



Business development success in SMEs: a case study approach

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Abstract

Purpose – There are not many answers to the question of how the development projects launched to improve business performance in SMEs have succeeded. This study focuses on business development success in SMEs. The main objective is to structure and model the success dimensions that contribute to and can be used in evaluating the business development success in SMEs.

Design/methodology/approach – The study utilises multiple case study methodology, following the replication approach. The empirical evidence is based on data from four SMEs that have implemented a business development project. Two of the projects were perceived as successful and the other two as unsuccessful.

Findings – This study builds a framework for a business development project success in a SME context. In the SME context the business development project success seems to be dependent on several interrelated dimensions. Success in one area leads to success in other areas, and so creates an upward success spiral. Failure in one area seems to lead to failure in other areas, too, thus creating a downward failure spiral.

Practical implications – The results provide a basis for benchmarking one's business and evaluate how well one's own firm meets the success dimensions and its focus areas.

Originality/value – The framework for success dimensions has been developed providing a systematic way to analyse the business development project and its impact on the performing company. A setting for analysing the project success from different time perspectives in a SME context has been produced.

Keywords Business development, Project management, Small to medium-sized enterprises, Business performance

Paper type Research paper

Introduction

Small and medium sized enterprises (SMEs), have been described as catalysts for the future economy. There is a special need to accelerate SMEs' growth and to improve their competitiveness. Under the circumstances of increasing market pressure, enterprises try to improve their competitive position by development efforts, and a business development project, further abbreviated to BDP, is one tool for that. At the same time several international studies have reported on problems in implementing development projects, and on alarming low success rates (see Beer and Nohria, 2000; Buchanan and Boddy, 1992; Kotter, 1995).

Current literature suggests that SMEs may differ from larger companies by a number of key characteristics, e.g. resource and knowledge limitations, lack of money, reliance on a small number of customers and need for multi-skilled employees. Some of the above-mentioned characteristics are putting a greater strain on the SMEs inducing that the successful implementation of BDP may be more challenging in this context.

The issue in this research is the BDP success of SMEs. The main objective is to structure and model the success dimensions that contribute to and can be used in



evaluating the BDP success of SMEs. This study aims at deepening the knowledge in the problem area by offering both theoretical and empirical insights. The theoretical foundation for the BDP success dimensions was created from the literature. The features of the business environment in SMEs were studied through literature and in practice with two pilot cases. The framework of the BDP success dimensions was evaluated in practice with four case companies and the focus was on successful and unsuccessful projects implemented in SMEs.

The paradigm advocated in this paper is a qualitative one culminating in two assumptions: The reality is subjective and multiple, and the participants in the study may see it in different ways. Further, the world can be understood best from the point of view of the individuals directly involved in the activities in question. That is why people involved in projects are regarded as the most appropriate informants.

The current body of knowledge

Business development in SMEs

The typical characteristics of SMEs have been connected to small scale, personality and independence. Nooteboom (1994) writes that the high number of SMEs distributed in different industries and different markets means that one of the most important characteristics of small business is its diversity. The sources that produce diversity lie in the variance of the backgrounds, motives and goals of entrepreneurs. In recent years the importance of SMEs' growth and understanding of what factors contribute to the growth have been recognised as a significant contributor to economic development. SME growth may be the result of strategic choices of entrepreneurs (Hambrick and Mason, 1984) or the structural characteristics of the external environment (Eisenhardt and Schoonhoven, 1990). Storey (2000) reminds that for many business owners the growth of their business is not an objective, they are targeting at survival. Morrison *et al.* (2003) summarise that a key distinguishing feature of a pro-growth small business is a balanced alignment of the owner-managers' intention, the business abilities and the opportunity environment.

Before an enterprise can take advantage of the opportunity, it must be recognised. According to Shane (2000) people recognise those opportunities related to the information and knowledge that they already possess. Prior knowledge feeds positive opportunity recognition. The entrepreneur's values, beliefs and goals have an effect on which opportunities will be selected to be important for consideration. Many researchers have emphasised the importance of connecting the decisions with strategy. On the other hand, several researchers have recognised that SMEs do not have a strategy. Anyway, due to the lack of resources, enterprises need to be very focused in the project selection phase and have a clear sense of direction, written or unwritten.

