BUSINESS DEVELOPMENT IN A GROWTH PERSPECTIVE-
BARRIERS TO GROWTH IN SMEs

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Acknowledgements

First of all we want to thank our supervisor Kiflemariam Hamde who in a professional way provided many useful insights to our thesis. We continue by expressing our thanks to the case representatives Lennart Olofsson (former Duroc AB owner-manager) and Lars Brandt (Seaflex AB owner-manager) who in an inspiring way contributed with facts, reasonings and thoughts concerning represented companies respectively alongside general considerations regarding small firm business development. Further on, we say thanks to the expert-interview respondents for their most useful guidance within the field of small company growth. We also thank the personnel and staff at Umeå University main library who at a cooperative spirit assisted us regarding article and book collection.

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2014-27-05

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2014-27-05
ABSTRACT

This is an attempt to approach growth dynamics within small business by the identification and systemization of business developmental implications. We here try to conceptualize the term and concept business development by means of its constituents and its contextualized impact with regards to SME prospering. We prefer to see the study as descriptive as well as analytical. The concept of business development at a growth perspective is here approached by the barriers to growth small businesses faces and experiences. This is done by contextualizing the fundamentals whereupon the growth process is based where we aim to systemize the determinants that constitutes small firms business developmental priorities. We prefer to problematize the subject and topic via the often occurring mistaken stereotyping that signifies small- contra larger firm activity, where the categorization regarding growth matters in many cases becomes skewed. Here minding that especially within the manufacturing industries (B2B), the companies are often large. As for the small manufacturing companies within B2B, we find their problems connected to growth and development not so strongly represented in the research.

The purpose is accordingly to explore, and seek understanding for, barriers to growth in B2B SMEs at a business developmental perspective.

With regards to methodology, the study is hermeneutic. We in this research ascribe ourselves to the qualitative standpoint and consider the thesis exploratory by means of, besides the theoretical approaches, the application of two case-studies followed by three “expert-interviews” (a total of five respondents). The interviews can be considered as semi-structured.

When approaching the business developmental process for the B2B SME, we can state a general lacking supply-chain agenda where supply-chain management must be closely tied to organizational adjustment. The efficiency criteria must be fulfilled by adapting a product and a market mode. We here emphasize the relevance of a more proactive strategic standpoint on behalf of the often present reactive view. We further, in different ways stress the necessity of a thorough financial statement as the SME suffers from information asymmetry. Such financial and administrative implications must grow with the firm. Market needs must contextually be allowed to lead the development where synergy effects ought to be realized. We refer to this as a remained outside-in-perspective and state that flexibility regarding production governance must be sought for. At the efficiency criteria, it turns out that it is recommended for the SME, in particular B2B, to focus upon its core idea and activity and outsource the rest. Transformation of market knowledge hereby appears towards the organization. Closeness to the customer here evolved as a key issue.

Key words: SMEs, Barriers to growth, Business development, B2B, Cases of Duroc AB and Seaflex AB
# List of Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>B2B</td>
<td>Business to Business</td>
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<td>B2C</td>
<td>Business to Customer</td>
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<tr>
<td>CEDEFOP</td>
<td>The European Centre for the Development of Vocational Training</td>
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<tr>
<td>Duroc AB</td>
<td>Company Name (SME)</td>
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<td>IT</td>
<td>Information technology</td>
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<tr>
<td>NUTEK</td>
<td>Närings- och Teknikutvecklingsverket</td>
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<td>SBA</td>
<td>Small Business Administration</td>
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<td>SCB</td>
<td>Statistiska centralbyrån (Statistic Database)</td>
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<tr>
<td>Seaflex AB</td>
<td>Company Name (SME)</td>
</tr>
<tr>
<td>SMEs</td>
<td>Small- and Medium-sized Enterprises</td>
</tr>
<tr>
<td>SOU</td>
<td>Statens Offentliga Utredningar</td>
</tr>
<tr>
<td>TQM</td>
<td>Total Quality Management</td>
</tr>
</tbody>
</table>
# Table of Contents

1 Introduction ............................................................................................................ 1  
1.1 Introduction ........................................................................................................... 1  
1.2 Problem background and research gap ............................................................... 5  
1.3 Problem statement and research questions ......................................................... 6  
1.4 Purpose ................................................................................................................ 7  
1.5 Scope and Limitation of the study ....................................................................... 7  
1.6 Outline of the study/disposition ......................................................................... 7  

2 Methodology .......................................................................................................... 9  
2.1 Choice of Subject and pre-understandings of the thesis authors ....................... 9  
   2.1.1 Pre-understanding of Fredrik Lemar .............................................................. 9  
   2.1.2 Pre-understanding of Najmoddin Nekzada .................................................. 9  
2.2 View of knowledge/Epistemological and ontological standpoint ..................... 10  
2.3 Qualitative Approach .......................................................................................... 11  
2.4 Truth Criteria ..................................................................................................... 11  
   2.4.1 Reliability and validity .................................................................................. 11  
   2.4.2 Trustworthiness ............................................................................................ 12  
   2.4.3 Ethical considerations ................................................................................... 13  
2.5 Literature sources and critique .......................................................................... 14  
2.6 Literature review ................................................................................................. 14  

3. Theoretical framework .......................................................................................... 18  
3.1 The SME ............................................................................................................. 18  
   SME definition ...................................................................................................... 18  
   3.1.2 SME characteristics ..................................................................................... 19  
3.2 Growth in SMEs ................................................................................................. 21  
   3.2.1 Operationalizing growth .............................................................................. 21  
   3.2.2. SME life-cycle during growth period ....................................................... 22  
   3.2.3 The growth process ..................................................................................... 22  
   3.2.4 Strategic aspect of growth .......................................................................... 23
3.3 SME Business development ................................................................. 24
   3.3.1 The expansive SME and business development .......................... 25
   3.3.2 The small firm value-chain ...................................................... 27
3.4 Business development and the SME value-chain .............................. 28
   3.4.1 Business development and SME Management ............................ 28
   3.4.2 Business development and SME Procurement/purchasing .......... 32
   3.4.3 Business development and SME Production/product ............... 34
   3.4.4 Business development and SME Market/marketing ................ 34
   3.4.5 Business development and SME finance/accounting ................ 37
   3.4.6 Business development and SME Administration ..................... 38
3.5 Barriers in SMEs ............................................................................... 38
   3.5.1 Barriers- meaning and function ............................................. 38
   3.5.2 SME barriers ........................................................................ 39
   3.5.3. SME barriers and the competitive concern ............................ 40
   3.5.4 Management barriers in SMEs ............................................... 41
   3.5.5 Procurement/purchasing barriers in SMEs ............................ 42
   3.5.6 Product/production barriers in SMEs ..................................... 42
   3.5.7 Market/marketing barriers in SMEs ....................................... 43
   3.5.8 Finance/accounting barriers in SMEs .................................... 44
   3.5.9 Administration Barriers in SMEs ............................................ 45
3.6 A brief summarization of the theoretical framework .......................... 46

4. Practical method ................................................................................. 49
4.1 Collection of empirical material ...................................................... 49
   4.1.1 Case studies .......................................................................... 49
   4.1.2 Case company selection and selection of case company informants ... 49
   4.1.3 Choice and selection of expert-respondents ............................ 50
4.2 Interviews ....................................................................................... 50
   4.2.1 Advantage and disadvantage of face-to-face interviews .......... 51
   4.2.2 E-Interviews ......................................................................... 51
4.3 Data collection and data analysis ..................................................... 52
   4.3.1 Data collection ..................................................................... 52
   4.3.2 Data analysis ....................................................................... 53
4.4 Trustworthiness and ethical considerations ...................................... 54
7.5 Implications of the study ........................................................................................................ 87
7.6 Further research ..................................................................................................................... 87

8. References ................................................................................................................................ 88

9. APPENDICES .......................................................................................................................... 102
APPENDIX 1 Welcome letter Duroc AB ...................................................................................... 102
APPENDIX 2 Welcome letter- Seaflex AB ..................................................................................... 103
APPENDIX 3. Questions and reasonings- the Duroc AB/Seaflex AB cases ......................... 104
APPENDIX 4 Follow up questions – Lennart Olofsson, Duroc AB .................................. 106
APPENDIX 5 Follow up questions – Lars Brandt, Seaflex AB ............................................. 107
APPENDIX 6 Expert- interview respondents – welcome letter............................................. 109
APPENDIX 7 Expert interview respondent questions ............................................................... 110
APPENDIX 8 Case study protocol ............................................................................................... 112

List of Figures

Figure 1 Disposition of the thesis ................................................................................................. 8
Figure 2 Business capability contra product appeal ...................................................................... 25
Figure 3 Growth- awareness and commitment ........................................................................... 27
Figure 4 The small firm value-chain ............................................................................................ 28
Figure 5 Managerial decision making process ........................................................................... 29
Figure 6 Marketing characteristics ............................................................................................... 35
1 Introduction

In the introductory chapter we will introduce the overall theme of the research by starting with discussing the general overview and introduction of the research topic. This is followed by the problem background of the research and afterwards the thesis statement and research questions. The purpose of our research is also addressed in this part. We include the thesis delimitation in order to make clear the area of our study and we present the thesis disposition.

1.1 Introduction

This paper deals with barriers to SME growth at the relation to growth and business development.

The relevance of, and need for extended knowledge regarding small and medium sized companies (SMEs) evolves from the assumption that these are of increasing importance for economic development (Wiklund, 1998, p. 1; Tillväxtverket, 2011, p. 21). These companies, according to Tillväxtverket (2011), act as main part of the total share of companies in Sweden and has furthermore increased by number during latter years, which underlines their value within the business community.

The relevance of the small and mid-sized companies has furthermore become a central discussion within the EU and Sweden by the SME role in the total economy (Magnusson & Nilsson, 2005, p 228). The SMEs here fill a vital function when it comes to the common strive for renewal within and between economies (SOU 1993:70, p 14). An example of this is that new business possibilities are created (Delmar cited in Greene, B et al., 2000, p. 197), and another would be that small- and medium sized enterprises receive more and more attention due to the role as job creators (Morrison et al., 2002, p. 417). The SME is hereby ascribed value regarding innovative and knowledge spread (Tomlinson & Fai, 2013, pp 316-326).

The assumption that SMEs politically appear as important for the community is confirmed by that resources constantly are directed towards the business compound (Lundberg, 1989, cited in NUTEK, 1992, p. 4). Tillväxtverket stresses a number of areas where the government contributes in order to support SME growth. Vital focuses here appears as renewal and innovation, increased competence, stimulated cooperation, financing channels and simplifying efforts regarding rules and legislations (Tillväxtverket, 2011, p 109).

There are similarities as well as differences between large companies and SMEs. One main difference is that the manufacturing industry dominates the large companies while the service sector mainly is represented at SMEs (Tillväxtverket (2011, p. 24). SMEs can also, as larger companies, be B2B companies (products sold to other companies) and further B2C (products sold directly to the customer). When categorized, a usual type of small company is the one active within the service sector and B2C.
Growth

Economic development assuming SMEs urges growth. Research shows that growth is defined differently depending upon angle of research. A common way to approach growth is to measure the number of employees- or to calculate the extent of company business sales over time (Davidsson och Wiklund, 2000 cited in Wiklund et.al., 2007, pp 358-359; Shepherd & Wiklund, 2009, pp 111-113). Delmar (2000, cited in Donkels & Nettinen 1997, p 205) acts as example of further theorist who emphasize growth over time. Central when it comes to growth in SMEs is according to Tillväxtverket (2010, p. 14; 41-42) know-how, high-technology (IT) and functioning rules, laws and legislations. The educational level, that at some extent is related to know-how, has also implied and indicated several positive effects regarding SME growth, expressed for instance at how growth-stimulating networks evolves. Universities can here receive a central function encouraging international contacts, in turn widening the customer base alongside export (Myndigheten för tillväxpoltisiska utvärderingar och analyser, 2012). Universities today also contribute with education and research at focus towards SMEs.

In order to contribute to SME growth, the close combination between entrepreneurship and innovation appears as an interesting linkage, where the creation of new companies- and the expansion of existing ones acts as a central feature (Eggers et al., 2013, p. 525). Achievement of SME growth hereby requires that the companies want to- and desires to grow and expand. Despite the increasing uncertainty that small- and medium sized enterprises faces with regards to appeasing new demands from the consumers alongside technological change (Amit & Zott, 2001, cited in O’Regan et al., 2008, pp 376-382), the majority of market actors have a positive view regarding growth impact upon and towards their company. In concordance with this, one of Tillväxtverkets investigations (Företagens villkor och verklighet, 2011, results from 2005, 2008 och 2011, Tillväxtverket, 2011) shows that the small companies will to grow is relatively large and intense as almost ¾ prioritizes growth via either increased turnover or employment of more people, or both. There are here large differences between regions in Sweden where for instance Västerbotten belongs to the category that believes that the number of employees will increase during the years to come (Tillväxtverket 2011 p. 29, 33; 39-40).

Business Development

Growth urges business development. Of relevance here becomes to state whether the match between product specifics and market needs, as emphasized by O’Regan et al. (2012), functions as a theoretical fundamant. This so as other theorists such as Sulistiani (2012) proclaims that business development often appears predictive, at its extreme initiative. The reasoning is complicated as for instance Barkema & Drogendijk (2007) states that the business developmental theoretical application is to be seen as incremental (stage-wise).

Business development can hereby overarchingly be seen as “the creation of long-term value for an organization” (Forbes, 2012) and be expressed at business, commercial and organizational viewpoints. Such long-term value can be achieved in different ways. One standpoint concerning the term business development proclaimed by researchers is about bringing discontinuity into the normal operations of an organization (Unlimited, 2007). Of vitality here becomes the Business development levels product, -commercial and -corporate. Complexity here arises as each business development level requires different resources, competences and experiences. We here discovered the necessity of distinguishing the conceptualization of value within the business development process.
as we in our pre-experience closely align the business development process and the sales process.

Theorists such as Dumont (2014) here emphasizes the market dimension and rather prefers to distinct the sales process and business development. The business development “task” becomes to find ways to provide value to the partners and consumers. This value standpoint and dimension appears frequently returning at different researchers view upon business development. Here can contextually be emphasized the stage of having value, communicating value and delivering value (Wework, 2013). The value dimension is put forward as the vital factor regarding business development by the realization of the continuously growing organization (Wework, 2013). Customer, market and relationship here become key words. A more open view upon business development will here be ascribed merely the creation and development of (Unlimited, 2007) new products, new technology investing and divestment of corporate assets. Apparently, when minding mentioned discontinuity standpoint towards normal operations of the organization, business development can neutrally be expressed as a systematic process for identifying opportunities (Lorenzi, 2013). Lorenzi (2013) here prefers to see the business development process as a business function rather than a business operation. According to above reasonings, there is no unified meaning of the term business development. Regardless of angle, cooperation and integrated know-how alongside feedback concerning R&D, production, marketing and sales are urged when realizing the organizations implementation of identified growth opportunities. Central parts will here be the company idea/vision, business idea, strategies, business plans and to some extent operations.

**Barriers**

Of crucial negative impact within the business development process acting as a hinder for growth appear barriers. In the same way as growth and business development rely upon integrating multifaceted factors, this complexity can also be traced regarding barriers. Barriers at the context of business development arise because of a wide spectrum of factors. Many researchers handle this complexity by categorizing different barriers.

The above addressed complexity matters that arises is by Shaw & Conway (2000, cited in Morrisson et.al 2003 s 418) partially expressed via external and internal factors which multidimensional characteristics altogether provide an impact upon SME business orientation to growth. As external factors appears for instance knowledge regarding international and national (market) movements and the market etc. while internal factors for example are more about company control systems, employee specialization, flexibility, attitude and financial situation etc. For a more detailed discussion see for instance Barth (2004). Here we can find an overarching view regarding barriers that likewise to common mainstreams in the research appears based upon mentioned external and internal barriers. Among Barth’s work we can also identify a contribution to management aspects related to competence. We have in our work been inspired by for instance Barth and also Shaw & Conway although we are not dealing with competence and quality matters regarding manager performance.

When contextualizing different barriers we argue against many authors as we prefer to see bankruptcy rather as the beginning of a new “company-journey” where business development and growth continues after reconstruction. This continuation has in many
cases proven to evolve under the same management and around the same concept. From our side we are more interested in the problems that results in that barriers arise. To handle above complexities and simultaneously achieve growth evolve as a challenge for the company management. The management has here a responsibility in achieving growth and handle barriers, regardless if they are external or internal.

Further contribution to the barrier problem has been shared by Vegholm (2009) who focus upon financial SME obstacles. Vegholm straightens out the reasons for barrier problems at the relation company contra financier, contextually the SME and the bank.

Of interest for us has also been the work by Pikhala, Ylinenpää and Vesalainen. Ylinenpää (1996, 1998) does for instance emphasize innovation barriers and together with mentioned co-researchers highlights the cluster effect of SMEs. The researchers have also focused upon measures to overcome barriers, mainly so at an innovation aspect.

With the base external and internal factors as a measure to organize SME growth factors, we have been inspired by the “small firm value-chain” when categorizing SME barriers by addressing the distinction general and specific barriers. General barriers would be represented by technology, tariffs, resource acquirement and economical frameworks while the specific barriers are more tightly related to management, procurement, -production, -market, -finance, and administration. Regardless of whether a general- or a specific barrier or both, a main difficulty evolves by identifying the link between the barriers towards the particular company growth situation and development.

Carter & Jones- Evans (2000, pp 420-422) addresses market limitations and structure as external barriers while presence of owner-manager and company size act as internal barriers. The most frequently present barriers are according to mentioned theorists market related barriers. Simpson & Taylor (2002, cited in Resnick, 2011 p. 43) here adds that obstacles regarding sales (which is market related) requires that the company develops networks in order to hinder barriers to growth. Barriers regarding financing and competence are also put forward as frequently occurring. A hinder for growth that becomes more and more present is according to Gunasekaran et.al. (2011, p. 5503) requirement’s regarding technical competence. Other hinders to mention will be taxes (Hashi, 2001 pp 226- 227; Storey & Greene, 2010, p. 412) alongside legislations that for the small company manager will be time demanding and complicated (Tillväxtverket 2011, p 65; 104-106). Administrative efforts and burdens have further on intensified during latter years. Procedures and processes related to employment, layoff and sick pay are here mentioned. The pattern proclaimed by these business actives regarding such above barriers to growth during the period 2008-2011 is relatively stable (Tillväxtverket, 2011, p 67). There are further on though a larger spread between different branches regarding which barriers that are emphasized. 40 % of the mid-sized firms experience competition as a substantial barrier. Lack of demand, low profitability and lacking access to infrastructure act as other barriers (Tillväxtverket, 2011, pp 68 -70).

About B2B

We have earlier implied that it is primarily within B2B that large companies are present. In smaller companies within B2B, several core segments of the small company activity can though be traced at larger B2B activity though at new “configurations” and forms. The B2B focus appears interesting for us due to the fact that manufacturing industries,
contextually B2B SME, seems to be an industry category where different problem areas taken together appears problematic (Huang & Brown, 1999, p 79).

Although there is barrier research present, this has not been focused towards SME B2B. Our contribution is to be seen as a continuation of the barrier problem area at concentration towards B2B. Even if the companies within the B2B sector often are larger companies, there are further many smaller companies within the sector. The Umeå region here acts as an interesting example due to the fact that out of several hundreds of industrial companies, there are only 9 who have more than 50 employees and of these 9, all are active within the B2B sector (UC Selekt, marknadsinformation, 2014).

The problems that can be addressed for the small company evolves into challenges for the B2B SME regarding growth and business development. The barriers that the small company faces requires identification of the barrier-linkage to growth and business development, which leads us to our problem background, research gap, our research questions and purpose.

1.2 Problem background and research gap

Simultaneously as SMEs politically are emphasized as an important function within the business compound and efforts are directed to support small company growth, numbers show that only 50 % of all small- and medium sized companies are active after their second year of business (Magnusson & Nilsson, 2005, p. 6).

The fact that the small market participator faces unique problems and thereby is in need of handling issues of separate nature otherwise than do larger market actors is according to Cociello & McAuley (1999, cited in Sandberg 2012, p. 9) of importance and can be seen as a problem. Small firms are considered as small versions of larger business while actually the small market actor faces unique problems (Cociello & McAuley, (1999, cited in Sandberg 2012, p. 9) signified by insecurity, diversity, flexibility and bankruptcy simultaneously as the large company is characterized by reliability, brand, market power and influence (Storey & Green, 2010, p. 10). It becomes of necessity to contextualize the barrier debate assuming positioning of the small company according to stated business idea and company vision.

The research gap we have identified is accordingly based upon some integrated factors. That fact, as implied earlier, that smaller firms have the larger companies as “role-models” is a problem. The unique small firm character requires unique analyses in order to identify the possibilities and the barriers that they face. The fact that the majority of SMEs belong to the service-sector while production/manufacturing rather represents larger market actors indicates relevance and interest of investigating SME companies within manufacturing. When it further comes to SMEs with regards to B2B we see this category as not so strongly represented in the research that we have taken part of. The research gap we intend to approach is accordingly based upon the “stereotyping” that small- contra large business have experienced alongside identified lack of linkage between growth and barriers. In other words we intend to contribute with knowledge regarding understanding for barriers and growth in B2B SMEs.
1.3 Problem statement and research questions

The problem statement and research questions act as a base for the purpose where upon we state our findings. Bryman (2011, pp 88-91) identifies the vitality of stated research questions in relation to the statement of the problem and further emphasizes the link towards literature, data and focus of analysis. The problem statement and research questions are hereby to be seen as supportive and motivating for the purpose. According to Backman (1998, p. 2) the complexity of formulating a problem and its precision here acts as central feature for the research. We base our problem statement and research questions upon focuses within the field of SME barriers at patternized growth standpoints and conceptualized business developmental aspects as implied at heading problem background. Holme & Solvang (1997, p. 40) here adds that the problem formulation is reliant and dependent upon how obvious conceptions there are with regards to what there is to be studied.

The multifaceted scope that signifies the barrier concern puts demands upon the business development process as to embrace the core functions of the growth process. We can here trace the barrier complexity to the wide scope of integratives that signifies SME development, in turn becoming envisioned by a stated business idea. In other words, the management has an active role within the knowledge sharing processes. The scenario is further complicated due to the fact that as the SME seeks its dynamic preferences via entrepreneurial and innovative interaction, development more frequently becomes expressed by growth over time for the small company. This so as the match between product specifics and market needs becomes an incremental (stage-wise) growth process. The reasoning stresses further positioning of the SME activity as an intensifying share of small companies experiences competition as a major barrier.

Above we have evaluated areas of importance for our structure of growth, business development and barriers, and this so concentrated towards SMEs. We have emphasized the meaning and function of the small company and its uniqueness and also stated that many SMEs faulters and just as many starts up. The reasons for small company failure are plenty. We see that it is apparent that the SME has initial difficulties to develop its business and to grow.

We have found both empirical support (business community value, role within the total economy, role as job creator, SME growth support), and theoretical support for our focus of the study. With theoretical support we assume the unique problems of the SME in comparison with larger companies where the complexity in larger companies though at the broad sense can be traced in smaller companies. This so as they have to invest, build up and develop similar activities assuming management, -procurement, -production, -marketing, -financing and administration though at different preconditions with regards to resources, competence and experience.

Our problem is hereby based upon the hampering effect and impact that the small firm faces and experience with regards to obstacles in the growth process and how this is conceptualized at a business developmental aspect. Barriers to growth are thereby to be seen as a matter of common occurrence that affects the SME. Earlier mentioned lack of studies regarding barriers to growth and development in B2B SMEs leads us to search for more general barriers in our research questions and then according to our purpose link these barriers to B2B SME. Accordingly, our problem statement is to be approached as different barriers at the relation to growth via research question 1) and 2);
1) Which are the overarching barriers to growth in SMEs at a business development perspective?

2) How can different barriers be linked to growth regarding business development in SMEs?

1.4 Purpose
The purpose is to explore, and seek understanding for, barriers to growth in B2B SMEs at a business development perspective.

1.5 Scope and Limitation of the study
The first limitation is that we choose small- and medium sized companies. A further limitation for us is that we focus upon the Umeå region.

1.6 Outline of the study/disposition
After initiating introductory section and theoretical methodology, we create the theoretical framework by focusing on the theoretical fundaments of our study; the SME, and the element of growth. We hereafter continue by having a closer look at the term business development. Inspired by the small firm value-chain, we thereafter state our identified main aspects of business development by relating business development to the terms and concepts of management, -procurement, -production, -the market, -finance and -administration. This is done at a SME aspect. After this we present some aspects regarding barriers and further develop different problems in mentioned areas of interest that can lead to delay and hampering, and/or hinder the development of the business and slow down the growth. The framework that evolves is supposedly thereafter applied practically where cases and interviews extends the base of analysis. The last section of the thesis concerns analysis and conclusions, implications of the study and further research. The outline appears on the following page;
<table>
<thead>
<tr>
<th>INTRODUCTION</th>
<th>Problem background, Problem statement, Research questions, Purpose, Limitations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Outline of the study</td>
</tr>
<tr>
<td>THEORETICAL METHOD</td>
<td>Preunderstanding, View of knowledge, Qualitative approach, Literature review, Truth Criteria</td>
</tr>
<tr>
<td>THEORETICAL FRAMEWORK</td>
<td>SME ——— Growth</td>
</tr>
<tr>
<td></td>
<td>Business Development</td>
</tr>
<tr>
<td></td>
<td>Management</td>
</tr>
<tr>
<td></td>
<td>Procurement (Purchasing)</td>
</tr>
<tr>
<td></td>
<td>Production (Product)</td>
</tr>
<tr>
<td></td>
<td>Market (Marketing)</td>
</tr>
<tr>
<td></td>
<td>Finance (Accounting)</td>
</tr>
<tr>
<td></td>
<td>Administration</td>
</tr>
<tr>
<td></td>
<td>Barriers</td>
</tr>
<tr>
<td>PRACTICAL METHOD</td>
<td>Data collection, Cases, Interviews, Trustworthiness and Ethical considerations</td>
</tr>
<tr>
<td>EMPIRICAL FINDINGS</td>
<td>From the cases Duroc AB and Seaflex AB and from the Experts</td>
</tr>
<tr>
<td>ANALYSES</td>
<td>Analyses of the empirical findings at linkage to the theories</td>
</tr>
<tr>
<td>CONCLUSIONS</td>
<td>Research question 1) and 2) and overall conclusion</td>
</tr>
<tr>
<td>IMPLICATIONS OF THE STUDY and FURTHER RESEARCH</td>
<td></td>
</tr>
</tbody>
</table>

Figure 1: Disposition of the thesis
This methodological chapter will introduce the methodological choices used in the thesis: Research philosophies, pre-understanding of the thesis authors, trustworthiness, ethical considerations, source criticism, and literature review. How these methodological choices are used and applied is presented in chapter 4 (practical method).

2.1 Choice of Subject and pre-understandings of the thesis authors

Pre-understanding refers to the awareness, perception and familiarity that researchers have regarding a particular subject (Bryman & Bell, 2011, p. 414). The pre-understanding, opinions and experience of the thesis author related to the subject theme would hereby affect the outcome of the research to some certain extent. We have considered the primary and secondary pre-understandings regarding to the research topic accordingly. The primary pre-understandings are those that are linked to our own experiences whereas the secondary pre-understandings are those that are related to the theoretical understanding that we have from different text books, scientific journals and previous courses that might be related to our research.

It hereby becomes decisive how the preconditions we want to examine are understood (Holme & Solvang, 1997, pp 12-13). We hereby base our choice of topic upon our experiences respectively regarding SMEs, and we aim to extend our views within the subject.

2.1.1 Pre-understanding of Fredrik Lemar

Because of the limited SME experience that I have, I find it interesting to seek understanding of the subject. I have studied small company behavior at bachelor level within the subject of Economic history, where the structure of small companies in their context of activity became of relevance. Company size at relation to requirements and limitations concerning the activity proved crucial when structuring small firm business. I also work part-time assisting in various business developmental issues at SMEs, and I try to follow the economic and financial debate in media and newspapers where SMEs play a vital role. I see this thesis as an opportunity to link theory and practice by the dynamic characteristics that the SME brings assuming business development in its relation to the concept of growth.

2.1.2 Pre-understanding of Najmoddin Nekzada

As a person who has worked in the area of business development in a private SME and as a student who is soon about to enter to the labor market, made me super interested to do the research within this topic and identify the obstacles and barriers of growth that SMEs faces with. In my previous employment I used to work with the SME which had operations in different areas such as entrepreneurship, marketing, management, finance and accounting. The central office was in Dubai and had contacts with different people in Canada and European countries. Their task was to purchase the second hand vehicles specifically cars and different vehicles parts and shipped them to Dubai. The business operation was related into two different lines, the first line was allocated to B2C, while the second line was related to B2B customers and it covered many Asian countries.

Enhance customers’ trust, customers’ satisfaction, building good communication channel, on time delivery are listed as the value of SME that I owned. Since I had the
business before my university studies and lacked knowledge about SMEs, increased the chances to face with problems and made it hard to develop the business. At the moment, my business background made me eligible to do further research within this area and also the related courses that I completed in bachelor level and master level made me curious to study the growth of SMEs and its barriers from the business development perspective.

2.2 View of knowledge/Epistemological and ontological standpoint

A theory can according to Holme & Solvang (1997, p. 50) be considered as complex apprehensions regarding contexts with regards to common occurrences that is to be tried against the actual societal situation. As something exists, epistemology is the study of how you know it (QUORA, 2011). Epistemology hereby questions what knowledge is and how it can be acquired. Epistemology evolves from the Greek word epístē'me, knowledge, or the science of knowledge (knowledge theory) (Åsberg, 2000, p. 29). The two main focuses with regards to epistemology concerns positivism in contrast to the hermeneutic approach. The word positivism evolves from the latin word positum (pono), to put, to arrange, to lay (Alvesson & Sköldberg, 2008, p. 32) and at the broad sense assumes something to systemize for the researcher. At this basic view, positivism is often considered to be something that is linked to quantitative and mathematical evidence were not so deep facts about many things acts as example (a questionnaire). The hermeneutic approach is (Thure’n, 2007, p. 152) based upon the human interest to understand other humans and their terms and conditions. The hermeneutic standpoint further concerns the empathic understanding of human action rather than the forces that shapes- and affects the same (Bryman, 2011, p. 32). Regarding scientific mainstreams, this thesis can be considered hermeneutic rather than positivistic by means of a general focus upon understanding rather than quantifications of facts, concerns and opinions (Thure’n, 2007, p. 16 & p. 94) as our purpose again is to explore and seek understanding for barriers to growth in SMEs at a business developmental perspective.

