

**IMPLICATIONS OF STRATEGIC PLANNING IN SMES FOR
INTERNATIONAL ENTREPRENEURSHIP RESEARCH AND PRACTICE**

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Version September 2007

Published in M. Terziovski (Ed.), Energizing Management through Innovation and Entrepreneurship: European Research and Practice, pp. 110-127. London: Routledge.

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INTERNATIONAL ENTREPRENEURSHIP RESEARCH AND PRACTICE**

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INTRODUCTION

Although small and medium-sized enterprises (SMEs) typically employ a major share of an economy's total employees, SME management suffers from an insufficient business-related knowledge base that top managers in SMEs possess. Indeed, formal plans or cost controls are often only provided on an irregular basis and planning instruments are usually only used by a small number of individuals and developed rather intuitively (Brinkmann, 2002). These shortcomings point towards the importance of examining the value of strategic planning for SMEs in more detail.

Given the role of strategic instruments in large companies and the notion that rational decision-making should prevail in enterprises regardless of size, practitioners and academics alike have recently called for an increased use of strategic planning in SMEs. In this vein, several empirical studies reveal a link between strategic planning and success (e.g., Rue and Ibrahim, 1998; Bracker, Keats and Pearson, 1988; Lyles, Baird, Orris and Kuratko, 1993; Schwenk and Shrader, 1993). At the same time, SMEs often do not have the means to ensure the successful continuous application of strategic planning. In contrast to larger companies, SMEs normally maintain a lower level of resources, have more limited access to human, financial and customer capital, and lack a well-developed administration. Thus, the application of formal planning instruments is often missing, especially up to a certain 'critical size' (Karagozoglu & Lindell, 1998).

Building on these ideas, this chapter explores how and to which extent SMEs apply strategic planning within the scope of their business activities. More specifically, we investigate (1) why SMEs seem to plan less than large companies, (2) whether strategic

planning and SME success correlate with each other and (3) whether strategic planning is a function of increasing company size. The notion that enterprises that plan strategically are more successful than those who do not would entail that - building on the initial evidence that SMEs reveal a lower degree of formal strategic planning (e.g., Gibson and Cassar, 2002) - large companies are more successful than SMEs. However, this seems to be very unlikely. In this vein, our review of extant empirical studies identifies a range of additional determinants that may influence the relationship between strategic planning and SME success. In doing so, we intend to shed light on the SME particularities and derive factors that impact on the extent of SMEs' application of strategic planning.

STRATEGY DEVELOPMENT IN SMES

Strategic Management and Strategic Planning

The strategy development process is closely related to management. From a corporate perspective, strategy can be defined as an approach to reach corporate goals to be successful on a long-term basis (e.g., Kreikebaum, 1993; Nötzold, 1994). The discipline of strategic management was formed in the 1980s based on advancements in the field of strategic planning. In general, strategic management is regarded as long-term oriented (> three years), directed towards future growth potentials, substantial, holistic, and predominantly associated with the highest management level which determines the vision, mission, and culture of the enterprise (Haake, 1987; Voigt, 1992).

Strategic planning is the attempt to prepare for future contingencies and thus to account for environmental dynamics and complexity. This entails the need to build alternative

future scenarios and configurations. Although the future cannot be predicted, it is possible to prepare for the future and/or alternative 'futures' and align the enterprise accordingly. Unlike strategic management, planning is not concerned with the development of strategic goals and visions but rather deals with extrapolating present tendencies into the future. Hence, strategic planning provides guidelines and programs for the achievement of specific goals and visions. It specifies the basic conditions as well as the scope for future business activities and is thus a key instrument for the overall strategic management (Kropfberger, 1986). In line with Berry (1998), five types of planning of varying depth can be conceptualized: (1) simple financial plans, (2) planning based on forecasts, (3) externally oriented planning (the entrepreneur begins to think strategically), (4) pro-active planning of the corporate future (instead of reacting to market-based changes), and (5) strategic planning as a systematic instrument of strategic management. The investigation of young, small enterprises is of special interest since their strategies have to be developed in a highly emergent way (Mintzberg, 1994), reflecting their fast changing requirements.

