

# ICSB Gazette

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## MSME MANAGEMENT AND DEVELOPMENT: A BRIEF OVERVIEW IMAGINATIVE MINDSET AND ECOLOGICAL COMMITMENT

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### Abstract

The first part of this paper shares three examples. The first two are MSMEs whose turnover has increased but the enterprise has remained micro-sized in one case and small in the other. The third example is a micro-enterprise that became a multi-national corporation through large-scale reproduction, in thousands of semi-autonomous units, of the entrepreneurial culture originally developed by the entrepreneur in his first micro-enterprise. In the second part, the paper suggests some guidelines to help new venture creators think about how to organize their mindset and continue to be innovative when creating or managing an MSME.

### Importance of ecological and humane values

On June 27, 2019, we celebrate the third anniversary of the International Day of Micro-, Small and Medium-Sized Enterprises. The entrepreneurship community in general, and we at the International Council for Small Business (ICSB) in particular, are grateful to the United Nations (UN) for agreeing to create this special day. It strengthens our commitment and provides an additional means of communication to help reach the UN's Sustainable Development Goals (SDG).

This paper is intended for entrepreneurs throughout the world, in developed and less developed countries, and especially for new venture creators. Recognition of the importance of MSMEs in the development of societies implicitly includes recognition of the role played by entrepreneurs. Entrepreneurs make a difference in people's lives. The products and services they develop influence the way people live, their quality of life and the evolution of their societies.

We were asked to share some of the lessons learned from enterprises in our regional environments. Three examples are presented below.

### Three examples of entrepreneurial configurations

*Guides Canins: A micro-enterprise led by a couple*

*Julie Sansregret*<sup>1</sup> has always been passionate about dogs. She began by giving dog obedience and agility



lessons in her home village of St-Lazare-de-Vaudreuil, a suburb of Montreal, Canada. Her classes were successful. She went on to hire other people to give additional classes, and eventually founded a training school where lessons took place in rented premises, church basements and other temporary facilities. Now, 20 years later, she and her husband own a large, dedicated dog training centre and boarding kennel situated on a 75-acre forested site. They employ five full-time people and roughly 15 part-time kennel workers and instructors. Their dog-student graduates, especially in agility, have won many provincial and national awards. The centre has become one of the best-known and most respected dog training facilities in the country.

*Martin Hogue* is Julie spouse. He is an engineer and was a partner, with three other engineers, in a successful construction firm they created together two decades ago. For many years, he worked evenings and weekends at the dog training centre, helping with infrastructure and organization, and eventually decided to leave his own construction enterprise to work full time with his spouse. He does not earn as much money as he did, but he loves what he does. The couple feel they make a positive contribution to the community in which they live and have created something that makes a difference to people's lives.



At their well-organized training centre, clients can walk dogs off-leash on dedicated trails every day of the year. They can choose from dozens of classes every week in disciplines ranging from basic dog obedience to canicross and scent detection. Julie is a product/service creator and innovator while Martin is a process creator and innovator. He has invented, created and built numerous pieces of equipment and facilities, including special aluminum fences, agility equipment and free, site-wide Wi-Fi access. The couple offers a powerful example of complementarity in the innovation process: the leading entrepreneur creates activities that would not be possible without an imaginative facilitator to design and produce the structures needed for these activities to take place.

*Eva von Gencsy* and *Geneviève Sailbang* danced together in the Chiriaeff Ballet troupe, which was well-known in Montreal in the 1950s and 1960s. Eva went on to become a ballet teacher while Geneviève had to stop dancing as a result of health problems after the birth of her children. Eva heard of a dancer in New York who had developed a new form of ballet based on jazz rhythms. She went to take classes on Broadway and developed an adaptation of the approach in a dance school that she set up with other dancers. However, it was not easy for them, as artists, to organize and manage their school, even though it was fairly small.

Eva and Geneviève met one day by chance, in the street. Geneviève was from a family with extensive project

management experience. Although the two women had not seen one another for several years, Eva was able to convince Geneviève to join her at the school to help manage it.