If ontology assumes what there is, epistemology (above) assumes how to know it. The awareness of an ontological approach is here added. Ontology assumes (Bryman, 2011, pp 35-36) what actually exists referring to the nature of the social entities considered. The basic point here appears whether these entities are to be considered as objective entities, or as constructions based upon actions and activities with taken by the surrounding (market) actors. These considerations might fill function and relevance at a mere market driver aspect, which is not of main priority for this thesis. The constructivist and the interpretivist approaches here unites (against the positivistic standpoint) by the focus of the world from the point of view of the interacting individual (Denzin, & Lincoln, 1994, p. 100). The constructivist opposes positivism by claiming that knowledge and truth are created and not discovered (Denzin & Lincoln, 1994, p. 125) and the interpretivist criticizes positivism by means assuming that reality develops and evolves because of understandings and meanings. Our stated hermeneutic standpoint and our focus towards understanding and interpreting the surrounding environment urge us to ascribe our work to the interpervasist standpoint. This view assists us in motivating our choice of viewpoint towards the research questions and thereby the purpose by allowing the business developmental perspective to be evaluated in an evolutionary viewpoint. Of main concern is here the fact that the observer observes the surroundings and the environment where after theories can be contextualized.
2.3 Qualitative Approach

According to Backman (1998, pp. 47-48) the qualitative standpoint assumes how the individual interprets its reality rather than how the objective reality appears. Backman (1998, p. 31) further refers to the qualitative view by assuming written or spoken formulations, often verbal interpretations of the word. Here minding that qualitative research often is considered as a generator of- and not a tester of theories (Bryman, 2011, pp. 39-42). Holme & Solvang (1997, p. 79) evaluates the difference between the qualitative- and the quantitative approaches. They state that the advantage with the former is that the total and overarching situation is considered and presented (which facilitates understanding regarding contexts and links). The quantitative strength rather lies at the opportunity and possibility to create and establish informative generalizations of all the units that have corresponded to the, say questionnaire. Closeness to the units of investigation, truth and actuality regarding what is searched for alongside presence of descriptiveness (Lofland, 1971 cited in Holme & Solvang, 1997, p. 93) ought to act as main decisive(s) when choosing a methodological standpoint.

Induction, or inductive method is by Thure’n (2007, p. 22) defined as general conclusions drawn from empirical facts. Deduction (or deductive method) is rather seen upon as logic conclusions (Thure’n, 2007, p. 28) being considered valid if they are logically coherent. Bryman (2011, p. 28) adds to the discussion that the deductive standpoint assumes a theory whereupon observations are made. The inductive alternative at the opposite rather assumes the other ways around where the observation leads to a theory. Although the close link between the qualitative alternative method and the (Backman, 1998, p. 48) inductive standpoint, we hereby consider our work as a qualitative deductive study. The word qualitative evolves from the Latin word qualitas that means nature, character or attribute. The qualitative focus can thereby be seen as a method of discovering, exploring and figuring out the nature of something (Svensson & Starrin, 1996, p. 53).

We have hereby at basis of our purpose and research questions stated a hermeneutic, qualitative standpoint and we refer our thesis to the interprevistic and deductive concern. This implies that we are interested in a deeper understanding regarding contexts where people interacts and expresses themselves from their experiences and views.

2.4 Truth Criteria

Qualitative research and quantitative research are evaluated with different standpoints. The quality terms validity and reliability evolved within quantitative research, but practiced concepts within quantitative studies do often fill function at a qualitative focus (Bryman, 2011 p. 49). Since quantitative and qualitative studies represent different bases, it has appeared problematical within qualitative research to use and apply the quality terms validity and reliability. As an alternative, other terms have evolved within qualitative research. We below briefly evaluate the concepts of validity and reliability whereafter alternative quality terms within qualitative research are put forward.

2.4.1 Reliability and validity

A study’s validity is according to Kvale & Brinkmann (2009) about whether a study really investigates what it is supposed to investigate. Reliability rather concerns the accuracy at which data has been collected, security regarding the data collection methods (Kvale & Brinkmann, 2009 pp 200-203). Within quantitative research,
statistical methods are often applied and used and the accuracy here lies at whether correct instruments of measure have been used. At qualitative research, human action, views and proclamations are investigated where the purpose is to achieve a deeper understanding of a certain phenomena. Data of this kind is not always easily measured/operationalized and requires other ways to evaluate whether a certain study appears accurate. It is at this context that the term trustworthiness has evolved as an alternative to validity and reliability.

Since we have chosen a qualitative approach, we apply the term trustworthiness to assure the quality of the study (Bryman & Bell, 2011, p. 395). The trustworthiness concept is evaluated below.

### 2.4.2 Trustworthiness

As implied above, in qualitative research, trustworthiness can be applied instead of the terms and concepts validity and reliability. According to Guba and Lincoln (1994), one of the premier criteria proposed for assessing a qualitative study is trustworthiness (cited in Bryman & Bell, 2011, p.395). Trustworthiness is hereby seen as an “indicator” (criterion) for how good a qualitative investigation is (Bryman, 2011, p. 52).

There are many different terms that are used to explain the trustworthiness concept, all of which are here to imply which criteria that becomes central in order to strengthen the quality of a qualitative study. Bryman & Bell (2011, p. 395) stresses four aspects and functions of the concept of trustworthiness; credibility, transferability, dependability and conformability.

*The first criterion, credibility, concerns the assurance that the research is carried out according to good practice and also that it enables for the respondent to confirm that the way reality is studied can be considered valid and trustworthy (Bryman & Bell, 2011, pp 395-396). Parallels can here be made to internal validity, that is how reliable and believable the results are. One way to assure this quality criterion is to apply participant control which means that participating informants have the possibility to take part of and consider, control the material they have shared (Bryman 2011, p. 354). Another way to correspond to this criterion is to use triangulation. Bryman & Bell (2011, p. 397) addresses triangulation by the use of more than one method and source of data in the study of ”a social phenomena”. The point here is that a phenomena is enlightened from several different standpoints, which in turn provides a more accurate qualitative study.

*The second criterion regards transferability and assumes the relevance directed to the fact that the study results ought to be transferrable to another context (Bryman & Bell, 2011, p. 398). Transferability presents similarities to external validity. Bryman (2011, p. 355) stresses that qualitative research often has focus towards the unique and contextual in order to emphasize meaning and context for the particular phenomena, which implies that transferability not always is the target at a qualitative study. The consideration of the transferability of a qualitative study requires solid descriptions that provide a base to evaluate the transferability of a study.

*Thereafter following issue focuses towards dependability and corresponds to the reliability criterion. By dependability is emphasized that records ought to be kept covering all of the phases of the research process and present the same in an accessible manner (Bryman & Bell, 2011, p. 398). The carrying through of a qualitative study ought to correspond to the dependability-criterion by continuous quality control, where
the purpose and research questions are frequently returning themes. So at literature choice, methodology choice, choice of informants and data collection etc. The presentation of such outcomes contributes to transparency (Bryman 2011, p. 355).

* The final point of interest is here conformity where it is assumed that the researchers states and assures that they have acted in good faith by avoiding personal opinions and values to affect and manifest the research (Bryman & Bell, 2011, p. 398).

These four criteria can be said to represent a base for the trustworthiness of a qualitative study. In chapter 4, practical method, we present how we have worked to strengthen the quality assuming these criteria.

2.4.3 Ethical considerations

Many researchers come in contact with ethical concerns within research where different sets of terms are applied. Regarding principles and terms that concerns ethical considerations, we have read the texts of Bryman ((2011, pp 131-132); Denzin & Lincoln (1991, p. 372) and Kvale & Brinkmann (2009 p. 78)).

Saunders et al., (2009, p.178) is one further of many researchers that evaluates ethical considerations and states that it is necessary for the researchers to consider the best use of methodological practices in order to be able to apply the best procedure concerned about the moral correctness when involved with the participants. Therefore in this research the authors have considered the following four main ethical principles below.

Harm to participants: This first principle is super important for the researcher to avoid any actions that would affect or harm the participants in the future in any way. Based on this, we have informed the participants that the materials which are collected through interviews would be used only for this thesis. So the participants should feel free from any actions in the future.

Lack of Informed consent: This principle states that researchers should provide the participants with full information about the research before their participation. The participants should have clear information with regards to the issues related to the research, so if the data is collected or used without the consent of the participants, it is not ethical. Any force or any other illegal way used for the consent of participants is marked unethical. Therefore the participation should be voluntarily.

Invasion of privacy: The third principle requires that researchers should maintain the privacy of the participants and not to invade it. Therefore the researcher should be careful not to disclose any information about the participants which they don’t feel comfortable with. With regards to this principle we have maintained the confidentiality and anonymity of the participants contributed to the research.

Deception: Finally the last principle indicates that deception occurs when the data received from the participants are used for other purposes than what it should be. Bryman & Bell (2008, p.141) states that deception should always be minimized and avoided as to get accurate findings from the research. Based on this principle all the participants are clearly notified that their information would only be conducted for the reason of this research and thesis.
All above principles are considered seriously while conducting this study and we describe in chapter 4 how we have proceeded to correspond to these ethical requirements.

2.5 Literature sources and critique

In order to introduce the subject and to establish a fundament whereupon further findings and reasoning are based, we hereby describe the process of the development of the theoretical method. According to Torstendahl (1966, cited in Holme & Solvang, 1997, p. 125), a source can be defined as information that authorizes the validity of the information. Further, Bryman (2011, p. 98) implies that evaluated literature within the focus for the research provides a picture of what already is familiar in the subject, which theories that appears vital and also which fields there further are to explore.

We started off by identifying the cornerstones of our thesis (SME, growth, business development and barriers) together with the main areas of investigation (management, procurement/purchasing, -production/product, -market/marketing, -accounting/finance and -administration). We searched for articles, books, information sheets and advertisements related to these subjects with various search-word combinations at main focus respectively (see here the categorization regarding scientific material as implied by Backman, 1998, pp 16-17). The search-word combinations were though all somehow related towards small- and medium sized (SME) companies. We mainly used the literature search functions at Umeå University main Library and primarily so EBSCO (Emerald), SCOPUS, Album and also the standard web-search function. The formal word for this process is according to Backman (1998, p. 149) named Library-/browsing and use of reference-databases. Backman (1998, p. 153) refers to this search process as the most efficient due to the range- and scope of literature that is covered. We tried to avoid truncation (use of asterisk “*”) during our literature search process (truncation-Backman, 1998, p. 161) in order to follow our specified search-words and combinations. Truncations were though practiced at a few occasions.

The literature search process evolved into (read: number of hits- Backman, 1998, p. 156) a total of about 270 articles and 86 books who were categorized according to mentioned cornerstone-foci. These were thereafter evaluated according to inherited research value as about 1/3 of the articles- and 1/4 of the books were considered not relevant enough for our focus and subject and therefore put aside. The research value of the remaining useful titles is considered sufficient and the extent and number of such references could have been more- and larger and more concretely specified towards our main field of research, but is though overall satisfying. The nature of the sources were both normative and cognitive. Holme & Solvang (1997, p. 126) here makes the distinction between the former as evaluating while the latter appears informing and telling.

2.6 Literature review

Our prioritized literature supposedly states in concordance to Backman (1998, pp 26-27) that literature evaluations can be seen in accordance with overarching problematic of the subject. Identified literature sources can further be used to indicate and motivate apparent lacks that concerns the common knowledge-base. Backman (1998, pp 26-27) further implies that literature considerations facilitates the discussion as to how different outcomes of methodological priorities have been interpreted. Some sources that can be judged as old are added because of their theoretical contribution that still can be
considered valid. The absolute majority of old sources are updated with newer references that complement and/or extend the theory in question.

The contribution of SME activity to the society is evaluated by a number of theorists, here mentioning Shepherd & Wiklund (2009). Adding the concept of value-creation, the strategic tenet, primarily after the early 2000’s is emphasized by Moore & Manring (2009) via the addressed hidden link between small business and its environment. We identified fairly many literature sources with regards to SMEs, but not regarding the linkage to present mainstreams concerning theoretical standpoints and main aspects. Since this focus according to us has experienced a transformation for instance assuming how to handle and reach the market and acquire capital, much can be learnt as how to categorize the barriers and distinct the same by functional meaning. The literature cannot be considered flexible by such means. This can though not at similar extent be said regarding the growth concept where the literature is more considerate towards generally changed conceptions who secondary affect barriers. In our tries to link growth and business development, this became a relevant feature. Concerning theorists who evaluates the element of growth of small companies is here mentioned Bjerke & Hultman (2002) and also Achtenhagen et al., (2010).

Regional approaches to barriers have been made by for instance Moy & Luk (2003), Coad & Tamvada (2012) and Gill & Biger (2012) where we could identify interesting differences that regards barriers in different sectors. Here can be mentioned a further distinction, separation and categorization as different fields of focus were considered. Keogh & Evans (1998) contributed with findings that regarded technology-based SMEs, MacMahon & Murphy (1998) provided facts that focused on HR dimensions for the small firm and Pihkala et al. (2002) have carried through studies that regard innovation barriers and further on the clustering effect that might appear in such scenarios. The literature here appeared more cognitive than normative as the reasoning’s were presented in an informative and telling manner. The literature can further be considered as fairly updated as most of the sources are from the later 2000’s and 2010’s.

Adding the business development aspect, Gaibraith (1982) and Steinmerz (1969) contributes with useful basic insights that concerns critical stages in the SME development. Theories that have been criticized (via more complex transition stage behavior) by modern standards, se for instance McMahon (1998, pp 10-17). In addition to the work of McIlrathy (1998) the business capacity of the small firm is here explored. Earlier addressed link between business development and change in a growth aspect is here further in a useful way at the organizational viewpoint evaluated by Stewart (1985). Pikhala et al. (1999, pp 336-342) here provides more modern insights into organizational SME behavior by emphasizing a wider scope of affective factors towards the organization. Scarborough (2011) contributes with similar facts though at an entrepreneurial viewpoint.

The literature regarding management turned out to be rich by number. We divided this segment into sections such as for instance planning and learning etc. Most of this literature concerned general success factors within management but we found some angles of use. The work of Reynolds & Lancaster (2007) can be mentioned alongside organizational features propagated for by Uhlander et al., (2013) and Sanchez (1997). The sustainable view regarding management was here added by Stewart & Gapp (2012). We identified most of the management literature as more cognitive (informative and telling) than normative, though so at less extent than other remaining literature.
Mentioned planning aspect could be identified for instance in the work of Lyles et al. (1993) -and Matthews & Scott (1995).

When it comes to our value-chain focuses regarding obstacles faced by the SME, the supply-chain filled a central role within the category procurement/purchasing. Here can the work of Thun et al., (2011) be mentioned alongside the findings of Sharifi et al. (2013). The latter set of researchers also added market growth in their findings. Thakkar et al. (2011) are mentioned as further supply-chain strategists. By theoretical means, SME buying behavior is evaluated among others by Ozmen et al. (2013). Issues related to the product- and the production process could have been more represented in earlier literature due to the fact that the SME in many cases ascribes its competitive ability to one single product- or production process. Critical success factors were here investigated by for instance Cooper & Kleinschmidt (2007). The mere obstacle concern at this aspect is considered by- for instance Freel (2000) and the production process, contextually expressed by lead-times, by Poletti et al., (2011). Services related to the product are investigated by for instance Hernandez-Pardo et al. (2013). What we missed in this literature was a conceptual linkage to growth as much of the sources again tended to be cognitive by its informative nature. Few sources linked actual fundamentals of for instance business development to the element of growth and the managerial affects and impacts that thereby can be traced. Most of the literature can further be considered as fairly up to date.

Market implications and marketing features were in earlier literature quite richly represented. We here tried to distinct the earlier literature by a number of functional areas that regarded the SME home market, -the potential markets, -and market internationalization. Byberg (2006) contributed with useful findings in the context, as did Lloyd-Reason & Sear (2007). The link to business development could here be identified by addressing Tzoka et al. (2001) who also at some extent evaluated growth. A more market oriented focus was provided by Reijonen & Komppula (2010) while the SME internationalization process among others was considered by Pehrsson (2004) and also Olejnik & Swoboda (2012). Innovative marketing is added by the pioneering work of O’Dwyer et al., (2009).

With regards to financial matters of SME activity, Vegholm (2009) contributes with interesting insights regarding the SME and its financiers. Mentioned theorist addresses the relevance of a solid small firm relation towards the bank. Financial preferences of the small- and medium sized companies are further presented by Riding et al. (2012) alongside Czarnitski & Hottenrott (2009) who adds the R&D aspect. Some more regional viewpoints were also to be identified within SME finance as for instance presented by Kasseeah et al. (2013). Local capital structures provided a comparison to the literature, as further stated at this regional aspect addressing the work of Palacin-Sanchez et al. (2013) alongside Cassar & Holmes (2003). The previous literature that regarded administrative features were not at all represented at sufficient extent.

Let us here return to barriers- About barriers, the scientific knowledge within the field of SME barriers has according to us experienced slight changes during the last 2-3 decades. Categorizing for the barrier literature is that a mentionable number of articles lacks contextual barrier definition (see for instance Hashi, 2001). Signifying is also that few articles and authors defines whether the writings concerns B2B or B2C. If and whether two or more markets distincts from one another with regards to certain and specific criteria rather seems of priority. General problems in small business further
appears richly evaluated (see for instance Huang and Brown (1999)). More chronologically occurring appears also regional focuses where specific countries or regions are investigated according to different angles of analyses (see for instance Gill & Biger (2012)). Frequently occurring proved here to be different areas and parts of the world, for instance represented by “Europe” or “undeveloped regions”. The barriers in question tends to concern the companies active aswell as regions as a whole. Worth mentioning is that cluster effects and networking effects proves chronologically more and more richly represented, affecting the barrier debate and the business agenda. Innovation also further tended to be a more and more frequently occurring term and concept which affected the debate (see for instance Pihkala et al. (2002) and Panesar et al. (2008)). Regarding methodology, a rich share of the articles and books were conducted via primary sources (such as questionnaires and cases) (see Moy & Luk (2003)) and secondary sources were frequently present. Analytical development comparing barrier issues over a number of years were though not at significant extent present. As exception is here mentioned Krasniqi (2007). The results can chronologically be said to concern cooperations and cooperative solutions for better outcome of the business where recommendations towards business actives turned out few and lacking. Transition environments was a frequently returning feature (see Doern (2009)). Size and age (experience) of the small firms at relation to performance can be mentioned as a vital focus regarding outcomes and results (see for instance Coad & Tamvada (2011)). The overall impression of the barrier literature is that it appears more and more dependent upon its context.
3. Theoretical framework

In the theoretical framework we aim to present and state some theoretical standpoints of our thesis. As appears in the introductory chapter, see figure 1, the theoretical framework consists of a number of parts, namely small- and mid-sized companies (SMEs), followed by growth and the section business development. Thereafter follows different focuses of the small firm value-chain at relation to business development. These focuses consists of management, -procurement, -production, -market, -finance and -administration. As appears at figure 1, the section barriers hereafter follows in order to clarify hampering affectives, so further at mentioned parts of the small firm value-chain respectively. The chapter ends with a summarization. The theoretical framework will be used as a base for empirical questions and for analyses of the empirical in chapter 6, all at the purpose to create understanding for barriers to growth within business development.

3.1 The SME

We start off by presenting some main features, functions and applications regarding SMEs. The SME aspect is to be seen as introductory reasoning and implication that in accordance with our purpose and research questions supposedly facilitates the conceptualization of the business developmental concern in a small firm viewpoint. We also find it appropriate to present priorities and views regarding the concept of SMEs in order to contextualize forthcoming barrier application.

There are many different views and standpoints concerning the extent and field of application regarding SME activity. Geographical- as well as industry related categorizations can be seen alongside different significations relying upon branches- and niches of business. Stewart & Gapp (2012, intro.) claims that 90% of all worldwide businesses are categorized as small- and medium sized enterprises (companies). A number and share (90%) also strengthened by the findings of Gunasekaran et al. (2011, p. 5490) while others such as Hernandez-Pardo et al. (2013, p. 484) in their research states that 80% of the global enterprises (companies) are SMEs.

Even higher numbers and shares regarding SME presence can be found as Ozmen et al., (2013, p. 208) says that SMEs comprise a whole 99% of all European companies and employ 75 million people.

We can identify a somewhat lower share as proclaimed by Moore & Manring (2009, p. 277) who states that 80% of the global companies are SMEs and continues with an American- and a European distinction by claiming that 85% of the US business- and 99% of European business regards SMEs. We here add the British share as 99% of the UK business belongs to SME activity and stress the words of Moore & Manring (2009, p. 277) who addresses the opportunity for the SMEs that remains in the 2 billion potential customers that today not participates in the global market place.

Some definitions of SMEs follow in the forthcoming section in order to facilitate the understanding regarding the applications and functions of SMEs.

SME definition

The definitions regarding small firm activity are many. We have faced industrial-, regional- and branch related attempts that have been made in order to structure SME activities,
without a generally accepted alternative that covers a full and useful definition ranging from geographical limitations to sector-wise specifics.

The definition of SMEs according to the US organization Small Business Administration (SBA) assumes a number of employees of less than 500 (Thun et al., 2011, p. 5512). Other attempts assume small enterprises (companies) to have 1 to 50 employees and medium sized companies- 51 to 500 employees (Katz & Green II, 2011, p. 5). Further definitions anticipates small companies to have less than 50 employees, medium-sized companies fewer than 250-, and micro-companies fewer than 10- (Turner et al., 2012, p. 944). Others, such as Stewart & Gapp (2012, p. 55) refers to the Australian Bureau of Statistics (in the year 2002), at the range between 5-200 employees.

Regarding the SME definition in Sweden, we refer to NUTEK who in their report regarding competence in small and medium sized companies (NUTEK, 2005, p. 23) refers to small- and medium sized companies as in the range 0-249 employees. A definition based upon the EU definition. Small companies consider 0-49 employees whereas medium sized- ranges from 50 to 249. This report refers to companies with less than 10 employees as “micro-firms”. This NUTEK (2005) definition is used regarding SME size all throughout the thesis.

For better grasping the SME term, it becomes important to have a look upon the characteristics of SMEs.

### 3.1.2 SME characteristics

We accrue to Bohman & Boter (1984, p. 76) who proclaims that smaller companies have forfeits being small as levels of flexibility are higher than for larger market actors. We can here trace this assumption also at current research as for instance Kumar et al. (2013, pp 81-83) states the advantage of SME flexibility. Flexibility is a characteristic for the small company and also a requirement for development. These assumptions are also propagated for by Gunasekaran et al. (2011, p. 5489) who adds that the SME is more innovative than what the larger company is. Moore & Manring (2009, p. 278) here states that mentioned small firm innovation advantage occurs in the early stage of the product-/market life cycle where unique competence for the SME comes to play. We further rely upon Thakkar et al. (2011 p. 313) who claims that the SME constituents are loosely defined and that the influence of the environment constantly changes as we seek theoretical consistency towards the decision process in its context. We can here state that this process becomes affected as the SME organizational systemic reliance towards the social environment is assumed dependent upon company size. We accordingly ascribe SME dynamics to the ability to obtain coordinative synergies and thereby gain scope advantages already at early stages of development. Bohman & Boter (1984, p. 76) in much coincides and adds that the SME decision-process is faster and quicker in comparison with the large firm. This proclamation can more recently be traced at the findings of Diaz et al. (2011, pp 16 and 23) who puts forward the relative flexible dynamics that the SME possesses. We relate this to the communicative concern as the appealingly informal control-process becomes secondarily affected. See here the work of Burns (2011, p. 18). In addition to this, Ghobadian & Gallear (1997) concordantly states that the SME requires simple control systems at low degree of standardization and specialization (Cited in Turner et al., 2012, pp 944-945). We assume the mentioned element of control almost exclusively to become incorporated with the small firm decision- and delegating processes. Moreover, as possible explanatory reason for this we see that the close contact between employees, owners and for that matter customers has affected the structure of the SME activity. As an expression of this, we state that the SME and particularly the micro-firm becomes reliant upon its ability to identify needs and that so often in cooperation with the few customers that the small company have. We deem this knowledge based economy also to receive the epithet of a co-created value market and
economy. The cluster effect that appears often becomes signified by a geographical concentration wherein the SME acts (Bohman & Boter, 1984, p. 76). This theory is applicable decades later as for instance Karaev et al. (2007, p 825) proclaims the presence of cluster effects often closely aligned to the SME activity. At the same time as the low amount of substantial customers that signifies the SME activity makes the small company fragile, we emphasize that the planning process can be facilitated.

The common view of the small- and medium sized enterprise is further that they are assumed to benefit from networking and thereby compensate for resource-scarce lacks (Kowalkowski et al., 2013, pp 18-30). This evolves as a central feature according to our pre-understandings where the network appears expressed as an incorporated part of SME activity especially at early stages of development and mainly so regarding micro-companies. The network often acts as driver for the development rather than what the company does. A condition that becomes even clearer for us as a substantial part of SME activity often evolves due to established service activity relating to the core product of the larger market actor. Our unique categorization of the SME by the role of adding value to the product and process contextually becomes apparent for us. We see the link to progressive relations via the assumption that within the interactive network, companies create value as this integrated structure evolves into value constellations. Our reasoning is at its extreme highlighted by Kowalkowski et al., (2013, pp 18-30) who uses the concept and name service infusion to address the organizational-wide set of values and functionalities that flourishes the SME, as service in many cases becomes the main offering. We here position the SME by its earlier implied function within the value-adding process at larger contexts. We further ascribe the competence term and concept vital function at this process where the unique specifics of the SME come to play. The relevance of the SME intensifies as a relatively higher rate of value-adding at SMEs than for larger companies appears motivated via the more and more apparent conceptualization that the SME receives within the value-chain and for that matter supply-chain. The scenario in many cases motivates an increasing share of product components being produced by the small companies.

However, the above mentioned forfeits regarding SMEs are to be seen in addition to Moore & Manring (2009, p. 277) who pinpoints a number of effectives that complicates sustainable development for the SME. These factors broadly appears as 1) changing markets 2) more advanced and interacting supply-chains 3) networked communications at vast tendencies of globalization and 4) accelerating cycles of technological innovation.

We can here see a relation to our introductory part of our thesis by the role of the SME in its bigger context. This so as the goal of small company policy efforts provided by governments and the community is to contribute with the elimination of market-imperfections and hereby increase renewal within the small business compound (NUTEK, 1992:46, p. 11). As a partial outcome of this, small companies are often started as spin-offs from larger companies, social community projects or from universities (Davidsson, 1989, p. 178). We can see similar assumptions as for today, as stated by for instance Goduscheit (2012, pp 2-7) where spin-offs also evolves from small companies and incubators.

Above characteristics assumes that the small companies (SOU 1993:70, p. 140) employs 2/3 of the total business community (a share also present assuming more current standards-see Enterprise and Industry, EC, 2013). This is to be considered alongside the statement that 55% of international small business fail within 5 years and 81% fail within 10 years (Dodge & Robbins, 1992, pp 27-37). Similar more modern data states that average SME life span is 5 years (Jones, 2009, p. 3).

We move on by introducing the growth concept which we think is vital when evaluating business developmental issues in small company behavioural aspects. We consider the
element of growth as a central implication for our thesis theory as it appears closely linked to business development and the mere barrier viewpoint.

3.2 Growth in SMEs

We here continue with the concept of growth in an SME aspect. We add the growth segment because we think that growth fills a vital function and role regarding business development at a small firm standpoint, and accordingly corresponds to our purpose. With taken priorities that regard evolutionary obstacles faced by the small company can be motivated provided that the element of growth is understood and contextualized.

The concept of growth receives a vital concern in this thesis as well as viewed upon from a general standpoint when considering business development. We think that the SME role and function becomes highly related to growth functionally- as well as structurally. Wiklund (1998, p. 19) claims that many studies applies the concept of growth as the sole performance indicator. For this reason, we can see growth and general performance as used as substitutes for one another. Growth is here defined as meeting or exceeding performance goals in the form of growth in financial (profitability, sales revenue, and financial goals) and non-financial (intensified customer satisfaction) terms (O’Cass & Sok, 2013, p. 3). At the same time, we find motivation for growth as to be identified as individual/organizational perception regarding the need criterion. We here ascribe the need criterion a central function by our proclaimed direct impact received upon the small company structure. When evaluating core substances of the SME, we therefore address the relevance of a clearly stated and defined strategic company vision and goal. This so by monetary (or non-monetary) gains (Davidsson, 1989, p. 68). The vitality of a present company strategic vision is more recently stated by d’Amboise (2000, pp 61-62) who stresses such a goal and vision as a base for further company development. In our tries to contextualize and relate the concept of growth to its constituents we assume the words of Whetten (1987, cited in Achtenhagen et al., 2010, p. 291) who notes that size is an absolute measure and growth is a relative measure of size over time (Although the old date of this source, we consider it still valid).

After this presentation of how we in our theory approach the concept of growth, we continue by trying to operationalize the term. This is supposedly done at a SME standpoint.

