Professionalism and financial developments in manufacturing SMEs

QUIJANO-GARCÍA, Román Alberto*†, AGUILAR-TELLO, Jorge Raúl y ARGUELLES-MA, Luis Alfredo

* Correspondence to Author (email: )
† Researcher contributing first author.

Universidad Autónoma de Campeche

Received January 8, 2014; Accepted June 12, 2015

Abstract

In family SMEs the management positions are traditionally occupied by the children as likely successors, with the intention to prepare them for their functions and create awareness of the responsibilities and commitment that represents, however, in several occasions there are not considered the aspirations or capabilities of the family members that not necessarily converge with the goals of the business. The case under study is an uncommon example of the decisions made by a leader who faces the dilemma of professionalizing the management positions with staff outside the family due to the lack of identification from the family members with the goals of the business, or allow that their financial position could be discredited at the point of jeopardize their existence.

Financial position, strategic management and professionalization.

Citation: QUIJANO-GARCÍA, Román Alberto, AGUILAR-TELLO, Jorge Raúl y ARGUELLES-MA, Luis Alfredo. Professionalism and financial developments in manufacturing SMEs. ECORFAN Journal-Spain 2015, 2-2: 110-122
Introduction

The Mexican government, through the Official Gazette of June 30, 2009 indicates that MSMEs are "fundamental to the economic development of member countries, thus contributing to employment and its contribution to Gross Domestic Product ". According to information obtained from the Economic Census 2014 prepared by the National Institute of Statistics and Geography (INEGI, 2015), in Mexico there are 5'654,014 of economic units, and according to its method of tour 99.8% are Small and Medium Enterprises (MSMEs), which create 74% of jobs and generated 35.9% of total Gross Domestic Product (INEGI, 2015). The constant challenge is to establish mechanisms of survival for these organizations to develop remain in time.

Theoretical reference

According to literature, to decide who manages an SME and the time begins its management is one of the widespread problems in these organizations, usually the decision was initially leaning towards a relative of the leader or founding partner, however factors the degree of commitment, performance and adherence to corporate culture can cause the final decision rests with an unfamiliar professional manager.

Professionalism in SMEs

Olazarán, Albizu, Lavia and Otero (2013) assessed the relationship between vocational training, SMEs and innovation in industrial entities and thus be able to identify the role of the first to the positioning of the companies in the market. The results show that despite the notable inclusion of professionals and technicians in the operation of these organizations is emerging recognition of the role that they occupied by companies, originated from insufficient connection with innovation systems.

In a comparative study of the financial and administrative profile in SMEs in Mexico, developed by the SME-CUMex Red (2010), it was determined that more than a third of employers in the study population (State of Mexico, Hidalgo, Puebla, Sonora and Tamaulipas), rarely or never perform human resource practices such as recruitment and selection, promotion, wage and salary programs, incentive plans, programs and safety and risk prevention, which is reflected in a lack of suitable staff selection methods to motivation and development.

Zapata (2004), made an analysis-diagnosis of the difficulties Colombian SMEs considering internal and external influences in nine cases developing a comprehensive systemic diagnosis, included among its strategic areas of strategic orientation, knowledge management, logistics, marketing, environmental , communication, financial and human resource management; in this regard noted that the activities of human resources are made informally with recruitment by recommendation, you do not have profiles of the charges, it does not take into account the training and the training is done quickly and career development does not obey a performance evaluation.

Shu-hui and Shing-yang (2007) developed a study where they question who should lead a family business, does a family member? Or a professional manager? And the impact of this decision on the performance of the organization. They try to identify companies and their characteristics that must have when the administrator belongs to the family or on the contrary, those whose features suggest a better result with the guidance of a professional manager, ie a foreign executive to family.
To analyze the performance of both types of executives and the results show that firms with low requirements in management skills and high potential for expropriation tend to select as CEO a member of the family that is also known as nepotism they give prominence to blood ties and not to the ability of the manager. On the contrary, when the family business has a poor control and requires cash flows tend to select a CEO that allows them address these needs primarily evaluating their experience, culture and capacity.

Shu-hui and Shing-yang (2007) applied an empirical method that includes variables such as the degree of risk and development, firm size, expandability, cash flow and ownership structure. The study was conducted with a sample of Thai companies and shows that they prefer mostly hiring a professional CEO and turn the analysis of professional and personal characteristics that should have it done by a professional agency to conduct the Initial election, this situation arises when the same companies recognized to have a high need for efficient administration and require improve the overall performance of it not risking their cash flow requirements experimenting with CEO's family.