Characteristics of Strategy Development in SMEs

Many decision-makers in SMEs are convinced that real entrepreneurs do not plan (Posner, 1985). Instead, it is assumed that they use their limited time resources more effectively for operational or sales activities. Additionally, formal planning is often regarded as limited to large enterprises and thus not transferable to the requirements of the fast-moving and flexibly-structured SMEs. From an entrepreneur's perspective, three major objections are expressed against the use of strategic processes in SMEs (Esser, Höfner, Kirsch and Wieselhuber, 1985; Füglistaller, Frey and Halter, 2003):

- Strategic instruments limit the flexibility and the ability for improvisation;
- It is preferable to use the limited time resources for operational, sales or R&D activities rather than for strategy development processes;
- Strategic management is too bureaucratic.

At the same time, these authors acknowledge that especially in times of increasing environmental dynamics and uncertainty it is vital to keep informed about corporate goals and their attainment on a regular basis and therefore view strategy development as a future investment. In this respect, the main use of strategic planning lies in the predictability of possible future scenarios and variations. Although the majority of well-known strategy concepts have been developed for large companies that generally display a higher level of awareness for existing problems and hence allocate more resources to this topic, some of these concepts and instruments also seem to be suitable for implementation in SMEs. A specific strategy concept for SMEs, however, needs to account for their unique conditions and problems (Wirth, 1995).

As Table 1 illustrates, SMEs' unique characteristics entail both problems and opportunities for strategy development in SMEs (Füglister et al., 2003). For example, compared to large companies SMEs tend to offer a more limited range of products on a more limited number of markets and use market penetration and product development strategies instead of market development or diversification strategies. Moreover, since SMEs mainly operate in a single or a limited number of markets with a limited number of products or services - often even in a market niche - they usually cannot afford central service departments that are able to conduct complex market analyses and

studies (Johnson & Scholes, 1997). In addition, they usually have a lower level of resources as well as lower access to human and financial capital. As a result, particularly up to a certain ‘critical size’, the application of formal planning mechanisms is often missing (Karagozoglu & Lindell, 1998). The most important success factor for a small business owner is time. Consequently, it has a strong influence on the result of any ‘activity-optimizing’ considerations of the entrepreneur (e.g., Delmar & Shane, 2003). Furthermore, the process of strategic decision-making in SMEs is often based on experience, intuition or simply on guessing (Welter, 2003).

Insert Table 1 about here

Despite their relatively small market power, SMEs’ small size and flexibility permits them to specialize in narrow niches that are generally uninteresting for large companies due to the relatively small sales volumes and their high fixed costs. In addition, SMEs’ limited resources result in a concentration on a small product range where strong competitive advantages and specific problem-solving competencies can be built up, for instance, with regard to qualitative market leadership. Also, higher decision flexibility and direct customer contacts are particularly helpful for the conversion of R&D results into marketable innovations, although risks remain in terms of over-dependency on only a few products and the resulting lack of loss compensation (Kropfberger, 1986).

EMPIRICAL EVIDENCE ON STRATEGIC PLANNING IN SMES

Methodology

As our review of the literature will show, present research on strategic planning in SMEs is still in its infancy and reveals an insufficient level of differentiation both concerning relevant enterprise characteristics as well as compared to research on larger firms. Our literature review is based on a comprehensive analysis of articles dealing with planning/strategy in SMEs in the four leading entrepreneurship journals (Katz, 2003), *Entrepreneurship Theory and Practice*, *Journal of Business Venturing*, *Journal of Small Business Management*, and *Small Business Economics* as well as the leading strategy journals, *Strategic Management Journal* and *Long Range Planning*, over the last two decades. We also included studies that were cited in these articles or that were known to the authors, leading to a total of 29 studies (see Table 2). By focusing on the most relevant journals, we believe to have chosen an adequate basis for classifying the different strands of literature and thereby refining our current understanding of strategic planning in SMEs.

Insert Table 2 about here

Table 3 provides a more detailed overview of all studies included in our analysis, specifying each study's research design, sample characteristics and main findings. From a methodological point of view, survey-based data collection along with quantitative data analysis appears to be the most frequently used approach. Although the studies

differ in terms of focus and scope, they offer a wide array of interesting partial results that we will elaborate on in more detail in the following sections. Specifically, we will first examine the share of SMEs that plan strategically, comparing studies published in German- and English-speaking outlets, and address the question of which individuals are most likely to initiate planning activities. Subsequently, we present evidence on the link between strategic planning and success and finally discuss findings with regard to the effect of company size.