3.2.1 Operationalizing growth

As common measurements regarding growth we have identified a wide spectrum of angles. One applicable try for us to embrace the scenario has proven to be profits, number of employees, equity, assets and growth of sales (Davidsson & Wiklund, 2000, cited in Wiklund et al., 2007, pp 358-359). These metrics are used by many theorists, mentioning Shepherd & Wiklund (2009, pp 111-113). Delmar (2000, cited in Donkels & Miettinen, 1997, p. 205) here adds a time horizon, as a yet practiced measurement of growth has proven to be increased sales in a five year interval. In our positioning of the term growth we noticed a specific mix that we deem physical and non-physical where the former has to do with mere quantities (for instance number of). One such distinction could here be applied assuming the work of Thore’n (2004, p. 31) who refers to the work of Kimberly (1976) where measures to control growth evolves as the capacity of the organization, personnel available to the organization and input required for the activity. When relating the research to later sources, we can identify that similar control measures are used though at more integrated manner (Dalrymple, 2004, pp 4-9). We can here see a parallel to above mentioned time perspective which again is added, as yet a growth indicator becomes the maximum rate a firm can grow without altering its financial structure (Hamelin, 2012, p. 567). When contextualizing and considering mentioned metrics, we think that the words of
Bohman & Boter (1984, p. 77) ought to be remembered, as the perhaps most common and practiced growth and size measurement, number of employees, indirectly becomes related to the dynamic nature of the surrounding environment wherein the SME operates. The scene of research has here experienced a development as mentioned measure more and more frequently is alternated by for instance entrepreneurship and skills/innovation (Saisana, 2012 pp 3-5). At the market growth aspect we at large extent refer to the application of at what point of development market share becomes a critical concern for small business (O’Neill & Duker, 1986, p. 37). More current sources, such as Chalmeta et al. (2012, pp 716-719) to this emphasizes that SME measurements ought to be integrated especially at the internal SME perspective.

Once growth is operationalized it can easier be conceptualized. We accordingly at the following sub-heading try to contextualize the element of growth for the small firm.

### 3.2.2. SME life-cycle during growth period

In our tries to structure the SME growth process, we identify slight differences with regards to ordinary and traditional growth and expansion models. We here rely upon a model for small business growth as stated via the framework by Scott & Bruce (1987, p. 48) who assumes the following five focuses. We can see similar concept as for today, as implied by for instance Yola, 2013.

**INCEPTION, SURVIVAL, GROWTH, EXPANSION and MATURITY**

Here minding that the usual introductory stage, at the SME viewpoint has been exchanged for inception stage. We could identify a number of versions and alternative drafts that have been made regarding this framework. Although the core essence of this framework has remained intact through the years and decades, slight changes can be identified, as for instance Churchill & Lewis (1983, p. 3) prefers existence as a premier feature regarding the early stages of development. As further example of historical changes of the model can be mentioned Dodge & Robbins (1992, p. 28) who refer the expansion stage as protection stage and the maturity stage as stability stage. We further highlight the findings of Steinmetz (1969, pp 29-30) who originally in the 1960’s used similar models though prioritized the evolutionary stages as direct supervision, supervised, indirect control and finally divisional organization.

We consider the above framework to become fragile as surrounding impacting factors tends to rely upon a vast spectra of specifics. We motivate this as each transition and move from one stage to the other are associated with external effectives that often are fluctuating. As example of such externals can be mentioned intensifying labor prices, increased demand and intensified competition (MacMahon & Murphy, 1998, p. 25). According to our own experience regarding SME growth and specifically micro-firm expansion we accrue to the words of McKelvie & Wiklund (2010, p. 267) who in accordance to this in-frequent development states that only a small share of companies are able to engage in linear, stable growth.

Above mentioned SME life-cycles of growth are at following sub-heading evaluated by adding some differences between small and large companies assuming growth. We also add some strategic aspects of SME growth.

### 3.2.3 The growth process

We state the core of the growth process to be addressed and found at the difference between small and larger companies with regards to their competitive advantages respectively. Larger companies are here assumed to act as a result of obvious goals in the strive for
minimized operating costs and differentiation. Strategic growth management hereby becomes a predictive process (Faulkner & Johnson, 1992, cited in Jennings & Beaver, 1997, p. 64). Regarding the smaller firm, we according to our pre-experience state that competitive advantage evolves in accordance to operating circumstances, why strategic managerial issues for the small market actor rather can be seen as an adaptive process. We accordingly try to approach the growth process as how to nurture inherited core competences where the contextualization of the growth process becomes a matter of properly categorizing the elements that fosters progress and exploitation of unique know-how. Ability to apply this often adaptive process towards industry dynamics hereby receives premier role when structuring SME behavior. The process in many cases acts as premier explanatory feature why small companies grow faster than do large companies (Krasniqi, 2007, p. 73). We can hereby contextualize the uniqueness of the small firm via the unique and rare resources that SMEs often have access to. The competitive forfeit thereby lies in the complex process linked to “transferring and copying” the uniqueness of the SME and the resources inherited (Conner, 1991, cited in Wiklund et al., 2007, p. 355).

The held SME flexibility ought according to above reasoning be considered alongside the fact that SMEs rarely and seldom can compensate low levels of intellectual capital with product dynamic capabilities and nor can (O’Cass & Sok, 2013, p. 16) reputational access compensate for lacking market- and marketing capacity. This issue and concern becomes vital as SMEs also must inherit the ability to deploy its resources. Mentioned inability to compensate such lacks directs even higher dependencies upon the core substances of the small firm as it becomes apparent whether basic fundamentals of the company with regards to product specifics and appliance can be deemed sufficient. The managerial handling of the resources within the SME is further affected by the occasional occurrence of the scenario that small company owners do not want to expand their activity. “Under-utilized resources” can here appear (Wiklund et al., 2003, p. 247) as these market actors often do not realize their actual and full growth potential. Doern (2009, p. 284) has also identified the absence of small company desire to grow where defensive reasons rather are the case. Besides the mere risk element, we according to our pre-experience add motivational reasons alongside expected market outcome as decisive matter regarding expansion. Concerning this matter, we in our research faced inabilityes by the SMEs to clearly state and express such growth motives and transform the same towards the conceptualization of expansive means.

3.2.4 Strategic aspect of growth

We consider the growth process to be fairly closely related to the strategic tenet. Once adding the mere strategic aspect we according to our pre-understanding agree upon that small market actors tend to practice focused- or niche strategies (O’Neil & Duker, 1986, p. 30). We can here trace this assumption more currently into the 2010’s as for instance Storey & Greene (2010, p 4) support this proclamation. Here minding that the SME generally tend to differentiate much sooner that they did 30 years ago (Barth & Hörte, 1998, p. 11) and that differentiation as a strategic choice for the SME appears as a rare phenomen. The latter proclamation appears clear to us as we consider the SME often to be characterized by one single product or idea. We further emphasize the close conceptual relation that signifies product uniqueness in accordance to the growth paradigm as we consider the main paradigm of business development to be an idea. We further see this as somewhat secondary as the niche market at our research has become an informal way for the SME to distinguish its products from alternative solutions. Extending the strategic consideration, Davig & Brown (1992, p. 54) refers to Mintzberg (1973) and states that smaller companies acts at reactive managerial focuses applied in incremental (stepwise) steps. This assumption is strengthened by more recent sources, here mentioning Levi & Powell (2005, pp 31 and 101) and Bianchi et al. (2002, p 5) who point out rich presence of reactive incremental SME
development. We see this incremental application as a natural process for the SME with regards to its limitations. This some ad hoc view of SMEs that often appears at the growth context, is by Sharifi et al. (2013, p. 399) strengthened by a concurred emphasis towards reactive rather than proactive strategic measures. We further also consider the reactive strategic viewpoint of SMEs as a natural process and outcome besides the mere incremental application. We though add that a proper way to proceed would be for the SME to rather stress proactive means whereupon to expand in order to reduce, limit and minimize defaults. For this reason we stress the relevance of being able to patternize the activity and assure that positioning measures are accurate at implied proactive paths. Here minding the words of Vadlamani (2011, p. 39) who generally stresses proactive strategy as a way for vast growth regardless of categorization. The strategic aspect ought to be evaluated in accordance with the common assumption that a small firm that grows often develops “expanding and prospering” narrow market niches (Storey, 1996, cited in Wiklund et al., 2007, p. 354).

3.3 SME Business development

As business development acts as a premier feature at this thesis, we accordingly add some reasoning’s regarding this aspect alongside which considerations the business developer faces regarding small company activity. As appears in the introduction of chapter 3, we in this section aim to conceptualize the core functions of business development and contextualize the SME growth process in accordance with the purpose. In our theoretical framework, we have so far emphasized some basics for our thesis, SME and growth (see figure 1) which now will be followed by yet central features regarding small company prospering, namely business development followed by the small firm value-chain and thereafter barriers. The latter can be seen as a precondition for the former and assumes how small firm development is carried through.

At the element of change, small business play an important role in dynamic economic prospering (Storey & Greene, 2010, p. 90) where the drastically changing business world and community challenges theories regarding small firm development (Sandberg, 2012, p. 8).

Almost all new business and the development of the same are based upon an idea or a company vision. This assumption acts as a central feature for us in our thesis as we in our theory bases business developmental issues upon an idea and concept. Gibb & Scott (1985, pp 611-612) emphasizes following focuses, which are later on supported by Sörensen (2012, p 57 and pp 211-214).

- Number of ideas for development of existing products or services
- Plans regarding exploitation of new products
- Stage of development for the ideas

Considerations thereafter positioned in accordance to the small firm (Gibb & Scott, 1985, p. 608) by asking;

- How well is the business performing in the market place?
- How well is it producing the product or service? How is this reflected in the overall financial and operating performance of the company?

Sörensen (2012, pp 70-71) more recently expresses similar priorities via product and process orientation.
The decision to develop the business thereafter becomes based upon the consideration whether the match between product specifics and market needs appears well suited according to the environment (Bohman & Boter, 1984, p. 81). This match can be identified also as for today, see O’Regan et al. (2012, pp 200-204). We hereby anticipate the following model:

![Business capability contra product appeal](image)

Figure 2: Business capability contra product appeal. (Mc Larty, 1998, p 110)

In order to fulfill these business developmental criteria and develop the company, the SME must have clearly identified and stated the following roles of the manager who operates the business. These role functions appear as the one who produces, the role of the administrator, the entrepreneur and the integrator (Adizes, 1979, p. 8). More recently, Priyanath (2006, p 97) underlines the importance of the organizational structure as a major area for processing the management. We have identified much systematization that has been made with regards to above categorization. The mentioned entrepreneurial function has for instance at the SME standpoint received the term *intrapreneur* at the context of smaller entrepreneurial units (Bohman & Boter, 1984, p. 76. The close relation between the intrapreneur and the entrepreneur is also implied at more recent literature where Scarborough (2011, p. 63) and Van der Sijde et al. (2013, p. 29) can be mentioned. Here further mentioning the work of Carter & Jones-Evans (2000, pp 242-244) who adds the function of “overall value creation and climate” as the entrepreneur becomes an intrapreneur.

We continue by adding some responsive necessities for the business developer, alongside small firm external and -internal factors that constitutes the business development process.

### 3.3.1 The expansive SME and business development

The vitality of the business developmental aspect often appears hidden under similar and surrounding areas within growth-theory.

One way to assure that certain levels of flexibility within the activity evolve is by analyzing the ability to respond in a fast manner to new market opportunities. This proclamation is strengthened by our pre-experience as a decisive success factor proves to be the ability to exploit and realize and further capture business capabilities as they come along. When positioning, Dodge & Robbins (1992, p. 35) via the research of Lewitt (1988) proclaims that business developmental concerns regarding small business often tends predictable as small business generally repeats the way others have proceeded. When relating the research through the decades, we can identify that learning has become a key word in this process. This is for instance expressed by Sulistiyani (2012, pp 141-145) who further implies that imitation today is widespread in theory as well as in practice and can be seen as a commonly used strategy. The process is thereby imitative. We agree to this statement by means of how to evaluate intra-firm small firm business processes once they are realized.
The business development process is hereby (below) structured in accordance to external- and internal factors (Gibb & Scott, 1985, p. 601). This categorization is strengthened also as for today via for instance Chang (2011, pp 1659-1660 and 1662-1663).

The sources of consideration for the business developer appear by premier external factors as follows;

Premier external factors;

1. Environment awareness
2. The strength of competitive pressure
3. Existing Product and market situation
4. Degree of uncertainty and complexity of the market
5. The age of the small firms major products, influencing the development of new products
6. The broadness of the company’s market operations assuming number of different activities and number of products produced

Main internal factors appears as-

1. The control system, degree of formalization
2. Limited specialization and absence of qualified staff
3. Personal and leadership characteristics of the owner-manager
4. Managerial time coping with change regarding new developments
5. Physical asset base of the company, quality of equipment and updated technology
6. Motivation and commitment
7. Human potential of the organization with regards to skills and flexibility
8. Financial situation of the firm/liquidity

According to many SME market actors, a vital problem area evolves regarding the implementation of above criteria, so as Gaibraith (1982, pp 70-71) also at this context states the necessity to apply a stage-wise (incremental) thinking regarding the application of above factors and the development of new organizations. The scene of research has here experienced a development of these proclamations as Barkema & Drogendijk (2007, pp 1-4 and p. 13) states that this incremental thinking becomes closely linked also to the internationalization perspective. Latter theorists here stress a close linkage between external factors and the market. Barkema & Drogendijk (2007, pp 1-3) further claim that this incremental standpoint has been questioned over the years, but is still valid. We can hereby realize business ideas in a sufficient way. Besides the mere knowledge base, we emphasize that past experience has proven decisive in similar situations and stages of development. We accordingly ascribe the accumulated experience base increasing attention as strategic factor when evaluating business developmental priorities. The theorists Gibb & Scott (1985, p. 609) here addresses the accumulated experience base by pinpointing the following criteria;

-Product development experience
-Extent of experience regarding differing kinds of markets and customers in the past
-Experience of external agents
-Experience of raising capital

Gibb (1997, pp 13-16) later on extends this reasoning by emphasizing the close relation between learning and experience.
The SME has now reached a transition mode where it must reassess the criteria that affects its business developmental priorities;

3.3.2 The small firm value-chain

We here emphasize the relevance of interaction with other companies and other SMEs via the cluster effect. We contextually address the synergies that evolve for the SME when participating in an interactive mode in the more and more heterogeneous markets. This consideration is affected by the fact that the effect of clustered economies has been realized by new markets, and for that matter by developing economies (Sabel, 2009, pp 118-119), as the clustered function has become a natural part of business development.

The strive for access to expansive markets and areas stresses the facilitating use of market platforms (coordinated supporting activities, forums, web-forums, business community interests etc.) in the value-chains where the SME can interact (Sandberg & Jansson, 2011, sum.) at early stage of development. We here try to express coordinative efficiency via levels of learning as exploitation of unique values acts as premier feature. We assume the application of such platforms to fill function at the business developmental aspect by the way which the SME obtain access to the new market, the new knowledge or the new alliance. Swedish SMEs do for instance prefer (Sandberg, 2012, p. 97) to use an intermediary in the value-chain and the new market as much can be gained with regards to know-how and market specific activity. We found the intermediary standpoint as a way to position the SME in accordance to the value-chain paradigm as we identified general difficulties to motivate obtained value-added forfeits all throughout the production process. Value persistence at the change notion is here approached by the common assumption that the companies that appear hardest to replace in a value-chain are the ones who integrates and incorporates established systems (Jacobides & MacDuffie, 2013, p. 94). These systems assumes formal integrative processes and also the ability to obtain know-how and update communicative ways of procedure. We here see a parallel to the concept of managerial learning and training as the small companies who incorporates this issue as a natural part of its activity often appears successive in comparison to those who do not.

Moreover, the value-chain in a small firm aspect acts as the origin whereupon we motivate our choices of fundament for the thesis (the growth perspective of business development) and eventually our SME areas of focus (management, -procurement/purchasing, -product/production, -market/marketing, -finance/accounting and -administration). The small firm value-chain model hereby follows as;
3.4 Business development and the SME value-chain

In this section we focus on our particular aspects of business development which we, inspired by the small firm value-chain, identified as extraordinary relevant regarding SME growth in a business development perspective. Similar SME value-chain priorities and focuses have been preferred by for instance Huang & Brown (1999, p. 76). We here seek consistency by allowing following focuses to conceptualize and embrace the core processes of the SME and the micro-firm in our try to contextualize the growth process in accordance to the main paradigms of business development. The concepts of business development and obstacles faced regarding growth are here linked to SME management, -procurement (purchasing), -production (product), -market (marketing), -finance (accounting) and – administration as supposedly further approaches of the business process are implied in accordance with our research questions and purpose.

3.4.1 Business development and SME Management

The section that concerns management is added as it constitutes how business development is implemented within and towards small firm activity. We hereby seek consistency towards the research questions and purpose by motivating managerial reasoning’s as how to actually carry through business developmental motives and thereby achieve growth. A process which in turn can evolve into barriers for the small firm. Management can here also be seen as a way to handle appearing barriers.

The managerial part of a small company fills vital function for overall development and success. Especially since some unique SME characteristics bring an impact upon the fundamentals whereupon managerial concerns are based, efforts and resources ought to be directed towards a functioning and established managerial process within the SME.

At the broad sense; production process, products/markets, changes in ownership and organization and employment and use of labor acts as main features (Smallbone et al., 1995, p. 45) regarding SME management. We here emphasize the weight directed towards the managing of commitment and control alongside the ability to express these via leadership style and culture within the organization. Means, goals, identity and ideology thereby becomes key words regarding “the personalized culture” of the small company (Hendry et al., 1995, p. 46). The flexibility inherited by the small market actor is here risked and jeopardized (Hendry et al., 1995, p. 53) as the SME tends to get locked-in in a set of routines which hinders managerial adaptation. Tries to break existing paths of management is hereby often hardened due to the similarity that signifies SME structure and managerial priorities.
Other ways to view the key features of SME managerial performance refers to Miller (1983, cited in Chaston, 2007, p. 818) who argues that small firm managerial performance by direct means relates to the degree to which the company has an organic structure. Pasanen (2007, pp 329-331) in a more recent study makes a distinction between single-managed and team-managed market actors. He also distincts between company age and size as for growth strategy. In addition to above, Covin & Slevin (cited in Chaston, 2007, p. 818) emphasizes that in the organic firm, entrepreneurial management increases performance. Tzokas et al. (2001, p. 22) concurs to this reasoning and adds that organic structures promotes entrepreneurial activities. This view enables the small firm to rapidly correspond to competitive actions.

We hereby address the linkage between the element of growth and obstacles faced when developing as a firm, an issue that at the managerial standpoint must be conquered.

Figure 5: Managerial decision making process (Reynolds & Lancaster, 2007, p. 1041)

Above reasoning and figure are to be approached minding the some unique managerial set of values that flourishes the SME, where management systems becomes synonymous with centralized power and decision-making (Fiegener et al., 1996, p. 21). This often occurs via applied priorities of the owner-manager who in many cases un-deliberately brings high degrees of homogenization to the organization. This leadership base further (Gibb & Scott, 1985, p. 611) assumes;

--The personal objectives of the owner
--Owner-manager task structure, vital areas of focus
--Attitude to change
--Influence of the family upon and towards the company

These mentioned factors can be considered valid also as for today though at more complex integration (Psychogios & Garaev (2012, pp 1-5 and p. 10). Intra-organizational relationships and self-organization are here key words in a chaos-complex environment. Leadership becomes role based.

As a first sub-heading regarding management we evaluate the use of external consulting, a phenomena that has become more common during latter decades. The common lack of managerial skills hereby allows this alternative application of knowledge that nowadays can be seen as closely related to internal company management.

Consultant advising
A more and more practiced way to improve the knowledge base and also the managerial levels within the SME has been to use consultant skills (see here for instance Panesar et al., 2008, p. 177). The efficiency regarding consultancies is pinpointed by Robinson (cited in
O’Neill & Duker, 1986, p. 32) who states that small businesses using outside advisors and consultants outperforms those who do not use such services. Shared learning alongside co-production with clients are here added by Muzio et al. (2011, p 808) who is allowed to represent more current research.

Gunasekaran et al. (2011, p. 5492) extends the reasoning as to also include financial advising, legal representation and tax consultation. An interesting pattern can here be identified regarding the issue as high-growth SMEs tends to inherit a greater willingness (Smallbone et al., 1995, p. 57) to consult external advising and consultants than do low growth SMEs. Hurmerinta et al. (2004, cited in Viljamaa, 2007, p. 72) also adds an interesting feature as they claim that small companies with previous experience regarding used expert services tend to identify the need for such services better than do SMEs without previous experience. The critics against the use of outside consultancy services are commonly based upon the proclamation that the resources spent to acquire consultants often appears on behalf of (Feldman & Klofsten, 2000, p. 634) otherwise necessary investments, such as for instance R&D. As an example of larger scale consultancy of advising is here added the research made by NUTEK (1992:46, p. 8) who have identified which types of skills that are hired for. The findings imply that 75% of the small companies uses accountant services and 50% consult juridical services. Only 11% of the small firms consulted services with regards to marketing services and company vision.

The following sub-heading acts as a vital part within management. The way planning is handled and carried through brings substantial considerations for the manager as how to allow general firm evolution, decision processes and communicative priorities to follow certain patterns.

**Planning**

The managerial concern is in much based upon the presence of a unified way to handle and cope with obstacles and difficulties that regards priorities with taken and sets of differing values. The planning process here plays a central part as coordinator of role functions and performance. We emphasize the relevance of planning in an SME via the words of Dodge & Robbins (1992, p. 35) who states that planning represents the biggest problem and obstacle in small firm development. The central role ascribed the planning process is further strengthened by Bohman & Boter (1984, p. 380) who proclaims that it is of necessity to incorporate the planning process until it becomes an integrated part of the other segments of SME activity. More recent research, for instance presented by Zinger & Le Brasseur (2003, pp 2-4 and p 13) confirms the vitality of a present planning process, especially so at later stages of SME development. Learning and business development are here key words. Lyles et al. (1993, p. 39) here accordingly emphasizes that the close relation between the planning system and the decision making process within the small firm is what gives the planning process such a prominent role within SME management.

Planning at the managerial standpoint also relates to the possibilities that arise and also the cautious manner by which the SME manager can handle risk. Gibb & Scott (1985, p. 598) here refers to Steiner, 1967, who states that planning ought to be long-ranged as the small firm can exploit appearing opportunities. As the long-range perspective cover several years ahead, it opens up for more strategic aspects of planning (Ghobadian et al., 2008, p 5 and p 14). The smaller company can further identify the threats of the competitive market. The forfeit of the longer-range perspective of planning is by secondary means strengthened by Bohman & Boter (1984, p. 83) who proclaims that short-range planning often becomes a “natural part” of SME management and that this shorter time horizon in many cases reduces efficiency levels and impact regarding goal formulation and alternative ways of action.
Mentioned shorter time horizon of planning in the SME has frequently become related to projects and simpler project plans (Turner et al., 2012, p 945, 951, 953 and 954).

The planning process hereby faces the issue whether the capacity of the organization to deliver and achieve growth is acting in accordance with the required levels of expansion. The scenario is at the planning viewpoint addressed by the gap that appears between achieved -and required levels of planning at relation to growth.

The relevance of formal planning is further evaluated by the research of Lyles et al. (1993, pp 44-48) where it is stated that “formal planners” tend to direct larger emphasis on formulating goals than do “non-formal planners”. The use of strategies and formal planning is here positively correlated. This regards issues relating to strategic concerns as well as mere resource-scarce aspects. The present level of planning and its implementation at the SME standpoint is also addressed by Lancaster & Waddelow (1998, p. 863) who claims the way for the SME to come out strong from this situation is that a mind-shift regarding planning must appear. The SME manager is here to identify the value of planning and that so further at a formal point of view. The same theorists (Lancaster & Waddelow, 1998, p. 856) thereafter stresses the importance of being aware of the assumption that SME managers in many cases confuses long-range planning with “immediate“ tactical issues (advertising and sales promotion).

Here minding that the planning process is not agreed to be a central part of the managerial process. The concept of planning is by functional means accordingly questioned, for instance so by Matthews & Scott (1995, pp 36-37) who adds that uncertainty for the SME results in a focus on “doing” instead of planning. The fact that small company strategic planning often is associated with projects according to Gibb & Scott (1985, pp 620-621) bring an effect upon the SME managerial activity and make it unique. The same theorists at some extent oppose earlier reasoning regarding planning impact because these mentioned projects leads to absence of formal planning plans. The use of project management, even if there are differences in age and size among SMEs, is later on stated by Turner et al. (2012, p 943 and 954).

In the sub-heading that follows, our aim is to broadly introduce the reader to the forfeits of IT use in the value-added process.

**IT**

The SME use of IT in its activity is an issue that becomes more and more vital. IT can here be said to make the activity more flexible by widening the ways how to organize things, in turn stimulating business process redesign (Jönsson, 2006, p. 239) and “value-chain reconfiguration”. IT hereby acts as a stimulator (Jönsson, 2006, p. 99) regarding organizational change. The effect of this is that mentioned value-chains at the SME aspect bring the small firm to fill an important function as “change agents” in global value-chains (Gunasekaran et al., 2011, p. 5491).

SCB in cooperation with NUTEK (NUTEK, 2005, p. 25) conducted a survey regarding 20 000 small companies where the absolute majority of companies used IT in their activity. The research further implied that the use of IT and the rate of cooperation (NUTEK, 2005, p. 32) with other companies were positively conjunct.

**Staff and personnel**

The managerial concern fills a vital part of SME activity and the handling of staff and personnel can be seen as the part where management and strategy becomes implemented.
Hendry et al. (1995) prefers to consider this feature by stating that the key concern for the SME manager is to build and establish identification of the employees with the business. Building such loyalty, Cunningham (2010, p. 2131) stresses that loyalty towards the firm becomes a part of the reward criterion. However, tensions among different interest groups and employee legal rights hereby often arise. The level of complexity sustaining mentioned loyalty is here assumed to intensify (Hendry et al., 1995) with the first employee, the 8-10th employee, the 20-25th employee and the 100th- and 400th employee. This intensifying complexity alongside the problems of transferring personnel acts as premier argument why there are relatively high rates (Baksh, 2001, p. 19) of joint ventures regarding SME activity. Here minding that renewal of personnel and staff generally are more intense for small companies.

Learning/training
It is of great vitality that activities that are aimed to improve competence within a small firm are considered the correct and accurate way to handle the company problems (Ellström & Nilsson, 1997, p. 60), if so at individual- or organizational level. As a way towards this realization Thakkar et al. (2011, p. 318) claims that the SMEs must be encouraged to explore their base potential with regards to learning and development, and thereby recognize their own forfeits and weaknesses. According to our pre-experiences, we state the necessity of transforming the motives of an idea and realize the same.

Individual level SME learning at the training viewpoint is here defined referring to Thakkar et al. (2011, pp 314-315) who assumes applied values and beliefs at a “mental mode” which “embraces personal mastery”. At the organizational aspect, the same theorists anticipate learning as supply management orientation. Above definition ought to consider that the informal communicative processes that signifies the SME brings learning to anticipate (Thakkar et al., 2011, p. 329) knowledge in tacit forms. Any focus, we emphasize the relevance of that the SME training processes is carried through at a holistic standpoint as it often is difficult to identify actual sources of problem areas that hampers development. As a measure handling this default, the concept of learning network often becomes applied in order to bring a dialogue between the SME and others that are included (Tell, 2000, pp 312-315) in the knowledge spreading process.

3.4.2 Business development and SME Procurement/purchasing
Provided that the SME procurement/purchasing priorities can be patterned, useful insights can be made concerning small firm activity. We see the procurement area of interest in many cases to act as a base whereupon the SME makes decisions for further activity. We accordingly try to address the dynamics of the procurement processes at the SME aspect. Wilson (2000, cited in Ozmen et al., 2013, p. 208) states that organizations purchase as a rational group while consumers buy as individuals. It is here of importance that the SME from the “buy-side” as well as from the “sell-side” understands the market and the market opportunities and hereby become aware of the concept and term “need”. As vital concerns regarding SME procurement are here emphasized; buying attitude, SME characteristics and environmental stimuli (Ozmen et al., 2013, pp 220-221). The question that the small firm must ask itself is according to mentioned theorists whether it is to be considered as an end-user of commodities that are used internally or as a buyer of “raw material and resale items”.

Moreover, Biemans & Brand (1995, cited in Knudsen & Servais, 2007, pp 137-151) have also considered the procurement aspect at the buyer and seller view and claims that the procurement/purchasing trend goes towards a process of becoming an active search process by the buyer. SME procurement hereby becomes characterized by a reduced number of- and also intensified cooperation with suppliers. We can here relate to our pre-understanding
where assured independence towards suppliers with regards to access and quality proves crucial. Characterizing for small company procurement/purchasing is also the generally decreased time it takes for the product to go from producer to the market. However, other viewpoints as for instance proclaimed by Viljamaa (2007, p. 71) states that the SME combines both industrial- and consumer buying behavior. The main reason of distinctions with regards to such small- and larger company procurement here lies at the fact that the SME has “autonomous rather than joint-decision making”. In accordance to this, Viljamaa (2007, p. 72) implies that small companies acts more forfeitable if they act slow concerning need recognition and fast in making the purchase decision. We here stress the dynamics of the small firm as explanatory sources of the way resources are obtained. As the smaller company further appears more fragile and sensitive regarding changing consumer needs, we address and assume that enabled access to resources are affected also at the risk concern. This standpoint is to be considered alongside the assumption that small companies not prioritize the suppliers (Ozmen et al., 2013, p. 216) viewpoint, a condition that gives SMEs reduced trust among suppliers. SME buying behavior is further for instance by Ozmen et al. (2013, p. 207) considered as conservative. We stress the necessity for the SME to remain independent in its supplier relation and also to maintain the ability to identify its dynamic criteria in order to optimize obtainment of resources.

The forfeits of a sufficient supply-chain managerial agenda bring short- and reliable delivery-times and cost-, risk reductions (Thakkar et al., 2011, p. 314). The relevance of functioning supply-chain management can hereby according to Morrissey & Pittaway (2006, cited in Thakkar et al., 2011, p. 314) be identified because of “vast expenditure on goods and services” in a global environment. We stress the vitality of a functioning supply-chain agenda as it is put in context next to the value-chain. The relevance of a present and stated view concerning supply-chain management for the SME is further implied by Kim et al. (2008, pp 113-116) who categorizes competitive dynamics via the issue supply-chain versus supply-chain and not via the aspect company versus company. We stress mentioned categorization as crucial especially at initial stages of development as productive implications often appears synonymous with a sustained supply-chain. At the procurement focus, the SME though experiences problems as the small company not is able to harness (Qyale, 2003, cited in Thakkar et al., 2011, p. 314) benefits evolving from supply-chain management.

