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## **Feature Paper**

### **Management Style in Small and Medium Sized Enterprises**

This paper was presented by Jim McDonald and Retha Wiesner, both from the University of Southern Queensland Toowoomba in Australia, at the 45th International Conference on Small Business (ICSB) World Conference 2000 at Brisbane, Australia, on June 7-10, 2000.

This paper explores management style in Australian small and medium sized enterprises (SMEs) following a mail survey of SME managers conducted by the authors in September 1998. It addresses the research question: what are the characteristic modes of dealing with employees utilized by SME managers? The particular scope of the paper is limited to identifying key types of managerial behavior in involving employees in decisions or in excluding them from decision-making altogether.

The objective of the paper is, therefore, to present the findings on participative management from a broad mail survey of employee management and organizational change practices in Australian SMEs. Managers were asked to indicate a range of four possible approaches to 14 'consultation issues' on which managers might involve employees. In addition to considering whether managers consult or not on these matters, three common practices which are said to provide opportunities for employee involvement in decision-making are identified and the relationship between each of them with the presence or absence of consultation on the consultation issues. The practices discussed here are the use of joint consultative committees (JCCs), total quality management (TQM), and self-directed work teams. Finally, the impact of unions on participative practices in SMEs will be briefly examined.

To read this entire paper on management style, visit our Web site at <http://www.sbaer.uca.edu/Research/2000/ICSB/104MCD.PDF>

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## **Tip Of the Week**

### **"TQM Core Values"**

Total Quality Management (TQM) is a people-focused management system that aims at continuous

increases in customer service at continuously lower real costs. There are ten core values and concepts that form the basis of TQM-driven firms:

- 1. Customer-driven quality.** All goods/services the organization provides are a result of feedback from customers who have told the company what they want. Drawing on this information, companies try to give customers more than what they desire and thus to create "customer delight."
- 2. Leadership.** The firm's managers must understand what TQM is all about, be trained in the process, and be prepared both to implement these ideas and to encourage the rest of the personnel to do so.
- 3. Continuous improvement.** No matter how well the enterprise does, it must make continual efforts to do even better. Thus, if a particular product cannot be built any better because it is error-free, the company can seek ways to produce it faster. TQM efforts have no end; every procedure, process, product, and service is continuously examined for ways to do things better than before.
- 4. Full participation.** The company must develop a reward and recognition system that encourages full employee participation in the TQM effort. Examples include education and training programs that impart skills for improving work quality and solving job-related problems, as well as regards that recognize and remunerate employees for a job well done.
- 5. Rapid response.** The firm must continuously strive to reduce the amount of time needed to deliver goods and services. This means streamlining processes, eliminating unnecessary tasks, and finding shortcuts that will get the output to the customer in the desired time (or earlier).
- 6. Prevention, not detection.** Attention must be given to determining ways to prevent mistakes or problems, rather than identifying and correcting them after they have occurred. Management thus acts in a proactive rather than reactive matter.
- 7. Long-range outlook.** In addition to continuously identifying the goods and services customers desire, TQM firms seek to identify the output that will be needed in the future and begin planning today to reach that objective. For example, if a firm learns that the production of its microcomputer chips must be 99.9 percent perfect within 12 months and 99.999 percent perfect within 36 months, it will begin moving toward the latter goal immediately. In this way, the company anticipates customer needs and tries to stay ahead of them through effective long-range planning.
- 8. Management by fact.** TQM companies document all of their efforts through data collection, analysis, and comparison. For example, if they are trying to reduce error rates, they will find out where they are today and then gather information on these rates over the next 12 months. In this way, they can use quantitative data to compare changes in error rates and can know exactly how much they have improved and how much farther they have to go. This management by fact helps the firm "prove" its progress, rather than relying on hunches, opinions, or intuitive feelings regarding how well it is doing.
- 9. Partnership development.** TQM firms get their suppliers, vendors, unions, and all other outside groups to help improve the delivery of goods and services. These outside groups, regarded as partners who can help improve quality, are brought into the planning process so that they can see their role and learn how they can help.
- 10. Public responsibility.** TQM firms also are interested in good corporate citizenship. They accept the responsibility of providing their customers with safe, defect-free goods and services; work to produce less product waste; and are prepared to share their experiences to help other firms gain better

corporate citizenship.

"Entrepreneurship: "A Contemporary Approach," Kuratko, Donald F. and Richard M. Hodgetts, Harcourt, Inc., 2001, pages 643-646.

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## Conference

### Global Automotive Conference 2001

The second annual GAC 2001 Conference, which is co-sponsored by Western Kentucky University and Ford Motor Company, will be held from April 25-27, 2001, in Bowling Green, Kentucky.

The conference was created to provide a unique opportunity for middle management of automotive assemblers, suppliers, and service providers to network and learn key skills and emerging strategies of the future. The conference serves as a venue where middle managers interact with practitioners and discuss emerging trends that will bring forth dynamic changes to the industry. There is a wide variety of automotive conferences targeted at top-level management. However, there is a growing need for a well-rounded annual conference for middle managers in the automotive industry. Middle managers are the future leaders of this changing industry. In this era of rapid consolidations, technological innovation, and changing markets, knowledge is a source of competitive advantage. GAC will give middle managers an opportunity to receive first hand knowledge from innovative and successful industry leaders.

Early Registration Deadline: **April 13, 2001**

For more details on the this conference, visit [www.gac.ky.net](http://www.gac.ky.net)

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## Call For Papers

### Society for Marketing Advances

The Society for Marketing Advances (formerly Southern Marketing Association) will be held at the New Orleans Hilton in New Orleans, Louisiana, on November 6-10, 2001. SMA has evolved into a dynamic and influential contributor to substantive marketing thought and action. With members from different corners of the world, SMA is truly a 'global marketing organization.' The venue of the SMA 2001 is New Orleans, which offers an array of appealing sites, scenes, and savory cuisine! SMA offers a variety of professional opportunities, including presentations and discussions of cutting-edge issues in research, teaching, and faculty development. Various awards are presented annually at the Conference.

Submission Deadline: **April 3, 2001**

For further information on this conference, visit <http://mkt.cba.cmich.edu/sma/>

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- If you have any comments about the SBANC newsletter or if you know of any upcoming small business event to promote, please contact Jin Hess at [jah6677@cub.uca.edu](mailto:jah6677@cub.uca.edu) or Richard Armstrong at [rea7401@cub.uca.edu](mailto:rea7401@cub.uca.edu)
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- SBANC Newsletter is provided as a service to the **International Council for Small Business (ICSB)** members and the **Association for Small Business and Entrepreneurship (ASBE)** members.
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