ASPECTS REGARDING SMES’ STRATEGIC MANAGEMENT

MAGDALENA VORZSÁK1, MONICA MARIA COROS2

ABSTRACT. The main objective of the present research is to formulate a set of pertinent recommendations regarding the efficient adjustment of the principles and instruments of strategic management to the particularities of the SMEs. Thus, the authors intend to clarify the aspects referring to matters such as: the manner of defining the organizational vision and objectives; the drawing up of the strategic options regarding the needed resources (financial, material, human); the understanding of the clients and also of the market extension; the evaluating of the performances, etc. Another field of interest that is also going to be discussed refers to aspects related to the implementation of the strategic plan and to its control.

The authors’ suggestions are described through practical or hypothetical examples that are meant to illustrate the manner how these proposals may be implemented most efficiently in the practice of the SMEs.

KEYWORDS: strategic management, vision, strategy, principles, practice.

JEL CLASSIFICATION: M19, L19, L29

Introduction

Throughout the second half of the 20th century the great majority of the management theory and training was centered on the giant-company model, and especially on the model of the large productive companies. But during the last decades of the 20th century, there began to develop a social change, named “the postmodernist movement”; thus, the society, dominated by institutionalized systems and governments and by large organizational entrepreneurs, was replaced by a more personalized culture, named “individual’s empowerment”. This change of culture concurred – not by chance – with the spectacular mutations from the fields of communications and information technology.

Specialists anticipated the shortening of the labor day and more spare time for the active population but, on the contrary, the strong impact modern technology generated upon industrial production lead to the massive replacement of the expensive qualified labor with automated and computerized production systems; thus, a great part of the active population became unemployed, while others worked more and more hoping to keep their statute of employees.

One of the most important effects of these socio-economic changes was that the idea of the self-employed or independent worker or of the proprietor-manager was

---

1 Prof. PhD, Faculty of Business, “Babeş-Bolyai” University of Cluj-Napoca.
2 PhD candidate, Faculty of Economics and Business Administration, “Babeş-Bolyai” University of Cluj-Napoca, mmcoros@yahoo.de.
reevaluated and was no longer exclusively associated with the work of the merchants or to the family-type businesses. Despite the fact that beforehand, small merchants used to be regarded as respectable community members; still independent work used to be associated with an activity specific to the “working class” and was not perceived as a truly “professional” career. Nevertheless nowadays, independent work begins to rapidly gain dignity and attractiveness, especially among the presently unemployed qualified workers. IT industry, itself, centered upon continuous change and rapid growth was inconsistent with the old, traditional patterns of “life-long employment”. There was needed a more flexible labor force, capable to work on the basis of short-term contracts, within multidisciplinary flexible teams. This industry was willing to pay high taxes for such a flexibility, which could be best provided by professional independent workers on a contract basis.

As a consequence of such changes of culture and of the newly discovered dignity of independent or self-employment, the end of the 20th century has known worldwide a boom in the number of people who worked independently in small new businesses. Inevitably, a significant proportion of these businesses were doomed to failure but their bankruptcy or insolvability resulted from “the trial made by oneself” and did not represent anymore a social stigma that discouraged the creation of new businesses in a similar rhythm. Bankruptcies were regarded as daring and courageous trials that were not quite successful, and those who had tried, even, enjoyed public sympathy. Criticism targeted loan banks which systematically exploited the vulnerable position of small businesses, enforcing on them interest rates that were too burdening. Unlike large companies, who did not suffer too much as they had enough power to influence banks, small businesses often were vulnerable because of their dependence upon the banks’ daily support when they encountered financial crises.

Concluding the above-mentioned facts, we may notice that in the middle of the 1980’s, when large companies were massively shaking-out their personnel, the sector of the SMEs was beginning to draw the attention of the governments, this sector appearing as a potential alternative of the large entrepreneurs, as well as also as an alternative for the reduction of the rising level of unemployment. Consequently, governments began to develop various sustaining mechanisms for helping small enterprises to start up and to make progresses.

Material and Methods

What Does the European Experience Show?

