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**SALES GROWTH IN WHOLESALE-SMEs:
Drivers, Enablers, and Consequences¹**

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Abstract

The aim of this research is to deepen the understanding of the concept of company growth. With 'sales growth' used as an operational measure, and in contrast with growth models offered by e.g. Greiner (1972/98) and Churchill & Lewis (1983), this study reveals a number of motives, enablers and consequences of growth. The empirical part investigates these aspects of growth within wholesale-SMEs between 1991 and 1996. With a response rate of 41%, information is gathered on management, finance, and marketing issues related to the true factors that drive, enable, and follow from sales growth.

Research field: SME

Entries: company growth, sales growth, growth motives, growth enablers, growth impact

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Introduction

This paper reports the first results of a research project on the growth of wholesale-SMEs. The project consists of both a literature review and an empirical investigation. It focuses especially on the drivers, enablers, and consequences of sales growth for wholesale-SMEs. Our aim is to answer questions such as: why do entrepreneurs aim for company growth, how can a company achieve growth, how to manage the financial aspects, what is the role of internationalisation, etc., and how is this typical for wholesale-SMEs ?

Based on findings from earlier research on growth within SMEs, the first part of this paper offers answers to some primary research questions about the growth concept and about clues for studying it. Insights gathered from the literature review provided the foundation for the themes investigated in a questionnaire to a sample of about 200 wholesale-companies.

Findings from own empirical research are discussed in the larger part of this paper. Interesting information is revealed on marketing, finance, and management issues that are related to drivers, enablers, and consequences of sales growth.

1. Literature review

In management literature, we looked for answers to some primary research questions:

What, from a strategic management point of view, is an operational definition of company growth ? What clues does previous research offer for studying company growth ?

1.1 Company growth

Conceptual analysis of the concept of 'corporate growth' in management literature, shows a diversity of quantitative and qualitative descriptions (cf. a.o. Donckels, 1990; Crijns & Ooghe, 1994/97; Penrose, 1995; Heene, 1997). For example, Crijns & Ooghe (1994: 6) think that in the majority of studies that utilise a quantifiable measure, measures such as staff, sales, profits, added value, balance sheet total, market share, etc. are used. As for qualitative descriptions, Crijns & Ooghe (1997: 53-54), for instance, report that growth can mean that the firm is improving qualitatively, which can manifest itself in customer-related services, company image, product quality, know how, innovation, etc.

Yet, it can be concluded from the literature that the concept of corporate growth is often specified as ‘sales growth’ (sales increase). This is, according to us, an operational definition of company growth.

1.2 Growth models

Management literature suggests several models for company growth (e.g. Greiner, 1972/1998, Churchill & Lewis, 1983). Growth models present the development of companies from small to large by means of several stages, each of which is characterized by a particular structure, management systems, and leadership. The problems that appear during the growth process (and the skills needed to solve them) change constantly. So the entrepreneur, keeping the description of phases and management factors at the back of his mind, has to anticipate and manage those problems at the right moment (cf. Churchill & Lewis, 1983).

Certainly, models of company growth offer developing companies useful information about growth in several phases. Growth models provide, however, only a simple outline of the broad challenges facing a management concerned with growth. The rate of growth, the effective resolution of problems and conflicts, and the performance of the company still depend on the fundamentals of good management, skillful leadership, a winning strategy, the heightened motivation of employees, and a deep concern for customers (cf. Greiner, 1998: 65).

1.3 Growth motives, enablers, and consequences

The above evaluation of the practicability of company growth models seems to suggest two points. First, growth oriented companies would be characterised by specific types of general management, financial planning, and marketing policy. And secondly, going beyond the stages-and-characteristics approach, a distinction among growth drivers, preconditions and consequences could provide a better understanding of the internal and external factors that motivate company growth, enable or disable it, and follow from it. In this paper, the focus will be on growth motives, enabling factors, and consequences.

1.3.1 Motives

Important motives for growth that are described in the literature, come down to the following (cf. Donckels et al., 1990; Crijns & Ooghe, 1994). Management pursues (sales) growth in order to guarantee the continuity of its company, in order to recover investments, to allow for an increase of profitability, and in order to motivate management and/or employees.

