



**DOES THE COLLECTIVE STRATEGY ENSURE THE  
SMALL AND MEDIUM SIZED PERDURABILITY?**

**DANIEL ANDRES CAMPO PATÑO  
BACHELOR IN BUSSINES ADMINISTRATION**

**THESIS  
RECOGNIZE BY THE UNIVERSITY ROSARIO - BUSINESS FACULTY**

**GROUPE SUP DE CO MONTPELLIER  
PROGRAM EIM 4 VISITANTS  
MONTPELLIER- FRANCIA, AUGUST 2009**



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**DIRECTOR OF THESIS  
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## **DEDICATION**

*To Valentina Barbera, Hugo Cappelaere, Alejandro Rosenthal, Marie Bellego, Luz Dominguez, Adrien Came, Marnix Oerlemans, Jeremy Idale, Lucia Pelosio, Nicolo Bertani, Antoine Pell, Anne Petite Pierre, Marine Noel, Marie Francois Palandrie, Anna Chmura, Farah Bakir, Filip Cwikinski, Guilhem Lacaze, Marcella Diestel, Diana Camacho, Carlos Suarez, Laura Rodriguez, Maria Alejandra Gonzales, Katri Stén, Giorgio Madrid, Miguel Alvarez, Clara Brown, Tim Wagner, Agustina Croche, Horacio Nicola, Raphael Fossati, César Díaz, Christine Hausmann, Sabine Gradisar, Martha Groesfeld, Amanda Donegan, Eimer the deadly and all my friends in Montpellier that's made of this year an incredible dream. Love you all.*

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*Ode To my Family*

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## **ABSTRACT**

The strategic positioning is defined as the point of departure of every reflection of the organization that wishes put in a place inside the company to give back the own performance.

In the case of the collective strategy, there is not only a vision of one leader (manager), contrary there is a lot of visions of different managers, that will have to take common decisions beneficial to their own interests for each one and the common interests for every company. Therefore is essential that the actual situation and the objectives to achieve are clearly defined since the beginning of the elaboration of the strategy to avoid possible divergences that could put in risk the coherence of the strategy.

With the problems founded in the French SME as the beginning of the business, the financial problems, organizational integration and the competition and product development, the collective strategy appears as a possible solution that permits to the SME endure in the long term. In France, impulse by the Government and others institutions this strategy has obtained incredible results as the Study of the Model Urban prove that is going to be presented in this research. This is the reason why this subject was chosen.

## **KEY WORDS**

- The Small and Medium Enterprises (SME)
- The strategic positioning
- Competitiveness
- Perdurability
- Effectiveness
- Efficiency
- Collective strategy
- Cooperation

## INTRODUCTION

The Small and Medium Enterprises (SME) are the base of a lot of economies in process of development specifically in Latin America. These enterprises present difficulties at the moment to compete with Large Enterprises (LE) affecting their competitiveness and perdurability in the market.

The SME do not have an easy time. Inflexible banks, an unpropitious economic climate and their own problems are the factors that put these enterprises between the success and the failure.

In terms of creation of posts of employment, the SME has demonstrated a larger dynamism than the Large Enterprises, being an important part of the Growth Domestic Product and of course one of the most important variables of the development of the countries, in both aspects economically and socially.

Owing to fact the globalization, the SME are not only competing with the large enterprises in their local market, they are contending with another enterprises with the same size and bigger than them around the world, for that reason the limits are reducing and the economics blocks are associating the countries in order to fomented the competitiveness, making of the effectiveness and efficiency the key factors to compete in the long term to achieve the success.

The cooperation between the enterprises appears as the suitable option for the SME to compete and endure in the long term in the market. But, this is possible? Does the collective strategy ensure the perdurability of the SME in the market? Can the SME compete face to face with large enterprises using this strategy?

The actual world context of globalization conducts the firms to find solutions to their competitive problems through the collective strategies.

Said Yami and Frédéric Le Roy in their book *Collective Strategies*, show in their investigations that the fashion and cinema industry catalogued like different of the masses, due to the eccentric and bizarre designers or the vanity of the directors of stars and actors. But the actual situation and the behavior of the fashion and

cinema Industries, demonstrate so as to *the cooperation is the essence for survive in these sectors*.

Understanding that the fashion and the cinema industries are not SME, is presented a classification of SME that explains why the cooperation is the variable and the strategic tool through the markets are functioning now days.

For the SME, the economy of scales are not very good idea to implemented, because they will need a lot of investments and will have to fabricate an important mass of production. That's why the SME develop early differentiation strategies. The problems are what kind of strategies will they should follow and the consequences to wait for react.

In this way, now we precede to develop the concept of *collective strategy*. Le Roy and Yami introduced in their book the first distinction founded by Astley and Fombrun (1983), between the strategies of dependant, that's occurs between competitors in a horizontal relation and the strategies of type "symbiotic", that's occurs between complementary firms, in a vertical relation.

Then, the authors distinguish between the direct strategies that's refer to a contract to establish the economic benefits for each one, and the indirect strategies that could be formal and informal relations, no specify the benefits between the parts. These distinctions permit to identify four types of strategies: the Confederate strategy or Alliance strategy, it's developed in a concentrate environment, where the market permits the direct interaction between the firms; the coalesce strategy or partnership relations, where the firms establish directs contracts to complement their common activities. The organic strategy or Network strategy consists to engage into the red of informal relations between complementary firms; and the agglomerate strategy or collective strategy that is the objective of this study is defined by three characteristics, according to Le Roy and Yami. The first one says that the collective strategy is not based on a relation between two enterprises, is a relation between more than two enterprises. The second one, declare that the collective strategies are mainly horizontal relations; this strategy group together the companies in the same

sector. Finally the third one, make known that the collective strategy is not a simple informal relation; they are specific institutions of coordination.

With the purpose of show how can the SME use the collaboration in vein of the perdurability and end of the main problems that confront in a globalized world, this work will present the most important problems of the SME, the reasons why this type of enterprises should take this strategy for accomplish their core strategy.

## LITERATURE REVIEW

### THE SMALL AND MEDIUM ENTERPRISES

#### *The French Entrepreneur and SME<sup>1</sup>*

The SME embody a modern organization that repose in the values of the humanism and is directly related with the social democratic principles.

The entrepreneur in France has some weak points in his management: insufficient open mind over the exterior and with the other people, very defensive and individualist, is very focused on the product, adverse to the risk and auto limited in his progression.

The SME ensure the coherence and general equilibrium in the French social organization, being indisputably the principal creators of employment.

Also, for the break down strategy, the SME are the first agents in the innovation subject. The SME represents an essential factor of the social integration in the actual aspirations of an interesting work that gives a sense of responsibility and permits pleasure, leisure and a family life style. Everyone has the opportunity to be an entrepreneur, in France the enterprising spirit is considered oblique.

#### *Definition and diversity*

During thirty years of hard growth, the SME have being familiar with big difficulties (in the agriculture, handicraft, small commerce) and in the decade of the 90s have seen a new development of the SME.

The creations of Small Enterprises and the development of the Medium Enterprises contribute to the creations of new posts of employment. The definition permits to understand their problems and difficulties. They are very various and have presence in all sectors of the economy activities.