Increasing academic interest has been devoted to the impact of the owner-manager's knowledge, skills, capabilities and characteristics on business success. An SME is often strongly based on the owner-manager's know-how and expertise. A common assumption is that the owner-managers have sufficient technical knowledge but they lack managerial skills or sophisticated managerial practices (Maes *et al.*, 2004). Rantanen (2001) argues that small firms are more likely to engage in informal management practices than to adopt sophisticated planning and control techniques. Nooteboom (1994) has recognised that in SMEs much of the operating knowledge is tacit, and it is connected to craftsmanship. According to Martinsuo and Karlberg

(1998), SMEs have a limited capacity for marketing, strategy, acquisition of new knowledge and technology, and they are sensitive to external pressures and risks. Hyvärinen (1993) continues that SMEs have the best chances with production development projects because that is the field they mostly know best. The projects aiming at business not previously known to a small enterprise very seldom succeed.

The advantages linked to small firms are their flexibility, organic organisation, centralised decision-making and the fact that they are close to the customers (Julien, 1993; Storey, 2000). The less formalised internal and external information and communication systems allow the shorter internal lines of communication, faster response times and speedy problem-solving (Winch and McDonald, 1999).

Project as a tool for business development

The development efforts in organisations have often been examined from two perspectives:

- (1) the development work consists of continuous, gradually progressive improvements based on the *Kaizen*-philosophy; or
- (2) the development work consists of radical, single-shot reform based on reengineering (see Hammer and Champy, 1994; Lanning, 1996).

The business development projects (PDBs) are placed in the middle ground between these two perspectives. Nowadays it is common that one development project is followed by another, thus forming a continuous development work by a series of projects. This means that the distinction between “conventional” business and project activity targeting at business development is not very clear (Lanning, 1996; Salminen, 1995).

Salminen (1995) defines a BDP as a project targeting at more effective business operations. The goal of the BDP is better performance from someone’s point of view. Mikkelsen *et al.* (1991) have studied the specific nature of internal development projects, such as systems planning and implementation, introduction of new manufacturing technology or quality improvement. They have discovered that internal development projects are characterised by organisational development and strong competition for the internal personnel and management attention. The most significant feature distinguishing internal projects from external projects is the fact that the members of the organisation are both the suppliers and the customers of the project. This can lead to difficulties, for instance in determining the project success or customer satisfaction and makes the responsibilities somewhat unclear (Salminen and Lanning, 1999).

Many authors emphasise the importance of linking projects to strategy (see King, 1983; Hammer and Champy, 1994; Lanning, 1996). The BDPs need to be built around the business objectives for success: improving the quality, achieving high productivity, decreasing the cycle time, utilising the resources effectively, etc. The basic purpose behind the project is that the company can achieve a more effective and efficient way of doing business (Salminen, 1995).

The BDPs have the nature of a change project characterised by a difficulty to define methods and/or goals for the project implementation (Turner and Cochrane, 1993). Because of this nature, a combination of project management and change management are needed in the project implementation to ensure success (Salminen, 1995). According

to Boddy and Buchanan (1992), the traditional project management methodology concentrates on the project life cycle and the hard dimensions of technical project management including planning, documentation, monitoring, training, etc. Change management means human leadership targeting at a well-communicated need for change, high level of motivation and commitment, low change resistance, efficient communication, etc. McCalman and Paton (1992) emphasise that the more complex and people-oriented the project is, the more it requires the use of organisational development tools and techniques instead of hard project management tools.

Business performance and project success

Performance measurement is essential in ensuring project success and its benefits to the sponsoring organisation. The project objectives need to have linkage to the company objectives. Further, the metrics for the project performance need to have a clear link between project success and business success. Project performance and business performance are in close interaction.

Laitinen (2002) defines business performance as a capability to produce the targeted output satisfying the needs of the interest groups. Thus it is necessary to have an object whose performance is to be considered, a dimension that one is interested in as well as a set target for the result. Traditionally the measures of business performance have been derived from the financial data alone, but the reliance on financial measures in analysing performance is now under serious challenge. Several authors have divided the performance measures into two categories: objective measures reflecting the financial performance and subjective measures reflecting the perceptual operational performance (see Miller *et al.*, 2003; Venkatraman and Ramanujam, 1986). Ketokivi and Schroeder (2004) argue that, for research purposes, the usable measurement instruments are quasi-perceptual measures, which are operationally defined, but the measurement is done as perceptual.

Grünberg (2004) emphasises that measuring the performance has two main aims: first, to connect the company goals and objectives to the development work, and secondly, to set the targets for the development activity. A linkage between the performance objectives and the development objectives can raise the impact of the development work, which in turn helps fulfil the performance objectives.