Royer, Simons, Boyd and Rafferty (2008) conducted research in support aspects pointing literature as to why choose as a successor to a family, not a professional manager in family SMEs. The study was developed over 860 Australian companies, allowing them to determine which specific knowledge of features combined with a favorable atmosphere transition, in certain contexts, make a family member the ideal choice, although several studies indicate that nepotism is generating conflicts in organizations, especially when other participants within the firm are interested in leading your future but unfamiliar.

Royer et. al (2008), focused their study on whether the election as successor of a family is more successful in an industry that in another, as seems to occur in the construction industry and the craft sector.

The study was based on the theory of transaction costs which assesses the likely costs of transferring knowledge signature to outside directors; and finding them to be as low as possible; as this transfer has to publicize internal family values (honesty, mutual support) and different types of knowledge directly related to the business activity (operational, administrative and current technology as well as planned and strategic planning); This transfer must occur within a communication process established and tested within the organization to avoid deviations in the same given to you at the chosen successor. Maybe the transfer of administrative control and family values is not seen as something complex, but just imagine those cases you have to give to know and trust to an unfamiliar successor information and protects patent It is the axis on which turns the family economy. Also you have to imagine how to explain or establish communication with a non-blood successor when to transmit the ethical values of predecessor and family together to be seen and even encouraged by him; this stage is known as idiosyncratic knowledge and usually has family members at management level.

Roger, et al. (2008), designs a contingency model for succession in family businesses, and to identify whether the likely successor is familiar or not; it has general knowledge of business management and technological aspects of the industry, posing for it the following scheme:
General knowledge of the specific industry of domestic successor of the family (CGIE1) more specific technological knowledge industry internal successor (CTEI1) more knowledge and specific experience in the family business of a successor outside the family (CEEE1) It must be equal to or greater than the general knowledge of the specific industry unfamiliar successor (CGIE0) more specific technological knowledge industry unfamiliar successor (CTEI0), which can be expressed as follows: (CGIE1) + (CTEI1) + (CEEE1) ≥ (CGIE0) + (CTEI0).

Overall compliance with the amounts as proposed in the formula leads us to conclude that if the domestic successor gathers all the elements required, then, may be who directs the company; otherwise you should opt for an external professional manager to the family.

Leadership in SMEs

Velázquez (2005) proposes an empathic style of leadership as an alternative to the Mexican organizations in the design of their schemes of work and organizational structures around work teams through a leader, achieving high performance aiming at the full integration of human capital and optimal utilization of material and financial resources.

As Mendez (2007) notes the management in SMEs can be considered easy because their organizational structure is simple to focus in leading decision-making. Mannucci (2007) states that the design and use of new tools that allow them to manage their resources, strengthen their relationships and their products in a dynamic and complex context, therefore the leader faces uncertainty when conditions intended design is necessary for these organizations strategies for the future of organizations.

Competitiveness in SMEs

Many of the elements defining the concept of competitiveness for some years have begun to be overtaken by a reality that today is characterized by a highly demanding and dynamic market. The globalization of markets, the emphasis on technology, quality products and service to customers make up some of the main guidelines that companies must address as a priority if they want to be left behind compared to its competitors. In the case of Mexico, as well as most Latin American countries, it is important to consider the role that SMEs have played as drivers of economic and social development. In a survey conducted in 1991 by the Mexican Institute of Small and Medium Enterprises, Mexican entrepreneurs identified the following as the main problems of SMEs (Bensusan, 1996): a) lack of stimulation and excessive tax burden, b) absence adequate and timely financing, c) price controls, d) shortage of technically trained for all levels work, e) bureaucracy, f) inconsistent government support programs and lack of credibility in them, g) excessive government inspection h) duplication of government agencies related to SMEs. In addition to this list, drawn up by employers, many scholars agree that the informality and paternalism are also two conditions that have recently benefited SMEs in Mexico.

The need for competitive SMEs is a local concern but has been detected in different countries and excludes sectors such as tourism as noted by Rodriguez and Stew (2002), in the study of competitiveness and strategic analysis of tourism in Galicia, Spain aware that tourism is capable of stimulating the economy, which is reflected in its contribution to GDP, although not all tourist areas exploit their full potential, therefore they suggest the need to redefine strategies collective to maximize their comparative advantages and to turn them into competitive advantages.
Having as main objective the sustainability of the activity over time.