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<sup>1</sup>LECOINTRE, GILLES La PME; L'entreprise de l'avenir, Editeur Gualiano Paris 2006 ; pp 67-85

The mobility of the SME is linked with the mortality, depends of the sector and the strategy used. Some SME in sectors very innovative can wait goods profits and exponential growth, for example Apple and the other ones that are in the traditional sectors are disposed to stagnate, for example the commerce shops in the center. But there is another important topic of the SME, is the fecundity, the proliferation of enterprises of small dimensions is bigger than the mortality of them, not necessary in the same sectors.

The creations of new SME are stronger in the creation of employment than the massive explosion of employments of the large company. This fecundity is unequally distributed, in the sectors and in the countries, for example in the Mediterranean cost you can see the creation of the PME and the demand for employment flows.

In France, every size and categories mixed bring metrics very instructive to understand the count of SME.

|                       |                    |                     |                  |
|-----------------------|--------------------|---------------------|------------------|
| Very small Enterprise | Small Enterprise   | Medium enterprise   | Large enterprise |
| VSE                   | SE                 | ME                  | LE               |
| 0 to 9 employees      | 10 to 49 employees | 50 to 199 employees | 200 employees    |

Source: Marchenay Michel, Fourcade Collete; Gestion de la PME/PMI Edit Etapes pp 12

The micro-enterprise or very small business represents the 92% of the total of enterprises,<sup>2</sup> being the enormous majority of 2,5 million of enterprises. There is a distinction between the enterprises of more and less of five employees, the number of 7 employees in a VSE is considerate like satisfactory to the efficient development. The SE are constituted by 10 to 49 employees, since 1995 the 4% have this quantity of employees and the 2,6% between 20 to 49 employees.<sup>3</sup> That's means that the enterprise is in a stage of growth. The LE represents the 0,3% of the total of enterprises,<sup>4</sup> and are constituted by 5000 employees that are

<sup>2</sup> MARCHENAY Michel, FOURCADE Collete; Gestion de la PME/PMI Edit Etapes pp 8 -15

<sup>3</sup> Ibid; pp 8- 15

<sup>4</sup> Ibid; pp 8-15

staying a long term in the market, being the models of the management modern. But the true is that the VSE – SE have today dynamism largely superior in terms of creation of posts of employment.

## CLASIFICACION OF THE SME

### The Artisanal Enterprise

The craft industry constituted more than 820 000 enterprises bad account and 2 million of people are an important part of the total of enterprises. This type of enterprise appears like a particular space of production and one sector of the economy classified with difficulty. The actual changes in the economy show this sector with special interest, purveyor of employment and preservative of professional values. This type of enterprise is a medium of valorization professional and social.

For the census, the classification of the people in the craft industry is made by the status (independent, employer, and salaried employee), the quantity of salaried employees and the activity. Moreover, the familiar work and the unemployed ancient workers are also accounted on an indirect way. The next table gives an estimation of employment in 2000 of 0 to 10 salaried people with the activity of the craft industry:

| Activities                   | Salaried people | training people | No salaried people | People occupied |
|------------------------------|-----------------|-----------------|--------------------|-----------------|
| Alimentation                 | 167000          | 43000           | 127000             | 133000          |
| Metal work                   | 103000          | 4000            | 34000              | 141000          |
| Woodwind/<br>furnishing      | 33000           | 3000            | 30000              | 66000           |
| Textile/clothing/<br>leather | 36000           | 1000            | 17000              | 54000           |
| Building                     | 404000          | 45000           | 241000             | 690000          |
| Other Fabrication            | 140000          | 3000            | 50000              | 191000          |
| Repairing/transport          | 272000          | 49000           | 253000             | 574000          |
| TOTAL                        | 1155000         | 150000          | 758000             | 2063000         |

Source: Marchenay Michel, Fourcade Collete; Gestion de la PME/PMI Edit Etapes pp 12

Face to the evolution of the society, the artisan has change their production according to the development of the new technology, mixing their knowledge and the new threats that have the market, adapting their techniques to the market necessities. Also, this sector can contribute with efficacy to the innovation developing their capabilities and competitive. The artisan production has to always follow the client necessities and challenges, preceding the future contingencies.

The steps for strategy that the artisans adopt are based more in the intuition than the planning logic.

This view of the strategy appears to emerge and take the radicals decisions. That's mean that the artisan knows enough about their past capacity and how they are doing in the present to determine the future path. The competitive position of the artisan is modified by two situations:

The specific products are maintained for the clients, making of the competitive advantage face to face accessible products standard. Depending of the market segmented the artisan art is situated.

The standardized products strengthen the competitive situation. The artisanal offer is competitive and their clients would go out from the actual position.

In the other hand, the importance of the family for the artisans is indispensable when trying of analyze this sector and the participation is variable, depending of the sector. The participation of the spouse and other members of the family explain the reasons of the growth of the enterprises, the unsalaried people and the familial patrimony obtained collectively.

The stability of the enterprise depends of the structural conditions. The principal barrier to begin is constituted for the minimum amount of capital to produce and start the labor. The evolution in the long term depends of the origin social of the director, the initial capital that should have to start.

### The Service Enterprise

The service sector is an excellent terrain for the development of the SME. In a society post industrial, the employees are going to create everything based on the services activities. All the services enterprises are not small and medium size, for example the banks and insurance companies are involved in a concentration and internationalization process leaving not many places for the SME. But also, there are elevated creations of SME in other sectors of service like transport, corner shops, luxury shops, etc.

The service can be defined as the activity that consists in facilitating the satisfaction of the buyer. This activity can lean on the manufacture of material goods, or can be completely immaterial. In the countries with more developed techniques, social and economic, the growth from then on is in the services activities.

The Small Enterprises are intrinsically more competitive to respond to the explosive demand of the services activities than the Large Enterprises. One reason is the demand originated from the enterprises: the services enterprises specialized in a provision given, offer a price cheaper than the cost of the supplier; the outer enterprise supplies a superior service in quality than the internal provision and the service demanded is enough specific to have a specialist inside in the enterprise.

Another reason is the demand that came from the particulars, because of the individualization of needs, for example the industrial products are adapted to the necessities of each one and the service is included in each product, being the Small Enterprise more efficacious than the Large Enterprise satisfying the necessities very particularly.

### Strategic analysis of the SME

As the Large Enterprises the SME advance in a competitive context. In this context, the strategic process is adjusted by the competitive forces that the SME is exposed. The competitive advantage looks for the differentiation of the capacity and competitive position that are linked to the strategic decisions of the manager. This mean, that the competitive advantage and the objectives varies depending the considerations of the SME.

All the decisions taken in the SME determined the path to follow and the way to achieve the objectives and goals. These decisions taken by the manager influence each part of the organization, for example the negotiation with the suppliers or the mode of manage the relationships with the customers.

### The competition and the SME

The space of the SME activity is reduced. They are exposed strangely to the international markets of large consummation. They exercise a local activity and develop a niche strategy that can give to them access to the international markets. In each case, they use all their efforts to move away of the competition.

Moreover, the competition is not transparence to the SME, making a weave between them and the suppliers. This firmness and reliability with the partnerships are a guaranteed of competitive protection. The manager of the SME considers the confidence and stability with their suppliers and customers a security that gives the impression that the competition is less aggressive.

In a descriptive way, we can say that the competition of the SME is different between the types of enterprises.

The structure of production of the LE, reduce the operational flexibility and this is the strategic flexibility. The SME can have constantly opportunities to react, thing that the LE doesn't have a cause of their lent capacity of reaction.