It is important to draw a distinction between project success and project success criteria. The success criteria consist of the measures by which the success or failure of the project will be judged (Cooke-Davies, 2002). Measuring the success involves an evaluation of the degree to which the objectives have been achieved. In this process, the objectives become the success criteria (de Wit, 1988).

The definition of project success is not an easy task to do. The simplest way of defining success would be to measure whether the goals set for the project are met, but it does not take into account the possibility of ill-defined goals. According to de Wit (1988), a project is hardly ever a disaster or a failure for all stakeholders during all the phases in the project life cycle. Because the owner-manager's values and beliefs affect the objectives, she or he is seen to be in the main role in defining the success or failure in SME context (see Jennings and Beaver, 1997).

Salminen (2000) defines success with two dimensions: efficiency and effectiveness. Efficiency is related to achieving the goals on schedule within the budget, and effectiveness refers to the ability to create performance improvements and positive

perceptions among the organisational members. The basic purpose behind the project is that the company can achieve a more effective and efficient way of doing business. The project should result in an improved capability to generate more profit. But it is very difficult to distinguish which of the results are the consequences of the development project and which are caused by other factors such as changes in prices, competition, other projects, etc. (Salminen, 2000).

Shenhar *et al.* (2001) have identified four major distinct success categories for project success. The different categories are more important at different times with respect to the moment of the project completion. Project efficiency can be assessed only in the very short-term, during the project's implementation and immediately after its completion. The impact on the customer can be assessed after a short time when the project has been delivered to the customer and the customer is using it. Customer satisfaction can be assessed within a few months from the moment of the purchase. Business success can only be assessed after a significant level of sales has been achieved, usually after one or two years. The last category, preparing for the future, can be recognised and assessed after a longer time, in probably three to five years.

The framework of success dimensions

In this study, an enterprise is seen as a system where the detector is the function acquiring information about its environment. It is then used in management decisions. The effector is the function executing the decisions. A development project can be seen as a microcosm of this system. It also needs information about the environment in order to be able to recognise the opportunities and the threats. The selector is needed to make decisions about the project; to set the obtainable goals and the required resources. The effector is the action to make it happen. (see Salminen, 2000).

The components connected to project success have been categorised into five dimensions on the basis of prior research, the nature of the business development project and a pilot case study with two cases:

- (1) entrepreneurial success;
- (2) project preparation success;
- (3) change management success;
- (4) project management success; and
- (5) project success.

The first four success dimensions are by nature the contributors to the project success. The project success is a result. Figure 1 summarises the framework. Its aim is to suggest a construct of the dimensions that affect the BDP success, to develop a construct of the focus areas for assessment used for the project success and performance measurement, and to link the BDP success and the performance improvements together in a framework.

Entrepreneurial success refers to three words; intention, ability and opportunity. The owner-manager's know-how and expertise are in an emphasised role. In particular, when a BDP is launched to pursue growth, the owner-manager's intention, business ability and opportunity environment are highlighted (Churchill and Lewis, 1983; Morrison *et al.*, 2003). This dimension also includes the connection of the BDP to the strategy of the enterprise. The strategic choices made by the owner-manager have an

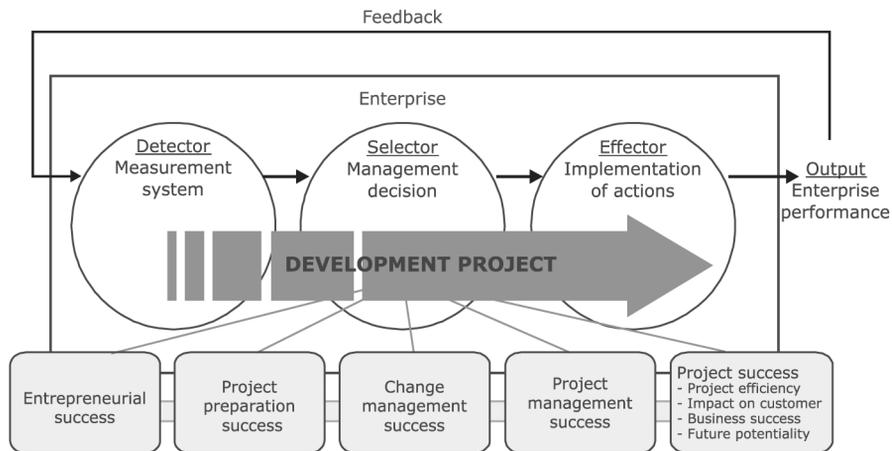


Figure 1.
A framework of success
dimensions

impact on the growth and performance. The written or the unwritten strategy is part of the attribute intention. The ability to identify niches and recognise favourable industry evolution makes the opportunity arena more promising. The factors of the entrepreneurial success dimension show the richness of opportunities in the environment, the ability to recognise the opportunities and the sense of direction to capitalise them.