Insert Table 3 about here

Results

The scope of strategic planning in SMEs

For the German-speaking countries, the following picture concerning strategic planning in SMEs emerges: In their survey of 214 German industrial enterprises Esser et al. (1985) found that instruments of strategic planning are most frequently applied in the legal form of a limited (GmbH) and incorporated (AG) company. Additionally, their results show a positive correlation between a company's workforce size and the use of strategic planning activities. Based on an analysis of 1,461 German industrial enterprises, Scholz (1991) identified a rate of 73% of SMEs indicating to plan strategically. In contrast, the results from Austria and Switzerland look rather disillusioning. Kropfberger (1986) revealed in a survey of 161 medium-sized enterprises in Austria that nearly half of the enterprises under study only plan on a short-term basis

and that almost one third does not have any sales planning at all. Similarly, Fröhlich and Pichler (1988) found that almost one quarter of the 107 enterprises they investigated did not apply any planning, about one third only used short-term and another third long-term planning, and only 12% used strategic planning. An almost identical picture shows up in Switzerland, where Haake (1987) surveyed 127 SMEs from different industries: 27.9% of the enterprises applied no written planning, 31.4% only short-term planning, 26.9% long-term planning and, finally, 13.7% strategic planning. More than one decade later, Leitner (2001) presented a somewhat improved situation: Out of 100 Austrian SMEs from different industries 62% had established a written corporate policy. Nevertheless, strategy development still seems to take place, to a large extent, intuitively (31%) or due to experience (88%). Since most studies in the German-speaking environment, however, were conducted in the 1980s, a considerable research deficit exists in terms of more recent data.

Although studies in English publication outlets differ more in terms of their research focus, the results look similar: In a study by Lyles et al. (1993), 71 out of 188 SME owners reported to possess formal plans with a time frame of at least three years. In another study by Naffziger and Kuratko (1991), even 96 of 115 surveyed SME owners indicated to formally plan and set functional goals. More recently, various studies have shown that SMEs embark on planning activities, although often only based on intuition or on a less sophisticated level (Naffziger and Mueller, 1999).

It seems likely to assume that top management possesses the primary responsibility for the development of plans in SMEs, as demonstrated in an investigation of 71 U.S.

enterprises (Naffziger and Mueller, 1999). In a similar vein, Bracker and Pearson (1986) stress the importance of the entrepreneur's influence on strategic planning. The view that better trained or educated entrepreneurs are more likely to think and act strategically is also well-established (e.g., Beutel, 1988). Gibson and Cassar (2002), for instance, discovered in their study of Australian SMEs that enterprise leaders with university degrees plan more frequently than others. In addition, the study revealed that founders with economic degrees are more likely to develop a business plan than founders with other university degrees. Whether these characteristics, in turn, positively correlate with corporate growth and success is not clear, thus calling for a more explicit inclusion in future research.

Strategic planning and success

Berman, Gordon and Sussmann (1997) argue that enterprises that plan strategically obtain better financial results. This implies that expenditures related to planning activities would be compensated financially. This hypothesis was confirmed empirically several times. For example, Schwenk and Shrader (1993) showed in their meta-analysis that the existence of strategic planning is significantly positively correlated with an enterprise's (financial) success. Similar results were obtained by Robinson and Pearce (1984) in an earlier meta-analysis, Bracker and Pearson (1986) in an analysis of small enterprises in the cleaning industry, Sexton and Van Auken (1982) in an investigation of 357 small enterprises from Texas, Bracker et al. (1988) in a study of 217 managers of small electronics firms, and Orpen (1985) who examined 58 managers of small enterprises. Furthermore, Matthews and Scott (1995) found that planning activities can help to reduce the level of uncertainty in the company. Schwenk and Shrader (1993)

also came to the conclusion that strategic planning promotes long-term thinking, reduces the focus on operational details and provides a structure for the identification and evaluation of strategic alternatives. In their analysis of 51 small enterprises in the U.S., Robinson, Pearce, Vozikis and Mescon (1984) show that simple planning activities can already have a positive influence on the success of small enterprises. Moreover, the process of (formal) planning itself already seems to have a positive effect in that it leads to a better understanding of the business and to a broader range of strategic alternatives (Lyles et al., 1993).

