SUSTAINABLE MANAGEMENT STRATEGIES FOR SMALL FIRMS IN DEVELOPING ECONOMIES.

What will be considered as a small firm will vary depending on the factors and industry being considered. The typical metrics used to determine the smallness of a firm are employee size and/or revenue. In Nigeria, according to the Companies & Allied Matters Act (CAMA) a small firm is one that is privately owned by members who hold not less than 51% of the equity between themselves, with a turnover of not more than 2 million naira or net asset value of not more than 1 million. However, other than the CAMA standard, the 'smallness' of a firm is subject to context.

Small firms are said to be the life blood of any economy; on an aggregated basis, they employ the most people and contribute significantly to the economic value of the state. As such, it is necessary that small businesses be allowed to thrive.

Other than the factors which are extraneous to the small business such as the economic and political context within which it operates, the small business must also prime itself to exist for a long time by managing itself in a sustainable manner.

Sustainable management strategies are the comprehensive collection of measures that a small firm can take or should put in place to ensure its continuous existence and ultimately its long term growth by aligning its resources and its actions with its vision and strategy. Sustainability promoters would often say that sustainability sits on a three-legged stool — **people, planet, profit.** These measures would primarily focus on managing social, economic and environmental factors in an effective and integrated way, so as to achieve improved performance, competitiveness and success for a long term.

Globally, consumers and investors are interested in companies that embrace social and environmental factors and notwithstanding that it is small, a firm must incorporate global best practices. A sustainable business strategy would help a small firm to reduce its cost, improve productivity or performance and be competitive.

Some strategies which a small firm must adopt and put measures in place to sustain implementation include:

Integrated Organisational Thought

Vision, culture, core values, strategic direction and organisational structure. Notwithstanding its size, a firm must have a vision and a strategy plan. A plan enables the firm to have a deeper understanding of the environment in which it operates, the available opportunities and the strength and weakness of the business. It helps to have a clear focus and makes it possible to allocate and utilise resources more efficiently. Risk and uncertainties in the business sector can be effectively minimised.

The vision of a firm is the conceptualisation of the aim or purpose of the firm, which the leadership seeks to achieve. To be sustainable, a firm's vision and the strategy to achieve it must align with global realities in the firm's sector of operation. There must be a collective understanding amongst the employees, of the vision and strategic focus of the Firm and the management of the Firm must continuously and frequently communicate and reemphasise the vision and strategic focus of the Firm.

In terms of business strategy, most experts would recommend the setting of a five years plan and ideally the firm should also set a plan for each year which is aimed towards achieving the long-term plan. The leadership or management of a firm will be the key drivers of the firm's vision and strategy.

One practical step a firm can take is to develop a vision and mission statement, paste the statements in key places in its offices and/or have strategy sessions where the firm's vision and strategic plan is discussed from time to time. A firm can also encourage for its vision and mission statement to be used as the screen savers on its employees' computers from time to time. This will aid getting employees to identify with the firm's ideology and to have a sense of direction.

Realistic targets for achieving the strategy must be set and the management of the firm must have a performance scorecard with clear key performance indicators by which achievement of goals and targets can be scored.

Using legal firms once again as an example, in the year 2019, a firm's strategy outlook should take into consideration the impact of artificial intelligence as a disrupter to legal services and the use of technology to achieve improved performance. A small law firm in a developing country therefore must in its strategy, leverage on using technology in its work process for better service delivery. It may be as basic as having computers, internet connectivity, an email address and a telephone number. Accessibility to the firm by clients or customers should be a key factor in a firm's strategy. In whatever strategy the firm explores, it is necessary to consider the environment. Therefore, a firm can develop a system where it minimises printing and saves most of its information in the cloud, on the computer or hard drives. These actions must be listed in a firm's key performance indicator towards achieving its strategy and ticked when achieved.

Also, a small firm, management as part of its strategy ideally, should position the firm for growth or make it attractive for investments, partnerships, mergers or acquisition. Where the strategy of a firm is to remain a small, the firm's strategy should ideally be driven towards creating a niche in its sector of operation. Where for example the firm has a software or some technology, there is the possibility of the software, trademark or patent being acquired, the firm must take steps to ensure that the intellectual property is well protected by carrying out the necessary registration, this strategy would make them attractive to a would be investor.