One of the typical problems in SMEs is the lack of resources. Often, however, underestimated resources available for the set project goals pose a more serious problem. A good BDP is in harmony with the SME's plans and resources. Many researchers warn about over-ambitiousness with the improvement efforts. Projects aiming at business not previously known very seldom succeed (Ghobadian and Gallear, 1997; Hyvärinen, 1993; Storey, 2000). Project preparation success refers to the balance between the project goal and the required resources; i.e. how well the SME has defined the realistic and viable target for the project and identified the required resources for its successful implementation. This dimension also includes the fact how clearly the anticipated business impact has been defined. The project preparation dimension consists of the factors showing the balance between the set goals and the allocated resources, the clarity of the business impact and the previous knowledge in the area of the project.

The BDP has almost always the nature of a change project. Successful leadership, communicated need of change, widespread participation of employees, efficient communication and highly motivated managers and employees are important for the good performance (Kotter, 1995; Salminen, 2000). The change management success dimension consists of the following focus areas: how well the change is led in the SME, how clearly the need for change has been identified and communicated, whether the people affected by the change are participating in solution planning and implementation, how well information about the changes is distributed and feedback from people gathered, and finally, whether managers and employees are motivated and committed to the change effort.

The project management success concentrates on the project life cycle and the hard dimensions of project management, such as planning, documentation, budgeting and

scheduling (Boddy and Buchanan, 1992; Turner, 1999). The project management success dimension refers to the technical project management, including the factors showing how well project organisation and the roles of project members are defined, how sophisticated planning and documentation are, whether the risk analysis is done, how relevant monitoring practices are, and what is the level of the adequacy and sufficiency of the training provided to the employees affected by the project.

Project efficiency includes the Iron Triangle of project management; cost, time and quality (Atkinson, 1999). Project efficiency can be measured or assessed during the implementation and immediately after its completion. It shows how well the schedule and the budget goals are met. In addition it shows how well the other project goals that can be measured or assessed immediately after the completion are met, for instance meeting the technical specifications and the functional performance.

Project effectiveness refers to the results and benefits that can be measured or assessed after a longer period, when the project has been delivered to the customer or the project sponsor, internal or external, and the customer or the project sponsor is using it. This success area includes three categories: impact on customer, business success and future potentiality. The impact on customer, for example customer satisfaction, can be measured or assessed within a few months after the project delivery. The business success can usually be measured after one or two years. The future potentiality can be measured or assessed after 3-5 years (Shenhar *et al.*, 2001).

The focus areas for measuring or assessing success have been adopted from the ones validated by Gupta and Govindarajan (1984) and Shenhar *et al.* (2001). Measuring success involves also the evaluation of the degree to which the objectives have been achieved. Because projects have different kinds of objectives, the list of focus areas is not considered all-inclusive, but a basis for consideration that can be enhanced by the case companies (see Jennings and Beaver, 1997). A summary of the success dimensions and their focus areas has been introduced in Table I.

Methodology

This study utilises multiple case studies, following the replication approach introduced by Yin (1994). A case study methodology was chosen targeting at building deep understanding about the business development success in an SME context, based on two successful and two unsuccessful BDPs carried out in four SMEs (Table II). These case companies are later called case A, case B, case C and case D.

The research data consists of:

- Interviews of three persons per case company: an owner/manager, a project manager and a project team member.
- Public information about the case companies and their main competitors.
- Annual accounts of the case companies and their main competitors.
- Observation during the visits.

The interviews were conducted in three parts: first, the interviewee's narrative story about the project and its implementation, second, a semi-structured interview about the success dimensions and third, a structured interview (questioning) based on a set of positive statements. The analysis of the information obtained through the semi-structured interviews was guided by the themes of the interview framework.