Moreover, a difference regarding small- and larger firm supply-chain management could according to Thun et al. (2011, p. 5520) be identified with regards to the element of risk. Here primarily assuming the small company focuses on safety and overcapacity issues while large companies rather tend to focus on on-time delivery. This is a main reason why the supply-chain in small companies by the ones active at the SME is considered as more fragile than at the larger firm. One way to handle this scenario is according to Thakkar et al. (2011, p. 328) for the SME to combine the concepts of supply-chain management and organizational learning. We stress the necessity of awareness regarding needs of the customer and market where supply-chain gaps are filled and not before a customer is incorporated to the business, the integrating phase regarding the supply-chain is begun.

**IT from the procurement/purchasing view**

The role of the seller and the role of the buyer here act as central feature where indirect B2B e-business cost savings appears tough to realize (Jönsson, 2006, pp 226-227) as the same evolves due to fewer errors in the processing of a new product. Value for the supplier at the IT B2B aspect here evolves as (Jönsson, 2006, p. 294) value creation, value capture and relationship development where the internalized SMEs at the procurement aspect often appears as international sellers, “globals” and locals.
3.4.3 Business development and SME Production/product

The centrality ascribed production- and the product focus at a small firm viewpoint is among others stated by Cooper & Kleinschmidt (2007, p. 53), who claims that the strongest driver of profitability is a quality product. The SME can according to Davig & Brown (1992, pp 58-59) be said to work in a “production mode” rather than in a “market mode”. According to our pre-experience, we assume the production process at small companies as closely incorporated towards the firm business. Even more so at early stages of development due to uniqueness of the product and the productive process. SME activity here becomes expressed by the degree to which the small company incorporates and includes its product development towards its operationally categorized activity. Moreover at the productive tenet, the informality that flourishes the small company often appears as a competitive advantage (Terziovski, 2010, p. 893) because of the limited small firm product range that by its restricted number do not require resources. Mentioned informality is further on reflected in the sales activity since small companies not tend to use formal sales forecasts (Reynolds & Lancaster, 2007, p. 1045) rather focusing upon subjective judgment. Such sales forecasts are at the SME rather applied in relation to a business plan, if present. We continue by approaching the flexibility criterion regarding production by adding the logistical focus. The logistical concern is among others evaluated by Edström-Frejman (2014, p. 5) who states that the production process is much about how efficient the production-material can be applied (and transported) to the production process and how fast the process of refocusing the production process appears from production of one product to the other. Volume is here a key feature as the lead times in many cases becomes too long in accordance to what is produced. This logistical debate has become a main feature when it comes to automated and robotized production.

Production quality (TQM) - SME production/product

At the productive facet, the small company faces problems that regards lack of a support network, poor infrastructure and communication, all of which are (Cilberti et al., 2008, cited in Hernandez-Pardo et al., 2013, p. 484) related to the TQM (total quality management) concept. However, the forfeits regarding TQM are at the productive tenet not fully understood by SMEs as TQM only is fully applied (Khan et al., 2007, p. 351) by a low share of small companies. Kajdan (2007, cited in Özkan & Karaibrahimoglu, 2012, pp 420-421) pinpoints that different TQM tools are used. Labor analysis and elimination of non-value added activities can be here mentioned. The TQM concept as applied measurement for improved activity and efficiency further on appears blurred as small business failure (Foley & Green, 1989, cited in Jennings & Beaver, 1997, p. 67) in most cases equals business activity seizure and liquidation.

3.4.4 Business development and SME Market/marketing

The market- and marketing aspect of SME activity appears as a central viewpoint regarding small company development. The relevance and impact of market behavioral issues is for instance emphasized by Bard (2007, p. 23) who classifies market- and marketing related focuses as a functional problem and also as a business philosophy. Other theorists such as O’Dwyer et al. (2009, p. 389); Chaston (1997, p. 81) also propagates for the vitality of an SME market concern by proclaiming that SME marketing often appears integrated across all functional areas within the SME. We can identify a closer such relation and integration the more tied up the company appears towards its sales function. The informality that flourishes the SME with regards to decision-processes and communication can be traced also concerning the market behavioral aspect as small firm marketing practices (O’Dwyer et
al., 2009.; Gilmore et al., 2001, cited in Resnick et al., 2011, p. 38) tend to be more creative and alternative. We also at this context stress the often present ad hoc imperative regarding SME activity where creative solutions nurtures progress and acts as a precondition for the activity. Further significations of this view appear by a higher level of instinctive and unplanned marketing tenet. We frequently in our pre-research faced and experienced that marketing acts as a natural outcome of the ability to remain visible at the market and sustain contact with parties who embodies the market needs that there are. Bjerke & Hultman (2002, p. 102) “concurs” to these statements and adds that SME marketing and decision-making is intuitive and often short-term. We contextually emphasize the findings of Jobber (1998:6-8, cited in Bard, 2007, p. 120) who states that the effectiveness regarding the marketing process for the SME is reliant upon whether the small company manages to uphold a “marketing orientation”. Mentioned theorist mainly assumes as such factors of efficiency, a customer oriented philosophy, an integrated marketing organization and marketing information.

The characteristics of SME marketing hereby appears by the following:

![Figure 6: Marketing characteristics (O’Dwyer et al., 2009 (A), p. 48)](image)

The dynamics of SME marketing is according to Bjercke & Hultman (2002, p. 100) based on a distinction between marketing in small and large companies. We here according to our pre-understanding state that the SME is characterized by faster speed of response towards customer needs than what is the larger market actor. Moreover, O’Dwyer et al. (2009, p. 47) claims that a vital difference lies at the segment of sales and promotion as the marketing process in the small company context appears all throughout the company/product life-cycle. Such a continuation assumes the response to new product- and market demands. This is in line with our identification of the difference between small- and large company market distinctions via the forfeit of the SMEs as it appears closer to the customer and thereby correspond faster to appearing needs. We further anticipate the SME to implement marketing plans in a faster manner than what the larger firm does. This implementation argument appears even more relevant when considering the findings of Bjerke & Hultman (2002) as they state that marketing implementation in many cases is more important than strategic planning.

We believe that the highly integrated SME also with regards to market- and marketing issues becomes reliant upon its company-internal interactive nature which is reflected upon the marketing process. We also at the strategic facet concur with Terziovski (2010, p. 892) that the SME strategically mostly appears as reactive assuming the market point of view. As other theorists who refer to SME strategy as reactive can be mentioned O’Dwyer et al. (2009, p. 385) who claims that the premier reason why the strategic tenet at SMEs is reactive is because of the close link to innovative marketing.
SME market/marketing - internationalization
Morgan-Thomas & Jones (2009, intro.) refers to internationalization as the process where small companies increases their exposure and response to international activity. This is implemented by various “cross-border modes” of operation. We claim that mentioned modes and response to internationalization are seen as ways to extend the competence base besides the mere increased market size. Moreover, internationalization can be defined as a process of adapting company operations to international environments (Kyvik et al., 2013, p. 174). We accordingly add the synergetic view alongside advantages of scope and scale. We here mind that the motive for internationalization at the SME is growth (Svensson (2003, p. 1). As premier motives for small companies to internationalize can further generally be mentioned the location to near natural resources, reduced costs of transportation and access to low-cost production (Lloyd-Reason & Sear, 2007, p. 72).

Moreover, Lloyd-Reason & Sear (2007, pp 17-18; Andersson, 2001, p. 85) accordingly introduces the concept of “born-globals”, who targets a market that is global by nature. The born-global concept is further extended by functional meaning assuming the words of Olejnik & Swoboda (2012, p. 490) as they state that even more growth-oriented born-“globals” can be referred to as “born-again-globals”. Signifying for the born-again-global is also that it relies upon “generation of intelligence” which the born-global do not.

We agree to the relevance of sustained activity that regards the identification and handling of internationalization processes. Much resources and efforts could the spared and saved provided that this process is handled in a sufficient way. We also concur with the propagators of an incremental stepwise application towards the new market wherein to operate. Lloyd-Reason & Sear (2007, p. 35) here implies structural attempts to evaluate internationalization, where a gradual and progressive process becomes the case. This stage-wise process of internationalization has by some theoretical scholars been named the Uppsala model, a step-wise application concerning the learning process of internationalized firm expansion (Johansson & Vahlne, 1977, cited in Sandberg & Jansson, 2011, concl.); Byberg (2006, pp 8-9). A learning process by time evolving into accumulated knowledge.

E-marketing and information access from the SME market point of view
The central function of e-marketing and web-sites at its extreme acts (Resnick et al., 2011, pp 43-44) as a standard tool and measure for the SME. Aziz et al. (2011, pp 262-263) accordingly states that information sharing fills a vital role regarding the SME internal functions. The use of internet marketing practices here facilitates the activity as an IT-based culture is established. By operative means, the scenario reduces operating costs where the premier difficulties related to IT application of SME marketing, in line with mentioned theorists, tends to be high set-up costs, a lack of trust concerning the development of technology alongside inadequate legal protection regarding IT B2B activities. These findings are in much also strengthened by Cho & Tansuhaj (2013, p. 515) who further adds that premier determinants for the SME using e-intermediaries acts as product standardization and also monitoring costs.

The internet use is also applied by Svensson (2003, pp 18-21) via the statement that the market view emphasizes;

* Promotion
* Segmentation
* Pricing
* Distribution
These considerations are extended by the findings of Lloyd-Reason & Sear (2007, p. 33) who concurringly adds to the discussion the “access to potential customers and online transactions” as main criteria. We could identify low-cost communication and obtainment of know-how as further stressed concerns augmenting for the e-marketing aspect.

SME networking in the framework of marketing
Because of the close link between personal contacts and SME activity, the SME marketing process becomes incorporated (Gilmore et al., 2001, p. 7) with the concept of networking. We see this relation also at an intermediary aspect. Carter & Jones-Evans (2000, p. 360) in their findings agree and adds that the vast amount of time and effort that is spent on marketing becomes ascribed networking due to the close relation between influence of the owner-manager and organizational constraints. In other words, the high degree of customer interaction that signifies the SME leads to better information access (Bjerke & Hultman (2002, p. 104) which by time becomes a natural part of the SME network. Partially as a result of this, the small company can by its flexible standard exploit (Bjerke & Hultman (2002, p. 105ff) smaller niches than can the large market actor.

3.4.5 Business development and SME finance/accounting
We identify acquirement of capital as a premier difficulty for the SME. This obstacle also becomes associated with relating problematics such as accounting and recordkeeping, that are supposed to act as fundament for further managerial decisions. Small company performance is supposed to be more efficient when applying proper financial management (McMahon & Davis, 1994, cited in Brinckmann et al., 2009, p. 219). Lack of accounting systems and record keeping here acts as main problem areas (Dodge & Robbins, 1992, p. 33) regarding small firm performance. The key concern acts as whether the value of access regarding financial information exceeds (Svensson, 2003, p. 63) costs of obtaining the same.

In the RICARDIS report, the vitality of (RICARDIS, 2006, p. 11; Partanen et al., 2008, pp 513-522) complemented ordinary accounting statements as to also include Intellectual Capital (IC) is emphasized. Hidden value hereby becomes stated as “future value”. Social capital and the necessity of record keeping of the same are mentioned as central features. The danger associated with the general lack of sufficient SME accounting systems is further propagated for by Özkan & Karaibrahimoglu (2012, p. 421).

External funding – SME finance/accounting
The financial structure of the SME contributes with vital knowledge regarding small firm performance.

The access to external funding generally improves the situation for the small company by widening its activity ranges. For instance, small firm R&D investments tend to increase as access to external funding intensifies. Larger companies do not appear (Czarnitski & Hottenrott, 2009, p. 79) as sensitive regarding this matter.

Moreover, the dynamics regarding external funding is debated among others by Berger & Udell (2006, cited in Abdulsaleh & Worthington, 2013, p. 43) who in their research identifies trade credit (delayed payment for delivered good or service) as premier source regarding external SME financing. Abdulsaleh & Worthington (2013, p. 42) rather emphasizes the general tendency for the owner-manager in his/her strive for control to prefer debt financing rather than external equity.

Either preferred way, Huang & Brown (1999, p. 80) adds that companies in the service sector experiences fewer problems in obtaining external finance than do those in other
industries. This assumption is motivated by the fact that the former alternative requires lower levels of investment. Finally can be mentioned the findings of Lindelöf & Löfsten (2002, pp 143-154) who states that research-, business-, innovation-, and technology parks facilitates access to capital and finance for the SME.

3.4.6 Business development and SME Administration

The link between organizational structure and performance of the SME and its administrative apparatus here becomes central as the company structure is reflected within the SME administrative system.

In the research carried through by the European Commission (SMF i Fokus, 2002, p. 11), 2/3 of the small companies’ claim that the administrative burdens with regards to bureaucracy constantly intensifies. This category of complexity further impacts the recruitment process of more than 1/3 of the investigated SMEs. As administrative process was here addressed the gathering of information concerning authority legislations. As further obstacle was mentioned the law system complexity with regards to small firm obligations. The administrative process can here be said to rely upon the consideration of what definition-wise is referred to as managerial and strategic application. (The) STRATOS-group (1990, pp 87-88) prefers more than one year of coverage and activity in at least three of five functional areas of activity (production, marketing, personnel and staff etc.) and presence of written plans as such a definition allowing administrative application.

We are now ready to approach SME barriers.

3.5 Barriers in SMEs

We here aim to identify and state, and also pattern some of the main barriers that the SME faces in its development and growth. We also seek to conceptualize the presence and impact of barriers for the SME. The barrier section is included at the argument that barriers represent the premier way that the small firm is hampered in its business development. This is to be seen in relation to earlier growth section as our purpose and title supposedly can be motivated at the business developmental aspect as we add the barrier focus. We end the barrier section by having a closer look at barriers for each earlier mentioned segment of the small firm value-chain, that is; management, -procurement, -production, -market, -finance, -administration.

3.5.1 Barriers- meaning and function

The term barrier is frequently used and practiced within business activity, though according to us not specifically specified and defined. During our thesis work we have found a number of articles and books but few of these attempts to define and specify the term.

According to our SME experience and thesis research, a barrier whether company internal physical (i.e. shortage of space), non-physical internal (i.e. mental shift), company-external formal (i.e. laws and legislations) or external non-physical (i.e. image and reputation) is something that hampers, stalls and hinder, or even stops the continuous development and growth of the firm. This hampering effect is assumed present regarding business developmental issues as well as mere general company growth. A barrier might appear if you not are aware of- or not handle the obstacle and problem. Which barriers that are in question becomes reliant upon the specific situation of each firm.
3.5.2 SME barriers

Carter & Jones-Evans (2000, pp 420-422) emphasizes market limitation, industry structure and competition as barriers at the external perspective while owner-manager- and size constraints are mentioned as internal barriers. The latter alternative aspect of barriers affects the company by the SME ability to identify and cope with environmental changes, which we think is a vital task for the small firm. To the internal categorization is also ascribed organizational culture which also is reliant upon the owner-manager. According to our pre-experience, the close relation between delegating managerial issues and intra-company culture acts as an apparent feature for us mainly regarding micro-firm activity. The inherited motive of the owner-manager as how to nurture his or hers ideas and visions is to us decisive and by direct means has an impact upon the intra-firm processes. Moreover, such abilities facilitate the SME obtainment of quality skilled employees. We relate this acquirement of competence matter to the relevance of withholding sufficient levels of coordinative know-how abilities regarding the separate functions within the company. During our research we discovered how devastating one or several such functions appears for the SME when not functioning properly (here mentioning the sales function), where high demands and requirements were put and directed towards remaining segments and functions of the company.

Moreover, finance and capital acquirement is by us experienced as a critical problem for the small company. We here add the necessity of presence of financial channels towards the SMEs and the markets in order to exploit capabilities, where the capital is transferred to potential areas of interest. This becomes especially relevant as competition appears as the main SME barrier all throughout (Moy & Luk (2003, p. 217) the stages of small company development. In our try to relate small company development to barrier concerns we can broadly state and assume that the earlier the idea in its exploitation, the more important appears the finance issue.

Other theorists such as Carter & Jones-Evans (2000, pp 420-422) in their work identifies market- and marketing related barriers as most prevalent. We think that this proclamation is reliant upon the product specifics of the SME but we agree with mentioned theorists that the difficulties arise as the SME progresses from stage to stage in its development. This feature appears as apparent for us as the markets become more and more integrated and reliant upon informative matters. We support the idea that problems attached to the market contextually appears more apparent at late growth stages (Dodge & Robbins, 1992, pp 30-33; Moy & Luk (2003, pp 216-218) while the lacks regarding financial acquirement rather links to early inception stages. We think that market assessment alongside the efforts related to defining the target markets alongside low cash flow appears as prominent obstacles at this viewpoint.

As the SME expand and in its extreme internationalizes, Achtenhagen (2011, p. 12) mentions four barriers worth of consideration. These are 1) the SME is unable to contact potential customers, often so overseas 2) locating efforts of new markets and the analysis of the same are affected by limited information 3) foreign business opportunity identification and 4) shortage of working capital when financing expansion. To us, we assume issues 1) and 2) as crucial at initiating stage of development. Rundh (2007, cited in Achtenhagen, 2011, p. 12) to this add a further obstacle, namely the problem- and difficulty for Swedish SMEs to control, identify and gain access to distribution channels in other markets (often international). This so as the resource-based view relates to the managerial tenet by informational-, operational-, strategic- and process-based (Morgan & Katskikeas, 1997, cited in Achtenhagen, 2011, p. 27) focuses.
Moreover, regarding internationalization, Carter & Jones-Evans (2000, pp 447-448) adds as such barriers, the lack of knowledge regarding foreign government regulations that often is present and further addresses the occasional negative perceptions regarding risk in abroad selling. Differing foreign safety- and health standards alongside absence of government support concerning business procedures in the other market were also put forward. Further, tariff-regulations and exchange rates can here be mentioned as barriers internationally.

The technology criterion here appears as a yet further SME barrier. Access to suitable technology and also so at an affordable price is complemented by immaturity of technology (Gunasekaran et al., 2011, p. 5503). A change in the technology system forced or not, can according to us by secondary means function as an obstacle for development. The technology aspect acts as an example where the SME often has reduced bargaining power (Shelton, 2005, p. 339), a phenomenon often reoccurring not only at the high-tech focus.

Barriers frequently stressed at SME activity further appeared by the fiscal system (level and type of taxes) (Hashi, 2001, pp 226-227; Storey & Greene, 2010, p. 412).

### 3.5.3. SME barriers and the competitive concern

Some aspects are here evaluated with regards to the competitive tenet of SME activity and the barriers that might appear. We assume the words of Moore & Manring (2009, p. 278) who prefers to evaluate this viewpoint by stating that smaller companies easier leverages their capabilities, which by time evolves into organizational change. We consider this effect to act as a vital driver for small firm development. This criterion is according to us at the competitive facet not at similar extent fulfilled by larger market actors. However, this forfeit does though not uphold the lacking resources and limited ability of the SME to provide and remain a wide scope of product offerings. Here not forgetting the additional service activities that must be added (Kowalkowski et al., 2013, pp 18-30) which are a difficulty for the SME at the resource-scarse aspect.

Moreover, the general conservatism that is directed towards SMEs (Economist Intelligence Unit (EIU) cited in Bergman (n.d)) evolves into fear of taking risks both for the SME as well as the ones having business with the small company. This conservatism alongside the often limited scope- and range of customers that the SME has has evolved into a barrier as 1/3 of all small businesses are dependent upon on one customer for 25% or more of their sales (Cambridge Small Business Research Center, 1992, cited in Carter & Jones-Evans, 2000, p. 297). The abundance towards few and substantial customers for the SME is also implied by Smallbone et al. (1995, pp 51-52) who adds a more deep categorization by stating that high-growth SMEs tend to have “less dependence” towards their larger customers than do modest growth rate SMEs. High-growth SMEs are further assumed to direct more focus towards widening their product range. Here we could relate to our experience regarding few substantial customers as we have discovered the forfeit and also disadvantage of low number of customers who represents high rates of sales. We see a direct link between the structural impacts upon the small firm in accordance to number of substantial customers. Yet significance can here be identified as high-growth SMEs adjusts more to new production processes, than do less prominent SMEs. Facts and figures to be evaluated minding that roughly 50-80% of larger firm acquisitions or mergers with/to smaller companies fails to fully deliver anticipated benefits (Moore & Manring, 2009, p. 279). Moreover, we think that the character of the company and the structure of the market in question appear as decisive and fills function when positioning the small firm activity. Innovative SMEs for instance faces market competition as main barrier while “low-
innovative smaller companies rather have to deal with information barriers (Pikhala et al., 2002, p. 532).

As an example is here added some premier and general barriers that SMEs faces which acts hampering at a competitive viewpoint. The research is presented by Gibb & Scott (1985, pp 616-617) and is added because of the structural-, positioning- and market related barriers that has been traced (although old source, following factors are still considered valid). The sample consists of two years of investigation regarding 16 small firms in the UK.

- The development potential base/Weaknesses in the experience base.
- Lacks of access to appropriate forms of market information (accessibility/price/timing)
- No time to explore and consider new ideas and the efficiency of the same.
- Weaknesses regarding the management control base.
- The performance base. Inadequate awareness of their own current performance base.
- Leadership contradictions (business/personal/family)
- Weaknesses in the technology base.

Above considerations ought to be considered minding that the competitive tenet regarding SME activity transforms from resource (capital- and technology-) driven competition to need driven competition. The more so according to us as the small company settles and enables exploitation of the sub-market. The competitive facet here tends to assume product improvements to become categorized as value-added processes (Smallbone et al., 1995, p. 54). As a result of this, well-performing established SMEs competes on quality while less prominent small market actors competes merely on price. Regarding the competitive aspect we further assume the research of Tuomi (2005, pp 46-47) who addresses the vitality of imitability and rareness regarding a small company’s competitive advantage. We consider latter mentioned criterion by time to become a natural part of the SME firm-specific resource-base. We here strengthen our pre-understanding and prejudice that the smaller the company, the more unique the product and idea.

We continue by evaluating barriers at each of the SME value-chain components.

### 3.5.4 Management barriers in SMEs

Management, which we presented initially in the SME value-chain is here evaluated at the barrier aspect.

Morrison & Bergin-Seers (2002, p. 389) prefers to evaluate the concern of training and learning in small companies by addressing the relevance of embedding a culture within the company related to owner-manager learning. At the same time, Morrison & Bergin-Seers (2002, pp 390-396) adds that owner-managers tend to experience training as far to theoretical not fulfilling its purpose. The owner-manager do not hereby identify and exploit learning outcomes because the urge for “immediate benefits”. Tuomi (2005, p. 14) adds the short time periods there are before knowledge is applied in the small firm as yet an obstacle and also the possible outflow of employees linked to training from the SME as features of consideration. Moreover, at the overarching viewpoint, this ambiguous learning process can be characterized via incomplete learning cycles.

The Human Resource Task Force has together with the institute CEDEFOP (European Centre for the Development of Vocational Training) investigated barriers with regards to learning and training in small companies by conducting a Europe-wide survey. Emphasized barriers here occurred by a negative attitude at SME managers towards traditional training
and an absence of training infrastructure in the industries (Gil et al., 1994, pp 12-13). Low levels of personal qualifications inherited by SME managers alongside lack of training offered by the trade associations were further stressed as premier obstacles. The CEDEFOP survey further implied a shortage of training centers and large discrepancies between results obtained and customer expectations when training was carried through. A general lack of training tradition was also emphasized as a barrier.

### 3.5.5 Procurement/purchasing barriers in SMEs

The second place in the SME value-chain is ascribed procurement, and here accordingly follows some barrier aspects regarding this concern.

To remain independent towards the supplier appears as a tough issue (Archer et al., 2008, p 81). As the competition increases, the pressure to compete via price intensifies (Terziovski, 2010, p 893), which in turn leads to that the procurement process for the SME shifts from tactical to strategic (Quayle, 2005, p 25). Procurement activities becomes more and more integrative where the decision process often assumes a dependence towards distributors. Problems arises for the SME who purchases and “procures” from larger companies as lacking fit regarding mutual trust arises among the different participators within the value-chain. The small company will in its value-chain become reliant upon distributors who delivers different products, which in turn urges trust, endurance and volumes. These criteria are seldom satisfyingly present at the SME why barriers occurs at the distributor relation.

In the strive to remain small storage levels, it is also further of vitality for the small company to establish a functioning quality control regarding incoming deliveries. By the general tendency to act slowly concerning needs and wants assuming the SME purchasing decision, lacking quality that are not detected and discovered will lead to production disturbances that stalls deliveries going out. The quality deficiency may further be discovered after the delivery. Either case, a bad image evolves for the SME, a barrier that is hard to spot and handle.

### 3.5.6 Product/production barriers in SMEs

At third place in the SME value-chain we present some production barriers.

Production and the product is central for the SME. This leads to that the small company work in a production mode rather than a market mode. This linkage to the product means that demands upon change not is considered. It is harder for management to recognize the demand upon change (Singh et al., 2008, p 530) as early stages (1-11 employees) directs large requirements upon organization at relation to the production. The direction that this leads to means a concentration towards production which flourishes the company and appears hard to change as new rearrangements not are considered. A necessary concentration to the production of the premier product might result in a vast concentration although the management is aware of the meaning of the customer and the market where the product is sold.

This does though not hinder that necessary changes are carried through as the focus is towards the production mode. In order to compensate this and reach continued development, it is vital to develop a cooperation with other companies. Network creation and flow of information assuming technology in order to reach productivity and
knowledge of new markets (Michaelides et al., 2013, p 2045) is here a way to remain efficient. Although networking today is facilitated by different solutions, the process is hampered for the SME due to the demands that are put upon resources. A limitation can here also be that the own contribution in the network with regards to technology etc. not is significant.

We can here identify a multifaceted dilemma for the SME, especially initially (1-11 employees). The necessary concentration of organizing and building up a functioning production appears as a precondition for the SME further development and expansion. Simultaneously, the preconditions for growth are limited as the surrounding environment is distanced. Here assuming the ability to exploit possible changes (technology etc) within the separate markets. This process is affected by the resource constraint, lack of time and the element of risk. The demand upon a functioning production is often constrained by one or a few customers and products, which hampers the development. This process is further made complicated by the inability to cooperate with others who can contribute with impressions and experiences. This dilemma stalls and hinders the development of the small companies.

3.5.7 Market/marketing barriers in SMEs

The fourth spot in the SME value-chain is market constraints and barriers following. A major priority for the SME is the market aspect and the marketing concern. The small firm must direct vast efforts towards the identification of sufficient spectra of criteria with regards to the opportunities and possibilities there are at the market. Because of its relevance, the market also brings barriers for the SME. Carter & Jones-Evans (2000, pp 356-358) identifies the dependency patterns that appears due to limited customer base as a vital barrier for the small market actor. The fact that smaller companies have less resource’s to spend on marketing is to be seen in accordance with “innovation gaps” that evolves as the SME cannot exploit its new innovations. Moreover, we mention the marketing dependency towards the owner-manager that evolves due to the significant role inherited, especially so at micro-companies. Other standpoints such as propagated for by Resnick et al. (2011, pp 42-43) rather claims that the main barriers to marketing for the small company appears as lack of knowledge, where lacking market research brings risky product-launches. Moreover, Simpson & Taylor (2002, cited in Resnick, 2011, p. 43) rather emphasizes barriers related to sales activities where required SME networking is implemented in order to compensate for lacking market skills. Regarding mentioned networking effect, we add our proclamation that the small firm generally gains easy access to market information. We consider these relations to be size-related as we experience a positive conjunction between smaller SMEs and the incorporation of values and company culture than what we can see regarding larger market actors.

Moreover, the owner-manager can further bring substantial barriers for the small company at the marketing standpoint as manager delegation of tasks to new responsibilities is carried through at same sales functions (Resnick et al., 2011, p. 40) though at less experience. We consider this some managerial concern to bold down to the general proclamation that informal market plans by SME managers are considered more efficient than formal. The barrier here appears according to Lancaster & Waddelow (1998, pp 858-859) as there are “no actual catalysts that triggers” formal market plans. As arguments for avoiding market plans among SMEs proved to be unawareness of the marketing concept and a lack of knowledge regarding the role of small company marketing and its value.
Yet a barrier is identified according to Lloyd-Reason & Sear (2007, p. 35; O’Dwyer et al. (2009, p. 391) who states that lack of a business partner, joint venture or alliance in many cases can be seen as a market barrier. Dahringer (1991, p. 11) here makes a further distinction by saying that services have more marketing barriers than do the marketing of goods.

At the same time as barriers are identified, following characteristics can according to Carson et al. (1995:87-88, cited in Bard, 2007, p. 37) be considered as marketing advantages for the SME;

* closeness to the customer (interaction)
* loyalty among employees
* opportunity focused
* flexibility in responding to customer need

A main barrier that the SME faces with regards to internationalization appears by the market-imperfections. These imperfections are associated with cartels, oligopolies and monopolies who generally (Byberg, 2006, p. 1) are considered bad for competition. The risks and barriers related to SMEs at an internalization viewpoint further evolves by a lack of experienced staff concerning exports (Svensson, 2003, pp 35-36) and problems finding agents/ distributors in the new market. Areas of focus here appears as degree of product suitability in the foreign market alongside tariff barriers to trade. We here pattern the market process regarding product suitability as to be handled via adjustment to the international markets already at the production stage. Unique solutions are here offered to the customers in order to fulfill end-consumer needs and requirements. Häkansson (1982, cited in Elo, 2005, pp 51-52) adds a cultural- and social perspective upon SME internationalization where religion-, organizational culture- and language become vital features. Conflict handling, expectations and commitment acts as further central paradigms according to the same theorist.

Regarding the internationalization process we address the work of Lloyd-Reason & Sear (2007, pp 33-35) who in turn refers to an investigation made by ENSR (European Network for SME Research) in the year 2003. The study considers market barriers associated with SMEs in an internationalization aspect. The majority of respondents claimed that the premier barrier occurred as high costs related to the internalization process. These costs mainly relates to hiring consultant services, market analysis, translations and adaption of the product to the foreign market. Laws and regulations, cultural difficulties and language problems were further referred to in the investigation.

### 3.5.8 Finance/accounting barriers in SMEs

At position number five in our SME value-chain we have finance and barriers accordingly.