With the SME, the things could be the same, and the space of activity can isolate the enterprise. The fear of the competition came from enterprises with the same size. In this condition, the competitive conflict is moderated by the connections between actors and we can pretend that the SME between them are in a pure and perfect competition.

The environment that is involved the SME can be divided in two assumptions:

The competitive environment: Is the group of enterprises that the SME are in competence direct or indirect. Also includes the economics partnerships as the suppliers, customers and distributors, etc. These relations can be associative or conflictive. That's depends of the interest of each one and the problems of confidence in the negotiations.

The social environment: It's a key decisive to the SME. The community and the local institutions and the relationships that have the manager.

The activities of the SME correspond to the offer of goods and services to the actual and potential customers. This activity has to be competitive producing at the low cost possible with the best quality of products, accompany with the best service to satisfy entirely the costumer.

The feasibility is referred to the possibilities to do well the activities of the enterprise. This capability is the result of the compatibility between the competitive positioning and the competitive advantage, knowing that the good competitive position is when is satisfied the needs of the customers, consolidating the social role and the legitimacy of the enterprise and also, the good competitive advantage, is the know-how corresponds to the values, attention to the personal, to their culture.

## SME PROBLEMS AND HYPOTHESIS

The principal problem for the SME is the beginning of the business. The ignorance of the learning individual capacity, the tendencies of the market, the competition and the potential financial sources, the possible clients and the suppliers are the elements to elaborate a strategy and have a possible success at the entrance<sup>5</sup>. After knowing that, the enterprise could involve others SME in a network to ensure the functioning. In the case of the Artisan Enterprise, the starting up of the activity: find a working place, financial resources and the raw material. It's appear obvious that the evolution of the enterprise depends of the capital invested at the beginning. The enterprise will have the necessity of renovate the obsolete equipment in the medium term. Also, they should have constant contact with the technology advances on their domain; their principal objective is to win in innovation and in performance, thanks to the experience and the reinforcement on their know-how.

According to the interview made to a few owners of small business success in Orange County business journal<sup>6</sup>, managing growth is the common issue that the entrepreneurs face to the risk, especially when the enterprise is growing fast. Whether to grow slow and steady versus fast and rigorous bring different types of risk and also different results. In addition, the growth came with the new technologies and the challenge that these bring to the enterprise. The SME grow larger over time they can face growth barriers related to financing, organization and competition from new firms or products.

The financing problem: The enterprises depend of the outside financial interest to make their own decision and also the financiers have short term horizon pressing to the manager. This pressure limits the manager to reinvest in technology reducing the possibilities of growth as new product lines or new investment to reach the enterprise market. Often, poor planning is a consequence

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<sup>5</sup>SAMMUT Sylvie, *Jeune Entreprise la phase cruciale de démarrage*, L'Harmattan 2001, pp 19

<sup>6</sup> Small Business pulse, Orange County Business Journal, April 2007

of the financial pressure, because the manager has to detract of planning under the pressure.

One possible solution could be that the Small Enterprise can avoid their insecure financial position by joining networks involving others SME. This need correspond to the disadvantage which a Small Enterprise is alone facing to a Large Enterprise. They can reduce challenges coming from new comers by gaining funds from outside financiers, putting together resources with others small enterprises, becoming part by a Large Enterprise or incoming in another form of network or strategic alliance.

The organizational integration: the SME present several problems of organization that can block the growth. In this case, is going to be presented very briefly the principals problems because this is not a subject of our study. The growth involves division of labor with different types of specialist having different responsibilities. The problem concerns the coordination of the labors, the communication between them and the creation of bureaucracy, involving the enterprise in inefficient mode of production.

One recent example of an organizational problem that could be solved by an collective strategy, is the case of the workers at SME in the United States, they are less satisfied with their company health plans than the employees at the Large Enterprise, according to the third annual survey of health plan satisfaction of J.D. Power and associates<sup>7</sup>. Small employers save premiums by switching health plans knowing that the plans have direct relation to the employees satisfaction. This dissatisfaction generate the loss of productivity in the employees and the money that the Small Enterprise is saving is reflected in the productivity loses. Larger employers tend to provide workers with a more affluent plan of health, with more choices and benefits, and that's a key factor to increase the productivity. To solve this problem, maybe the SME can join a network of health companies that can be in contact with them, modifying and improving the health plans of the SME employees.

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<sup>7</sup> FITZGERALD Beth, Survey: Large challenges for smalls firms on heathl coverage, April 27 2009

The competition and product development: increased competition can produce the core competencies obsolete, especially with the standardized products because they become less differentiated from competitors. The capabilities of each enterprise that gave a protected niche may later become exposed to the competitors, this is why before in the Competition and the SME item is referenced that the Small Business must develop new strategies and new capabilities to have a competitive advantage and compete in the long term.

Another problem is the increasing cost of doing business: Labor, fuel and raw materials are all up significantly. These increases cut into thin margins that the enterprise has in place. It's difficult to continue passing on the increases.

## COLLECTIVE STRATEGY

### Introduction concept

The strategic positioning is defined as the point of departure of every reflection of the organization that wishes put in a place inside the company to give back the own performance. This positioning must have in account a lot of parameters explicit or not, like the competitive environment, the economic situation, the habitual mode of functioning of the sector, the leader vision, etc.

In the case of the collective strategy, there is not only a vision of one leader (manager), contrary there is a lot of visions of different managers, that will have to take common decisions beneficial to their own interests for each one and the common interests for every company. Therefore is essential that the actual situation and the objectives to achieve are clearly defined since the beginning of the elaboration of the strategy to avoid possible divergences that could put in risk the coherence of the strategy.

### Definition

According to the lecture of Said Yami of the article of Astley and Fombrun in 1983, the concept of collective strategy is developed in the relation of the environment and the organization. They consider the environment as the principal determinant of the organizational activity. The environmental forces prevail over the management choices as the determinants of the organizational action. This action is called "the strategic action" that consist in doing correspond the organizational capacities to the environmental requirements.

Through the appropriate strategic interaction with interest, the manager can legitimize and stabilize their functioning, through a negotiable environment. In this environment characterized by the growth of interdependence and enterprises

networks complexes, the individual strategies are crushed for the proactive choices of the collective level. For justify this position, Astley and Fombrun make reference in the Social Planning Theorists, noting that in a turbulent situation the problem is developed by the independent management of the enterprises, going to different directions, a cause the consequences that weren't anticipates. For that reason, the objective in this scenario is the creation of a sharing domain where the enterprises can in a collective way, not independent, maintain their future destinies.

Is in this point, where the risk of the uncertainty and vulnerability of the SME can be managed through a collective strategy, reducing the turbulent scenario that they are involved always.

Following the biological analogies, Astley and Fombrun explain the adaptation of the enterprises to the strategy. They say that the adaptation depends of two forms: the individual adaptation and the common adaptation. The first one is divided in two types of adaptation: the somatic that refers to the physic adaptation that has the individual, and the genetic, like the name say, is relative to the morphology of the species and represents an adaption for the long term.

The common adaption refers to a specific form of organization adopted by individuals units and work together in a collective way with a certain degree of unit character.