	Focus of assessment
<i>Entrepreneurial dimension</i>	
Strength of intention	Existence of crystallised strategy for a company Existence of vision and overall goals for the project Strength of owner-manager's intention to achieve strategy and/or goals Project's connection to strategy Company's willingness to grow
Richness of opportunity arena	Status of industry evolution Promising niche markets
Business ability	Managerial skills of owner-manager, know-how and expertise of owner-manager, ability to capitalise the opportunity arena
<i>Project preparation dimension</i>	
Clarity of business impact	Clarity of identified business impact
Balance between project goals and resources	Realistic project goal and realistic allocation of resources
Knowledge of the area of project	Level of prior knowledge of the area of project
<i>Change management dimension</i>	
Leadership	Behaviour and actions of the persons leading the change
Need for change	Identification of the reasons for the change and effectiveness of communicating about them
Participation of employees	Level of involvement in planning and implementation by those whose work the change will affect
Communication	Effectiveness of information distribution about the changes and feedback gathering
Motivation	Level of motivation and commitment to change efforts
<i>Project management dimension</i>	
Purposeful planning and documentation	Sophistication of planning and documentation
Project organisation and identifying the key persons	Existence of project organisation conducive to the objectives of the project Level of defined responsibilities and authorities between key persons
Control and feedback on progress	Activity of monitoring the plans and performance tracing during the implementation
Risk management and problem solving	Identification of risks, management of risks, sophistication of the problem solving practices
Training	Sufficiency, practicality and level of the timing of training in new processes and operating procedures
<i>Project success dimension</i>	
Technical efficiency	Cost and time: meeting budget goal and schedule goal Quality: meeting direct goals, technical, specification and functional performance
Impact on customer	Customer satisfaction, fulfilling the customer's needs, solving a customer's problem, the customer is using the product
Business success	Commercial success Sales growth rate Market share Operating profits Cash flow from operations Return on investments Cost reduction
Future potentiality	Creating a new opportunity Creating a new market Creating a new product line Developing a new technology Learning over time

Table I.
Success dimensions and
focus areas for
assessment

Table II.
Summary of the case
companies

Case company	Type of business development project	Perceived project success	Age	Turnover/balance sheet total	Number of employees
Case A – Paper converting unit	The empowerment of employees (nature of TQM-project)	Successful	53	€3.5m/€2.8m	20
Case B – subcontractor of the construction business	Integrated service package development	Successful	42	€3.5m/€1.1m	29
Case C – printing house	Targeting rapid growth by internationalisation	Unsuccessful	82	€9.0m/€5.0m	109
Case D – publishing house	New business venture with a new business concept, external project by nature	Unsuccessful	130	€18.5m/€3.2m	159

The case study was conducted following the advice of Miles and Huberman (1994), through the phases of data reduction, data display and conclusion drawing. The collected data was processed and gradually condensed into tables. By focusing on success dimensions, the qualitative data was transformed through selection and summarising into patterns.

The structured interview is based on 66 positive claims with a one to seven-Likert type scale, where 1 denotes that the interviewees fully disagree with the claim presented and 7 denotes that the interviewees fully agree with the claim presented. The answers of the structured interviews (questionnaire) are categorised into factors followed by the introduced framework of the success dimensions. Each factor was given a quality rating in order to describe the status of the factor. The quality rating is based on the mean values and the unanimity in the interviewees' assessments.

Reliability was established through the development of a case study protocol and a case study database. All the interviews were taped and transcribed. Construct validity was established by using multiple sources of evidence, establishing a chain of evidence and by having the key informants' review drafts of the case study. Pattern-matching and explanation building were used to establish internal validity and the external validity was established by using the replication approach (Yin, 1994).

The accounts of four cases, two successful and two unsuccessful BDPs, were used to investigate the framework of success dimensions. The projects and the analysis will be described briefly here. The more detailed descriptions can be found in Forsman (2005).

The five success dimensions as a framing concept

Project success dimension

The success of the development projects is evaluated in the light of the perceived improvements or impairments of the performance (Table III). The improvements are marked with a plus sign (+) and the impairments with a minus sign (-). The project goals are signed by "G".

	Case A Successful	Case B Successful	Case C Unsuccessful	Case D Unsuccessful
<i>Project efficiency</i>				
Time	-	+		-
Cost	+	+	-	-
Quality	+	+	-	-
<i>Project effectiveness</i>				
Impact on customer				
Customer satisfaction	+	+	-	
Corporate image	+	+		+
Delivery reliability	+			
Business success				
Sales growth	+	G +	G -	G
Market share		+	G -	
Cost reduction	+		-	
Operating profit ratio	+	+	-	-
Quality and productivity	G +	G +	-	
Return on investment	+			
Future potentiality				
Market development	+			
Product development		G +	-	
Learning over time	+	+	+/-	+
Employee satisfaction, working atmosphere and level of motivation	G +		-	
Partnership and networking		+		
New practices inside the company				+
Innovativeness – new ideas	+			
Other competitive advantage		G +		G

Notes: + = positive impact; - = negative impact; +/- = both negative and positive impacts; G = Project goal

Table III.
Perceived performance of
the BDPs

As the successful cases indicate, the positive results have been spread widely, covering all the categories of the project success. With regard to the unsuccessful cases, the same phenomenon can be found in case C. The performance changes are as expansive as in the successful cases, but mostly negative in nature. In case D the results are restricted to a lesser degree to the project effectiveness due to the project's external nature for the performing company.