As a first barrier concerning SMEs and financial/accounting hinders is here emphasized that the small company engagement (Cassar & Holmes , 2003, p. 127) in complex markets limits its performance by demanded tougher loan granting conditions (collaterals). The forfeits with long-term stable bank relations can be seen in this aspect where such long-period relationships are risked and jeopardized as the financier (Vegholm et al., 2009, p. 121) seldom accompanies and follows the SME through processes that often concerns know-how accumulation. The bank relation can in this context be seen as a stable alternative.
As a further barrier that relates to finance is here mentioned that family ownership according to Hamelin (2012, pp 564-565) undermines a small company’s capacity because of the family run firm’s tendency to act in an independent manner towards external financiers. Family ownership further on “offers nothing in return” for external financiers. A somewhat more positive view regarding small company financial issues is proclaimed by Eggers et al. (2013, p. 528) who suggests that the risk associated with investments is reduced for the small company since access to capital in many cases means increased number of investments in risky projects.

Moreover, a vital focus concerning SME accounting and small company financial matters appears by the lack of sufficient and accurate data whereupon financial decisions are based. This if not else reduces the control level in the company. The fact that the owner-manager (Lucas et al., 2013, pp 2-5) often has the role of an accountant within the SME further complicates the scenario by lack of objectivity in the financial information. The lack of such accurate financial data if not else complicates budgeting (Lucas et al., 2013, pp 6-7). As further theorists that have evaluated the non-efficiency regarding small firm financial analysis and handling are here mentioned Binks & Ennew (1996, p. 24) who identifies the barrier that information asymmetries brings that vital decisions becomes based upon imperfect information. Vermoesen et al. (2013, p. 436) agrees and adds that information asymmetries generally are higher for SMEs than for larger companies.

The SME and the bank - finance and accounting barriers

Regarding dependency patterns that arise between the SME and its financiers we emphasize the bank example. A barrier regarding this relationship arises already at early stages of relation by the information asymmetry (Svensson, 2003, p. 29), which appears more intense for small companies than it is for larger ones. Although the SME is supposed to forfeit from the bank relationship, a barrier here arises due to the difficulties attached to the standardization of services that the SME experiences. Mentioned standardization process in much regards the implementation of new regulations (Vegholm, 2009, p. 40) concerning policy/authority intervention. A crucial feature also regards the assumption that positive SME and bank relations usually tends to result in that the small firm remains at this particular bank. This positive relation is disturbed by the often present prejudice of the bank in the eyes of the small company where long-term relations are neglected in order to make shorter-term agreements. This by time evolves into a barrier since the small firm hesitates (Vegholm, 2009, p. 39) in providing the bank with sufficient information that concerns the SME performance.

As a further barrier that regards the small company attitude towards the bank is here mentioned the common fear of a bank crisis (Vegholm, 2009, p. 40) recurrence. If not else, such a crisis attitude will have the effect that requirements for granting loans towards the SME intensify (collateral). Moreover, the often occurring lacking communication between the bank and the SME can also be emphasized (Vegholm & Silver, 2009, p. 73) as a barrier for the SME. Above mentioned longer-term relation between the bank and the small company can simultaneously evolve into a barrier because of (Vegholm & Silver, 2009, p. 94) the dependency that develops. Finally is here mentioned the common perception that the bank is slow concerning the decision-making process, an assumption (Vegholm, 2009, p. 153) that by secondary means appears as an obstacle.

3.5.9 Administration Barriers in SMEs

At sixth and last position of the SME value-chain comes administration and such barriers accordingly.
In the small company (1-11 employees), the administration is not prioritized. There is not time since the engagement is directed towards establishing production and to start up the business. The administrative concerns are handled at spare time, often by the owner-manager. As the company grows, the demands upon an administrative apparatus increases. Administration appears as a secondary parallel priority for the small company (SMF i focus, 2002, p. 11), so at intensifying pace. Routines have here to be created for the activity. Salary-negotiations alongside employee education and developmental conversations must be held where internal as well as external environmental working conditions becomes of priority. Spare-time efforts must here be organized and categorized to what can be referred to administration (STRATOS, 1990, pp 87-88) in the organizational structuring. If the administrative work not functions, friction will arise that in turn spreads to remaining operative functions of the company. This may hurt the company as a bad image might arise. As the company grows, the barriers within the company becomes even more apparent provided that such administrative issues not is handled properly.

3.6 A brief summarization of the theoretical framework

We here put forward a brief summarization regarding the fundaments of the theoretical framework where we address business development in a growth perspective for the SME. We also in an overarching way provide a picture of the main topics of our value-chain focuses.

We mainly assume the NUTEK Swedish and EU definition of SMEs which broadly assumes 0-250 employees where the premier focus is the interval 0-49 employees. We started off by identifying some characteristics of the SME where we proclaimed the flexibility of the small company alongside a relatively more intense innovative focus. The small company further has a more informal decision process. The SME can be said to appear as fragile towards changing markets, advanced supply-chains and increasing cycles of technological innovations. We consider size as an absolute measure and growth as a relative measure of size over time, where the concept of business development and for that matter management is seen as measures to achieve growth. The SME growth process is further signified by a low number of companies that really manages to engage in stable linear growth. The growth process can here be approached by the smaller company via competitive advantages in accordance to operating circumstances. The SME activity can be seen as an adaptive process while the larger company strives towards minimized operating costs and differentiation. The small company rather focuses towards niche-strategic focuses. Small company activity at this strategic aspect can be considered reactive while larger company development appears proactive.

At the business developmental viewpoint, we tried to position the small company activity with regards to how well the business performs in the marketplace and how well the product corresponds to the needs of the market. Mentioned features are emphasized by us as important for our theory. The concept of entrepreneur has at this small company standpoint received the epithet entrepreneur. The business developmental obstacles and problematic here appeared as difficulties to analyze the ability to respond in a fast manner to new market opportunities, which according to us also acts as a main theoretical concern. The managerial issue hereby fills relevance by the vitality of managing commitment and control and also the expression of this via leadership style and culture within the organization. The managerial focus is added by us as a way to implement business developmental concerns towards the organization. Relevant features of the management concern acts as means,
goals and identity regarding the small company. The managerial point of view is here assumed to face a higher degree of centralized power and decision-making, that flourishes the SME. This relation proved vital for us at the theoretical point of view, as this in turn brings higher degrees of homogenization to the organization by the often informal contribution of the owner-manager. We further at the managerial aspect addressed the relevance of consultant advising which proved to have significant effect as small companies using outside consulting outperformed the ones who did not. Small companies with previous experience of external expert services further proved to better identify the need for services than did SMEs without such previous experience. The managerial tenet was further considered with regards to planning as the concept of planning proved to represent the biggest implementation obstacle in small firm development. The relevance of integrating the planning process to the SME activity proved prevalent. Many theorists contextually asked for a mind-shift regarding the planning process. We also evaluated the managerial aspect from the staff- and personnel viewpoint, where the importance of building and establishing identification among the employees towards the SME business was addressed. The difficulties and problems at coordinating and transferring the activity acted as supreme argument why there are relatively high rates of joint ventures at SME activity. The main obstacle regarding learning and training barriers appeared as the owner-manager seldom identifies the learning process outcomes.

Regarding our SME value-chain viewpoint upon business development we started off with procurement/purchasing and we could state that the organization purchases as a rational group while the consumer buys as individuals. The concept and term need here proved vital as the activity is being positioned. Much of the barrier complexity for the SME is based upon the consideration whether the activity is to be classified as carried through by the end-user or by the buyer. The procurement process is further signified by intensified cooperation with suppliers. Noteworthy is that the time it takes for the product to reach the market increases. We accordingly added the supply-chain standpoint of procurement. Regarding the production process/product, we could identify the relevance for the small company to incorporate its product development, pricing and promotion towards the activity. At the productive tenet, the informality that flourishes the SME can be seen as a competitive advantage due to the limited product range. The barrier viewpoint of the product- and productive aspect is in much based on how efficient the production material can be applied to the production process and how fast the production can be refocused.

Regarding market and marketing, marketing can be seen as integrated within all areas of the SME. It is here of relevance for the SME to uphold a marketing orientation. The barrier complexity appear different assuming small and larger companies as smaller companies assumes the marketing process at the sales and promotion aspect to be continuous all throughout the company life-cycle. The SME further appears closer to the customer than do larger companies and the small company can implement marketing plans faster than large market actors. As barriers at the marketing aspect acts limited customer base, lack of knowledge and how to proceed in the market context. We could identify that the motive for internationalization regarding the market is growth, reduced costs of transportation and access to low-cost production. In addition to these reasoning we also mention e-marketing and information access. A common problematic for the SME further appears as finance/accounting, where the capital acquirement acts as main obstacle for SME development. As relating problems areas were also mentioned record-keeping. Values such as intellectual capital was here commonly referred to, expressed as future value. As a barrier related to this can be mentioned information asymmetry. We accordingly mention some aspects of finance, for instance SME relation towards the bank and the long-term commitments that often evolves. Lack of accuracy regarding financial data when reporting to the managerial staff of the SME proved as an apparent feature. We concluded by adding
some features concerning administrative procedures at SMEs which proved to rely upon the ability of the owner-manager to align operative functions towards the activity.

We accordingly presented some aspects of barriers regarding SME growth and focused on internal- as well as external considerations and how these are expressed. Signifying for this was that the small company often experiences more constant barriers where all barriers can be identified at all growth stages. Difficulties defining the target markets alongside lacking financial planning can here be mentioned as main features. At the innovative concern, the technology barriers also appeared as an obvious obstacle for the small company. The general conservatism regarding SME activity alongside the limited SME customer base have established a focused customer base which affects the market structure. The general trend identified regarding barriers at the competitive tenet has been that SMEs transforms from resource-driven- to need driven competition. Product improvements can here be seen upon as value-added processes rather than diversification measurements. This has led to the scenario where larger companies compete via quality- while smaller companies compete via price.
4. Practical method

In this section we will present how we processed regarding material and priorities that concerns practical method. Here will be included collection of empirical material via cases and interviews, how we proceeded with our respondents and case-representatives, data analyses and also some standpoints regarding trustworthiness and ethical considerations.

4.1 Collection of empirical material

As we have presented in chapter 2 (methodology), we have a hermeneutic, qualitative standpoint and we hereby use and apply qualitative methods when collecting data. Frequently applied qualitative methods are interviews and observations, field-studies, case-studies etc. We have chosen case-studies and interviews and we motivate and describe these choices by the following.

4.1.1 Case studies

Backman (1998, p. 49) here refers to Yin, who approaches the case study as wherein different sources of evidence are used where the border between “phenomenon and context” appears blurred when investigating a “contemporary phenomenon in a real-life situation”. A case study can also be referred to as an intensive study of a thoroughly stated, defined and “hedged” example in order to develop and test a theory, evaluate or just portray something (Stensmo, 2002, p. 68). One of the ideas regarding case studies is that it allows detailed descriptions of human actions and how these are interpreted at a theoretical perspective. The case study is hereby considered contextual. We accordingly consider the case study alternative as justified and motivated and in line with our purpose and research questions.

The strength with a case study is that the results acts as a description of the reality that is investigated whereas the weakness lies at the results not can be generalized towards other situations (Stensmo, 2002, p. 69). The ambition in a qualitative study is not first and foremost to generalize though rather to achieve a deep understanding, which motivates that we despite some weaknesses regarding the case alternative still chooses this procedure.

4.1.2 Case company selection and selection of case company informants

Following the recommendations of Holme & Solvang (1997, p. 101) we tried to make a directed choice of interview-respondents based on theoretically – and strategically defined criteria in correspondence with stated research questions and purpose. As case companies we have chosen Duroc AB and Seaflex AB. We consider the two companies as substantial market actors from the SME perspective and see potential in the companies as for our analysis. We motivate the choice of these two particular companies by the intactness that both companies represent with regards to long-term sustained management and ownership. The management do further represent the company history and development respectively. Further on, both companies have stuck to their core product and core technique which appears persistent all throughout the years and decades. We consider above motives to open up for a discussion regarding what implies and hampers, stalls and hinders, or even stops the continuous growth of the firm. Both companies are B2B and have been, and mostly are, active within the
Umeå region. Mentioned choices are also based upon practical reasons, such as closeness to the firms and case representatives.

Duroc was and is a market leader regarding laser technique improvement of steel surfaces and is listed on the Stockholm NASDAQ stock exchange (O-list, later on “small-cap”). Duroc AB was represented by founder and early owner-manager, Mr. Lennart Olofsson, who we think corresponds to our stated above motivation.

Seaflex is a worldwide market leader regarding sophisticated mooring techniques where its unique product (elastic rubber mooring system) is well-known and proven within the market. The company was represented by owner-manager Mr. Lars Brandt, who also corresponds to above stated motivation.

4.1.3 Choice and selection of expert-respondents

As supposedly appears at above description regarding choice of cases, the choice of case informants was naturally the ones who have founded and run the two firms respectively. When it comes to choice of experts, we asked three experienced and skillful respondents who all have several decades of experience regarding SME activity, to participate as respondents. All three respondents have worked as members of small company boards or so at consultancy basis. The choice of respondents is motivated by that these experienced people, freely and independently, could contribute with their experiences. They are independent from the cases and they all have several decades of experience regarding SME development.

Each one of the three experts represents three different fields of experience within SME and also B2B; financing and bank, accounting and business development, and entrepreneurship and consulting. The aim is hereby that these three interview-respondents are to contribute to the understanding regarding difficulties that concerns small firm growth. Since both case representatives and experts are interviewed, we at the following imply which forms of interviews we have used and how we have proceeded.

4.2 Interviews

Mostly, interviews can be conducted in different forms, face to face interviews, e-interviews and telephone interviews- as the most popular ones among the researchers. In the area of organizational studies, researchers prefer face to face interviews in semi-structured interviews or unstructured interviews in comparison to other types, because it gives openness to speech and also includes high quantity and high quality of data. Face to face interviews and telephone interviews can be chosen for structured interviews accordingly. But according to Sekaran & Bougie (2010, p. 193) the choice of interview methods depends to several things such as type of information needed, level of data complexity, duration of interview, geographical area, number of interviewees and also the convenience of participants and interviewers.

In accordance with our problem statement regarding SME behavior we chose to proceed with a number of interviews carried through with our chosen case-companies as well as with the “experts”.

The goal of a scientific interview is to gather information regarding the respondents’ priorities and attitudes, values, opinions and norms (Bryman, 2011, pp 202-203). The interviews are to be seen as an “active process” where the interviewer and the
respondent produce knowledge through their relation (Kvale & Brinkmann, 2009, p. 34). Holme & Sølvang (1997, p. 99) here identifies the forfeit with qualitative interviews by stating that the interview scenario resembles an ordinary everyday spontaneous situation and conversation. The qualitative interview can hereby be considered to be the alternative that at “least extent guides” the respondent, rather leaving the conversation open. We tried in our work to fulfill these criteria by inviting and encouraging a verbal initiative by the respondent, and we also paid attention to the words of Denzin & Lincoln ((eds.), 1994, p. 353) who implies that the interview not is a neutral tool since the interviewer creates the reality of the interview situation. The interview is rather to be seen as interplay, a result and an outcome of the interaction between the two parties (Svensson & Starrin (red.), 1996, p. 60).

4.2.1 Advantage and disadvantage of face-to-face interviews

Face to face interviews mainly includes several advantages, first the interviewer can only ask required questions, make clear the questions and prevent from misunderstanding. Second, it also help the interviewers to collect the right data by creating room for the respondents, it means that in case the question is hard to understand for the respondent then the interviewer can rephrase it for better understanding. And lastly it is easy to detect the interviewee's feeling through his or her reactions, body language. If the interviewees feel stressed or discomfort then it would be hard to feel in case of conducting telephone interviews. (Sekaran & Bougie, 2010, p. 193)

According to Sekaran & Bougie (2010, p.193-194) there are disadvantages where geographical limitation represents the main demerit of face-to-face interviews. It means that if the researchers conduct a large survey with vast resources who needs a large number participants in a national or international level, it would be quite hard to conduct face-to-face interviews. There are some basic reasons that limit face-to-face interviews in a wide geographical area- first the cost would be high to train the interviewers and pay for their activities. Second, it needs plenty of time to gather the data and finally the last drawback would be the feelings of respondents’ regarding the anonymity of their responses.

Since our study not consists of a larger number of interviews and since the interviews are carried through at geographical close range, we do not see any problems with the face-to-face interview priority.

4.2.2 E-Interviews

We carried through some of the interviews via e-correspondence, mainly at the argument that we by this way could allow for the respondent to approach the subject having a wide array of questions regarding main topics where after we followed up with more specific questions via face-to-face interviews. We also offered the possibility for the respondents respectively to choose between a face-to-face interview or an e-based interview. With an e-based interview we mean a structured conversation via e-mail. The conversation was not chat-based, the respondents sent their answers according to their own agenda based on the question guide (appendix 3 and 7) with a proposed dead-line. Mann & Stewart (cited in Bryman, 2011, p. 596) claims that e-interviews and online correspondence enables the creation of mutual trust which facilitates longer-term relations regarding the processing of the interviews. The e-alternative further makes it easier for the researcher to return to the e-respondent for further information and
reflections. The e-respondent can further on be said to have more time to reflect and thereby contribute with a more accurate and thought through answer (Bryman, 2011, p. 597). The procedure we used at the e-communication was that the respondent had sent to him/her main considerations and questions where those were answered in time being (Swedish: “asynkron” communication), rather than live e-correspondence (Swedish: “synkron” communication) (Bryman, 2011, pp 586-587).

4.3 Data collection and data analysis

4.3.1 Data collection

The data collection process consists of contacting informants and developing a base in order to collect adequate information regarding the two cases and from the experts. After having, via e-mail, put the question whether they wanted to participate, we sent out letters to case- as well as expert informants consisting of information with which our objects are (see appendix 1, 2 and 6). Thereafter we planned how we should handle the information from the case-representatives and experts by developing a time frame and a question base.

We used a mixed proportion of face-to-face interviews and e-interviews regarding the cases as well as the expert-interviews. The respondents could choose between a face-to-face interview and an e-based interview, or we agreed to what was most appropriate with regards to the focus of the questions.

In accordance to the recommendations of Yin (2009, pp 79-81) we used a case study protocol in order to structure the information flow from the cases. The protocol broadly follows the guidelines stated by Yin (2009, pp 80-81) though with some adjustments where considered necessary with regards to our focus assuming data collection procedure, designing of questions and outlining of the empirical part of the case. This case protocol and guideline can be seen at appendix 8.

The case protocol were thereafter used as support for the planning of the work and at the structuring of the interview questions to the case-informants. The interview questions (cases) that were created includes issues under the headings background/start, business idea, the brand, patent/patent protection, product, distributors, market related concerns, business environment, network, financing/economic issues, organizational concerns, staff/personnel, planning concerns, all acting as base for answering the research questions. (The interview questions to the case-informants can be found at appendix 3).

At both the cases, we carried through by firstly making an e-based interview where after a face-to-face interview took place. This process was thereafter complemented by e-based correspondence clarifying aims and standpoints. We describe the data collection more thoroughly as follows.

We carried through face-to-face interviews with Duroc founder and early owner-manager Mr. Lennart Olofsson and Seaflex owner manager Mr. Lars Brandt. Each of the two face-to-face interviews was carried through at informant’s offices respectively and took 90 minutes and 80 minutes respectively. The interviews took place during April 2014, -25th (Seaflex 16.00pm to 17.30pm) and -27th (Duroc 10.20am to 11.40am). Both interviews were tape recorded. The interviews were carried through as a relaxed though intense dialogue, a conversation where the informants respectively were allowed to lead the conversation. All questions were answered. At both interviews, the
experiences of the informants respectively became apparent and the answers were substantial.

This process was thereafter complemented by e-based correspondence with both face-to-face informants in order to provide the possibility for clarifying aims and standpoints. Follow-up questions for the informants respectively can be found at appendix 4 and 5.

The next step was to plan and state a base for, and also carry through, interviews with the expert-informants. They had one by one answered that they wanted to participate and we could thereby proceed further.

In order to correspond to the purpose and research questions, we formulated questions to the experts under the main focuses management, finance and economy, distributors and procurement, product and production, administration, market and general about company development. (See base for these questions, appendix 7)

The expert interviews were carried through via e-based interviews complemented by e-based follow-up correspondence between 15 April-16 May 2014 where the respondents respectively contributed with their thoughts, considerations and priorities regarding SME development.

After having received written answers, we could go through these and thereafter via e-correspondence clarify certain further issues and questions. One of the expert-informants sent spontaneously to us extra complementing answers that he/she found substantial.

4.3.2 Data analysis

The first step in the work with the data analysis concerns the structuring of collected empirics. The tape recorded interviews were transcribed word by word at direct relation to the processing of the material. Bryman (2011, p. 525) emphasizes the relevance of not waiting with the transcription and rather start to transcribe as soon as possible since the risk otherwise appears that the data processing becomes a burden. After transcribing the material we red through the interviews several times in order to become acquainted with the outcome of the interviews. We could also hereby consider how to organize the material in the presentation.

Thereafter we processed the data material inspired of what Bryman (2011, p. 505) calls a qualitative content analysis, which means the search for underlying themes in the material. In this first step of the analysis it appeared natural to focus towards the main areas expressed by the question guide, in turn in line with the purpose- and research questions of the study. Since the structure of the question guide already was based on themes, a “thematic” analysis was made possible. We accordingly organized the empirics closely towards the question guides. The interview answers where thereafter complemented by the material that regarded “follow up” questions to each of the case-informants (see appendix 4 and 5). These questions were accordingly formulated after the interviews were carried through since it was by then we could se what, which information that needed to be complemented. Here we received a number of complementing reasoning’s from the informants which strengthens the trustworthiness.

Before the interviews, we also, in consultation with the case-informants, had a look at the case company’s homepages in order to achieve a better pre-understanding of the cases, which would imply for us to put adequate questions assuming our purpose and
research questions. Here we could also strengthen the information that is shared regarding each case company background. The presentations of the cases are at the overarching viewpoint structured in the same way though at some slightly differing sub-headings within the cases respectively.

When it comes to the processing of the e-interviews that we have carried through with the experts, this consists of written material where each respondent have shared their answers in text. We also red through this material a couple of times to get a grasp of how we ought to present these. We found it least complicated for the reader to present the expert answers in an own section in accordance with the question guide (appendix 7) and align the answers so that the views of the experts appears in one place (see chapter 5) under each question-area of the question guide.

The next step in the analysis was to link theory and empirics (see chapter 6).

4.4 Trustworthiness and ethical considerations

4.4.1 Trustworthiness

As we described in chapter 2, a qualitative study ought to be carried through as trustworthy as possible in order to fortify the quality of the study. Trustworthiness is here created during the whole working process. As we also emphasized in chapter 2, the four quality criteria that among others Bryman (2011, p. 52; Bryman & Bell, 2011, p. 395) refers to were credibility, transferability, dependability and conformability. At the following we describe how we processed in order to correspond to these criteria.

*In order to correspond to the first criterion, credibility, we tried to carry through the study in an accurate manner and allowed for the respondents to apply his/her standpoints in accordance to their view. The informants also had the possibility to take part of the documents that were created as the empirics was processed. We also applied triangulation as case-representatives and expert-informants shares independently complementing information. This is in line with Denzin and Lincoln (1994) who underlines that in the interview context, misinterpretations are reduced by number (Denzin & Lincoln (eds.), 1994, p. 241) via triangulation, as contextually “yet added fields of exploration” are included. Meanings here hopefully become clarified by identified different ways to see a phenomenon. Our limited time preferences writing this thesis hindered us in fulfilling a full satisfaction regarding triangulation as yet cases and interviews regarding similar niches of business could have brought useful comparisons.

*Regarding the second criterion that concerns transferability, the study results ought to be transferrable to another context. The answers of the respondents are generally useful in other small firm contexts where similar result and barrier focuses/outcomes are present. We also had the ambition to provide thorough descriptions so that it is possible to assess regarding the transferability to other contexts.

* We in our essay work tried to be consistent regarding the dependability-criterion by a step-wise presentation of our priorities and work in progress. We also think that we have corresponded towards the requirement of making a continuous quality control where the relation to the purpose and research questions is considered at each part of the study, choice of method, choice of literature etc. We have also tried to describe these choices in order to provide transparency.
Concerning the **conformability criterion** where it is assumed that the researchers states and assures that they have acted in good faith by avoiding personal opinions and values to affect and manifest the research (Bryman & Bell, 2011, p. 398), we tried to remain objective. Subjectivity is contextually minimized in favor of objectivity. Although we do have subjective pre-experience within the subject, we tried to remain objective. Objectivity was also strived for in our relation to the respondents, by allowing them to receive a premier role in the interview process. We tried to be as objective (Bryman, 2011, p. 36) as possible in the presentation of the interview results by presenting the own words of the respondents.

### 4.4.2 Ethical considerations

The four main ethical principles presented in chap 2, *harm to participants, lack of informed consent, invasion of privacy and deception*, are considered seriously in our study. We below describe which steps we have with taken in order to correspond to mentioned requirements.

The ethical principles make sure the participants are not affected by our study for the information they have provided. The contribution of the interviews or the material collected from them would be handled with care and the interviews are recorded with the permission of the participants. The names of the expert-respondents are kept confidential and are referred to at the empirical section as respondent A, respondent B and respondent C. When it comes to the case-informants, their names are used as agreed. This means that their names are used in appendices and regarding the empirical presentation. We accordingly informed the responding parties about the purpose of the conducted research and informed the same that they have the right to decide over their participation. We further on informed the involved parties (expert-interviews) that they are to remain anonymous. Thereafter we gave the information that the material conducted for this research only concerns this research and this thesis. Denzin & Lincoln (1994, p. 372) concords with the above standpoint of Bryman (2011, pp 131-132) and states that informed consent (thoroughly informing the respondents about the subject and research) and the right to privacy with regards to identification for the respondents acts as main criteria regarding ethical concerns.
5 Empirical findings

In this chapter we present our empirical findings. As appears in the practical methodology chapter, the empirical part consists of two cases and three expert-interviews. Firstly is presented the two cases. The presentation is based on that the two cases in an overarching sense follows the same structure, where product, market, finance, organization, competitive aspect, environment, barriers and a brief insight into the present scenario makes the fundament for the cases respectively. A few added sub-headings are included in the cases respectively. After the case-presentations follows a presentation of the three expert-interviews.

5.1 Duroc AB- the case

The Duroc AB case evolved, as described in chapter 4, during a face-to-face interview and conversation with Mr. Lennart Olofsson’s at downtown Umeå facility. The interview lasted for more than one hour and it took place in a proper way. As a result we got efficient responses from him for the purpose of the study. Present parties were Mr Lennart Olofsson and Fredrik Lemar.

The Duroc AB “adventure” started 1987 as a cooperation project with Luleå Technical University. Mr. Lennart Olofsson was a member of the board of directors until 2001 (and member of the board until 2002). Mr. Lennart Olofsson left the company and sold his interests/stock shares in the year 2006. Today, Duroc AB has a yearly turnover of about 500 million SEK which is equal to 55 million Euros as announced on 29th of April 2014. It is a leading actor regarding laser technique that improves steel surface qualities. The company is listed on the Stockholm NASDAQ O-list (later becoming “small-cap”). Lennart has vast experience regarding small firm activities and has founded about 20 companies and acted as CEO at approximately 40 companies.

The beginning

Lennart is a building-construction senior high-school engineer at the Balder-“gymnasium” in Skellefteå who ended-up in Umeå after fulfilling his military-service in 1968-69. Lennart had early experience with industrial activity after working at Römskärswerken, ÅLÖ-maskiner and VOLVO-lastvagnar. He also has a nine year experience as union-representative at Metall in Stockholm (L. Olofsson, personal communication, April 27, 2014). Lennart was richly consulted within the Swedish business community assisting in projects carried through by for instance STU (present NUTEK) regarding educational matters and working-environment. In 1984, Lennart moved to Umeå due to family reasons where he started a long-term consultant-mission in cooperation with Arbetsmiljöfonden. By now, Lennart saw the possibility to develop own projects by the funds brought in via his consultancy-firm (L. Olofsson, personal communication, April 27, 2014). He combined his interest for horses (horse-owner at Umåker) with his contacts at the metal-industry. Tests improving the endurance of horse shoe material resulted in cooperation with Luleå Technical University and their laser-technique treatment of steel surfaces. “We identified the ability” to increase the lifespan of aluminum and steel products by increased endurance of the material.

Patent for the method was registered at the early name Slital and we searched a name that expresses the use of the value for the process and method, says Lennart. Duro (latin for to dure (endurance)) became Duroc. Lennart travelled Sweden and established
contacts, improved products via the new method in cooperation with for instance Atlas Copco and Sandvik. A premier product became the intensified quality endurance of railway train wheels via the unique laser-technique.

The early years
The early focus of refining the product where the method should be integrated with other applications in order to reach organic growth, was 1996 strategically extended by seeking organic growth via acquisition, says Lennart. Each division had their own focus but the core idea of the company remained intact, Lennart adds. As milestones of the Duroc development (1987-2000), Lennart mentions the financial resources brought by Småföretagsfonden, the 1992-93 Duroc bankruptcy where the venture capital firm Traction came along and brought a “thorough agenda” for further development. A further milestone was the 1996 refocused strategy towards company acquirement, which brought us closer to the end-customer (L. Olofsson, personal communication, April 27, 2014). Lennart mentions as a final milestone when Duroc went public on the Stockholm stock exchange (SBI-list in 1996) and later on the O-list (in 1999). The stock haussed and new shares were issued three times, states Lennart.

5.1.1 The product
By the unique specifics of the product, the production process became synonymous with the product, according to Lennart. At early stages, we used university facilities and ran tests with customers, adds Lennart. We had increased order stocks for instance from Iggesund tools, a smaller breakthrough. Lennart emphasizes that Duroc was to be seen as a part of the value-added process. This is expressed by Lennart via an achieved 80% Duroc contribution margin in this value-added process, where a ten-fold increased life-span of steel was accomplished via the unique laser steel surface improvement system (L. Olofsson, personal communication, April 27, 2014). Main applications were within the timber industry and train railway wheels, Lennart adds. “We could drastically lower” the cost for our customers. Lennart stresses that Duroc was to be seen as an innovative company.