The business strategy as the somatic adaptation, concern the way of the unit finds the variations in their local environment. The corporate strategy as the genetic adaptation, concern the way of the unit proceed to the long term changes in their structure and their activities to manage the new challenges and different niches of the market. Is like this, the collective strategy is defined as "the systematic response by a group of organizations that cooperates between them to achieve an objective to absorb the variation presented for the inter organizational environment.

## RESEARCH QUESTION

- Can the collective strategy ensure the SME perdurability?
- Does the Collective Strategy allow the SME to compete with the Large Enterprises?

## METHODOLOGY

The SME are an important part of the economy in Colombia (a like in France) and the first source of employment in the country. The high level of mortality of the SME in Colombia has created a special interest to me, because is a phenomenon that involves all people in all sectors of the economy. The collective strategy appears like a possible solution to the SME to endure in the long term. In France, impulse by the Government and others institutions this strategy has obtained incredible results as the Study of the Model Urban prove that is going to be presented in this research. This is the reason why this subject was chosen.

In the research it is used a Survey Study called “the collective strategies in service of the competitiveness: Project Urban Furniture”<sup>8</sup>. This study was selected to show the development of the Collective Strategy between SME in the Urban Furniture sector.

The survey study shows the Urban Furniture situation, where the majority of the production is done by the countries with low costs of work force, leaving a small participation capacity to the SME. For that reason, a group of small and medium enterprises of the Biterraise region has decided with an association CAMBID (Club Alliance Métaux Pour les Développement des Industriels de Bitarraise) develop an activity around the Urban Furniture, based on the production network.

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<sup>8</sup> MOLINES, Frédéric Les Stratégies collectives au service de la compétitivité Project de Mobilier Urbain, 2008 Université Montpellier I

The study is going to be used to illustrate the Collective Strategy theory propositions that address the main problems of the SME as the growing problems becoming large or their advance over the time, going with the hypothesis founded in the revision of literature that reveals the mayor problems of the SME as the start up step, the growing, the financial problems and the competition.

Also, is has been used 12 interviews made to French personalities that have communicated their definitions and visions about the economic mission and the social function of the SME<sup>9</sup>, in order to characterized the performance of the SME. The author has interviewed to a Didier Adès a radio journalist more experimented in the SME subject, according to the author, a Sergio Arzeni the director of everything that concerns with the enterprising, Michel Godet professor at CNAM (conservatoire national des arts et métiers) consultant and adviser for numerous privates and publics organizations, a Arnaud Legal and Guillaume Roquete, the chef redactor and the director of “L’Entreprise” one of the most important magazines dedicated to the SME, Jean Pierre Reffain, the first French prime minister that has made something for the SME sector and some directors of SME that have has success.

After interviews, to know about the reality of the SME in France, I have used statistics<sup>10</sup> in order to show and understand what is the role of this kind of enterprise in the country and also to know what is the relation of the SME respect to the Large Enterprise. This statistics supports the SME definition, the role that plays in the creation of employment, some of their problems and the participation in the economy.

To understand the problems, is has developed a definition and characteristics taken from books that resolve the significance of the SME in France. To know about the concepts, is has used books as articles and news in journals to make the revision of the literature, concerning to the SME in France and the collective Strategy.

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<sup>9</sup> LECOINTRE, GILLES La PME; L’entreprise de l’avenir, Editeur Gualiano Paris 2006 ; pp 67-85

<sup>10</sup> Ibid; pp 86-99

## RESULTS

### STUDY OVERVIEW

#### Central Actors

- CAMBID club alliance Métaux pour le développement des Industriels de Biterrois, is an alliance between 30 enterprises of the Biterreas. All the enterprises have an activity in the metallurgic industry, in this organization the enterprise can be adhered freely.
- ALMATEC is a society that advice and management in a project of engineering that ensures the gestion and function on the CAMBID projects.
- ALTRAD is a society specialized in the production of scaffolding and buildings materials, and commercialization of the furniture urban gamma.

#### The environment

The environment is characterized for the participation of international groups, they have presence in others countries and markets, being diversified and having a financial stability. The products offered by them are focused on projects around big cities that have a grand scale consume of building products. At the same time, these companies' offers products that are fabricates in countries with a less work force costs doing the competition based on price and volume capacity.

#### The market

The market has been studied on the eve of take the competitive offers of the proposed products, the gamma, the price, designs, etc.

The spring from this study is divided in two aspects: offer and demand.

Firstly in the offer, the gamma offered by the Large Enterprises is based in the production of a maximum volume to sell at the possible low price. Some producers propose a personalization to obtain some kind of differentiation.

The SME offered original products, in a measure volume, and in the majority of cases, produced in France or in Eastern Europe. The enterprises propose a fort differentiation with a higher personalization and quality. In compensation, the high level of costs of production and sell price are the weakness for the SME, accounting the poor network of distribution and promotion.

The demand is a community between 1000 to 5000 habitants. It have done a inquiry to 100 people selected to represent the products and services researched. The study shows that in the majority of cases, the furniture is chosen by people that the urban furniture is a secondary activity. These people don't have a lot of time to find the offers and catalogues. The majority, don't have knowledge all the offers available.

### Results

The one side there are the enterprises that know-how variability and complementary work, and in the other side, an important number of collectivities interested in the innovated products and the personalization.

The objective of the strategy then is to use the available resources to respond the demand identified.

To battle with the offers presented, it is necessary: innovation capacity, reactivity, production capacity as in volume as in diversity; for that is indispensable creates alliances with the enterprises that know-how to complement and the others enterprises that have a higher capacity of reaction and production.

In the study, the author has found that the collective strategy of these enterprises is a network combined strategy (YAMI S and LEROY F (2006), *Strategies Collectives* p12 EMS).

The author stand out that this strategy is not an objective: is one way to open the strategy offer/product/service that have been chosen to be imposed in the market.

Is almost impossible and not interesting for an enterprise or a group of enterprise to compete with low prices, for that reason with products of medium and high gamma, they are going to find a position in the market contending with competitive products.

The advantage of this position is to develop products with a higher added value, to obtain an interesting rentability without low the production.

In the gamma level, the position is going to contribute to the image of the enterprises, permitting to the clients and future clients obtain products less generics and more originals.

At the service level, the development of projects after the conception of the space to convert as far as the furniture. One specialized architect is going to put his experience to service the clients with the objective of guide them with their choices and options. This dimension more important and the possibility have an excellent position in the project studies, with the possibility to take down the market.

In the commercial level, with a commercial network to cover all France, and the competences permits to contribute techniques advices to the clients and potential clients evaluating necessities.

The products will be offered in catalogues in paper, but the focus will be on the web site that allows order the standards products on line and demand for studies of specific products or projects more complexes.

These offers variations will have consequences in the production and logistics: the gestion on different modes of production will be particularly strategic and the influence will have to account the tie up actives, lead time and the logistic organization.

With the Collective Strategy Networks combined this sector would contribute to the regional economic development. The collectivities imposed a source of activity and the creation of local employment.

The developments of competences are an essential point to understand a performance and the know-how that represents a competitive advantage concerning all the people in the network. For the company permits the specialization of the employees increasing their techniques skills, generating a good productivity associated with a elevated quality.

Also, the fact of the acquisitions of theories competences allows to the integration of all the company, making the sense of the participation in the success of the company to each one.

The formation gives the capacity to the employees to develop more easily their job, constructing them and making them more competitive.

For the manager, the acquisition of different methods of management, financial and strategic, permits him be in a enterprising scenario more competitive.