Also, key is transparency in business practice, and this must be considered by a firm in putting together its strategy. Most private equity firms consider transparency in business practice as one of the elements for making an investment.

Corporate Social Responsibility (CSR) is another area which a firm must have a strategy for today. CSR in small enterprises is one area where globally there has been focus and debates. Small firms are being encouraged to adopt CSR in its mode of doing business most particularly in this era where company values, social responsibility and corruption are very important. Having and implementing a CSR strategy is one way a small firm can seek to differentiate itself in a developing economy where even big firms are still grabbling with. A client who cares about social or environmental cause would more likely come to you rather than your competitor.

Innovative Business Development –marketing, research and client management. A firm must have a policy usually called a marketing plan for business development. Just setting up a firm isn't enough; the business of the firm has to be promoted and the right clients attracted and retained. Brand visibility has become an important marketing strategy with a lot of firms using the social media platforms to make their brand visible. A small firm therefore can use these platforms to promote its visibility with the aim of attracting clients. A structured approach to business development is therefore a necessary tool for small firms.

Even in its simplest form, a marketing plan will assist a firm in determining who its targeted clients are or should be, what resources it needs to deploy and what steps it needs to take to achieve visibility. The marketing plan would also contain a strategy for existing client retention. In drawing up a marketing plan, a firm must conduct some analysis on the market or business environment which it operates or seeks to operate and its target clients. This research must be done from time to time as the marketing plan of a firm should be updated.

The firm must then set out its specific marketing goals and objectives and develop its marketing strategy and its action plan to achieve it. Where advertising is one of the marketing strategies to be adopted, a firm has to consider the social impact of its advertisement from language used to the graphics.

The responsibility for implementing the marketing plan should be clearly specified and in a small firm it will typically be the owner or management team. However, it is necessary that every member of the firm be involved in the business development plans of the firm. The effect is that there is cohesion in the portrayal of the firm's brand. In implementing the marketing plan, there must also be consistent progress monitoring. One important tool for a marketing plan, dependent on the services provided, is clients' feedback. Based on the demographics of a firm's client base, technology can be deployed in requesting for clients' feedback.

Financial management- the small firm should understand that its revenue today was most likely informed by measures taken 2 or 3 quarters ago. As such, a considerable amount of its finances should be earmarked for researching ways to improve its efficiency. This could come in the form of staff trainings, product research etc.

Human resources and administration -people and talent management. At the heart of a small firm is the team. A small firm does not have the luxury of hiring or retaining the wrong employees. Therefore, management must set out clearly the qualifications required and key attributes its employees must have and should strive to have productive employees. Where the firm has just its owners, the owners must set key performance indicators by which they score their performance. Studies have shown that not all employees are necessary driven by the amount of salary received. Some employees may require a conducive work space whilst some want flexible working hours or for new mothers more leave time, training and development etc. Understanding what the firm has to offer will go a long way in determining the kind of employees a firm can attract. Whatever choices are made, employees must key into the firm's vision and work towards achieving same. To be sustainable the human resource strategy of a firm should take into consideration how it uses its resources to make profit but at the same time caring for wellbeing of its employees.

Corporate governance and compliance - Where a firm has more than one owner, it is necessary to implement a clear governance structure for the executive management. Hierarchy, roles and responsibilities of its partners or its owners, decision making and performance management, compensation etc. has to be clearly stated. This is to avoid potential conflict amongst the executive management which could ultimately affect the management and longevity of the firm.

Compliance is another area where small firms struggle. It is not unusual to see small firms who fall back on tax filings, employee pension's payment to mention a few. It could lead to such a firm having regulatory issues and being fined. As part of its policies, a firm must work towards having a sustainable compliance policy and procedure. A small can have a register ideally a database to track environmental, social and governance laws which it needs to comply with. Half yearly or yearly audits should be conducted to ensure that there has been no compliance gap.

Final Words

The reality is that many firms have not figured out how to integrate sustainability into their overall business strategy and the starting point should be figuring out your firm's answer to the question, 'what is sustainability strategy'? The foregoing strategies are an attempt at articulating practices that have over time facilitated sustainability and should help you avoid the 'navel gazing' that often comes with contemplating strategy.

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