In this paragraph the authors have processed the figures from the: Observatory of European SMEs 2002. In Europe-19 there are 20,455 thousand SMEs, with an average number of 6 employees per enterprise; the dominating size is given by the micro-enterprises. The relative labor productivity (added value per employed person) represents 78% for SMEs and 144% for large companies (compared to the average),

---

3 EU countries, plus Ireland, Liechtenstein, Norway and Switzerland.
while relative profitability (the difference between the added value and the costs of labor, including the salary of the own employees and business owners) is of -11% for SMEs, and of +12% for large companies (compared to the average).

Presently SMEs represent the true giants of the European economy, being the companies that offer work places to over 122 million people. From the total number of European enterprises, approximately 93% of the SMEs are micro-enterprises (0-9 employees), 6% are small enterprises (10-49 employees), 1% are medium-sized enterprises (50-249 employees) and only 0.2% are large enterprises (over 250 employees). Two thirds of the work places are offered by SMEs; that means that only one third of the jobs are given by large companies. In average, a European SME has only 4 employees, and if we take into consideration all European enterprises (including giants such as Royal Shell, Siemens, Nokia, etc) this average only reaches 6 employees. Regarding this aspect, there exist important differences among countries, the average number of employees per company being of: 2 in Greece, 3 in Italy, 10 in Ireland, Luxembourg and Holland. [Observatory of European SMEs 2002]

We may notice that in the countries that register a high GDP per capita (Germany, Luxembourg, Holland) the average size of an enterprise is higher when compared to that of the countries with a lower GDP per capita (Greece, Portugal, Spain) where the average size of an enterprise is smaller.

The great majority of the new labor places are created by micro-enterprises, while large companies reduce their personnel.

With their average of 6 employees per company, European enterprises are relatively small, compared to those from the USA or from Japan. Thus, a Japanese company has an average number of 10 employees per enterprise, and an American one has 19 employees per company. As a consequence, the contribution of the
SMEs to the creation of work places is of only 33% in Japan and 46% in the USA, compared to 66% in the EU. [Observatory of European SMEs 2002]

These differences may be explained on behalf of the countries’ economy structure: the presence of a large local market in the USA and Japan, respectively a more reduced social and cultural diversity than in Europe. Moreover, European markets are more fragmented than the American or Japanese ones, and in Europe there exist more barriers against fusions and acquisitions, as well as also various manners to protect companies against abusive or hostile takings over.

Over 50% of the European SMEs have ambitious targets: the increase of the business (29%); higher profit (9%); higher degree of innovation (7%); better quality of the products (7%), and only 20% are concerned with the struggle for survival and/or consolidation of the businesses.

The average age of the European entrepreneurs is of about 35 years, which indicates the fact that the decision of establishing an individual business is frequently taken a few years after graduation, after having gained some experience as employees and/or managers in other businesses. [Observatory of European SMEs 2002]

All of the EU member states have initiated measures for stimulating the entrepreneurial spirit: the offering of loans and grants, and the offering of support services (under the form of technical, judicial or managerial consulting, training, market researches, etc).

Approximately 30% of the entrepreneurs are women, especially in the case of services. Studies reveal that, compared to men, women-entrepreneurs are more interested in the growth of their own business.

The relations established with the banks are crucial for SMEs. Most of these companies are content with the services provided by their bank, and usually they do not change their bank too often. Among the reasons why SMEs did not obtain some of the needed loans (only 16% of the cases) were: the impossibility of the SMEs to offer sufficient warranties, dissatisfying performances of the business and the lack of information offered to the bank by the applicant company.

Generally, the geographic market of the SMEs is a reduced one, and the smaller the enterprise, the lower its possibilities to get involved in export activities. Thus, in the case of SMEs the level of the exports is of only 13% of their turnover, while in the case of large companies this quota represents 21%. But because of the fact that SMEs often provide products/services for large exploiting enterprises, SMEs’ indirect exports are significant.

The main competitive area of the SMEs seems to be given by the quality of the products, seconded by the services provided to customers, price occupying only 3rd place and location being on the 4th place.