Meanwhile, Lillo, Ramon and Seville (2007), analyzed the human capital as a strategic factor, which they consider key in a new international context to bring intangible but differentiating values that become competitive advantages. These authors state that the personnel working in SMEs must have derived from education policies that raise the quality of human resource training services with which it is told, and no one would like to have, Figure 1.

![Figure 1 Human Capital and Competitive Advantage.](image-url)

For the services sector, the human factor is inextricably linked to the process, becoming a link in the value chain, and the customer perception of the quality level achieved compared to the initial expectation (Lillo, Ramon and Sevilla, 2007).

**Profitability in SMEs**

These organizations face problems affecting profitability regardless of geographic location and hence its stability in the long term as stated Rivera (2007), in the study developed to assess factors affecting the capital structure of SMEs in the garment sector of Valle de Cauca (Colombia) using the economic and financial analysis, finding that a high or low level of indebtedness and its cost are decisive factors for the selection of financing which affects the cost of capital.

In Venezuela Restrepo and Vanegas (2009) analyzed the financial profile of SMEs through an empirical approach which concluded that the return on assets (ROA) acquired through financing, often negative because remain idle in Mexico Navarrete and Sansores (2010) analyze the profitability based on the Theory of Hierarchies and an econometric model applied in a sample of 317 SMEs established in Quintana Roo, Mexico, and the results suggest that the age of the company and its size determines the financing policy which it reflected in the structure of capital.

**Current situation of external financing for SMEs**

According to Vargas (2003), most SMEs lack the necessary management to become innovative, self-sustaining and growing units, being part of this problem the difficulty they face in obtaining financing that favors the development of strategies and generation resource. Casasola and Cardone (2009) note that in the case of Spain, opacity in the management and the high concentration of risk are two of the main problems that traditionally have faced these organizations in obtaining financing, whose lack in often prevents them achieve significant growth and restructuring cases of financial insolvency costs for the refinancing option also affect the capital structure as studied Aybar, Casino and López (2006) in the case of Spanish SMEs crisis.

Most MSMEs do not opt for financing from commercial banks, (Echavarria, Varela and Morales, 2007) coupled with the limited availability of credit, which warrants a question: what are the sources of financing of MSMEs are? Although financing alternatives are not most of the time an option for businesses in Mexico (excluding credit from suppliers), the main sources are:
Professionalism and financial developments in manufacturing SMEs.

Research methodology

According to Yin (2003), the case study is an empirical investigation of a contemporary phenomenon in its real context, where the boundaries between the phenomenon and context are not displayed accurately, and in which multiple sources of evidence are employed. The case method seeks not only to identify the factors that affect a phenomenon, but detailed knowledge of these factors in the analysis units (Marcelino, Baldazo and Valdes, 2012).

Methodological design

According to the classifications proposed by Yin (2003), the methodological design used for the analysis of this case is illustrative type, it presents or exemplifies the phenomenon under investigation under a particular theoretical approach.

Professionalization of senior management and financial developments, which are described through the problems that arise in the company where they carried out the intervention, which is analyzed under different theoretical approaches were considered as the main units of analysis presented for these constructs.

The case design is nested, it is constituted by a single phenomenon with more than one analysis unit (Yin, 2003).

Development of the case

Company Background

Biosynthesis S.A. CV is constituted in August 1998 as part of a group of companies with family background, focused on product development manufacturing value-added of the primary sector. Administrator knowledge of the company and head of the business group (Raul), develops an interest in forestry and agricultural products (dyewoods) for production of dyes for the leather and textile industry, this led him to conclude a strategic partnership the National Polytechnic Institute resulting in the creation of a jointly research center biotic products aimed at developing new products from species endemic to the region. This work began in late 1978 two projects were generated: a) natural dyes own wood from the region (wood and wood red mulberry) and b) extraction of concentrates from the aloe vera plant known in the region as aloe.

The process began in the state of Yucatan able to generate a range of aloe vera products in liquid forms and powder for the food industry and cosmetics. The goal initially was the American market and the products are marketed through a representation of the same company located in Miami Florida, however, this decision generated some internal problems in the company that was not allowed to grow financially:

a) Lack of market and dependence on a single client that was part of the same group, which did not allow for sensitivity to the needs and expectations of it.

b) Lack of liquidity, since the shape distribution generated a very low profit margin.
c) Both management and the sales were in charge of the administrator who because of their multiple roles within the group not established a comprehensive plan and business strategy.

d) Not had an adequate costing system that would allow timely meet the costs of production and margins (a situation that was repeated in the pricing of retail dealer and actual market prices).

