? If yes, what is your strategy regarding it?

Because we have enjoyed constant growth this has sorted itself out. In the beginning, two people “did it all”. After that, growth has been organic - when one person is overwhelmed by work, recruitment is done and duties are split. All employees should have a full agenda but once the agenda is overflowing, more resources must be added. Some staff do have more than one work duty but as the company is growing, duties are becoming increasingly specialized.

Q9: Are you familiar with the term knowledge loss? If yes, is this an issue to you? If yes, how? If no, why not?

This is a problem for all companies - that’s why key persons are enjoying extra attention and some preferential treatment. In that specific aspect the collective principle is not applied. There has been one incident but we managed to resolve it in an orderly manner.

External Factors

Q1: What are the most important effects of taxes on you?

Taxations entail a massive obstacle to us, simply because of the reason of how the accounting is done in terms of investments. A simple example is: if a company nets a 10 MSEK annual profit and chooses to invest this profit every year, it is still taxed at a level of 3 MSEK annually. The only way to finance the tax is in this example by bank loan. Over the course of ten years, this will result in a massively profitable company but with a composite debt of 30
MSEK. For this reason, investments should be tax exempt. Also, taxation of labor is a rather odd practice - energy taxation is done with an energy conservation motive, alcohol/tobacco is taxed to reduce consumption. In this context, to tax labor is rather odd!

Q2: What is your opinion regarding the business policies of the local municipality?

The municipality government is keen on maintaining the inherent corporate culture; however, this is mainly based on words. Contacts with the local administration/civil servants have posed no problems so far.

The citizens of Gnosjö have grown lazy and listless - a bit overly comfortable, the reason being that they are used to the fact that employment is abundant. I am not from Gnosjö myself so I can see that the attitude when help, that extra effort is required is one of content. A bit spoiled. In the surrounding municipalities, Anderstorp, Gislaved, Värnamo, the attitude is completely different. The Gnosjö spirit is gone. Not that many new companies are started up anymore and those already present are sold off to external investors. The children of company owners tend to move to larger cities to attend the university and often choses to stay there, never to come back again.

Q3: Are you affected by the availability of skilled labor? If yes, how?

Yes, in different, but intertwined ways.

Unqualified labor: we have a hard time finding “quality” employees. The work environment is not optimum, noisy/tough; it is not an “easy” place to work. It is hard to find good people to this environment.

Qualified labor (traditional positions such as sales people, accounting staff et cetera): no problem, just attracting the right people.

Qualified labor (company specific positions such as <Qualified position X>): these are trained within the company. However, these are recruited from well-performing individuals belonging to the unqualified labor group, but as mentioned earlier, these are in short supply!

Q4: Do you have a need for external investment capital? If yes, is this readily available to you?

We have not had a need for venture capital, we have taken up some regular bank loans but because the company has been profitable since day 1, this has never been an issue. Venture capital is available but will necessitate a partnership, something the company is not interested in. The recent company
acquisition was funded by our bank.

Q5: Do you find the local infrastructure adequate for your needs? If no, what are you missing?

Gnosjö is situated a bit “off the beaten path”, no main roads here. On the other hand, the municipality is small so the population base for large roads is simply not there. Telecommunications work well, trains not so well so car transports is a must, for us as well as for the customers. Almost all shipments are by truck.

Company’s own ideas about success factors: in this district there is a massive level of competence in terms of industrial know-how - electricians, repairmen, manufacturing companies et cetera. Within a matter of hours, very specialized assistance is available for whatever a company is doing. There is an abundance of companies founded for the purpose of aiding and servicing the local industry. This is most definitely a success factor. In an emergency, spare parts to allow operations to continue/resume are available even on Sundays. One proviso though - previously, the philosophy of these companies was more based on “mutual assistance”, but they have learned to charge rather well for their services!
Company I

About the entrepreneur

Q1: Do you think you were creative as a child?

Yes. I started my career working in companies belonging to friends of the family (my family did not run a business). Company I is the first company I’ve started. I also sold Christmas greeting cards when I was a child - many others sold Christmas magazines but I wanted to find my own niche. So with the help of my mother I ordered Christmas greeting cards in bulk, repackaged and sold.

Q2: How much are you willing to take a risk to further your career?

Not really. Sometimes I feel that I play it a bit too safe. I tend to play it cool. However, I am working on this issue because I want to find why this is so. When it comes to investments I tend to think things over several times.

Q3: Usually how much time and money are you willing to spend on seeking for new opportunities?

I have not done this so far but will do in the (near) future.

Q4: Do you, personally, have some inventions or innovations?

I have a part in some inventions/innovations; the company is currently preparing launch of <New product range> that we have been working on for X years. This is based on a conceptual idea in a bankruptcy estate acquired by the company. I have then developed this idea into a finalized product. If I had not seen this idea I would not have come up with the notion to manufacture <New product range> at all. So this was an idea that was turned into something much larger.