1.3.2 Enablers

The factors that can enable growth, are suggested to concern the company's market environment, its marketing policy, its financing, financial policy, planning, human potential, and general management.

A first factor that can contribute to company growth, is set in the market environment: the company's export activities (cf. Donckels, et al, 1990; Crijns & Ooghe, 1994).

Marketing policy factors that are said to contribute to company growth are market niche dominance, a strategy of differentiation on the basis of quality, quickly taking advantage of opportunities, and (quickly) introducing improved or new products (cf. Crijns & Ooghe, 1994; Churchill & Lewis, 1983; Van Genk, 1987; Donckels et al., 1990; Maynard, 1997).

Also the availability of financial resources is indicated as a factor that can enable growth (cf. a.o. Churchill & Lewis, 1983; Van Genk, 1987). Successful middle-sized firms (i.e. companies with at least 50 employees) seem to be characterized by a spreading of company shares among many shareholders, financing its activities from many sources, and attracting outside capital (cf. Crijns & Ooghe, 1994).

A sound financial policy and planning can be established through the introduction and profound use of advanced systems for information, planning, and control (cf. Churchill & Lewis, 1983; Crijns & Ooghe, 1997; Maynard, 1997).

The literature also presents some human potential factors that can contribute to company growth. Such are the availability of competent employees and cooperation with other companies (cf. Churchill & Lewis, 1983; Donckels et al., 1990; Crijns & Ooghe, 1997).

General management skills that can enable company growth appear to be closely linked to the personality of the entrepreneur, and seem to come down to: the skill and the willingness to delegate responsibilities and to work from a long term view (cf. Churchill & Lewis, 1983; Van Genk, 1987; Donckels, 1990; Crijns & Ooghe, 1994; De Schutter & Sergeant, 1997).

1.3.3 Consequences

The consequences of growth that are mentioned in the literature, mainly concern a stronger position relative to competitors, higher profits and employment, and increased participation and delegation (cf. Donckels et al., 1990). Companies are advised to invest in systems for the analysis of corporate activities, in order to keep the growing company under control organisationally (cf. De Schutter & Sergeant, 1997).

2. Sample and questionnaire

In the empirical part of our research, these motives, enablers, and consequences are further investigated in a sample of wholesale-SMEs.

2.1 Sample

A sample of wholesale-companies for empirical investigation was defined by means of data from CD-roms issued by the Balance Centre of the National Bank of Belgium (NBB). Within the wholesale-sector (Nacebel activity code 51), companies were selected that had between 5 and 100 employees, a balance sheet total between 0.1 and 1 billion BF, and its location in the Flemish region. For 207 companies that meet these criteria, sales figures were obtained for 1991-1996.

2.2 Questionnaire

All 207 companies received a questionnaire that covered questions on the company's family character, its firm activities, and its sales growth. The main part of the questionnaire tried to find out if and why the companies have experienced sales growth between 1991 and 1996. For companies which sales have increased, questions cover growth motives, factors enabling sales growth, and the impact of sales growth on the organisation. In companies without sales growth, it was checked whether this was a conscious move, and/or which factors might have hindered sales increase. With a response rate of 41% (i.e. 85 filled-out questionnaires), interesting information was gathered on marketing, finance, and management issues related to sales growth in wholesale-SMEs.

2.3 Profile of respondents

The introductory part of the questionnaire deals with the company's family character and its professional activities. What strikes the eye is that independent entities outnumber subsidiaries, and that family SMEs preponderate over non-family SMEs (cf. table 1 below). Among the 85 wholesale-SMEs, 66 appear to be independent entities and 19 to be subsidiaries. 69 SMEs explicitly state that they are family companies, 15 say that they are not. Kept in mind the statement by Donckels & Corynen (1989: 49) that nearly all SMEs are family companies, it is not surprising to find this proportion between family and non-family wholesale-SMEs.