## DISCUSSION OF THE RESULTS

As we have seen in the definitions, for a SME is not rentable have economies of scales, and the study corroborates this hypothesis, the SME have to focus in other types of competence, for the reason that is impossible to compete with the Large Enterprises in this topic of low prices. But the Collective Strategy shows that is possible to standardize the price with competitive differences as the personalization and originals products that is another way to compete and have a position into the market.

With this point of view, we can answer one of the research questions referenced to the competition face to face between the SME and the LE, we can answer that it is possible and realizable; the SME in group can create strategies based on their competitiveness and compete in the same sector with the Large Enterprises.

As the revision of literature and the study show us, is important for the SME group have the knowledge about concurrence, clients, potential clients, suppliers, market tendencies and potentials sources of financing, that in the study permits to elaborate a strategy sufficiently opened to come into the market and have a success beginning.

For some authors, the interaction and the collaboration with external agents “can promote leading to innovative rents and a detailed division of labour. These factors can create potential problems such as the separation of finance from innovation, short- termism and a failure to integrate resources, in this way the small that becomes larger confronts the same potential barriers as large. The collaboration or learning by interacting that initially supports growth may be insufficient sustaining expansion as developmental barriers to growth emerge.”<sup>11</sup>

To this point of view we can add the growth problems presented in the research, remembering the starting up stage, the financial problem, the

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<sup>11</sup> FELDMAN Jhonathan Michael, KLOFSTEN Magnus: Medium sized Firms Limited to growth: A case study in the evolution of Spin off Firm, European Planning studies, Vol 8 No 5 2000

organizational problem and the competition and new products. The results of the study, is an excellent example to demonstrated that the affirmation before mentioned is not valid, because the Collective Strategy assist all the problems as we have seen, integrating the personal to the success of the sector, supporting the innovation and overcoat highlighting the union of the finance and the innovation as base of success of the strategy. The reinvestment is essential for the SME functioning as the revision of literature also shows. With the study arguments we can corroborated the hypothesis made about the treatment of the financial problem, and the best way to manage this kind of problems is to find a kind of network, also the integration problem is solved when the employee feels good about their work, confirmed too by the study, when demonstrated that have a job in a SME can develop a personal realization.

In the other part, for lack of information about the continuity of the application of the Collective Strategy we cannot assure if this strategy ensure the SME perdurability in the long term, having account one of the estimations before mentioned. But we can assure that the collective strategy develops competitive advantage, through them the SME can control their destiny, can build their difference capacities capable to preserve the relationships between them and the partnerships and create news.

The SME are not situated in an environment of flews perfect of information, in the course of the implementation of the Collective Strategy the SME are going to sensitivity to their partnerships, producing that the different partnerships can identify special sources of advantage. Moreover, sources of competitive advantage can coexist and contribute to the construction of a distinctive advantage.

## CONCLUSION

- The analysis of the market and the definition of the strategy to implement are two essential points, because determines the future actions of the enterprise and the development is the condition of the success of the enterprise.
- In the case of the countries economically developed, as the study shows France, the strategies more expanded are the differentiation and the research of innovation, because with these strategies the SME can protect the market, going out of the lost cost competence.
- To ensure the strategy elected, is indispensable to not forget any point viewed.
- The concordance is vital to the SME, because the coherence is the key for the success. According to the theory of the collective strategy, in a turbulent environment the SME can control their destiny only if they have coherence between them.
- The accompaniment of the alliance and the development of the know-how are fundamentals to the subsistence of the local enterprises in the contemporary's context of international concurrence.
- The development of a local network of competences is a key point to the enterprises a cause the size cannot have together all the resources necessities to the production.

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## Growth Sectors

|    | Recrutements 2007 par rapport à 2006<br>(toutes catégories de Personnel) | Évolution<br>(en<br>nombre) | Variation<br>(en %) |
|----|--|-----------------------------|---------------------|
| 1  | services de conseils et assistance                                       | 40226                       | 2.6                 |
| 2  | Santé  | 21538                       | 2.21                |
| 3  | Commerce a detail  | 14607                       | 1.12                |
| 4  | Transports voyageurs marchandises  | 13873                       | 3.71                |
| 5  | Hôtels et restaruant   | 12960                       | 2.13                |
| 6  | Activités récréatives, culturelles et sportives                          | 12288                       | 6.13                |
| 7  | Fabrications d'ouvrages en métaux  | 10180                       | 2.38                |
| 8  | Activités associatives   | 10081                       | 40.3                |
| 9  | Commerce de gros   | 9768                        | 1.08                |
| 10 | Activités informatiques  | 5406                        | 3.51                |
| 11 | Manutention et logistique  | 5191                        | 2.82                |
| 12 | Commerce et réparation d'automobiles                                     | 4932                        | 1.29                |
| 13 | Frabrication d'équipements mécaniques                                    | 4464                        | 1.48                |
| 14 | construction de véhicules auotmobiles                                    | 3799                        | 1.38                |
| 15 | Messageries et télécommunications  | 2944                        | 17.39               |
| 16 | Industrie de Caoutchouc  | 2623                        | 1.27                |
| 17 | Assainissement voirie  | 2529                        | 7.26                |
| 18 | Matèrial Médical Optique photo et horlogerie                             | 2175                        | 1.57                |
| 19 | Location de vehicule automobile  | 1161                        | 2.28                |
| 20 | Fabrication de materiel électroniques                                    | 978                         | 0.77                |
| 21 | Transports Aériens   | 914                         | 3.5                 |
| 22 | Récupération des déchets   | 904                         | 4.08                |
| 23 | Éducation  | 729                         | 0.31                |
| 24 | Traitement et distribution d'eau   | 592                         | 2.11                |
| 25 | Fabrication de materiel électrique                                       | 436                         | 0.28                |
| 26 | Bureautique  | 411                         | 1.28                |
| 27 | Administration publique  | 363                         | 0.17                |
| 28 | Assurance  | 212                         | 0.15                |
| 29 | Pductin et distribution d'énergie  | 82                          | 0.71                |

Source: LECOINTRE, GILLES La PME; L'entreprise de l'avenir, Editeur Gualiano Paris 2006

## Declining Sectors

|    | Recrutements 2007 par rapport à 2006<br>(toutes catégories de Personnel) | Évolution<br>(en nombre) | Variation<br>(en %) |
|----|--|--------------------------|---------------------|
| 1  | Recherche et développement   | -56                      | -0.15               |
| 2  | Services aux personnes   | -152                     | -0.09               |
| 3  | Mines  | -168                     | -0.53               |
| 4  | Transports par Eau   | -176                     | -1.59               |
| 5  | Industries Alimentaires.   | -253                     | -0.05               |
| 6  | Auxiliaires Financiers et d'assurances                                   | -412                     | -0.53               |
| 7  | Services à domicile  | -528                     | -0.47               |
| 8  | Fabrications de produits non métalliques                                 | -708                     | -1.09               |
| 9  | Industrie du bois  | -1223                    | -0.44               |
| 10 | Industrie pharmaceutique et chimique                                     | -1325                    | -4.97               |
| 11 | Energie  | -1614                    | -1.69               |
| 12 | Industrie papier carton  | -1895                    | -1.09               |
| 13 | Fabrication de meubles   | -1678                    | -3.64               |
| 14 | Industrie cuir et chaussures   | -2065                    | 1.38                |
| 15 | Édition Imprimeries  | -2138                    | -1.05               |
| 16 | Fabrication de matériels de transport                                    | -2261                    | -1.76               |
| 17 | Metallurgie  | -2659                    | -1.99               |
| 18 | Banques et services financiers   | -3675                    | -1.09               |
| 19 | Industrie du textile   | -3885                    | -2.77               |
| 20 | Activités immobilières   | -7772                    | -2.54               |
| 21 | Fabrication de vêtements   | -7974                    | -5.56               |
| 22 | Travaux public et de bâtiment  | -23833                   | -2.33               |