Q5: Do you think your company has a good internal management system or overall strategy?

Unfortunately (in this context) this has been more left to coincidence. That being said, the reason for coincidences to occur comes down to a bit of luck but also the right connections. We are a small company founded on a niche product and have not had to market ourselves directly. So, we have not had to learn proper marketing but now we will start by visiting our customers, something we are really bad at. We thrive on our good reputation and uphold customer connections via mail/telephone.
Q6: How much would you be willing to empower your employees and delegate responsibility to your employees?

Yes I do. Whether or not it actually works is, however, another matter. I try to delegate responsibility but ours is a small company and as such, a lot falls on me as the owner - contacts, relations et cetera - this is a problem because I become a bottleneck. One can cope with a certain amount of information but not with too much of it. So I have now employed “my right hand” to handle sales and design, a person who will be my equal in the organization. But we do recruit staff with an eye for their abilities to assume delegated duties. Since the current company is based on an older one, delegating responsibilities has not worked that well but we try to remedy this with current staff recruitments where we employ those we feel we will be able to delegate tasks to.

About the Success

Internal Factors

Q1: Do you have a brand strategy? If yes, could you please describe it? If no, why not?

No, we don’t. This is probably down to the fact that we have been fairly bad at communicating our brand. The current logotype is only X years old; prior to its creation the brand was not communicated at all. We do some sponsoring where we feel we have a relationship - personal sponsorship of <Association X> and we also have a sign in a local ski slope. In launching <New product range> we will communicate our logotype prominently, because we will market it in a more conscious manner. We have been a full-on subcontractor until now and as such, there is no need to work with these things like that. Our customer base is 95% local (in and around Gnosjö). Many locals already know who we are. But now we will diversify from subcontracting to marketing our own products and these will be launched under the <New product range> brand.

Q2: What IT systems (ERP, CRM, e-business) do you have in place?

We have <System X> for salaries and accounting but we are planning a switch where we probably will choose the <Y> ERP system. We are a small company so we are not very much computerized but we are currently in the process of purchasing a central computer server solution and in this process we may do the ERP switch. We book shipments in the supplier’s own web based systems but there is no integration between us and them.

Q3: Prior to taking over/starting this business, what was the experience of the owner/manager? Type/length?
No business-related experience. The company we took over was founded in the 30's in a small workshop outside of Gnosjö (in <Town X>). My father was a pastor in a congregation where this workshop was situated and one summer, while helping in renovating the local church I learned of this company manufacturing <Previous product range >. The then owner was a regular in the church we were renovating and we started talking. He took an interest in me and decided that I was the right person to take over his company as he was in the process of retiring. This was in the summer of 199x and I was supposed to take over the company in the spring of 199x+1 after I had graduated from high school but in Christmas 199x the owner suddenly passed away. I finally decided to take over the business anyway, via a bank loan, and ran it while also finishing my high school degree. I am currently XX years old.

Q4: Prior to taking over/starting this business, what was the education of the owner/manager? Type/length?

Nine years of compulsory school, two-year high school program (distribution/office). Should perhaps ideally have had different educational background but that’s what it was. I have benefitted from my high school training when running the office side of the company but have perhaps been lacking a bit in terms of manufacturing - welding et cetera. Even so, the latter side is what really interests me - product development et cetera. I can sometimes put a great deal of effort in how to best develop a product.

Q5: Do you have an HR program of some sort in place (structured and regular job training, job recruitment process, dedicated HR manager et cetera)? If no, why not?

I am in charge of human resource duties together with my wife. We both work in the company but she takes more direct responsibility for the HR part. I try not having to recruit - the best solution is obviously to be able to keep the staff! But if one wants to grow the company, recruitment is a must. The recent hire is an old colleague that I have been keeping a close eye on for quite some time. The time was now right for him to join our company. We have no regular training as such, this is done on a need-only basis.

Q6: Do you have a quality management program (Six Sigma, ISO 9000) in place? If no, why not?

No, we have nothing like that. We do have some documentation for traceability but it is lacking to some extent. There are some binders where we keep documentation regarding various equipment settings. However, we are working actively with this and are continuously improving. Different customers require different levels of documentation - some are very meticulous, others are not as strict.
Q7: Do you share knowledge with your partners/customers? If yes, how? If no, why not?

Yes, or at least I certainly hope that we do. That’s what my daily customer relation activities is mostly spent. When we get a product drawing from a customer we always review it and tries to improve upon the customer’s demands. This is a daily occurrence. Discussions are always carried out; we give product feedback et cetera. That’s probably the driving factor that makes us attractive, the fact that we are always available to the customers for feedback. We also have subcontractors for surface treatment operations - we do not “know it all” so there is an exchange of knowledge there as well. We sometimes also utilize subcontractors for complete manufacturing of products (not just parts) for our own customers. Networks are formed, this is an example of the Gnosjö spirit. We can be open towards one another and exchange drawings et cetera.