From the transfer of businesses to the city of Campeche in 1998, we tried to change the way you manage the business, then the children of the household were already adults. The first intention in this change was to allow the eldest (Angelica), which lay in Campeche, administer the business, and see the distributor jointly with the second daughter living in Miami (Georgina). However this change, how to manage and especially the decision followed within the same dynamic, always being centralized in the founding partner.

By 2000 after participating in an international fair in the natural products industry, the interest was in the market to focus on food products more natural value (biotic products) was observed, generating a new product concept: 1) Liquids aloe vera concentrated base products for the food and cosmetic industries, 2) concentrated aloe vera powder as a base for cosmetic products and medical industry, and 3) nutraceutical drink with concentrated flavors of aloe vera active end product for consumption, (a nutraceutical compound can be defined as a dietary supplement, a concentrated bioactive natural substance, usually present in foods and that, taken in excess of the dose existing in those foods has a favorable effect on health, greater than You could have normal food).

Therefore, the alliance with the National Polytechnic Institute and through the support obtained through a project submitted to CONACYT jointly with biotic development center IPN resumed, resources were obtained to develop the process of developing the new line of beverages. The result of this research was drinks for final consumption of concentrated aloe vera natural flavorings: a) jamaica, b) pear, c) handle, d) maracuyá e) natural.

During this time, Biosynthesis followed in the manufacture of its original products, starting to gain market share and sales levels, liquidity and financial aspects began to change amount so before the administrator's decision.

"... In the expectation of demand for the new product it will be impossible that the current form of distribution to cover all needs, so the distribution of liquid concentrates and powder to remove US to concentrate all efforts on the distribution drinks.... "Raul.

The above decision was positive from the point of view sales and market knowledge as Biosynthesis went from two customers in 2000 to over 25 by 2003. However, the method of administration remained unilateral and Angelica showed little commitment the company (and by then decided to create his own trading and vehicle leasing company), this was reflected in erratic financial results.

Innovative processes

All tests proved positive on a pilot basis and product interest in foreign markets seemed to be growing prompting the CFO to make a decision in 2003 that eventually generate a radical change in the company.
... We have it could not find an appropriate way to maquillage a new product - commented one day - so it is important that Biosynthesis have its own production and bottling line ... "Raul.

After several unsuccessful attempts at commercial banks in late 2004 BANRURAL support was achieved by means of a credit of $2 million for the purchase and installation of a bottling line first level conjuntándose with the company BEPENSA transfer by way of loan from a blower PED equipment for the production of the bottle in the plant and minimize costs. Credit conditions gave a period of two years to start amortized and interest payments; however the automation of processes must increase production and reduce costs thereof.

For 2006 we have a critical situation and that factors not considered initially gave the administration:

a) Family and personal

1. Angelica decided definitively gets away from the company, 2. Georgina decides to come and live in Campeche after many years, closing the representation in the US and 3. An important disease financial manager (Raul), it moves away a long time of it.

b) Market and Finance

1. Although the project had facilities and processes, visualized now that was not the same sell concentrates focused to a very specific sector customers; to drinks that are consumer and require a major network marketing and logistics and distribution, 2. The project was delayed in the payment periods and credit he was restructured twice while BANRURAL disappeared and Rural, which was the new financial institution, could qualify the portfolio risk and 3.

Although the traditional concentrated range of products had grown significantly, it was insufficient cash flow generated to cover all the needs of the new line product, the net losses of the company were important, as is reflected in the indicators in Table 1:

Table 1 Financial ratios at the end of 2006.

<table>
<thead>
<tr>
<th>Year</th>
<th>Accounts receivable turnover</th>
<th>Inventory turnover</th>
<th>Liabilities to capital</th>
<th>liquid reserve</th>
<th>Return on investment</th>
<th>Return on equity</th>
<th>utility</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>60.5 days</td>
<td>682 days</td>
<td>21.8</td>
<td>2.10</td>
<td>0.9%</td>
<td>-2.3%</td>
<td>4.30%</td>
</tr>
</tbody>
</table>

As the recovery period can be seen accounts receivable is greater than two months and inventories are low turnover; asset investment and capital is not profitable and incurred significant net losses.

In 2007, before the complexity of the financial situation, options to move forward with the project, which was in danger of falling into arrears before a maturing, are sought:

"It is overwhelming ...... this situation, raised the administrator, I do not see the interest of my daughters by the company, I am sick and elderly, will not allow the company disappears, I prefer to sell or lease part of it, not I considered the aspect of marketing the product .... "Raul.