Source: LECOINTRE, GILLES La PME; L'entreprise de l'avenir, Editeur Gualiano Paris 2006

## The growth of the SME in the Industrial sector

|                       | 1990                         |               |                             |         | 2000                         |               |                             |         |
|-----------------------|------------------------------|---------------|-----------------------------|---------|------------------------------|---------------|-----------------------------|---------|
|                       | Petites Entreprises<br>20-49 | PME<br>49-499 | Grandes Entreprises<br>+500 | Total   | Petites Entreprises<br>20-49 | PME<br>49-499 | Grandes Entreprises<br>+500 | Total   |
| Nombre de Entreprises | 12825                        | 9281          | 1150                        | 24060   | 13816                        | 8807          | 923                         | 24510   |
| %                     | 53.3%                        | 38.5%         | 4.5%                        |         | 56.3%                        | 36.3%         | 3.7%                        |         |
| Effectifs             | 419122                       | 1320237       | 2487447                     | 4255261 | 452599                       | 1195573       | 1794652                     | 3470777 |
| %                     | 9.8%                         | 31%           | 53.3%                       |         | 13%                          | 34.4%         | 51.7%                       |         |
| CAHT                  | 118822                       | 429026        | 1332038                     | 1929139 | 273657                       | 891929        | 2099790                     | 3363497 |
| %                     | 6.1%                         | 22.2%         | 69%                         |         | 8.1%                         | 26%           | 62%                         |         |
| Exportation           | 12799                        | 78653         | 319681                      | 424278  | 27092                        | 176839        | 627837                      | 852600  |
| %                     | 3%                           | 18.5%         | 75.3%                       |         | 3.1%                         | 20.6%         | 73%                         |         |
| Investissements       | 3904                         | 14782         | 83326                       | 105099  | 12645                        | 46125         | 144649                      | 204888  |
| %                     | 3.7%                         | 14.1%         | 79.3%                       |         | 6.2%                         | 22.5%         | 70.6%                       |         |

Source: LECOINTRE, GILLES La PME; L'entreprise de l'avenir, Editeur Gualiano Paris 2006

### Turnover by salaried employee

(Approximately)

|                  | SME | Large enterprises |
|------------------|-----|-------------------|
| Total Activities | 160 | 270               |
| Industry         | 110 | 360               |
| Construction     | 140 | 150               |
| Services         | 175 | 220               |

Source: Christian de Boissieu, Carole Deneuve : Les Entreprises Francaises 2005.

In this table we can see something interesting: the service sector by salaried employee paid is close to the large enterprise, that's means that the strategy could be focus to develop this sector.

### Value added by salaried employee

|                  | SME | Large enterprises |
|------------------|-----|-------------------|
| Total Activities | 45  | 58                |
| Industry         | 43  | 71                |
| Construction     | 42  | 42                |
| Services         | 48  | 50                |

Source: Christian de Boissieu, Carole Deneuve : Les Entreprises Francaises 2005.

Here again we can see that the size of the enterprise is not a problem to be more or less competitive. The service sector shows this.

### Gross Operating profit

|                  | SME | Large enterprises |
|------------------|-----|-------------------|
| Total Activities | 13  | 17                |
| Industry         | 10  | 24                |
| Construction     | 10  | -                 |
| Services         | 15  | 13                |

Source: Christian de Boissieu, Carole Deneuve : Les Entreprises Francaises 2005.

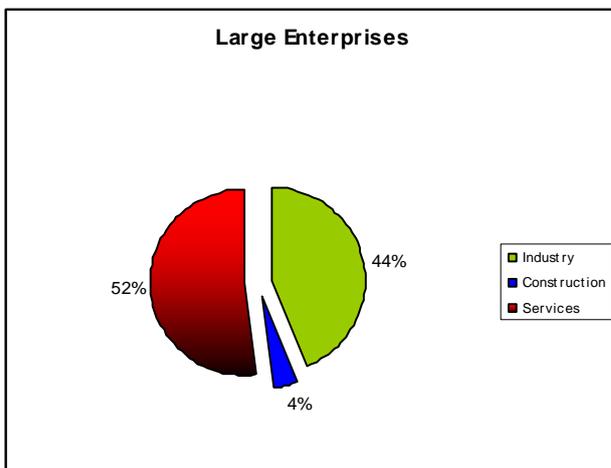
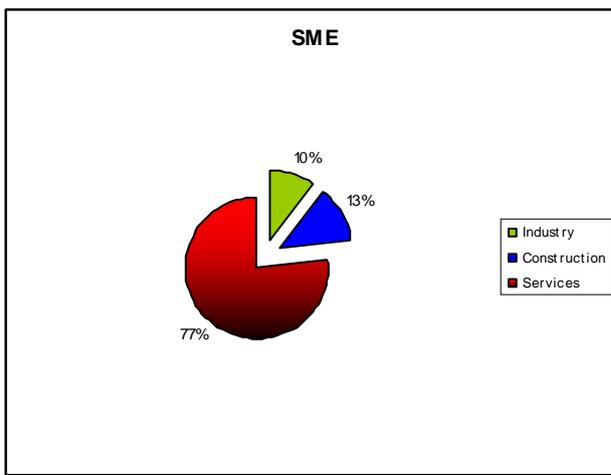
With this statistic we can corroborated that in the service sector th performance of the PME is better than the larges enterprises.

Companies members of CAMBID

| Nom Société membre                          | Activité                                    | Effectif (2006)  | (C.A) 2006 k € |
|---|---|------------------|----------------|
| A.C.V Industrie                             | Matériel Ferrovier routulant                | 45               | 3249           |
| ACO<br>aéreo composit occitanie             | Materiéux composites                        | 10               | 1418           |
| ALTRAD                                      | Fabrication mobilier urban                  | 265              | 53027          |
| A.V.H<br>Ateliers de la Vallée de l'Herault | Fabrication mobilier urban                  | 55               | 3476           |
| Chromenic                                   | Traitement de surface                       | 5                | 685            |
| Cisthe                                      | Produits et services pour circuits imprimés | 25               | 768            |
| CP3M  |   | 5                | 364            |
| Criballet                                   | Mecanique de précision                      | 16               | 1534           |
| FE Industrie                                | Chantier naval/fabrication de cheminées     | 106              | 12800          |
| Galvadoc                                    | Traitement de surface                       | 9                | 1271           |
| M.C.C                                       | Mécano/soudure                              | 6                | 1755           |
| M.I.S                                       | Maintennace industrielle                    | 9                | 631            |
| SICMA                                       | Chau dronnerie                              | 9                | 999            |
| HITEMCO/M.S.I                               | Usinage                                     | 118              | 15425          |
| Portail Concept                             | Assemblage mécano soudés                    | 7                | 397            |
| Portail Reyna - EIM mirage                  |   | 8                | 543            |
| Solatrag                                    | Traitement de surface                       | 40               | 5333           |
| SOBAT                                       | Serrurerie/ Métallarie pour BTP             | 35               | 3000           |
| Technilum                                   | Lampadaires                                 | 27               | 5700           |
| Thalis Industrie                            | Tólerie / mécanique générale                | 14               | 2004           |
| Axurbain                                    | Mobilier urban                              | Création en 2007 |                |
| Supratec                                    | Matériel pour circuits imprimés             | Création en 2007 |                |
| ENSEMBLE CAMBID                             |   | 814              | 114382         |

