Managing change in Europe
Restructuring in SMEs

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Driving Competitiveness
Delivering Growth and Sustainable Jobs
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• Agency of the European Commission
• Established in 1975 / Dublin
• Comparative socio-economic research
  • Restructuring/structural change
  • Working conditions
  • Industrial relations
  • Living conditions
Restructuring in SMEs

Background and objectives

• Background
  - European Restructuring Monitor on large-scale restructuring
  - Little comprehensive information on SME restructuring

• Objectives
  - Gain knowledge about restructuring in SMEs
  - Assess appropriateness of public support
  - Derive conclusions and policy pointers
General characteristics of restructuring in SMEs

- Combination of different restructuring events
- Strong intention to continue/improve the business
- Strong personal involvement of the owner/manager
- Strong identification of the entrepreneur with staff
- Rather reactive and late
- Lack of formal restructuring plans
- Quick and flexible decisions in the management of change
Main constraints and success factors

Company external factors
- Support
- Administrative procedures
- Business environment

Company internal factors
- Management approach
- Owner/manager
- Staff
- Organisational culture/structure
- Finance
- Partners
Company internal success factors

- **Strategic, but flexible management approach**
  - Market monitoring, business plans, forecasts
  - Realistic, self-critical

- **Owner/manager**
  - Openness to consider change
  - Coping with stress, disputes
  - Access to information, management skills

- **Staff**
  - Availability of most suitable staff
  - Commitment and engagement of staff
Organisational outcomes

**Strategic dimension**
- Extent of business activity
- Management orientation

**Operational dimension**
- Product portfolio
- Internal processes
- Cost structure
- Flexibility

**Economic situation / competitiveness**
Recommendations from entrepreneurs to entrepreneurs

- Positive attitude towards change
- Anticipation and early realisation of change
- Extensive communication towards staff and business partners
- Secure access to information and skills
- Dare to negotiate
Thank you for your attention!

Reports and case studies available at http://www.eurofound.europa.eu/emcc/erm/smes.htm

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