Table 1: Profile of respondents²

	n	N	%
Independent entities	66	85	77.6
Family companies	69	84	82.1
Number of employees = or > 20 (in 1995)	58	83	69.9
Growth companies	67	82	81.7

In 1995, 70% of the investigated companies had 20 or more employees. 67 out of 82 SMEs indicated that they had experienced an increase in sales between 1991 and 1996 (cf. table 1). In 37 out of 67 companies, sales growth had been fast³; in the remaining 30, it has been slow⁴. Growth companies mentioned the motives they had for wanting their sales to grow, the factors that had enabled that growth, and the consequences of that growth for their organisation. The remaining 15 out of 82 companies that had not experienced sales growth, were asked to specify the factors that had hindered it.

3. Findings

3.1 Motives

In the literature review above, a number of motives for company growth were discussed (cf. Donckels et al., 1990; Crijns & Ooghe, 1994). In the questionnaire, two more potential motives were added: sales growth can be pursued because the company wants to become market leader, or a motive for sales growth could be that it would allow the company to purchase goods more cheaply (i.e. sales growth could allow scale effects on the buying).

² Respondents typified their company as an independent entity or as a subsidiary, and indicated whether they view the company as a family company. The number of employees was checked through data from CD-ROMs, issued by the Balance Centre of the National Bank of Belgium (NBB). Growth companies were defined as companies that experienced an average annual sales increase by more than 0% (between 1991 and 1996).

³ Fast sales growth was defined as an average annual sales increase by 5% or more (between 1991 and 1996).

⁴ Slow sales growth was defined as an average annual sales increase by more than 0% and less than 5% (between 1991 and 1996).

Table 2: Motives behind the wholesale-SMEs' aim for sales growth between 1991 and 1996⁵

Importance of motive for growth	Motives															
	Profitability increase		Firm continuity		Recover investment		Cheaper purchase		Manager motivation		Employee motivation		Market leadership		Other motives ⁶	
	n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%
No					1	1.6	2	3.2	1	1.6			7	11.7		
Little	1	11.6	2	3.3	2	3.2	6	9.7	8	12.9	7	11.1	18	30.0		
Moderate	8	12.7	9	15.0	14	22.2	14	22.6	17	27.4	23	36.5	11	18.3		
Great	35	55.6	27	45.0	30	47.6	28	45.2	29	46.8	26	41.3	19	31.7	2	50
Very great	19	30.2	22	36.7	16	25.4	12	19.4	7	11.3	7	11.1	5	8.3	2	50
Total	63	100	60	100	63	100	62	100	62	100	63	100	60	100	4	100

Table 2 shows that, in our sample, 85.8% of the wholesale-SMEs think a motive of great or very great importance for pursuing sales growth was the belief that sales growth could bring about an increase in profitability for the company. A little more than four out of five companies believe that sales growth was aimed for because it would serve the continuity of the firm. Seven out of ten respondents thought that sales growth could be useful to recover investments, and consider this a (very) important driving force.

Findings from the questionnaire show the importance of various driving forces behind 'sales growth' in particular, and do not reject any of the above motives for 'growth'. Yet, the argument in Crijns & Ooghe (1994:27) about evolution in growth motives appears to be that motives for growth change as both the entrepreneur and his company evolve. At the beginning, motives for growth have more to do with the entrepreneur's craving for autonomy, whereas after some continuous growth has been achieved, the focus is rather on the continuity of the firm. As companies in this research are investigated between 1991 and 1996 and as their balance sheet total has to meet specific minimum criteria, very small firms and recent starters are excluded. Anyway, it could be suggested that this research deals with companies that have realized some size and therefore important motives are related to business rather than to the personal ambitions of the entrepreneur.

⁵ The importance of each factor as a motive for sales growth was indicated by the respondents on a scale from 1 (no importance) to 5 (very great importance). The table presents the nominal numbers and percentages per motive, showing the relative importance of each motive for sales growth.

⁶ Next to the suggested motives, respondents were free to add other motives for their company.

3.2 Enablers

With regard to growth-enabling factors, we conducted an in-depth study of factors concerning the company's market environment, its marketing policy, its financing, financial policy and planning, human potential, and general management. The questionnaire checked the value of these factors for sales increase in wholesale-SMEs. The following discussion deals with each set of enabling factors individually.