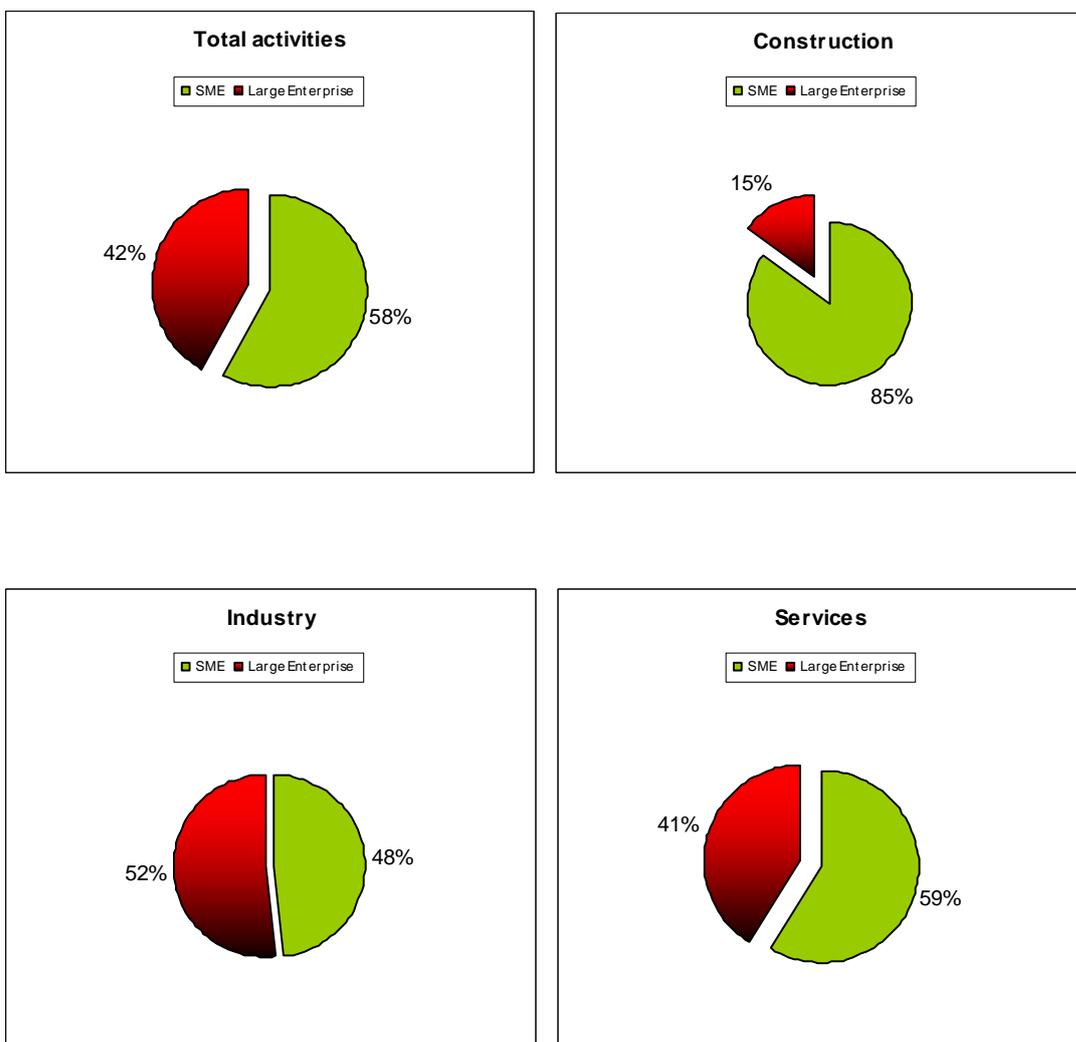
## Distribution of the number of enterprises by activity

Approximately in France, according to the file of the INSEE (Institute National de la statistique et de études économiques) there are 2.470.000 SME in 2006, that represents more than 99.5% of the enterprise totality.



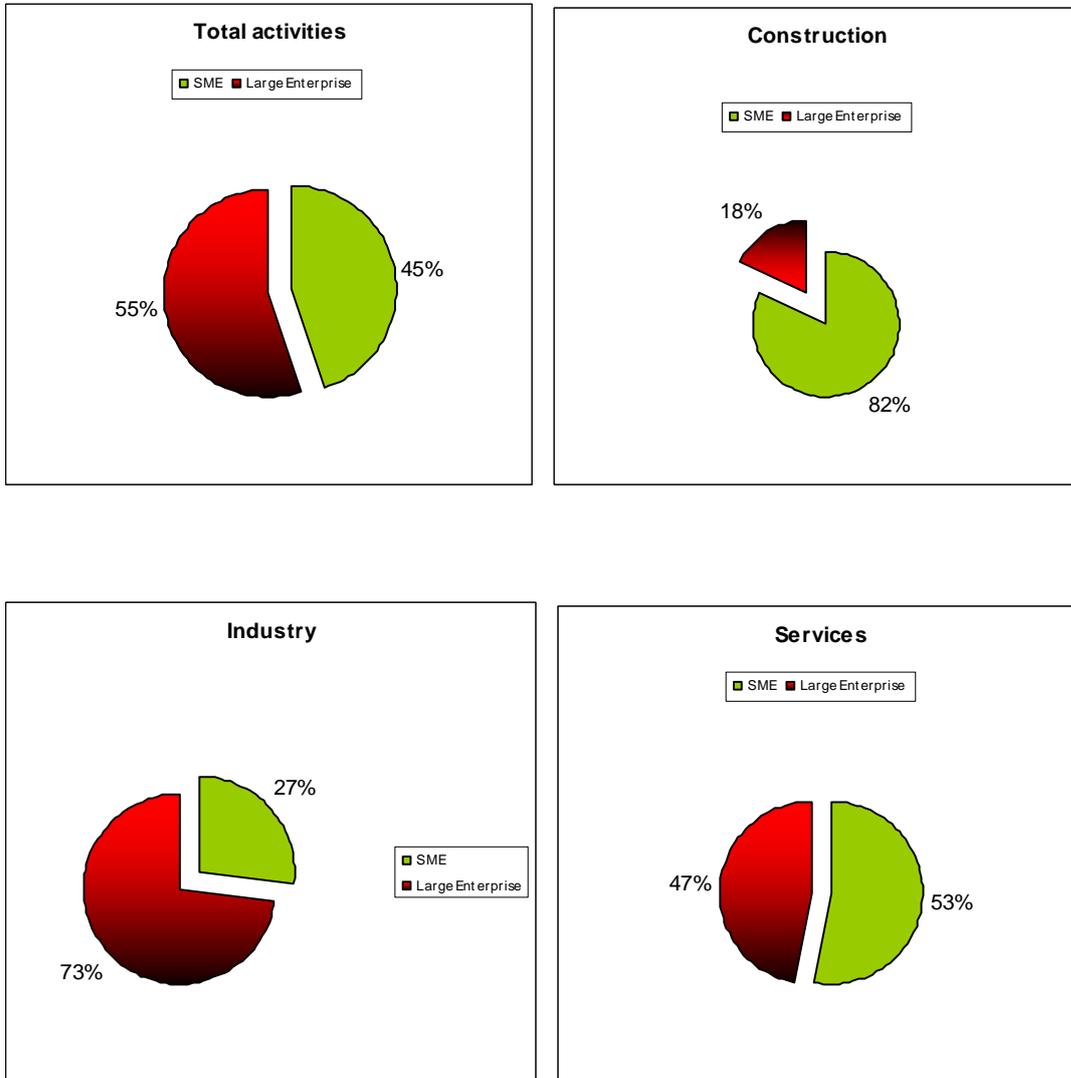
Source: Les chiffres clés des PME (Ministre de l'économie), INSEE 2006