Formal strategic planning (e.g., through the use of business plans) is also thought to help young and fast growing enterprises (Castrogiovanni, 1996). For example, Delmar and Shane (2003) found in a longitudinal analysis that new ventures conducting formal strategic planning have higher survival rates. Finally, there is evidence that a more advanced and more detailed strategic management increases corporate growth (Lyles et al., 1993). Conversely, O'Gorman and Doran (1999) demonstrate empirically that the presence of a formal mission or mission statement does not seem to have any direct influence on the performance of small enterprises.

Strategic planning and company size

Evidence from the studies suggests a link between company size (independent of whether it is measured based on total capital, revenues, or number of employees) and the use of strategic instruments (Esser et al., 1985; Haake, 1987). Robinson et al. (1984) also indicate that the type and degree of formal planning are dependent on the company's development stage. Matthews and Scott (1995) even state that formalization

is the most common dimension of strategic planning. The formalization increases, according to their results, with increasing enterprise growth since larger enterprises possess more resources and internal differentiation. This reasoning entails the notion that smaller companies possess fewer resources in terms of time, personnel or knowledge and will thus carry out less (formalized) planning activities (Robinson & Pearce, 1984). Risseuw and Masurel (1994) confirm their hypothesis that planning activities will intensify with increasing enterprise growth in their study of 1,211 real estate agents in the Netherlands. In addition, they show that large enterprises plan more intensively than small ones. However, the authors emphasize that young enterprises tend to undertake more planning particularly in the initial phase of the enterprise in order to raise external financial capital.

Synthesis: Do SMEs Really Plan Strategically?

From the previous discussion, it follows that planning in SMEs does not always take place in a highly sophisticated or formal way. It often occurs (at least sub- or unconsciously) as a sign of strategic thinking (Ohmae 1982). In this respect, Bracker and Pearson (1986) describe SMEs' planning activities as ranging from an unstructured and informal approach (unstructured planning, intuitive planning) to a more structured and formal approach (structured operational planning, structured strategic planning). Therefore, it remains to be seen whether SMEs do not plan 'strategically' at all or whether they just do not plan 'in a formal way'. Along these lines, Welter (2003) states that it is the quality of planning rather than strategic planning per se that plays an important role. Indeed, planning in SMEs seems to be rather unstructured, sporadic, incremental and often not formalized. This suggests a rather systemic type of thinking

by the entrepreneur/entrepreneurial team which might be imprinted on the organization for years to come. The actual process of decision-making that can be observed in reality often deviates substantially from the ideal picture of rationality. To relate this to our initial definition of strategic management and planning, in this process entrepreneurs might engage too much in (informal) strategic management as vision development while neglecting 'bread and butter' planning (see the characterization of visionary entrepreneurs in Reschke 2005).

In addition, it seems reasonable to assume that each form of planning, whether it is conscious or unconscious, formal or informal, positively affects entrepreneurial success. The implementation of strategic planning, therefore, seems to be favourable independent of company size, although a positive relationship between increasing company size and the implementation of (structured and formalized) instruments of strategic management appears to exist (Haake, 1987). This finding is likely to be correlated with - if not caused by - the increasing need to reduce uncertainty about an enterprise's role in its environment and the growing ability to cope with matters in a 'mechanistic' fashion.

Building on these arguments, it can be assumed that people in most SMEs think strategically. A conscious or formal strategic process, however, mostly takes place in the head of a very limited number of employees. Due to the well-accepted view that strategies limit an SME's scope of activity too much, thereby reducing its flexibility, many SMEs are still lacking written strategic plans (Pleitner, 1986). In addition, there are other reasons that may explain why SMEs refuse to engage in formal strategic

planning, such as insufficient knowledge, distrust, rejection of external assistance, tradition-based thinking, fear of radical change, high costs and lack of time or management overload (Scharpe, 1992; Robinson & Pearce, 1984). In this regard, Gibb and Scott (1985) are of the opinion that strategic awareness and the involvement of the entrepreneur offsets the lack of formal strategic planning as an output of strategic management. The degree of an entrepreneur's strategic orientation thus seems to be a key factor for the strategic focus of the enterprise (Mazzarol, 2003).