3.2.1 Market environment

Next to the market environment factor, suggested by the literature (cf. 1.3.2), it can be assumed that also a favourable economic climate and less active competitors will be factors in the market environment that have a potential to enable sales growth.

Table 3: Market environment factors that have enabled the wholesale-SMEs to increase their sales between 1991 and 1996⁷

Contribution of factor to sales growth	Market environment factors							
	Economic climate		Less active competitors		Export opportunities		Other ⁸ factors	
	n	%	n	%	n	%	n	%
No	7	10.8	27	43.5	27	49.1		
Little	13	20.0	15	24.2	9	16.4		
Moderate	25	38.5	11	17.7	7	12.7	1	20.0
Strong	15	23.1	7	11.3	10	18.2	2	40.0
Very strong	5	7.7	2	3.2	2	3.6	2	40.0
Total	65	100.0	62	100.0	55	100.0	5	100.0

As table 3 shows, opinions are mixed about the importance of a favourable economic climate as a growth enabling factor between 1991 and 1996. Less active competitors and export opportunities have, according to two thirds of the wholesale-SMEs, made no or just a small contribution to sales growth in the given period. This last finding seems to support the conclusion by Donckels et al. (1990: 25) that export played a minor part in the growth of SMEs. Apparently, external factors were not of very great importance in enabling sales growth for the investigated wholesale-SMEs.

3.2.2 Marketing policy

The literature review revealed a number of marketing policy factors that are suggested to contribute to company growth (cf. 1.3.2). In addition, it can be supposed that sales growth can

⁷ The importance of each factor as a growth enabling factor was indicated by the respondents on a scale from 1 (no contribution) to 5 (very strong contribution). The table presents the nominal numbers and percentages per enabling factor, showing the relative importance of each factor as a contributor to sales growth.

also be enabled by a thorough analysis of competitors, the provision of existing/new customers with existing/new products, and a clear insight into the profitability of customers and/or products.

Table 4: Marketing policy factors that have enabled the wholesale-SMEs to increase their sales between 1991 and 1996

Contribution of factor to sales growth	Marketing policy factors											
	Competitor analysis		Outstanding quality		Quickly taking advantage of opportunities		Market niche dominance		New products new customers		New products to existing customers	
	n	%	n	%	n	%	n	%	n	%	n	%
No	11	16.9	4	6.2	1	1.5	6	9.2	4	6.2	3	4.5
Little	24	36.9	1	1.5	3	4.6	8	12.3	11	16.9	5	7.5
Moderate	18	27.7	21	32.3	25	38.5	20	30.8	23	35.4	23	34.3
Strong	10	15.4	33	50.8	23	35.4	19	29.2	17	26.2	24	35.8
Very strong	2	3.1	6	9.2	13	20.0	12	18.5	10	15.4	12	17.9
Total	65	100.0	65	100.0	65	100.0	65	100.0	65	100.0	67	100.0

Contribution of factor to sales growth	Marketing policy factors									
	Existing products new customers		Existing products existing customers		Customer profitability		Product profitability		Other factors	
	n	%	n	%	n	%	n	%	n	%
No	4	6.0	7	10.6	10	16.1	5	7.9		
Little	6	9.0	7	10.6	20	32.3	12	19.0		
Moderate	26	38.8	27	40.9	18	29.0	20	31.7		
Strong	22	32.8	21	31.8	13	21.0	23	36.5		
Very strong	9	13.4	4	6.1	1	1.6	3	4.8	2	100.0
Total	67	100.0	66	100.0	62	100.0	63	100.0	2	100.0

Several marketing policy factors are indicated by a great number of respondents to have (very) strongly contributed to sales growth in their companies (cf. table 4). The factors most frequently mentioned as having (very) strongly contributed are: a better quality of goods supply compared to competitors, taking advantage of opportunities (or dealing with threats) more quickly than competitors, and providing existing customers with new products.

Comparing our results to the literature, also Donckels et al. (1990:24) found product quality to be the most important growth enabling factor. Further, these findings illustrate the observation by Van Genk (1987:12) about the contrast between ‘fast growers’ and ‘average companies’: the first have a good ‘nose’ for the choice of the right product/market combinations and they are characterized by an active market approach (take advantage of market opportunities). Moreover, these findings provide some evidence for the argument by

⁸ Next to the suggested enabling factors, respondents were left the opportunity to add other factors.