Distribution of the salary earn between the SME and the large enterprises by activity



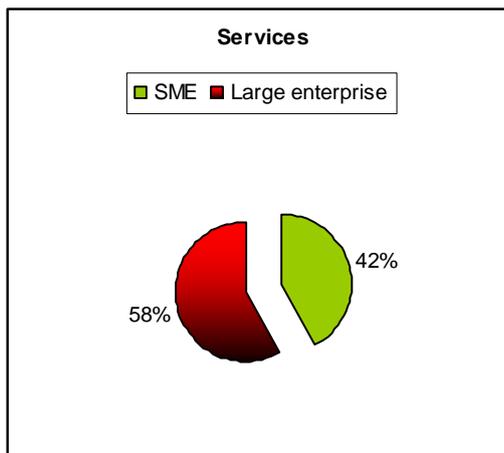
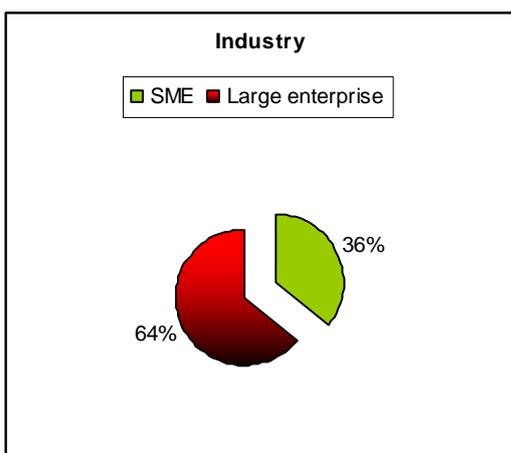
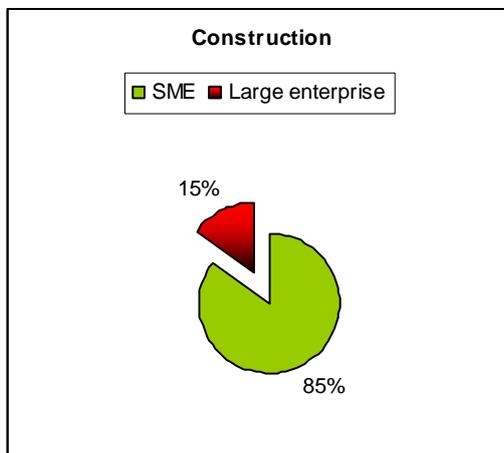
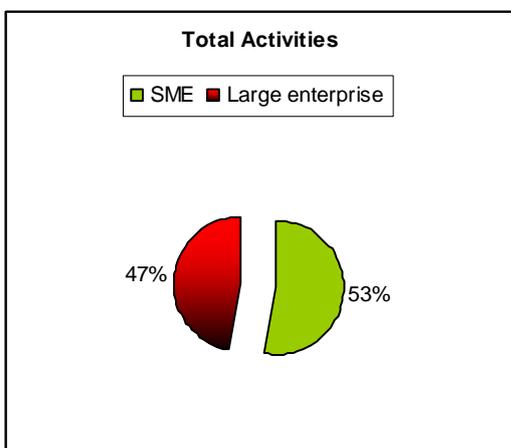
Source: Les chiffres clés des PME (Ministre de l'économie), INSEE 2004, Base SUSE

## Distribution of the turnover between the PME and Large Enterprise



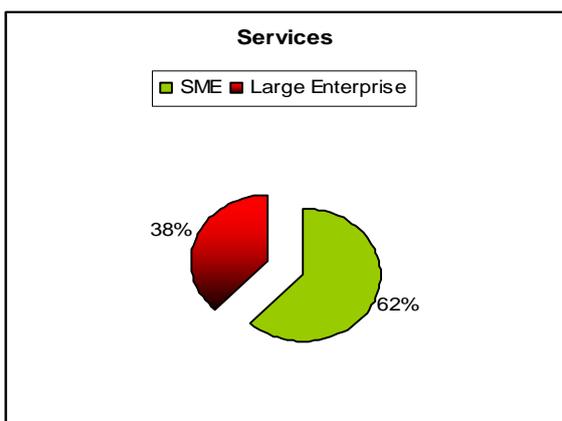
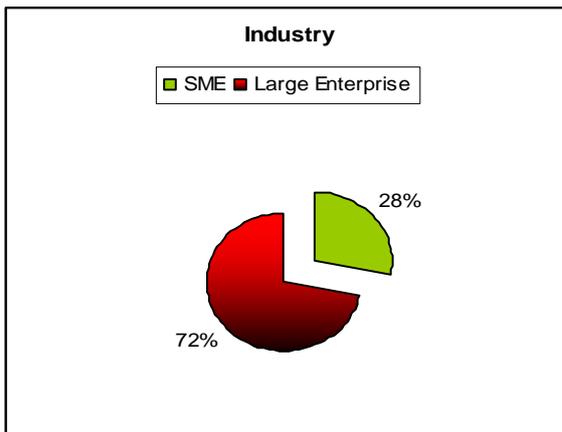
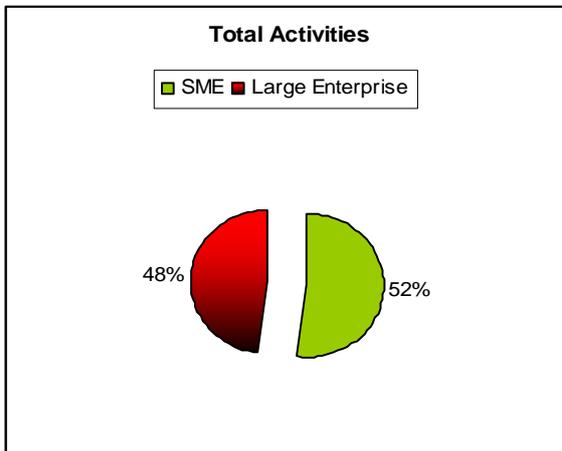
Source: Les chiffres clés des PME (Ministre de l'économie), INSEE 2004, Base SUSE

### Distribution of the added value between the SME and the Large Enterprises



Source: Les chiffres clés des PME (Ministre de l'économie), INSEE 2004, Base SUSE

## Distribution of the Gross Operating profit between the PME and the Large Enterprises



Source: Les chiffres clés des PME (Ministre de l'économie), INSEE 2004, Base SUSE