

University of Wisconsin-Madison
Department of Agricultural Economics
Community Economics

A newsletter from the Department of Agricultural Economics,
University of Wisconsin-Madison and Community, Natural Resource
and Economic Development Programs.

Cooperative Extension Service. University of Wisconsin-Extension

Number 217
November 1994

Competitive Smaller Manufacturing Firms and
Vibrant Communities Have Something in Common

by

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COMPETITIVE SMALLER MANUFACTURING FIRMS AND VIBRANT COMMUNITIES HAVE SOMETHING IN COMMON

Ken Huddleston ²

Experts in rural economic development agree that manufacturing is extremely important to the vitality of the most rural counties, but the future of manufacturing in these areas is uncertain. And, while many manufacturing firms are in decline, still others are in a mode of growth. This study was conducted to find out why some small and mid-sized manufacturing enterprises (SMEs) are succeeding. To learn more about this, owners of successful SMEs in smaller communities in Denmark, Finland, Germany, the Netherlands, and the four states of Georgia, Kentucky, and North and South Carolina were visited over a two year period.

What's intriguing is that the same eleven business management strategies which this study found consistently used by owners of successful SMEs the world over, parallel the practices used by leaders of vibrant smaller communities. For persons seeking to improve the economies and communities of non-metro areas, these eleven business management strategies offer guidance for developmental work on both fronts.

1. Leadership. Leaders believe that success doesn't just happen, it requires the day-to-day leadership which can only come from the top person. Leaders establish a winning vision and culture which people can rally around and, as a team, work to achieve. And, they spend an inordinate amount of time with employees, volunteers and customers interpreting their vision and culture and in helping them solve problems.
2. Philosophy. Successful SME owners and community leaders have a driving philosophy centered around the notion that their size allows them to be successful. Because they are small, they are better able to listen to their customers/constituents, more likely to know them well, better able to respond quickly, and work as a winning team with common purpose and spirit.
3. People. Loyal, faithful and involved employees and volunteers make it all happen. So, the focus is on strengthening and leading the company/community for the overall welfare of all. Stressed is hiring the best, providing advanced training, caring, trust, reduction of social distinctions, and solid rewards for accomplishments.
4. Quality and Efficiency. Achievers know that meeting the quality standard of their customers/citizens in cost efficient manner is vital. For communities, it means strengthened quality of life for citizens at an affordable cost. There is a continuous focus on improving both by tapping into the creativity of their employees/citizens, trade associations/civic organizations, technical centers, and universities.
5. Customer-Driveness. Champions recognize that "the customer/constituent is king after all." At the business level, workers pride themselves on providing exceptionally fast and flexible service, the highest quality products/service, and on-time deliveries/feedback when and where ever needed. Community organizations (public and civic) in vibrant communities also spend time listening to the needs of their constituencies to determine if they are remaining responsive.
6. Networking. Pacesetters utilize networks and joint ventures with owners of closely related businesses or leaders of similar size communities to overcome the problems associated with their small size. Where SME owners have joined together, they have been able to conduct feasibility studies, develop new products/services, participate in volume purchasing, share equipment and personnel and increase warehousing, etc. Successful small community leaders report similar achievements as well as being able to expand their base of experience.
7. Innovation. Bellweather SME owners and community leaders alike view innovation as key to improvement of processes, procedures, products and/or services. Encouraging employee ideas and keeping close to sources noted for being on the vanguard of change are all apart of their strategy to continually make innovation a reality.
8. Marketing. Flourishing businesses prevailing marketing philosophy is to focus consistently on very narrow, highly technical, geographically large markets where competition is sparse. Leading communities utilize similar strategies as they work to retain and attract business and industry, community administrators, special grants funding, and potential residents.

9. Investing, Spending, and Finance. Highly competitive SMEs and communities are built on long-term commitment to growth and substantial investment in human resources, research and development, equipment and facilities, and employee compensation/quality of work life. Overhead costs and debt load are kept down and process, production, and service/maintenance costs minimized. Those which thrive are masters at putting together unconventional financial strategies for funding new ventures.

10. Exporting. Firms that triumph believe that exporting beyond their local area is basic to insuring their economic stability and growth. They maintain worldwide contacts with brokers, distributors, foreign trade attaches and other intermediaries; create exportable products; and their employees and they travel regularly to expand their network. Vibrant communities also recognize the larger context in which they operate. They also actively establish and maintain contacts in a very broad geographical area to gain ideas about possible solutions.

11. Planning. Truly extraordinary SME owners and community leaders plan. They are adept at enlisting the counsel and involvement of many, studying conditions and trends, developing a vision, charting the future, and developing strategic and operational plans to which employees or constituents can identify and which win for everyone.

For community development professionals these findings provide a framework which can be used with both owners of small and mid-sized manufacturing firms and community leaders to assess their potential for success. This can be done by conducting personal interviews of area SME owners and community leaders asking questions which help reveal the degree to which these strategies are understood and practiced. Results can then be analyzed and plans made to provide help where needed.

Whether it is leadership development of SME owners or community leaders many of the principles are the same, work is hard, and usually long term. But, the work is good work and everyone wins for a life time.

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