DISCUSSION

Despite the fact that small and large enterprises differ considerably in terms of size and type of resources, we have shown that decision-makers of SMEs also apply planning, although in many cases rather intuitively and/or informally. Given that the link between the use of strategic instruments and corporate success seems to be also prevalent in SMEs, it is essential to foster a respective awareness among entrepreneurs. Since SMEs are rarely *small-sized large enterprises*, the existing concepts and instruments have to be adapted accordingly. It appears doubtful to develop 'standard' strategies and instruments that are equally effective in large companies and SMEs. Thus, to make strategic planning in SMEs worthwhile, the respective instruments have to be aligned with the cultural, organizational and financial conditions of the specific enterprise in order to be successful.

Since the position of SMEs, in particular that of young enterprises, is often less proven and their strategies less explored over time, planning tools will need to allow SMEs to primarily deal with external uncertainty and complexity, thereby enabling them to build

their vision, and to find and expand their niche. Larger organizations, in contrast, will mainly need strategic tools to cope with their internal complexity. Therefore, it could be argued that there are several counteracting forces at work with regard to the need for strategic ('vision') management and ('bureaucratic') planning tools in the development from a small to a large enterprise: External uncertainty and complexity will diminish, thus requiring less exploration and testing of alternative courses of action. At the same time, internal complexity is likely to increase and adaptability to decline, which requires more detailed planning of how to implement strategic actions. Also, uncertainty about an enterprise's vision will decrease. Accordingly, we posit that young enterprises and SMEs practically engage in strategic management, while they lack bureaucratic implementation and control of the required measures. In contrast, large established organizations routinely implement planning and control but lack the agility, visionary impetus and flexibility, which is why they need explicit strategic management tools.

Table 4 separates some of the relevant enterprise characteristics in an illustrative way. The differentiated consideration of these factors is even more important, as SMEs, as compared to large companies, commonly boast a higher level of heterogeneity regarding size and development stage (Wirth, 1995). As shown in Table 4, the enterprise characteristics differ significantly between young and small firms on the one hand and established large, old companies on the other, and so do the strategic imperatives that can be derived for each type of enterprise. In practice, several other categories of enterprises exist on this continuum (e.g., medium-sized and young, small and old, medium-sized and old), each with its unique strategic requirements.

Insert Table 4 about here

Furthermore, entrepreneurs' roles and their attitudes towards concepts of strategic planning are often critical in SMEs. Planning is an activity without direct returns and is sometimes hard to justify psychologically, both if customers are flocking to the company and if they are hard to attract and marketing and sales activities appear more important. It seems, therefore, that the central question is not whether strategic planning in SMEs is fruitful, but for which groups of SMEs and under which circumstances it is worthwhile. A possible avenue for future research could thus focus on identifying different configurations or clusters of comparable enterprises with particular strategic needs over the life time of industrial and organizational development (Reschke & Kraus, 2005).

The earlier notion that there are differences in strategic goals between small and larger enterprises entails the need to also differentiate between the goals of different small enterprises. Generally speaking, goals depend on the specific conditions of an enterprise and its market niches. Within the scope of investigating SMEs' strategic instruments this should be considered. Likewise, a distinction between types of SMEs is clearly needed, at least in terms of age and market situation. While public interest mainly concentrates on SMEs as potential generators of growth, only a subset of these enterprises will essentially fulfil this role, thereby highlighting another differentiating factor.

Overall, it is plausible to assume that the problems of different SME types will vary. Thus, the procedural instructions and instruments for these enterprises will vary accordingly and have to be tailored to the individual case. This implies that there will also be differences in terms of necessary and/or suitable instruments of strategic planning and their resulting output. Consequently, the measurable economic success of an enterprise and thus the correlation between economic success and the use of planning instruments will also depend on the particular type of enterprise. For example, considerable strategic differences exist between small, mature enterprises in a stable and specialized niche and young, growth-oriented enterprises. While the former aim at securing their market position, further developing their technology and closely satisfying their customers' needs to increase profits, young enterprises will - after testing the functional capacity of their business model and their niche - shift their focus towards extending the market niche and their respective market share as soon as possible. This situation requires tools that focus much more on learning and sense-making (Weick, 1987) for young enterprises than they do for mature ones. In particular, young enterprises need to prove their vision correct or adapt it to changing conditions. It would be desirable if these tools allowed for an easy implementation of the necessary planning activities and are integrated with 'vision development and testing'. The latter issue amounts to untangling a complex interrelated problem that might be alleviated by a computerized tool for analysis (Reschke, 2004).