The most important hindrance for the SMEs is firstly associated to the lack of qualified labor force; then follow in the order of their importance: the difficult access to financing sources, excessive and expensive administrative regulations, respectively the inappropriate infrastructure. [Observatory of European SMEs 2002]
Most of the SMEs (750,000) carry out activities in the high-tech industries, creating and implementing technological innovations and contributing to the increase of the: standard of living, productivity, and competitiveness. These SMEs collaborate relatively well with the universities and with the research institutions and resort to networks and networking for having access to knowledge. Presently, the most important difficulty of these SMEs is their access to financing sources.

SMEs use various forms of information and communication technologies, about three fourths of them having Internet access. One SME out of four uses the Internet for obtaining information from the government.

A major issue of the SMEs is, nevertheless, the existence of economic-administrative barriers. Despite all of the measures and actions of the EU member states established in 1997 at the Luxembourg Global Labor Summit, approximately two thirds of the SMEs from the EU-19 countries signaled the fact that the administrative barriers had significantly increased, considerably affecting the recruitment decisions of about 30% of the companies. It is not only a matter of the number and nature of the compulsory administrative procedures but especially of the quantity of labor needed for the completion of the forms and for the collection of the information, as well as also of the labor legislation obscurity. [Observatory of European SMEs 2002]

We believe that in order to be able to “rescue” the SMEs from these difficulties, there is needed a differentiation of the labor regulations according to the size of the enterprises, thus, setting the SMEs free from the burdening administrative obligations.

SMEs play an important role not only in the creation of new work places and in the economic development but also in the community. About 50% of the European SMEs are involved in activities associated to external social responsibility. The larger the company, the more intense is its social involvement. Supporting activities related to sports, culture and health is the most frequent external activity of the SMEs carried out for the community benefit. Still, the majority of such activities are occasional, not being related to the companies’ strategies; the main motivations of such activities are: ethics, relations with the community, customer loyalty, relations with the business partners, employees’ satisfaction, economic performance, behavior or conduct code, and the pressure of the tertiary parties.

What Does the Romanian Experience Show?

The global image of Romania’s economic situation offers today the picture of several positive aspects – pillars of future development – but, at the same time, also the image of a yet dissatisfying evolution. There have been finished the adoption and implementation of several legislative and administrative measures, aiming to strengthen the institutional and organizational capability of the Romanian business environment in order to make it compatible with the one in the EU. The legal framework of the financial and fiscal system has also been improved in order to strengthen financial discipline and to stimulate investors and entrepreneurs. There have been adopted legislative measures meant to encourage SMEs to reinvest their
profits in the consolidation and development of their businesses. Internal credit has been revitalized and capital market was activated. SMEs’ access to financing sources was improved, especially through programs of the European Community. There were institutionalized partnership relations between the sectors of the SMEs and cooperation. [Carta Alb a IMM-urilor din România 2006]

Despite all of these valuable fulfillments, only one third of the SMEs consider that the Romanian business environment is favorable to businesses; this appreciation reveals the fact that many entrepreneurs still are dissatisfied with the environment where they carry out their activity, in spite of all of the evident efforts made by Romania to create a functional market economy.

Likewise, regarding the future development of the Romanian economic environment, half of the SMEs estimate that this will be favorable to their business activities, fact that denotes their faith in a positive, favorable economic evolution as a consequence of Romania’s adhesion to the EU.

