Evaluating the receptivity for change of finance departments in awarded West Midlands SMEs and their role in Strategic Change and delivering Growth

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WHO AM I?

Gabriela Butler ACMA, CGMA
Transformation for Growth Project, Aston Business School (2013 - now)
WM CIMA Committee (2012 - now)

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WHAT I DID

**Evaluated the receptivity for change of finance departments in awarded West Midlands SMEs and
their role in Strategic Change and delivering Growth**

- Good practice in successful & high growth SMEs -> focus on receptivity for change in finance department

  And

- Tested two research hypotheses: there is a positive relationship between receptive to change finance departments and 1) high growth and 2) implementing successfully strategic changes in SMEs

WHY THIS TOPIC?

- **SMEs are 99% of total businesses:**
  - Governments expect them to create new jobs and drive growth.
- **Barriers to growth:**
  - “the lack of *determination to bring about change*”, Larsen and Lewis (2007)
  - *“change fatigue and change resistance”,* Frahm and Brown (2007)

SELECTION CRITERIA

- *SMEs*
  - *West Midlands region*
    - *Award winning businesses*
      - *National or international level awards*

8 PARTICIPANT SMES

Industry	Travel	Renew-able energy	Cons-truction	Demo-lition	Manu-facturing	CO detector	IT	Retail
No. E'es	103	15	48	150	30	75	70	80
No. Fin E'es	10	1	3	5	3	8	7	7
Age (years)	13	6	50	50	50	13	21	7
Rev (£m)	50	3	20	17	8	37.2	42	18
B/S(£m)	1.5	0.3	1.5	6	3	11.6	2.4	11

DATA COLLECTION

- ***Stage 1***
  - *A survey assessing the receptivity for change of a range of finance departments:* **variation in the practice of finance departments**. A reliable and validated scale designed by The ESRC TRANSFORMATION Project.
- ***Stage 2***
  - *Conducting further in depth semi-structured interviews in SMEs at the end of the scale in receptivity for change:* **reveal employees' deeper thoughts and personal experiences.**

STAGE 1 SURVEY FINDINGS

- Major changes taking place in whole organisation and finance department
- Low – medium uncertainty in the environment (however nearly half of them feel threatened by tough price competition)
- Theory predicts low threat from the environment triggers low “receptivity for change” – no need to change. The results contradict & show: high receptivity for change
- Well utilised organisational capabilities and resources
- High competitiveness and performance

STAGE 2 - INTERVIEWS FINDINGS

- **Case studies in-depth interviews**
  - "Just because it works doesn't mean is good enough…" (FC)
  - "Like Madonna, we are always looking to re-invent ourselves…" (CFD)

INTERVIEWS FINDINGS CONTINUED …

- Significant variety in practices when implementing changes

- Common facts across respondents:
  - High receptivity for change
  - Major continuous changes (systems, investment & reporting)
  - Strategic financial planning
  - FD is a key board member
  - Cash, working capital and performance are close monitored
  - Attracting and holding “quality staff”

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TAKE HOME MESSAGE

There is a positive relationship between receptive for change finance departments and:

1. High growth

2. Implementing successfully strategic changes

RECOMMENDATIONS

- ✓Nurture change culture in finance department
- ✓Involve finance professionals in strategic changes and decision making

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Thank You For Listening

- Questions?

- Interested in becoming Transformation for Growth Project beneficiary ?

- Email info@thetransformationproject.co.uk

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