Q8: Are you familiar with the term common knowledge? If yes, what is your strategy regarding it?

No, not really. Generally speaking - my wife answers the phone, I do the books and manage the organization. When it comes to the other employees it has come to be that even though we are a small company we have a rather large assembly of production machinery. These are divided into four machinery groups. Our new employees have expressed an interest in different groups so that’s what decided who does what, I program our production robot equipment et cetera. But I try to shift responsibilities from myself to the staff to allow me to spend more time in the office.

Q9: Are you familiar with the term knowledge loss? If yes, is this an issue to you? If yes, how? If no, why not?

I have not heard the term but is aware of the problem. We have not been affected by this; however, should one of the employees responsible for a machinery group quite, this would cause problems. The newly hired person (marketing person) who will be responsible for project management will also be trained on the laser cutting machine. We will buy training for him and one more employee from a supplier of industrial education services because this field is where we are the most vulnerable in case of injury or long time sickness. It is simply not possible to quickly carry out this type of education. It is also a matter of cost - potential income loss.

External Factors

Q1: What are the most important effects of taxes on you?
Honestly speaking, this is not something we consider; we do not put a lot of thought into it. One must simply adapt - the current taxation levels are what we have. One can choose to live with it, do what’s right or one can utilize loopholes et cetera. This is not something we do. Many colleagues of mine engage in tax avoidance but I am simply no good at this, we take care of our business and that’s that. We have got it pretty good though and we focus on our work. It’s a way to live for us. That being said, when one looks at the entire salary “package” there is a large portion spent on social security payments et cetera. but this is not the determining factor whether we employ staff or not. If we have a lot to do, we hire staff; it’s as simple as that.

Q2: What is your opinion regarding the business policies of the local municipality?

The municipality administration: I have no view on this. I can’t say whether it’s a positive or a negative relationship. We do not have many relations with them beyond having a company that happens to be located in Gnosjö. We have not done any expansion either - we moved in 200x to Gnosjö from <Town X> to rented premises, then again in 200x+2 (recent year) to new premises that we intended to acquire. When we moved in, the seller changed his mind and we ended up renting the premises instead. We have recently been able to finally acquire the premises but because we have only been renting there has not been any need for municipality contacts. We do have a good relationship with the municipality administration staff; in fact, we have invited two of them over next week. The reason for the invitation is that we want a cooperation regarding the new product line - we feel that they could be utilized in the public spaces in Gnosjö. The secondary motive is that this could be a reference, a product/brand placement but again, we feel that our products could contribute in a positive manner to the city. This is one step towards our long-term goal to increase the <New product range> brand recognition.

Citizens: we do not meet any particular attitudes, negative or positive, but there are other examples of this. For the most part, people without any personal experience from entrepreneurship/running a business seems to think that entrepreneurs enjoy vast fortunes. Overall, however, while the attitude is positive it must also be said that some entrepreneurs flaunt their success more than others. Personally speaking I am not a person that wants to brag about my success. I do not drive a fancy car et cetera, so I have no problems with this. In that sense, one can control this, at least to a certain extent. Overall, it is not OK to make too much money; this will start rumors to occur.

Q3: Are you affected by the availability of skilled labor? If yes, how?

We have not had any such problems but many other Gnosjö companies have.
But it is hard to say what the future holds in store for us - our business is not exactly glamorous so the future does look a bit bleak.

Q4: Do you have a need for external investment capital? If yes, is this readily available to you?

We do not have any need for this. We have already done the major part of our investments - in facilities and machinery where we had no problems and we do have some more financial “space” there.

Q5: Do you find the local infrastructure adequate for your needs? If no, what are you missing?

Yes it does. We have a very good availability of transport solutions. Public transport also works well. No problems with telecommunications.

Other comments: nothing in particular. I do not view myself as particularly successful - running a company represents a way of living for us. We feel that our operations are reasonably OK for the most part although some days do suck a bit. Until you called I would not have used the word “successful” to describe myself. We are not a major company but we have realized since last year when we acquired the company building and at the time did mortgage/loan calculations that there were not any financial issues whatsoever. We do not have much in the way of loans and credits but we take good care of our company. But we are working continuously on diversifying from a 100% subcontractor towards having a range of our own products that we have control over ourselves. Subcontracting entails rather slim profit margins. The importance of having more control over our own destiny became clear to us in 2008 downturn - this was a tough period. When all customers choose to move production to their own premises, the phones stop ringing. Should we have to endure another similar period we would run into serious difficulties.