![Figure 2. The Main Difficulties Faced By the Romanian SMEs](Carta Alb a IMM-urilor din România 2006)

The main difficulties our SMEs face are: taxation (64.70%), bureaucracy (64.62%), decrease of internal demand (41.58%), high interest rates for credits (41.27%), difficult access to credits (38.51%), corruption (38.13%), delays of bills’ payments (37.83%), employing, training and maintaining personnel (33.61%), excessive controls (30.93%), inflation (29.79%), competition of the imported products (24.73%), appreciation of the national coin (12.33%), obtaining consultation (9.65%), and knowing and adopting of the communautarian acquis (7.73%). [Carta Alb a IMM-urilor din România 2006]
Approximately 40% of the Romanian SMEs consider the adherence to the EU to be a major opportunity for the activities they carry out, having in view: the better access to markets, the improved legislation, the existence of better and cheaper suppliers, more access to new technologies, more correct and transparent public acquisitions, better cooperation in innovation, etc. Despite all of these, about one third of our SMEs perceive the adherence as a major threat, having in view the inherent difficulties that are generated by the alignment to the European standards and requirements. [Carta Albă IMM-urilor din România 2006]

Experience proves that SMEs’ functionality and efficiency are strictly dependent on their capability to anticipate and prepare the future, fact that means that strategic thinking and planning have in their case a primordial importance. Nowadays, a little over a half of the Romanian SMEs (51%) draw up annual plans and policies, and only 12% elaborate strategies, while 37% do not have any planning activities. If we take into consideration the fact that one European SME out of six elaborates and implements strategies, we may understand why, from the point of view of their competitiveness, Romanian SMEs are situated under their corresponding organizations from the developed countries.

Research studies carried out within the EU have revealed the fact that a continuously increasing quota of the SMEs feel the need of elaborating formalized entrepreneurial strategies. The fast and intense internationalization of the activities, in general, and of the economy, in particular, substantially amplifies the need of elaborating and implementing strategies in an international perspective, of all types of firms, including SMEs.
It is interesting to notice that most of the small companies which draw up and implement annual plans carry out activities in the industry, due to the fact that the profile of their activity usually raises the need for an anticipative vision regarding the progress of their businesses. On the contrary, tourism SMEs have the highest percentage of enterprises that draw up strategies (20%), while construction SMEs have the lowest percentage of enterprises with a strategic approach (9.64%). Half of the small commercial SMEs do not draw up any plans or policies, not even annual ones, strategic approach lacking here in almost any case.

By analyzing the performances of the SMEs, we may observe the existence of very strong direct correlations between these and the planning activity; the most performing companies are, of course, those that draw up and implement plans, that make efforts for predicting their activities.

Over a half of the Romanian SMEs have established an objective of moderate expansion of their business, for the near future; about a quarter of them have as major goal to maintain the business at the current dimensions; while only 12.13% of them intend to rapidly extend their business. It is a glad fact that only 1.4% of the SMEs’ owners intend to sell their business, and only 0.6% of them take into consideration the close down of the business. These figures prove the fact that the large majority of the Romanian SMEs are relatively steady or even mature businesses, some of them creating the core of the future large companies. [Carta Alb a IMM-urilor din România 2006]

Taking into consideration the fact that the competitive advantage that SMEs build in opposition to their competitors, decisively conditions their performances and functionalities, it becomes extremely important to plan and draw up such advantages. More than a half of the SMEs count on the competitive advantage offered by the quality-price quota, and approximately a third of them have chosen the low price strategy. Other competitive advantages our SMEs pursue are: enterprise reputation, professional training of the employees, post-sale services, distribution channels, innovation capability, relations with the political and economic environment. To conclude, most of the Romanian SMEs are oriented towards differentiation through quality and convenient selling prices for their customers. It is surprising to notice that a small proportion of the SMEs (5.13%) consider innovation to be a major competitive advantage, especially under the conditions in which international experience shows that this is almost the only source of a long-lasting and consistent advantage, through the renewal of the: products, technologies, equipments, management, selling policies, distribution, etc.

Innovation efforts of the SMEs mainly focus on new products (40%) and new technologies (23%) but very few of them focus on new management and marketing approaches (under 22%).

