

Exploring Options and Increasing Confidence in Turning "Stunted Growth" Firms Round: Trials with a Management Simulator

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Principal Topic

Previous work has identified a distinctive group of small companies, and especially micro-firms, which have survived many years providing their owners with acceptable returns and lifestyles, but which have remained very small despite having significant growth - the so-called 'dwarf' or 'stunted growth' small firms (in Italian *nanismo aziendale*). This paper is the third in a series which has described the role and construction of simulation models that could aid the entrepreneur-owners of such companies to break out from the constraints holding them back, or even keep their firms stable enough by promptly perceiving changes in the relevant environment. Simulations described in the second paper confirmed that the application of relatively simple changes could enable a stunted firm to move onto a growth or stability trajectory, and it reviewed a number of different scenario possibilities. Further, the model was also developed into an easy-to-use Interactive Learning Environment or 'management flight simulator' tool which, it was suggested, could be used directly by small company owners, and one scenario case was analysed via the simulator to demonstrate its potential use. While the research presented to date has highlighted the issues in such companies, and has suggested that in many situations relatively simple changes only might be needed to unleash the growth potential of such firms, effecting such changes is not likely to be that "simple" in real life. It has to be possible for affected owner-entrepreneurs to understand a number of factors: that there is a problem (or opportunity), that there are real constraints on growth and how they have arisen, that simple changes might offer solutions, and that real benefits might ensue. This paper describes first field trials with the simulator. It describes interviews and trials with small firm owner-entrepreneurs to confirm that the simulator concept is generally acceptable, and that the simulations are life-like enough for entrepreneurs to be influenced by its outcomes. The tests included both situations where the researchers operated the simulator alongside an entrepreneur, and other cases where the entrepreneur interacted directly with the simulator. The easy-to-use interface for setting system parameters and accessing output graphs was seen to enable non-experts rapidly to generate and explore a wide range of scenarios. Early results suggest that the simulator does give a realistic picture of the possible transition between a presently constricted firm and one able to fulfil its growth potential. In this role it aids understanding of the reasons for business dwarfism and the kinds of change owner-entrepreneurs might have to make, and presents enlightening outlooks with the possible timepaths, or trajectories, of key performance measures. By demonstrating that growth objectives might be feasible, the simulator should stimulate and encourage an owner-manager, perhaps alongside other family/company stakeholders, to take a more detailed look at the practical options in their own firm's case.

Methodology/Key Propositions

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Results and Implications

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