Additionally, young enterprises have a strategic interest in demonstrating and actively communicating the value of their product and their approach to get access to possible customers. This is likely to encompass initial co-operation building with competitors in

the same market niche to benefit on a larger scale through raising the awareness of customers and other stakeholders. Activities like forming associations or organizing conferences can serve as facilitators. After the market niche is established, a further development of the niche then enables a company to differentiate itself from its competitors (Henderson, 1989).

Applying economic reasoning to the question of why there is less planning in SMEs, different conclusions emerge: First, it can be argued that planning, in comparison to operational activities, results in less tangible outputs and is therefore discarded in SMEs. Also, psychological factors might play a role in that the bonus associated with operational activities is higher than for planning activities. Third, the pressure to address immediate problems and accomplish high-priority tasks might be so strong that planning activities are removed from the agenda.

CONCLUSION AND IMPLICATIONS FOR FUTURE RESEARCH

The selected empirical studies entail numerous limitations that need to be taken care of in future research. First, they are often limited to those enterprises that have already been identified as conducting strategic planning or to the surviving enterprises whereas failed companies are often not considered ('survivor bias'). Second, the studies' response rates are usually small. Thus, it can be assumed that questionnaires are mainly returned by those enterprises in which people think and/or plan strategically. The identified share of firms that use strategic management instruments might therefore be artificially inflated. Third, the aggregation of single functional plans is usually a

sufficient condition for categorizing an SME as planning strategically, which is of only little value.

Fourth, existing investigations are difficult to compare due to their differences in terms of enterprise type, industry, sample size, company size or time period. Fifth, the studies are often limited to one industry only, which reduces their potential to derive generalizable inferences. Thus, it would be interesting to examine whether there are differences in the degree of strategic planning with regard to industry affiliation. It seems plausible that strategic planning will be less relevant in industries in which product development and order processing have a shorter time frame (e.g. in the services industry) or in industries with a generally smaller range of products. Particularly for the German-speaking countries, a clear deficit can be identified concerning strategy research in SMEs.

In addition, more detailed research on psychological determinants and their relation to entrepreneurs' implementation of strategic planning versus visionary strategic management under different conditions of environmental and internal stress is highly desirable. This issue is related to the goals of the entrepreneur. Planning activities should be more prevalent and of higher quality, if the entrepreneur cares about his enterprise and does not 'just' become an entrepreneur to satisfy requirements for receiving subsidies or welfare programs. Bureaucratic planning and visionary strategic management seem to operate in different dimensions and seem to vary over the life cycle of an enterprise. The untangling of the different influences behind the characteristics illustrated in Table 4 requires further detailed investigation. In a similar

vein, the dividing line between operational and strategic planning might become less visible when different types of companies are examined. It can be argued that enterprises of relatively smaller size need to plan less strategically because they are more flexible and therefore can adapt much faster to changes in their immediate environment. This would entail differences in the time frames of strategic planning between SMEs and large companies.

Our literature analysis indicates that strategic planning in SMEs is subject to unique characteristics and influences. Although a high relevance of strategic planning in the context of SME management exists, its extent and design differ from larger companies. Accordingly, research needs to devote more time to analyze the idiosyncrasies of this corporate sector in order to advance our understanding of strategic planning in SMEs and derive valuable recommendations for research and practice.

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Table 1: Characteristics of SMEs

Problems	Opportunities
<ul style="list-style-type: none">- Limited resources, time and means- Limited know-how and methodological knowledge- Focus mainly on only one market or product- Potential overload for management	<ul style="list-style-type: none">- High customer proximity- High market knowledge- Strong influence by the entrepreneur (engine of change)- High identification and motivation of employees- Quick implementation possible

Table 2: Bibliographic Sources

Bibliographic source	No. of studies included	Total (%)
Academy of Management Review*	1	3,45%
American Journal of Small Business#	1	3,45%
Entrepreneurship: Theory & Practice#	1	3,45%
International Small Business Journal#	1	3,45%
ifo-Schnelldienst*	1	3,45%
Internationales Gewerbearchiv*	1	3,45%
Journal of Business & Entrepreneurship#	1	3,45%
Journal of Management Studies*	1	3,45%
Journal of Small Business Management#	8	27,59%
Journal of Business Strategies~	1	3,45%
Strategic Management Journal~	3	10,34%
Management Decision*	1	3,45%
Small Business Economics#	2	6,90%
Books, Dissertations	4	13,79%
Others (chapter in edited books, working papers, conference proceedings, etc.)	2	6,90%
Total	29	100%