5.1.2 The market
The identification of markets was based on the continuous establishment of the same, where Lennart literally “knocked on doors” finding potential customers. Duroc had by the time no export and had not at significant extent internationalized the company (L. Olofsson, personal communication, April 27, 2014). These criteria were though handled by the Duroc customers as for instance Iggesund tools were active world-wide, states Lennart. Earlier cooperatives at Luleå Technical University became competitors to Duroc as similar techniques were used, Lennart further. No cooperation was carried through with mentioned institution after Duroc bought the Luleå University share of the laser-technique and moved it to Umeå, continues Lennart. The markets were created via personal visits by Lennart with the customers.

5.1.3 Financing
Before the foundations Småföretagsfonden and Norrlandsfonden entered the stage for us in 1989, the activity was financed via Lennart’s consultancy firm. By the early 1990’s, Duroc received a smaller financial base whereupon to search for an own plant (L. Olofsson, personal communication, April 27, 2014). We were earlier forced to buy “hours” from Luleå Technical University; we wanted something to call our own, states
Lennart. Lennart emphasizes that the role of Småföretagsfonden proved crucial, a relation that was preferable rather than insufficient sporadic bank arrangements (L. Olofsson, personal communication, April 27, 2014). Lennart here expresses disbelief concerning the relation between small firm activity and banks as the latter not offers the possibility to exploit ideas in proper ways. The venture capital activists Traction here proved central for Duroc, according to Lennart, as their contribution offered concrete agendas regarding how to handle risk and customers besides the mere financial contribution. Traction had by now acquired a substantial share of Duroc.

5.1.4 Organization/planning

The formality regarding planning and communication at Duroc is confirmed by Lennart who though stresses that the ad hoc aspect especially at the early period of expansion was vastly represented. The basic point was here to be able to capture the opportunities as they came along (L. Olofsson, personal communication, April 27, 2014). He prefers to see the scenario via different combined specialties where Lennart’s contribution by time became how to process the business. The main focuses were at the early year’s operative alongside the technique and the customer-centric concern. Lennart approaches the situation via the awareness of a stated vision, an idea which impacted what followed where he used his experience from the industry and knowledge of which products that existed. By such means, planning was severely present, but otherwise I mostly had the company “in my head”, says Lennart. Lennart continues by stating that once a company reaches a certain volume, a static and formal processual viewpoint is recommended for the small firm (L. Olofsson, personal communication, April 27, 2014). This also regards how intra-firm communicative patterns are established and carried through. The requirements concerning such issues became stricter according to Lennart as the company grew. Accounting and reporting alongside informational responsibilities towards the stock owners became apparent and had an impact upon the firm. Lennart states that Duroc went from ad hoc to structure. In this process it should be remembered that Duroc mainly processed via projects, all according to Lennart.

5.1.5 The competitive aspect

Due to the unique specifics of the Duroc product, Lennart stresses that Duroc competed in a quite unique way where it was of main priority to identify the value for the customer. “We had to be just as good” as the customers regarding their own products. Because of this, we could not compete via price (L. Olofsson, personal communication, April 27, 2014). If the mere price was the customer’s premier agenda, we closed the cooperation, Lennart further. We developed “a sales model” where quality was of main priority. Contribution margins became secondary. The competitive facet was affected by the lack of presence of product substitutes as there was no one besides the actives at Luleå University who were even near our product (L. Olofsson, personal communication, April 27, 2014). Our business relations turned out long-term as our customers requested rights to exploit the outcome of our cooperation with the customers, says Lennart. By such means, almost everything we did became joint-ventures, Lennart adds. The refinement has always been carried through at the Umeå facilities, Lennart further informingly.

5.1.6 The environment

Lennart stresses the 1993 downturn as crucial. The conjuncture went down and “we trembled” although we per definition not were reliant to the conjunctures as a company.
Our refinement process showed low rates of dependence towards the need for example-wise train use, states Lennart. It was decisive for us to be able to remain our customer-base through this crisis (L. Olofsson, personal communication, April 27, 2014). We were not further reliant upon costs relating to procurement and material as our refinement focus was substantial, claims Lennart. Price fluctuations of “5-10 percent” that were the case proved ignorable. The price of our products when producing never exceeded 20% of the product price, states Lennart. Lennart prefers to see this period as characterized by a learning process assuming the vital network he established.

The transformation

The new strategy in 1996 alongside restructuring matters implies a “new era” for Duroc after 2000. Lennart though states that the general idea about the company, the product and the technique remained intact. The new thing was the closer integration to the customer, achieved by acquirements. Duroc has by such means become a new company, more of an agent-ship and commission business where the cash-flow is used to acquire (L. Olofsson, personal communication, April 27, 2014). Lennart emphasizes that Duroc during his active period had goals based upon achievement of ideas rather than certain percentages being fulfilled. Synergy was here a central feature. Our brand had become strong and we positioned ourselves hereby, states Lennart. Lennart took professional courses that concerned brand establishment and experienced no direct difficulties that regarded the brand. He is fully satisfied with the brand-niche that he and his colleagues carried through and states that this is a much more complicated process today as anyone can distribute and sell any others products via the internet.

Duroc started to use and exploit the synergies that had been established as a measure to internationalize. One such step was to acquire the Deutsche-Bahn maintenance plant in Leipzig, Germany, in 2001 (L. Olofsson, personal communication, April 27, 2014). Similar national attempts were made in the Gothenburg area, which proved too expensive. We had to internationalize, says Lennart. Lennart states that this attempt to go international rather became a development project than a company acquirement as the activity was sold (cheaply according to Lennart).’

5.1.7 Duroc barriers of development

As premier concern regarding business development for the small firm, Lennart emphasizes the ability to refocus from large-company thinking to small firm thinking. This concern for Duroc in much concerned the accumulation of “experienced people regarding company building” (L. Olofsson, personal communication, April 27, 2014). Lennart accordingly mentions that his biggest use, at least before Traction became partners, was an experienced colleague. This mentorship rendered in much more than did the some formal processes that concerned traditional assistance, states Lennart. Lennart prefers to see the scenario as an example of where knowledge and competence are realized. Yet a few further relations with skilled and experienced colleagues are mentioned as Lennart stresses that he has had the ability to surround himself with qualified people. Most of the board of director contribution from larger companies and projects rendered into nothing, continues Lennart. The combination of the ability to create a product and the ability to establish and run a firm is thereafter emphasized by Lennart as a key concept for success. The one doing this must also have the motivation, “to think it is fun” (L. Olofsson, personal communication, April 27, 2014). Potential projects must end up at motivated people, claims Lennart. Lennart then mentions a
number of present projects he has experienced in other companies where a most unique and potential project developed by a skilled innovator trembles and faulters as the innovator not is able to run a company and establish a firm based upon a product. Lennart then states that the one that creates the product often cannot run a firm and vice versa.

In a try to link business development to managerial concerns, Lennart states that academicians often tend to rely upon theory whereas non-academicians rather feels the need at ad hoc basis. Commitment here of importance continues Lennart and directs attention to profit-sharing programs that is supposed to increase the motivation for the employee (L. Olofsson, personal communication, April 27, 2014). Duroc introduced profit motive programs says Lennart and informally mentions that Duroc at most had about 200 employees. Duroc sporadically used “option programs” for their employees. We tried to build and establish company internal self-belief and an open attitude among the employees, says Lennart.

**Product/Production Barriers**

Regarding the product, Lennart identifies the barrier that Duroc appeared lonely at the market as there were no one established who could contribute to the business activity and assure comfortable business. Strategic products were at our hands at no guidance (L. Olofsson, personal communication, April 27, 2014). Lennart further emphasizes that the product and production became synonymous. Initial problems were that few believed in the product and the test results obtained. Concerning the product development, Lennart stresses the forfeitable cooperation with Uppsala University which ended up in project results that has become standard material equipment in modern nuclear plants. Successful cooperation with Chalmers in Gothenburg and Linköping University were further mentioned by Lennart.

**Market barriers**

As a barrier regarding the market, Lennart stresses the lack of ability to position the activity as no one else sold similar products. “We could not position ourselves” as the customer did not trust the small firm in Västerbotten, up in northern Sweden (L. Olofsson, personal communication, April 27, 2014). Lennart had to spend significant time convincing the customers of the product superiority, application and cost effect. Otherwise Lennart states as a barrier the competence issue, as obtainment of such proves crucial. Lack of competence directs vast requirements upon surrounding areas such as financial concerns and legal matters, states Lennart. Mentioned lacking competence is to be found at the inabilities there are to build an organization in relation to a project (L. Olofsson, personal communication, April 27, 2014). The larger companies do have the competence and “appears spoilt” regarding the matter. “The entrepreneur has to rely on a business plan and hope”. Lennart here states that his and Duroc’s key to success at early stages was to identify and deliver value to the customer. Lennart according to himself prefers to see himself as an entrepreneur and in the small company context as an intrapreneur, and “definitely not” as an innovator. I have through the years tried to surround myself with innovative people, says Lennart. The difference regarding entrepreneurs and intrapreneurs lies according to Lennart at the commercialization facet as the intrapreneurial concern regards ideas that become commercialized.
**Finance/Economy barriers**

Lennart considers the financial matter by stating that finance is handled either via cash-flow or via external party, where the bureaucracy completely has “taken over” small company financing. If cash flow is lacking, the way to acquire capital for the small company is an advanced bureaucratic matter (L. Olofsson, personal communication, April 27, 2014). Incitements offered by foundations and funds and particularly banks directed to smaller companies are of little use according to Lennart as they provide and add no competence to the process. The key is here according to Lennart to ally with competent and experienced entrepreneurs and business developers and also to learn from mistakes. Identify customers, create cash-flow and find early adopters instead of using the balance sheet, Lennart further.

5.1.8 The present scenario

Lennart does not see the potential of Duroc as for today, according to himself, as it lacks ambition and rather has become an “administering and managing” company. Lennart though claims that the company still is unique regarding the core technique and product. Things have happened says Lennart, now there is competition, a whole new scenario (L. Olofsson, personal communication, April 27, 2014). Lennart is presently engaged in a number of projects and thereby has commitment to some board of directors. Lennart concludes by stating that he is so busy that even if he wanted to, he does not follow the Duroc development.

5.2 Seaflex AB- the Case

As appears in chapter 4, practical method, the case interview and conversation took place in April 2014 at the Seaflex AB facilities (Stöcksjö, located in the south of Umeå). Present parties were Mr. Lars Brandt and Fredrik Lemar. This case is based upon an e-interview with Mr. Lars Brandt that is complemented with mentioned face-to-face interview. During the 90 minute interview with Mr. Lars, we had a good discussion and he answered the questions properly which assisted us to a great extent regarding the fulfillment of the purpose of the study.

Seaflex AB is a world-wide leading actor regarding mooring systems, mainly via its unique elastic rubber cable product. Lars, the present owner-manager of Seaflex AB was born in 1959 and went to school in Skellefteå (natural sciences), later on studied marketing in Eskilstuna and Västerås and is an Umeå University alumni where he studied for instance business economics and basic law (L. Brandt, personal communication, April 25, 2014).

**The early years**

The main Seaflex product as for today was at the beginning invented by Lars’ father, a project with the no longer active BIFAB. This by then basic idea of how to moor bridges and boats ended up at the company Gislaved who by time abandoned the concept. The bankruptcy asset’s was bought by Lars and his sister who regained confidence in the small market that was present. As the main customer went bankrupt, the firm could go international. Yamaha from Japan showed interest (L. Brandt, personal communication, April 25, 2014). An expansion that should have been done much earlier, Lars adds. Lars focused on Seaflex at lunches and evenings besides his IBM sales job (L. Brandt, personal communication, April 25, 2014). After Lars’ brothers wife came up with the name Seaflex it was registered in the 1970’s. Patent was taken in the late 1970’s. The business idea was to via retailers and distributors sell the
product all over the world. This product and company concept remains intact as for today (L. Brandt, personal communication, April 25, 2014).

5.2.1 The Product

The product is the unique characteristics of the elastic rubber cable that enables this specific way to moor. Except for the details regarding smaller added steel applications that have changed over the years, the product is intact since we started, says Lars. Due to the corrosion that affects the life-span of the product, a premier focus today is to patent a titanium modification. We have experienced frequent interest for our product concerning for instance marinas, fish farms and navigation buoys, Lars further. Lars says that the product development is a continuous process. Product efficiency and cost cuts are here key features alongside the constant strive for new patents and differentiation. One has to renew to stay afloat, claims Lars. The long-term relation that has evolved regarding the procurement distributor concern has always been based upon an open dialogue, according to Lars. A flexible relation that Lars treasures. Lars mentions a critical scenario as mentioned company Gislaved moved its production to Denmark and Seaflex had at short notice to turn to the company Trelleborg for rubber material deliveries in order to remain sufficient levels of production. Here we experienced how important established delivery supply-chains are, a phenomena that we often take for granted (L. Brandt, personal communication, April 25, 2014). Lars thereafter adds that a potential obstacle and barrier regarding production is the dependence towards Trelleborg. We try to establish a structured long-term business relation with them but we are not juridically allowed and obliged to have exclusive rights regarding our rubber material demands.

Lars then evaluates the production process where basically a request is received by Seaflex who dimensions, assembles and offers (L. Brandt, personal communication, April 25, 2014). We do not store, we strictly work towards the sales projects, says Lars, where dimensioning is carried through via the own developed JFLEX system. Lars trusts his production system as for now but adds that the lead-times occasionally appear to long. Seaflex is now entering a transition process as whether to move some sales and assembly activity to the USA to be coordinated with the Seaflex American subsidiary Seaflex inc. (administrative address Naperville (Illinois) and sales office at Huntington beach (California)) (L. Brandt, personal communication, April 25, 2014). An affective constraint here is the tariffs, adds Lars. If we reach target volumes, we could definitely improve our lead-times by processing this way. It’s all a matter of break-even, states Lars. Once you reach volume, there is a forfeit with delegating and moving the activity, at least partially, to the USA (L. Brandt, personal communication, April 25, 2014).

5.2.2 The market

The market was at early stages only Sweden and we slowly but securely turned international (L. Brandt, personal communication, April 25, 2014). Our main way to approach the customer was via events where after we developed the relation further, says Lars. The premier competitive concern that Seaflex faces, and the alternative to the Seaflex product, is the some traditional way to anchor bridges, via chains and poles. Apart from these alternatives, Seaflex has experienced a number of unsuccessful tries to copy the unique Seaflex elastic rubber cable mooring system. Lars mentions that Seaflex competes mainly via product life-span, price expressed by cost of life, environmental issues and quality. We also try to stay ahead regarding installation qualities, continues Lars, where a premier measure has been the development of the
Seaflex Installation Provider Program (SIPP). Seaflex does up to this point in time not operate via strategic alliances (L. Brandt, personal communication, April 25, 2014).

Lars emphasizes that the Seaflex market contribution is to be seen as a value-added process where a strict B2B focus is present. Proceeding this way, we can easier coordinate, handle and follow-up the sales function and process, states Lars. The sales functions are supposed to be flexible, that is only few by number and easy to contact.

The Nordic market as for today represents 5% of the total market where the Swedish market is a mere 1% of the total. The USA market represents a 50% share of the Seaflex yearly turnover. There are presently 1 200 Seaflex installations at 30 different countries. In general it is developed countries at a focus towards boating that is of interest for us (L. Brandt, personal communication, April 25, 2014). We do not by direct means “break new grounds” but rather follow the market actors and support them by offering our product. We follow the market via our retailers. Lars adds Dubai as an example (the famous Dubai Palm Island is constructed at assistance from Seaflex), a market which expanded rapidly but suddenly died and “we accordingly moved along” with the market.

**The aftermarket**
Due to the quality and endurance of the product, most of the installations have not required replacement or service (L. Brandt, personal communication, April 25, 2014). There are installations in Sweden that are 30 years old who still functions, says Lars. A few international customers at highly corrosive areas have been in touch with us (after 15-20 years) regarding replacements. This is a goodwill parameter for us, to remain relations and assure positive customers (L. Brandt, personal communication, April 25, 2014).

**Marketing**
A substantial part of the Seaflex marketing activity is carried through via events. Happenings and conferences such as METS in Holland and IMBC in Florida (USA) acts as examples where Seaflex makes useful customer contacts (L. Brandt, personal communication, April 25, 2014). We recently cut costly advertising expenses, but we must remain visible towards the market, states Lars. A whole lot is further on written about Seaflex both in books and elsewhere, which we find positive, Lars further.

**The Seaflex trademark and brand**
Lars expresses his joy regarding the establishment of the trademark and brand as Seaflex in its niche of business is the most recognized worldwide (L. Brandt, personal communication, April 25, 2014). The patent for our elastic rubber mooring product is only valid for 20 years, says Lars and adds that the trademark Seaflex is legally protected. A problematic concern regarding such protection has here been the increased internet use as the activity becomes more web-based (L. Brandt, personal communication, April 25, 2014). We constantly try to extend our patent portfolio and protect our activity, says Lars. As recent attempts to copy the Seaflex mooring method are thereafter mentioned Japanese Yamaha alongside a Taiwanese market actor.

**5.2.3 Financing**
Own financing has been accompanied by assistance from Norrlandsfonden and ALMI. We had a long-term relation with a premier Swedish bank who pulled, which forced
substantial amortization during severe low conjuncture. We looked for another bank and had things going with two other big Swedish banks (L. Brandt, personal communication, April 25, 2014). One of these banks did not stick with an agreed finance of the Seaflex subsidiary Seaflex inc. which led to that liquid assets were reduced by 52%, says Lars. Bank relations brings dependence but no security, adds Lars (L. Brandt, personal communication, April 25, 2014), who states that perhaps the largest business risk appears as the bank by insecure arrangements and agreements, alongside lacking support towards small businesses and development of ideas. Lars here mentions the relations to the funds ALMI and Norrlandsfonden as more long-term and more supportive than the bank relations.

5.2.4 The organization/planning

Lars implies that the main problem of finding accurate sales resources has affected the activity. We have since we started used a formal organizational scheme where we delegate the responsibility areas (L. Brandt, personal communication, April 25, 2014). Although much of the decision- and communication processes are carried through informally at ad hoc basis, Lars states that he prefers a formal delegating process. Besides the CEO position that Lars has, he is also active in the sales process and handles some of the traditional customers (L. Brandt, personal communication, April 25, 2014). Lars is further at overarching sense responsible for deliveries and distribution, production, product development, accounting and administration. Besides Lars, Seaflex has one employee for production, administration, market, economy and logistics.

The sales activity in accordance to personnel and staff is here mentioned by Lars as premier priority, a function that not has worked optimally, according to him. We have tried to apply education regarding this focus but there is no adequate education to access (L. Brandt, personal communication, April 25, 2014). Of premier concern here becomes a combination of experience and product knowledge, according to Lars. An informal matter that has become formal, regards the constantly up-dated sales project follow-up (L. Brandt, personal communication, April 25, 2014). Lars is in contact almost every night with Seaflex Inc. concerning issues that regards what is happening, time-horizons, hang-ups and prioritization of the projects.

Seaflex at some extent uses formal written plans but most of our planning is based upon the monitoring and follow up regarding sales projects, states Lars. This has always acted as a fundament for the activity. If we face for instance administrative and technical problems, then we in an inspiring way must find solutions and apply the same in a way that allows us to see opportunities (L. Brandt, personal communication, April 25, 2014). We accordingly developed a structure of guides, documentation and functions that assembles experiences. This has evolved into a formal way to avoid repeated defaults in our work, says Lars. We see this as educational material and as a reference for us. Market Plans are not so formal (L. Brandt, personal communication, April 25, 2014), as everything is structured in relation to the sales process.

5.2.5 The competitive aspect

Lars evaluates the competitive aspect via the sales process by stating that “we work via contacts on an international basis”. Lars who also is active regarding the sales function has established a number of contacts internationally and a colleague of Lars’ focuses on the UAE and the Arabic countries (L. Brandt, personal communication, April 25, 2014).
Via the subsidiary Seaflex inc., the American sales are handled and directed by yet an associate. We also have a guy directed towards the Spanish communities and yet one for the Australian market, says Lars. We proceed this way as we think it is the best way to absorb requests for our product. It is all a matter of convincing our retailers that our product is the best alternative, Lars further. Of main concern becomes how to emphasize and put forward value-added forfeits, otherwise the product might appear expensive (L. Brandt, personal communication, April 25, 2014). The customer must understand the advantages.

In order to remain efficiency we replaced earlier installation-resource by educating world-wide certified installation teams, continues Lars. Such a delegated process allows a sustained and sufficient level of flexibility. We presently have projects going in Thailand, Korea and Hong-Kong (L. Brandt, personal communication, April 25, 2014).

Lars mentions the sales process as a main priority to improve and develop. A functioning sales process is key to our activity, states Lars.

### 5.2.6 The environment

Lars claims that Seaflex is highly conjuncture-reliant. We have been forced to strictly follow the conjunctures and we have not found the model as how to make ourselves independent regarding such ups and downs. Although the lines regarding boat-places often tend to remain rather intact, lower number of marinas are built in downturns which becomes quite apparent for us, states Lars. Lars is though surprised at which extent the conjunctures affects Seaflex as he mentions a halvened sales level in 2007-2008 (L. Brandt, personal communication, April 25, 2014), from 27 million SEK (3 mill. Euros) to 15 million SEK (1.7 mill. Euros) (1 Euro is 9.07 SEK as for 2014-04-30). Lars stage wise had to lower the break-even by 20%. Lars identifies the presence of a certain conjuncture time span as different niches occur at different times within the conjuncture cycle. The pattern is also regionalized as Lars claims that at the latest downturn, Europe managed to endure some longer after a strict drop in the American market. Regional spread is of importance as there are differences regarding the activity and needs (L. Brandt, personal communication, April 25, 2014).

Environmental issues appear vital for Seaflex as the Sea flex mooring system as proven more environmental friendly in comparison with competitors. How the pontoons are moored is of decisive concern. No damage on the environment can be identified when mooring the Sea flex way (L. Brandt, personal communication, April 25, 2014). The Sea flex product further remains intact with regards to wind, high waves and tides.

### The network

The network that Lars has established did not evolve as a systemized process according to him. He claims that much of his professional network is based on the sales function and the retailer, and further upon efforts to certify and attest the Sea flex product superiority (L. Brandt, personal communication, April 25, 2014). The customer hereby by time becomes a part of the network, states Lars. He sees a forfeit of being a family company (Lars’ wife, daughter and also son-in-law are involved in the company directly or via subsidiary) as it is of importance to find dedicated employees and associates. Commitment is here a key word. The communication process can be facilitated and carried through in a more direct manner, implies Lars. Sea flex is an innovative company and market actor (L. Brandt, personal communication, April 25, 2014). We receive many reflections from external parties as being innovative, adds Lars.
5.2.7 Seaflex barriers of development

Lars states that the premier barriers that Seaflex faces in its development can be ranked as 1) sales 2) the market and 3) capital acquirement (L. Brandt, personal communication, April 25, 2014). He adds a number of relating barriers that appears interesting, for instance the potential barrier that Lars generally emphasizes for any small company, by not accurately protecting the trademark and brand. The same goes for patent and rights.

Except for the lacking sales function in the company, Lars claims that the delegation of organizational responsibilities within the company functions at sufficient extent (L. Brandt, personal communication, April 25, 2014). As much is tied up to the sales function, many surrounding barrier issues becomes secondary where a certain degree of informality that evolves regarding decision processes and communication must remain formal, implies Lars further.

Product/production barriers
Regarding the product, corrosion acts as main obstacle (L. Brandt, personal communication, April 25, 2014). Lars mentions that a mooring installation that remains solid for 30 years in Sweden only lasts for 7 years in Scotland due to the corrosion. The problem has occurred for us at a number of markets, says Lars who also mentions southern New Zealand, north Japan, Ireland and Portugal as problematic markets at this perspective. We put great trust in our titanium application that will handle this issue (L. Brandt, personal communication, April 25, 2014).

Market barriers
As for the market, Lars states that competence and initiative to drive the development acts as major barrier with regards to the product (L. Brandt, personal communication, April 27, 2014). Seaflex has a company internal engineering function who constantly improves the product as consultant engineering services tends expensive, states Lars. Universities and similar institutions further on do not have the competence and continuity required to develop the product (L. Brandt, personal communication, April 25, 2014).

At a low-conjuncture, Lars mentions lack of markets alongside cost functions as obstacles concerning the market as it is hard to position the activity due to the unique character of the product (L. Brandt, personal communication, April 25, 2014). It is far easier to relate traditional boat and bridge anchoring, Lars adds. Lars does though not see this as a problem as all professional customers worldwide are aware of the Seaflex presence at the market and our Seaflex product superiority (L. Brandt, personal communication, April 25, 2014).

Finance/Economy barriers
Regarding the financial matter, Lars states that the incitements for stimulating small firm activity and ideas not exist in the modern business community. Because of our vast leverage, we can remain independent to financiers when times are good. The problem is to find responsible sales personnel who bring persistency and continuity to the company (L. Brandt, personal communication, April 25, 2014).
5.2.8 The present scenario

Conjuncture-wise, Lars identifies “light at the end of the tunnel”, the same light as we saw in 2012 regarding the market, Lars adds. Back then, the hausse was not persistent, now we feel a little bit of a “ketchup-effect” (L. Brandt, personal communication, April 25, 2014). Our spin-off activity is starting to pay-off. Seaflex energy-systems, energy-buoys and floating wind-energy alongside sun-energy are all examples of strategic cooperation’s that are significant for us, claims Lars. They use our mooring system and we install. This is positive. Alike our work with mooring bridges, such corporations often lasts for 6-10 years and in many cases even longer (L. Brandt, personal communication, April 25, 2014). Today, Lars spends most of his time at the sales function and uses his “spare-time” to find improved ways to reach the market. That so via updated advertisements, market communication and homepage improvement (L. Brandt, personal communication, April 25, 2014). Besides some Asian projects, Seaflex is presently installing in Taiwan and Redondo CA (USA) and the telephone rings as I close the door.

5.3 Expert-interviews

The expert-interviews are all as presented in chapter 4 (practical method), processed via e-based interviews followed up by e-based correspondence between 15 April-16 May 2014 with respondents A, B and C. The interviews are presented all together where the views of the three expert-informants are presented in accordance to the themes of the interviews; - management, -procurement, -product and production, -market and marketing, -finance and -administration. Finally, to this is added some general issues regarding business development.

Initially, the respondents were asked to share their concerns that regarded management. The managerial focus was here considered via the organization, personnel and staff, planning and the network concern.

Regarding the managerial concern, Respondent A identifies as a main difference between micro-companies (1-10 employees) and middle sized companies that issues at the former concerning personnel and organization and also planning are dealt with at need basis, as they appear. This some ad hoc view is narrowed as the company becomes middle-sized and is able to absorb competence. Respondent C accordingly states that own internal competence development acts as the premier factor of success for the small market actor and that the competence issue is ascribed the responsibility of the leading management. Respondent B adds that this small and large firm transition also is identified regarding legal matters, accounting procedures and tax adjustments where small companies inherits a very low level of know-how. The consultant assistance that is practiced is not knowledge-wise absorbed and obtained by the small companies, respondent B further. This “hampers the development”. Respondent C here mentions the necessity of a network that can be applied and used both at company internal functions as well as external-. Respondent C emphasizes the standpoint by using the term “network-organization” and states that the difficulty of finding right people often becomes a bottleneck for the organization. It here appears relevant to describe, share and create a dialogue regarding the problem and act proactively, adds respondent C. Latter proclamation mainly assumes 11-50 employees.

Respondent A here states that the middle-sized companies are quite few by number, especially when it comes to manufacturing enterprises. This criterion affects managerial
issues as these companies often are acquired by larger market actors. Respondent A stresses that positioning of small companies becomes complicated as there is no formal function of the board. Some examples of such companies within the Umeå region are then mentioned by respondent A. Respondent A continues by stating that it is not fully covering to categorize small companies in accordance to the number of employed people. As examples are mentioned a Umeå based company with only 10 employees and a turnover of a whole 90 mill. SEK (9.9 mill. Euros as for 10/5 2014) and a Umeå based sanitation firm with only 24 employees at a yearly turnover of a good 24 mill. SEK (2.65 mill. Euros as for 10/5 2014). Quality of the activity becomes crucial already at early stages of development.

Respondent A addresses the need for a formal organizational plan as a company succeeds 10 employees, and states that these companies in most cases becomes reliant upon presence of job descriptions in order to sufficiently structure the activity. The relevance of personnel recruiting is here mentioned by respondent C by the ability to see the situation in accordance to the task. Commitment, loyalty and character here appear as key words. In a company at 1-10 employees, a wrong recruitment is devastating, adds respondent C. Regarding planning, respondent C directs full attention to the business idea, the product development and the sales function and continues by stressing that strategy becomes secondary. If the company is a subcontractor, the activity becomes more and more handled via budgets, states respondent A. Respondent B here adds that danger that might appear as small company activity seldom is planned, though rather is based upon the need of the customers. Formal planning hereby becomes crucial as the number of different needs increases, states respondent B. The goals at relation to the business idea are important, states respondent C and continues by stating that thought through business ideas in general are missing. This stalls the development, goals cannot be achieved and the financiers will pull.

We hereafter asked the respondents to share their considerations regarding distribution and procurement.

Respondent A states that this issues appears very company specific as for instance a service focused company and manufacturing firm differs in terms of number of staff and costs of production. The premier concern here according to respondent C is to find cost efficient solutions where a difficulty evolves according to respondent C by the investments that are carried through at early stages, particularly product development. Respondent B adds that the procurement matter is handled at need basis as it appears. In many cases purchasing and procurement becomes directed by the one handling customer relations, continues respondent B. Respondent A accrues to the reasoning of respondent B and continues by claiming that a procurement function not by definition exists at micro-companies and so rarely at smaller companies, as production and procurement becomes incorporated and handled by the same person. Respondent C claims no direct difficulties regarding distributors and procurement as partnership with prominent distributors has been achieved. Partnership with the distributors is a must, adds respondent C. Respondent C then identifies the dependency that evolves if the small company needs components from larger companies. It here becomes a matter of appearing professional, gaining quality and succeeding at negotiations although small quantities are purchased. Seek long-term agreements, states respondent C.