In mid-2007, after attending a trade fair of the food industry in the United States, Raul met the CEO of Chato Group, a leading Mexican company in the sale of Mexican products with demand in the United States and leading brands placing the north, also had the license for production and distribution of leading brands of drinks and especially an important distribution network throughout the United States.

After Chato Group undertake valuation work, outer self-interest to bid for the 51% stake in Biosynthesis under the following conditions:

ISSN-On line: 2444-3204
ECORFAN® All rights reserved.

a) The resources obtained with the purchase of capital would apply to the full settlement of the debt with Rural by the bottling line.

b) The bottling line would move to the city of Mexicali, to use its full capacity in the production of the drink (new for them because their knowledge was on soft drinks) and traditional products (Jarritos and stately Sangria).

c) Administration of Biosynthesis is completely Chato who included Biosynthesis Group as a subsidiary sending a new general manager.

d) Pressure founding partner is designated as sales director Georgina (living in the United States, had greater knowledge of the company and showed interest therein).

e) The founder and head of the family, socio remained as honorary president of the board of Biosynthesis without voting rights.

Analysis of the particular problems

In this case an unusual dilemma occurs in family SMEs, since the founding partner must decide before the process of succession, which was leaving the administration of the company, given the lack of interest and commitment to be presented the children and the pressure of the financial situation. According to Shu-hui and Shing-yang (2007), the decision of the administrator is a result of the attitude observed by his successors in the future, reacting to the poor control of production costs and effective low flows. The strategic alliance concluded between Biosynthesis and Chato Group resulted in the implementation and innovation of various processes such as: 1.

The practice of formulating budgets for the entire company and learning from all staff, 2. Establishment of operational goals and financial, 3. Preparation of financial reports and monthly reports to the board meeting, 4. Registration of all areas and constant supervision, 5. Rethinking processes costs, 6. International certifications to be in a position to attract new customers, 7. It does have a complete organizational chart, with job profiles and set of objectives for staff, 8. a series of indicators for each department that are useful for measuring performance is generated, 9. programs begin weekly meetings at all levels to disseminate information and also identify problems and 10. It generates between staff continuous improvement teams.

In late 2007, and once materialized alliance, Group Chato decides that the draft beverages will be absorbed by corporate within their structure of drinks as the experience gained leads to that is better than Biosynthesis will focus only the development and consolidation and concentrates on the development of new projects; (Special needs of some clients of specific concentrations of active aloe, and a new process to take advantage of the stalk of aloe so far considered as regular waste), the above coincides with that indicated by Castellanos (2003) and Mannucci (2007), noting that both the management and the organization in innovative SMEs to transcend formalized, with no significant influence of the leader confused with interference processes.

As a result of the professionalization of administrative and operational structure of the company it managed to evolve positively in the period 2007-2011, as shown in Table 2:

<table>
<thead>
<tr>
<th>Year</th>
<th>Accounts receivable turnover</th>
<th>Inventory turnover</th>
<th>Capital turnover</th>
<th>Liquid ratios</th>
<th>Return on investment</th>
<th>Performance Capital utility</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>37.4 days</td>
<td>422 days</td>
<td>0.71</td>
<td>1.46</td>
<td>-6.7%</td>
<td>1.59%</td>
</tr>
<tr>
<td>2008</td>
<td>36 days</td>
<td>281 days</td>
<td>1.81</td>
<td>9.22</td>
<td>9.8%</td>
<td>10.5%</td>
</tr>
<tr>
<td>2009</td>
<td>26 days</td>
<td>158 days</td>
<td>1.80</td>
<td>10.96</td>
<td>10.3%</td>
<td>11.82%</td>
</tr>
<tr>
<td>2010</td>
<td>26 days</td>
<td>157 days</td>
<td>1.77</td>
<td>12.91</td>
<td>11.8%</td>
<td>12.55%</td>
</tr>
<tr>
<td>2011</td>
<td>35 days</td>
<td>105 days</td>
<td>0.18</td>
<td>9.27</td>
<td>20.3%</td>
<td>19.32%</td>
</tr>
</tbody>
</table>

Table 2 Financial ratios for the years 2007-2011.
By 2012, after a period of recovery, a number of factors both the regional and international context were presented, as well as internal aspects that made the financial results fell drastically and forced the administration to establish a rethinking of business plan, as suggested Kokocinska and Rekowki (2013):

