



Human Resources

Are Scale Up SMEs Managing People Correctly?

Gary David Smith



Biography

Gary David Smith is Co-founder of Prism (www.prism.uk.com). Since its formation in 2001, the Prism team – led by Gary David Smith and Richard Alexander – have worked hard to build an enviable reputation as one of the UK's premier outsourced Managed Service IT Providers.

Specializing in the small to medium-sized business market, Prism prides itself on being able to support a broad range of businesses, users, technologies and locations with flexibility and professionalism.

Innovation has always been part of the fabric of the business as early adopters and implementers of technology within the business community through to an award winning CSR strategy.

Gary David Smith
Co-founder
Prism

Keywords Management, Scale-up, Growth, Leadership, Economic growth, Business expansion
Paper type Opinion

Abstract

As all companies change, grow and evolve the need for management is paramount. No more so than for SMEs and startups who find that they are scaling up quicker than they anticipated. In this article, the author discusses why good management in scale-up SMEs is likened to an art form.

Introduction

Despite an often uncertain climate, it's clear that SMEs and startups have more of a place in modern society than ever before. Scale up SMEs, in particular, are always looking to grow and expand – as is their nature. However, as all companies change, grow and evolve, there emerges a need for management. In practice, it is impractical for businesses to persist with everyone operating at the same level.

Therefore, there's always a need to seek management potential from within. SMEs can sometimes recruit outside of their comfort zones, but practically, it makes sense to make use of someone who knows the business, the team and the industry well. More often than not, a scale up SME will promote someone from within to manage people and teams – though choosing the right leader for the job isn't always cut-and-dried.



Human Resources

Managerial approach

Good management, in terms of scale-up SMEs, is something of an art form. On one hand, it makes sense that taking a good ‘doer’ or ‘deliverer’ and to have them head or lead a team. On the other, however, surely it makes sense to reward them in other ways?”



All scale-up SMEs are likely to be different when it comes to managerial approach, but leading a passionate and talented team in a competitive field pays dividends. The two main routes to take are to either promote someone talented to take on team management, or to reward and empower them through additional work and responsibilities. That doesn't necessarily have to be management, as it happens.

I have worked with, and alongside, all kinds of businesses and SMEs. It's safe to say that there are clear pros and cons to either management model. However, while it's tempting to just empower and offer more varied work to the right people,



all scale-up SMEs are going to need something solid in place to weather further growth.

To be able to relinquish the focus on the daily and the everyday, it makes sense that SMEs should start thinking about how management will affect their annual and long-term growth.

Some of the best teams and companies are, of course, self-managing. However, there still needs to be a core leader or driver in place – one that knows the art of good management – to foster worthwhile growth.

SMEs and small businesses are up against severe odds. Statistics from the Bureau of Labor statistics in the USA show that a business is 50% likely to fail by its fifth year of business. This decreases even further ten years after inception, with only 30% of businesses likely to keep operating after this time. Many factors affect business survival; so the art and practice of good management are essential.

Changing factors

Management is a conundrum. Some of the changing factors in modern businesses and industries include changing tastes, opinions, and of course the economy. These are variables a business can't always plan or plot for. Therefore, you are going to need a solid management plan to weather it all.

For some SMEs it is tempting to keep working to a level playing field. There are definitely a few positives to doing so. However, there are near unlimited positives to having a good, reliable management structure in place.

The current trend for promoting to management appears to focus on rewarding people who are genuinely great at what they do. This is all well and good – passion for and understanding of a trade are essential – but are these people necessarily going to be the best leaders?"

Leadership and management is something that SMEs and startups can sometimes struggle to harness, particularly as they start moving further into long-term growth. While a CEO and owner and steer a company so far, there becomes the need to install a reliable manager, or management team, to delegate daily running to. However, SME owners will need to look for managers with whom they can not only trust to be passionate and competent, but who can also harness growth on their own, autonomous basis.

The SME scale up scene is very much in need of good management if the founders, entrepreneurs and business owners are to focus on growing for years to come.