Almost a quarter of the SMEs do not allot innovation any percentage of their investments, this is mainly the case of the enterprises from the field of services. Within one fifth of the SMEs there exists a very scarce concern for introducing into fabrication and merchandising of international novelties. For only 8% of the SMEs the turnover derives, in a proportion higher than 50%, from new or
renewed products or services. From this point of view, the worst situation is met in the case of the SMEs in constructions. [Carta Alb a IMM-urilor din România 2006]

Keeping in mind the fact that society, in general, rapidly orients towards knowledge-based economy, organization and management, it is important to watch the measure in which entrepreneurs and decision-making persons from the Romanian SMEs are familiar with these concepts. Unfortunately, one may notice that more than half of the Romanian SMEs are not familiar with the concept of knowledge-based economy/company; this aspect is worrisome especially if we take into consideration the fact that one of the fundamental objectives established at the Lisbon EU Summit consists of establishing knowledge-based economy in all member countries until 2010. Thus, we believe that Romanian political actors ought to substantially get involved in becoming aware of the fact that the change to the new type of economy is imminent, and also in implementing strategies and policies for establishing it.

The conclusions presented in the coming section have resulted after a research study, based on an interview realized by the authors among small entrepreneurs from the County of Cluj.

**Results and Discussions**

If we were to make a comparison between the fundamental cultures of small and large companies, we would be able to identify a series of essential specificities, that actually prove that the cultural pattern of big companies is actually totally inappropriate and even harmful to small businesses.

Big corporations may employ specialists for carrying out managerial and administrative functions: staff, remuneration, selling, marketing, supplying, delivering, financial, etc. On the contrary, the proprietor-manager needs to carry out him/herself these tasks, without enjoying the support of any specialist. Thus, in his/her case the stress should be put on enlarging knowledge and abilities, as opposed to specialized expertise and knowledge available in large companies.

Large enterprises draw up corporative strategic plans, in which they specify medium and long term objectives. These plans are generally elaborated at top managerial levels (strategic) and are implemented by middle managers (tactic), who supervise the operational personnel who takes decisions day by day. In the case of small enterprises, strategic thinking and planning presently appears quite seldom. Until the moment when the small company reaches a certain stability level, its crucial concern is survival. Therefore, its attention concentrates on short term actions and the manager-proprietor does not have any time for strategic planning and does not even grant any attention to this activity ("Why should I make any long-term plans if next year I might be forced to quit this business?!”).

Big companies invest on a constant basis in the formation and perfection of their personnel but in the case of small firms this concern only appears once, when the enterprise is established (in the best case!), because of the fact that training offers them only a small reward (a modest increase of the sales or a small reduction of costs) under the conditions of the invested time and effort.
If a manager-proprietor sends an employee to a training or decides to attend one him/herself, it is very unlikely that he/she will find someone able to replace him/her while missing (the manager-proprietor is very often mistaken for the business itself!). As a consequence, the time “lost” with the training, actually represents lost incomes, fact that makes the cost allotted to personnel training to be critical for a small business. In spite of all of these, we still believe that if the manager-proprietor is not concerned with assimilating basic skills and knowledge needed for business survival, then, for sure, such a manager does not deserve to survive in business.

Generally, manager-proprietors have had the status of employees before having converted to entrepreneurs, and they tend to be very independent (“I am my very own master!”), refraining from receiving any advice concerning the manner how they should organize and lead their business. The matter becomes critical especially when there appears a problem the manager does not know how to handle and the manager-proprietor does not have any experts whom he/she can consult with. Under these circumstances he/she makes his/her choice for an immediate practical solution or for the cheapest short-term solution but, in most cases, this turns out to be a disadvantage for the company’s long-term needs.

Keeping in mind all of the above-mentioned facts, we consider that a serious problem of the Romanian SMEs’ management is the reduced percentage of the companies that resort to external consultation (not even 20%), although to carryout performing activities is conditioned, especially in the case of SMEs, by the entrepreneurial consultation, especially in fields such as: financial, managerial, judicial, marketing, technical, human resources, and information. This situation is worrisome if we have in view the fact that the similar EU companies use this opportunity very intensely, aiming to improve the contents and efficiency of their innovative processes.

A considerable difference consists of the access to financing sources of the different types of enterprises. Thus, we may notice that financial resources that can be accessed from banks and financial institutions tend to be far too restrictive in the case of small firms compared to large companies: the interest rates tend to be too high and the provided financial sums are too modest as compared to the needs. Newly created small enterprises do not possess any negotiation power when it comes to the interest rates or to the terms of the loan, thus having a strategic position of “subordinates” to the actors of the financial market.