Bridge et al. (1998:130) that centralized - and thus fast - decision making in family firms can be a considerable advantage when reacting to market opportunities in a changing world. Finally, our results support the normative statement by Maynard (1997:50): ‘innovation’ (new products and processes) is of exceptional importance for growth.

It is interesting to notice the relative insignificance of a profound competitor analysis as a factor enabling sales growth. More than half of the group of respondents attaches no or little importance to this factor. This finding gives food for thought, keeping in mind that the factors most frequently mentioned as having (very) strongly contributed, were a better quality of goods supply ‘compared to competitors’ and taking advantage of opportunities (or dealing with threats) more quickly ‘than competitors’.

3.2.3 Financial resources

Based on insights from the literature about the availability of financial resources (cf. 1.3.2), the questionnaire tested the importance of the following potential growth enabling factors: availability of funds through self-financing or through the issue of share capital, the willingness of banks to grant credits, and the availability of venture capital.

Table 5: Financial resource factors that have enabled the wholesale-SMEs to increase their sales between 1991 and 1996

Contribution of factor to sales growth	Financial resource factors							
	Self-financing		Share capital		Credits by banks		Venture capital	
	n	%	n	%	n	%	n	%
No	4	6.0	54	87.1	21	32.3	49	83.1
Little	9	13.4	2	3.2	7	10.8	4	6.8
Moderate	23	34.3	4	6.5	17	26.2	5	8.5
Strong	23	34.3	1	1.6	17	26.2	1	1.7
Very strong	8	11.9	1	1.6	3	4.6		
Total	67	100.0	62	100.0	65	100.0	59	100.0

Answers from the wholesale-SMEs show that the availability of funds through self-financing is the only factor that about half of the respondent group thinks to have contributed (very) strongly to sales growth. This means that, as a source of financial means, self-financing seems to have been most important, followed by bank financing. The other factors were (rather) not found in practice.

3.2.4 Financial policy and planning

The literature suggested that a sound financial policy and planning be an important element for growth (cf. 1.3.2). To put this suggestion into concrete terms, the questionnaire investigates the availability of short-term and/or long-term formal planning systems, a system of cost accounting, and a system of performance appraisal and control.

Table 6: Financial policy and planning factors that have enabled the wholesale-SMEs to increase their sales between 1991 and 1996

Contribution of factor to sales growth	Financial policy and planning factors									
	Short term formal planning		Long term formal planning		Cost accounting		Performance appraisal and control		Other factors	
	n	%	n	%	n	%	n	%	n	%
No	9	14.5	7	11.1	5	8.3	6	10.3		
Little	13	21.0	18	28.6	10	16.7	13	22.4		
Moderate	27	43.5	26	41.3	28	46.7	23	39.7		
Strong	11	17.7	7	11.1	15	25.0	14	24.1	1	100.0
Very strong	2	3.2	5	7.9	2	3.3	2	3.4		
Total	62	100.0	63	100.0	60	100.0	58	100.0	1	100.0

The above frequency table shows that respondents think that overall, the contribution of a sound financial policy and planning to their sales growth was rather small to moderate. And so, the respondents did not see systems for information, planning and control as an important element for growth⁹.

3.2.5 Human potential

Besides the human potential factors indicated by the literature, some more variables in this field could enable growth. Included in the questionnaire were such factors as the entry of family members of shareholders into the firm, introducing new ideas into the business. Next to cooperation with other companies, also cooperation with other organisations (e.g. consultancy firms) could enable growth. And not only the availability of competent staff, but also the presence of qualified personnel on the job market can contribute to growth.

⁹ The questionnaire did, however, not allow to assess the actual state of systems these companies dispose of.