The cases suggest that the internal BDPs have affected the performing organisations widely also in areas and functions not mentioned as project goals. With the successful cases, the success seems to spread out to areas and functions not mentioned as project goals, and also with the unsuccessful cases the failure seems to spread out to other areas and functions. Further, the cases suggest that both the successful and unsuccessful projects produce performance improvements to the company. As a result of learning, in each case the knowledge and the skills of the employees and the managers improved in a way that is perceived to generate benefits in the future.

Case A and case B have been rated as successful, all the informants in the case companies A and B perceived the projects as successful. Both fulfil all the four success

categories. Case C and case D have been rated as unsuccessful. Both of them fail to fulfil three of the four success categories. Only the future potentiality was rated as satisfactory in both unsuccessful cases. In addition to this, all the informants of the case companies in question perceived the project as unsuccessful (Table IV).

An important characteristic of both the successful and unsuccessful cases is that the quality rating of the future potentiality -category is on the highest level as compared with the other categories. Also the unsuccessful cases benefited from the project through learning in spite of the fact that the project was a failure in terms of project efficiency, impact on customer and business success.

When measuring or assessing the impact of the project on the case company and its performance, within every case the success categories were appropriate, but the focus areas inside these categories varied depending on the project and on the company's measuring practices. The assessment of the project success is mostly based on the perceived performance demonstrated by perceptual and quasi-perceptual measures. The objective performance, gathered from the secondary sources and annual accounts, gave support to the assessments.

Entrepreneurial and project preparation dimensions

With the successful cases the strength of the intention and the business ability were at least at a good level. Both case companies perceived these focus areas as critical for the

	Case A	Case B	Case C	Case D
<i>Entrepreneurial dimension</i>				
Strength of intention	Very good	Very good	Good	Very good
Business ability	Excellent	Good	Satisfactory	Fair
Opportunity arena	Good	Good	Good	Very good
<i>Project preparation dimension</i>				
Balance between goals and resources	Good	Very good	Neutral	Neutral
Prior knowledge of the project area	Neutral	Excellent	Poor	Very poor
Clarity of business impact	Neutral	Fair	Neutral	Fair
<i>Change management dimension</i>				
Leadership	Very good	Good	Fair	Neutral
Need for change	Very good	Satisfactory	Neutral	Satisfactory
Participation	Very good	Very good	Neutral	Good
Communication	Good	Satisfactory	Neutral	Neutral
Motivation	Very good	Very good	Neutral	Good
<i>Project management dimension</i>				
Planning and documentation	Satisfactory	Neutral	Fair	Poor
Project organisation	Very good	Satisfactory	Good	Satisfactory
Risk analysis and problem solving	Good	Good	Fair	Fair
Control and feedback	Good	Good	Neutral	Satisfactory
Training	Good	Good	Fair	Neutral
Project success				
Project efficiency	Very good	Good	Poor	Poor
Impact on customer	Very good	Good	Fair	Fair
Business success	Excellent	Good	Poor	Poor
Future potentiality	Excellent	Very good	Satisfactory	Satisfactory
	↓	↓	↓	↓
Perceived project success	Successful	Successful	Unsuccessful	Unsuccessful

Table IV.
Perceived success of different dimensions illustrated by quality ratings

project success. Further, both successful cases perceived the opportunity arena as good, but not very promising.

With unsuccessful cases the strength of intention was perceived at least as good, but as wobbly. The opportunity arena was found attractive. Both unsuccessful case companies lacked the business ability to realise these opportunities. The strength of the intention and the business ability were perceived as key factors of failure. The perceived factors critical to success and critical to failure were similar in the entrepreneurial dimension.

The successful cases had managed to balance the setting of goals and the allocation of resources. In both successful cases the business impact was not clearly defined. Prior knowledge was the factor indicating contradictory quality ratings within the successful cases, being excellent in case B and neutral in case A (Table IV). Case A had started the project without prior knowledge, but managed successfully with the knowledge creation and sharing process inside the company. The evidence from case A suggests that, without prior knowledge, the business development project can be successful if efficient and continuous learning is organised to support the project implementation.