1. A significant drop in the market before the financial crisis occurred in Europe
2. Extreme drought in the region and stop producing plantations (in this regard the weakness of not having carried out a development plan providers identified)
3. Internal costs rise (amid falling sales and lack of supplies is decided, however, retain the staffing in order not to lose the knowledge and experience thereof). The financial results are shown in Table 3:

<table>
<thead>
<tr>
<th>Year</th>
<th>Accounts receivable turnover</th>
<th>Inventory turnover</th>
<th>Capital Liabilities</th>
<th>Liquid ratio</th>
<th>Return on investment</th>
<th>Capital Performance</th>
<th>Utility</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>48 days</td>
<td>285 days</td>
<td>0.19</td>
<td>7.30</td>
<td>-12%</td>
<td>-16.3%</td>
<td>2.72%</td>
</tr>
</tbody>
</table>

Table 3 Financial ratios at the end of 2012.

In developing plans for 2013, a major weakness in the sales structure (until Georgina continued to face far as sales director), also has the strength to go on promotional events abroad is detected and at the same time, as did Angelica also begins a new personal business what limits your attention and market research, this is in contrast to the findings by Royer et. al (2008), who believe that senior management in a family organization should rest with the family, because they will have a greater responsibility to safeguard family and corporate culture, which does not occur in the case analyzed.

Against this background, it was decided with the consent of the honorary president (founder of Biosynthesis partner) Georgina liquidate. CHATO Group hires an external recruitment office to locate the new sales manager who once hired participated in the formulation of the 2013 budget, the plan includes: 1. professionalize the sales department, 2. investing in trademark, 3. Consolidate certifications and 4. Greater participation in international promotional events

The decisions taken jointly by the honorary chairman and the management body of Biosynthesis agree with the proposal of Velázquez (2005) on the need for an empathic leadership with strategic vision to achieve the interrelationship between the areas that make up the company and dynamic management. As a result of the new proposed work plan aimed at recovering an equilibrium level for the year 2013 and over the next three years again reach the levels they had in 2011, see Table 4:

<table>
<thead>
<tr>
<th>Year</th>
<th>Accounts receivable turnover</th>
<th>Inventory turnover</th>
<th>Capital Liabilities</th>
<th>Liquid ratio</th>
<th>Return on investment</th>
<th>Capital Performance</th>
<th>Utility</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>39 days</td>
<td>134 days</td>
<td>0.18</td>
<td>7.00</td>
<td>1.8%</td>
<td>1.84%</td>
<td>62</td>
</tr>
<tr>
<td>2014</td>
<td>31 days</td>
<td>135 days</td>
<td>0.17</td>
<td>8.53</td>
<td>1.9%</td>
<td>12.34%</td>
<td>902</td>
</tr>
<tr>
<td>2015**</td>
<td>31 days</td>
<td>83 days</td>
<td>0.17</td>
<td>5.32</td>
<td>11.31%</td>
<td>20.79%</td>
<td>3,442</td>
</tr>
</tbody>
</table>

Table 4 Financial ratios at the end of 2013, 2014 and part 2015.

Conclusions

The analyzed case presents how a company with family background evolves positively, based on a series of decisions led by founder and reflected in the following aspects:

Professionalism: The leader of the organization recognizes the inability of children to achieve generational continuity and decides to professionalize the areas of control of the company with managers who do not emmanate from the family, but have a better preparation and management commitment to achieving d business objectives.
Genre: Initially management positions are assigned to the daughters adapting functions to your personal needs, however, occupations and aspirations they do not reflect sufficient level of identity, belonging and commitment to the company, which threatens the future Of the same.

Strategic alliances: The SMEs studied accurately reflects the competitive advantages of proper decision-making with a more entrepreneurial than emotional vision and prompting the leader of the organization initially partner with a research center to develop new products and posteriorly a business alliance by the partial sale of its shareholding, to clean up the financial position of the company and improve the logistics operation which is ultimately reflected in an increased presence in new markets.

Financial situation: The study of financial indicators covering a period of 8 years from 2007 to 2014 and a partial analysis of 2015. In this period it is possible to observe how the managerial performance affects the financial position of the company and conversely how Leader major decisions are reflected in a positive development, where he agrees to give up some control of the company, to channel resources to pay liabilities and even the replacement of one of his daughters in the management position he occupied.

The decisions made substantially improved the ability of the company in reducing the time to recover accounts receivable and give greater inventory rotation, minimizing shrinkage and obsolescence. In terms of liquidity it was positively and increases the return on investment in assets and invested capital which eventually allowed a substantial increase in profits generated by the conclusion of strategic alliances.

References