Table 7: Human potential factors that have enabled the wholesale-SMEs to increase their sales between 1991 and 1996

Contribution of factor to sales growth	Human potential factors													
	Family members		Shareholders		Cooperation companies		Cooperation organisations		Competent staff		Job market		Other factors	
	n	%	n	%	n	%	n	%	n	%	n	%	n	%
No	33	51.6	56	88.9	31	48.4	40	62.5	1	1.5	9	14.3		
Little	3	4.7	4	6.3	11	17.2	17	26.6	1	1.5	18	28.6		
Moderate	12	18.8	2	3.2	12	18.8	4	6.3	18	27.3	21	33.3		
Strong	14	21.9	1	1.6	8	12.5	3	4.7	33	50.0	10	15.9	2	100
Very strong	2	3.1			2	3.1			13	19.7	5	7.9		
Total	64	100.0	63	100.0	64	100.0	64	100.0	66	100.0	63	100.0	2	100

Table 7 reveals that no less than seven out of ten wholesale-SMEs refer to the availability of competent staff to have (very) strongly contributed to sales growth in between 1991 and 1996. On the other hand, answers to the questionnaire show that the enabling force of all other human potential factors has to be put in perspective.

3.2.6 General management

General management skills that can enable company growth appear, according to the literature, to be closely linked to the personality of the entrepreneur (cf. 1.3.2). The questionnaire tested the importance of the previously indicated variables.

Table 8: General management factors that have enabled the wholesale-SMEs to increase their sales between 1991 and 1996

Contribution of factor to sales growth	General management factors					
	Delegation		Long term view		Other factors	
	n	%	n	%	n	%
No	8	12.3	2	3.0		
Little	5	7.7	4	6.1		
Moderate	30	46.2	33	50.0		
Strong	19	29.2	17	25.8		
Very strong	3	4.6	10	15.2	1	100.0
Total	65	100.0	66	100.0	1	100.0

The entrepreneur's acting from a long term view and his willingness to delegate are viewed by respectively four out of ten and one third of the respondents as having (very) strongly contributed to sales increase. As such, findings from this field research only moderately support the argument of the above literature that stresses the great influence on company growth of a strategically competent entrepreneur.

3.2.7 Conclusion

Table 9 summarizes the findings about the importance of factors as enablers of sales growth for the wholesale-SMEs between 1991 and 1996. It can be concluded that the market environment appeared to be rather unimportant in enabling sales growth. Apparently, sales growth had more to do with internal factors, and less with the external environment.

Table 9: Ranking of factors that have strongly or very strongly contributed to sales growth in the wholesale-SMEs between 1991 and 1996¹⁰

Ranking of factors that have strongly or very strongly contributed to sales growth in the wholesale-SMEs in 1991-96	n	N	%	Rank
Availability of competent staff	46	66	69.7	1
Better quality compared to competitors	39	65	60.0	2
Quickly taking advantage of opportunities	36	65	55.4	3
New products to existing customers	36	67	53.7	4
Market niche dominance	31	65	47.7	5
Existing products to new customers	31	67	46.3	6
Availability of funds through self-financing	31	67	46.3	7
New products to new customers	27	65	41.6	8
Insight into product profitability	26	63	41.3	9
Entrepreneur works from long term view	27	66	41.0	10
Existing products to existing customers	25	66	37.9	11
Delegation to employees	22	65	33.8	12
Economic climate	20	65	30.8	13
Banks grant credits	20	65	30.8	14
Cost accounting	17	60	28.3	15
Performance appraisal and control	16	58	27.6	16
Entry of family members with new ideas	16	64	25.0	17
Qualified personnel on job market	15	63	23.8	18
Insight into customer profitability	14	62	22.6	19
Export opportunities	12	55	21.8	20
Short term formal planning	13	62	21.0	21
Long term formal planning	12	63	19.0	22
Competitor analysis	12	65	18.5	23
Cooperation with other companies	10	64	15.6	24
Less active competitors	9	62	14.5	25
Cooperation with organisations	3	64	4.7	26
Availability of funds through share capital	2	62	3.2	27
Availability of venture capital	1	59	1.7	28
Entry of shareholders with new ideas	1	63	1.6	29

¹⁰ The table presents percentages per enabling factor, showing the relative importance of each factor as a contributor to sales growth.