The unsuccessful cases differed from the successful ones in terms of adequate prior knowledge and the balance between goals and resources. The resources were under-estimated in relation to the goals and both cases lacked prior knowledge. The expected business impact was unclear in both the successful and unsuccessful cases.

Change management and project management dimensions

In general terms, the successful cases succeeded in the change management dimension. Almost all the focus areas had good or very good quality ratings, with the two exceptions in case B, where communication and the need for change were rated as satisfactory. Both successful cases regarded the participation of the employees as an important focus area to the project success. In addition to this, in case A high motivation was perceived as a key factor. In case B the high motivation was considered as a source for the high participation. With the unsuccessful cases all the quality ratings of the factors were below the ones of the successful cases.

In general, the successful cases also succeeded better in the project management. All the focus areas were rated between neutral and very good. The planning and documentation had the lowest quality rating. The projects were guided by a strong vision, which was translated into action plans only in the owner-managers' heads. The training provided to the employees was perceived as critical to project success.

On average, in the unsuccessful cases almost all the focus areas of the project management dimension had lower quality ratings than in the successful cases. Similar to the successful cases, also the unsuccessful cases had the lowest quality ratings in the planning and documentation. In addition, the unsuccessful projects were directed on the basis of a strong vision. Both the successful and unsuccessful cases lacked sophisticated planning practices (Table IV).

Success or failure spiral of business development

In general, the successful cases performed well in every dimension, and the unsuccessful cases underperformed in all the success dimensions. The entrepreneurial and change management dimensions had slightly higher quality ratings than the

project preparation and project management dimensions. The project success was a consequence of one dimension and a positive feedback had a stimulating effect on the other dimensions. Figure 2 offers a general view of the successful cases.

The unsuccessful cases performed well concerning the entrepreneurial dimension, but the rest of the dimensions had lower quality ratings (Figure 3). Similar to the successful cases, also in the unsuccessful cases the entrepreneurial and change management dimensions had slightly higher quality ratings than the project preparation and project management dimensions. Both the successful and unsuccessful cases were led by strong visions. Further, both the successful and unsuccessful cases were unwilling or incapable to concentrate on task-oriented functions, such as planning, scheduling the work and supervising the employees in setting and achieving the performance goals. The entrepreneurial dimension had high quality ratings in both the successful and unsuccessful cases. With unsuccessful cases the downhill started by the owner-manager's wobbly strength of intention affected by difficulties to meet project success during the implementation.

This evidence supports the proposition introduced in the theoretical framework. The framework suggests that the success of a BDP depends on a mix of success dimensions. Good performance in one success dimension affects the others. This case evidence suggests that successful business development projects have well-balanced good performance concerning all the dimensions. Good performance in one dimension is not enough to guarantee the project success, but it gives a good base for the other dimensions. The other way around, poor performance in one success dimension affects the others, leading to the poor performance of the project. Project success is dependent on several interrelated factors, and success in one area leads to success in the other