Geneviève's husband was the CEO of a large multinational corporation and was a respected member of the business community. He and Geneviève organized a number of fundraising events, inviting large groups of business leaders to their sumptuous home in an élite neighbourhood of Montreal. The substantial amounts they collected were used to develop the Montreal Ballet Jazz troupe, which went on to tour internationally and became a true ambassador of this new form of dance.

Geneviève also developed the dance school by adding additional activities and courses in towns throughout Québec to teach jazz ballet. Together, the entrepreneur who imitated and created a new dance concept and the management process innovator were able to develop Montreal Ballet Jazz into an unprecedented international success story.

In his late teens, Alain Bouchard finished high school in a small town in eastern Québec and moved to Montreal, where he found a minimum-wage job in the textile industry. One of his older brothers ran a franchised convenience store. The chain's rules were strict and the opening hours (7 a.m. to 11 p.m.) were long. His health was suffering, and he asked his younger brother Alain if he would take over the weekend shifts.

This was Alain's first job in the retail trade, so he kept his eyes open, observed carefully and listened to the customers. He quickly understood that the store did not sell many of the products its customers wanted. So, every weekend, he would buy inexpensive lots of these products from wholesalers and place them on the counter near the cash register. Within a few weeks, he was earning more from the sale of these products than from the minimum wage his brother was paying.

It was not long before he opened his own independent convenience store in another town. It worked well, but he realized that the market potential was limited by the size of the neighbourhood. So, he opened another store in a better location. For his subsequent stores, instead of creating new businesses from scratch, he decided to purchase existing stores so that growth would be faster. Every time, he increased and even doubled the new store's turnover within a few months. He then began to acquire small chains of 10 to 20 convenience stores. After 10 years he owned several hundreds of convenience stores. Sales were growing and so were profits.



Alain Bouchard spent decades shaping every one of his store managers and employees into intrapreneurs, based on his own model: a strong focus on observation, good listening skills and a clear understanding of the needs, wants and interests of the store's customers, so that the store could carry products that would sell. Prior to the acquisitions, most of his

managers and employees had spent years following orders from bureaucratic head office managers they had never met. They had trouble believing the CEO was in the store with them, or that it was possible to change the rules and methods to suit local needs.

Alain Bouchard even went a step further by developing locally adapted strategies to attract customers. In Iowa, for example, one of his newly acquired chains gave free ice-cream to children with a purchase of gas on Saturdays. In another state, his stores gave away free hot dogs on Sundays to customers who purchased gas. He introduced many such strategies, and their impacts on sales were impressive. Alain also surrounded himself with collaborators who became highly innovative facilitators in assessing and reviving newly acquired chains. He began to make large-scale acquisitions, sometimes operating them as franchises and sometimes as the owner. Nobody on the planet has ever acquired more convenience stores than he has.

Alain has recently retired. He is no longer the CEO of his enterprise, which now has more than 80,000 employees in all, only 18 of whom work at the Montreal head office. His enterprise has one of the largest turnovers of any enterprise in Canada. He owns the highest number of convenience stores in the world (under several names, the largest of which is Circle K). However, even though he retired as a billionaire – as did his key facilitators -, Alain continues to make acquisitions and meet store managers to teach them how to read environments and improve sales. It is what he loves doing.



**Profile of new venture creators: Innovation and focus on multiple forms of added value to clients, to the enterprise, to the employees and to the owner**

Venture creators benefit if they start by defining their values, goals and objectives and forming a coherent picture of their own situation, so that they can lay down solid foundations for their enterprise. Socrates advised his disciples to “know thyself”. It is important for venture creators to know who they are as people, to be aware of their own strengths and weaknesses, and to identify the complementary skills they will need in the people around them.

It is important for them to consider different facets of the new venture creation innovation process - innovation not only in products and services, but also in the processes needed to bring those products and

services to the market, including the technological, financial, marketing, operations management, human resources and other structures.

After teaching venture creation for several decades in a wide variety of countries, contexts and programs, I have seen far too many projects that have been launched too quickly. In most cases, preparation that is rushed does not provide a clear enough understanding of what is being targeted and prevents the right types of people – those able to take care of operations properly – from being hired.