All respondents considered the following section, product and production, as vital for the small company.
Respondent A states the difficulty for the small company to develop a product, produce it and then sell the product and mentions the Umea Company Rapunzel as a firm that has succeeded doing this. Respondent C in accordance to this claims that it is far easier to focus upon product development or product sales than it is to handle the whole process chain (product development, assembly and manufacturing and sales). The latter focus severely increases the demands regarding organizational functions, respondent C further. Hereby, respondent C recommends to lower the rate of own production and thereby rather buy components and franchise assembly. Respondent B adds that product development often is missing in small companies and in the cases where product development exists, it is a natural development of technique via built up experience. The production is thereby according to respondent B based upon a personal relation with the customer and thereby a service. Respondent A then mentions that a relatively larger share becomes services than compared with just a decade ago, where the process can be seen as a value-added process. As further such value-added example, respondent A mentions the Umea active Komatsu, who develops a product, buys components, assembles and sells further. Respondent C adds that a way to proceed regarding the value-added process is to assure customer authorization before developing a product, to ascertain that the customers really likes what is produced before producing it.

Regarding market and marketing issues, respondent A stated that this is a premier difficulty for small companies as marketing concerns acts as a barrier for most micro- and small companies. Respondent A motivates this reasoning further by claiming that many micro- and smaller market actors are very reliant towards few customers and mentions examples where a company has 100 customers but 15-20 of these represents a whole 80% of the turnover. Respondent B positions the market by stating that it is all about having the right products at a proper price and that the deliveries are handled correctly. The most important role is here played by the owner-manager and the experience he or she has, respondent B further. As the company goes international, it becomes of great importance to establish a functioning organization that can cope with the more intense barriers there are once going international, states respondent B. Respondent B further claims that the internet has made the world smaller when such international issues are faced.

As soon as the company starts to sell, the demands upon service, quality, guarantees and financial solutions appears, states respondent C. The activity transforms towards meeting the needs of the customer and solving customer problems. Renewed adjustments towards new product needs of the customer alongside new appearing standards at other markets and countries are costly and vary between the countries. Respondent C equals expansion with adding of new routines, transport solutions, new competences and new ways of thinking. The organization becomes change averse. Respondent C adds the necessity of being selective regarding the customers and identifies a fit concerning business idea and customer. This so regardless of B2B or not. Respondent C then states that it is costly to maintain market contact via events, advertising and giveaways. This kind of money is found after the 11-50 employee intervals. IT is here a useful way to reach the market at relatively low cost, says respondent C.

We continued by focusing towards finance and economic issues by putting forward finance, accounting, bank relations and external finance.
Respondent A starts off by stating the difficulties there are for small companies to finance their activity, and continues by stressing that banks have become far too focused upon collaterals. Respondent C adds that a thorough business- and financing plan always have acted as base for start-up regarding the activity. Respondent C then states that much time is wasted upon financial reporting when you work via external funding. To run financial reporting and accounting via external party is feasible but costly, states respondent C. External funding and finance also have the disadvantage that problems occurs if a project becomes longer than expected, continues respondent C and adds that the way to handle this situation is to have several ideas running parallel and avoid external finance. Luckily, there is competition present between the banks, respondent C further. Respondent A thereafter asks where the lines goes regarding own expertise and respondent B adds that the finance situation for smaller companies would appear much brighter if revenues and acquired capital remained “untouched” within the company until sufficient levels of activity is achieved. Regarding accounting, respondent B states that most of the small firm managers and owners are too focused upon liquidity in their evaluation of company qualities. Smaller companies often lacks in their information towards the bank, continues respondent A. Except for banks, ALMI and Norrlandsfonden, respondent A mentions the presence of more risk-willing investors, such as Uminova and Uminova Invest who besides the presence of venture capitalists offers capital stimulation. Venture capitalists though always looks for an exit, claims respondent A, either via an acquirer or via the alternative to go public. Respondent B adds that there is a common respect for the bank which hampers an open dialogue, and adds that the role of the bank ought to be to enable contact with for instance the small business funds ALMI and Norrlandsfonden. Respondent C here mentions some bad experiences with banks and states that banks are only present when you need them the least. Of relevance here according to respondent C is to present a business idea and motivate its robustness.

The matter regarding administration was not referred to at significant extent by the expert-interview respondents at the argument that his concern regarded operative daily functions of the SME. Respondent B did though mention that administration can be seen a routinized process that often not is documented and taken care of during spare time. The slight administrative experiences that the respondents, mainly so respondent B, have had regarded a limited number of development and educational routine conversations. The administrative matters are nowadays questions of IT skills, continues respondent C and adds that such problems are handled via consultancies. The need for administration increases at intensifying company size, says respondent C and adds that the company must develop a structure regarding information and frequently returning meetings etc.. Routinize. This becomes even more vital as the company reaches 11-50 employees. Respondent C sees administration as a barrier not properly handled.

The expert-interview respondents were then asked to share their concerns that regards general issues regarding business development. This issue is all about development for the company, states respondent A. Respondent B continues by claiming that this question is severely affected by the fact that small companies experiences the rules for the business developer and entrepreneur as complicated and costly. Tax laws, personal commitments and responsibilities hamper investments being made and thereby the development, respondent B further. Respondent B here refers to a central problem which is the generation transition, as a large share of market actors soon will retire without assuring that the business is carried on correctly. In many cases, a precondition for the activity is that experienced and skilled personnel take over and respondent B
misses the financial and know-how requirements for this transition. Sufficient business
developing requirements cannot be fulfilled, states respondent B. Regarding the
dynamics that signifies the business developmental process, respondent C claims that it
is of relevance not to focus upon the whole chain regarding production, product
development and service. The responsibilities are too heavy where one problem initiates
another. Respondent C then addresses the relevance of developing oneself at same pace
as the company grows. The managerial part of the company must grow with the task
and follow the company.
6 Analysis

In this chapter we aim to analyze the cases and interviewees’ responses assuming empirical findings put against the theoretical framework in chapter 3. Here, we will refer back to the theories and the data we collected through case interviews and expert interviews. We will present the analysis according to different themes which contains analysis of each case and expert interviews separately, which furthermore are linked to the theoretical framework. We continue by clarifying the growth of SMEs in relation to the theories.

6.1 Analysis of the Duroc AB case at linkage to the theories

At the early years we experienced that Duroc acted in an environment of accelerating cycles of technological innovation and where supply-chains were highly interacted (relate to Moore & Manring, 2009, p. 277 who evaluates the necessity of such positioning). We could here identify a lack of market identity for Duroc. Duroc spent long time at early stages- rather than at the expansion stage (see Scott & Bruce, 1987, p. 48- the stages appears as Inception, survival, growth, expansion and maturity). We can trace the core of this growth stage model also as for today, as implied for instance by Yola, 2013. The model is in an overarching sense signifying also for the Duroc case. We though think that the company grew via acquirement rather than via own growth (compare to O’Neill & Duker, 1986, p. 37). Chalmeta et al. (2012, pp 716-719) in more current sources emphasizes that growth measures ought to be integrated at the internal SME aspect. A certain mix regarding acquirement and own growth is here sought for.

We partially here fore think that Duroc at early stages lacked a company vision (as warranted by Davidsson, 1989, p. 68) which limited the own company identity. The relevance of a stated company goal and vision, more recently proclaimed by for instance d’Amboise (2000, pp 61-62), acts as a precondition for development and cannot clearly be identified at Duroc. As further obstacle we could see the absence of an apparent strategic agenda for the company and we think that Duroc appeared to reactive rather than applying a stated proactive standpoint (relate to Sharifi et al., 2013, p. 399 who approaches the reactive strategic process as signified by small business activity).

Further obstacles and barriers appear by the fragility that we think Duroc presented with regards to reliance towards a narrow spectra of application of the one single Duroc product. Although the actual product appeared within a value-added process, the activity could here have been tied up towards how to improve the product and the productive process. We partially refer this dependency towards the technology criterion (which relevance is stated by Gunsekaran et al., 2011, p. 5503). Although this was carried through via cooperative projects, later buyouts had to be made.

To this is added the early stage reliance towards and upon few substantial customers which brought dependence and staticness to the growth process (relate to Carter & Jones-Evan, 2000, pp 356-358). We could further see no ability to adapt the product towards the market as there were no competitors for Duroc due to its unique product. The company appeared lonely at the branch and Duroc could not learn from the mistakes made by other market actors. We further experience the company as having problems to reach other markets as the early years was signified by a notable geographical limitation (compare with Rundh, 2007, cited in Achtenhagen, 2011, p. 12-market access is here emphasized). We here miss a thorough market scope and accurate platforms for Duroc reaching other markets (relate to Sandberg & Jansson, 2011, sum.,
who puts forward market access via market platforms). This acted as a substantial barrier. Expensive acquirements here appeared as the only option. The market by time further lacked clusters (cluster effects at the SME aspect is evaluated by Sabel, 2009, pp 118-119 and appears as a fundament for SME interaction).

We without success strategically tried to link company dynamics towards need criteria at the markets and in turn the ability to exploit new ideas. We think that assumed hampering effect partially was an outcome of a lack of an early stage company culture that at its presence would have signified core values regarding market priorities. We think that the company at this stage lacked a contextualized positioning with regards to an apparent stage-wise agenda that concerned further development.

The lack of a financial agenda regarding financial acquirement at absence of financial channels appeared as substantial barrier. This viewpoint is to be seen at a “bad experience with banks” as expressed by the case respondent, mainly at the argument that banks not offers and provides competence-increasing services and appears untrustworthy.

Although the limited scope of the activity at early stages, we could identify the lack of an HR agenda as core competences not appeared fully exploited and contextualized. We partially express this lack by an early stage weak experience base as full focus appeared directed towards the product. We can see no signs of company positioned performance base. Partially as an outcome of this, we believe that early stage lack of delegated responsibilities played a mentionable role. It generally took too long time before managerial change became implemented. Mentioned obstacles make it difficult to state and clarify early stage synergies for the company at the intra-firm aspect. We think that the lack of managerial agenda complicated managerial adaptation and that this had an impact upon the planning process which appeared in-formal and thereby lacks long-term perspectives (relate to Bohman & Boter, 1984, p. 83). The long-range perspective of planning opening up for widened strategic scope of the planning process, as more recently proclaimed by Ghobadian et al. (2008, p 5 and 14) is at the Duroc case generally missing. Planning was not according to us integrated and incorporated with other segments of the company and we could see no goal formulation. Partially as an outcome of this, we state that there was a lack of early stage customer focused culture.

6.2 Analysis of the Seaflex AB case at linkage to the theories

Seaflex has spent recognizable time at the inception- and survival stage of development and does not grow as supposed (relate to Scott & Bruce, 1987, p. 48 who stress the stages inception, survival, growth expansion and maturity). Mind here Yola, 2013 where more recent attempts has been made to systemize this model. The industry structure that Seaflex acts within can be considered fragile and uncertain and the company has also experienced difficulties with regards to company environmental changes (the SME here appears unstable towards surrounding impact as stated by McMahon & Murphy, 1998, p. 25). A high dependency towards conjunctures acts as further obstacle where the high Seaflex leverage at bad times has negative impact. We think that a main consideration for the company is the inability to compensate lacking areas of activity (whether the market or sales issues etc.) with other focuses and core substances. Barriers might here arise. Seaflex is at the strategic facet signified by reactivity and we think that this concern ought to receive a more proactive touch (compare with Davig & Brown, 1992, p. 54 who stress a general reactive SME standpoint).
At the product viewpoint the company appears fragile due to reliance upon few products, which can be seen as a barrier. Seaflex hereby relies upon differentiation. Although the main concept still functions, renewal ought to be considered necessary. The pace of the market does further not allow the exploration of new ideas. A further obstacle and barrier appears as the Seaflex product although its advanced technology fairly easy can be copied (product rareness is further evaluated by Tuomi, 2005 pp 46-47 who stress the possibility of being copied). This ought to at the productive tenet be considered alongside the lack of optimal lead-times that has a mentionable impact upon the production process. The production process has further experienced dependencies regarding the supply-chain and distributor function at early stages of company development (such SME dependencies is theoretically addressed by Moore & Manring, 2009, p. 277; Kim et al., 2008, pp 113-116). We experience the company as dependent upon a product mode, which acts as a potential barrier.

Seaflex is dependent upon few substantial customers, a constraint constantly considered (Cambridge Small Business Research Center, 1992, cited in Carter & Jones-Evans, 2000, p. 297). It is here stated that few customers is a common phenomenon for SMEs. This can be viewed as a barrier. We further think that Seaflex due to the many facets that there are concerning the markets with regards to scope and needs experiences difficulties to define the market. This issue might become vital regarding the conceptualization of the core values that the company has at relation to the needs of the market. We can further see a big gap between potential and actual customers. This so at the same time as the market according to us is affected by limited information flow (relate to Achtenhagen, 2011, p. 12). We can further identify difficulties regarding the flexibility concerning coordination of intra-company responsibilities towards targeted goals. The dynamics of the company in much relies upon the ability to realize core competences and exploit such as assuming the optimality criterion. We cannot see a fundament in the company allowing such competences being exploited, nor can we identify enabled exploitation of market synergies. Potential company internal barriers may here evolve. A general obstacle further appears by the difficulties of adjusting towards prerogatives and priorities at other countries at other markets (compare with Carter & Jones-Evans, 2000, pp 447-448 who emphasizes awareness regarding such differences). Finally, we state that the company has experienced obstacles regarding the sales function that is not working optimally. Seaflex is highly dependent upon this concern and ought to direct efforts and resources to overcome this issue.

According to the case, a barrier appears by the bad relations and experiences with the bank. Long-term agreements have been present at absence of assurance of fulfillment regarding loans and grants. The core products and substances of the company are not reflected at financial and operating performance (see Gibb & Scott, 1985, p. 608 who state the necessity of such a match). Mind here Sörensen (2012, pp 70-71) who currently expresses such relevance via product and process orientation. Seaflex has here internal activity positioning difficulties.

We experience a great dependency towards the owner-manager as the same act at administrative-, strategic-, and sales functions as well as appears responsible for capital acquirement and operative issues (relate to Adizes, 1979, p. 8 whose research assumes the role of the operator, integrator, administrator and entrepreneur). The Adizes factors has more recently been supported by for instance Priyanath (2006, p 97) who approaches mentioned concerns in an organizational structural aspect. The reliance towards few owner-managerial concerns is severe in the Seaflex case. A general lack of
formal agenda regarding such managerial concerns though appears present (relate to Fiegener et al., 1996, p. 21). Although Seaflex might be run properly, efficiency levels are falttering. At linkage to the absence of personnel training and learning focus it is emphasized that learning and training seldom are incorporated within SME activity (compare with Thakkar et al., 2011, p. 318). We consider the managerial aspect of Seaflex further to be affected by short-term planning which by time evolves into a lack of goal formulation.

6.3 Analysis of the expert-interviews at linkage to the theories

It appeared from the expert-interviews regarding management that the micro firm distinguishes itself from the mid-sized- by means of personnel issues, organization and planning are being handled at need basis (relate to Bohman & Boter, 1984, p. 380 who emphasizes long-ranged planning since it allows formality). Zinger & LeBrasseur (2003, pp 2-4 and 13) in more recent research confirms the relevance of long-term planning, especially at later stages of small company development. Here minding that such planning just as well can be reflected at intra-company concerns. Own company internal competence development here proves crucial, according to the respondents. Gibb & Scott (1995, p. 618); Thakkar et al. (2011, p. 318) states the necessity for the SME to explore their base potential regarding learning. This transition also appears as smaller companies have a low share of know-how where new knowledge not is obtained and absorbed. The scenario is is by the respondents referred to as a “network-organization” where the difficulty to find right persons becomes a “bottleneck”. It here proved central to describe and create a dialogue concerning the problem and further act proactively (see Vadlamani, 2011, p. 39 who generally stresses proactive strategic standpoints regardless of size). The outcome of the expert-respondent interviews further implied that it is not covering to categorize small firm activity based upon number of employees. Bohman & Boter (1984, p. 77) stress this parameter as being approached by surrounding implications. The way to approach mentioned measure has in recent research rather become expressed by resource availability and know-how (Saisana, 2012, pp 3-5). It was partially hereby addressed a formal organizational plan and presence of job descriptions as the company exceeds 10 employees. Personnel recruitment ought here to be processed in accordance with the task where commitment, loyalty and character acts as vital features at relation to the planning process (Cunningham, 2010, p. 2131 stresses the reward criterion). Lyles et al. (1993, p. 39) here states the necessity to link planning to the decision making process which in small companies are implied via the product and the sales function. Strategy often becomes secondary, states the respondents. The planning process is here contextualized via the need of the customer where Lyles (1993, pp 44-48) stresses the link between formal planning and goal orientation which in turn becomes crucial as the number of ideas intensifies. A well- considered business idea is often missing, continues the respondents.

The limited competence that often is the case at smaller companies (1-10 employees) hardens network-organizational values being realized. This is to be seen in relation to the difficulties of recruiting sufficient personnel (level of personnel complexity gradually increases with number of employees, as stated by Hendry et al., 1995). Demands hereby evolves upon the company management according to the expert-respondents. Within the little firm (1-10), a wrong recruitment will be disastrous, as further secondary implied by the respondents. Commitment, loyalty and character are here key words. If the company not succeeds in successfully recruiting competence as
the company becomes less ad hoc (11-50), the small company will get stuck in an external dependence. The alternative is that the company is hampered in its growth. As companies at this size seldom have a functioning board, external assistance becomes crucial regarding planning and similarly structured concerns (outside consultancy is contextually preferred, as implied by Panesar et al., 2008, p. 177). The demands upon the CEO competence and ability to develop the firm at these phases appears vast and time demanding. The appearing unbalance of the company is to be seen at relation to the time available for restructuring the activity.

Due to early stage investments, positioning regarding procurement is complicated according to the respondents (relate here to Viljamaa, 2007, p. 71 who claims that SMEs generally combines industrial- and consumer buying behavior). It all becomes processed at need basis, closely linked to customer relations, states the respondents. **Procurement and production** becomes incorporated. See here for instance Ozmen (2013, p. 207) who stresses a conservative touch regarding SME buying behavior. The process is facilitated when focusing upon product development or product sales rather than handling the whole process (from product development to assembly and sales), adds the respondents. The way to process is to buy components and franchise assembly with the unavoidable result that efforts towards product development lacks (see Morrisey & Pittaway, 2006, cited in Thakkar et al., 2011, p. 314 where the relevance of functioning supply-chain management is stressed). Built-up experience here evolves into production becoming signified by a personal relation with the customer, whereby somewhat of a service. The respondents continues by stating that the value-added process hereby is approached by assuring customer need of the product before developing the product to ascertain that the customer wants what is produced.

Regarding distribution it is crucial to achieve suitable partnerships. Long-term relations also becomes vital as for procurement, states the respondents. In the small firm, one or few persons faces the already build-up “experienced” structure of the larger company. Limited investments, small quantities and un-frequent needs regarding deliveries is to be seen alongside a lack of professionalism and experience within the small company (relate here to Wilson, 2000, cited in Ozmen et al., 2013, p.208 who stresses differing organizational and individual purchasing patterns). It is hereby hard to correspond to economic requirements (solidity, liquidity). Small companies are hereby not ascribed same priority as larger companies by the insecurity that appears between the large distributors and the small company (mind here Thun et al., 2011, p 5520 who stresses that risk distinct small and large firm supply-chain priorities). The imbalance that evolves in the relation between the larger market actors and the little firm must be reduced by establishing relations and longer-term agreements.

The role of production for the B2B SME is frequently emphasized in the expert-interview answers. Obvious also becomes the challenge that production represents at relation to product development and sales (Cooper & Kleinschmidt, 2007, p. 53 contextually claims that the strongest driver of profitability is a quality product). Requirements are hereby put towards different functions within the organization, where production often is resource demanding when it comes to capital and personnel. One way to handle this is to focus towards one or few of the activities and buy components and assemble instead of producing/manufacturing fully by yourself. Mind here Terzirovski, 2010, p. 893 who claims that the limited range of the SME can be a forfeit
as resources not are required. This is emphasized by that service to customers has become more and more important and also time demanding during the latter decade. Out of the two examples that are put forward in the expert-interviews, one implies that it is possible to handle the whole process-chain from product development to sales. The company in question is considered very successful and acts within B2C. The other company is a Japanese industrial company within B2B that has preferred to outsource manufacturing of production regarding assembly towards a finished product. We can here see that the company has concentrated resources towards other priorities. Decisive here is what that is included in the term production. In this latter example, manufacturing of components has been outsourced, and hereby acts as a substantial part of the company procurement activity. The problem that the little company faces in much relates to the organizational challenge that follows from different manufacturing alternative productive focuses (Reynolds & Lancaster, 2007, p. 1045 contextually addresses that small companies seldom use and apply formal sales forecasts). Personnel and capital is transferred and moved, which is expressed by obstacles in the growth process.

The market and marketing concern appeared as an obstacle for the small firm where micro- and smaller companies appears reliant upon few substantial customers (relate here theoretically to Carter & Jones-Evans, 2000, pp 356-358). It is all about having the right product at a proper price at sufficient delivery process, claims the respondents. The experience base of the owner-manager here proved vital (see Jobber 1998:6-8, cited in Bard, 2007, p. 120 by the stated vitality of upholding a market orientation). As the company goes international, a functioning organization must be established. Internet has here made the world smaller, adds the respondents. The process becomes a matter of meeting needs of the customer and solving customer problems. The new appearing standards must be met by routines, transport solutions, new competences and new ways of thinking as the organization becomes change averse (compare to Resnick et al., 2011, pp 42-43 who mentions a general lack of market knowledge). The respondents’ state that selectivity is a key word regarding identification of fit between business idea and customer need where maintained market contact via events, advertising and giveaways are expensive. The market can be reached via IT at low cost (see Cho & Tansuhaj, 2013, p. 515 who further mentions forfeits via standardization and monitoring costs).

The SME B2B problems are here substantial as market related issues act as a barrier for most of the small companies. One of these problems is the reliance towards and upon few customers whereupon a dependency evolves. Another relating problem appears according to the expert-respondents via the shift that evolves as the small firm seeks to avoid such mentioned dependency relations (O’Dwyer et al., 2009, p. 389 here adds that SME marketing appears integrated across all functional areas of the SME). It is here firstly the need of the customer/market that is to be satisfied. An outside-in viewpoint must be established within the companies. New factors such as service, solving customer problems and guarantee requirements are constantly added and increases by number and variation. This directs demands and requirements towards all personnel and mostly upon the CEO and leading staff. An inside-out thinking must shift to an outside-in way of thinking. The demands increases further as the company starts to export and sale abroad (the internationalization process is by Kyvik et al., 2013, p 174 expressed by an adaption of company operations to international environments). A refocused way of thinking towards the outside-in alternative is both mentally challenging as well as resource demanding. Although different IT-solutions here appear as a cost efficient way
to use contacts and markets, new routines must be established in order to meet the challenges that appear (relate to Resnick et al., 2011, pp 43-44 who identifies e-marketing as a standard tool for the SME). At short notice, mental as well as organizational and resource based barriers becomes obvious simultaneously as more business opportunities evolves. Situations that leads to bad reputation in this context often evolve as the distance in time between the cost to invest in market activities and the incomes becomes too large, all according to the expert-respondents. The firm existence might be threatened and require successive capital in order to reach balance between input and outcome.

The financing concern is complicated as banks only focuses upon collaterals states the respondents (relate to Vegholm, 2009, p. 40 who implies standardized bank processes). The common respect for the bank here hampers an open dialogue with the bank. The role of the bank should be to enable contact with small business funds for the customer. To run financial reporting and accounting via external party is feasible but costly, states the respondents. External funding has the disadvantage that problems occur if a project becomes longer than expected (Czarnitzki & Hottenrott 2009, p. 79 state the independence that larger companies experiences regarding this issue). The business developer and the owner-manager ought here to have several ideas running parallel in order to avoid further external finance (Berger & Udell, 2006, cited in Abdusaleh & Worthington, 2013, p. 43 emphasizes the common frequent occurrence of trade credit for the SME). The respondents then claimed that revenues and acquired capital ought to be remained “untouched” within the company until sufficient levels of activity are achieved. The respondents further stated that small firm managers focus too much towards liquidity in the quality evaluation of companies.

A precondition for financing the activity externally is to develop annual reports. Key is here to have an apparent business idea related to a trustworthy business- and financing plan (lack of record keeping as implied by Dodge & Robbins, 1992, p. 33 is the main problem area regarding small firm performance). The lacking communication between the bank and the little firm often evolves from lacking small company information, claims the expert-respondents. Wrong mutual expectations might here have drastic consequences for the little firm. This particularly appears as the banks focuses towards their collaterals which in turn affects the small firm ability to use possessions for other loans (the small firm often here hesitates in providing the bank with information of own activity, as stated by Vegholm, 2009, p. 39). Out of the possibilities there are regarding external finance and operative costs besides the banks (ALMI, Norrlandsfonden, Uminova), the demands upon information appears as an experienced burden for the small companies. The owner-manager often here due to role as accountant brings lacking objectivity in the financial information process, as stated by Lucas et al. (2013, pp 2-5). The base that is developed for financing is a requirement. It can be of shifting quality where the financiers have experience that is lacking in the small firm. This is experienced as a burden though a must, states the expert-respondents. Here a friction appears due to different expectations that over time may result in that the bank reduces levels of credit. The parties must live up to stated terms and collaterals that can be activated. Although the demands regarding collaterals is lower from some financiers that offers more risk capital, the efforts of gaining capital appears complicated.

Administrative issues were mainly evaluated via its operative daily function where routinized processes were emphasized as relevant (Bohman & Boter, 1984, p. 76-79
relates organizational structure to performance). This issue can more recently be traced via Diaz et al. (2011, pp 16 and 23) who stresses flexible characteristics of the SME. Such dynamics fills vital function also at internal small company activity. Administrative processes were further approached via educational routine conversations with the employees. The respondents then mentioned the necessity of IT skills regarding administrative processes and that this just as well can be handled by outside consultants. Administrative processes intensify at increasing company size, the respondents further.

The motivation that this concerns the daily operative activity has affected the answers from the expert-respondents within this field. It appears that the respondents only have limited experience regarding administration. As administrative concerns relates to the entire operative daily activity, a large number of issues and matters are addressed (administrative burdens constantly intensifies as stated by SMF i Fokus, 2002, p. 11). Although the little firm has developed routines, administration often concerns something that is not documented and further on handled during spare time. Via different IT-solutions, the administrative concern is facilitated. Mentioned solutions are often processed via outside consultants (installation, program development, program adjustment and education), states the expert-respondents. The need of a developed and functioning administration becomes apparent as the company reaches 11-50 employees. The understanding of handling the administration is at the smaller firm not of priority. Regarding the development of the business and the company, administrative needs becomes apparent at 11-50 employees. Here, the administrative apparatus must become a part of the activity, claims the respondents. As this need evolves simultaneously as the company develops, the growth might be hampered by the fact that administrative concerns have effects within all fields of the company (mind here the STRATOS, 1990, pp 87-88 definition of administrative application). Inefficiency might spread to remaining sectors of the firm. Lacking company growth becomes expressed by the inability of the administrative apparatus to efficiently support the separate functions of the small company, according to the expert-respondents. A functioning administrative apparatus is though not in itself what creates development and growth with regards to 1-50 employees at focus towards 1-11. Nonetheless, an insufficient and unbalanced administration may affect the daily operative activity.

It was further stated that rules for the business developer and entrepreneur appears complicated and costly. Tax laws, personal commitment and responsibilities hampers investments being made, according to the respondents (compare to Hashi, 2001, pp 226-227). The generation transition was further mentioned where a significant share of entrepreneurs retires without assured renewal. Lacking financial and know-how requirements regarding this transition were mentioned by the respondents. It further appeared from the expert-interview respondents that the one who develops the company must develop himself or herself at the same pace as the company grows. It is here of importance to grow with the task.

6.4 Company growth concerns at relation to the theories

We here aim to relate growth obstacles faced by the SME to the business developmental aspect of the small firm value-chain. Barriers of growth are here assumed to act as a motive whereupon business developmental concerns are evaluated.

Starting with management concerns, we state the precondition for growth that the company reaches the next step in its development, which in turn requires an efficient
decision process. This decision process, we claim, ought further to be based upon a proactive standpoint rather than a reactive as flexibility is achieved in the organization (observe parallel to Sharifi, 1995, p. 46). A fundament for the next firm development step is established. As such stage-growth situations might return at different time intervals, consultant advising proved to be a way to support the decision process. Consultant advising can here be seen as a way to complement the management continuously in the little company. It turns out that small companies that practices consultants grows at faster pace than the ones who do not (strengthened by Muzio, 2011, pp 806-809). The efficiency of the decision process can be increased by being combined with a planning process, the integration of the planning process within remaining parts of the company activity (also implied by Boman & Boter, 1984, p. 380). Mind here the more recent research by Zinger & LeBreasseur (2003, pp 2-4 and 13) where the vitality of a present planning process is put forward. This so especially at later stages of SME development. We can generally trace this assumption all throughout the SME activity. One of the forfeits with a formal planning process appeared by that “formal planners” act at increased encouragement at formulating goals in comparison with “informal planners” (as supported by Lyles et al., 1993, pp 44-48). In the little company, long-range planning becomes mixed with immediate tactical issues (Lawrence & Waddelow, 1998, p. 856) which disturbs the development in the longer run. We discovered that these conditions leads to project planning instead of longer range evaluations. Insecurity further contextually results in “doing instead of planning” (also proclaimed by Matthews & Scott, 1995, pp 36-37).

Although the manager of the SME, often owner-manager, has limited knowledge regarding strategies and strategic ”tools” (Löfving et al., 2014, p 20) and limited resources and time, simple frameworks proved urged. At the SME, this framework tended to evolve from a bottom-up perspective (supported by Löfving et al., 2014, p. 9) rather than being a formal long-term planning process. Via learning and tactical decisions aiming at reaching access to vital resources and professionalism assuming the customer value priority, a strategy is stepwise built up. We discovered that learning as well as strategy use hereby is facilitated and encouraged as it is implemented in parallel to its creation. A key feature here becomes the staff and personnel where identification must be established with the firm. We think that learning and training will increase the capabilities to see and handle activities and hereby by time avoid barriers for the firm (strengthened by Ellström & Nilsson, 1997, p. 60). We emphasize our finding that learning and training increases loyalty towards the company (mind here Hendry et al., 1995 who claims that loyalty problems intensifies by increased number of employees).