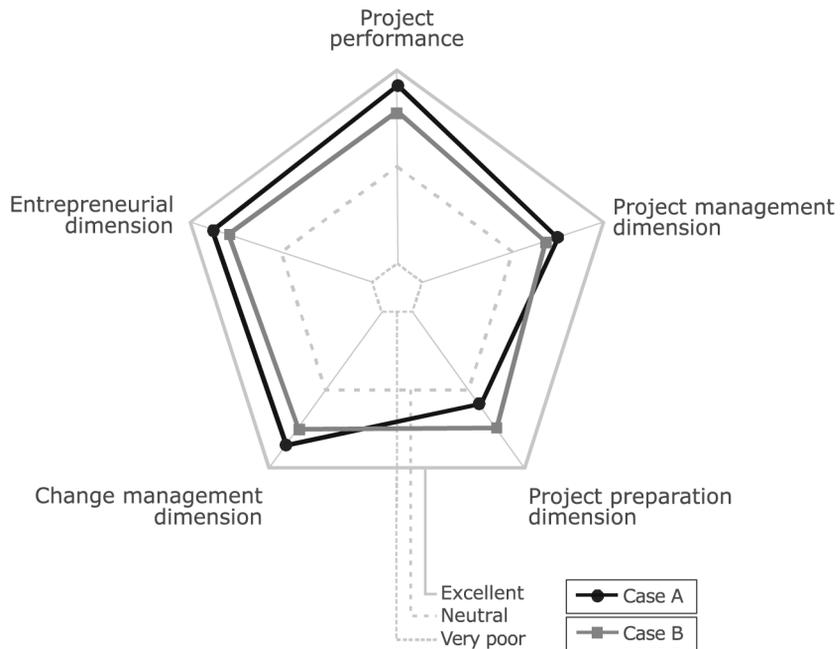


Figure 2.
A general view of the successful cases

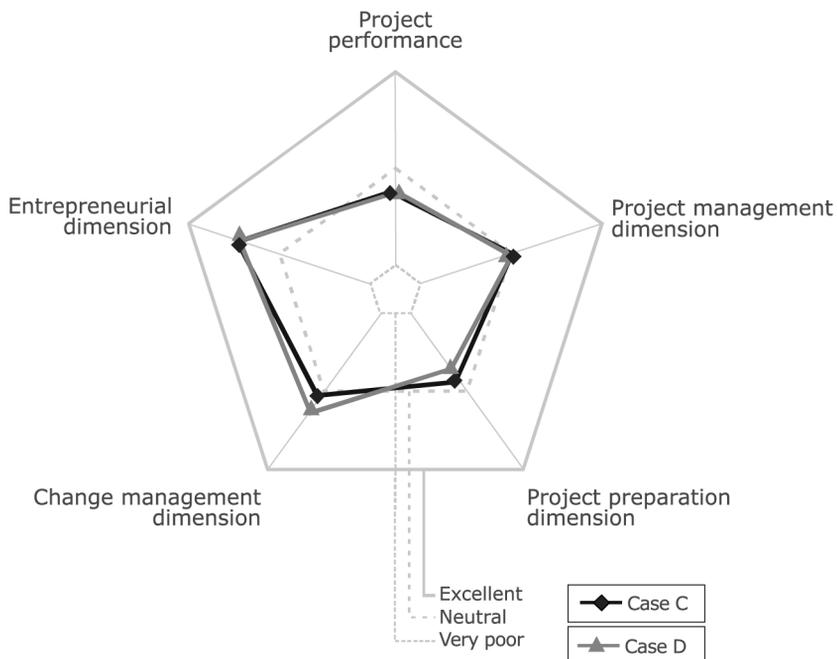


Figure 3.
A general view of the
unsuccessful cases

areas thus creating an upward success spiral (see Pasanen, 2003). Unfortunately, failure in one area seems to lead to failure in other areas, creating a downward failure spiral.

Conclusions

In this study, the BDP success has been studied holistically in its implementation environment, in the SMEs that have already established their business. The framework for success dimensions has been developed providing a systematic way to analyse the BDP and its impact on the performing company. The results may provide a basis for benchmarking one's business and evaluate how well their own firm meets the success dimensions and their focus areas.

The information was largely based on subjective evaluations and interpretations of the reality. This should be taken into consideration when interpreting the results. This study was mostly based on cross-sectional data on projects implemented some years ago. The assessment of the success and performance changes was conducted after the project implementation. Because the project success may vary during the project life cycle, the results of this study may not give the right picture of every phase of the project implementation. It is also possible that the current situation and recent incidents have affected the informants' answers. However, the influence of one respondent was not dominating, because the number of informants was at least three per case company, and because the demand for unanimity was used as a criterion during the case analysis.

The BDPs were implemented as integrated into the daily business of SMEs. It might have been difficult for the informants to distinguish fully and objectively which of the

performance changes were caused by the BDP and which of them were the results of changes in some other issues, e.g. changes in the business environment or competition. Attempts to avoid this bias were made by utilising the multi-informant system, and by collecting information from different sources, including industry key figures and information about competitors. The information from the different sources was triangulated and no inconsistencies were found. However, this possible problem should be noted when interpreting the results.

This study suggests a number of implications with regard to further research. The case study is based on two successful and two unsuccessful business development projects implemented in SMEs, all of them representing companies that already had established their business. The natural further question to be posed is whether there is variation across different kinds of project types implemented in different kinds of companies and representing different stages of company life cycle. These issues, together with the project life cycle dynamics for the success dimensions and the success factors should be studied further.

The present study is based on the cross-sectional data on the projects implemented a few years ago. Therefore, a longitudinal study might be useful to find out how the perceived performance changes through the project implementation and after its completion. The longitudinal study could be useful also to discover how the importance of the different success dimensions varies through the project implementation. Such studies might provide valuable information on the changes and give a basis for developing smart tools to help SMEs in their business development efforts.

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