In the launching and development of any new venture, it is not only innovation that is crucial. The complementarity of the people who surround the creators will make a difference and will allow the entrepreneurs to keep working *on* the business. If the level of innovation is insufficient, creators must continue to work *in* the business. When this happens, it takes far too long to achieve the level of added value needed for the business to become truly profitable. Insufficient innovation is often the result of cutting corners during the preparatory phase. The practice of entrepreneurship is not an individual process, it is a collective process. Venture creation involves shaping an accurate social structure.

All the creators in the cases described above demonstrated good innovative capabilities and were able to be successful because they surrounded themselves with people, both inside and outside the enterprise, who had the complementary skills needed to ensure the success of their vision.

### **The value of imaginative intelligence and self-space**

MSMEs come in a wide variety of forms and most remain micro-sized, employing fewer than ten people. Even so, these firms are responsible for more than 80% of employment in every country throughout the world. Many stay small because they operate in service sectors or retail sectors serving a limited client base, for example in a specific neighbourhood. Others grow but maintain small structures because the entrepreneur-creator subcontracts most of the activities.

Regardless of these variables, research into MSMEs in different countries and contexts has revealed that, for a business to remain healthy and lucrative, a certain number of guidelines must be followed, some of which are listed below. *Guideline 1: Dare to dream*

It is important for venture creators to allow themselves to dream. They can then imagine ways of bringing their dreams to fruition and take the steps needed to do so. People usually become what they truly want to become, although sometimes their final destination may not be what they originally imagined. Dreams evolve and take different directions, and sometimes transform into visions that provide the guiding thread needed to move forward into action.

#### *Guideline 2: Observe, listen, learn and keep pivoting*

Many entrepreneurs and venture creators are self-taught. They are explorers, curious people with good observation and listening skills. They learn by structuring and restructuring fuzzy contexts, in contrast to many highly educated people, who tend to incorporate the things they observe into pre-established structures. By observing and listening, entrepreneurs are able to keep learning and pivoting to meet the needs underlying the products or services they have created.

#### *Guideline 3: Imagine and never stop innovating*

Imaginative intelligence makes all the difference when creating an opportunity in response to a need and when designing the vision to address that opportunity – in other words the space to be occupied on the market and the type of organization required to do so. The vision serves as a guiding thread for strategic and operational decisions, in particular concerning the use of human, material, technological and financial resources and the resource that most entrepreneurs are most short of: time.

*Guideline 4: Relate, communicate, inspire and motivate*

Entrepreneurs usually design their products or services, but they need facilitators to design process innovations in the areas of marketing, finance, operations management, technology and so on. More than 75% of all firms are now created by teams. If the firm is to maintain its space on the market, it is vital for the leading entrepreneur to communicate constantly and coherently, because the initial innovation will continue to develop.

*Guideline 5: Achieve*

Many people work on innovations, but entrepreneurs are different because of their ability to move from innovation to action, implementing the things they have imagined using as few resources as possible. An entrepreneur's interest in and commitment to the product or service often generate the passion and energy needed to keep transforming, reinventing and innovating. Entrepreneurs work to occupy a space in the market, and as they do this, they must also leave space for their collaborators to keep expressing their imaginative suggestions. This is especially true for the facilitators who are their process innovators, as we saw in the cases described above.

**Innovation needs ongoing learning combined with continuous expression of an imaginative mindset**

Successful entrepreneurs dream, imagine what they need to do to bring their dreams to reality, and then dare to take action. This process requires stimulators, such as travel, and various other learning referents. Stimulation kick-starts the imaginative process needed to begin and continue to innovate. This applies to everyone involved in an innovative process. It is impossible to overstate the fact that entrepreneurship is a collective process. The kind of innovative spirit developed in a team will make a difference.



## About the International Council for Small Business (ICSB)

The ICSB Gazette is a weekly edition of a key topic that ICSB will showcase. The content is varied from research, practice, policy, and education. The editor of the ICSB Gazette is Mr. Kyle Lyon, ICSB Junior Project Manager. He will be soliciting ideas and articles from ICSB members world-wide.



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#### Comment:

This Gazette issue is from the 2019 MSME Report.

Dr. Ayman El Tarabishy

### Contribute:

Have a topic you would like to see or an article to share? Please submit for consideration to

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