Note: * = General Management Journal, # = Entrepreneurship Journal, ~ = Strategy Journal

Table 3: Overview of Selected Empirical Studies on Strategic Planning in SMEs

Author(s)	Sample size and characteristics	Data collection	Main findings
Bracker, Keats and Pearson (1988)	<ul style="list-style-type: none"> - N = 217 SMEs (> 5 years) with < 100 employees from the U.S. - Industry: electronics 	Survey	<ul style="list-style-type: none"> - Positive relationship between type of planning and financial success
Carland, Carland and Aby (1989)	<ul style="list-style-type: none"> - N = 368 SMEs with < 250 employees from the U.S. 	Survey	<ul style="list-style-type: none"> - Positive relationship between personality (achievement orientation, risk and/or inclination to innovate) and type of planning (formal, informal, none)
Delmar and Shane (2003)	<ul style="list-style-type: none"> - N = 211 SMEs (new ventures) from Sweden 	Personal interviews (telephone), Longitudinal study over 30 months	<ul style="list-style-type: none"> - Planning increases the degree of product development - Planning increases the degree of corporate organization - Planning increases the probability of survival of new ventures
Esser, Höfner, Kirsch and Wieselhuber (1985)	<ul style="list-style-type: none"> - N = 214 SMEs with < 500 employees from Germany 	Survey	<ul style="list-style-type: none"> - 26.9% plan strategically - The more employees the enterprise has the more it plans strategically - Strategic planning is to be found mostly in Ltd. (GmbH) and Inc. (AG)

Fröhlich and Pichler (1988)	- N = 107 SMEs (max. 499 employees) from Austria	Personal interviews	<ul style="list-style-type: none"> - 23% no planning, 31% short-term planning, 33% long-term planning, 12% strategic planning - 31% market penetration strategy, 27% product development strategy, 15% market development strategy, and 27% diversification strategy
Gibb and Scott (1985)	- N = 16 SMEs with < 50 employees from the UK	Longitudinal case studies	<ul style="list-style-type: none"> - Strategic planning in SMEs is project-dependent and not formalized - Strategic awareness and personal commitment do not have a strong influence on strategic planning
Gibson and Cassar (2002)	- N = 3,554 SMEs with < 200 employees from Australia	Survey (longitudinal)	<ul style="list-style-type: none"> - More than 30% of the enterprises apply documented planning, however only 50% of those on an annual basis - Larger companies plan more than smaller ones - The higher the level of education, the more likely planning is - The higher the number of years of professional experience, the lower the probability to plan
Haake (1987)	<ul style="list-style-type: none"> - N = 127 SMEs (max. 499 employees) from Switzerland - Industry: clothing/apparel, food, electronics 	Personal interviews	<ul style="list-style-type: none"> - 27.9% had no written planning - 31.4% only used short-term planning - 26.9% used long-term planning - Only 13.7% engaged in strategic planning

Kargar and Parnell (1996)	- N = 47 small banks from the U.S.	Survey	<ul style="list-style-type: none"> - The advantages of strategic planning outweigh the costs - To renounce strategic planning means to neglect a possible competitive advantage - Effective strategic planning can mean higher performance
Kropfberger (1986)	<ul style="list-style-type: none"> - N = 262 (1st sample), N = 161 (2nd sample) medium-sized enterprises (50-500 employees) from Austria - Industry: consumer goods (57.7%), investment goods (35.1%) and others (7.3%) 	Survey	<ul style="list-style-type: none"> - 31.7% no sales planning - 49% only short-term planning (1 year), 27% multi-year planning - 39% long-term business policies - Use of portfolio and life cycle concepts: < 6%
Küpper and Bronner (1995)	- N = 240 SMEs (< 500 employees) from Germany	Survey	<ul style="list-style-type: none"> - Almost no long-term planning - Product differentiation most frequent strategy - Success depends on person
Leitner (2001)	<ul style="list-style-type: none"> - N = 100 SMEs (50-500 employees) from Austria - Industry: wood/furniture, chemicals/synthetics, metal/machinery 	Personal interviews (with questionnaire)	<ul style="list-style-type: none"> - Most frequent application: SWOT analysis (55%), portfolio techniques and product cycle analysis < 20% - Core competency planning in none of the examined enterprises - 88% develop strategies due to experience, 31% due to intuition - 62% of the enterprises have a written corporate policy