The ranking of growth enablers in table 9 shows that a few specific factors seem to have enabled sales growth in many wholesale-SMEs between 1991 and 1996. Internal company factors such as competence (a human potential factor), quality, rapidity and innovation (marketing policy factors) appear to be the most important winning cards for companies pursuing sales growth. The presence of a competent staff, a better quality of goods supply compared to competitors, taking advantage of opportunities (or dealing with threats) more quickly than competitors, and providing existing customers with new products, appear to make up the top four of the factors that have strongly or very strongly contributed to sales growth in the investigated wholesale-SMEs in the period 1991-1996.

At the other end of the ranking, the factors appear that were least often mentioned to have strongly or very strongly contributed to the responding companies' sales growth. These are the cooperation with organisations, availability of funds through the issue of share capital, the availability of venture capital, and the entry of shareholders with new ideas.

3.3 Consequences

Wholesale-SMEs that had experienced sales growth in the given period, were asked to indicate the impact of that growth on the organisation of their company.

The literature reports a few findings from earlier research about the consequences of growth for the firm and its organisation (cf. 1.3.3). Put into concrete terms, an increase in sales can make the company take advantage of export opportunities, it can incite the company to make more use of competitor analysis, or it can urge the firm to get a better insight into the profitability of customers. Sales growth can result in a further development of short and/or long term formal planning systems, systems for cost accounting, for calculation of customer profitability, or for performance appraisal and control. A growth process can also incite a company to spread company shares among shareholders, to cooperate with other companies and/or organisations, and to delegate jobs/responsibilities to staff members.

Table 10: Impact of sales growth between 1991 and 1996 on the organisation of the wholesale-SMEs¹¹

Impact of sales growth on the company's organisation was experienced in	n	N	%
Delegation to staff	31	64	48.4
Further development of long term formal planning system	26	64	40.6
Export opportunities	24	64	37.5
Further development of short term formal planning system	23	64	35.9
Further development of cost accounting system	21	64	32.8
More competitor analysis	17	64	26.6
Insight in customer profitability	16	64	25.0
Cooperation with companies	15	64	23.4
Further development of system for performance appraisal and control	14	64	21.9
Further development of system for calculation of customer profitability	10	64	15.6
Cooperation with organisations	5	64	7.8
Other consequences	1	64	1.6
Spreading of company shares	0	64	0.0

The above table 10 shows that in the wholesale-SMEs, the impact of sales growth became especially apparent in the delegation to staff members, the development of long term formal planning systems, and export opportunities. As such, the first two consequences of sales growth that were most often mentioned, appear to be factors internal to the company. The advice found in literature to invest in systems for corporate activity analysis, seems to have found support in the examined companies. Taking advantage of export opportunities appears to be an important consequence of sales growth, whereas according to two thirds of the wholesale-SMEs, its contribution to sales growth in the given period was indicated as rather small.

Conclusion

This research is aimed at enhancing the understanding of company growth in general, and of sales growth in wholesale-SMEs in specific. First, sales growth was used to study company growth, as it is an operational measure. Also, going beyond the stages-and-characteristics models, a distinction was made among growth motives, preconditions, and consequences. Next, the empirical investigation was conducted in wholesale-SMEs, so as to find out in how

¹¹ Respondents ticked off the fields in which they had felt an impact of sales growth. The table presents the nominal number and percentage of respondents that have experienced a particular consequence. Next to the

far ideas from literature on company growth are applicable to this type of SME. Insights are offered on marketing, finance, and management issues related to drivers, enablers, and consequences of sales growth.

Findings from the questionnaire show that between 1991 and 1996 the investigated wholesale-SMEs pursued sales growth mainly in order to increase the company's profitability, to guarantee the continuity of the firm, and/or to recover investments. Companies in this research suggest a few specific internal factors to have been very important in enabling their sales growth: staff competence, supply quality, action rapidity and product/process innovation. The impact of sales growth on the organisation of the companies became apparent in the delegation to staff members, the development of long term formal planning systems, and export opportunities.

Further research will be concentrated on the linkages between answers to various questions (e.g. by means of cross tables). In this way, it can be discovered whether findings differ according to, e.g., the wholesale-SME being a family-company or not; the company having experienced fast or slow or non-growth; and its leadership being in the hands of an owner-manager or external manager.

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