The political, legal and fiscal environment in which small companies carryout activities permanently changes, and bureaucracy becomes a more and more important burden for them, as we have shown above. Large corporations can face the pressures of the environment without any difficulties but the stress put on SMEs is disproportionate in terms of their turnover and profitability. Romania’s adhesion to the EU has considerably raised this bureaucratic burden.

Global experiences indicate the existence of a three-phase pattern of the development of small businesses. [Butler, 2005; Gerber, 2003]

The first phase consists of the business start up (childhood) and lasts between six months and three years, despite the fact that some small companies continue to
struggle for survival for five years or even longer periods of times until they reach stability. Thus, in this phase stress is put on survival and on the struggle to reach the breakeven and profitability point before having consumed the entire limited capital. The entrepreneurs’ personal objectives focus on diminishing their personal financial exposure, especially in those cases when credits are guaranteed with their personal homes. Managerial decisions are taken at an operational level, based on short-term incomes, without any basic strategic thinking. In this phase, a critical threat consists of the fact that the manager-proprietor does not have employees whom he/she might delegate some of the managerial work, and, thus, the manager ends up working more and more, taking care him/herself of all aspects, running him/herself all tasks, and neglecting almost entirely the general management of the business.

Then follows the phase of relative stability (adolescence), from the moment when the manager-proprietor decides that he/she cannot solve everything on their own, that they need help. The firm has exceeded the breakeven point and inside the business there exists the opportunity of a period of time of stabilization and consolidation, that would eventually lead to the further development and growth of the business. The manager-proprietor delegates the operational decisions to some specialized technicians, while he/she dedicates his/her time to the solving of general management problems: increase of profitability, diminishing of exploitation expenditures and of losses, selection of suppliers and customers, etc. The survival issue yields in the favor of the concerns to increase profitability and to decrease the company’s manager personal financial exposure. The manager-proprietor focuses his/her energy on maintaining healthy profitability margins in order to be able to obtain a return from the invested capital and a premium for the personal effort put into the business. There also exists a focus on the needs of the customers in the view of gaining their loyalty, simultaneously with the efforts of improving standards and quality within the business.

International experience reveals that many small enterprises have as main goal to reach this phase of relative stability and do not have any ambition to exceed the level of fundamental comfort, that means to continue growing.

Despite the fact that in the adolescence phase we cannot yet mention a strong strategic thinking, still there takes place the progressive movement form short-term operational thinking towards the medium-term tactical thinking.

Small enterprises that successfully overcome the adolescence phase begin to grow and to develop. We may point out that it is about: planned expansion of market share, of turnover and of profitability. From this point forward, the business manager-proprietor targets a consequent expansion of his/her personal power and influence. The issue of personal financial risk is no longer a main concern; the entrepreneur adopts an adventurous attitude on the market, targeting segments not yet exploited. There become available development funds for the further growth of the business, financial pressure decreasing significantly.

There is acknowledged the need of changing managerial practices in order to facilitate further growth. Delegation becomes the key factor that makes
expansion possible, being accompanied by the import or development of new managerial abilities, and providing the possibility of using systems improved by delegation. Decisions that are taken are mainly strategic and tactical ones, the operational decisions being more and more delegated to the inferior hierarchic levels.

Thus, we may state that this phase brings an essential change of the organizational culture and of the entrepreneur’s attitude, that becomes proactive, offensive and that involves strategic planning for the company’s future development. It is not at all a facile change because it raises the need to give up certain managerial responsibilities of “comfort-factor” and to delegate a part of the business control. But the future growth of the company is impossible without this fundamental change of the manager’s attitude and thinking. It is about a veritable change of managerial culture, about the transition from direct involvement in all aspects of the business operational control, to a position and attitude of delegating operational aspects in order to provide the manager more time for focusing on business strategic planning and development.