Continuing with procurement/purchasing we identified the necessity of awareness of the need criterion where the B2B SME must appear independent towards the supplier. We can state a general lack of supply-chain agenda when evaluating this matter as the SME must state whether it is an end-user of commodities or not. Relate here to the buying attitude of the SME as theoretically implied by Ozmen (2013 et al., pp 220-221) as the SME appears unable to harness forfeits of the supply-chain. Consider further the findings of Qyale (2003, cited in Thakkar, 2011, p.314) regarding the latter focus. The B2B SME contextually faces a general mistrust as the small company not prioritizes the supplier (relate to statements by Ozmen, 2013, p. 216). The remedy handling this issue we think is to combine supply-chain fundamentals and organizational adjustment. We see here parallels to the work of Thakkar (2011, p. 328). Above reasoning’s are based
upon a decreased relative time for the product to reach the market in comparison with the larger company. This competitive advantage must though not act on behalf of quality concerns. Viljamaa (2007, p. 72) here accordingly proclaims that the SME ought to act slow regarding need recognition and fast regarding the purchase decision.

Continuing with **product and production** matters we state the necessity to relate the activity to a production mode. Parallels can here be made to the findings of Davig & Brown (1992, pp 58-59) who addresses the market mode. We can further identify a general lack of support functions assuring accurate handling of the production function. This can be seen in accordance to the work of Gilbert et al. (2008, cited in Hernandez-Pardo, 2013, p. 484) who proclaims the lack of support networks regarding SME activity. We further stress this context as to how fluctuating turnover is handled as we address an identified lack of an efficient way to meet up-turns with regards to flexibility matters. The company cannot grow if this aspect is missing. Regarding the production concern, we state a general need of flexibility regarding the number of personnel active within the production. This amount ought to be increased or lowered at short notice. In line with this follows the necessity of access to production material. An issue that ought to be adjusted in short time periods. Latter concern is implied by for instance Edström-Frejman (2014, p. 5). We further address the quality aspect of the process as the TQM (Total Quality Management) criterion seldom is considered and fulfilled at small companies. We contextually state theoretical parallels to the findings of Khan (2007, p. 351).

With regards to the **market and marketing** concern we concur with the findings of Gilmore, et al. (2001, cited in Resnick et al., 2011, p. 38) who implies that SME marketing practices tends creative and alternative. This assumption is to be considered alongside the assumed fact proclaimed by Carter & Jones-Evans (2000, pp 356-358) that the SME has and faces a limited customer base. Networking must here compensate for such lacks alongside the missing level of market awareness and skills that becomes apparent for the B2B SME. Simpson & Taylor (2002, cited in Resnick, 2011, p. 43) emphasizes this flexibility as crucial. We can further consider such lacking market abilities via the research of Lloyd-Reason & Sear (2007, p. 35) who addresses the remedy of increased focus towards strategic alliances and joint ventures. In similarity to the necessity of a withheld product mode, we here state the necessity of applying a market mode and simultaneously emphasize this aspect via Jobber (1998, 6:8, cited in Bard, 2007, p. 120). In this process we identify a severely heavier focus towards reactivity once adding the strategic concern. Terziovski (2010, p. 892) accordingly emphasize the some general reactive strategic mode of the SME, this so on behalf of the proactive strategic standpoint. We here emphasize the necessity of creating a proactive strategic agenda and maintain such a standpoint, or at least a certain mix in between the alternatives. The strategic aspect becomes relevant at the context of a structured process that systemizes growth concerns, that we generally miss when approaching the B2B SME. We contextually stress the necessity of creating a thorough market agenda which to follow. It is also of importance to realize this agenda once established. We at this reasoning address parallels to the work of Lancaster & Waddelow (1998, pp 858-859). We discovered a general forfeit of being close to the customer for the B2B SME and emphasize this feature at above reasoning. We see the inherited ability of the SME of being close to the customer as premier way to remain competitive at the markets. Being so urges increased demands regarding adjustments of the product to the new market as the small company goes international.
The internationalized activity at the market point of view is assumed to create synergies, access to new markets, low-cost entrance to new markets and access to low-cost production. Regarding these aspects can theoretically be referred to Lloyd-Reason & Sear (2007, pp 72). We further refer to the same theorists, Lloyd-Reason & Sear (2007, pp 33-35) concerning the generally high consultancy costs that can be identified when going international. The way to handle this situation for the small firm proved to be to adjust to IT-based activity and ways of procedure. Mind the high set-up costs that can be identified regarding IT application as implied by Aziz et al. (2011, pp 262-263).

Concerning the financial matter for the SME we emphasize the channels that the small firm gains capital via. Mentioned channels generally appear few and inaccurate not fulfilling its purpose from the SME viewpoint. The ability for the small company to obtain sufficient levels of capital here appears affected by lacking bank communications. Lacking information alongside inability to delegate SME problems evolves as central feature. We make theoretical parallels to the findings of Vegholm & Silver (2009, p. 73). This informative matter is further affected by a standardization of bank services that not fulfills SME aims. We can identify a general information asymmetry and refer to Svensson (2003, p. 29). The financial concern further appeared affected by general lacking accounting skills and abilities. We can here draw parallels towards the research of Dodge & Robbins (1992, p. 33) and further on Lucas et al. (2013, pp-2-5) who addresses the lack of objectivity that evolves regarding accounting measures when handled by the owner-manager. This latter focus became apparent for us in our research. We state the necessity of developing more advanced business systems with regards to financial handling alongside record keeping as the small firm grows.

We further added administrative features of the small firm. We can here state that lacking administration jeopardizes core substances of the company. We thereby think that it is of relevance to allow the administrative processes to grow with the company and we state the necessity of developing systems already at early stages that concerns follow-up of growth aspects regarding the small company.
7. Conclusions

The conclusion-section starts off by approaching the two research questions where after conclusions follows at heading 7.3.

7.1 Research question 1

1) Which are the overarching barriers to growth in SMEs at a business development perspective?

We emphasize industry structure and competition as external barriers and inability to apply organizational culture via the owner-manager as internal barrier. We add to this the general financial barrier which hardens capital acquirement. Human Resource concerns can here be mentioned as additional barrier at the general point of view. We further state the technology criterion and relating service activities alongside the general conservatism towards SMEs as premier general barriers. The small firm further has limited scope- and range of customers. As general barriers we further also mention weaknesses in the experience base and lack of market information. Tariff-regulations, culture, language and taxes further appeared as general barriers.

We put forward inability to define the need criteria alongside being unable to distinct the end-user from the buyer as specific barriers at the procurement/purchasing concern. As main specific barriers with regards to production we proclaim the lack of flexibility regarding how efficient production material is applied alongside inability to refocus the production. As for the market, a specific barrier appears by the inability to apply the marketing process all throughout the company life-cycle. We further state the specific barrier that appears if the company not acts close to the customer and the barrier that evolves if marketing plans not can be implemented fast. Assuming the financial concern, the SME experiences lacking ability to acquire capital alongside bad record-keeping. We at this aspect also emphasize the inability to harness Intellectual Capital and state the barrier of information asymmetry. The SME often appears lonely at the market which hardens positioning and competence exploration. We further emphasize the specific barrier that evolves if knowledge and competence not are realized via learning processes.

7.2 Research question 2

How can different barriers be linked to growth regarding business development in SMEs?

We emphasize the adaptive signification ascribed realization of values at the SME which becomes expressed by the accumulated experience base of the owner-manager and/or manager. The small firm contextually acts at a transition stage from project based- to planned activity focus. A transition that further on is characterized by an increased need-driven focus on behalf of the resource-driven concern. We here discovered the importance of aligning the different functions within the company, having them to act in balance and harmony towards each other. The owner-manager ought to present the ability to identify the barriers that heritages from the inability to develop oneself at relation to the company and transform this into learning processes towards the personnel. We hereby accordingly discovered that the growth- and business developmental SME process equals development and effort towards all separate areas
and functions within the firm. The key here being to apply “a small firm thinking”. We stress and highlight above obstacles for the SME by the concept and term barrier-management. Regardless of character and application of the barrier, we emphasize that an SME barrier brings skewed impact upon other areas within the company where new barriers evolves. We accordingly address the importance of identifying the actual core reason for the particular barrier.

7.3 Overall Conclusions – linkage to purpose via cases and expert interviews at a SME growth perspective of business development

Our purpose is to explore, and seek understanding for, barriers to growth in B2B SMEs at a business development perspective. We accordingly try to conceptualize and patternize the term business development by contextualizing appearing barriers at a growth aspect. Our following conclusions are based upon our analysis, supported by our theoretical findings.

Concerning management, we have come to the conclusion that SME, particularly B2B, companies are relatively capital demanding and at early stage of development requires several employees. The difficulty of recruiting correct staff and personnel hereby evolves as a significant potential barrier for the small company. Learning processes alongside an early outside-in thinking with the customer/market at central spot regarding a simple and applicable business idea, evolves as vital for the continuous development, we state. We contextually claim the necessity of complementing longer-term thinking with the often dominating small firm project-based way of doing things. This is also valid for investments made. The long-term thinking further fill function, we claim, when preparing the company for development in accordance with the expected company/product life-cycle. We proclaim the conclusion that such assumed managerial limitations and constraints contextually evolves hand in hand with administrative lacks within the company. Managerial workloads are often concentrated to few people within the B2B SME, we further consequence wise state, which implies barriers to arise. In order to take an active role in the value-chain, the management must act externally at the market. We here emphasize the role of the management in exploiting network effects in favour of the firm, a network that stimulates and facilitates exchange of information, renewal and learning.

Regarding procurement and purchasing, we identify a generally increased B2B SME cooperation with the suppliers. Our first conclusion hereby is to state the importance for the small company to transform supply-chain managerial concerns towards organizational learning in order to avoid company internal barriers. We support this by the lacking ability of the SME, particularly B2B, to enhance and embrace the some ambiguous procurement patterns that we see. As a further conclusion we state that customer and market needs ought to be what leads the distributor activity and not vice versa, so as to hinder barriers. Alternative distributors and suppliers can according to us be the way to proceed. We contextually state the importance of trust towards the supplier, partially so as we generally discovered that small volumes are bought at several occasions. We could hereby motivate this by the proved tendency for B2B SMEs to seek to avoid storage. Further on, as the procurement process proved to be project based at the SME standpoint, we proclaim the conclusion that well developed relations increases the possibility of finding a substitute and reduces the dependence-
barrier that might be the case. As yet a conclusion it becomes of importance to maintain flexibility levels for the SME regarding relocated production units and hereby avoid barriers by maintained efficiency levels. The structure of the organization must be able to handle such a transformation. Such flexibility must also be upheld concerning the matter of production volumes. As these volumes fluctuate, the volumes of deliveries must at short notice adjust. Coordinative forfeits evolve and barriers are reduced.

Concerning **product and production** matters we emphasize the conclusion that customer needs must lead the production and not vice versa, barriers might otherwise evolve. In order to optimize the production process, we proclaim the conclusion that increased demands upon production governance must be satisfied at short-notice in order to avoid barriers. We also state the conclusion of directing the production towards one single activity and buy the components. In other words, stick to the core substances of the company also with regards to production. As a further step to streamline this process and hinder barriers, we conclusion-wise emphasize the forfeit of adjusting the B2B SME production in accordance to expected needs and outsource the rest of the production. In similar ways we also state the conclusion that expected intensified production must be based upon necessary investments being made in advance where latter parameter initiates the process. Barriers can hereby be avoided. As basic point appears the value-creative process towards the customer, where the product acts as vital issue regarding the business idea. We further on proclaim the conclusion that barriers appears as the TQM concept often proves absent. If this adjustment not can be achieved, barriers evolve and the role within the value-chain cannot be fulfilled. The bad image that appears hampers the development and is here tough to change for the B2B SME. We also state as a conclusion that the relation-process contextually generally proved to be value-adding. We have further identified the relevance, as a conclusion, of that quality routines must cope with increased production.

Continuing with the **market**, we as a first conclusion state the relevance of achieving and maintaining a fast response towards market needs and further on the importance of being able to realize and implement market plans quickly. We as a further conclusion claim that mentioned market plans ought to be formal for the B2B SME. In addition to this we proclaim as a conclusion that as the number of markets intensifies, we think that systemized planning should increase. This can severely eliminate market barriers. New market contacts that here evolves are to be considered a part of the continuous learning process. We in accordance to this emphasize the conclusion of the relevance of establishing and maintaining the ability to transform market knowledge towards the organization. Of vitality here proved to be to act, be and remain close to the customer and thereby avoid barriers at the longer-term. We express mentioned closeness to the customer by achieving a market orientation.

We further concerning the market state the conclusion that needs are to be identified where after the market is to be allowed to lead, which we express by a preferred outside-in-perspective (an avoided inside-out-perspective). All throughout this process we state the conclusion of a proactive strategic standpoint as preferable as we discovered B2B small firm activity as to reactive. Signifying for the SME activity here proved to be a significant focus towards project-based development, especially so at the initiating stages of growth. Awareness of the relation and share of projects contra longer-term processes might according to us reduce the amount of barriers. As a further conclusion we stress incorporation of the sales process already at early stages of growth within the SME (particularly regarding B2B). The often few core products that signifies
the small company ought here to be positioned in order to avoid barriers at the competitive aspect. We can further state the conclusion that such market contact proved to be best handled via low-cost web-based marketing that at B2B is followed up by trust-building visits. We contextually at this market viewpoint emphasize the experience base of the owner-manager as vital and crucial in order to avoid barriers. This aspect of barriers appears even more outspoken at the internationalized market focus, we further add. The network might here come in handy. Finally concerning the market issue we state the conclusion of importance of realizing and maintaining synergetic approaches to the internationalization process.

Concerning small firm financial matters we claim the conclusion of achieving a balanced cash-flow where incomes and costs are to be closely connected at a time perspective. This will bring stability to the firm and avoid barriers at the financial aspect. We contextually came to the conclusion of relevance of “growing with the company” also at the financing point of view. The company must not grow too fast at relation to resources. The often only product that the B2B SME has cannot compensate for this assumed skewed income lack. We contextually state that financial barriers depend upon company internal- as well as external factors. We further add the conclusion of the vitality of achieving balance between bank- and risk-money in order to minimize risk. Small business funds contextually proved preferable when seeking competence.

Lacking administration risks core functions of the small company. We express this by the conclusion that it is of relevance that the administrative concerns are allowed to grow with the company, at same pace and at same extent. We further state the conclusion of identifying the relevance of developing systems for early follow-up regarding growth aspects. Barriers are hereby avoided at the longer-term. We here emphasize the close functional role assuming the owner-manager and the entrepreneur as these becomes synonymous, especially at early stages of small firm development. The administration hereby becomes closely aligned to the organization. We further state the conclusion of the necessity of a developed administrative platform whereupon the small company can base its activity. If this platform is missing, administrative issues can in itself lead to barriers.

7.4 Limitations of the study

We as the thesis authors came up with some ideas during the research. First, since the study is focused on SMEs geographically only in the Umeå region, it eliminates the contribution of other small medium sized enterprises in a national and international level. Second, the researchers have considered few numbers of respondents for the purpose of the study due the limited period of time. The authors did their best to consider reputed and well known small medium sized enterprises in the Umeå region. However, the data collected from participants gave strength to our thesis and assist us to a great extent to explore the topic of barriers of growth in relation to our research purpose.

Additionally, we also decided to conclude the results of a larger reliable research by previous researchers that could be helpful for the strength of our study. But due to no extra space in our thesis and lack of previous research of our focus, we had to avoid it.
7.5 Implications of the study

Primarily, the contribution of this study emphasizes barriers of growth in small and medium enterprises. So in this study we have researched, discussed and considered such features under the small firm value-chain which covers management, -marketing, -purchasing, -production, -finance and -administration. So in our findings we found that barriers of growth in SMEs exist due to a set of certain factors which can be detected in different departments mentioned above. Since this study focuses on barriers of growth in SMEs therefore the executive managers, operational managers, entrepreneurs and other persons who affect the SMEs would be our target readers.

A further implication concerns the scientific knowledge body. The chosen focus of our study is barriers to growth and business development. We have stressed arguments for and limited us to companies within B2B. During the thesis work, we have more and more been strengthened in our beliefs, which is mentioned at initial stage of the thesis, that not so much research previously is made within our chosen field. There are though several studies conducted at the barrier point of view. A consequence of above lacking previous research is that we have found difficulties in identifying and following the knowledge development within our area of focus. Here fore, we found difficulties to relate our contribution to the scientific knowledge in the chosen area and further on discuss how the thesis contributes and relates to scientific knowledge in the chosen field. We have though found support from the so to say general theories, especially in chapter 3, which has enabled a linkage of our particular field to general theories. To our mind, knowledge and understanding of the general theories can contribute to the understanding of (and avoidance of) barriers in the SME environment. For instance, the linkage that we focus on could with more research based literature improve the preconditions for handling barriers within for instance our particular SME B2B field. According to above considerations, we believe that our study here can be seen as a research contribution to our chosen area.

7.6 Further research

Some ideas evolved during the research regarding further approaches. So the recommendations for future studies and researchers are to conduct the research in a bigger sample in order to be able to consider large number of small and medium enterprises in a national and international level. It might be helpful to gain experience from a large number of SMEs which have operation at global level. This would assist the researchers to generalize findings efficiently to come up with a wide industry related array of results. The basics of the research can further be put in a leadership viewpoint where ways of implementing growth concerns can be contextualized.

Contribution-We have with our work contributed to the existing literature by developing and combining growth, business development and barriers to B2B SME companies and further presented for SME B2B companies vital areas from management to administration, in order to open up for a better understanding of B2B SME barriers connected to growth.
8. References


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**Personal Communication**


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9. APPENDICES

APPENDIX 1 Welcome letter Duroc AB

Best Lennart Olofsson

Thanks for contributing with information concerning the research paper “Business development in a growth perspective- Barriers to growth in SMEs”. Focus is directed towards difficulties/critical concerns that affect a company’s possibilities to grow and develop. The problematic regards company-internal as well as -external issues. Out of the Duroc homepage “History” can be stated that you started the firm 1987 and that a change of strategy occurred about 1996. This first period that acts as a fundament for the further development of Duroc appears interesting for the essay as we by SMEs assume company’s with about 1-10- and 11-50 employees.

The Duroc development continued after the company went public and questions also regarding this period will become of relevance. The questions that follow (attachment) will though mainly concentrate upon the period from where the firm was started in 1987, to about 2000 when Duroc had 245 employees.

Your answers alongside information at the Duroc homepage will be analyzed and thereafter printed. It is our hope that you after answering these attached questions also can consider a number of further questions that regards the further development of Duroc.

As it is Your experiences, thoughts and memories as founder and owner-manager of Duroc that are of interest, further as semblance of material that excludes Your participation and what there is to be found at the Duroc homepage will not be carried through.

The information you share will only be used as case-presenting material regarding Duroc in the essay. You will have the opportunity to read the Duroc-case before it is applied as a section in the essay.

It would be forfeitable if your answers are accessible about the weekend 26-27 April.

Best regards,

Fredrik Lemar and Najmoddin Nekzada

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APPENDIX 2 Welcome letter- Seaflex AB

Best Lars Brandt

Thank’s for contributing with information that regards the essay ”Business Development in a Growth perspective- Barriers to Growth in SMEs”. Focus is directed towards difficulties and problematic and critical events that affect a company’s abilities to develop and grow. Of priority will be company-internal as well as –external issues.

The Seaflex-case concerns the “journey” that has been made since the firm started until today. At the structural point of view, it would be appropriate if you could write Your answers regarding attached questions and return them. Thereafter we will return to you concerning how to further proceed.

The as semblance of material concerns, except for shared your information, also facts at the Seaflex homepage. The information you share will only be applied for the Seaflex-case in this essay. You will have the opportunity to read the Seaflex case before it is used as a section in the essay.

We would be grateful if we could have your answers about the weekend 26-27 April.

Best regards,

Fredrik Lemar and Najmoddin Nekzada

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APPENDIX 3. Questions and reasonings- the Duroc AB/Seaflex AB cases

1/ Brief about …… background at the start of …… (Experiences etc)

2/ How did the company start? The idea and concept? What was the firm based upon?

3/ Business idea. What was your business idea? Has it changed over time? When and how?

4/ The brand. Why the name ……? When and where was it registered? (Issues concerning this matter)

5/ Patent. Was there a patent? When? Where was it registered? (Issues concerning this matter)

6/ Patent protection. Was your patent protected and if so how?

7/ The product, product related matters.
   a/ The product. What was the product? Different products?
   b/ Different applications? Changed over time? Have the applications lived parallely over time? Why new applications?
   c/ Product development. How? When? Why? (Issues concerning product development). Which critical matters did you face and handle? When and how did you solve these?
   d/ Guarantees and service. Existed suches? Service needs? If so, how did you solve these?
   e/ Production. Where were the products produced? How did you handle production matters? When the products were first produced? (Issues concerning production). Which critical questions and matters did you face and handle? How and when did you solve these?


9/ Market related concerns. The market, marketing, sales, competition.
   a/ The market. Which markets were there for ……? How did you identify these? Market segments? How big were the markets? Where were the customers? Sweden / export / internationalization?
   b/ Marketing. How did you approach the markets? Information, spread of information, events, fares and company visits? How did you sell the product? How did you price the product? (Issues concerning these matters). Which critical matters did you face and handle regarding these issues? How did you solve these matters?
   c/ Competition. How did you experience the competitive situation? Which competitors were there? What did you base your competition upon? Price, quality, long
product life range? Were there substitutes to your offerings? (Issues concerning these matters). Which critical considerations did you face and handle? How did you solve these?

d/ Joint venture. Strategic buyings, strategic alliances (see also 7/)? Which critical issues and matters did you face and handle? When and how did you solve these?

10. Business environment
   a/ The general conjuncture?
   b/ The general situation within the vital branches?

11. The network. Who acted within your business network? “new contacts in and old contacts out”- dynamics regarding the networking process? (issues regarding these matters). Were there critical concerns to handle and solve? If so, which and how did you handle these?

12. Financing, economic issues. How was the activity financed? Which external forms of financing did you apply? Bank? Norrlandsfonden? Utvecklingsfonden (ALMI)? (Issues regarding these matters). Which critical concerns did you face and how did you handle these? How and why? Outcome?

13. Organizational concerns. Organizational development over the years? What was your role? How many were you and how was the activity organized? If possible, schematize your organization at different periods. (issues concerning these matters). Which critical questions did you face and how were these solved?

14. Staff/personnel. Education, know-how. Have the requirements shifted over the years? New demands and competencies? How have you approached such matters? (Issues regarding this concern). Which critical questions have you faced and how were these handled? When and why? How did things turn out?

15. Planning concerns. Which role did planning play over the years? Were there written plans? How important role did informal planning receives? Which areas were characterizing regarding this feature (the market? production?, financing?, economy?). (Issues concerning these matters). Which critical concerns did you face and how did you handle these?
APPENDIX 4 Follow up questions – Lennart Olofsson, Duroc AB

The period 1987-2000 is of great significance for this case. I also mention this in our e-mail correspondence. Regarding the period 2000 until today, I have some more general questions.

it says in the Duroc homepage information (history) that the base for the modern Duroc was made 2000. It also says that after Duroc went public 1996, Duroc acquired a number of engineering companies. Is further appears that Duroc 1996 had a new business strategy.

Some of the questions that you have already received evaluate above features, but I here bring up some issues regarding the years 1987-2000-

-what was the old strategy (before 1996)?
-what was the business idea before 1996? Was it the same as after 2000?
-which were the reasons for the 1993 bankruptcy?
-which new ideas did you have and apply during the bankruptcy?
-can you identify and name some critical and important happenings and scenarios (positive or negative) that proved crucial for the Duroc development during the years 1987-2000? (new important customer, big order, new distributor, patent, conjuncture, technical breakthrough etc)

Concerning the years 2000 until today-

-does the new strategy mean any changes assuming the Duroc technique?
-is it mentioned technique that causes the acquirements that were appeared?
-how has the competition developed during the year 2000 until today? Is the Duroc technique standard today?
-what has acted as the main cause for successful acquirements?
-which have been the main causes for less successful acquirements?

In general, assuming your experience with Duroc’s early period.

-which were the barriers? Identification of barriers?

You left the Duroc board of directors in 2001 and were no longer a member of the board as for 2002. You sold your interests/stock shares in 2006.

Explain the scenario and develop the thoughts.
APPENDIX 5  Follow up questions – Lars Brandt, Seaflex AB

Regarding 1) can you identify 3-4 important phases regarding the Seaflex development? For example-

-First export -seaflex inc. subsidiary establishment
-Middle east breakthrough -extra important customer
-First Asian order

Regarding question 3) is the Seaflex business idea the same today? Does it change as you widen the product offerings?

Regarding question 4) Has there been any trademark infringements? Is the Seaflex trademark strong?

Regarding question 7 c) Share your considerations concerning adjustments of the product and the product development. relate to new markets and sectors.

Regarding question 7 e) Develop this issue more thoroughly, how you design, dimension before you offer. What flexibility have you achieved assuming customer ordered production? Can certain moments be produced without order?

Regarding questions 8) develop the efforts you direct towards improving your contacts with distributors. Is your assembly activity developed in concordance with distributors, do you coordinate? Detailed dialog?

Regarding question 9 a) You write in your answer “more to talk about”, develop…. Which markets are Seaflex active at as for today? (Scandinavia, Europe, Middle East, Asia …) How have the markets developed? What has become required organizationally? How do you handle representative matters at the markets? How are the market organizations organized? Market adjustments at the different markets? How do you handle transports to the different markets?

Regarding question 9 b) which international partners do you have? Company educational matters? Do you visit them, do they visit you? How is Sealfex marketed except for events? How do you find and identify international partners?

Regarding question 10 a) Conjunctures over the years? Which conjunctures have you dealt with? Have these conjunctures affected the Seaflex business? How? Lehman brothers financial crash? The European situation? Is it up or down in the markets at the same time?

Regarding question 10 b) Are marinas built regardless of conjunctures? Boat-lines for the marinas intact?

Regarding question 11) which competences are included in your professional network assuming business related networks? –assuming general networks? What comes out of your network? Knowledge… ideas…? Exemplify the meaning of your network.

Regarding question 12) concerning financing, how have you handled Seaflex assuming the low-conjunctures? Banks-are they considerate? You mention export-cash, explain….How have you handled intra-company economic issues?
Regarding question 13) how has the organization appeared? Do you practice organization charts and schemes? Do you coordinate the responsibility functions? Develop the issue. Flexibility achieved?

Regarding question 14) Personnel and staff. ”more to say”, develop.

Regarding question 15) do you practice formal plans? Informal plans? What is planned? How is this carried through? Project planning?
APPENDIX 6  Expert-interview respondents – welcome letter

Thanks for Your participation as a respondent in our thesis.

The focus is towards small- and medium sized company’s growth and development. A number of problems can here be identified ranging from growth matters, barriers of growth, business development and management. Issues that severely affects the development of the firm.

You have certainly with your experience several times during Your career faced problems within mentioned problem areas.

Regarding the chosen focus “Business Development in a Growth perspective- Barriers to Growth in SMEs” You can contribute with knowledge by sharing Your thoughts, views and reflections concerning mentioned issues following (attachment). The focus is company-internal as well as external.

By structural purposes, it would be desirable that you issue by issue share Your experiences and standpoints.

By SME we mainly assume smaller firms by Swedish standards where the interval small companies (1-10- ), and medium sized firms (11-50 employees) are of priority. The interval 51-250 employees are also of interest. It would be forfeitable if You could use the categorization small-, medium sized- and large companies where it contextually fills function. Although the focus is towards B2B, general views and experiences can be added also regarding for instance B2C.

You will be anonymous and Your answers will only be used for this essay.

When the answers are returned, we will present suggestions on how to further proceed.

It would be forfeitable if You could share Your answers about the weekend 26-27 April.

Best regards,

Fredrik Lemar and Najmoddin Nekzada

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APPENDIX 7  Expert interview respondent questions

1 MANAGEMENT

Which problems and concerns, thoughts, standpoints and reflections can You identify within these areas:

a. Management
b. Organisation
c. Personnel/staff
d. Planning
e. Networks, consulting and board of directors

2 ECONOMY

Which problems and concerns, thoughts, standpoints and reflections can You identify within these areas:

a. Financing
b. Accounting
c. Bank relations
d. External funding

3 DISTRIBUTORS and PROCUREMENT

Which problems and concerns, thoughts, standpoints and reflections can You identify within these areas:

a. Procurement
b. Investments
c. Purchasing
d. Distributors

4 PRODUCT and PRODUCTION

Which problems and concerns, thoughts, standpoints and reflections can You identify within these areas:

a. The Product
b. Production
c. Product development
d. Service

5 ADMINISTRATION

Which problems and concerns, thoughts, standpoints and reflections can you identify within these areas:

a. Daily administration
b. Routines
c. Directing
d. Policies (environment/working environment)
e. Development conversations
f. Personal handbook
6 MARKET

Which problems and concerns, thoughts, standpoints and reflections can You identify within these areas:

a. Marketing
b. The market
c. Customers
d. Export/internationalization
e. Internet

7 GENERAL ABOUT COMPANY DEVELOPMENT

Which problems and concerns, thoughts, standpoints and reflections can you identify within these areas:

a. Developmental issues
b. Barriers
c. General problematic
APPENDIX 8  Case study protocol

Introduction to the Case study
- function and proposition of our case studies
- role of protocol guiding us in our case study work

Data collection Procedures
- sites to be visited
- data collection plan
- preparation prior to the visits

Outline of the Case study report
- innovativeness of the practice
- outcomes of the practice
  - chronological statements of the Case study practice(s) and list of persons interviewed

Designing the questions
- description of the case-study practice
  - nature of collaborative efforts of necessity across communities or business compounds

Evaluation
- designing the evaluation of the practice
- used outcome measures