Lyles, Baird, Orris and Kuratko (1993)	- N = 188 SMEs with < 500 employees from the U.S.	Survey	<ul style="list-style-type: none"> - Enterprises with formal planning have higher growth of revenues - Strategic decision-making varies strongly between formal and informal planners
Matthews and Scott (1995)	- N = 130 SMEs, founded < 1 year	Survey	<ul style="list-style-type: none"> - Extent and type of planning depend on the status of the enterprise (entrepreneurial or traditional) - The more uncertain the environment, the less planning is conducted
Naffziger and Kuratko (1991)	- N = 115 SMEs from the U.S.	Survey	<ul style="list-style-type: none"> - More than 80% of the interviewed companies report to plan formally - Areas for planning are predominantly revenues, profit and efficiency
Naffziger and Mueller (1999)	- N = 71 SMEs with < 500 employees from the U.S.	Survey	<ul style="list-style-type: none"> - 46.5% of the enterprises do not have written 'vision/mission statement' - 49% examine their goal achievement several times a year - Top management and CEO determine plans
O'Gorman und Doran (1999)	- N = 71 SMEs from Ireland	Survey	<ul style="list-style-type: none"> - Existence of a mission statement has no influence on corporate success
Olson and Bokor (1995)	- N = 500 (fast growing) SMEs from the U.S.	Survey	<ul style="list-style-type: none"> - Approx. half of the fast-growing SMEs did not have a formal business plan when founded

Orpen (1985)	- N = 58 SMEs from the U.S.	Survey	- Time frame for long-term planning has no effect on success - Personal attitude and extent of planning have a positive effect on success
Piest (1994)	- N = 154 SMEs with < 200 employees from the Netherlands - Industry: mechanical engineering	Survey	- Comprehensiveness and type of planning are only rarely dependent on strategy types
Risseeuw and Masurel (1994)	- N = 1,211 estate agents from the Netherlands	Survey	- Planning activities grow with increasing company size - Positive, but only weak relationship between strategic planning and success
Robinson and Pearce (1983)	- N = 85 small banks from the U.S.	Survey	- No significant relationship between formal/informal planning and profit
Robinson and Pearce (1984)	- Secondary evaluation of 50 studies	Meta-analysis	- Little formal planning in SMEs - Planning usually short-term oriented - Positive interrelation between strategic planning and success
Robinson, Pearce, Vozikis and Mescon (1984)	- N = 85 small enterprises from the U.S.	Survey	- Simple planning activities can already have a positive influence on the success of small enterprises

Rue and Ibrahim (1998)	- N = 253 SMEs with < 15 employees from the U.S.	Survey	- Positive relationship between written planning and sales growth
Scholz (1991)	- N = 1,461 SMEs (50-199 employees) from Germany	Survey	- 73% of the SME plan strategically
Schwenk and Shrader (1993)	- Secondary evaluation of 26 studies	Meta-analysis	- Significant positive relationship between planning and financial success
Sexton and Van Auken (1982)	- N = 357 SMEs from the U.S.	Survey	- Strategic planning only in < 25% of the examined enterprises - No strategic behaviour at all in approx. 20% of the enterprises
Shuman and Seeger (1986)	- N = 220 fast growing SMEs from the U.S.	Survey	- Planning depends on the success of earlier planning activities, current success and personal attitude

Table 4: Enterprise Characteristics and Strategic Planning vs. Management

Characteristic	Enterprise Type	
	Small, young	—————▶ Established, large, old
Business model	Unproven	Proven
Organization	Flexible	Inflexible
Resources	Scarce	Abundant
Complexity	External	Internal
Employees	Dedicated	Unmotivated
Customers	Elusive	Captured
Strategic imperative	Learn, network and prove yourself	Differentiate and defend
DO	Visionary strategic management	Strategic planning
NEED	(More) planning	(More) visionary strategic management