We ought to point out the fact that a mature business is not the inevitable result of the first two phases (childhood and adolescence). In other words, a mature business is not the compulsory final product of a sequential process that begins with business start up, and passes through the phase of relative stabilization. Small businesses like McDonald’s, Federal Express, Disney, etc do not end up like mature companies but they have started like this because their creators had had a wholly different perspective regarding the concept of a business and how one should function. It is about a strategic entrepreneurial perspective, based from the very beginning on strategic thinking.

Conclusions

The contemporary business environment is that of a global economy, characterized through an infinite complexity and a permanent change. A day by day bigger amount of sellers offer similar products and services and all struggle to carry out a more efficient activity but success belongs only to those who manage to best or fully satisfy their customers. Indifferent from size or object of activity, the only determinant of an economic entity’s success or failure resides thus in the hands of its customers.

What is needed for satisfying customers? Of course, a performing and strong team, whose members found their decisions on objectives oriented towards a set of values contained by the declaration of the mission; these values guide the organization’s decisions and behavior: respect towards the people, availability to serve the customer, integrity, inclination towards innovation, team-work, etc. It is not about simple words but it is about real values, that represent the leading force of the most valuable resource of an organization – its employees.

The common business success indicator is the achievement of the financial goal and the gaining of profit. Of course, many other factors can also define success but all of them depend on the company’s permanent values. No matter how success is defined, it represents the final goal of any small entrepreneur. But
success cannot be easily attained. It needs to be planned, keeping in mind all those variables that might influence it, and actions must be organized in such a manner that they are able to influence those variables to act in favor of the company.

The failure of a small business, in its turn, can be defined in different ways: 24 hours of work daily, lack of profit, lack or insufficient personal gains, not attaining the desired position, etc. How can failure be avoided? Nothing can be simpler: through the acknowledgement of the things the company needs for having success and the avoiding of the traps that lead to failure.

There might not be such an entrepreneur who has not, at least once, asked him/herself things like: “Am I ever going to lead my company instead of the company leading me? How can I attain the control of my own business and how can I have the success I desire?”. In order to be able to give answers to such questions, the entrepreneur must stop thinking like the owner of a small business and must begin to think like the owner of a successful business. The manager ought to reexamine the activity of its own company, and to implement policies and practices specific to successful companies; to control its activities and results through the means of a visionary thinking and of an efficient planning. The manager must abandon the reactive and adaptive behavior towards the situations and problems the business faces in favor of a proactive and innovative behavior in respect with all the activities that are carried out.

Such a thing becomes possible only under the conditions of elaborating and implementing a strategic plan and of efficient control. Only the strategic plan can offer the small entrepreneur an initiative-based managing manner, avoiding the situation when the manager is lead by the company. [Cook, 1998]

An efficient planning improves the company’s results, allowing the attainment of the established objectives. The strategic plan, as an instrument for programming the development and the future profits of the business, has as final goal to determine customers to carryout more business activities with the company and to ensure the attainment of a long-lasting competitive advantage on a continuously changing market, with more and more aggressive competitors and more powerful customers.

Moreover, Romania’s adhesion to the EU raises the need of elaborating a national competent and rigorous strategy for the SMEs, according to the requirements of management. This strategy has to be rigorously structured and must contain precisely defined elements for each of its components, according to the following diagram:
Figure 4. The Strategy of the SME

Such a definition of the SME’s strategy provides the company with more rigorously and operational capacity, encouraging rapid and efficient implementation, making it capable to substantially contribute to the solving of the main problems that occur and which sometimes harden or even hinder the functioning and development of a small business. The elaboration of a superior quality strategy by the specific governmental organisms cannot be ensured unless, in all phases, there are also involved delegates of the representative organizations of SMEs, and all other important social partners. Only thoroughgoing knowledge of the entrepreneurial problems and of the specific entrepreneurial work-manners can ensure the prevention of a bureaucratic-clerical/white-collar approach.

A national entrepreneurial strategy, centered on the creation of a favorable environment for the SMEs is essential for the fast and performing development of the national economy in its whole.

REFERENCES